

1980

PARLIAMENT OF NEW SOUTH WALES

REPORT

FROM THE

JOINT COMMITTEE

OF THE

LEGISLATIVE COUNCIL AND
LEGISLATIVE ASSEMBLY

UPON

PUBLIC FUNDING OF
ELECTION CAMPAIGNS

TOGETHER WITH

THE MINUTES OF PROCEEDINGS
AND EVIDENCE

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FOREWORD

Public funding of election campaigns exists today in most democratic countries of the western world. The systems of assistance vary in type and application; they were devised to meet the particular conditions existing at the time of introduction.

The United Kingdom gives to candidates free delivery of one article of mail to each elector and to political parties free time on radio and television. On the other hand, Canada gives to the candidates the cost of postage and to parties the cost of buying time on the electronic media. West Germany gives direct cash aid mainly to political parties while in the United States of America the cash flows mainly to candidates. Details of most systems are contained in the Report.

The introduction of public funding systems has invariably been resisted on the grounds that public money should not be used in such a manner and that the main benefit would flow to the incumbent party at the expense of the Opposition. The overseas experience has shown that a system, once introduced, has gained support of all political parties and has been given widespread acceptance by the community.

The two political parties which form Her Majesty's Opposition in the Parliament of New South Wales made submissions which expressed strong opposition to any form of public funding. One witness said that his party was opposed to it, would campaign against it and if elected would repeal any legislation which allowed for it. Such an attitude made the work of the Committee much more difficult than it otherwise might have been.

However, many people rendered much assistance to the Committee and we wish to place on record our appreciation of the help given. They facilitated the inquiry and the preparation of this Report. In particular we thank—

- Mr P. R. Leeds, Clerk to the Committee,
Miss R. M. Long, Committee Stenographer, the Hansard reporters, stenographers and other staff of Parliament House.
- The staff of the Parliamentary Library.
- Mr N. Reeves, Research Officer.
- The Officers of the Agent-General in London and the New South Wales Representative in Los Angeles.
- Staff of the Australian Embassies in Canada, Germany, Sweden and the United States of America.
- Many Embassies and Consulates of other Nations.
- All who made submissions to the Committee, particularly the academics and others who stood to gain nothing personally from the outcome of the inquiry.

We recommend a system of funding which will cost each elector only the equivalent of one postage stamp per year and which allocates the funds in accordance with a candidate's or party's ability to attract votes. At the same time it allows the winner a benefit no greater than that allowed to the combined opposition.

We believe that the recommended system will prove to be acceptable to the people as well as to all political parties. We believe that it is fair, reasonable and inexpensive. Above all we believe it will enhance the democratic process in our State. Therefore we beg to make the following report to the Parliament of New South Wales.

CHAPTER 1

INTRODUCTION

1.1 On Tuesday, 20th November, 1979, on a Notice of Motion by the Premier, the Honourable N. K. Wran, Q.C., M.P., the Legislative Assembly resolved—

“(1) That a Joint Committee be appointed to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That, in making its recommendations, the Committee shall have regard to:

- (a) the manner in which such a system could most equitably divide available public funds between competing parties and individuals;
- (b) whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates;
- (c) whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;
- (d) the extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;
- (e) the right of new political parties, small parties, parties of special interest and independent candidates to participate in any scheme of election campaign funding and expenditure; and
- (f) such other matters as the Committee believes relevant to the generality of its task.

(3) That such committee consist of seven members of the Legislative Assembly and three members of the Legislative Council and that, notwithstanding anything contained in the Standing Orders of either House, at any meeting of the Committee, any five members shall constitute a quorum, provided that the Committee shall meet as a joint committee at all times’.

(4) That Mr Anderson, Mr Bruxner, Mr Cavalier, Mr Egan, Mr Fischer, Mr McDonald and Mr Quinn be appointed to serve on such Committee as the members of the Legislative Assembly.

(5) That the Committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and within the other States and Territories of Australia.”

1.2 Following agreement to this resolution in the Legislative Council on Thursday, 22nd November, 1979, the Committee was established with the following membership:

- Mr E. N. Quinn, M.P. (Chairman)
- Mr P. T. Anderson, M.P.
- The Honourable J. C. Bruxner, M.P.
- Mr R. M. Cavalier, B.A. (Hons), M.P.
- *Mr J. A. Clough, M.P.
- Mr M. R. Egan, B.A., M.P.
- †‡Mr T. A. Fischer, M.P.
- ¶Mr B. J. McDonald, A.S.T.C., Dip. T.C.P., M.P.
- The Honourable D. M. Grusovin, M.L.C.
- §The Honourable W L. Lange, M.L.C.
- The Honourable H. J. McPherson, M.L.C.

* Appointed 2nd April, 1980.

† Resigned 12th August, 1980.

‡ Reappointed 11th November, 1980.

¶ Discharged 2nd April, 1980.

§ Discharged 20th November, 1980.

1.3 The Committee held its first meeting on 27th November, 1979, and elected Mr E. N. Quinn, M.P., as Chairman.

1.4 The Committee resolved to advertise for written submissions from all interested persons and organizations. Advertisements were placed in the major dailies and two weekly publications circulating in New South Wales. In addition, letters inviting submissions were sent to all Members in both Houses of Parliament, the three parties represented in Parliament and to the departments of political science at each university in New South Wales. Submissions closed on 25th January, 1980.

1.5 The Committee is mindful that its schedule made it necessary to ask interested persons and groups to work on their submissions during the Christmas–New Year holiday period. We are grateful to those people who put in much time and trouble to assist the Committee in its inquiry.

1.6 Evidence was taken for the first time on 5th February, 1980. The Committee heard four academics from the Department of Government and Public Administration of the University of Sydney explain the submission they had forwarded. The four academics each gave a supplementary statement and were questioned by members of the Committee.

1.7 The press and public were present at the taking of evidence.

1.8 On 26th March, 1980, the Committee presented a progress report to both Houses of Parliament. In that progress report the Committee reviewed the work to that time.

1.9 The Committee recognized the need for an interpretation of the Terms of Reference so as to overcome some problems encountered by the range of questions after the first day of evidence.

The Terms of Reference were defined as follows:

“The Terms of Reference impose upon the Committee the obligation of considering a scheme involving public funding of campaigns for elections to the Parliament of New South Wales.

The recommended scheme should specify the extent of public funds to be made available and the manner in which the funds could be equitably divided between all political parties and candidates who might contest an election.

Consideration should be given to whether there should be compulsory disclosure of, and/or restrictions on, all election expenditure, and to whether there should be compulsory disclosure of contributions and gifts to political parties and individuals.

The rights of independent candidates and new or small political parties should be considered, as should any other matters the Committee believes to be relevant.

The question as to whether or not such a scheme should be introduced is not a question the Parliament has sought recommendations upon and, as such, is outside the Terms of Reference of the Committee.”

1.10 The Committee prepared a summary of the major submissions, which were at the time—

- (i) Academics for Pluralist Funding.
- (ii) Liberal Party of Australia (New South Wales Division).
- (iii) Australian Labor Party, New South Wales Branch.

1.11 The Committee reported that it had received a wealth of material from the diplomatic missions of many countries which have a form of public funding. The Committee indicated that the experiences of those foreign countries would be a very important area of investigation for the Committee. Among its conclusions, the Committee stated that “it would be better qualified to assess the conflicting claims about the weaknesses and strengths of existing systems if it could investigate them firsthand”.

1.12 The Committee recognized that there was no agreement about what method of public funding should be introduced. For this reason the Committee indicated that it intended to concentrate on studying major problem areas. The Committee believed that it would need to make decisions in each area before a system of public funding could be determined. The Committee believed that those problem areas should be listed again in this final report as an indication of the broad areas of our inquiry. Those areas were:

"1. Independents and New Parties

The right of independents to contest elections and the opportunity for new parties to emerge without encouraging frivolous candidatures, extremists and groups with little community support.

6. Administration

Policing that sort of requirement raises the question of the size of a permanent or seconded staff to administer public funding. A major criticism of the United States model is the excessive bureaucracy and form-filling that is involved. The Committee will need to examine whether the administration of public funding should be the responsibility of the present New South Wales Electoral Office, or some other authority. The independence of its administration is not in dispute: the best safeguard for independence from either governmental or party political influence will require attention.

7. Autonomy of Parties

The extent to which the administration of public funding may intrude upon the day-to-day activity of political parties, both at central and constituency level, is a problem area. Parties are traditionally autonomous in Australia and, while recognizing the duty of accountability for public funds received each differs sharply about any further investigation into their fund raising or decision making activities.

8. Privacy Claims

In this regard, the Committee will need to consider the claims made that private donations to parties are a private affair and public disclosure is an interference with political freedom. Against that is the view that giving money to a party to assist in its pursuit of public office is an involvement in the electoral process and that the electorate has a right to know who is providing funds for parties and candidates seeking their votes.

9. Front Groups

Disclosure laws may cause the proliferation of front organizations that are created especially to plead the policy of a political party or the favoured aspects of a party's policy. In anticipation of this, the Committee will need to consider whether its decisions on disclosure and spending limitations should extend to private organizations that are seeking to influence the electorate in support of a party or party's policy.

10. Assistance in Kind

Besides money, the Committee will need to decide what constitutes assistance in a campaign, if that assistance should be disclosed or limited in any way, and in what manner should a party or candidate quantify the value of that assistance in kind.

11. Assistance: Central versus Local

The disbursement of funds to either a party's central office or its local constituencies raises major questions of principle. It is argued that granting funds to a central office vests power at the centre and may kill voluntarism and participation by the party membership. Conversely, it is argued that funding constituencies directly may lead to a breakdown in party discipline and provide funds in areas where they will be wasted.

12. Party Splits and Mergers

A party split or merger of parties may require special provision in whatever scheme is adopted to ensure that funds are provided to the candidates and the party that enjoys a genuine level of electoral support rather than just bear the label of a party that once enjoyed that level of support.

13. Incumbency Advantages

Advantages have been claimed for incumbency—both for Members of Parliament against their local opponents and for the Government against the Opposition. The Committee will need to consider whether public funding should be employed to diminish the advantages claimed for incumbency.

14. Costing

The Committee will need to examine the projected costs of a contemporary campaign and determine what proportion of those costs should be met by public funding. The Committee will need to consider whether it will recommend to Parliament a formula for assessing disbursements to parties and the size of the Appropriation required.

15. Sanctions

Finally, the Committee will need to examine what sanctions will be required, if any, for those persons or parties in breach of laws regarding public funding.”

1.13 The Committee continued its work during the Autumn/Winter recess and during non-sitting weeks. Many days were set aside to hear submissions, both from political parties, interest groups and individuals. Major submissions included the National Country Party of Australia, the Australian Democrats and the Honourable W. C. Wentworth. Selected extracts of the then three major submissions were quoted in the Progress Report. The complete submissions of all parties which gave evidence are now contained in the Minutes of Evidence attached to this Report.

1.14 The Committee is pleased to report that the interpretation of the Terms of Reference served to eliminate most of the problems encountered during the first day of hearing.

1.15 Parliament considered the Progress Report of the Committee after it was laid upon the Table of both Houses and agreed that there was a need to undertake a personal investigation of the systems operating overseas. The Premier gave his approval to a delegation of two to travel to selected overseas countries. The delegation was to be joined by an officer of the Premier's Department, Mr N. Reeves.

1.16 The Committee unanimously elected its Chairman, Mr E. N. Quinn, M.P., and the Honourable W. L. Lange, M.L.C., to serve as its delegation. Subsequent to his election, Mr Lange indicated that he was not available to serve in the delegation. His withdrawal was accepted by the Committee. Mr Lange was not replaced.

1.17 The Chairman and Mr Reeves travelled to North America and Western Europe during the period of 8th June to 5th July, 1980. The delegation reported to the Committee at length upon their return. The whole question of overseas experience is considered later in this report and an account of the interviews conducted by the delegation in Canada, United States of America, United Kingdom and West Germany are reproduced in full in Appendix "A".

1.18 With the passage of almost a year since its first meeting, the Committee is able to make firm recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales. The recommendations have been made after a long period of intensive study that included public hearings, extensive reading of overseas material and academic papers on public funding, together with the report of the Committee's own delegation who travelled to countries experiencing public funding.

1.19 SOME MATTERS OF PRINCIPLE.

1.19.1 The Charter granted to the Committee by both Houses of Parliament was to recommend a system of public funding of election campaigns. The responsibility of the Committee did not include any discussion as to whether this was desirable or not. For this reason, a number of submissions, including substantial sections of those submissions from two major political parties, were irrelevant to the Committees' inquiries; the serious and conscientious work of their representatives before the Committee was of no direct value.

1.19.2 The stridency of opposition to the introduction of public funding—a stridency that was expressed both to the Committee and in discussion in the editorial columns of the State's newspapers—do require a brief comment if for no other reason than that the opponents may claim that this fundamental question is not one that the Committee was prepared to face.

1.19.3 The Committee does not intend to state the values of public fundings or restate the reasons that so many other countries found compelling prior to their legislation for public funding. Any alteration to the electoral landscape has traditionally brought forth opposition, including predictions of imminent danger to the democratic process—according to how the democratic process was then defined by the hegemonic ruling group in that society.

1.19.4 In the last two hundred years the Westminster Parliament has extended its franchise for its Lower House of Parliament quite massively since 1832 from a most restricted property-based qualification by stages until it embraced universal male suffrage and then, in 1928, universal adult suffrage. At each stage that the franchise was extended, opposition was fierce: Prophecies of dire peril were made by those who were benefiting from the existing arrangements.

1.19.5 The same process occurred in the colony established at Sydney Cove under the authority of the Westminster Parliament. In colonial times and later as a State, the New South Wales Parliament has extended the franchise gradually until, in 1973, it included all citizens over the age of 18. As in Britain, opposition to each extension of the franchise came from those whose level of articulation is enhanced by their knowledge of the traditional levers of authority and their access to the media. Similar shows of opposition have confronted such reforms as the Secret Ballot, Compulsory Voting, Preferential Voting, Payment of Members of Parliament, the Abolition of Plural Voting, the Equality of Enrolment in Electorates and the election of the Members to the Legislative Council by the people of New South Wales.

1.19.6 The Committee is mindful that any modification to existing power relationships is likely to bring forth opposition but does not accept that the existence of opposition is, in itself, sufficient cause to delay the introduction of public funding if a Government enjoying the confidence of both Houses of Parliament seeks to bring legislation forward to this effect. The Committee rejects the notion that legislation of this nature requires a consensus of the major political parties—none of the reforms listed above would have been enacted if consensus had been required.

1.19.7 The Committee rejects the proposition that a referendum is required prior to the introduction of such legislation. This is one of those areas of reform quite fundamental to the political philosophy and set of values that make up the Government forces in a two-party system. It is on questions like these that the electorate makes its decision as to the composition of the next Government: that is what distinguishes a representative democracy from rule by plebiscite.

1.19.8 The political parties are the essence of parliamentary democracy. Whether observed from a radical or conservative perspective, the parties provide the basis of stable government. They enable people who do not hold elective office to participate in politics and be able to influence the major decisions in the land.

1.19.9 Election campaigns are the chief reason for the existence of political parties. It is in the course of an election, both in the high drama of the state-wide contest between the leaders of the parliamentary groupings and, in a much less visible way, it is in contests of varying intensity in 99 electorates across New South Wales that representative democracy is fulfilled and renewed.

1.19.10 The people of New South Wales have become accustomed to contests in single-member constituencies. Apart from a brief experiment with proportional representation in the 1920's, this century has been marked by head to head contests for a single seat in Parliament. It is the sum of those contests that determine the majority grouping in the Parliament and hence the Government of this State. The non-recognition of political parties is no longer a fiction in the laws of this State, nor is it unrecognized in the Standing Orders and practices of the Parliament. The Committee was impressed particularly by the Report of its delegation about the interview they had with Lord Houghton of Sowerby, the Chairman of the Committee on Financial Aid to Political Parties set up by the British Parliament. Lord Houghton emphasized that the aim of his Committee's Report was to provide a form of assistance to political parties outside of Parliament *precisely because they are considered indispensable as democratic institutions to the Parliament.*

1.19.11 The geography of public funding is worthy of special mention. The Committee does not believe it is any coincidence that those countries bordering upon Eastern Europe—countries which have good reason to cherish that measure of freedom that a competitive party political system provides—have all chosen to sustain the party political process by direct financial aid and assistance in kind. Indeed, it is in West Germany, a nation which has known totalitarianism this century, military occupation, and lives with the permanent threat of invasion, that the Parliament has recognized political parties in its Basic Law.

1.19.12 Finally, the Committee is not dissuaded in its recommendations by the objection that some members of the community regard funding of parties, whose philosophies they hold as anathema, is somehow a breach of their basic democratic rights. There are many institutions, causes and programmes funded by the State that are anathema to one section of the community or another. For so long as those institutions, causes or programmes are within the law of this State, it is both competent and proper for the Government to set aside public funds for their benefit. For so long as political parties are within the law, it is appropriate and proper for the Government to take whatever action it decides to assist them.

CHAPTER 2

SUBMISSIONS AND HEARINGS: IN SEARCH OF A SCHEME

2.1 The Committee resolved to advertise for written submissions from all interested persons and organizations. Advertisements were placed in the major dailies and two weekly publications circulating in New South Wales. Letters inviting submissions were sent to all members of both Houses of Parliament, the three parties represented in the Parliament and to the departments of political science at each University in New South Wales. Originally submissions closed on 25th January, 1980, but were extended subsequently to 31st May, 1980.

2.2 The first witnesses were heard on 5th February, 1980, and the last on 30th July, 1980.

2.3 A full day was set aside for the hearing of submissions from the Academics for Pluralist Funding (four academics from the Department of Government and Public Administration of the University of Sydney). Further full days were set aside for the representatives of the Liberal Party of Australia (New South Wales Division) and the Australian Labor Party, New South Wales Branch.

2.4 The parties, groups or individuals heard at their date of hearing are listed below—

Parties or Individuals who gave Evidence (in order of appearance)	Date of Appearance
"ACADEMICS FOR PLURALIST FUNDING" (Professor H. Mayer, Associate Professor K. I. Turner, Dr E. A. Chaples, and Mr A. Watson—Department of Government and Public Administration, University of Sydney)	5th February, 1980
LIBERAL PARTY OF AUSTRALIA, NEW SOUTH WALES DIVISION (Mr G. Bartels—General Secretary)	11th March, 1980
AUSTRALIAN LABOUR PARTY, NEW SOUTH WALES BRANCH (Mr G. F. Richardson—General Secretary)	12th March, 1980
NATIONAL COUNTRY PARTY OF AUSTRALIA, NEW SOUTH WALES (Mr R. W. Killen—State Chairman, Miss J. A. Gardiner—Research Officer)	22nd April, 1980
COMMUNIST PARTY OF AUSTRALIA, SYDNEY DISTRICT COMMITTEE (Mr D. C. McKnight—Joint Secretary).. .. .	22nd April, 1980
AUSTRALIAN DEMOCRATS, NEW SOUTH WALES EXECUTIVE (Mr P. B. R. Middleton—State Policy Co-ordinator)	23rd April, 1980
Mr I. D. Iredale	23rd April, 1980
The Honourable W. C. Wentworth	28th May, 1980
INSTITUTE OF PUBLIC AFFAIRS, NEW SOUTH WALES (Mr G. A. Simpson—Director)	28th May, 1980
PROPORTIONAL REPRESENTATION SOCIETY OF AUSTRALIA, NEW SOUTH WALES (Mr J. F. H. Wright—Vice-President)	29th July, 1980
CONSTITUTIONAL ASSOCIATION OF AUSTRALIA (Mr K. J. Palmer—Vice-President)	30th July, 1980
REPUBLICAN ASSOCIATION (Mr B. F. Buckley—Director)	30th July, 1980

2.5 The full text of each submission and the subsequent testimony and cross-examination of the supporting witness are reproduced in full in the Minutes of Evidence attached to this Report.

2.6 Some submissions, principally those of the Academics and of the Australian Labor Party, put forward in detail a possible scheme for funding at every stage, as well as addressing themselves to the particular problems that the original Terms of Reference placed before the Committee. Other submissions addressed themselves to the broad questions and put forward certain ideas or principles as to the basis of a scheme. A number of submissions set out only to argue against the introduction of public funding, but, even in the course of that argument, made qualifying remarks and indicated a view on the form of public funding and related matters that should be introduced if the Parliament so decides.

2.7 SUBMISSIONS THAT PRESENTED A SCHEME FOR PUBLIC FUNDING

2.7.1 *Academics for Pluralist Funding*—The key points of the Academics' submission is the creation of a fund in three parts—State-wide, Electorate and Election Research. The funding would be based on the prior election, with a threshold of 2 per cent and a provision for retroactive application for new parties and independents. The Academics recommend an allocation of 50 cents per voter for the State-wide Fund and 25 cents per voter for the Electorate Fund. The Academics are opposed to any limitations on spending but believe that all campaign contributions of \$100 or more should be made public. The Academics recommend the creation of a *New South Wales Election Research Institute* which would work in close association with the New South Wales Parliamentary Library, carrying out research into a wide variety of election-related and election policy questions. The State Electoral Office would be responsible for administering all the funds and the conduct of political parties.

2.7.2 *Australian Labor Party, New South Wales Branch*—The Australian Labor Party put forward a scheme that envisaged funding directly to political parties that exceeded 6.25 per cent of the total vote in the preceding Legislative Council poll. No funds would go to individual candidates supported by political parties, though for those independents and minor parties contesting only Legislative Assembly seats, funds would be available wherever an independent or a minor party representative polled in excess of the threshold figure of 6.25 per cent. The Party further sought funds for By-Election and Referenda Campaigns and for Research/Education/Organizational purposes. The Australian Labor Party sought the creation of a new Statutory Authority, the Electoral Funds Commission, which would consist of a Chairman and four part-time members, including a part-time Commissioner who would be nominated by the Leader of the Opposition. The Australian Labor Party supported limitations on media time purchased and total money expended. Disclosure should apply to all private donations of \$100 or more.

2.7.3 *Australian Democrats, New South Wales Executive*—The Australian Democrats recommend allocations to parties and independent candidates on the basis of \$1 for each valid vote obtained in the Legislative Assembly poll and 10 cents for each valid vote obtained in the Legislative Council poll. A system of advance payments is proposed.

The Democrats do not favour any minimum figure to attract funds and suggest the removal of deposit requirements. They propose that expenditure should not exceed 100 per cent of the total possible funds available for public funding in each electorate.

2.7.4 *Honourable W. C. Wentworth*—Mr Wentworth has put forward a scheme of considerable complexity that allows for a maximum refundable expenditure of \$10,000, depending upon a variable formula that involves the extent of his expenses, whether he wins, or the margin of defeat. Slightly different sums of money are suggested for candidates and groups contesting the Legislative Council. The same formula applies. Mr Wentworth has devised a scheme that is entirely candidate oriented for the Assembly but recognizes party groupings for the Council. Mr Wentworth estimates the cost of his scheme at \$2.3 million.

2.7.5 *Communist Party of Australia, Sydney District Committee*—The Communist Party advocates a system of public funding that grants to each party a basic minimum allocation of \$15,000 and to each independent candidate a minimum of \$1,000. The balance of the fund to be distributed in proportion to the votes received. The Communist Party of Australia is opposed to any threshold for entitlement. The party supports a new statutory authority, the New South Wales Electoral Funding Authority, to administer the scheme, supports disclosure and seeks a system that encourages the emergence of new political forces. The party states that only those parties advocating racism should be excluded from the benefits of public funding.

2.8 SUBMISSIONS THAT PUT FORWARD IDEAS IN FAVOUR OF PUBLIC FUNDING

2.8.1 *Mr Ian Iredale, Grays Point, New South Wales*—Mr Iredale sought the creation of a permanent statutory authority, the State Election Campaign Committee, which would purchase political advertising time and space in all forms of the media. New and small parties would benefit from this scheme by polling 5 per cent of the primary vote. The new statutory authority would have five members elected by the Parliament in proportion to party representation in Parliament and two members of the public appointed by the Parliament. Mr Iredale supported full disclosure of all income and expenditure.

2.8.2 *Republican Association*—The Republican Association supports public funding, provided that all candidates regardless of the votes they poll receive an equal share. Any organization contesting the Legislative Council should receive public funds for no more than four candidates.

2.9 SUBMISSIONS THAT OPPOSED PUBLIC FUNDING

2.9.1 *Liberal Party of Australia (New South Wales Division)*—The Liberal Party is opposed to public funding and any disclosure of funds from private sources. Notwithstanding this opposition, the Liberal Party submitted that if public funds are made available, they should supplement and not replace private donations. In addition, the party put forward for consideration forms of public funding that included tax credits, subsidizing parties by matching their membership fees received and matching donations for private donations received. Whatever the ultimate decision, the party believes that public funding should be optional and any funds declined should return to Consolidated Revenue.

2.9.2 *National Country Party of Australia (New South Wales)*—The National Country Party is opposed to public funding. It is opposed to compulsory disclosure and any restrictions on expenditure from private funds. The party believes that any political party or candidate should be able to refuse public funds.

2.9.3 *Institute of Public Affairs*—The Institute of Public Affairs is opposed to public funding.

2.9.4 *Constitutional Association of Australia*—The Constitutional Association of Australia is opposed to public funding.

CHAPTER 3

THE OVERSEAS EXPERIENCE: THE SEARCH EXTENDED

3.1 The Committee did not limit its search for a viable scheme of public funding to the ideas put forward by political organizations and individuals that operate in New South Wales. Throughout the Autumn/Winter recess and since the Parliament has resumed, foreign Consulates have continued to furnish the Committee with documentation and academic analyses of systems of public funding operating for their national elections and, in many instances, for their State or Provincial elections. Individual members of the Committee have spent additional time in libraries and in private discussions researching and considering the merits of various overseas systems. Most importantly, the delegation appointed by the Committee has travelled extensively, engaged in important interviews with experts and practitioners, and had the opportunity to make first-hand observations on just how public funding was operating in those nations and what effect it was having.

3.2 It would be an unwise move, the Committee considered, for any system of public funding to be introduced in the State of New South Wales without a close examination of those examples of systems of public funding operating in different nations that have democratic elections involving competitive political parties.

3.3 In this chapter of our Report, the Committee attempts to summarize and analyse the systems that have come to our attention operating overseas. A summary of those systems in practice is contained in the Houghton Report, Chapter 8 "Foreign Practice" pp. 46 to 52, as well as Annex (h) "State Aid in the Countries Visited" with Annex (i), "Overseas Schemes of State Aid for Political Parties", pp. 319 to 341.

The National Systems

3.4 West Germany

3.4.1 Arrangements for the public funding of election campaigns in the Federal Republic of Germany are enshrined in the *Political Parties Act* of 1967. A system of State subsidies had operated since 1959, principally for political education, but was declared unconstitutional by the Constitutional Court in 1966. The same ruling recognized specifically the constitutionality of reimbursing the necessary costs of an election campaign.

3.4.2 Other party activities not associated with an election campaign are expressly forbidden from the benefits of public funds.

3.4.3 The German electoral law provides that Deputies to the Bundestag (Lower House) are elected by a mixed system; half by a system of majority votes in single member districts (first votes) and half by proportional representation of candidates on party lists (second votes).

3.4.4 All parties participating in an election campaign are entitled to public funding provided they meet a threshold. The threshold is 0.5 per cent of the valid second votes cast, or for an independent candidate 10 per cent of the valid first votes cast.

3.4.5 The amount of funds available for disbursement is calculated at DM 3.50 (approximately \$A1.75) per person entitled to vote. Disbursement is made to eligible parties and independent candidates in accordance with their electoral support.

3.4.6 Advance payments for the next Bundestag election can be granted. They amount to 10 per cent in the second year following the last Bundestag election, 15 per cent in the third and 35 per cent in the election year itself. Advance payments must be paid back after the election if they exceed the reimbursable amount or if a claim to reimbursement has not arisen.

3.4.7 Parties must disclose their sources of revenue. Donors of D.M. 20,000 (\$A10,000) or more must be named regardless of whether they are individuals or corporations.

3.4.8 Public funds now constitute, on average, one-third of party budgets.

3.4.9 In 1961 the Social Democrats' expenditures amounted to 75 per cent of the Christian Democrats. In 1965 and 1967 the differences could hardly be determined.

3.4.10 The introduction of public funds has enabled the Christian Democrats to increase their independence from "sponsors" in private industry. They have felt the need to build up an individual membership network to rival that of the Social Democrats.

3.4.11 The Free Democrats have been able to assert total independence. They have served as coalition partners with the Social Democrats in the Federal government. Without the financial security of public subsidies, the Free Democrats would not have been able to contemplate co-operating with the Social Democrats rather than with the Christian Democrats.

3.4.12 The three parties have improved their organizations, and employed more and better qualified staff. Educational and research work has become a central feature of party activity.

3.5 Austria

3.5.1 Austria has a fund that gives—

- (a) a basic grant to each party with five members in the Parliament; and
- (b) apportions the remainder of the fund on the basis of votes polled in the national elections. The system has operated since 1975.

3.5.2 Parties not represented in Parliament, but which obtained more than 1 per cent of the vote at the previous national election, are entitled to claim grants for public relations purposes.

3.5.3 All Austrian provincial governments give parties financial assistance.

3.6 Italy

3.6.1 The Italian system involves two funds—one for electoral expenses and one for day-to-day party running costs.

3.6.2 *The Electoral Fund* operates through a formula that preserves a total allocation. From this total, 15 per cent is equally divided among all parties—

- (1) presenting candidates in more than 2/3 of the constituencies; and
- (2) winning 2 per cent of the votes.

The remaining 85 per cent of this fund is shared among the parties in proportion to the number of votes obtained.

3.6.3 *The Organizational Fund* also prescribes a fixed sum. 20 per cent is shared equally among the parties represented in Parliament. The remainder is apportioned to the parties on the basis of the number of seats they hold in each House.

3.6.4 The system of public subsidies was introduced following scandals about clandestine payments to political parties by some industrialists in the oil and chemical industries. There was broad bi-partisan agreement on its introduction. It was enacted in 1974.

3.6.5 Each party must publish an annual balance sheet specifying all revenues both public and private (but not private donations less than 1 million lire, i.e., \$A1,000 approximately). The balance sheet is checked by the President of the Chamber of Deputies and by the President of the Senate. The penalties involved for obtaining illicit contributions are a fine equivalent to 3 times the amount involved and a prison sentence.

3.6.6 The law specifically forbids public corporations from contributing any money to political parties. Private companies, however, are allowed to contribute, subject to the contributions being declared publicly and subject to approval by the board of directors in the regular way.

3.7 Sweden

3.7.1 Sweden introduced the payment of subsidies to political parties in 1965.

3.7.2 The initiative for subsidies came from the Social Democratic Party, then enjoying a long period of unbroken rule. Initially it was opposed by the Conservative Party and by a majority of the Liberals. The Centre Party, the Communists and some Liberals supported the proposal.

3.7.3 It is a matter worthy of note that public funding has its genesis in the difficulties of the Swedish newspaper industry. The newspaper had close links with parties though, unlike Australia, these links were overt. A Royal Commission recommended a press subsidy.

3.7.4 A subsidy is paid to parties which have obtained more than 2.5 per cent of the votes nationwide in a general election.

3.7.5 Parties receive funds through—

- (a) a national support scheme that is a general party subsidy; and
- (b) a staff support scheme that defrays party expenditure on the secretariats of their parliamentary groups.

3.7.6 To overcome dramatic fluctuations, subsidies are averaged over the two preceding elections.

3.7.7 There were four guiding principles at the time of introduction—

- (a) grants were given to parties which had significant support in the electorate, as manifested in general elections;
- (b) grants had to be calculated by strict arithmetical formula and distributed according to the same fixed rules: this eliminated arbitrary discretion;
- (c) the amount of the grants was related to the strength of the parties;
- (d) no state control should ever exist over the party's use of grants.

3.7.8 Within a few years of the scheme's operation, the Conservatives and Liberals withdrew their opposition to the general principle of State support.

3.7.9 In 1972 a new law brought changes. The level of general subsidy was increased. Eligibility for the subsidy was amended so that the averaged election results at the two preceding general elections became the basis of funding support. The threshold was reduced from 4 per cent of the national vote to 2.5 per cent. A basic subsidy was to be paid to each eligible party.

Effects on Swedish Parties—

3.7.10 The Conservative and the Social Democrats have substantial alternative sources of income, but the other three parties are now dependent to a large extent on the subsidies they receive. Four of the five parties are substantially wealthier than they were ten years ago—except the Liberal Party which has been losing electoral support.

3.7.11 As there are no guidelines on expenditure, neither the Conservatives nor the Social Democrats have used the public funds for election campaigns. Instead, they have chosen to improve the quality of their organization and the services provided for their members. The other parties have used public funds to defray the expenses of their election campaigns.

3.7.12 In summary, the main consequences have been the employment of more and better qualified staff on a more stable basis. Staff previously engaged on fund raising have been released for other activities. Financial contributions to parties from other sources have tended to decline. All parties report increasing or stable party membership. Research and policy formulation have improved immensely and education is a central feature of the Swedish parties work. Local branches of parties have become self-supporting financially and gained a greater degree of autonomy in relation to the national parties.

3.8 Norway

3.8.1 Norway has given government financial support to national organizations of political parties since 1970—regardless of whether the party has won parliamentary seats. The party which seeks a subsidy must apply to parliament for payment and the parliament decides whether the applicant should be subsidized and by how much. There are a few basic conditions for an application to succeed—the applicant must have nominated candidates in at least half of the constituencies at the last general election and must have obtained at least 2.5 per cent of the total vote.

3.8.2 Substantial sums are made available for party educational courses, youth organizations are subsidized and telecommunications costs receive a special grant.

3.8.3 Public funds are distributed to party organizations in all Norwegian provinces.

3.8.4 Public funds are distributed to municipal political organizations according to their vote in the previous municipal election. The municipal council distributes the funds.

3.9 Denmark

3.9.1 Denmark has a system based on parliamentary representation and is geared, in the main, to assist party groupings in Parliament. The system has operated since 1969. The allocations are adjusted every six months according to movements in the cost-of-living.

3.9.2 The system was based on an adaption of the original Swedish proposals, though payments are on a more modest scale. There is no control over how the parties utilize the funds.

3.10 Finland

3.10.1 The Finnish system of party subsidies resembles the Swedish model—i.e., funds are distributed in proportion to the numbers of members of Parliament. There are important differences, however, some of which stem from the much greater degree of political fragmentation. Ten political parties are represented in the Finnish Parliament—at least three must co-operate to produce a majority on the floor of the Parliament.

3.10.2 Subsidies were introduced in 1967. It provided for the registration of political parties but registration would lapse if a party failed to gain parliamentary representation in two successive elections, unless it could produce a petition signed by a minimum of 5 000 supporters.

3.10.3 New parties were required to produce 5 000 signatures before they could be registered.

3.10.4 Funds go directly to the parties' central offices. There are few restrictions on expenditure.

3.11 Israel

3.11.1 Israeli law provides for direct financial aid to political parties. It has limitations on the income and expenditures of the parties. The state supervises income and expenditures. The law allows for each Knesset party with representation in the Knesset to be granted 120 000 Israeli pounds for each Member returned in the previous general election. New parties obtaining at least one Knesset seat receive 120 000 pounds for each seat gained. A system of advance payments operates.

3.11.2 Provision is also made for direct budgetary allocations to parties not only for the financing of electoral campaigns but also for the financing of day to day party work between elections. This is set at five per cent of overall election expenditures.

3.11.3 Campaign expenditure from private sources is limited to not more than one-third of a party's funding allocation. Corporations may not make donations.

3.11.4 Parties receive indirect aid in the form of free radio and television time. A subsidy operates to enable the transportation of voters whose designated polling place is outside their community. This was a heavy cost burden that once fell upon the parties.

3.12 Canada

3.12.1 Canada has an Act of Parliament governing public funding. It is the *Canadian Election Expenses Act* of 1974. Subsidies are given to successful candidates and to those who received 15 per cent or more of the popular vote.

3.12.2 The formula for determining the amount of public funding involves the cost of postage of a first class mailing to every voter, plus eight cents for each of the first 25 000 voters and six cents for each additional voter, plus an allowance for mandatory auditing expenses. In certain huge electorates, there is a subsidy to cover travelling expenses.

3.12.3 Canada provides for a tax deduction up to \$500 for political donations up to \$1,150 in any tax year.

3.12.4 The system combines a restriction on total election expenditures with a provision to reimburse partially expenditures actually incurred by candidates. There are separate restrictions for parties and candidates.

3.12.5 In elections to the Canadian House of Commons parties are limited to 30 cents for each eligible voter—with a maximum fine of \$25,000 for overspending. Candidates are limited to \$1 for each of the first 15 000 voters in a riding, 50 cents for each of the next 100 000 and 25 cents for each additional voter.

3.12.6 Canadian parties receive some free time on the electronic media, determined by a formula laid down in legislation. In addition they are entitled to be reimbursed from public funds for 50 per cent of the cost of time used, up to a limit of 6½ hours of prime time.

3.13 United States

3.13.1 A system of public financing applies at national level for presidential primaries and the Presidential Election itself. The law created a Federal Election Commission (F.E.C.) to implement and supervise the new law. Congress insisted, against the President's wishes, on the appointment of some members of the F.E.C. That decision was subsequently ruled unconstitutional by the Supreme Court because of the doctrine of separation-of-powers. In 1976, a new six member panel was created—the President appointed but the Senate confirmed.

3.13.2 Candidates seeking the presidential nomination of a major party may receive matching grants for each individual contribution up to \$250, after qualifying by raising \$5,000 in such contributions in each of 20 States (with matching grants limited to \$5 million—one-half the statutory spending limit). Cost of Living Adjustment (C.O.L.A.) has increased the total expenditure limit to \$15 million in 1980.

3.13.3 Major parties may draw \$3 million in public funds for the expenses of their national nominating conventions (\$4.4 million in 1980).

3.13.4 The presidential candidates of the major parties were given the option of receiving the full amount of the spending limit \$20 million in public funds (\$29.4 million 1980) but then cannot spend any further, even his own money. Nor can he raise private funds in addition. Minor party or independent candidates who polled a specified minimum percentage of votes were given entitlement to the retrospective reimbursement of campaign expenses.

3.13.5 Every individual whose Federal tax liability for any taxable year is \$1 or more can designate on his Federal income tax form that \$1 of his tax money may be paid to the Presidential Election Campaign Fund. This is known as the "tax check-off".

3.13.6 A "major party" is a political party whose presidential candidates received 25 per cent or more of the popular vote in the preceding election.

3.13.7 A "minor party" is a party which nominated another candidate that received between 5 per cent and 25 per cent in the preceding election.

3.13.8 Individuals and groups may spend unlimited amounts, provided that they are not controlled by the candidate or co-ordinated with him or his campaign. This loop-hole has spawned a multitude of front groups, generally known as Public Action Committees.

3.13.9 Presidential candidates who do not accept government funds may spend as much as they can raise. The private funding route remains attractive for wealthy candidates.

3.13.10 In 1977, President Carter attempted to persuade Congress to adopt a similar system for Senate and House of Representatives elections. It fell victim to a Senate filibuster. The move has been revived recently. In March, 1979, the House of Representative's Administration Committee opened hearings on a public campaign funding bill for Congressional elections.

3.13.11 Disclosure is an inherent part of public funding and long precedes it. Since 1910, candidates for the Senate, the House of Representatives and the Presidency have been required to report donations in excess of \$100.

3.13.12 Earlier, in 1907, the Congress prohibited donations from corporations and, in 1935, extended that prohibition to public utility companies.

3.13.13 There are extensive laws on public funding and disclosure in each of the fifty States that make up the United States of America.

3.14 **Puerto Rico**

3.14.1 The Commonwealth of Puerto Rico, a protectorate of the United States of America, pioneered public funding. Its system allowed the partial reimbursement of the expenses of parties and candidates actually incurred in gubernatorial elections.

3.14.2 An Election Fund was established in 1957 by the Popular Democratic Party. This Party depended on the nominally voluntary contributions of government employees, a large proportion of whom paid 2 per cent of their salary to the party. An election fund was established enabling "principal political parties"—defined as those which polled at least 10 per cent of the vote for governor in the preceding election—to draw up to \$75,000 a year in non-election years and \$150,000 in election years. Parties were required to keep a complete record of these expenses and to submit a monthly report to the Secretary of the Treasury. Private contributions were restricted to a maximum of \$400 a year or \$600 in election years.

3.14.3 The Act was amended in 1964. The amendments increased the sums of money provided and made part of the disbursements proportional to the number of votes polled in the gubernatorial election. Some money was made available to smaller parties which did not qualify as "principal political parties". Matters were made easier for small parties by lowering the threshold to 5 per cent of the primary vote.

3.15 A note on the Houghton Committee's Proposals for the United Kingdom

3.15.1 A major source work in the debate on public funding has been the *Report of the Committee on Financial Aid to Political Parties*. The Committee was chaired by the Right Honourable Lord Houghton of Sowerby and consisted of twelve members drawn from all sides of politics. The report contains a wealth of tables and graphs to illustrate or augment its arguments.

3.15.2 The Houghton Committee was established in May, 1975, and reported to the Minister responsible in August, 1976. Its comprehensive recommendations were not acted upon owing to the then Labor Government's lack of a majority on the floor of the House of Commons.

3.15.3 The scheme recommended was not limited to election campaign expenses. The Exchequer was to provide funds for "general purposes" to the central organizations and provide limited reimbursements of expenses at constituency level and, as well, local government elections.

The qualifications for a party involved having either—

- (a) saved the deposits of its candidates in at least six constituencies; or
- (b) had at least two of its candidates returned as Members; or
- (c) had one of its candidates returned as a Member, and received as a party not less than 150 000 votes.

The amount payable to eligible parties was to be 5p per vote.

State or Provincial Systems—

3.16 *General Summary*—There are a vast number of States and provinces which enjoy a system of public funding. These systems exist within national systems, sometimes as a complement, sometimes based on distinct principles. The State or provincial systems have been the trailblazers for public funding in their nation. In the United States, for example, forty-nine of the fifty States have a system of disclosure and many long preceded Congressional action on many aspects of public funding and regulation of election abuses. The provinces of Scandinavia and West Germany have impressive systems now enjoying bi-partisan support. In Austria, there are 750 municipalities funding elections through the local town halls. There are something like one thousand systems of public funding and disclosure in different political units across the world. That fact seems a conducive answer to those who have reservations about the State of New South Wales embarking on this new ground all on its own within the Commonwealth of Australia.

CHAPTER 4

THE SEARCH CONCLUDED: ASSESSING THE SCHEMES

4.1 With the vast array of different schemes operating throughout the world, combined with the equally vast array of proposals put forward by reformers as to how a system of public funding might best operate, it is not surprising that the Committee did not reach speedy conclusions about any one aspect of the report.

4.2 It was clear from the beginning that there were several facets to every problem: any idea no matter how sound on first impression would need to be tested by extrapolating it to an actual test against the statistics of election results and the cost in total real money terms to the Treasury. What the Committee has submitted in the next chapter is the culmination of the testing of all ideas put before it.

4.3 The scheme in detail recommended in the next chapter represents the most practical scheme for New South Wales circumstances, a scheme that has drawn from the best available in the world as well as ideas not yet tested. Its final cost, which the Committee has calculated almost to the last dollar, is well within the capacity of this State to pay.

4.4 This chapter outlines the conflicting ideas placed before the Committee—the merits and demerits of a multitude of proposals—and explains the reasons for each decision when there were so many attractive alternatives.

4.5 Coming to Grips with the Problem

4.5.1 The single greatest problem in devising the scheme was to determine who would be the beneficiaries of the disbursement of public funds. The answer to that question, it became clear at an early stage, would determine the whole character of the scheme. The Committee was faced with a choice between—

- (a) allocating all funds to the central party offices with or without restrictions,
- (b) giving the funds to candidates on a personal basis or to constituency campaign committees, or
- (c) to granting funds on a scheme that took account of both.

4.5.2 The proponents of the centrally-oriented scheme emphasized the need to preserve central party discipline. They claimed an almost certain waste would be involved in allocating funds to constituency parties. Whatever criteria was used for allocations to constituency parties—either equal sums or per capita allocations—would certainly be inimical to a central strategy designed at winning target seats finely balanced on either side of the electoral pendulum. The centralists stressed that the winner of target seats was the nub of the electoral contest.

4.5.3 The various overseas models have examples of both concepts in practice. The Academics, in their submission, were strong in their emphasis for an "electorate fund": their system of rewarding votes polled meant that the Australian Labor Party in, for instance, Coonook would get more funds than the Australian Labor Party in, say, Miranda, while the Liberal Party would get more funds in, say, Gordon, rather than in, say, Wagga Wagga. In terms of any commonsense strategy and planning, however, the parties would require more funds in the latter seats than in the former.

4.5.4 There are wide variations in the intensity of the campaign in different seats—a sprawling rural seat with several towns and centres of population is an altogether different prospect to campaigning in a suburb of Sydney. A provincial seat with its own television and radio network will require far greater outlays on air time. With the costs of the electronic media today such provincial seats will be hard-pressed to raise all their own funds. The Committee did not attempt to devise a scheme with sliding scales of funding based on the variable costs involved in constituency campaigning.

4.5.5 Professor Mayer of the University of Sydney has answered a question directly on this point. What he had to say was most pertinent to the general thinking of the Committee—

“Personally I have considerable sympathy for the point made by members of the Committee from both parties about the inequality between the seats, rural, urban, safe and non-safe. However, I think it is something the State should not get into, at least not in the first instance, and it is something that has to be thought out within the party. It does not seem to be a matter for Government at all . . . there is a danger but I think it is a small danger in that this could serve as a mechanism to ensure local party organization did in fact act more responsibly. It may be the Australian Labor Party does not need to spend \$4,784 to contest Waverley in the next election and it wants to spend \$2,500 of that on a central campaign or a campaign in other constituencies. If they choose to do that, as long as that was reported that should be perfectly within the purview of the legislation we’re discussing. I realize also there may be an encouragement for candidates and local election organizations to be selfish in safe seats. If they choose to be selfish they have to answer to their membership. The dangers are much smaller than with the other alternatives we have been able to examine.”

4.5.6 The Committee believes that the provision of public funds is not merely an exercise to enable a party to win an election or a candidate to win a seat. We believe that public funds are provided to encourage a free competition for a free vote and to enable all parts of the electorate of New South Wales—wherever placed and however they may vote customarily—to experience the benefits of a campaign over those issues and principles that the candidates hold important and the local community deems important. The Liberal voters in Cessnock and the Labor voters in Gordon have as much right to a stimulating campaign as their like-minded voters do elsewhere. A General Election is not merely a contest between gladiators at the head of parliamentary parties over a limited number of seats defined as marginals by the party professionals.

4.5.7 The Committee favours the establishment of a Constituency Fund. The Committee does so, mindful of fears expressed that this may lead to a breakdown in party discipline. We do not believe that these fears are very well grounded. The ordinary rules of a party governing the selection of candidates remain, along with general control of the behaviour of elected representatives. The party platform will provide the basic framework for action whether in government or in opposition. The injection of funds at a local level from a public authority should make the candidates no more independent of central party discipline than does their present capacity to gather funds at local level from a private source. Testimony that the central party does not provide significant financial assistance to constituency campaigns is a good indication that finance is not a factor in party discipline.

4.5.8 In its final recommendation, however, the Committee has sought to balance the need for an extension of real competition to all parts of New South Wales against the sharp edge of political reality that will always mean a concentration of resources on those electorates that make and break government. The central party offices will gain two thirds of the available public funds to wage their campaign. Individual candidates in each constituency will become entitled to a share in one third of the available public funds. It will, of course, be possible for a party’s headquarters to allocate part of its Central Fund to any number of electorates.

4.5.9 The recipients of public funds will not be the subject of complex rules regulating their use. The Committee favours straight-forward rules. The only requirement is that expenditure be related to an election campaign for the Parliament of New South Wales. This report cannot anticipate every situation that might arise in the future—for that reason we have chosen not to offer a restrictive definition of legitimate expenditure. Public funds will be kept in a separate bank account. With that protection, the funding authority and interested observers will be able to monitor how the funds have been spent. Because of the extensive safeguards for public scrutiny, not to mention the vigilance of political opponents, no candidate or party is likely to endanger their status as a beneficiary and run the political risk of a scandal in their use of public funds. The parties will remain uninhibited in campaigns for local government and federal office; like their day to day administration and general organizing work, they must find the means to pay for them in their accustomed fashion.

4.6 The Extent of Public Commitment

4.6.1 In determining the amount of public funds that should be set aside for election campaigns the Committee has worked towards a scheme that will be regarded as not excessive in cost to the people of New South Wales.

4.6.2 The Committee has sought a scheme that will make a significant impact upon the strains of fund-raising involved for the political parties without replacing the need for fund raising from private and traditional sources.

4.6.3 The formulae that apply across the world are many and various. The United States has a tax check-off system that enables each individual tax payer to mark his tax return in such a way as to instruct the Internal Revenue Service that he wants \$1 of his taxable income directed to the financing of United States Presidential elections. Some states have a similar scheme though the results vary quite dramatically depending on whether the funds are set aside from a tax payer's rebate or from tax payer's assessable income. Other nations have direct subsidies, aid-in-kind (e.g., free media time or a free mail-out), or mixtures of each.

4.6.4 The check-off scheme was attractive to some proponents of public funding because it retained, they stated, the principles of voluntarism. Whatever the advantages, however, this option is not available to the Parliament of New South Wales unless it introduces its own income tax system.

4.6.5 Other systems put forward included matching donations from private sources on a dollar for dollar basis (or some other ratio) or matching the membership of the political parties with a subsidy. The Committee does not favour any scheme that involves the State in matching fund-raising from private sources. We have little doubt that schemes based on these principles will only preserve existing inequalities or, perhaps, will exacerbate them.

4.6.6 *The Committee believes that it is quite fundamental to any concept of public funding that funds should be made available from the State so as to recognize votes won by a candidate or party and not so as to recognize moneys gathered by a candidate or a party.*

4.6.7 Some submissions and schemes practised overseas involve no transfer of moneys as such. Some put forward the purchase of free media time by the election funding authority as a means of relieving the parties of one of the highest cost items of modern election campaigning. The free time would then be allocated to the parties to use in any manner they wish to put their message to the electorate. None of the proponents of this suggestion broached whether it would include the quite enormous costs involved nowadays in preparing advertising material for broadcasting.

4.6.8 There is a superficial attractiveness about aid-in-kind, particularly as, in the minds of its advocates, it involves no cash payments. The weaknesses of this form of aid—operating on its own—are too many for the Committee to support its introduction. This assistance would be of only selective value to parties. In fact, it represents that incursion upon their traditional freedom of action that its advocates decry in every other instance: the Committee cannot countenance a situation in which the campaign strategies of the parties are largely pre-determined by this "free service". Parties should remain uninhibited in the allocation of their scarce resources. Apart from these fundamental objections, there would be difficulties in allocating the free time, particularly for small parties and new parties. Once free time is provided, the question arises as to whether there should then be restrictions on the use of paid time on the electronic media, a question that opens difficult Constitutional questions about the precedence of Commonwealth authority in this area. As part of an overall package, aid-in-kind has certain merit but the Committee does not support its introduction as an alternative to the payment of subsidies.

4.6.9 The Committee favours a system of direct monetary allocations with a minimum of restrictions on how the funds might be spent. This will enable the parties to plan their election campaigns with some measure of certainty about the funds that they would have available. The scheme proposed is related directly to the measure of electoral support that any party or candidate is able to earn. Given the usual nature of electoral swings in this State, parties should be able to calculate in advance the likely level of public funding within fairly exact parameters.

4.6.10 The Committee took into account several factors in approaching its calculation of an appropriate level of public funding. Once we had determined that funds should be allocated on a per voter basis it was essential to take into account the size of the electoral population of New South Wales and its likely growth. We believe that the size of the electoral population should be the relevant base for calculation rather than votes cast—those who are entitled to a vote must be the basis of any planning for the allocation of scarce public funds rather than difficult guesses as to the size and reasons that some people will not be able or will not choose to exercise their franchise.

4.6.11 Using the enrolment as at 7th October, 1978, as a good base with which to begin, the Committee made the following calculations:

Enrolment—7th October, 1978: 3 085 661

Monetary Unit per Voter cents							Allocation over 3 years \$
10	..	..	..	..	..	..	925,698
15	..	..	..	..	..	..	1,388,547
20	..	..	..	..	..	..	1,851,397
21	..	..	..	..	..	..	1,943,966
22	..	..	..	..	..	..	2,036,536
23	..	..	..	..	..	..	2,129,106
24	..	..	..	..	..	..	2,221,676
25	..	..	..	..	..	..	2,314,246
26	..	..	..	..	..	..	2,406,816
27	..	..	..	..	..	..	2,499,384
28	..	..	..	..	..	..	2,591,955
29	..	..	..	..	..	..	2,684,525
30	..	..	..	..	..	..	2,777,095
31	..	..	..	..	..	..	2,869,665
32	..	..	..	..	..	..	2,962,235
33	..	..	..	..	..	..	3,054,804
34	..	..	..	..	..	..	3,147,374
35	..	..	..	..	..	..	3,239,944
40	..	..	..	..	..	..	3,702,793
45	..	..	..	..	..	..	4,165,642
50	..	..	..	..	..	..	4,628,492
60	..	..	..	..	..	..	5,554,190
75	..	..	..	..	..	..	6,942,737
\$1.00	..	..	..	..	..	..	9,256,983

4.6.12 The Committee looked closely at the estimated all up cost of paying out a sum per voter between 20c and 35c per annum. This seemed most appropriate and justifiable as the total allocation could not be considered to be excessive by any standard.

4.6.13 The scheme put forward by the Academics was estimated to cost \$2.3 million for the 1981 election based on the calculation of 75c per eligible voter or 25c per eligible voter per annum. Rather than accept that final calculation, or any other calculation, the Committee chose to return to the estimated costs of a campaign—in the absence of hard information on actual cost—and work out to what extent public funds should be employed to meet that total cost.

4.6.14 Hard information was not readily available. The major spenders in any State Election campaign are the Australian Labor Party, the Liberal Party and the National Country Party. Only the Labor Party was prepared to divulge its costs and indicated that its balance sheet for the campaign is a public document available to its own party members and was available to the Committee. The Liberal Party and National Country Party regard the same information as confidential.

4.6.15 - The Committee is not totally in the dark, however, about the expenditures of the Liberal and Country Parties in the 1978 state elections. Statistics on air time and monetary costs for that air time on both metropolitan and country radio and television were provided in an Answer to a Question placed on Notice in the Senate. The Question was asked by Senator Mason (Australian Democrats, New South Wales), to the Minister representing the Minister for Post and Telecommunications. It is Question No. 950, placed on Notice on 24th October, 1978, and answered on 22nd May, 1979—reference Senate Hansard, page 1954. The total time and costs set out in that answer were—

Answers to Questions

22nd May, 1979 SENATE 1961

	Metropolitan			Country			Total		
	Hours	Minutes	Per cent	Hours	Minutes	Per cent	Hours	Minutes	Per cent
Radio									
A.L.P.	4	45	46.6	34	34	38.2	39	19	39.0
LIB	4	36	45.1	18	43	20.6	23	19	23.1
NCP		39	6.4	29	02	32.0	29	41	29.5
DEM		12	1.9	2	37	2.9	2	49	2.8
Other				5	40	6.3	5	40	5.6
Total	10	12	100.0	90	36	100.0	100	48	100.0
Television									
ALP	3	19	65.9	12	01	39.1	15	20	42.9
LIB	1	43	34.1	5	48	18.9	7	31	21.0
NCP				12	24	40.3	12	24	34.7
DEM					12	.7		12	.5
Other					19	1.0		19	.9
Total	5	02	100.0	30	44	100.0	35	46	100.0

(3) Costs charged to parties and candidates:

	Metropolitan		Country		Total	
	\$	Per cent	\$	Per cent	\$	Per cent
Radio						
ALP	36,078	52.5	37,353	39.9	73,431	45.2
LIB	26,220	38.2	21,563	23.0	47,783	29.4
NCP	5,366	7.8	28,612	30.5	33,978	20.9
DEM	1,016	1.5	1,722	1.8	2,738	1.7
Other			4,502	4.8	4,502	2.8
Total	68,680	100.0	93,752	100.0	162,432	100.0
Television						
ALP	140,425	52.7	78,510	34.0	218,935	44.0
LIB	125,810	47.3	72,733	31.5	198,543	39.9
NCP			77,010	33.4	77,010	15.5
DEM			912	.4	912	.2
Other			1,720	.7	1,720	.4
Total	266,235	100.0	230,885	100.0	497,120	100.0

4.6.16 The combined total of television and radio expenditure for each of the major parties was:

	\$
ALP	292,366
Liberal Party	246,326
National Country Party	110,988
Combined L-NCP	357,314

In testimony to the Committee, the General Secretary of the Australian Labor Party, New South Wales Branch, stated that the total cost to the Australian Labor Party for its 1978 campaign was \$650,000. Of that cost \$530,000 went to the media. We know that the media budget included approximately \$292,000 for expenditure on radio and television, leaving a balance of approximately \$238,000 for preparation of advertising material and advertisements in newspapers and other print media.

4.6.17 Working backwards one can deduce that the Australian Labor Party allocation to other campaign costs was approximately \$120,000. Other costs included general printing requirements, essential assistance to marginal seats, organizing expenses and market research. In very broad tabular terms the Australian Labor Party campaign budget would read something like:

<i>ITEM</i>	\$
Radio and Television	292,000
Print media and preparation of advertising material ..	238,000
Other essential costs	120,000
	<hr/>
Total central costs	650,000
	<hr/>

4.6.18 If we accept the assumption that the Liberal and Country Parties out-spend the Australian Labor Party by a not insignificant sum, and, for the purposes of this exercise, estimate that sum at \$200,000, giving them a total expenditure of \$850,000, we might estimate that the total costs of the three major parties come to \$1.5 million. And that is for essential expenses alone.

4.6.19 There are no precise figures on what was spent in individual constituencies. Suffice to say that the sums varied quite dramatically. The General Secretary of the Australian Labor Party, New South Wales Branch, did give an indication of the range of his expenditures in the various categories of seats. These ranged from about \$1,200 in a safe Labor seat like Marrickville on one hand to about \$500 in a safe Liberal seat like Gordon on the other. In the middle of the range—the vital marginal seats necessary to retain Government—the General Secretary nominated seats like Cronulla, Nepean and Fuller as places where expenditure might exceed \$10,000 and go “up to about \$15,000.” Expenditure in regional seats that are marginal, like Albury and Armidale, would no doubt be much more.

4.6.20 Recognizing that an average figure has no meaning for constituency expenditure, the Committee believes that taking all factors into account, expenditure in the ninety-nine electorates for the Australian Labor Party exceed \$200,000 and was very likely to have reached \$400,000–\$500,000, it could well have been more. The same estimate applies to expenditure in the constituencies of the combined Liberal and National Country Parties.

4.6.21 Combining constituency expenditure with central expenditure gives a total Australian Labor Party State-wide expenditure of between \$850,000 and \$1,200,000 and a Liberal–National Country Party expenditure of between \$1,200,000 to \$1.4 million. The total expenditure of the major parties would be about \$2.2 million to \$2.5 million. Total all-up expenditure from other parties and Independents, some of whom spent not so modest amounts in individual constituencies, would add another \$300,000. The total cost of the election campaign in New South Wales in 1978, is estimated by the Committee to be not less than \$2.8 million.

4.6.22 If all such funds were to be provided from the State Treasury, the Committee would be recommending an appropriation of between 31c and 32c. Given that the Committee does not believe that public funding should replace traditional campaign fund raising, the Committee looked for a lesser figure that would make a significant impact on the strains imposed upon the parties by private fund raising. Our aim was to supplement private funds, not to replace them.

4.6.23 The monetary unit the Committee chose was 22c. That monetary unit would have returned an appropriation of just over \$2 million in a three-year period, based on the 1978 election. The figure of 22c is modest. It is, moreover, exactly equal to the standard rate of postage for the Commonwealth of Australia. What the Committee is proposing is that the New South Wales Parliament set aside for spending on election campaigns no more than the cost of one standard rate postage stamp per voter.

4.6.24 The Committee proposes as well that the system have built into it a mandatory requirement upon the funding authority to revise the monetary unit in accordance with movements in the Consumer Price Index. The major costs of campaigning are in areas of above average cost increases in recent years—media time, paper, printing and preparation of advertising material.

4.7 The Central Fund Explained

4.7.1 The Committee has recommended a Central Fund that will be used to subsidise the State election campaign expenses of the various party headquarters. The subsidy will amount to two-thirds of the total public funds available. The Committee decided to give the bulk of public funds to party headquarters because it is at that central level that the major expenses are incurred in planning and preparing the high cost items of a modern election campaign. Party headquarters not only employ the market researchers and public opinion pollsters, they engage advertising agencies, they place advertisements in the major newspapers, they arrange the mass print runs of items like "How to Vote Cards", and may employ specialist personnel for the duration of the campaign. In addition, the party headquarters may choose to fund and provide other forms of assistance to target seats they have chosen as critical to the gaining of Government. Not to recognize the crucial role of party headquarters would be to avoid modern political reality.

4.7.2 A formula has been devised by the Committee to determine how much each party will gain from the public funding pool. The formula (set out in paragraph 5.2.1) is not as complicated as it appears on first reading. The formula is an algebraic representation of a common approach to public funding; i.e., a distribution of funds according to electoral performance.

4.7.3 The election for the purposes of this determination will be the votes cast across New South Wales for the Legislative Council candidates. The constitutional amendment of 1978 enabling the people of New South Wales to elect directly the members of the Upper House provides a most immediate measure of respective electoral strengths. Prior to 1978, any calculation of State-wide electoral strength was problematic: not all seats were contested by all parties, the degree of effort in each seat was highly variable, some seats were unopposed. A statement on State-wide electoral strength could be, at best, an informed estimate on what might have happened if all seats had been contested by a party or coalition of parties.

4.7.4 Built into the scheme is the important safeguard that, notwithstanding how well any party polls, it will not be entitled to receive more than half of the funds available. One of the features of New South Wales elections this century has been the fine balance between the parties in Government and the parties in Opposition. Only four times this century has a party obtained more than 55 per cent of the State-wide primary vote—the instances were the Liberal Party in 1907 and the Australian Labor Party in 1930, 1953 and 1978. Most of the time, there are only a few percentage points difference between the major parties. Indeed, in the 28 elections held this century, no party or coalition attained a majority of the vote on 18 occasions. In recent times, in the eight elections held between 1956 and 1976, no party or coalition managed to secure 50 per cent of the votes.

4.7.5 The consistencies of voting patterns in this State over the last 80 years has persuaded the Committee that this consistency should be recognized in the scheme proposed. Rather than reward the occasional peak performance of a party, the Committee has opted for a system that preserves a measure of equality. There is an absolute ceiling on all parties that they shall not receive more than half of the total funds available, regardless of the vote scored. Under the scheme as well, a party or parties receiving less than half of the vote will receive funds in proportion to the votes they polled, except on those occasions where only one party or coalition qualified under the system, in which case that party or coalition will be entitled to half of the funds available. The system guarantees that the winner in one campaign does not gain a head start for the next campaign.

4.7.6 The Committee recognizes that an election campaign is not just that period of time when there is a hurly-burly of electioneering. The Committee rejects without hesitation the notion that an election should be defined as commencing when the Writs are issued. The Committee has chosen consistently throughout this report to recognize modern political reality rather than engage in the preservation of carefully cultivated fictions that fool no one.

4.7.7 Advance payments to political parties will enable those parties to engage in long-range planning and the preparatory work they deem necessary for the next election campaign. Funds will be made available to the parties eligible under this scheme to apply for payments in advance. There is a ceiling on these payments and a stipulation as to when they might be applied for—the first payment will be made during the second year after an election and will be limited to ten per cent and there will be a second payment in the third year after an election limited to 20 per cent. The only available measure of support to determine these payments will have been the preceding general election. An example of how this will work out in paragraph 5.2.10. The small allocation involved in the proportion that might be expended by way of advance payments overcomes any practical difficulties envisaged by fluctuations in party support.

4.7.8 The Committee believes, however, that the next State election should be the point at which payments of public funds commence. For this reason, we have recommended that no advance payments be made before the next State election.

4.8 The Constituency Fund Explained

4.8.1 The purpose of the Constituency Fund is to enable a real contest to take place in all the electorates of New South Wales. The scheme provides for an allocation between the ninety-nine electorates that will be exactly equal. Within each electorate, the Committee has guaranteed a measure of equality by stipulating that no candidate—regardless of the vote he receives—shall be entitled to more than half of the funds available.

4.8.2 The formula for entitlement is set out once again in algebraic equation. A range of examples is provided over the past three elections, including instances where up to four candidates qualified for public funding. The scheme proposed has the double advantage that, on the one hand, the winner will not receive an excessive proportion of the fund, nor, on the other hand, will a combination of losers' entitlements exceed the entitlement to the winner.

4.8.3 Critics of this proposal will argue that there is no real equality between constituencies or between candidates. Although it is true that some marginal electorates will attract far greater expenditures of funds, the Committee has chosen not to exacerbate this concentration of financial resources. The parties will, no doubt, continue to choose their target seats and apply their resources of finance and time accordingly. That is entirely their decision to make. The Committee has consciously rejected the scheme put forward by the Australian Labor Party that would have concentrated all public funds at the centre, with a proviso ensuring a funding of constituencies according to defined statutory requirement.

4.8.4 The Committee prefers to fund candidates as individuals rather than according to their party identification. We believe that the funds should go to the candidate directly and not by means of a decision on the part of a party acting according to its own reckoning.

4.8.5 The Committee did not dismiss lightly this need for a recognition of target seats. Early in its discussions, the Committee considered a paper recommending the creation of a system of redirection of funds from constituency to constituency or from constituency to central party office. This redirection scheme would have been based entirely upon voluntarism and would have enabled a concentration of funds, by deliberate free choice, enabling those constituencies that did not require large amounts of funds to transfer some or all of their entitlement to those constituencies that did. Our principal reason for rejecting this scheme of redirection is the same as the reason for recommending the creation of a constituency fund in the first place. That is, the Committee believes that all parts of New South Wales are entitled to an election contest and all voters are entitled to make an informed judgment before casting their vote.

4.8.6 The Committee has chosen to give the funds to candidates rather than to campaign committees or constituency organizations. The process involved in registering the campaign committees and the various personnel appeared too cumbersome for the scheme proposed, at least at this stage. The candidate may, however, appoint an agent who will act for him on all matters dealing with public funds. An agent once appointed will be held responsible thereafter for any use of public funds made available to that candidate.

4.8.7 The Committee believes that this is a worthwhile safeguard as, in the midst of the hurly-burly of a campaign, we do not believe that it is reasonable to expect a candidate to take on the responsibility for the paperwork and general accounting of detail that will be required. The essence of any campaign is its swift movement. A candidate requires mobility and freedom from administrative grind. Unless someone is assigned to take care of the small details as they arrive, it will be very hard for any candidate to come back to those same details after an election and attempt to pull the threads together.

4.9 The Principle of Reimbursement

4.9.1 No funds will be paid out under this scheme except by way of reimbursement for actual expenses incurred. No money (apart from advance payments) will be made available prior to an election. Entitlements to public funds will commence after an election and will be paid for that election in which the expenses were incurred.

4.9.2 By not paying lump sums of cash direct to parties and candidates many of the feared abuses of public funding will not occur. Requiring eligible parties and candidates to submit a claim with all the details and documentary evidence to support those claims will provide the funding authority with an opportunity to scrutinize the claim prior to any funds being paid out. The system will make eligible parties and candidates mindful of the need to comply with the requirements of the funding authority. A certain proportion of their expenditure will be tailored specifically to those areas that are clearly within the guidelines to the scheme.

4.9.3 A system of reimbursement overcomes the problems envisaged by the emergence of new parties, party splits and party mergers. A scheme based on the previous election result would have required the intervention of the Commission on points of law and interpretation in a way that would not have been desirable in the event that there was some dispute over which section of a party once united was entitled to the proportion of public funds that the united party earned on the basis of its previous electoral performance. This scheme ensures that the election not only will determine their political future but their entitlement to public funding. The scheme cannot overcome the inherent disadvantages for a new party emerging to take on the major parties with all of their accumulated strength and experience. The scheme will, however, ensure that they are not further handicapped by the provision of public funds to the major parties except to the extent that the major parties earn a level of a public acceptance far greater than any new political force.

4.10 Consideration of the Threshold

4.10.1 In any scheme of public funding a fundamental decision must be taken about the qualifications which a party or candidate must fulfil before public funds are provided. Whatever the arbitrary level determined, it must approximate a measure of reasonable electoral credibility. The Committee does not believe that the State should become involved in the financing of frivolous candidatures, extremists and groups with little community support.

4.10.2 Throughout the world different criteria are employed for this purpose. These include:

- (a) saving one's deposit on the basis of votes obtained;
- (b) a given figure of electoral support;
- (c) the winning of a given number of seats in Parliament;
- (d) a minimum number of constituencies contested by the one party;
- (e) the raising of a certain amount of funding from private sources.

4.10.3 The Committee was particularly mindful in setting a threshold that it should not be so high as to deny the emergence of new political parties or work towards the elimination of small parties, parties of special interest and independent candidates that do have a credible level of community support.

4.10.4 The measures adopted in the overseas countries investigated varied considerably. West Germany has a threshold of just 0.5 per cent of the votes cast for the list, a level set by the Federal Constitutional Court which held that the previous parliamentary-determined threshold of 2.5 per cent was unconstitutional. The Canadian system, by contrast, requires a party to nominate 50 candidates or hold 12 seats. A candidate in Canada must receive 15 per cent of the formal votes. In the United States of America, candidates in the Presidential Primaries must first raise in excess of \$5,000 in contributions of \$250 or less from individuals in 20 different States. The Houghton Committee recommended that a candidate should poll 12.5 per cent of the votes cast (the deposit saver) and that a party should be required to poll in excess of that threshold in six constituencies or have two candidates elected or have one candidate elected and receive 150 000 votes across the nation.

4.10.5 In submissions before the Committee, the Academics for Pluralist Funding suggested a threshold of 2 per cent. That works out at about 55 000 votes in the Legislative Council poll or 620 in an individual electorate. The Australian Labor Party recommended a vote of 6.25 per cent, a figure equal to the quota required for election. The Communist Party advocated a threshold of 2.5 per cent in the Legislative Council and 5 per cent in an individual electorate for the Assembly.

4.10.6 The Committee considered the various alternatives. In the end, it was most attracted to the existing system that has operated for parliamentary elections for many years. The threshold varies for the Legislative Council and the Legislative Assembly. For the Legislative Council the candidate or group of candidates is required to gain not less than half of the quota required for election: that is 3.125 per cent of the total valid first preference votes cast. For the Legislative Assembly it is one-fifth of the first preference votes polled by the successful candidate.

4.10.7 The Committee certainly did not favour a threshold being introduced that was any tougher than the existing vote required to retain a deposit. The more the problem was discussed the more apparent it was that the scheme would not benefit from a new complication in the electoral system. The present requirement for retaining a deposit is the threshold that the Committee has recommended. It has a wide-spread acceptance and has enjoyed bi-partisan support for many generations. It should now be the basis of entitlement for the receipt of public funds.

4.11 The Need for Disclosure

4.11.1 The Committee is firmly of the view that giving money to a party to assist in its pursuit of public office is an involvement in the electoral process. No privacy should be attached to this involvement: the electorate has a right to know who is providing funds for parties and candidates seeking their votes. The same principles apply to parties and candidates spending funds, whether public or private in source. In extensive recommendations, the Committee has set out requirements for disclosure of both income and expenditure, the need for detailed claims and detailed statements of income and expenditure.

4.11.2 Less passion was attached to the opposition to disclosure of expenditure than it was for disclosure of income. Nonetheless, both the Liberal Party and the National Country Party expressed strong opposition. These parties believed that funds spent from private sources should not require any publication. On the other hand, the Academics recommended full disclosure, stating—

“The aim of disclosure provisions is not to tell the parties and candidates what they can do, but to require them to tell the public what they are doing.”

4.11.3 In the United States, candidates for the Presidency must file audited statements of expenditure. The same applies in Canadian Federal Elections. In the United Kingdom, candidates are required to lodge a return of election expenses. The Houghton Committee recommended that parties in receipt of State aid should have their accounts professionally audited. Forty-nine of the fifty States in the United States of America have laws on disclosure.

4.11.4 The Committee believes that disclosure is an essential ingredient of public subsidies to political parties. The system proposed involves a funding authority with comprehensive knowledge of the costs of modern campaigning and actual expenditures by each party contesting elections. The Committee has no hesitation in recommending that the same rigid rules on disclosure extend to all parties whether or not they are in receipt of public funds. Only if all the information is available will the funding authority be able to monitor overall expenses in an election campaign and discern the balance between public subsidy and total expenditure.

4.11.5 Disclosure will be required by means of an audited financial statement. The parties prepare these documents anyway for their own purposes, but some choose to treat them as confidential, to the point that their own membership is denied access. This disclosure would not impose any additional burden on the parties. Their system of accounting, however, would now be subject not only to party scrutiny but to public examination.

4.11.6 The minimum donation above which declaration should be made was a source of considerable discussion within the Committee. Overseas the minimum varies greatly. In the United Kingdom all donations by corporations must be disclosed. In West Germany the names of donors in excess of 20 000 D.Marks (about \$A10,000) or more must be disclosed. For United States Presidential elections all donations must be disclosed. In Canadian Federal elections donors of more than \$100 must be identified. Both the Academics for Pluralist Funding and the Australian Labor Party have proposed that contributions of \$100 or more should be disclosed.

4.11.7 The Committee considers that there is a clear distinction between a donation to a Party Central Office and to a local campaign fund. Recognizing that distinction, the Committee has recommended differential minimums above which disclosure must be made. Donations to a Party Central Office of more than \$500 must be disclosed, while donations to an individual candidate of more than \$100 must be disclosed. There would be a proviso that a series of donations from a single source cannot exceed the stated figure during the life of any one Parliament.

4.11.8 The scheme proposed will not allow income to be buried in single line entries in declaration of income or statements. Quite apart from the disclosure of donations above the minimum figure, disclosure would include itemized lists of the quantum of each donation received by a party or candidate and the number of donors for each quantum. It would not be possible to simply list a fund raising dinner as returning a given sum of money. There would be a requirement to provide some type of description of the function, the outlay involved in it, when it was held and the net proceeds.

4.11.9 The public has a right to know this information. The arguments against disclosure were, in the main, quite tawdry. Some spoke about intimidation, extortion and reprisals, even citing President Nixon's enemies list as a consequence of bringing disclosure. Disclosure in the United States and in Britain has not led to any of the dangers claimed. Claims of privacy do not stand up. An individual is certainly entitled to his privacy up to and until the moment that he engages in public behaviour. The Committee believes that giving funds to a party or candidate is a public act. We are firmly of this view. Accordingly, no privacy can be attached to this public act.

4.12 Imposing a Limitation on Expenditure

4.12.1 The question of limitations is an area where all the State legislatures and the Commonwealth have embarked with mixed success. Each jurisdiction has attempted to control the extent of an individual candidate's expenditure in an election campaign. The upper limits set out in legislation have served, however, usually as scarecrows. The limits in fact imposed no real inhibition on expenditure by candidates.

4.12.2 In more recent years the provisions have been looked at by the States. South Australia repealed its provisions relating to expenditure in 1969. Western Australia followed the recommendations of a Royal Commission and did the same in 1979.

4.12.3 The Commonwealth has set a maximum for candidates to the House of Representatives and the Senate since 1902. The figures were revised only once in 1946 and became nothing more than a standard joke. In 1974 the then Labor Government tried to impose more realistic limits on expenditure by political parties and candidates. The Senate rejected the proposed changes.

4.12.4 The peril involved in treating a law with contempt was highlighted last year when the entire election in Tasmania was challenged on the basis of the campaign expenses of all of the candidates in all of the seats. A number of compromises reduced the challenge ultimately to just one seven-member constituency, where the election had to be recontested. The very real prospect of a repetition in the Commonwealth sphere persuaded the Liberal/Country Party Government to pass legislation in May of this year removing limits on all types of expenditure that a candidate may authorize.

4.12.5 It is worth noting the comments of the Minister for Administrative Services speaking in the House of Representatives on 13th May, 1980—

“Over the years the methods of electioneering have changed and the Government feels that, subject to the provisions relating to bribery and corruption, a candidate should be free to campaign in whatever way he thinks fit and is otherwise lawful.”

4.12.6 He went on to add, however, that—

“The Government believes that the public interest is served by public disclosure of electoral expenditure.”

4.12.7 The Minister announced that the Government had decided to establish an independent inquiry to provide advice to the Government on precisely what expenditure should be disclosed, the persons upon whom a responsibility to disclose should be cast and the appropriate machinery for the administration of those provisions.

4.12.8 Among the foreign countries investigated only West Germany has no limit on party or candidate expenditure nor does it require a return of any such expenditure. Candidates in the United Kingdom are restricted in their election campaign spending and must make a return to the Home Office. Political parties, however, have no restrictions or disclosures imposed upon them. The Houghton Committee did recommend the introduction of such disclosure. In Canada, candidates and parties are required to provide audited statements to the Chief Electoral Officer. In the United States, the *Corrupt Practices Act* of 1925 requires disclosure of expenditures and receipts by candidates for the Senate and House of Representatives. In 1972, the Congress passed the *Federal Election Campaign Act* setting up much more comprehensive disclosure laws. In 1974 and 1976, these laws were extended to limit what a candidate might spend and what a political party might spend on his behalf. Subsequently, the Supreme Court held that limits on campaign spending was unconstitutional except so far as spending limits were imposed on a candidate as a condition for accepting public funds. Just how complicated the United States system can be is set out in the attached table of spending limits for Senate candidates in each of the fifty States.

4.12.9 The Committee has admired the extraordinary lengths to which some countries have gone to bring about equality in election expenditure. The aim of placing candidates on an equal footing is highly desirable. Equally desirable is the attempt to keep election costs within reason. Regrettably, these limitations have led to most of the abuses in public funding law and have required in response the enormous bureaucracy that has become the subject of so much criticism. Determining what is a realistic limit is not easy. As any number of instances in Australia have proven, whatever limit is imposed, its regulation has proven beyond the skills of the best intentioned legislators.

4.12.10 Limitations have led in the United States to the proliferation of front groups or Public Action Committees. Their sole reason for existence is to provide a means to a candidate or cause to evade the limits on expenditure. The Liberal Party, the National Country Party and the Academics for Pluralist Funding were united in their opposition to any limitations.

4.12.11 The Liberal Party spoke strongly about the problems that might arise—

“Limitations on spending by parties and candidates would inevitably result in an increase in collateral advertising by supportive groups. Thus, the limitation could easily be overcome simply by a party initiating the formation of a number of front groups. This could be avoided only by including the expenditure of other groups in the limitation imposed upon parties and candidates. If the cost of the campaigns of supporting groups and individuals were to be included in the limitations on a party's campaign, however, the party would have to be given control and a veto over the advertising campaigns of those individuals, many of whom would be legitimate but perhaps only temporary supporters. Without this control the party would not be able properly to plan its campaign, and its campaign efforts could easily be sabotaged. Thus, if as in the past a body like the Teachers' Federation wanted to support one of the parties with a campaign of media advertisements, the party would have to either include the cost of that campaign in its own permissible expenditures or have the power to veto the Federation's campaign. It would be unacceptable to give the party this increment of control of legitimate organizations. Without such revision, however, expenditure limits would be meaningless.”

4.12.12 The Committee agrees that complicated legislation would be required to control this collateral advertising by front groups if a limitation on expenditure was introduced.

4.12.13 Attempts to control collateral expenditure have been the subject of legislation in Canada. In section 70.1 of the *Canada Elections Act* expenses may be incurred by any person—

“(a) for the purpose of gaining support for views held by him on an issue of public policy, or for the purpose of advancing the aims of any organization or association, other than a political party or an organization or association of a partisan political character, of which he was a member and on whose behalf the expenses were incurred; and

(b) in good faith and not for any purpose related to the provisions of the Act limiting the amount of election expenses that may be incurred by any other person on account of or in respect of the conduct or management of an election.”

4.12.14 This legislation has meant that non-political groups enjoy much more freedom than political parties in an election campaign and are not accountable to anyone. The Canadian Chief Electoral Officer highlighted this situation in his 1979 Report to Parliament when he said:

“. . . these particular provisions of the Act (section 70.1) are extremely difficult to administer because it would practicably be impossible, within the timeframe effectively available, to prove a lack of good faith or the presence of collusion, even if there were indications that they did exist. This may, in the long run, affect the credibility of the legislation itself.

Candidates and political parties are restricted by the Act both in the period when they can advertise in the print and electronic media and in the amounts of money they can spend for the purpose of promoting their election. The legislation imposes no such restrictions on persons, organizations and associations providing they are bona fide and are acting in good faith. The situation seems anomalous and, if permitted to continue, could weaken considerably efforts to control election expenses. Therefore, this is a part of the legislation which Parliament may have to examine.”

4.12.15 The United States has no limits on the amount or frequency of independent expenditures, no matter how closely related they might be to the cause of an individual candidate. The only requirement is that the person making the independent expenditures must report these when they exceed \$250 in a calendar year. The United Kingdom has disallowed any election advertising by other than authorized political parties during an election campaign. The Manitoba Law Reform Commission has recommended along similar lines. The Committee doubts that this would be an acceptable course to be taken in New South Wales. There are many examples of independent expenditures for or against particular parties. The Committee believes that this type of advertising should be permitted by any interested group—the only restrictions should be imposed in areas of truth and fair statement that otherwise apply to the use of radio and television.

4.12.16 Others have advocated selective limitations on the electronic media. They point to the fact that it is in this area that the major expenditure in campaigns occur. Some countries have ensured at least some equality in the contest by arranging for free time on the media. In Canada, registered political parties are limited to 6½ hours' prime time advertising on television. The Manitoba Law Reform Commission went further by recommending limitations on spending by candidates and parties specifically on the use of television, radio, newspaper, magazine and billboard advertising contracted for during an election.

4.12.17 One novel limitation not presently enjoyed in any part of the world is a *minimum* time that any advertisement may appear on the screen or radio. The aim of this limitation is to eliminate the catchy 30-second jingle by replacing it with messages of not less than, say, 15 minutes so that some substance may be disseminated through that message.

4.12.18 Whatever the merits of all these proposals, it appears to be beyond the constitutional competence of the New South Wales Parliament to bring in any limitations on radio and television. It is a matter worthy of further study.

4.12.19 All of the problems that have been encountered overseas and the practical difficulties the Committee could see have persuaded us not to recommend any limitations on expenditure. Our commitment is to a simple and uncumbersome scheme that can be administered by a small, tight-knit and efficient election funding authority. Rules on expenditure limits would have to be revised constantly in the face of mounting costs and the creativity of those who would manipulate short-comings and loop-holes. Legislation in this area is something that can await the testing of the scheme. It will be appropriate for the funding authority to make its own comments about what are the effects on the election campaign generally of the overall levels of expenditure from both private and public sources.

4.13 Registration Requirements

4.13.1 The information the Committee believes should be registered with the election funding authority is information that would otherwise be available publicly to interested inquirers and would in many instances be published in documents that must be filed in copyright libraries. The registration proposed does not lead to incorporation of political parties or a new and massive intrusion by the State into their affairs. It is their protection, as much as anything else, against any other interest group expropriating their name. Information that must be filed is only that which is basic to the purpose of corresponding with the party and identifying it. None of it will involve the breach of anything secret or confidential, nor will it impose a new strain on the administrators of the party.

4.13.2 The time for registration has a safeguard built into it ensuring that genuine parties operating between elections will be registered. Political groups that come into existence specifically for an election—whatever their motive—must have enjoyed something more than sixty days' existence prior to the poll. The major parties will, no doubt ensure that they are registered as early as possible after the dust has settled from each election.

4.13.3 Candidates will be required to register with the Commission as well. There will be no additional burden for a candidate in this registration. Candidates will do so at the time they lodge their nomination papers, filling out a form provided for this purpose. The presentation of the form will be a matter for the new Commission but we envisage that it will be something quite easy to complete. At the same time the Commission will be expected to assist the candidate who is embarking on a campaign for the first time and is unsure about public funding by providing him with explanatory leaflets on how the system works.

4.14 The Role of the Public Funding Authority

4.14.1 The new funding authority must be independent of day to day direction from the Government and be seen to be independent. The preservation of independence of funding authorities has been a major problem throughout the world. In New South Wales we have already a State Electoral Office administering State elections that is recognized by all observers as genuinely independent.

4.14.2 The funding authority should represent two of the ideals that are a common thread in this report. One ideal is that the administration should be simple and economical. The other is to make use of existing government machinery. The acceptance by all participants in the political process of the independence of the State Electoral Office was a major attraction for the Committee in its decision to expand the role of the Office so that it would take over responsibility for administering the scheme. A considerable body of expertise exists already within the Office—the additional responsibility of public funding would fit well within its purview.

4.14.3 The Committee favours the establishment of a new statutory authority to be known as the State Electoral Commission. This new Commission will take over all the responsibilities currently performed by the State Electoral Office and add to those responsibilities the new scheme for public funding.

4.14.4 The powers of the new Commission would be vested in three members—a full-time Chairman and two part-time Commissioners. The two part-time Commissioners would represent the major political forces operating in the Parliament. One part-time Commissioner would be nominated by the Premier and the other part-time Commissioner would be nominated by the Leader of the Opposition. People holding public office or seeking election to public office would not be eligible to be on the Commission.

4.14.5 The costs involved in this would not be excessive. The ultimate decision on staff deployment would be a matter for the new Commission in consultation with the Public Service Board. The existing office space of the State Electoral Office will be able to accommodate most of the demands and, where not able, may be expanded suitably. The amount of additional staff required to administer the scheme will be very small. The equipment required to administer the scheme is not costly. Certainly, computers and other high cost hardware are not quite unnecessary. All of the calculations required for this scheme can be done with an ordinary pocket calculator. The writing of cheques will be concentrated in one period in a triennium and should not be so many as to prevent each one being typed and signed individually.

4.14.6 We envisage the Commission emerging as a resource centre on election campaigns. It will function as a clearing house for information, an inspectorate and a registrar. It will be more than just a funding agency. By means of its Annual Report to the Parliament, it will be able to assess the scheme and how it is operating. The Annual Report should be a vehicle for incisive comment and suggestions for change. There is likely to be an unprecedented interest in the working of the new Commission, a level of interest that can do nothing but good.

4.15 The Submission of Claims

4.15.1 The initiative for acceptance of public funds must come from the eligible party or candidate. Once a legitimate expenditure has been incurred, the party or candidate will then be required to make a claim upon the Commission. The claim will require backup documentary evidence that the expenditure was actually incurred. The Committee envisages that candidates will accumulate a list of claims and submit them in one total claim up to the level of their public funding entitlement. The candidates and party, will in any case, be required to submit a declaration of expenditure and the claims will reappear inside that declaration.

4.15.2 Quite apart from the accounting requirements otherwise provided for, the Commission would be entitled to receive a description of the goods and services. Where a brochure or leaflet was printed, the Commission would be entitled to receive a specimen and statement on the total number printed. For other items, not so tangible that they can be filed with the Commission, some proof would be required that expenditure actually took place. Receipts and certificates of service will be a minimum requirement in this regard. In respect of the electronic media, the Commission would be entitled to receive a media schedule.

4.16 The Principles of Public Inspection

4.16.1 The Commission should have the necessary facilities to store and record all information lodged with it. The Committee believes that once public funds are expended on State election campaigns, then the public should have the right of access to information on how their funds have been spent.

4.16.2 The information filed will be of the most sensitive kind and will attract, no doubt, the interest of reporters and political opponents of those who have filed the information. The knowledge that any information filed will be subject not only to the potential scrutiny of the personnel of the Commission but the scrutiny of those who may well wish to explore a particular candidate's expenditure in the most minute detail should ensure honest filing and full statements.

4.16.3 Full exposure to public scrutiny will assist the scheme from its outset. A candidate or party aware that what they are doing has to meet not only guidelines laid down in law but the reasonable expectations of the electorate are likely to be particularly scrupulous about what they file.

4.17 Research

4.17.1 A substantial part of the Academics' submission was devoted to the creation of an Election Research Institute. The Australian Labor Party put forward a claim for public funds for party research purposes. In West Germany, The Netherlands and Austria substantial public funds have been set aside to enable continuing political and election-based research. Other funds are provided for communication by the parties both with their own members and the electorate.

4.17.2 The Committee does not doubt the value of election research. For the moment, however, a new and independent authority cannot be justified. If parties wish to use their public funds, particularly advance payments, for the purposes of State election campaign oriented research, then that is a decision that they might make. The Committee envisages, as well, that the Commission will carry out research into a whole range of public issues raised by subsidizing election campaigns. As well as that research, the Committee hopes that the Commission might publish its thinking, not only in the Annual Report to Parliament, but in occasional papers. The Commonwealth Electoral Office has produced more publications in recent years designed to improve knowledge of Commonwealth Elections.

4.18 The Special Problem of By-elections

4.18.1 The general election is not the only time voters have an opportunity to express their opinion about the merits of the competing parties. There has not been a Parliament since records have been kept in which a by-election was not conducted. This Parliament has conducted or has pending eight by-elections. This equals the number of by-elections in the Parliaments of 1910-13 and 1917-20. While this Parliament still has a year to run, it should be noted that there have been more by-elections conducted during one Parliament in the past: there were none in 1944-47 and 1947-50; ten in 1904-07 and 1913-17; eleven in 1938-41; and twelve in 1901-04. At particular times, a by-election may well prove to be the accepted test by all participants of their respective standing and a critical portent for the next general election.

4.18.2 By-elections are no cheap affair. Even where there is not much doubt about the outcome, special circumstances can generate a level of expenditure by all contestants far in excess of what they might otherwise have spent in a general election. Parties would not receive any funding for by-election purposes. As a result, candidates would not receive the benefits of a central media campaign and the spill-over effect in the electorate contested. Recognizing these realities the Committee has recommended the payment to candidates of a level of funding that works out at about three times what they would receive in a general election. That is a close approximation to how much they would normally spend in excess of their normal commitments in a general election.

4.19 Enforcement

4.19.1 We believe that there should be strict enforcement of all the provisions of this scheme of public funding and penalties of appropriate severity for those who breach it. We do not see it as our task to suggest what those penalties should be.

CHAPTER 5

SCHEME IN DETAIL

5.1 The Committee recommends that the following system of public funding be established to operate for elections to the Legislative Assembly and the Legislative Council:

5.1.1 The funds shall be provided through two programmes, to be known as—

1. Central Fund.
2. Constituency Fund.

5.1.2 The Central Fund shall be a fund made available and paid to the registered headquarters of those political parties that qualify for public funding.

5.1.3 The Constituency Fund shall be a fund made available and paid to candidates (or nominated agents) whose personal vote in a constituency qualifies them for public funding.

5.1.4 The total funds (or pool) available for both the Central Fund and the Constituency Fund shall be calculated by the State Electoral Commission at the time that the Writs are issued for a General Election. They shall be the product of the total number of electors enrolled and the Monetary Unit multiplied by the number of years in the life of the Parliament immediately preceding the issue of the Writs. For the purpose of this calculation an uncompleted year shall be deemed to be one year.

5.1.5 The Monetary Unit applying at the time of the commencement of this scheme shall be 22 cents. The monetary unit shall be altered by the State Electoral Commission based upon movements in the Consumer Price Index.

5.1.6 A year for the purposes of this scheme shall be deemed to commence at the time the Writs are returned for the previous General Election.

5.1.7 The pool available for the first General Election after the commencement of this scheme shall be calculated on the duration of the current Parliament.

5.1.8 Two-thirds of the pool shall be allocated to the Central Fund. One-third of the pool shall be allocated to the Constituency Fund.

5.1.9 Example

Calculation of Pools—

Electors Enrolled—3 085 661.
 Monetary Unit—\$0.22.
 Life of Parliament—2 years 6 months.
 Total Pool (enrolment x 22c x 3)—\$2,036,536.
 Central Office Fund ($\frac{2}{3}$ of total Pool)—\$1,357,690.
 Constituency Fund ($\frac{1}{3}$ of total Pool)—\$678,845.

5.1.10 The funds made available for the central offices of eligible political parties and for eligible candidates shall be expended on those purposes necessary to contest an election to the Parliament of New South Wales.

5.2 Central Fund

5.2.1 The amount available for any party, group or independent candidate eligible to receive public funds shall be based on the primary votes received in the Election for the Legislative Council and determined by the following formula:

FORMULA FOR DISTRIBUTION

$$P = \frac{F \times PV}{TEV}$$

Where P = Eligible Party Entitlement.

F = Central Fund Pool.

PV = Eligible Party's Primary Vote.

TEV = Total Primary Vote of Parties eligible to participate in allocation of funds.

(NOTE: Party includes groupings or independent candidates.)

5.2.2 The primary votes of all candidates in a grouping shall be aggregated for the purposes of this calculation.

5.2.3 Notwithstanding the above, no party, group or independent candidate shall receive more than half of the funds available. Wherever an entitlement based on the above formula would, but for this provision, be greater than half of the funds available, the amount by which it is greater shall be distributed to the remaining eligible parties, groups or candidates in proportion to the votes they received in accordance with the following formula:

$$P = \frac{RF \times PV}{TERV}$$

Where P = Eligible Party Entitlement.

RF = Remaining balance of Central Fund Pool.

PV = Eligible Party's Vote.

TERV = Total Primary Vote of remaining parties eligible to participate in allocation of funds.

5.2.4 Example of Distribution of Central Office Fund

A. DATA

Total Formal Vote	2 968 843
Quota for Election	185 554
Threshold (¼ Quota)	92 777
<i>Groups Attaining Threshold—</i>	
Party A (49.2 per cent)	1 460 671
Party B (36.9 per cent)	1 096 443
Party C (6.7 per cent)	197 383
Party D (3.1253)*	92 785
Total primary vote of eligible parties	2 847 282
<i>Groups Not Attaining Threshold—</i>	
Party E (2.3 per cent)	66 422
Party F (1.0 per cent)	30 224
Party G (0.5 per cent)	15 433
Ungrouped (0.3 per cent)	9 482
Total primary vote of ineligible parties	121 561
Total Formal Vote	<u>2 968 843</u>

* NOTE: Percentages have been rounded off except for Party D.

B. THE FORMULA APPLIED

Central Office Fund \$1,357,690 (as calculated in Paragraph 5.1.9).

Party A is allocated $\frac{1,357,690 \times 1,460,671}{2,847,282}$

which equals—\$696,502.26

as this is more than half of the total pool,

Party A entitlement is determined at \$678,845.00

(Total formal vote of *remaining* eligible parties now becomes 1 386 611 and remaining balance of Central Fund Pool becomes \$678,845.00.)

Party B is allocated $\frac{678,845 \times 1,096,443}{1,386,611}$

which equals—\$536,787.00

Party C is allocated $\frac{678,845 \times 197,383}{1,386,611}$

which equals—\$96,633.00

Party D is allocated $\frac{678,845 \times 92,785}{1,386,611}$

which equals—\$45,425.00

C. SUMMARY

	\$
Party A	678,845.00
Party B	536,787.00
Party C	96,633.00
Party D	45,425.00
Total Funds Allocated	<u>\$1,357,690.00</u>

(NOTE: Remaining parties and groups do not qualify for funding.)

Advance Payments—

5.2.5 A Political Party may apply for and obtain advances for expenses incurred in campaign preparation by disbursements totalling not greater than thirty per centum of the total funds for which that party was entitled as a result of its performance in the preceding Election.

5.2.6 Advance payments shall be paid in two instalments: the first instalment will be not greater than ten per centum in the period of 12 to 24 months after the return of the Writs in the preceding General Election and a second instalment of not greater than twenty per centum for the period of 24 months or later following the preceding General Election.

5.2.7 The amount paid in advance to a Political Party should be deducted from the funds to which that party may become entitled as a result of the following election. The party should be required to repay any amount by which the advance payments exceed the actual entitlement.

5.2.8 Advance payments must be used for purposes directly related to the organization of an election campaign and the preparation of material for an election campaign. Remaining funds will be provided to reimburse actual expenses incurred and for which receipts or certificates of service are provided.

5.2.9 Advance payments shall not come into effect before the first election after this scheme is enacted.

Example—

5.2.10 An eligible party contesting the 1984 elections would be entitled to advance payments in 1982–3 and 1983–4. The size of those advance payments would be determined by the only available measure of its electoral support—the 1981 election. If Party A had polled, say, 49.2 per cent in 1981 and became entitled to a sum of \$678,845, then its advance entitlements would be not more than \$203,653. The first instalment would be \$67,884 for 1982–3 and the second would be \$135,769 for 1983–4. The final disbursement would be determined by its actual performance at the 1984 elections. This system overcomes the difficulty of fluctuations in electoral support, short of a catastrophic collapse. In this example, as long as the party in question polled around 15 per cent of the vote (i.e., thirty per cent of its previous performance) then it would still have a residue of funds available. Any lower performance would mean that the party was required to pay back some of the funds received.

5.2.11 *Special Arrangements*—Public funds should be banked in an account separate to all other party funds. Transactions involving this account should be related solely to the purposes of the public funding of election campaigns. A qualified accountant shall audit the account. The State Electoral Commission may call for a report at any time on any transaction or any use to which public funds have been put. Such a report must be furnished within thirty (30) days.

5.2.12 *Threshold*—The minimum level of electoral support necessary to attract public funds shall be the same as the vote required for a candidate to retain his deposit. (That is, one-half of the quota for election which is equivalent to 3.125 per cent of the formal votes cast.)

5.3 Constituency Fund

5.3.1 The Constituency Fund shall operate in those electorates in New South Wales that are contested.

5.3.2 The allocation for each electorate shall be determined by dividing the pool available (one-third total public funds) by the number of seats in the Legislative Assembly that are contested.

5.3.3 The amount available for any candidate eligible to receive public funds shall be determined by the following formula:

$$C = \frac{F \times CV}{TEV}$$

where C = Candidate entitlement.

F = Funds per constituency.

CV = Candidate's primary vote.

TEV = Total primary vote of eligible candidates.

5.3.4 Notwithstanding the above, no candidate shall be entitled to receive more than half the funds available. Wherever an entitlement based on the above formula would, but for this provision, be greater than half the funds available, the amount by which it is greater shall be distributed to the remaining eligible candidates in proportion to the votes they received in accordance with the following formula:

$$C = \frac{RF \times CV}{TERV}$$

where C = Candidate entitlement.

RF = *Remaining* funds per constituency.

CV = Candidate's primary vote.

TERV = Total primary vote of *remaining* eligible candidates.

5.3.5 *Threshold*—The minimum level of electoral support necessary to attract public funds will be the same as the vote required for a candidate to retain his deposit. (That is, one-fifth of the primary vote of the candidate elected.)

5.3.6 Example

A. DISTRIBUTION OF CONSTITUENCY FUND—

	\$
Constituency Fund	678,845
Allocation per constituency (Fund divided by the number of contested electorates, say 99) ..	6,857

B. APPLICATION IN SPECIFIC CONSTITUENCIES—

Example I

BURRINJUCK—1973		Vote	Per cent
Brooks (N.C.P.)		2 876	14.5
Garry (Lib.)		4 079	20.6
O'Connor (N.C.P.)		2 702	13.7
Roche (D.L.P.)		442*	2.2
Sheahan (A.L.P.)		9 690	49.0
Total Formal Votes		<u>19 789</u>	

* Roche has not attained threshold. Total Primary Votes of eligible candidates, 19 347.

Sheahan is allocated $\frac{6,857 \times 9,690}{19,347}$

which equals—\$3,435

as this exceeds half of the funds available for the constituency, allocation is determined at \$3,429*.

Funds *remaining* for constituency now becomes \$3,428.

Total Primary Vote of remaining eligible candidates now becomes 9 657.

Garry is allocated $\frac{3,428 \times 4,079}{9,657}$

which equals—\$1,448

Brooks is allocated $\frac{3,428 \times 2,876}{9,657}$

which equals—\$1,021

O'Connor is allocated $\frac{3,428 \times 2,702}{9,657}$

which equals—\$959

Summary—

	\$
Sheahan	3,429
Garry	1,448
Brooks	1,021
O'Connor	959
Total funds allocated	<u>\$6,857</u>

* The allocation to the candidate receiving the highest primary vote has been raised to the next dollar.

Example II

BURRINJUCK—1978		Vote	Per cent
Sheahan (A.L.P.)		13 865	66.9
Adams (N.C.P.)		6 870	33.1
Total Formal Votes		<u>20 735</u>	

(Both candidates attain the threshold.)

Total primary votes of eligible candidates: 20 735.

Sheahan is allocated $\frac{6,857 \times 13,865}{20,735}$

which equals—\$4,585

as this exceeds half of the funds available for the constituency, allocation is determined at \$3,429.

Funds *remaining* for constituency now becomes \$3,428.

Adams is allocated

As the only remaining eligible candidate allocation is determined at \$3,428.

Summary—

								\$
Sheahan	..	..	..	..	..	..	..	3,429
Adams	..	..	..	..	..	..	..	3,428
Total funds allocated	..	..	..	..	..	..	..	<u>\$6,857</u>

Example III

ILLAWARRA—1978				Vote	Per cent
Petersen (A.L.P.)	..	..	..	24 398	68.5
Yates (Lib.)	..	..	..	6 302	17.7
Speirs (AD)	..	..	..	4 924	13.8
Total Formal Votes	..	..	..	<u>35 624</u>	

(All candidates attain the threshold.)

Total Primary votes of eligible candidates 35 624.

Petersen is allocated $\frac{6,857 \times 24,398}{35,624}$

which equals—\$4,696

as this exceeds half of the funds available for the constituency, allocation is determined at \$3,429.

Funds *remaining* for constituency now becomes \$3,428.

Total Primary Vote of remaining eligible candidates now becomes 11 226.

Yates is allocated $\frac{3,428 \times 6,302}{11,226}$

which equals—\$1,924

Speirs is allocated $\frac{3,428 \times 4,924}{11,226}$

which equals—\$1,504

Summary—

								\$
Petersen	..	..	..	..	..	..	..	3,429
Yates	..	..	..	..	..	..	..	1,924
Speirs	..	..	..	..	..	..	..	1,504
Total funds allocated	..	..	..	..	..	..	..	<u>\$6,857</u>

Example IV

CLARENCE—1978				Vote	Per cent
Singleton (N.C.P.)	..	..	..	15 061	52.5
Signor (A.L.P.)	..	..	..	8 821	30.7
Kelly (IND.)	..	..	..	4 819	16.8
Total formal Votes	..	..	..	<u>28 701</u>	

(All candidates attain the threshold.)

Total Primary Votes of eligible candidates 28 701.

Singleton is allocated $\frac{6,857 \times 15,061}{28,701}$

Which equals—\$3,598

as this exceeds half of the funds available for the constituency, allocation is determined at \$3,429.

Funds *remaining* for constituency now becomes \$3,428.

Total primary vote of *remaining* eligible candidates now becomes 13 640.

Signor is allocated $\frac{3,428 \times 8,821}{13,640}$

which equals—\$2,217

Kelly is allocated $\frac{3,428 \times 4,819}{13,640}$

which equals—\$1,211

Summary—

	\$
Singleton	3,429
Signor	2,217
Kelly	1,211
Total funds allocated	\$6,857

5.3.7 *Appointment of Candidate's Agent*—A candidate may nominate in writing any elector of New South Wales as his agent for the purpose of receiving, administering and accounting for public funds to which the candidate is entitled. The candidate should advise the State Electoral Commission of the full name of his agent and the address from which, for campaign purposes, the agent wishes to carry out his functions.

5.3.8 *Claims for Public Funds*—Claims for public funds should be made by a candidate within ninety (90) days of the return of writs. The claims should be part of the candidate's declaration of expenditure (see paragraph 5.7.11) and include a description of the goods and services for which actual payments have been made. Receipts or certificates of service should be attached. Claims may include any payments made on behalf of a candidate by his constituency party or campaign organization.

5.3.9 *Claims Available for Public Inspection*—All claims and declarations of expenses will be held by the State Electoral Commission and will be made available for public inspection.

5.4 General Provisions for Both Funds

5.4.1 *Reimbursement*—All funds, except advance payments, should be allocated only upon the presentation of receipts for goods and services associated with the election campaign. Certified claims with all particulars should be submitted to the State Electoral Commission within ninety (90) days of the return of writs for the Election.

5.4.2 *Extensions of Time*—Wherever for any bona fide reason, claims cannot be submitted within the prescribed period, the State Electoral Commission may extend the period for lodgement.

5.4.3 *Capital Assets*—It will not be possible to use public funds for the purchase of capital assets.

5.5 Registration

5.5.1 *Registration of Parties*—Each political party seeking public funds will be required to register with the State Electoral Commission. Applications for registration should be made to the State Electoral Commission within the period commencing the day following polling day at one General Election and terminating on the sixtieth day before the issue of the writs for the next General Election. Information that must be filed for the purposes of registration will include—

- (a) the full name of the party;
- (b) the party name or abbreviation of the name to be used in any election documents;
- (c) the address of the party headquarters;
- (d) the name and address of the chief executive officer;
- (e) the names and addresses of the members of the committee of management of the party;
- (f) the Rules, Constitution and Platform of the party;
- (g) the name and address of the Leader of the parliamentary party;
- (h) any party not represented in the Parliament shall be required to submit the names, addresses, occupations and signatures of one hundred electors who are members of the party;
- (i) the name and address of the auditor appointed by the party, together with the signed acceptance of the auditor so appointed.

5.5.2 It will be the responsibility of the State Electoral Commission to compile and maintain the register.

5.5.3 All parties registered with the State Electorate Commission will be required to furnish the Commission with details of any alterations in its registration. This information must be supplied within thirty (30) days of the changes taking place.

5.5.4 *Registration of Candidates*—Each candidate seeking public funds will be required to register with the Returning Officer at the time of nomination. Information that must be filed for the purposes of registration must include:

- (a) candidate's full name and address;
- (b) party affiliation (if any);
- (c) the name and address of the candidate's agent (if any);
- (d) the address of the campaign headquarters.

5.5.5 It is recommended that explanatory booklets/leaflets on public funding be made available for all candidates at the time of nomination.

5.6 The State Electoral Commission

5.6.1 It is recommended that a State Electoral Commission be established.

5.6.2 The Commission will have responsibility for all functions currently performed by the State Electoral Office and responsibility for the public funding of elections to the Parliament of New South Wales.

5.6.3 The Commission shall consist of a Chairman and two part-time Commissioners.

5.6.4 The Chairman shall be full-time appointed by the Governor-in-Council.

5.6.5 One Commissioner shall be appointed upon the nomination of the Premier.

5.6.6 One Commissioner shall be appointed upon the nomination of the leader of the Opposition in the Legislative Assembly.

5.6.7 Members of Parliament, Aldermen, Councillors, candidates for elected public office and agents of candidates will not be eligible to become or to remain a member of the State Electoral Commission.

5.6.8 The State Electoral Commission will have authority to deal with all aspects of the public funding of election campaigns. This authority will include—

- calculation of the size of the pool of public funds, requirements for eligibility and assessment of all entitlements, in accordance with the principles of the proposed legislation;
- advice to all registered parties and candidates of decisions taken by the Commission;
- receipt of all claims and assessment of their validity;
- disbursement of funds to eligible claimants;
- supervision of the expenditure of public funds;
- investigations, where required, into any aspect of election campaign fund-raising or expenditure, as contemplated by this scheme;
- maintenance of the register of parties and candidates.

5.6.9 The State Electoral Commission will present an Annual Report to the Speaker of the Legislative Assembly and the President of the Legislative Council. The report will be tabled in both Houses of Parliament.

5.6.10 The Report may recommend any amendments that, in the opinion of the Commission, are desirable for the better administration of the legislation.

5.7 Disclosure

5.7.1 All parties, groups and candidates contesting an election will be subject to the laws of disclosure whether or not they are in receipt of public funding.

5.7.2 All parties, groups and candidates will be required to file with the State Electoral Commission an audited financial statement concerning income and expenditure for State Election purposes. The statement should be filed annually or within ninety (90) days of the return of the Writs. The statement must be certified by a qualified accountant.

5.7.3 Wherever for any bona fide reason, the audited financial statement cannot be filed within the prescribed period, the Commission may extend the period for lodgement.

5.7.4 *Donations*—Donations from a single source to a party central office of more than \$500 must be disclosed to the State Electoral Commission. Donations from a single source of more than \$100 to an individual candidate must be disclosed to the State Electoral Commission. The disclosure will include the name and full address of the donor and the date of the donation.

5.7.5 A series of donations from a single source that, in aggregate during the life of any one Parliament, exceed the stated figure are required to be disclosed.

5.7.6 *Publication*—The State Electoral Commission will publish the details of donations in excess of the stated figure in the Annual Report.

5.7.7 *Declarations of Income*—In addition to the donations from a single source that must be disclosed, parties and candidates must file a Declaration of Income in which is disclosed all income received for State Election purposes, clearly distinguishing on separate lines or in annexures the source of funds or the means by which the funds were raised.

5.7.8. The Declaration of Income will be required to reveal at least the following:

- donations (donations below the stated figure must be listed according to the quantum of each donation and the numbers of donors for each quantum);
- aggregate membership dues;
- fund-raising ventures or functions (including a brief description of the venture or function, the date or dates on which it was conducted, and the nett proceeds).

5.7.9. Within ninety (90) days of the return of writs, all parties and candidates will be required to make a signed Declaration of Income.

5.7.10 Wherever for any bona fide reason, the Declaration of Income cannot be filed within the prescribed period, the Commission may extend the period for lodgement.

5.7.11 *Declarations of Expenditure*—Within ninety (90) days of the return of Writs all parties and candidates will be required to make a signed Declaration of Expenses, which itemizes the nature and cost of all goods and services for which payment was made.

5.7.12 Wherever for any bona fide reason, the Declaration of Expenses cannot be filed within the prescribed period, the Commission may extend the period for lodgement.

5.7.13 Declarations of Income and Expenditure will be made available by the State Electoral Commission for public inspection.

5.8 Limitations

5.8.1 The Committee does not recommend any limitation on expenditure in election campaigns. The Committee recommends that the State Electoral Commission monitor all expenditures and from time to time include in its Annual Report a comparative analysis of expenditures over different elections and the proportions of funds received from private sources as against public funds made available under this Scheme.

5.9 Research

5.9.1 The Committee does not recommend the establishment of a separate authority to undertake research in election campaigns and related matters. The Committee envisages that it will be necessary for the State Electoral Commission to undertake research from time to time—research activity is appropriate for the Commission that will administer this Scheme.

5.9.2 Research involving the expenditure of public funds, undertaken by parties in receipt of public funds, must be related directly to an election campaign for the Parliament of New South Wales. Any party so using public funds may be required to demonstrate the validity of the project to the State Electoral Commission and its relevance to a State Election campaign.

5.10 By-elections

5.10.1 The funds made available for a by-election shall be calculated by multiplying the number of electors enrolled in the electorate at the date of the issue of the Writ by the monetary unit applicable to a full parliamentary term.

5.10.2 Funds shall be disbursed to candidates on the same basis as the Constituency Fund.

5.11 Special Provision

5.11.1 No party, group or candidate shall be entitled to receive any funds in excess of expenditure actually incurred.

5.11.2 Any funds that an eligible party, group or candidate does not claim or is not able to justify for any reason whatsoever shall be transferred to Consolidated Revenue.

5.12 Enforcement

5.12.1 Appropriate penalties shall apply to any breaches of the scheme involving—

- failure to disclose any information required;
- failure to submit any information required;
- the making of claims that are fraudulent.

E. N. QUINN, Chairman.

**JOINT COMMITTEE UPON PUBLIC FUNDING OF
ELECTION CAMPAIGNS**

OVERSEAS SYSTEMS

**DELEGATION'S REPORT TO THE COMMITTEE
ON THE FOREIGN COUNTRIES VISITED**

JUNE, 1980

E. N. QUINN, M.P., Chairman.

CURRENT BRITISH SYSTEM

Constituencies

There are 635 constituencies in the United Kingdom which elect one representative each to the House of Commons.

Voting

Voting is not compulsory.

Electoral Roll

The British system differs from the Australian system in that the Electoral Officer sends a form (Form "A") to every householder in the area on 10th October each year. The householder is required to indicate, on the form, who is eligible to be placed on the roll. It is an offence not to assist the Electoral Officer who, if he deems it worthwhile, may take action against an offender.

Candidates

The Representation of the People Act sets strict limits on the amount which may be spent by a Candidate, viz.:

- (a) For a country constituency—£1,075 plus 6 p. for each *six* entries in the register of electors to be used at that election.
- (b) For a borough constituency—£1,075 plus 6 p. for each *eight* entries in the register of electors to be used at that election. (Candidate's personal expenses are wholly excepted from the maximum but if they exceed £100 then the candidate's agent pays the extra items and shows them in a return of expenses.)

Should it be felt necessary to increase these limits, the Secretary of State would recommend to Parliament an increase (which in practice would probably be based on inflation movement) and any approval by Parliament would be by resolution of both Houses.

Whilst the law is vague on definition of a candidate's expenditure—"anything which promotes or procures the election of the candidate"—it is generally held that party advertising which does not mention particular candidates or constituencies does not form part of a candidate's expenses.

The law makes it clear that only the election agent of the candidate may authorize payment of election expenses and that within thirty-five days after the day on which the result of the election is declared, the agent shall transmit to the returning officer a return of expenditure together with all bills and receipts.

There is no audit of these returns but they are published by Parliament.

Donations

Under the law, all constituency income (including names of donors) have to be shown in the return of election expenses. Parties have to show total donations but not individual donations. There is no audit.

Parties

There is no limit on party expenditure nor is there any public accountability of such expenditure.

Whilst parties do not have to disclose donations made to them, the Companies Act requires companies to disclose their donations to political parties.

There is no requirement for parties to register.

Advertising

It is legal to advertise for political purposes in newspapers but it is against the law to buy advertising time on radio or television for this purpose.

Candidates have equal rights on any radio or television programme and this generally applies to parties on a national basis.

Free television time is made available to parties for national cover (see also under "Existing Aid—Broadcasting").

Existing Aid (extract from Houghton Report)

The State provides political parties and candidates with certain aid in kind, viz.:

Registration. In some countries political parties incur a great deal of expense ensuring the registration of everyone entitled to vote. In the United Kingdom local authorities are responsible for all aspects of registration. (In 1973-74 this amounted to £6,025,000.)

Postage. A Parliamentary candidate is entitled to send free of any postal charge to each elector one postal communication containing matter relating to the election only. The Post Office is reimbursed by the Treasury and in 1974 received £2.1 million covering the cost of 75 million communications. (This cost in 1976 was estimated at £3.9 million.)

Meeting Halls. During a Parliamentary or local election campaign a candidate is entitled to hold meetings in schools which are situated in his or an adjoining constituency. For Parliamentary elections this entitlement also extends to any meeting rooms available for public meetings that are maintained wholly or mainly out of public funds. The candidate is not required to pay for the hire of the room, but he has to pay for any heating, lighting and cleaning costs.

Broadcasting. During a general election campaign the allocations of broadcasting time is decided by a committee of party representatives and the broadcasting authorities. Apart from election campaigns, the committee decides each year on the party political broadcasting arrangements for the following year. The number and length of non-election broadcasts are related to votes received in the previous general election. In 1974 there were in total 18 television and 26 radio non-election party political broadcasts.

Television production expenses are generally small (£100) for parties.

Aid for Parliamentary Work

Financial aid to opposition parties to assist them in carrying out their Parliamentary work was approved by the House of Commons on 20th March, 1975. Under this scheme opposition parties are able to claim financial assistance in respect of expenses incurred in carrying out their Parliamentary business up to a annual limit based on £500 for each seat won by the party concerned plus £1 for every 200 votes cast for it at the preceding general election, subject to a maximum of £150,000 for any one party. In order to qualify for assistance a party must either have had at least two Members of Parliament elected at the previous general election or had one Member elected and received a minimum of 150 000 votes. In 1976 under this formula £203,570 was payable to opposition parties annually, including a maximum of £150,000 to the principal opposition party. (See Houghton Committee Report.)

INTERVIEW WITH LORD HOUGHTON OF SOWERBY, CHAIRMAN OF THE COMMITTEE ON FINANCIAL AID TO POLITICAL PARTIES

Lord Houghton said that the Committee's report, published in 1976, recommended a modest scheme of state financial aid to political parties for general purposes and candidates for elections expenses.

The recommendations made in the report were not adopted and Lord Houghton said that one of the major problems was a division with both the Labour Party and the Conservative Party on the whole general question.

He emphasized that the aim of the report was *not* to provide a mechanism for overcoming any corruption but rather as a form of assistance to political parties (outside of Parliament) which are considered indispensable as democratic institutions of Parliament. In other words, he said, the recommended financial assistance was to aid the democratic process of Parliament.

The Houghton Committee Report recommended that such aid should take the form of—

- (i) annual grants to be paid from Exchequer funds to the central organizations of the parties *for their general purposes*, the amounts being determined according to the extent of each party's electoral support.
- (ii) at local level, a limited reimbursement of the election expenses of Parliamentary and local government candidates.

In order to qualify for a grant a party must at the previous general election have either—

- (a) saved the deposits of its candidates in at least six constituencies; or
- (b) had at least two of its candidates returned as Members; or
- (c) had one of its candidates returned as a Member, and received as a party a total of not less than 150 000 votes.

The amount of annual grant payable to each of the qualifying parties was to be calculated on the basis of 5 p. for each vote cast for its candidates at the previous general election.

Reimbursements were to be restricted to those candidates who poll at least one-eighth of the votes cast, and the amount to be reimbursed should be the candidate's actual election expenses up to a limit of half his legally permitted maximum expenditure. Payment to be made directly to the candidate.

The total cost of the state aid to the political parties under these proposals was estimated at, on average, about £2½ million a year. Of this, the annual grants to the parties would comprise about £1,440,000 and the reimbursement of candidates' election expenses approximately £860,000 a year (including £360,000 in respect of Parliamentary candidates and £500,000 for local government candidates). (a)

The Report proposed that the recipient party should produce professionally audited accounts. This was to assure Parliament and the public that the disposition of the taxpayers' money included in the resources of the party is under responsible control; and secondly, to give Parliament and the public an informative view of the relationship of the State subsidy to the other resources of the party, and of the activities that are being financed out of the party's resources. (b)

The Report suggested the disclosure of large sums given to parties without identifying the donors. The Committee did not feel that it was part of its task to discourage such donations or to encourage evasion by the use of "front" organizations but considered it important and necessary that the existence of large donations from whatever source should be known. (c)

During the discussion with Lord Houghton he was asked what would be the situation, under his Committee's proposals, in respect of financial aid for a break-away group from a political party. He indicated that the Committee's recommendation was that funding was to be based on the votes which a party gets in the last election. Accordingly, he said, any breakaway group would not receive any public funding from the current Parliament, and would have to face the electorate, and be successful, at the next elections before qualifying for any public funds.

He said that the Committee had looked closely at other countries which had introduced public funding to see how their schemes worked and to assess the effect of such schemes, particularly on party membership. He stressed that it was clear that although there had been opposition in most countries and fears expressed that it would be detrimental to political parties, it was found that public funding does not appear to have any adverse effect and that party membership generally did not decline as was feared. His investigations showed that once introduced, public funding is accepted by all parties.

- (a) Houghton Report—Summary of Recommendations.
- (b) Houghton Report—Page 66.
- (c) Houghton Report—Page 67.

Summary of other Comments obtained

It is apparently generally conceded that the amount disclosed by some candidates as their election expenditure is less than that actually expended and therefore the legal maximum is exceeded in many cases.

A matter which it was felt warrants review is where a petition is made by a party that a candidate has exceeded his expenditure. Such petition has to be presented to the High Court and £1,000 has to be deposited as security for costs. A petition is a very serious business and once started cannot be controlled. Costs may be very heavy for the successful petitioners or successful respondents. A petition may be withdrawn by the leave of the court but the costs of the respondent have then to be paid by the petitioner. Comment was made that the present law presented many problems and a better system may be to have such challenges dealt with in a lower court.

Nevertheless, the importance of the limitation placed by law on a candidate's electoral expenditure was stressed in interviews and it was feared that any removal of such limitations would lead to a large increase in campaign expenditure.

The provision of equal time on radio and television for political parties seemed favourably accepted as this has the effect of presenting to the electorate a more evenly balanced campaign and also puts the political parties on an equal footing.

The aid of a free delivery of candidates' election material by the Post Office is used to a great extent by the candidates. However, even this has been found to be not without problems as deliveries of all the candidates' material at the one time tends to swamp the elector with excessive campaign literature.

The comment was also made that the aid of free postage for candidates has encouraged the ratbag element who for £150—the candidate's deposit—is able to send free publicity literature to electors. Whilst this material is essentially campaign literature, it has been used by some people to publicize the person's business activity.

There has apparently been a recent increase in the number of candidates contesting elections but this has been put down to the fact that the deposit of £150 has remained static since 1918.

Whilst there are limitations on candidates' expenditure and on radio and television advertising by parties, there is no limitation on newspaper advertising. Comment was made that the Conservative Party uses newspaper advertising more extensively than the Labour Party. The Houghton Committee Report has not recommended the placing of any limit on such advertising and it was felt that, had the Report been adopted, a likely result could have been an increase in the Conservative Party newspaper advertising.

Although the Houghton Committee Report has not been adopted, comment was made that the question of public funding in the United Kingdom had not been abandoned for all time. (It is understood that the Hansard Society has set up a Commission to study the Houghton Report—but this aspect was not pursued.)

United Kingdom—Summary

The Houghton Committee Report recommended a modest scheme of direct State financial aid to political parties and candidates ("the total amount should be no more than about 20 per cent of the present combined central and constituency incomes of the parties).

The financial assistance recommended by the Houghton Committee Report was aimed at aiding the democratic process of Parliament, of which political parties are considered indispensable.

Whilst the Report was not adopted it is important to note that the present system in the United Kingdom provides for certain disclosure, limitation and indirect aid provisions which are not found in New South Wales. These include—

- (a) limit on a candidate's expenditure;
- (b) full reporting of such expenditure;
- (c) disclosure by companies of their donations to political parties;
- (d) indirect State aid in the form of free postage, use of public buildings and free radio and television time.

WEST GERMANY

There are 518 Members (or Deputies) in the Bundestag (Parliament). Apart from 24 members who are elected from Berlin the remainder are elected by a mixed system, viz., half of them according to a system of majority votes in the electoral districts (the first vote) and the other half by proportional system by means of party lists (the second vote).

Principle of Public Funding (introduced 1967)

Sections 18 and 20 of the Federal Electoral Law allows reimbursement of necessary costs accruing from an election campaign of reasonable proportions to parties nominating candidates for election to the Bundestag and to independent candidates proposed for election. (Other party activities may *not* be financed by public funds.)

Level of Funding

The Court of Constitution declared in 1966 that financing of political parties was illegal—but not illegal to reimburse the parties' election expenses. In setting a figure of DM*2.50 (which was subsequently increased) the Court took into account the total campaign expenses of the parties at the 1965 election and declared DM*2.50 reasonable to cover such costs. (*Per voter).

It was therefore intended that the level of public funding would be sufficient to meet *all* the parties' (reasonable) campaign costs.

Requirements for Public Funding

To qualify for public funding—

1. *A party* must obtain 0.5 per cent of the valid second votes cast in the electoral area (i.e., national territory); or obtain 10 per cent of the valid first votes cast in an electoral district (i.e., constituency) if no list of candidates was put up by the party in any of the 11 Laender.
2. *An Independent Candidate* must obtain 10 per cent of the valid first votes cast in an electoral district.

Reimbursement

A reimbursement rate is fixed on the basis of the number of persons entitled to vote in the election. At present an amount of DM 3.50 (approx. \$A1.75) per person entitled to vote is considered "necessary cost".

Distribution

The flat rate reimbursement (to those eligible) is distributed as follows:

- (a) to parties in proportion to the number of *second votes* (party lists) polled in the electoral area;
- (b) in the case of a party with no Land list and in the case of independent candidates, DM 3.50 for every first vote cast in the electoral districts *where 10 per cent of the first votes were obtained.*

(NOTE: For a party to qualify for a seat in Parliament under the list system it must get 5 per cent of the second votes.)

Procedure

Parties and independent candidates eligible for reimbursement apply within two months following the convening of the (new) Bundestag to the President for (a) assessment and (b) disbursement of their share in the total reimbursement amount.

The President of the Bundestag assesses and reimburses the amounts due (see above) on the condition that parties submit their statements of accounts of the previous fiscal year taking into account instalments or advance payments already made (see below).

Instalments or advance payments can be granted by the President for the next Bundestag election based on results of the previous election on the basis of—

	Per cent
2nd year of election term	10
3rd year of election term	15
4th year of election term	35
	—
Total	60
	—

Parties must refund after the next election any advance payments in excess of what they become entitled to as a result of that election.

Audit

Reimbursement of election campaign costs by the President is subject to verification by the Federal Audit Office.

(Examples of reimbursement of campaign costs of the 1976 elections are shown on Annexure "A".)

Registration of Parties

In Germany there are about ten parties (three of which are major parties) which take part in Bundestag elections. Under the Federal Law political parties have to be registered to receive public funding.

"Under Article 19 (1) of the Parties Act, the reimbursable amount must be stipulated and disbursed by the President. Consequently, the President also decides whether the applicant constitutes a party and is thereby entitled to financial support for the election campaign. If the President disputes the eligibility of the applicant the latter can go bankrupt before being able to exhaust all possibilities of legal remedy. This means that parties are dependent on an institution of the State."

(Extract from Structure and Finances of the Political Parties in the Federal Republic of Germany by Dr Schmitt—Vockenhausen, 1974.)

Accountability

Parties have a statutory obligation to effect a public rendering of accounts to the President which show their *sources of revenue* but *no* requirement is made for party expenditure to be declared. There is therefore no accounting requirement of the expenditure of public funds made available to political parties.

Donations

There is no limit set on donations to parties. However, donors of DM 20,000 (approx. \$A10,000) or more per calendar year must be named—published in Government Gazette.

Tax deductions for donations to political parties up to DM 600 per year are allowed and the Government is presently considering raising this level to DM 1,800 per year.

Campaign Spending

The law does not lay down any limit on campaign spending by political parties. However, there is a voluntary agreement and a treaty is signed by the major parties as to the total amount they will spend. The parties to the treaty have established a committee (under the chairmanship of a Protestant Bishop) to oversee the treaty and the parties also publish accounts signed by public auditors.

It would be possible for other community groups to campaign independently and advertise for or against a particular party during an election. This apparently has not happened as yet.

Radio and Television Advertising

State Law fixes a limit on radio and television advertising and it is understood that the major parties would utilize the maximum time available.

Ballot Paper

Party affiliates are shown on the ballot paper (*see* Annexure "B").

Party Splits

There apparently have been no cases, at least recently, of any party splits or breakaways. However, should this happen and the legal ownership of party funds (including those made available under public funding) was questioned it would be a matter for the courts to decide.

"Basically, the way party costs are increasing and the system by which financial assistance is allocated do not give new parties a real starting chance. Consequently, struggles between different factions within the parties are becoming more pronounced because minority groups realize that it is only by staying within the overall party structure that they can be assured of financial support. Thus it is more important for them to change the party from within rather than set about the almost hopeless task of forming a party of their own."

(Dr Schmitt-Bockenhausen in Structure and Finances of the Political Parties in the Federal Republic of Germany, 1974)

Research

Any German political party achieving more than 5 per cent of the votes in a federal election is entitled to apply for federal funds to support an associated research institute or foundation.

GERMAN POLITICAL RESEARCH FOUNDATIONS

<i>Foundation</i>	<i>Sponsoring Party</i>	<i>Estimated 1978 budget (million DM)</i>
Friedrich-Ebert-Stiftung	Social Democrats (SPD) ..	110-120
Konrad-Adenauer-Stiftung	Christian Democrats (CDU)	90
Friedrich-Naumann-Stiftung	Free Democrats (FDP) ..	30-33
Hans-Seidel-Stiftung	Christian Social (CSU) ..	8

NOTE: Approximately 90 per cent of these funds come from the Federal German Government.

The oldest and largest of these, the SPD's Friedrich-Ebert-Stiftung (FES), founded in 1925, is active in five principal areas—

- (1) Scholarships—about 1 000 a year—provided for German and foreign students at German universities.
- (2) Adult education courses offered at its ten residential colleges, with some 100 000 participants per year.
- (3) Production and mass circulation of pamphlets to promote democratic education.
- (4) A research department with some 100 full-time researchers and a large archive.
- (5) An international department.

It was indicated that the Konrad-Adenauer-Stiftung is active in four major areas—

- (1) History publications.
- (2) International Department—for assistance and development of overseas sister parties.
- (3) Economic research in rural development.
- (4) Research development in social studies.

Summary of Comments received at Various Interviews

The law relating to public funding was introduced in 1967 and apart from an amendment in 1969 (which increased the payment from DM2.50 to DM3.50) and a further amendment in 1979 relating to independents, the basic law has been unaltered.

Whilst the figure of DM 3.50 had been unaltered since 1969, reimbursements have increased due to a population increase of about 1 million.

However, comment was made that the amounts being reimbursed were not considered by some parties to be enough to cover the election costs and that they would like to see an increase in the public funds being made available.

Under the West German electoral system independent candidates are not really encouraged. The main aim of the Germans is to try to achieve a stable government and therefore much greater emphasis is placed on the party.

Official donations to political parties from trade unions is not allowed as it is forbidden in the constitutions of the trade unions. This, of course, does not prevent individual members of trade unions being party members or making private donations.

The seemingly high figure of DM 20,000 requiring disclosure of donors was also raised. However, from comments made it would seem that it is not felt that the figure was too high and that it was generally accepted as being an appropriate level.

General Summary

Whilst the West German system seems to work satisfactorily, the following aspects appear worthy of specially summarizing:

- (a) independent candidates and new parties are not really encouraged;
- (b) there is no statutory limit on campaign expenditure—this has resulted in a private treaty between parties to limit such expenditure;
- (c) figure of DM 20,000 requiring disclosure of donors seems too high and there appears to be little difficulty in hiding the names of donors who give in excess of DM 20,000;
- (d) there is no statutory accounting requirement of expenditure by political parties of public funds (although accounts are published voluntarily); and
- (e) there is no law against third party (non-political groups) campaigning.

Annexure "A"

EXAMPLES

Election to the 8th German Bundestag on 3rd October, 1976

Persons entitled to vote—42 058 015.

Total reimbursement of campaign costs—147,203,052.50 DM.
(42,058,015 × 3.50 DM).

1. Instalments

For this election, political parties have received *instalments* upon written application on the basis of the *results of the preceding election to the Bundestag* in 1972.

Instalments

		<i>Election results</i>	
		per cent	
SPD	40,057,176.54 DM .. .. .	..	42.6
CDU	30,764,627.76 DM .. .. .	..	38.0
CSU	8,431,592.01 DM .. .. .	..	10.6
FDP	7,299,970.22 DM .. .. .	..	7.9
<hr/>			
86,553,366.53 DM			

2. *Calculation of instalments*

Basis: Reimbursement of election costs accruing to party in 1972, e.g., SPD = 40,057,176.54 DM.

Instalments received in—

	Per cent	DM
2nd year of election term (1973):	10	= 4,005,717.70
3rd year of election term (1974):	15	= 6,008,576.55
4th year of election term (1975):	35	= 14,020,011.95
<hr/>		
Total instalments	60	24,034,306.20

Instalments are paid on the condition that the party submits to the President of the German Bundestag its statement of accounts for the previous fiscal year.

3. *Final account with ultimate reimbursement*

Basis:

- Official results of election as presented by the Federal Election Officer.
- Eligible for reimbursement are only parties obtaining 0.5 per cent of valid second votes cast in the electoral area, respectively 10 per cent of first votes in an electoral district, provided no Land List was admitted.

Results of election—

Per cent		
SPD	42.6	= 16 098 632 second votes
CDU	38.0	= 14 368 813 second votes
CSU	10.6	= 4 027 981 second votes
FDP	7.9	= 2 995 160 second votes
<hr/>		
		37 490 586 second votes

*Remainder—*splinter groups not obtaining 0.5 per cent of second votes cast.

The total reimbursement a party is entitled to receive is calculated on the formula:

$$\frac{\text{Overall reimbursement of 1976 election campaign costs} \times \text{number of second votes obtained by party}}{\text{number of second votes}}$$

Example calculation (SPD):

$$\frac{146,848,688 \text{ DM} \times 16,098,632}{37,490,586} = 63,057,510 \text{ DM}$$

Proportion of—

		DM
SPD	.. .. .	63,057,510
CDU	.. .. .	56,281,898
CSU	.. .. .	15,777,393
FDP	.. .. .	11,731,887
<hr/>		
(Total reimbursement)		146,848,688

Taking into account instalments paid, the following amounts are still open for disbursement, repayment respectively:

		DM
SPD	.. .. .	23,156,852.76
CDU	.. .. .	25,649,682.34
CSU	.. .. .	7,382,690.79
FDP	.. .. .	4,460,460.08

Disbursement is effected upon written application by the parties within two months following the convening of the Bundestag.

Stimmzettel

für die Bundestagswahl im Wahlkreis 59 Köln I am

Sie haben 2 Stimmen



hier 1 Stimme

für die Wahl
eines Wahlkreisabgeordneten
(Erststimme)

1	Schmitz, Mathias Wehrmeister Köln, Höhe Str. 30 CDU	Christlich Demokratische Union Deutschlands	<input type="radio"/>
2	Kolvenbach, Franz Geschäftsführer Köln, Aachener Str. 29 SPD	Sozialdemo- kratische Partei Deutschlands	<input type="radio"/>
3	Dr. Jansen, Hildegard Ärztin Klein-Mülheim, Wiener Platz 15 FDP	Freie Demokratische Partei	<input type="radio"/>
5	Linzbach, Josef Geschäftsführer Köln, Neumarkt 15 Parteilos	Wählerversammlung Linzbach Parteilos	<input type="radio"/>

hier 1 Stimme

für die Wahl
einer Landesliste (Partei)
(Zweitstimme)

<input type="radio"/>	CDU	Christlich Demokratische Union Deutschlands Minzenbach, Frau Krings, Linnemann, M. Wassen, Kuppert	1
<input type="radio"/>	SPD	Sozialdemokratische Partei Deutschlands Schmitz, Frau Nolden, Büngenbach, Walbrodt, Palm	2
<input type="radio"/>	FDP	Freie Demokratische Partei Neuner, Mertens, Nettekoven, Fraulein Rüttgen, Schlosser	3
<input type="radio"/>	XP	X Partei Hohmer, Frau Kurten, Richter, Bientig, Baumgarten	4

6

THE UNITED STATES OF AMERICA

FEDERAL SYSTEM

The Federal Election Campaign Act (the Act) deals with the financing of campaigns for Federal elections. This law affects candidates for the U.S. House of Representatives, the U.S. Senate and the Presidency, and the political committees which support them. The Act provides for disclosure of the sources and uses of funds for Federal elections; limits on contributions; and public financing of Presidential elections. The provisions of the Act are administered and enforced by the Federal Election Commission (FEC), an independent regulatory agency.

THE COMMISSION

History

The need for campaign finance reform has long been recognized. As early as 1907, Theodore Roosevelt recommended public financing of Federal elections and a ban on private contributions. The Corrupt Practices Act of 1925 attempted to deal with these issues by requiring disclosure of campaign finances, but because it was not specific and inclusive, it was difficult to enforce. In 1972, Congress adopted the Federal Election Campaign Act, a more comprehensive disclosure law requiring candidates and committees to file detailed reports, and designating three supervisory agencies to collect and monitor the campaign finance reports. It also established public financing for Presidential candidates in the general election. In 1974 and 1976, Congress amended the Act to establish additionally, public financing of Presidential primary elections, limits on campaign contributions and an independent body to oversee the campaign finance law. Additional amendments to streamline reporting requirements and expand the role of political parties in Federal elections were adopted in 1979. The Federal Election Commission officially opened its doors on 14th April, 1975.

Commissioners

Six Commissioners are appointed by the President to serve staggered, six-year terms. No more than three members of the Commission may be affiliated with the same political party. A chairman and a vice chairman, each from a different political party, are elected every year by their fellow Commissioners. The Secretary of the Senate and the Clerk of the House of Representatives serve as ex officio, non-voting members of the Commission.

Meetings

Required to meet at least once a month, the Commission usually meets once or twice a week. The dates and agendas of meetings are published in the Federal Register in compliance with the requirements of the Sunshine Act. All meetings are open to the public with the exception of those portions of meetings dealing with potential or pending compliance cases and staff personnel matters.

Staff

The Commission has a staff of 241 (mainly lawyers and auditors) and the cost of its administration is about US\$8 million per year.

Public Financing

Under the Act, public money is provided for eligible Presidential candidates in primary and general elections. Public funds are also available to the national party committees for their nominating conventions. Spending limits are imposed on candidates and committees receiving public funding.

Public Disclosure

Candidates and committees must file periodic reports disclosing their campaign finance activities. These reports are available to the public for review and copying.

Contribution Limits and Prohibitions

Under the Act, contributions include gifts of money, loans and gifts of goods or services. Volunteer work, however, is not considered a contribution.

The Act prohibits the following kinds of contributions made in connection with any Federal election:

- Contributions made from the treasuries of national banks, corporations and labour organizations.
- Contributions from Government contractors.
- Contributions from foreign nationals who are not permanent residents of the United States (green card holders).
- Contributions of cash (currency) from one person which, in the aggregate, exceed \$100 per campaign period.
- Contributions supplied by one person, but made in the name of another person.
- Contributions in excess of limitations (see below).

Contribution Limitations

	<i>To each candidate or candidate committee per election</i>	<i>To national party committee per calendar year</i>	<i>To any other political committee per calendar year</i>	<i>Total per calendar year</i>
Individuals may give ..	\$1,000	\$20,000	\$5,000	\$25,000
Multicandidate Committee* may give	\$5,000	\$15,000	\$5,000	No limit
Other Political Committee may give	\$1,000	\$20,000	\$5,000	No limit

* A multicandidate committee is a political committee with more than 50 contributors which has been registered for at least six months and, with the exception of State party committees, has made contributions to five or more Federal candidates.

Independent Expenditures

An "independent expenditure" is one made for a communication which expressly advocates the election or defeat of a clearly identified candidate and which is not made with any direct or indirect co-operation, consent, request or suggestion or consultation involving a candidate or his/her authorized committee or agent. There is no limit on the amount or frequency of independent expenditures, but the person making independent expenditures must report them when they exceed \$250 per calendar year.

Special Expenditure Limits for Party Committees

National and State party committees, in addition to making contributions directly to candidates, may each make limited expenditures on behalf of their party's nominees (for Senate, House and Presidency) in the general election.

Enforcement

The Commission has exclusive jurisdiction with respect to the civil enforcement of the Act.

HOW THE COMMISSION ADMINISTERS THE ACT

Public Financing

The F.E.C. administers public financing of Presidential elections by certifying—

- Matching payments to primary candidates;
- Public grants to nominees in the general election; and
- Public grants to the national party committees for their nominating conventions.

Public financing is provided through the Presidential Election Campaign Fund which consist of dollars voluntarily checked off by taxpayers on their Federal income tax returns. (The check-off does not affect the total amount of taxes paid by an individual or any refund received. In 1978 over US\$39 million was deposited in the Fund and the Commission estimates that for the 1980 Presidential election the total in the Fund will be over US\$126 million.)

Requests for public funds are reviewed for eligibility and certified by the F.E.C. to the Department of Treasury, which in turn disburses the public funds.

Primary Matching Payments

Eligible Presidential primary candidates may receive public funds to match small contributions of money from private contributors. (Loans, in-kind contributions and contributions from committees are not matchable.) To be eligible for matching payments, a candidate must first raise in excess of \$5,000 in contributions of \$250 or less from individuals in 20 different States and must agree to limit expenditures to \$10 million plus a cost-of-living adjustment (COLA) (about \$15M in 1980).

General Election Grants

Each major party Presidential nominee becomes eligible for a public grant of \$20 million (plus COLA)* for campaigning in the general election. The candidate must limit expenditures to that amount and may not accept any private contributions for the general election except for a special account maintained exclusively to pay certain legal and accounting fees. Qualified minor or new party candidates are eligible for proportionate or retroactive payments *(about \$29.4M in 1980).

Party Convention Grants

Each major political party is entitled to up to three million dollars (plus COLA)* to finance its national Presidential nominating convention. Qualified minor party conventions are funded on a proportionate basis *(about \$4.4M in 1980).

Repayment of public funds is required in cases where the amount of public funds received exceeds the amount to which the candidate or convention committee is entitled; where spending limits are exceeded; where public funds are used for purposes other than "qualified" expenditures; or where public funds remain after debts and obligations have been paid.

Disclosure

Candidates and Committees

Register and File Reports

An individual who becomes a candidate for Federal office and a group or organization which becomes a political committee supporting Federal candidates are subject to the provisions of the Act. Political committees must register and file periodic disclosure reports on their campaign finance activities with the Clerk of the House, the Secretary of the Senate or the F.E.C. Additionally, they must file with the Secretary of State, or equivalent State officer, in the State(s) where nomination or election is sought or where an expenditure is made on behalf of a candidate.

An individual becomes a candidate once he/she raises or spends more than \$5,000 a year to influence his/her election to Federal office. Alternatively, if an individual authorizes another person to be active on his or her behalf and that person raises or spends more than \$5,000, the individual becomes a candidate.

A committee, club, association, or other group of persons becomes a political committee if it receives contributions or makes expenditures exceeding \$1,000 in a calendar year to support one or more Federal candidates. In addition, separate segregated funds of corporations, unions or other membership organizations are considered political committees, regardless of the amount of their campaign finance activity. Political party organizations qualify as political committees if they make contributions or expenditures in excess of \$1,000 per year, if they receive contributions exceeding \$5,000 a year, or if they spend more than \$5,000 a year for certain activities related to Federal elections.

Monitoring the Law

Information

The F.E.C. places a high priority on helping candidates and committees understand and comply with the Act. The effort begins by prescribing regulations implementing the Act and providing candidates and committees with the publications, forms and assistance they need to report correctly and otherwise comply with the provisions of the Act and the regulations. Continuing its effort, the Commission issues advisory opinions to any persons who raise questions concerning the application of the law to a specific factual situation.

Reviews and Audits

Staff members review the filed reports to determine whether they include all the required information. In addition, the Commission may audit candidates and committees.

If an omission or an error is found in a report, the Commission sends the reporting candidate or committee a routine notice requesting additional information or a correction. If the candidate or committee fails to respond adequately, the reporting problem may become subject to formal F.E.C. enforcement procedures.

Enforcement

Complaints alleging a violation of the Act may be initiated by an individual or group filing a formal, notarized complaint (see below), or by the F.E.C. based on information obtained during the course of its own statutory supervisory responsibilities. If the Commission finds reason to believe that a violation has occurred, it will investigate the alleged abuse. If the investigation confirms that a violation has occurred or is about to occur, the Commission uses informal efforts to correct or prevent that violation. These efforts may include requiring payment of a civil penalty. If the efforts fail, the F.E.C. may file civil suit against the respondent in Federal District Court. If any matter involves knowing and willful violations, the Commission may refer the case to the Justice Department. All information regarding an enforcement case is strictly confidential until the Commission closes the case. (FEC Brochure)

THE STATES

Public funding in sixteen States varies with each State's particular law. Almost every State has changed its election laws in the last 5 years or so.

Some States have bipartisan election commissions overseeing the law. Most require disclosure of political funds and some limit the size of individual contributions. Check off provisions on State income tax forms has been introduced by some States.

The Federal Election Commission's publication "Campaign Finance Law 78" (321 pages) summarizes the position in each State. This has since been updated by a supplement "Campaign Finance Law 79" (61 pages).

Summary of comments obtained at interviews in relation to various aspects of the American system

One of the advantages of public funding is that it has allowed the F.E.C. to enter into a contract with the candidate as to how much the candidate can spend on media advertising. This has enabled controls to be placed on this area of expenditure.

The general opinion was that the present system of public funding in America did not really favour new independent candidates. Nevertheless, the system of public funding candidates instead of parties was probably the most appropriate because the American political parties did not have the same degree of discipline as parties in most other democratic countries.

The present public funding system appears administratively cumbersome and costly. (It has taken the Federal Election Commission approximately four years to complete its audits of the 1976 elections.) The opinion was ventured that Congress would probably continue to refine the present law in order to simplify it but that strict accountability of public funds made available to candidates would continue because "the Government has to be very careful with its allocations".

A Presidential candidate who does not accept Government funds may spend an unrestricted amount on his campaign. Some very wealthy candidates have opted for this course which is seen as a simple freedom of choice.

On the question of any aid-in-kind to political parties or candidates, it was indicated that there was a franking system of reduced postage (about half) available to candidates of Presidential, Congressional, House of Representatives and State legislatures. It was stated that there was no limit to the use of this reduced postage and that it would impose a cost to the Government of about US\$4 million per year.

Common Cause

Common Cause is an independent organization founded in 1970 by John Gardner. It is funded from membership fees and employs professional people to investigate matters of concern with the aim of being a watchdog on the political system.

Common Cause supported public funding of Presidential candidates and also proposes public financing of Congressional campaigns—which would allow limitations to be imposed. In this regard Common Cause has identified that private donations for Congressional campaigns are on the increase—as a result of public funding of Presidential campaigns.

General Summary

The present system of public funding of Presidential elections seems to be both administratively cumbersome and costly.

Nevertheless, there appears to be growing support for widening the scope of public funding by the introduction of a system for Congressional campaigns.

No doubt the Watergate episode will have an effect on any further consideration given to further public funding of election campaigns.

Canada

Canada has 282 Constituencies with an average of 53 000 electors to each district or constituency. Voting is not compulsory.

Public funding of political activities in Canada takes various form—

(a) Subsidies paid to registered political parties on an annual basis

A party which has at least 12 members in the House of Commons is given funding during the life of the Parliament (not during an election) for the work of the party and its members within the House. These funds are allocated by Parliament under the Legislative Vote and an audit is required.

(b) Reimbursement of parties' election expenses

Public funding is available to registered political parties, i.e., those parties which have applied for registration at least sixty days before the start of a general election and nominated candidates in at least fifty electoral districts at that election or which were represented in the House of Commons at dissolution by at least twelve members.

At a general election, registered parties are entitled to be reimbursed from public funds 50 per cent of the cost of time used on radio and television (up to a limit of 6½ hours of prime time).

Registration

Application for registration must be made to the Chief Electoral Officer by the Leader of the Party sixty days before the election. Application must be supported by 100 signatures and show the name of the party's manager and auditor. The auditor's confirming letter must also accompany the application. The party leader confirms by letter names of legal candidates and party affiliations are shown on the ballot paper.

(c) Federal Public Funding of Candidates

Officially nominated candidates, i.e., whose names eventually are shown on the ballot paper at federal general elections *and by-elections* are entitled to reimbursement of a proportion of their election expenses if they are elected or obtain a number of votes at least equal to fifteen per cent of the valid votes cast in the electoral district.

Such reimbursement consists of the lower of the actual election expenses paid for the election and an amount based on a formula—(the number of names of electors on the preliminary lists multiplied by the cost of mailing one ounce by first class mail—currently 17c—plus 8c per name for the first 25 000 names, plus 6c per name for names exceeding 25 000).

NOTE: The escalation of postage rates has been a ready made increase factor for candidate reimbursement. At the 1979 general election candidates who were entitled to the reimbursement (670 of 1 427) spent CD\$13,977,000 and were reimbursed a total of CD\$8,518,000 or 61 per cent of the aggregate amounts spent. Reimbursement for by-elections is the same as for a general election.)

In addition, all officially nominated candidates are entitled to offer tax credits to contributors during the election period and for one month thereafter (identical to that offered by registered parties—*see* below).

The Receiver General of Canada also pays the first \$250 of candidates' audit fees direct to the auditor.

(d) Tax Credits

Taxpayers are permitted, by the Income Tax Act, to reduce income tax payable by 75 per cent of the first \$100 contributed to registered parties, 50 per cent of the next \$450 contributed and 33½ per cent of the next \$600, contributed for a maximum tax credit of \$500 on contributions during the year of \$1,150 or more.

Election Expenses Limitations

In Federal Elections there is a limitation on the amount of money that may be spent by—

Political Parties—Limited to a sum equal to 30 cents for each eligible voter where a candidate is fielded. (Maximum fine for overspending is \$25,000.)

Candidates—Limited to a sum equal to \$1 for each of the first 15 000 voters in an electoral district, 50 cents for each of the next 10 000 and 25 cents for each additional voter.

Advertising

Apart from the 6½ hours electronic advertising permitted, broadcasters are required to make some free time available to registered political parties. Such time is not taken into account as election expenses.

Political parties and candidates cannot advertise on any electronic media or in any periodical publication until the 29th day before polling day, and furthermore such advertising is forbidden on polling day and the day immediately preceding polling day.

Only candidates and registered political parties are allowed to pay for political advertising during an election. However, section 70.1 of the Act *does* allow expenses to be incurred by any person

“(a) for the purpose of gaining support for views held by him on an issue of public policy, or for the purpose of advancing the aims of any organization or association, other than a political party or an organization or association of a partisan political character, of which he was a member and on whose behalf the expenses were incurred; and

(b) in good faith and not for any purpose related to the provisions of this Act limiting the amount of election expenses that may be incurred by any other person on account of or in respect of the conduct or management of an election.”

Newspaper Advertising

No reimbursement to parties or candidates is made for newspaper advertising.

Disclosure Provisions

Parties and candidates are required to make returns of their contributions and expenditures.

Donations

There is no limit placed on donations but donations over \$100 must be disclosed by parties and candidates. Donations made to political parties or candidates must be from a person's or a corporation's own funds.

Public Funding of Political Activities by Provinces

Public funding of political activities at the provincial level, in those provinces which have enacted legislation regulating election expenses and contributions basically takes form, as for Federal elections, but with varying methods of application.

The provinces of Newfoundland, Prince Edward Island and Manitoba and the Yukon and Northwest Territories do not have any legislation dealing with election expenses and contributions nor do they provide public funding of political activities.

The following is a brief summary of the public funding provided by other provinces.

New Brunswick

The province of New Brunswick provides a subsidy to those parties represented in the legislature by at least one member and to those parties which are not represented but endorsed ten candidates at the last general election held in the province.

The subsidy consists of a payment to each party of one dollar for each vote obtained at the general election. This subsidy is paid each year on a quarterly basis. In 1979 it amounted in total to approximately \$325,000. There are no tax credits offered to contributors or subsidies to candidates.

Nova Scotia

The province of Nova Scotia does not provide public funding to parties or tax credits to contributors. Public funding of political activities consists of a reimbursement to candidates at an election of the lesser of their election expenses or \$0.25 per name on the official lists, to those candidates who obtain a number of votes at least equal to fifteen per cent of the valid votes cast at the election. The figure of \$0.25 is a base figure for 1970 which is adjusted each year by the inflation index.

Quebec

Public funding of election activities in the province of Quebec takes three forms—tax credits to contributors, annual subsidies to registered parties and reimbursement of election expenses to candidates.

Tax credits are available to contributors who must be electors. On the first \$100 contributed, 50 per cent and on the next \$100, 25 per cent for a maximum tax credit available of 75 per cent on contributions in the year of \$200 or more.

Annual subsidies to political parties are available to those parties which have at least twelve members in the Legislature or obtained at least 20 per cent of the votes at the last general election. The amounts paid to each party are based on the number of votes obtained at the last general election in proportions applied to a fund determined by multiplying \$0.25 by the number of names on the lists developed at an annual enumeration. For the fiscal period ending 31st March, 1979, there were five eligible parties which obtained subsidies totalling \$1,029,837.

Candidates who are elected at an election, or who were elected at the preceding election or who are endorsed by one of the two parties which obtained the largest number of votes in the preceding election or who obtain a number of votes at least equal to 20 per cent of the valid votes cast at the election are entitled to reimbursement of election expenses. The formula is based on the number of names on the official lists of electors—up to \$0.15 per elector, plus an amount equal to one-fifth of the election expenses incurred in excess of \$0.15 per elector but not in excess of \$0.40 per elector, plus all election expenses in excess of \$0.40 per elector.

Ontario

The province of Ontario provides public funding of political activities by a tax credit to contributors identical to that provided federally, deductible from provincial income tax and reimbursement of election expenses to candidates. Ontario also pays the first \$250 of the candidates' audit fees and the constituency associations' audit fees.

Candidates who obtain at least 15 per cent of the votes are entitled to reimbursement of the lesser of campaign expenses or the aggregate of \$0.16 per name on the official lists for the first 25 000 names and \$0.14 for each name in excess of 25 000 in the electoral district.

Political parties are not otherwise publicly funded in Ontario.

Saskatchewan

The province of Saskatchewan provides public funding to those political parties which are registered, nominate at least ten candidates at a general election and obtain at least 15 per cent of the aggregate votes cast in the electoral districts in which it has nominated candidates. The public funding consists of the lesser of \$75,000 or one-third of the party's election expenses.

Candidates who obtain at least 15 per cent of the valid votes cast in the electoral district are entitled to be reimbursed the lesser of 50 per cent of their election expenses or \$0.50 per elector on the official lists.

Alberta

The province of Alberta provides public funding of political activities only in the form of tax credits to contributors in a manner identical to that provided federally deductible from provincial income taxes payable by contributors.

British Columbia

Public funding of political activities in the province of British Columbia consists only of a tax credit to contributors, identical to the federal tax credit, deductible from provincial income tax payable by contributors.

SUMMARY OF COMMENTS OBTAINED AT INTERVIEWS IN RELATION TO VARIOUS ASPECTS OF THE CANADIAN SYSTEM

1. Public funding of elections was introduced in 1974 principally because of concern towards the evermounting costs of election campaigns.

2. There has been a change brought about by public funding, and the system of tax credits, in that large donations have tended to decrease and there has been a broadening of the base of donors. Parties are increasing their use of direct mail and the telephone to solicit donations (particularly pointing out the tax benefit). At least one party has set its own limit on individual donations.

3. Since parties are not required to disclose details on individual amounts contributed that do not exceed \$100, it was not practicable for the Chief Electoral Officer to determine accurately the cost to the Treasury of the tax credit. However, it was estimated that for the period from the date the legislation became effective, 1st August, 1974, to the end of 1979, parties had received contributions from taxpayers of approximately \$59 million.

4. The Chief Electoral Officer (under section 59 (i) of the Act) reports to the Speaker on the administration of the Act including any recommendations which he sees fit to make. In practice, the Chief Electoral Officer has formed an *ad hoc* group of the various parties to discuss problems which may arise. He has made recommendations in his 1979 and 1980 reports on improvements which might be made to the Act.

5. One problem seen by some parties (but not all) relates to section 70.1 of the Act which allows non-political groups to incur expenditure in an election on matters of "public policy" (i.e., abortion, etc.) Under this section such groups have much more freedom than do political parties as they are not accountable to anyone. It is conceivable that "front groups" could be established to attack political opponents in regard to specific aspects of their platform.

In regard to this matter, the Chief Electoral Officer made this statement in his 1979 Report to the Speaker—

“ . . . these particular provisions of the Act (section 70.1) are extremely difficult to administer because it would practically be impossible, within the time frame effectively available, to prove a lack of good faith or the presence of collusion, even if there were indications that they did exist. This may, in the long run, affect the credibility of the legislation itself.

Candidates and political parties are restricted by the Act both in the period when they can advertise in the print and electronic media and in the amounts of money they can spend for the purpose of promoting their election. The legislation imposes no such restrictions on persons, organizations and associations providing they are BONA FIDE and are acting in good faith. The situation seems anomalous and, if permitted to continue, could weaken considerably efforts to control election expenses. Therefore, this is a part of the legislation which Parliament may have to examine.”

It was suggested that possible answers to this problem may be to restrict such non-political groups by—

- (a) not allowing a party or candidate's name to be mentioned in any advertising, and
- (b) requiring them to observe the same limits and disclosure requirements as apply to parties and candidates.

As one person said: “A lobby group should be able to promote their particular platform but should not be able to publicise their criticism of a political party for its stand on the issue.”

6. Political party candidates cannot keep any surplus funds as a result of the election—these must be turned over to the party headquarters or local branch. An independent candidate must remit any surplus funds to the Government.

7. Whilst there are inbuilt escalation factors built into candidate and party reimbursements, there was some criticism that the expenditure *limits* had no automatic increase. It would therefore be necessary for any alteration to such limits to be made by Parliament.

8. Generally, parties seemed to have welcomed public funding. As one person said: “Poverty stricken parties tend to look at devious methods.” They also feel that it has created a more equal situation (limitations on spending) and has fostered greater public participation (tax credits). However, it was suggested at one interview that one effect of the system has been that constituency or branch organizations have become more financially independent which has tended to foster a weaker national party structure.

General Summary

The present system seems to be satisfactorily accepted by the various parties in Canada. However, the 1979 general election was the first for which public funding provisions were fully in effect. Accordingly, it may take a little more time for any faults with the scheme to work to the surface. One aspect (e.g., non-political party advertising) seems destined to be a controversial matter and may be at least one which could require some legislative alteration.

PRINTED MATERIAL RECEIVED

United Kingdom

Report of the Committee on Financial Aid to Political Parties.
Return of Candidates' Election Expenses.
Conduct of Parliamentary Elections—Labour Party.

Federal Republic of Germany

The German Reichstag (History of Parliament—In English).
Parliament (Current membership—In English).

The German Bundestag—

Research Services	}	In English
The Mediation Committee		
Petitions		
Elections		

Deutscher Bunderstag—(In German).

Grundgesetz—(In German).

Law on Political Parties—(Typed—In English).

Examples of reimbursement of campaign costs (Typed—In English).

Bundes Anzeiger (similar to Government Gazette—In English).

United States of America

Federal Election Commission Annual Report, 1979.

Federal Election Campaign Laws (FEC).

The FEC and the Federal Campaign Finance Law (Pamphlet).

Election Administration (FEC).

Campaign Guide for Presidential Candidates (FEC).

Campaign Finance Law 78 (FEC).

Campaign Finance Law 79 (FEC) Update to 78.

F.E.C. Miscellaneous (News releases, etc.).

Parties, Interest Groups and Campaign Finance Law (Michael J. Malbin).

State Public Financing and the State Parties (Ruth S. Jones).

How Money Talks in Congress (Common Cause).

Common Cause (News releases, etc.).

Canada

Canada Elections Act.

Chief Electoral Officer—

Statutory Report 1979 and 1980.

Special Report 22nd May, 1979.

Manual of Information.

Candidate's Return of Expenses.

Candidate's Receipt of File.

Public Funding (Typed).

Miscellaneous (including sample Ballot papers).

Manitoba Law Reform Commission—Political Financing and Election Expenses.

Liberal Party Publications.

Progressive Conservative Party Publications.

New Democratic Party Publications.

Map of Canada showing results of 1980 election.

TABULATED SUMMARY

	U.K. (Existing)	U.K. (Recommended)	Germany (Federal Elections)	U.S.A. (Presidential Campaign)	Canada (Federal Elections)
State aid to Parties ..	Indirect aid only—preparation of rolls, free time on radio and television.	Annual grant of 5p for each vote obtained at previous election.	In proportion to number of second (party list) votes (from fund of DM3.50 per eligible voter). Where no list submitted DM3.50 for each first vote.	Approximately \$4.4M (1980) to major parties for conventions. Minor parties on proportionate basis.	Registered parties receive 50 per cent of radio and T.V. costs—limit 6½ hours prime time.
Party qualification for aid ..		1. Saved deposit of six candidates; or 2. Had two candidates elected, or 3. Had one candidate elected and Party received 150 000 votes.	0.5 per cent of valid second votes, or 10 per cent of first votes if no list submitted in any Laender (State).	Major parties qualify.	1. Party must register 60 days before election. 2. Nominate 50 candidates or hold 12 seats.
State aid to Candidates ..	One free postage to each elector. Use of schools and other public buildings for meetings.	Existing aid plus reimbursement of actual expenses, limited to 50 per cent of legal maximum expenditure. (See spending limit on candidate).	Independents—DM3.50 for each first vote.	<i>Primaries</i> —approximately \$7.5m (1980) on \$ for \$ basis. <i>General Election</i> —Major party candidate approximately \$30M (Total allowable expenditure). Minor parties retro-active payments.	Lower of actual expenses or cost of one First Class letter to each voter (currently 17c) + 8c for each of 25 000 + 6c for each additional voter. \$250 for audit fees.
Candidates qualifications for aid.		Must poll 1/8th (12.5 per cent) of votes cast i.e., save deposit.	10 per cent of first votes in electorate. (Independents only).	<i>Primaries</i> —Raise \$5,000 in donations \$250 or less in 20 different States.	Receive 15 per cent of formal votes i.e., save deposit.
Funds disbursed by ..		Government department.	President of Bundestag on application within two months of convening of New Bundestag. <i>Note:</i> Advance payment scheme.	Federal Election Commission. Six Commissioners, three Democrats, three Republicans. Chairmanship rotates annually.	Director, Elections Financing.
Spending limit on Party ..	No limit, but illegal to advertise on radio or T.V.	No change.	No statutory limit. Gentlemen's Agreement only.	Limited to amount of convention grant.	30c for each voter where candidate is fielded.
Spending limit on candidate	<i>Rural</i> —£1,075 + 6p per six voters enrolled. <i>City</i> —£1,075 + 6p per eight voters enrolled.	No change.	Nil.	Set by Contract. <i>Primary</i> approximately \$15M. <i>General</i> approximately \$30M.	\$1 for each of 15 000 voters. 50c each for next 10 000, 25c each additional voter.

TABULATED SUMMARY—continued.

	U.K. (Existing)	U.K. Recommended	Germany (Federal Elections)	U.S.A. (Presidential Campaign)	Canada (Federal Elections)
Expenditure statement ..	By candidates to Home Office— Published—May be challenged.	Professionally audited accounts.	Not required.	Regular audited statements to the Commission by the candidates and committees. These are made public within 48 hours.	Parties and Candidates are re- quired to provide an audited statement.
Limit on donations to Parties	Nil.	Nil.	Nil.	\$20,000 per calendar year by individual. (Unions or Corpor- ations prohibited from contri- buting).	No limit.
Limit on donations to candi- dates.	Nil.	Nil.	Nil.	\$1,000 per election by individual. Nil by Union or Corporation. <i>Note:</i> A Presidential candidate accepting State Aid for a General Election, is prohi- bited from receiving private funds.	No limit.
Disclosure of donations ..	Corporations and Trade Unions must disclose.	Large donations to be disclosed but without identifying the donor.	Names of donors of DM20 000 or more must be disclosed.	All donations must be disclosed.	Donors of more than \$100 must be identified.
Tax deductability of dona- tions to Political Parties.	No.	Rejected.	Donations up to DM600 per year. (Tax Deductable Limit may soon be raised to DM1 800).	No.	Tax rebate of 75 per cent to 33½ per cent of donations, maximum rebate \$500.
Registration of Party ..	No.	No.	Yes.	No, but committees supporting Federal Candidates have to be registered with F.E.C.	Yes.
Name of Party on ballot paper.	If requested by candidate.	No change.	Yes.		Yes.
Research funding	No.	No.	Yes—to institutions associated with parties.	No.	No.

Spending Limits for Senate Candidates Under S3044

State	1974 projected voting age population	Primary limit	Additional spending for fund- raising (primary)	General election	Additional spending for fundraising (general)	Party spending permitted in candidate's behalf	Actual spending limit by candidate (general election)
		(8 cents times VAP or \$100,000, whichever is greater)		limit (12 cents times VAP or \$150,000, whichever is greater)			
		\$	\$	\$	\$	\$	\$
Alabama	2,392,000	191,360	38,272	287,040	57,408	95,680	440,128
Alaska	206,000	100,000	20,000	150,000	30,000	40,000	220,000
Arizona	1,442,000	115,360	23,072	173,040	34,608	57,680	265,328
Arkansas	1,417,000	113,350	22,672	170,040	34,080	56,680	268,800
California	14,509,000	1,160,720	232,144	1,741,080	348,216	580,360	2,669,656
Colorado	1,719,000	137,520	27,504	206,280	41,256	68,760	316,296
Connecticut	2,124,000	169,920	33,984	254,880	50,976	84,960	390,816
Delaware	391,000	100,000	20,000	150,000	30,000	40,000	220,000
Florida	5,799,000	463,920	92,784	695,880	139,176	231,960	1,067,016
Georgia	3,227,000	258,160	51,632	387,240	77,448	129,080	593,768
Hawaii	571,000	100,000	20,000	150,000	30,000	40,000	220,000
Idaho	519,000	100,000	20,000	150,000	30,000	40,000	220,000
Illinois	7,646,000	611,680	122,336	917,520	183,504	305,840	1,406,864
Indiana	3,603,000	288,240	57,648	432,360	86,472	144,120	662,952
Iowa	2,002,000	160,160	32,032	240,240	48,048	80,080	368,368
Kansas	1,601,000	128,080	25,616	192,120	38,424	64,040	294,584
Kentucky	2,296,000	183,680	36,736	275,520	55,104	91,840	422,464
Louisiana	2,457,000	196,560	39,312	294,840	58,968	98,280	452,088
Maine	700,000	100,000	20,000	150,000	30,000	40,000	220,000
Maryland	2,781,000	222,480	44,496	333,720	66,744	111,240	511,704
Massachusetts	4,086,000	326,880	65,376	490,320	98,064	163,440	751,824
Michigan	6,037,000	482,960	96,592	724,440	144,888	241,480	1,110,808
Minnesota	2,634,000	210,720	42,144	316,080	63,216	105,360	484,656
Mississippi	1,495,000	119,600	23,920	179,400	35,880	59,800	275,080
Missouri	3,296,000	263,680	52,736	395,520	79,104	131,840	606,464
Montana	484,000	100,000	20,000	150,000	30,000	40,000	220,000
Nebraska	1,068,000	100,000	20,000	150,000	30,000	42,720	222,720
Nevada	382,000	100,000	20,000	150,000	30,000	40,000	220,000
New Hampshire	550,000	100,000	20,000	150,000	30,000	40,000	220,000
New Jersey	5,099,000	407,920	81,584	611,880	122,376	203,960	938,216
New Mexico	731,000	100,000	20,000	150,000	30,000	40,000	220,000
New York	12,700,000	1,016,000	203,200	1,524,000	304,800	508,000	2,336,800
North Carolina	3,635,000	290,800	58,160	436,200	87,240	145,400	668,840
North Dakota	431,000	100,000	20,000	150,000	30,000	40,000	220,000
Ohio	7,281,000	582,480	116,496	873,720	174,744	291,240	1,339,704
Oklahoma	1,879,000	150,320	30,064	225,480	45,096	75,160	345,736
Oregon	1,587,000	126,960	25,392	190,440	38,088	63,480	292,008
Pennsylvania	8,336,000	666,880	133,376	1,000,320	200,064	333,440	1,533,824
Rhode Island	691,000	100,000	20,000	150,000	30,000	40,000	220,000
South Carolina	1,831,000	146,480	29,296	219,720	43,944	73,240	336,904
South Dakota	464,000	100,000	20,000	150,000	30,000	40,000	220,000
Tennessee	2,881,000	230,480	46,096	345,720	69,144	115,240	530,104
Texas	8,050,000	644,000	128,800	966,000	193,200	322,000	1,481,200
Utah	746,000	100,000	20,000	150,000	30,000	40,000	220,000
Vermont	316,000	100,000	20,000	150,000	30,000	40,000	220,000
Virginia	3,331,000	266,480	53,296	399,720	79,944	133,240	612,904
Washington	2,377,000	190,160	38,032	285,240	57,048	95,080	437,363
West Virginia	1,238,000	100,000	20,000	150,000	30,000	49,520	229,520
Wisconsin	3,121,000	249,680	49,936	374,520	74,904	124,840	574,264
Wyoming	244,000	100,000	20,000	150,000	30,000	40,000	220,000

State and national political parties are each permitted to spend on behalf of their nominee for the Senate an additional 2 cents times the voting age population or \$20,000—whichever is greater.

NOTE: Voting age population estimates are taken from "Population Estimates and Projections," Department of Commerce, Social and Economic Statistics Administration, Bureau of the Census, Series P-25, No. 526, September, 1975.

SOURCE: Centre for the Public Financing of Elections

PROGRESS REPORT

1. INTRODUCTION

1.1 On Tuesday, 20th November, 1979, on a Notice of Motion by the Premier, the Honourable N. K. Wran, Q.C., M.P., the Legislative Assembly resolved—

“(1) That a Joint Committee be appointed to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That, in making its recommendations, the Committee shall have regard to:

- (a) the manner in which such a system could most equitably divide available public funds between competing parties and individuals;
- (b) whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates;
- (c) whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;
- (d) the extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;
- (e) the right of new political parties, small parties, parties of special interest and independent candidates to participate in any scheme of election campaign funding and expenditure; and
- (f) such other matters as the Committee believes relevant to the generality of its task.

(3) That such Committee consist of seven members of the Legislative Assembly and three members of the Legislative Council ‘and that, notwithstanding anything contained in the Standing Orders of either House, at any meeting of the Committee, any five members shall constitute a quorum, provided that the Committee shall meet as a joint committee at all times.

(4) That Mr Anderson, Mr Bruxner, Mr Cavalier, Mr Egan, Mr Fischer, Mr McDonald and Mr Quinn be appointed to serve on such Committee as the members of the Legislative Assembly.

(5) That the Committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and within the other States and Territories of Australia.”

1.2 Following agreement to this resolution in the Legislative Council on Thursday, 22nd November, 1979, the Committee was established with the following membership:

- Mr E. N. Quinn, M.P. (Chairman).
- Mr P. T. Anderson, M.P.
- The Honourable J. C. Bruxner, M.P.
- Mr R. M. Cavalier, B.A., M.P.
- Mr M. R. Egan, B.A., M.P.
- Mr T. A. Fischer, M.P.
- Mr B. J. McDonald, A.S.T.C., Dip. T.C.P., M.P.
- The Honourable D. M. Grusovin, M.L.C.
- The Honourable W L. Lange, M.L.C.
- The Honourable H. J. McPherson, M.L.C.

1.3 The Committee held its first meeting on 27th November, 1979, and elected Mr E. N. Quinn, M.P. as Chairman.

1.4 The Committee resolved to advertise for written submissions from all interested persons and organizations and advertisements were placed in the major dailies circulating in New South Wales. In addition, letters inviting submissions were sent to all Members in both Houses of Parliament, the three parties represented in Parliament and to the departments of political science at each university in New South Wales. Submissions closed on 25th January, 1980.

1.5 The Committee is mindful that its schedule made it necessary to ask interested persons and groups to work on their submissions during the Christmas–New Year holiday period. We are grateful to those people who put in much time and trouble to assist the Committee in its inquiry.

1.6 Evidence was taken for the first time on 5th February, 1980. The Committee heard four academics from the Department of Government and Public Administration of the University of Sydney explain the submission they had forwarded. The four academics each gave a supplementary statement and were questioned by members of the Committee. The press and public were present at the taking of evidence.

1.7 Arising from this day of evidence and some problems encountered by the range of questions, the Committee on 28th February resolved to interpret the Terms of Reference in the following manner:

“The Terms of Reference impose upon the Committee the obligation of considering a scheme involving public funding of campaigns for elections to the Parliament of New South Wales.

The recommended scheme should specify the extent of public funds to be made available and the manner in which the funds could be equitably divided between all political parties and candidates who might contest an election.

Consideration should be given to, whether there should be compulsory disclosure of, and/or restrictions on, all electoral expenditure, and to whether there should be compulsory disclosure of contributions and gifts to political parties and individuals.

The rights of independent candidates and new or small political parties should be considered, as should any other matters the Committee believes to be relevant.

The question as to whether or not such a scheme should be introduced is not a question the Parliament has sought recommendations upon and, as such, is outside the Terms of Reference of the Committee.”

1.8 Subsequently, the Committee has set aside full days for the hearing of evidence from the two major political parties. On 11th March, 1980, the Committee heard the General Secretary of the Liberal Party of Australia (New South Wales Division) and on 12th March, 1980, heard the General Secretary of the Australian Labor Party, New South Wales Branch.

1.9 This oral evidence and the written submissions have been augmented by a wealth of material from the diplomatic missions of many countries which have a form of public funding. The Committee now has a considerable volume of documents and transcripts to examine.

1.10 Many of the submissions dealt mainly with the question of whether or not Election Campaigns should be funded by the public. Others addressed themselves to the general matters which the Terms of Reference required the Committee to consider. Some of those submissions will be referred to later in this progress report.

1.11 Some people have the opinion that Public Funding of Elections already exists in New South Wales. They point to such things as compulsory enrolment, compulsory voting and the cost of maintaining the Office of the Electoral Commissioner. However, Public Funding of the nature envisaged by the Terms of Reference does not exist anywhere within the States or Territories of the Commonwealth of Australia.

1.12 The experiences of those foreign countries that have introduced public funding is a very important area of investigation for the Committee. The list—by no means exhaustive—includes Austria, Canada, Denmark, the Federal Republic of Germany, Finland, Italy, Norway, Sweden and the United States of America.

2. THE MAJOR SUBMISSIONS

2.1 Some of the submissions contained Systems of Public Funding which could possibly be adopted in whole or in part by the Committee when preparing recommendations for its Report.

2.2 Witnesses in support of three submissions have been examined by the Committee. Further witnesses and submissions will be examined on future occasions. Reference is made below to only the submissions examined to date. Selected extracts of three submissions are quoted. The complete submissions will be contained in the Minutes of Evidence which will be presented with the final Report.

A. ACADEMICS FOR PLURALIST FUNDING

2A.1 Four members of the Department of Government and Public Administration of the University of Sydney made a submission to the Committee under the group name of "Academics for Pluralist Funding".

2A.2 The four members were—

Professor Henry Mayer—Professor of Political Theory.

Associate Professor Kenneth Turner.

Dr Ernest Chaples—Senior Lecturer.

Mr Alexander Watson—Principal Tutor.

2A.3 The Committee reproduces this submission at length because it provided in detail a possible scheme for funding at every stage.

"8. A scheme for New South Wales

8.1 We recommend that the Committee support a system of election financing which establishes three separate funds, all supported by the State Treasury:

- (a) A *Statewide Fund* based on a cents-per-eligible voter formula and to be divided among eligible political parties and candidates according to their vote in the Legislative Council poll;
- (b) An *Electorate Fund* equal to one-half the total amount appropriated for the Statewide Fund and for distribution to eligible parties and candidates within each of the New South Wales Legislative Assembly constituencies; and
- (c) An *Election Research Fund* one of whose tasks would be to create a non-partisan Election Research Institute and which would allocate grants to eligible parties and groups for the advancement of election-related policy research and for the communication of such research to party leaders, parliamentarians, candidates, election workers and interested citizens.

9. The Statewide Election Fund

9.1 The *Statewide Election Fund* should be distributed to political parties which are registered with the State Electoral Office and to individual candidates who do not represent a registered political party but who are otherwise eligible to receive a campaign subsidy.

9.2 To be recognized as eligible to apply for a State subsidy from the Statewide or Electorate Funds, a political party should be required by law to register with the State Electoral Office. Each party should be required to lodge their party name, constitution, by-laws and current policy with the Electoral Office as a condition of registration, and all future changes in constitutional provision, by-laws and policies should be filed with the Electoral Office to maintain said registration.

9.3 Any candidate for State Parliament who did not stand for office as an endorsed candidate of a political party currently registered with the Electoral Office should only be considered for election assistance as an individual candidate.

9.4 Eligible political parties and candidates should be able to receive Statewide election funds under either a prior election provision or a retroactive provision.

9.5 *Prior election provision for eligibility:* Parties or candidates should be eligible to apply for an election subsidy pro rata to their total first preference votes in the Legislative Council poll at the previous state election, provided that they receive a minimum of 2 per cent of the total first preference, formal votes in said poll.

9.6 *The Retroactive Provision:* If a party or candidate does not qualify for funding under the prior election provision, they should still be eligible to qualify for retroactive funding if they receive 2 per cent or more of the total first preference, formal vote in the specific election in question. Parties or candidates that become eligible under this provision should receive financing in proportion to their total Statewide vote in the Legislative Council poll and equal to two-thirds the amount they would have received if they had been eligible under the provisions of the prior election provision.

9.7 Funds should be granted under both the prior election provision and the retroactive provision after application to the Treasury and after the applicant has been certified as eligible for such funds by the State Electoral Office. Parties and candidates eligible under the prior election provision should be able to apply for and receive funds as soon as the State Parliament has been dissolved and a specific election date has been announced. Parties and candidates applying under the retroactive provision should only be allowed to receive a subsidy if the State Electoral Office certifies that they would not have been eligible for funds under the prior election provision. Groups certified under the retroactive provision should apply and be certified for funds within three months of the date when the election in question is declared.

9.8 Political parties and candidates that only contest Legislative Assembly seats will be eligible for subsidies from the Electorate Fund as discussed below. Appendix A shows how moneys from the Statewide Election Fund would be distributed under the prior election provision at the next state election.

10. The Electorate Fund

10.1 The Electorate Fund should be equal to one-half of the moneys available in the Statewide Election Fund. The Electorate Fund should be divided into equal parts based on the Legislative Assembly districts (currently 99 districts) for distribution to all eligible candidates in each Legislative Assembly district. The distribution of funds in each Assembly district should be determined on the first preference vote in said districts in the previous election as in their prior election for the Statewide Fund or on a retroactive provision based on performance in the election itself for those not eligible under the prior election provision. Moneys in the Electorate Fund, however, should be divided within each Assembly district according to the vote in the Legislative Assembly poll in each individual district (see Appendix B).

10.2 Where district boundaries are altered between elections, election subsidies available to political parties registered with the State Electoral Office should be determined on the basis of the performance by said parties in the last election within the current (new) election boundaries. Individual candidates, however, should have their eligibility determined under the prior election provision according to their vote in the Assembly district as those boundaries existed at the time of the prior election.

10.3 Eligible political parties which seek moneys from the Electorate Fund should be required to apply for their subsidies as locally-constituted campaign organizations. Those who are not endorsed candidates of a registered political party should be permitted to apply for funds from the Electorate Fund as individual candidates.

11. Determining Eligibility for Statewide and Electorate Funding

11.1 We realize that political parties and individual candidates who would otherwise be eligible might prefer not to accept public election moneys. This should be their right. Such parties or candidates need not apply for Funds. Parties or candidates which do not choose to accept public campaign funding, however, would still be covered by all funding disclosure and reporting provisions outlined in section 15.

12. Determining the Size of the Statewide and District Funds

12.1 We recommend that the size of the State election funds be determined on a cents-per-eligible-vote basis and that the total of the statewide and electoral funds together be set so as to provide approximately two-thirds of the moneys which the Parliament can reasonably determine are needed for all candidates adequately to contest a State election for both Houses of Parliament.

12.2 This ratio must be maintained and updated by the Treasury so as automatically to allow for inflation, and this review should consider changed campaign circumstances and other factors which increase campaign costs as well. This review should be required before the second State budget following each State election. Such additional factors as unreasonable campaign expenditures and atypical election circumstances need not be taken account of in determining a budget for the public financing of the next State election.

12.3 We envisage an initial Statewide Fund of approximately \$1,543,000 (50 cents per voter) and an Electorate Fund of approximately \$772,000 (25 cents per voter) for the next election. Since the life of a State parliament is normally three years, the cost would average 25 cents per voter per annum for both the Statewide and Electorate funds combined after the scheme was implemented.

13. Should There Be a Ceiling On State Campaign Spending?

13.1 We believe that the public subsidy for State elections should be based on a realistic estimate of what is required for all parties and candidates adequately to inform and educate the electorate without discouraging personal or organizational initiative. We do not, however, believe that it is administratively responsible to attempt to place a legal limit on what any party or candidate should be allowed to spend in any election, provided that all campaign contributions are made public.

13.2 Our opposition to such legal limits on spending is based on an observation that such limits are very difficult to determine in a non-partisan way and very difficult to supervise adequately. The State government must not unnecessarily expand the number of State employees needed to administer the Act or unduly increase the cost in time, energy and money needed by parties, and candidates to comply with the provisions of the Act. Circumstances change too rapidly in specific elections as do techniques of campaigning. Honesty in elections is more likely to be encouraged by requiring public disclosure of campaign contributions and expenditures rather than by having government attempt to set limits and conditions on such fund raising and expenditure. Public disclosure will not require a new expansion of State bureaucracy.

14. An Annual Fund for Election-Related Research

14.1 West Germany, the Netherlands and Austria have adopted legislation which provides funds for continuing political and election-based research and for communication of this research. In the Netherlands State aid is provided for party research institutes and for political education efforts by the parties. In Austria, subsidies are provided for the establishment of political academies which are charged with the upgrading of the information on which political decisions can be made. In West Germany, research and educational institutes are connected to each party and are heavily subsidized from government funds at both the State and national levels.

14.2 We recommend that the third element in the State campaign finance legislation be the creation of a non-partisan *New South Wales Election Research Institute*. This Institute should have as its goals—

- the political funding of party research efforts;
- the researching of problems associated with this Act;
- the sponsorship of research projects which explore alternative courses of action on policy questions;
- the encouragement of a public dialogue on election-related questions and issues; and
- the communication of such research to relevant groups and individuals on a non-partisan basis.

14.3 The Institute should be closely linked to the Parliament. We recommend that it be associated with the Parliamentary Library so as to ensure its non-partisan and service character. The Institute should have its own independent, professional staff so that it can process proposals for research and organize a system for communicating this research to the media and the community.

14.4 There are several aspects of this proposed legislation that need to be examined by the Election Research Institute after the law is enacted. They include—

- analysing the party and candidate reports on contributions and expenditure;
- examining the effect which public financing has on total election spending and whether an eventual ceiling will need to be included in the legislation;
- examining the effect of disclosure on the creation of party front groups created to avoid disclosing contributions;
- developing uniform reporting procedures for all parties and candidates;
- determining the adequacy of the disclosure procedures for public companies and unions;
- determining whether by-elections need to be funded under this Act.

15. Disclosure and Reporting Provisions

15.1 Self-regulation combined with full and adequate disclosure are joint principles for the oversight of electoral expenditure. These principles will make the electoral process more equitable and democratic. The aim of disclosure provisions is not to tell parties and candidates what they can do, but to require them to tell the public what they are doing.

15.2 Self-regulation is recommended, within broad limits, because the way funds are spent on election campaigns is the province of parties not of Parliament. Further, self-regulation will prevent the creation of new bureaucracies.

15.3 Full and adequate disclosure is essential. Elections are of public interest. The public and the media have a right to know what is done in elections and who is paying for them.

15.4 One pre-eminent factor here must be the practicality of any law. The law must be broad and clear in its intent. It must be designed to encourage reporting rather than to invite potential donors to seek loopholes in the legislation. It is important to note that the only penalty we recommend in this submission applies to the failure fully and adequately to report income and expenditure. Such a failure to report and disclose must also lead to exclusion from eligibility for public funding.

15.5 *Public Funds:* Disclosure of income from public sources to parties and individual candidates should be a requirement. Access to all such reports is essential. Public election funds require full and public accountability. In this way the public and the media can satisfy themselves as to the use to which public moneys have been put.

15.6 *Private Funds:* In order to improve public confidence in the integrity of our parties and to ensure that public officeholders cannot be influenced by private contributors, all private contributions to election campaigns must, in principle, be disclosed. The people of New South Wales have a right to know who is paying for the election of its public officials.

15.7 Disclosure should apply to all election contributions of \$100 or more per election from any single source. Contributions of \$100 or more per election must be paid by cheque. They may be in money, services, goods or in kind; if in kind they are to be assessed at full market price.

15.8 Expenditure of campaigns funds must also be fully and adequately disclosed for reasons given in item 15.6 above.

15.9 No upper limit on contributions is recommended at this stage. Limitations are most likely to lead to a search for loopholes rather than function as a genuine restriction on spending. We recommend, however, that the Election Research Institute should be instructed to monitor the effect that this Act has on total state election spending.

15.10 One likely consequence of disclosure laws on election contributions may be the creation of ad hoc pressure groups and front organizations, usually formed around single issues. This is not necessarily undesirable as it would allow issues to be raised which major parties do not regard as relevant to the election. We recommend that the Election Research Institute should monitor the contributions and expenditures of such groups and report on how this affects the conduct of elections in the future.

15.11 Accounts detailing total campaign income and expenditure of all parties and candidates must be filed with the Electoral Office within three months of the declaration of the poll. They should be certified by a qualified accountant. For the first election under which this takes effect, the form of such accounts should be left to the parties and candidates. After this, the Election Research Institute should examine the advisability of adopting standardized reporting forms and procedures.

15.12 The obligation to report donations and contributions is on the recipient of such funds. Special cases also require an obligation to disclose contributions by the donor. For unions and public companies the interests of minority members and shareholders must be protected and require that all such contributions be fully reported and subject to approval at annual or special general meetings.

15.13 Failure to adhere to disclosure and reporting provisions must lead to exclusion from all such funding.

15.14 All materials to be filed are to be placed with the Electoral Office. These include campaign donation, income, expenditure, party policies, constitutions, by-laws, and union and corporate donations. They must be easily and freely available for public scrutiny. A set of copies of all these materials must be lodged in all New South Wales public libraries.

15.15 Failure to observe fully and adequately the obligation to file items listed in 15.14 above should be punishable by a fine.

15.16 The Election Research Institute should prepare and communicate a summary of total income and expenditure for each election campaign as soon as possible after each election. They should report on the adequacy of the proposed disclosure provisions after two elections have been contested under this Act."

B. THE LIBERAL PARTY OF AUSTRALIA (NEW SOUTH WALES DIVISION)

2B.1 Mr Gregory Bartels, the General Secretary of the Liberal Party of Australia (New South Wales Division) presented evidence in support of his party's submission.

2B.2 The Liberal Party has stated unequivocally that it is opposed to the introduction of any kind of public funding. Its Submission and the evidence by its General Secretary affirmed that opposition many times. Nonetheless, some conditional statements were made about the form of public funding if the Committee should decide to recommend its introduction.

2B.3 The Submission made comments in this regard as follows:

"2.2 Guidelines, Safeguards Necessary:

Nevertheless, if the Joint Committee feels compelled by the terms of references set for it by the Government to recommend a system of public funding without giving its attention to the underlying question of the general merits of such funding, we urge that the following guidelines and safeguards be applied.

2.3 Supplement, not Replace Voluntary Funds:

If public funds are to be made available they should be used only to supplement, not to replace, private voluntary contributions to Parties and candidates. Under no circumstances should there be any denial of the right of individuals and groups to support the Parties and candidates of their choice. This is an essential form of political participation and expression."

2B.4 The Liberal Party was concerned, as well, that public funding may be detrimental to voluntarism and participation by the party memberships. The Party fears that "a party that became dependent upon a State subsidy would have little need of the voluntary contributions of time and money by its members and supporters".

2B.5 Any system devised would have to overcome these problems. The submission put forward as possible counter-balances the following forms of public funding:

"2.10.1 Tax Credits

A system of tax credits for contributors to Parties or candidates.

2.10.2 Matching Membership

Dollar for \$ subsidies matching individual (i.e., not affiliated) membership fees received. This would encourage the Parties to recruit new and active individual members and reduce their dependence on affiliated interest groups.

2.10.3 Matching Donations

Dollar for \$ subsidies matching private donations (perhaps under a given ceiling). This would encourage the Parties to stimulate participation in the form of voluntary private contributions".

2B.6 The Liberal Party does not oppose disclosure of public funds by those parties that opt to receive them; indeed, a high standard of accountability is expected.

2B.7 The Party does oppose, however, any disclosure of private funds. It opposes disclosure for the following reasons.

"4.1.1 Extortion, Intimidation and Reprisals

Forced disclosure would open new opportunities for political extortion and a reverse spoils system. Possible contributors to challengers could be subjected to serious pressures from unscrupulous governments. Such a government could use the weapon of its knowledge of contributions to starve its opponents of necessary campaign funds. Similarly, there are very real dangers of organizations such as the more irresponsible of the trade unions using knowledge of contributions to intimidate their members and to take reprisal actions against employers.

4.1.2 Bureaucracy

Compulsory disclosures of contributions can be unwieldy and time-consuming, necessitating an inflated bureaucratic apparatus and a mountain of paper work. What is more, it can have the self-defeating purpose of increasing campaign costs. The disclosure provisions of recent American reforms have resulted in their being termed 'lawyers' and accountants' full employment laws'. The requirements of the U.S. Federal Election Campaign Act of 1971 generated more than half a million pages of reports in 1972, and much more is expected during the forthcoming American elections.

4.1.3 'Laundered' Money

It would probably be impossible to draft fair and reasonable compulsory disclosure provisions which would not enable contributors to launder their money through intermediate agencies. Again, the American experience illustrates the problems thrown up by compulsory disclosure laws. Many months have been spent in the U.S. Congress over the past year dealing with the problem of P.A.C.'s (political action committees) through which contributions are increasingly being made to election candidates. In 1978, these non-party committees gave \$25 million to candidates for the U.S. House of Representatives. Such committees, however, are only one means through which multiple contributions can be made—especially in a Federal system.

4.1.4 'In Kind' Contributions

It would be very difficult, if not impossible, to provide a formula for disclosure of the value of 'in kind' contributions, but these can have exactly the same implications as cash gifts. It would not be possible, for a party accurately to assess the value of the time given by performers in a voluntary concert in aid of a campaign, by specialists in certain policy areas, by technical experts in promotional fields, or other 'in kind' contributions".

2B.8 The Liberal Party also stated that acceptance of public funding should be optional, that funds declined should return to Consolidated Revenue, and that funds should not be used to protect incumbents. The Submission made the following points in those areas:

"2.4 Optional

Public funding should be optional. No Party or candidate with a moral or other reasonable objection to this use of public moneys should be compelled to accept public funds for campaigns or other political activities. Every candidate should retain the right to fund his campaign from his own resources and those of his supporters. The same right should apply to political Parties and other voluntary associations of individuals. Indeed, this should remain the normal system of funding political activities. If public funds are to be made available at all, they should merely be a limited option available for those Parties and candidates unwilling to raise all their own funds.

2.5 Declined Funds

No system of public funding should be designed in a way that would enable other Parties or candidates to benefit from the moral decision of those who decline to use public moneys in this way. If a Party or candidate declines the option of using a share of public funds that share should return to general revenue and not be distributed among other parties and candidates.

2.6 Incumbency Protection

Public funds should not be used to protect incumbents. This would certainly be the effect of any system that subsidized a Party's campaign on the basis of its performance at the previous election or the proportion of seats that it occupied in the Parliament.

C. AUSTRALIAN LABOR PARTY, NEW SOUTH WALES BRANCH

2C.1 The Australian Labor Party, New South Wales Branch, supports the introduction of public funding and prepared a submission that included a scheme for introduction.

2C.2 The Australian Labor Party summarized its scheme as—

- "(a) Public Funds to be made available for major Political Parties which poll 6.25 per cent of the total vote in the preceding Legislative Council poll.
- (b) Public Funds to be made available for Independents and Minor Parties which poll 6.25 per cent of the total vote in any Legislative Assembly seat.
- (c) Public Funds to be made available to the Parties for Research/Education/Organizational tasks.
- (d) The creation of an Electoral Funds Commission to administer the disbursement of Public Funds. The Commission would consist of a Chairman and four (4) part-time Commissioners. Of the four (4) part-time Commissioners, one Commissioner would be nominated by the Premier and one other by the Leader of the Opposition.
- (e) The closest possible scrutiny of the manner in which the Parties expend Public Money. The Parties should be required to keep Public Funds in separate bank accounts which would be subject to audit by staff of the Electoral Funds Commission.
- (f) Establishment by legislation of ceilings for media time purchased by or made available to the Parties. Legislation should also establish a ceiling on the total amount of money expended by the Parties within any political campaign.
- (g) The public disclosure of all sources of private donations to the Political Parties. Disclosure ought to start at donations of \$100 or more".

2C.3 The Australian Labor Party supports the establishment of an Electoral Funds Commission "to administer and oversee the Public Funding of Political Parties". This Commission would be responsible to Parliament. The Australian Labor Party provided the Committee with details on the composition, workings and powers of this Commission. They were as follows:

"1. The Commission should consist of a Chairman, appointed by the Parliament for a statutory term of office and four (4) part-time Commissioners. One of the four (4) Commissioners should be nominated by the Premier of New South Wales and one other by the Leader of the Opposition. The Commission's independence and authority should be guaranteed by statute.

2. The Commission should report annually to the Parliament, reviewing its activities and the manner in which public moneys have been disbursed. Its report should be made public and given the widest possible circulation in the general community. Further, once the base figure/formula for Public Funding has been established by the Parliament, the Electoral Funds Commission should be in a position to recommend changes in respect of the levels of assistance to the Parties.

3. The Commission should compile a register of all participating Political Parties, constitutions and rules. A consequence of Parties applying for Public Funds ought to be that they must register with the Commission and submit such details as the Commission requires to enable it to fulfil its responsibilities.

4. The Commission should be afforded the necessary administrative, research and accounting staff to enable it to work effectively. However, the A.L.P. envisages that such staffing requirements would not entail the creation of anything akin to the mammoth bureaucracy spawned in the United States by the American Public Funding system. The Commission support staff would be relatively few in number, though a high degree of professionalism and expertise would be required.

5. Once established the Commission should embark upon a comprehensive advertising/education programme to acquaint the New South Wales electorate with its functions and responsibilities and the manner in which it will be operating.

The Commission ought to be aiming to attain that widespread public acceptance which the Electoral Office has achieved."

2C.4 The Australian Labor Party recommends that funds be provided in four broad areas—

- (1) Central campaign funds (principally media).
- (2) By-election and referenda campaign funds.
- (3) Constituency Party campaign funds.
- (4) Research/Education/Organization funds.

2C.5 The Australian Labor Party believes that public funds for central purposes should be disbursed using a formula relative to each party's vote at the preceding Legislative Council poll. The minimum vote required for public funds would be 6.25 per cent of the total.

2C.6 A discretion is to remain with the proposed Chairman about funding referenda and by-elections, although the same formula for disbursement in general elections could apply to an individual seat at a by-election.

2C.7 The Constituency Party Campaign Funds would "be made available to the Central Officer of the Parties for disbursement in those electorates considered especially significant by the Parties".

2C.8 The Australian Labor Party believes that the proposed Commission should establish broad requirements. Its Submission states—

"The Commission ought to take into consideration such factors as—

- (a) The electoral pendulum
- (b) The significance of the seat to the Party concerned
- (c) Local and/or regional factors

The parties should be required to report to the Commission on the manner in which the funds have been expended. The funds would be employed in a number of areas in local electorate campaigning. Such areas would include, advertising in suburban or provincial media outlets, printing of local campaign leaflets and the equipping and staffing of local campaign offices.

For all the purposes listed above a block grant should be made available by the Commission to the Parties."

2C.9 The Australian Labor Party proposes that funds be made available for research that will assist in policy formulation and the methodology of campaigning. The Party asks for funds to cover the costs of an annual State-wide poll of 2 000 electors.

2C.10 The Australian Labor Party proposes that full accountability will be made to the Public. Auditing will be carried out by the proposed Commission's staff. All funds received must be expended.

2C.11 The Australian Labor Party seeks limitations upon the amount of media time available and total campaign spending. The Party supports disclosure of funds from all sources, beginning with a minimum donation of \$100.

3. FUTURE AREAS FOR INQUIRY

3.1 The Committee recognizes that there is no agreement about what method of public funding should be introduced.

3.2 The Committee, therefore, proposes to study during the forthcoming Recess major problem areas. As decisions are made in these areas, the basic principles of a system of public funding will be determined.

3.3 The Committee believes that the following areas need exhaustive investigation.

- (1) Independents and New Parties—The right of independents to contest elections and the opportunity for new parties to emerge without encouraging frivolous candidatures, extremists and groups with little community support.
- (2) The Threshold—The related consideration about the minimum number of votes (or threshold) above which public funds are attracted. The figure differs from country to country. The Committee will need to decide whether any minimum should apply at all.
- (3) What is an Election Campaign—The definition of an election campaign. This decision will determine whether funds are available over a large period of time on a continuing basis for a wider range of party and election activity, or whether they shall be restricted to the final weeks of an election that is in legal process following the issuing of writs.
- (4) Research—That definition will largely determine whether and to what extent basic research may be funded and what form it shall take.
- (5) Limitations upon Expenditure—Limitations upon expenditure—either total or media or some other part—are a matter of disputation.
- (6) Administration—Policing that sort of requirement raises the question of the size of a permanent or seconded staff to administer public funding. A major criticism of the United States model is the excessive bureaucracy and form-filling that is involved. The Committee will need to examine whether the administration of public funding should be the responsibility of the present New South Wales Electoral Office, or some other authority. The independence of its administration is not in dispute: the best safeguard for independence from either governmental or party political influence will require attention.
- (7) Autonomy of Parties—The extent to which the administration of public funding may intrude upon the day-to-day activity of political parties, both at central and constituency level, is a problem area. Parties are traditionally autonomous in Australia and, while recognizing the duty of accountability for public funds received each differs sharply about any further investigation into their fund raising or decision making activities.
- (8) Privacy Claims—In this regard, the Committee will need to consider the claims made that private donations to parties are a private affair and public disclosure is an interference with political freedom. Against that is the view that giving money to a party to assist in its pursuit of public office is an involvement in the electoral process and that the electorate has a right to know who is providing funds for parties and candidates seeking their votes.

- (9) **Front Groups**—Disclosure laws may cause the proliferation of front organizations that are created especially to plead the policy of a political party or the favoured aspect of a party's policy. In anticipation of this, the Committee will need to consider whether its decisions on disclosure and spending limitations should extend to private organizations that are seeking to influence the electorate in support of a party or party's policy.
- (10) **Assistance in Kind**—Besides money, the Committee will need to decide what constitutes assistance in a campaign, if that assistance should be disclosed or limited in any way, and in what manner should a party or candidate quantify the value of that assistance in kind.
- (11) **Assistance: Central versus Local**—The disbursement of funds to either a party's central office or its local constituencies raises major questions of principle. It is argued that granting funds to a central office vests power at the centre and may kill voluntarism and participation by the party membership. Conversely, it is argued that funding constituencies directly may lead to a breakdown in party discipline and provide funds in areas where they will be wasted.
- (12) **Party Splits and Mergers**—A party split or merger of parties may require special provision in whatever scheme is adopted to ensure that funds are provided to the candidates and the party that enjoy a genuine level of electoral support rather than just bear the label of a party that once enjoyed that level of support.
- (13) **Incumbency Advantages**—Advantages have been claimed for incumbency—both for Members of Parliament against their local opponents and for the Government against the Opposition. The Committee will need to consider whether public funding should be employed to diminish the advantages claimed for incumbency.
- (14) **Costing**—The Committee will need to examine the projected costs of a contemporary campaign and determine what proportion of those costs should be met by public funding. The Committee will need to consider whether it will recommend to Parliament a formula for assessing disbursements to parties and the size of the Appropriation required.
- (15) **Sanctions**—Finally, the Committee will need to examine what sanctions will be required, if any, for those persons or parties in breach of laws regarding public funding.

4. CONCLUSIONS

4.1 The systems of public funding of election campaigns that are operating in foreign countries require closer study by the Committee. The Committee believes it would be better qualified to assess the conflicting claims about the weaknesses and strengths of existing systems if it could investigate them first-hand.

4.2 The Committee proposes to extend its receipt of submissions until 31st May, 1980, and will take evidence from other witnesses as required.

4.3 The Committee will report to Parliament as soon as is practicable after its Inquiry is completed.

E. N. QUINN, Chairman.

**EXTRACT FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY**

ENTRY NO. 12, VOTES AND PROCEEDINGS NO. 31, 20 NOVEMBER, 1979

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS.—Mr Wran moved, pursuant to Notice (*as amended*)—

(1) That a Joint Committee be appointed to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That, in making its recommendations, the Committee shall have regard to:

- (a) The manner in which such a system could most equitably divide available public funds between competing parties and individuals;
- (b) Whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates;
- (c) Whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;
- (d) The extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;
- (e) The right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure; and
- (f) Such other matters as the Committee believes relevant to the generality of its task.

(3) That such Committee consist of seven members of the Legislative Assembly and three members of the Legislative Council "and that, notwithstanding anything contained in the Standing Orders of either House, at any meeting of the Committee, any five members shall constitute a quorum, provided that the Committee shall meet as a joint committee at all times."

(4) That Mr Anderson, Mr Bruxner, Mr Cavalier, Mr Egan, Mr Fischer, Mr McDonald and Mr Quinn be appointed to serve on such Committee as the members of the Legislative Assembly.

(5) That the Committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and within the other States and Territories of Australia.

Mr Mason moved, That the question be amended by leaving out all words after the word "inquire" in paragraph (1) with a view to inserting the following words instead thereof—

"Into the desirability or otherwise of introducing a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That if the committee establishes a need for public funding based on community demand and acceptance, then in making its recommendations, the committee shall have regard to:

- (a) The manner in which such a system could most equitably divide available public funds between competing parties and individuals;
- (b) Whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates;

(c) Whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;

(d) The extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;

(e) The right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure; and

(f) Such other matters as the Committee believes relevant to the generality of its task.

(3) That such Committee consist of eight members of the Legislative Assembly and four members of the Legislative Council.

(4) That Mr Anderson, Mr Bruxner, Mr Cavalier, Mr Egan, Mr Fischer, Mr McDonald, Mr Maddison and Mr Quinn be appointed to serve on such Committee as the members of the Legislative Assembly.

(5) That the Committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and within the other States and Territories of Australia."

Question proposed, That words proposed to be left out stand part of the question.

Debate ensued.

Mr Flaherty moved, That the Question be now put.

Question put—"That the Question be now put."

Ayes, 58

Mr Akister	Mr Gabb	Mr O'Connell
Mr Anderson	Mr Gordon	Mr O'Neill
Mr Barnier	Mr Haigh	Mr Petersen
Mr Bedford	Mr Hills	Mr Quinn
Mr Booth	Mr Hunter	Mr Ramsay
Mr Brereton	Mr Jackson	Mr Renshaw
Mr Britt	Mr Jensen	Mr Robb
Mr R. J. Brown	Mr Johnson	Mr Rogan
Mr Cahill	Mr Johnstone	Mr Sheahan
Mr Cavalier	Mr Jones	Mr Stewart
Mr R. J. Clough	Mr Keane	Mr Wade
Mr Crabtree	Mr Kearns	Mr F. J. Walker
Mr Day	Mr Knott	Mr Webster
Mr Degen	Mr McCarthy	Mr Whelan
Mr Durick	Mr McGowan	Mr Wilde
Mr Egan	Mr McIlwaine	Mr Wran
Mr Einfeld	Mr Maher	
Mr Face	Mr Mair	<i>Tellers,</i>
Mr Ferguson	Mr Mallam	Mr Bannon
Mr Flaherty	Mr Mulock	Mr Ryan

Noes, 33

Mr Arblaster	Mrs Foot	Mr Rozzoli
Mr Barraclough	Mr Freudenstein	Mr Schipp
Mr Boyd	Mr Healey	Mr Singleton
Mr Brewer	Mr McDonald	Mr Smith
Mr Bruxner	Mr Maddison	Mr Taylor
Mr Cameron	Mr Mason	Mr West
Mr Caterson	Mrs Meillon	Mr Wotton
Mr Clough	Mr Moore	
Mr Dowd	Mr Murray	
Mr Duncan	Mr Park	<i>Tellers,</i>
Mr Fischer	Mr Pickard	Mr Hatton
Mr Fisher	Mr Punch	Mr Osborne

And it appearing by the Tellers' Lists that the number in favour of the motion, being a majority, consisted of "at least thirty Members"—

Question put—That the words proposed to be left out stand part of the question.

The House divided.

Ayes, 58

Mr Akister
Mr Anderson
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cahill
Mr Cavalier
Mr R. J. Clough
Mr Crabtree
Mr Day
Mr Degen
Mr Durick
Mr Egan
Mr Einfeld
Mr Face
Mr Ferguson
Mr Flaherty

Mr Gabb
Mr Gordon
Mr Haigh
Mr Hills
Mr Hunter
Mr Jackson
Mr Jensen
Mr Johnson
Mr Johnstone
Mr Jones
Mr Keane
Mr Kearns
Mr Knott
Mr McCarthy
Mr McGowan
Mr McIlwaine
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock

Mr O'Connell
Mr O'Neill
Mr Petersen
Mr Quinn
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Sheahan
Mr Stewart
Mr Wade
Mr F. J. Walker
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,

Mr Bannon
Mr Ryan

Noes, 33

Mr Arblaster
Mr Barraclough
Mr Boyd
Mr Brewer
Mr Bruxner
Mr Cameron
Mr Catterson
Mr Clough
Mr Dowd
Mr Duncan
Mr Fischer
Mr Fisher

Mrs Foot
Mr Freudenstein
Mr Healey
Mr McDonald
Mr Maddison
Mr Mason
Mrs Meillon
Mr Moore
Mr Murray
Mr Park
Mr Pickard
Mr Punch

Mr Rozzoli
Mr Schipp
Mr Singleton
Mr Smith
Mr Taylor
Mr West
Mr Wotton

Tellers,

Mr Hatton
Mr Osborne

And so it was resolved in the affirmative.

Original question again proposed.

Mr Flaherty moved, That the Question be now put.

Question put—"That the Question be now put."

The House divided.

Ayes, 58

Mr Akister
Mr Anderson
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cahill
Mr Cavalier
Mr R. J. Clough
Mr Crabtree
Mr Day
Mr Degen
Mr Durick
Mr Egan
Mr Einfeld
Mr Face
Mr Ferguson
Mr Flaherty

Mr Gabb
Mr Gordon
Mr Haigh
Mr Hills
Mr Hunter
Mr Jackson
Mr Jensen
Mr Johnson
Mr Johnstone
Mr Jones
Mr Keane
Mr Kearns
Mr Knott
Mr McCarthy
Mr McGowan
Mr McIlwaine
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock

Mr O'Connell
Mr O'Neill
Mr Petersen
Mr Quinn
Mr Ramsay
Mr Renshaw
Mr Robb
Mr Rogan
Mr Sheahan
Mr Stewart
Mr Wade
Mr F. J. Walker
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,

Mr Bannon
Mr Ryan

Noes, 33

Mr Arblaster	Mrs Foot	Mr Rozzoli
Mr Barraclough	Mr Freudenstein	Mr Schipp
Mr Boyd	Mr Healey	Mr Singleton
Mr Brewer	Mr McDonald	Mr Smith
Mr Bruxner	Mr Maddison	Mr Taylor
Mr Cameron	Mr Mason	Mr West
Mr Catterson	Mrs Meillon	Mr Wotton
Mr Clough	Mr Moore	
Mr Dowd	Mr Murray	
Mr Duncan	Mr Park	<i>Tellers,</i>
Mr Fischer	Mr Pickard	Mr Hatton
Mr Fisher	Mr Punch	Mr Osborne

And it appearing by the Tellers' Lists that the number in favour of the motion, being a majority, consisted of "at least thirty Members"—

Original question put.

The House divided.

Ayes, 59

Mr Akister	Mr Gabb	Mr Mulock
Mr Anderson	Mr Gordon	Mr O'Connell
Mr Barnier	Mr Haigh	Mr O'Neill
Mr Bedford	Mr Hatton	Mr Petersen
Mr Booth	Mr Hills	Mr Quinn
Mr Brereton	Mr Hunter	Mr Ramsay
Mr Britt	Mr Jackson	Mr Renshaw
Mr R. J. Brown	Mr Jensen	Mr Robb
Mr Cahill	Mr Johnson	Mr Rogan
Mr Cavalier	Mr Johnstone	Mr Sheahan
Mr R. J. Clough	Mr Jones	Mr Stewart
Mr Crabtree	Mr Keane	Mr Wade
Mr Day	Mr Kearns	Mr F. J. Walker
Mr Degen	Mr Knott	Mr Webster
Mr Durick	Mr McCarthy	Mr Whelan
Mr Egan	Mr McGowan	Mr Wilde
Mr Einfeld	Mr McIlwaine	Mr Wran
Mr Face	Mr Maher	<i>Tellers,</i>
Mr Ferguson	Mr Mair	Mr Bannon
Mr Flaherty	Mr Mallam	Mr Ryan

Noes, 32

Mr Arblaster	Mr Fisher	Mr Punch
Mr Barraclough	Mrs Foot	Mr Rozzoli
Mr Boyd	Mr Freudenstein	Mr Schipp
Mr Brewer	Mr Healey	Mr Singleton
Mr Bruxner	Mr McDonald	Mr Smith
Mr Cameron	Mr Maddison	Mr Taylor
Mr Catterson	Mr Mason	Mr West
Mr Clough	Mrs Meillon	Mr Wotton
Mr Dowd	Mr Murray	<i>Tellers,</i>
Mr Duncan	Mr Park	Mr Moore
Mr Fischer	Mr Pickard	Mr Osborne

And so it was resolved in the affirmative.

Ordered, on motion of Mr Wran, That the following Message be sent to the Legislative Council—

Mr PRESIDENT—

The Legislative Assembly having this day agreed to the following resolution—

"(1) That a Joint Committee be appointed to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That, in making its recommendations, the Committee shall have regard to:

- (a) The manner in which such a system could most equitably divide available public funds between competing parties and individuals;*
- (b) Whether there should be compulsory disclosure of, and restriction on, electoral expenditure whether public or private in respect of political parties and candidates;*
- (c) Whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;*
- (d) The extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;*
- (e) The right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure; and*
- (f) Such other matters as the Committee believes relevant to the generality of its task.*

(3) That such Committee consist of seven members of the Legislative Assembly and three members of the Legislative Council and that, notwithstanding anything contained in the Standing Orders of either House, at any meeting of the Committee, any five members shall constitute a quorum, provided that the Committee shall meet as a joint committee at all times.

(4) That Mr Anderson, Mr Bruxner, Mr Cavalier, Mr Egan, Mr Fischer, Mr McDonald and Mr Quinn be appointed to serve on such Committee as the members of the Legislative Assembly.

(5) That the Committee have leave to sit during the sittings of any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and within the other States and Territories of Australia."

And the Legislative Assembly requests that the Legislative Council will appoint three of its members to serve with the members of the Legislative Assembly upon such Joint Committee.

Legislative Assembly Chamber,
Sydney, 20 November, 1979.

L. B. KELLY,
Speaker.

**EXTRACT FROM THE MINUTES OF THE PROCEEDINGS OF THE
LEGISLATIVE COUNCIL**

ENTRY NO. 7, MINUTES OF PROCEEDINGS NO. 30, 22 NOVEMBER, 1979

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS (*Assembly's Message proposing
Joint Committee*).—Upon the Order of the Day being read Mr Landa moved—

(1) That this House agrees to the Resolution embodied in the Legislative Assembly's Message of 20 November, 1979, relating to the appointment of a Joint Committee to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That the representatives of the Legislative Council on the Joint Committee be the Honourable D. M. Grusovin, the Honourable H. J. McPherson and the Honourable W. L. Lange and fixes Tuesday, 27 November, 1979, at 12 noon in Legislative Assembly Committee Room No. 1 as the time and place for the first meeting.

Debate ensued.

Mr Willis moved, That the Question be amended by the omission of all words after the word "That" where firstly occurring with a view to the insertion in their place of the words—

"a Joint Committee be appointed to inquire into the desirability or otherwise of introducing a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That if the Committee establishes a need for public funding based on community demand and acceptance, then in making its recommendations, the Committee shall have regard to:

- (a) The manner in which such a system could most equitably divide available public funds between competing parties and individuals;
- (b) Whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates;
- (c) Whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;
- (d) The extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;
- (e) The right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure; and
- (f) Such other matters as the Committee believes relevant to the generality of its task.

(3) That such Committee consist of six Members of the Legislative Council and six Members of the Legislative Assembly; the Members from each House to consist of three Members supporting the Government and three Members supporting the Opposition.

(4) That Mr Turner, Mr Thompson and Mr Melville, being Members supporting the Government, and Mr Lange, Mr Holt and Mr Kennedy, being Members supporting the Opposition, be the Council Members of the Committee.

(5) That the Committee have leave to sit during the sittings or any adjournment of either or both Houses, to adjourn from place to place, and to make visits of inspection within the State of New South Wales and within the other States and territories of Australia.

Debate continued.

Question put—That the words proposed to be omitted stand part of the Question.

The House divided.

Ayes, 17

Mrs Anderson	Mrs Isaksen	Mr Turner
Mr Baldwin	Mr Kaldis	Mr Unsworth
Mr Dyer	Mr King	Mr Watkins
Mr French	Mrs Kite	<i>Tellers,</i>
Mrs Grusovin	Mr Landa	Mr Burton
Mr Healey	Mr McPherson	Mr Melville

Noes, 14

Dr Bryon-Faes	Mr Holt	Mr Sandwith
Mr Calabro	Mr Kennedy	Mr Willis
Mrs Chadwick	Mrs Lloyd	<i>Tellers,</i>
Mr Doohan	Mr MacDiarmid	Mr Philips
Mr Duncan	Mr Orr	Mr Pickering

And so it was resolved in the affirmative.

Question then—That this House agrees to the Resolution embodied in the Legislative Assembly's Message of 20 November, 1979, relating to the appointment of a Joint Committee to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

(2) That the representatives of the Legislative Council on the Joint Committee be the Honourable D. M. Grusovin, the Honourable H. J. McPherson and the Honourable W. L. Lange and fixes Tuesday, 27 November, 1979, at 12 noon in Legislative Assembly Committee Room No. 1 as the time and place for the first meeting.

The House divided.

Ayes, 17

Mrs Anderson	Mr Kaldis	Mr Turner
Mr Burton	Mr King	Mr Unsworth
Mr French	Mrs Kite	Mr Watkins
Mrs Grusovin	Mr Landa	<i>Tellers,</i>
Mr Healey	Mr McPherson	Mr Baldwin
Mrs Isaksen	Mr Melville	Mr Dyer

Noes, 14

Dr Bryon-Faes	Mrs Lloyd	Mr Sandwith
Mr Calabro	Mr MacDiarmid	Mr Willis
Mrs Chadwick	Mr Orr	<i>Tellers,</i>
Mr Duncan	Mr Philips	Mr Doohan
Mr Kennedy	Mr Pickering	Mr Holt

And so it was resolved in the affirmative.

Whereupon Mr Landa moved, That the following Message be forwarded to the Legislative Assembly:

Mr SPEAKER:

The Legislative Council having had under consideration the Legislative Assembly's Message, dated 20 November, 1979, agrees to the Resolution embodied therein relating to the appointment of a Joint Committee to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

And the Council appoints the Honourable D. M. Grusovin, the Honourable H. J. McPherson and the Honourable W. L. Lange as its representatives on the said Joint Committee, and fixes Tuesday, 27 November, 1979, at 12 noon in Legislative Assembly Committee Room No. 1 as the time and place for the first meeting.

Legislative Council Chamber,
Sydney, 22 November, 1979.

JOHN JOHNSON,
President.

Mr Willis moved,—That the Message be amended by the addition at the end thereof of the words—

“At the same time the Council agrees on this occasion to waive its claim to equal representation on the Joint Committee and requests that its action in so doing should not be drawn into a precedent.”

Debate ensued.

Question—That the words proposed to be added be so added—put and passed.

Original Question (*as amended*) put and passed.

**EXTRACT FROM THE VOTES AND PROCEEDINGS OF THE
LEGISLATIVE ASSEMBLY**

ENTRY NO. 25, VOTES AND PROCEEDINGS NO. 33, 22 NOVEMBER, 1979

JOINT COMMITTEE UPON PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS.—Mr Speaker reported the following Message from the Legislative Council:

MR SPEAKER—

The Legislative Council having had under consideration the Legislative Assembly's Message, dated 20 November, 1979, agrees to the Resolution embodied therein relating to the appointment of a Joint Committee to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales.

And the Council appoints the Honourable D. M. Grusovin, the Honourable H. J. McPherson and the Honourable W. L. Lange as its representatives on the said Joint Committee, and fixes Tuesday, 27 November, 1979, at 12 noon in Legislative Assembly Committee Room No. 1 as the time and place for the first meeting.

At the same time the Council agrees on this occasion to waive its claim to equal representation on the Joint Committee and requests that its action in so doing should not be drawn into a precedent.

*Legislative Council Chamber,
Sydney, 22 November, 1979.*

JOHN JOHNSON,
President.

Ordered, on motion of Mr F. J. Walker, That the following Message be sent to the Legislative Council:

MR PRESIDENT—

The Legislative Assembly agrees to the time and place appointed by the Legislative Council in its Message, dated 22 November, 1979, for the first meeting of the Joint Committee upon Public Funding of Campaigns for Elections.

*Legislative Assembly Chamber,
Sydney, 22 November, 1979.*

L. B. KELLY,
Speaker.

**EXTRACT FROM THE MINUTES OF THE PROCEEDINGS OF THE
LEGISLATIVE COUNCIL**

ENTRY No. 4, MINUTES OF PROCEEDINGS No. 31, 27 NOVEMBER, 1979

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.—The President reported and read the following Messages from the Legislative Assembly:

* * * * *

(2) Public Funding of Campaigns for Elections—

Mr PRESIDENT—

The Legislative Assembly agrees to the time and place appointed by the Legislative Council in its Message, dated 22 November, 1979, for the first meeting of the Joint Committee upon Public Funding of Campaigns for Elections.

*Legislative Assembly Chamber,
Sydney, 22 November, 1979.*

L. B. KELLY,
Speaker.

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**EXTRACT FROM THE VOTES AND PROCEEDINGS
OF THE LEGISLATIVE ASSEMBLY**

ENTRY NO. 10, VOTES AND PROCEEDINGS NO. 51, WEDNESDAY, 26 MARCH, 1980

PARLIAMENTARY COMMITTEES ENABLING BILL:

Mr Wran moved, pursuant to Notice, That leave be given to bring in a Bill for an Act to enable certain Committees of the Legislative Council and Legislative Assembly to function during the prorogation of Parliament and during the third session of the forty-sixth Parliament.

Question put and passed.

Bill presented and read a first time.

Mr Wran moved, That this Bill be now read a second time.

Debate adjourned (*Mr Mason*) and the resumption of the debate made an Order of the Day for a future day.

EXTRACTS FROM THE VOTES AND PROCEEDINGS OF THE LEGISLATIVE ASSEMBLY

ENTRY NO. 4, VOTES AND PROCEEDINGS NO. 54, WEDNESDAY, 2 APRIL, 1980

JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY
UPON PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS:

- (1) Ordered, on motion of Mr Wran (*by leave*), That Mr McDonald be discharged from attendance upon the Joint Committee of the Legislative Council and Legislative Assembly upon Public Funding of Campaigns for Elections and that Mr J. A. Clough be appointed a member of such Committee.
- (2) Ordered, on motion of Mr Wran, That the following Message be sent to the Legislative Council—

Mr PRESIDENT—

The Legislative Assembly desires to acquaint the Legislative Council that it has this day agreed to the following Resolution—*“That Mr McDonald be discharged from attendance upon the Joint Committee of the Legislative Council and Legislative Assembly upon Public Funding of Campaigns for Elections and that Mr J. A. Clough be appointed a member of such Committee”*.

Legislative Assembly Chamber,
Sydney, 2 April, 1980.

L. B. KELLY,
Speaker.

ENTRY NO. 11, VOTES AND PROCEEDINGS NO. 54, WEDNESDAY, 2 APRIL, 1980

JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY
UPON PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS:

- (1) Mr Wran moved, pursuant to Notice, That notwithstanding anything contained in the standing orders, the resolution of 20 November, 1979, relating to the Introduction of a System involving Public Funding of Campaigns for Elections to the Parliament of New South Wales be varied by inserting after paragraph 5 the following new paragraph—

6. That the Committee have leave to appoint a delegation of two of its members to make visits of inspection to overseas countries.

Debate ensued.

Question put.

The House divided.

Ayes, 59

Mr Akister
Mr Anderson
Mr Bannon
Mr Barnier
Mr Bedford
Mr Booth
Mr Brereton
Mr Britt
Mr R. J. Brown
Mr Cahill
Mr Cavalier
Mr Cleary
Mr R. J. Clough
Mr Cox
Mr Crabtree
Mr Curran
Mr Day
Mr Degen
Mr Durick
Mr Egan

Mr Einfeld
Mr Face
Mr Flaherty
Mr Gabb
Mr Gordon
Mr Haigh
Mr Hills
Mr Jackson
Mr Jensen
Mr Johnson
Mr Johnstone
Mr Jones
Mr Keane
Mr Knott
Mr McCarthy
Mr McGowan
Mr McIlwaine
Mr Maher
Mr Mair
Mr Mallam
Mr Mulock

Mr O'Connell
Mr O'Neill
Mr Paciullo
Mr Quinn
Mr Ramsay
Mr Robb
Mr Rogan
Mr Sheahan
Mr Stewart
Mr K. J. Stewart
Mr Wade
Mr F. J. Walker
Mr Webster
Mr Whelan
Mr Wilde
Mr Wran

Tellers,
Mr Hunter
Mr Kearns

Noes, 32

Mr Arblaster
Mr Barraclough
Mr Boyd
Mr Brewer
Mr Bruxner
Mr Cameron
Mr Catterson
Mr Clough
Mr Cowan
Mr Dowd
Mr Duncan

Mr Fischer
Mr Fisher
Mrs Foot
Mr Freudenstein
Mr Healey
Mr McDonald
Mr Maddison
Mr Mason
Mr Moore
Mr Morris
Mr Murray

Mr Osborne
Mr Park
Mr Pickard
Mr Punch
Mr Schipp
Mr Singleton
Mr Smith
Mr Taylor
Tellers,
Mr Rozzoli
Mr West

And so it was resolved in the affirmative.

(2) Mr Wran moved, That the following Message be sent to the Legislative Council:

Mr PRESIDENT—

The Legislative Assembly has this day passed a Resolution, copy of which is herewith transmitted to the Legislative Council varying the Resolution of 20 November, 1979, relating to the Public Funding of Campaigns for Elections and invites the Council to pass a similar Resolution.

*Legislative Assembly Chamber,
Sydney, 2 April, 1980.*

L. B. KELLY,
Speaker.

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS
Resolution referred to in Message of 2 April, 1980.

R. E. WARD,
Clerk of the Legislative Assembly.

That notwithstanding anything contained in the standing orders, the resolution of 20 November, 1979, relating to the introduction of a system involving Public Funding of Campaigns for Elections to the Parliament of New South Wales be varied by inserting after paragraph 5 the following new paragraph—

(6) That the Committee have leave to appoint a delegation of two of its members to make visits of inspection to overseas countries.

Question put.

The House divided.

Ayes, 59

Mr Akister	Mr Einfeld	Mr Mulock
Mr Anderson	Mr Face	Mr O'Connell
Mr Bannon	Mr Flaherty	Mr O'Neill
Mr Barnier	Mr Gabb	Mr Paciullo
Mr Bedford	Mr Gordon	Mr Quinn
Mr Booth	Mr Haigh	Mr Ramsay
Mr Brereton	Mr Hills	Mr Robb
Mr Britt	Mr Jackson	Mr Rogan
Mr R. J. Brown	Mr Jensen	Mr Sheahan
Mr Cahill	Mr Johnson	Mr Stewart
Mr Cavalier	Mr Johnstone	Mr K. J. Stewart
Mr Cleary	Mr Jones	Mr Wade
Mr R. J. Clough	Mr Keane	Mr F. J. Walker
Mr Cox	Mr Knott	Mr Webster
Mr Crabtree	Mr McCarthy	Mr Whelan
Mr Curran	Mr McGowan	Mr Wilde
Mr Day	Mr McIlwaine	Mr Wran
Mr Degen	Mr Maher	<i>Tellers,</i>
Mr Durick	Mr Mair	Mr Hunter
Mr Egan	Mr Mallam	Mr Kearns

Noes, 32

Mr Arblaster	Mr Fischer	Mr Osborne
Mr Barraclough	Mr Fisher	Mr Park
Mr Boyd	Mrs Foot	Mr Pickard
Mr Brewer	Mr Freudenstein	Mr Punch
Mr Bruxner	Mr Healey	Mr Schipp
Mr Cameron	Mr McDonald	Mr Singleton
Mr Caterson	Mr Maddison	Mr Smith
Mr Clough	Mr Mason	Mr Taylor
Mr Cowan	Mr Moore	<i>Tellers,</i>
Mr Dowd	Mr Morris	Mr Rozzoli
Mr Duncan	Mr Murray	Mr West

And so it was resolved in the affirmative.

ENTRY No. 18, VOTES AND PROCEEDINGS No. 54, WEDNESDAY, 2 APRIL, 1980

PARLIAMENTARY COMMITTEES ENABLING BILL.—The Order of the Day having been read for the resumption of the adjourned debate, on the motion of Mr Wran, "That this Bill be now read a second time"—

And the Question being again proposed—

The House resumed the said adjourned debate.

Question put and passed.

Bill read a second time.

Leave granted for the third reading to be moved forthwith.

Bill, on motion of Mr Wran, read a third time.

**EXTRACTS FROM THE MINUTES OF THE
PROCEEDINGS OF THE LEGISLATIVE COUNCIL**

ENTRY NO. 4, MINUTES OF PROCEEDINGS NO. 47, WEDNESDAY, 2 APRIL, 1980

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS—JOINT COMMITTEE.—Mrs Grusovin moved, pursuant to Notice, That the Joint Committee of the Legislative Council and Legislative Assembly upon Public Funding of Campaigns for Elections have leave to make a Progress Report.

Debate ensued.

Question put and passed.

Whereupon Mrs Grusovin (*on behalf of the Chairman*) brought up and laid upon the Table the Progress Report from, and Minutes of Proceedings of, the Joint Committee upon Public Funding of Campaigns for Elections, for whose consideration this subject was referred on 22 November, 1979, and moved, That the Report be printed.

Debate ensued.

Question put and passed.

ENTRY NO. 12, MINUTES OF PROCEEDINGS NO. 47, WEDNESDAY, 2 APRIL, 1980

MESSAGES FROM THE LEGISLATIVE ASSEMBLY.—The President reported and read the following Messages from the Legislative Assembly:

* * * * *

(2) Public Funding of Campaigns for Elections—Joint Committee.—

Mr PRESIDENT—

The Legislative Assembly desires to acquaint the Legislative Council that it has this day agreed to the following Resolution—“*That Mr McDonald be discharged from attendance upon the Joint Committee of the Legislative Council and Legislative Assembly upon Public Funding of Campaigns for Elections and that Mr J. A. Clough be appointed a member of such Committee*”.

*Legislative Assembly Chamber,
Sydney, 2 April, 1980.*

L. B. KELLY,
Speaker.

(3) Parliamentary Committees Enabling Bill—

Mr PRESIDENT—

The Legislative Assembly having this day passed a Bill, intituled “*An Act to enable certain Committees of the Legislative Council and Legislative Assembly to function during the prorogation of Parliament and during the third session of the forty-sixth Parliament*”—presents the same to the Legislative Council for its concurrence.

*Legislative Assembly Chamber,
Sydney, 2 April, 1980.*

L. B. KELLY,
Speaker.

(1) Bill, on motion of Mr Hallam, read a first time.

Ordered, That the Bill be printed.

(2) **SUSPENSION OF CERTAIN STANDING ORDERS.**—Mr Hallam moved, pursuant to Contingent Notice, That so much of the Standing Orders be suspended as would preclude the passing of the Bill through all its remaining stages during the present or any one sitting of the House.

Question put and passed.

Ordered, That the second reading of the Bill stand an Order of the Day for a later hour of the Sitting.

* * * * *

(10) Public Funding of Campaigns for Elections—Joint Committee.—

Mr PRESIDENT—

The Legislative Assembly has this day passed a Resolution, copy of which is herewith transmitted to the Legislative Council varying the Resolution of 20 November, 1979, relating to the Public Funding of Campaigns for Elections and invites the Council to pass a similar Resolution.

*Legislative Assembly Chamber,
Sydney, 2 April, 1980.*

L. B. KELLY,
Speaker.

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS

Resolution referred to in Message of 2 April, 1980.

R. E. WARD,
Clerk of the Legislative Assembly.

That notwithstanding anything contained in the standing orders, the Resolution of 20 November, 1979, relating to the introduction of a system involving Public Funding of Campaigns for Elections to the Parliament of New South Wales be varied by inserting after paragraph 5 the following new paragraph—

- (6) That the Committee have leave to appoint a delegation of two of its members to make visits of inspection to overseas countries.

Mr Landa moved, *by consent*, That consideration of the Legislative Assembly's Message stand an Order of the Day for a later hour of the Sitting.

Question put and passed.

ENTRY NO. 26, MINUTES OF PROCEEDINGS NO. 47, WEDNESDAY, 2 APRIL, 1980

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS—JOINT COMMITTEE (*Consideration of Legislative Assembly's Message of 2 April, 1980*).—Upon the Order of the Day being read Mr Landa moved—

That notwithstanding anything contained in the Standing Orders, the Resolution of 22 November, 1979, relating to the appointment of a Joint Committee to inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament of New South Wales be varied as follows—

After paragraph (2), insert the following new paragraph—

- (3) That the Committee have leave to appoint a delegation of two of its members to make visits of inspection to overseas countries.

Debate ensued.

Question put.

The House divided.

Ayes, 19

Mrs Anderson
Mr Baldwin
Mr Dyer
Mrs Fisher
Mrs Grusovin
Mr Hallam
Mr Healey

Mrs Isaksen
Mr King
Mrs Kite
Mr Landa
Mr McMahon
Mr McPherson
Mr Melville

Mr Turner
Mr Unsworth
Mr Watkins

Tellers,
Mr Burton
Mr Thompson

Noes, 17

Mr Calabro
Mrs Chadwick
Mr Connellan
Mr Darling
Mr Doohan
Dr Freeman

Mr Holt
Mr Kennedy
Mrs Lloyd
Mr Orr
Mr Philips
Mr Sandwith

Mr Smith
Mr Solomons
Mr Willis
Tellers,
Mr Lange
Mr Pickering

And so it was resolved in the affirmative.

Whereupon Mr Landa moved, That the following Message be forwarded to the Legislative Assembly:

MR SPEAKER—

The Legislative Council having had under consideration the Legislative Assembly's Message of 2 April, 1980, relating to the Public Funding of Campaigns for Elections to the Parliament of New South Wales has this day agreed to a Resolution, copy of which is herewith transmitted to the Legislative Assembly, varying the Council's Resolution of 22 November, 1979.

Legislative Council Chamber,
Sydney, 2 April, 1980.

JOHN JOHNSON,
President.

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS

Schedule of the Resolution referred to in Message of 2 April, 1980.

L. A. JECKELN,
Clerk of the Parliaments.

After paragraph (2), insert the following new paragraph—

(3) That the Committee have leave to appoint a delegation of two of its members to make visits of inspection to overseas countries.

Question put and passed.

ENTRY NO. 28, MINUTES OF PROCEEDINGS NO. 47, WEDNESDAY, 2 APRIL, 1980

PARLIAMENTARY COMMITTEES ENABLING BILL.—

(1) Upon the Order of the Day being read Mr Landa moved, That this Bill be now read a second time.

Debate ensued.

Question put and passed.

Bill read a second time.

(2) On motion of Mr Landa, the President left the Chair and the House resolved itself into a Committee of the Whole for consideration of this Bill.

The Chairman having reported the Bill without amendment—

The House adopted the Report.

Standing Orders having been suspended this day—

(3) Bill, on motion of Mr Landa, read a third time.

Whereupon Mr Landa moved, That this Bill be returned to the Legislative Assembly with the following Message:

Mr SPEAKER—

The Legislative Council having this day agreed to the Bill, intituled "*An Act to enable certain Committees of the Legislative Council and Legislative Assembly to function during the prorogation of Parliament and during the third session of the forty-sixth Parliament*"—returns the same to the Legislative Assembly without amendment.

*Legislative Council Chamber,
Sydney, 2 April, 1980.*

JOHN JOHNSON,
President.

Question put and passed.

**EXTRACTS FROM THE VOTES AND PROCEEDINGS
OF THE LEGISLATIVE ASSEMBLY**

ENTRY NO. 45 VOTES AND PROCEEDINGS NO. 54, THURSDAY, 3 APRIL, 1980, A.M.

MESSAGES FROM THE LEGISLATIVE COUNCIL.—Mr Speaker reported Messages from the Legislative Council, dated 2 April, 1980 and 3 April, 1980 a.m. returning the following Bills, without amendment—

* * * * * *

Parliamentary Committees Enabling Bill

* * * * * *

ENTRY NO. 8 VOTES AND PROCEEDINGS NO. 1, TUESDAY, 12 AUGUST, 1980

VACANT SEAT—ELECTORAL DISTRICT OF STURT:

- (1) Mr Speaker informed the House that he had this day received the resignation of Timothy Andrew Fischer as Member for the Electoral District of Sturt.
 - (2) Mr Ferguson moved, That the seat of Timothy Andrew Fischer, Member for the Electoral District of Sturt, has become, and is now, vacant by reason of the resignation therefrom by the said Timothy Andrew Fischer.
-

ENTRY NO. 2 VOTES AND PROCEEDINGS NO. 28, TUESDAY, 18 NOVEMBER, 1980

JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY
UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS:

- (1) Mr Speaker informed the House that he had received the following communication from the honourable member for Tenterfield, Mr Bruxner, dated 14 November, 1980—

“Dear Mr Speaker,

I hereby submit my resignation from the Joint Committee of the Legislative Council and Legislative Assembly upon Public Funding of Election Campaigns.

I would request that you convey this resignation to the House and take appropriate action for my discharge from the Committee.

Yours faithfully,
J. C. Bruxner,
Member for Tenterfield.”

- (2) Mr Speaker also informed the House that he had received the following communication from the honourable member for Murray, Mr Fischer, dated 14 November, 1980—

“Dear Mr Speaker,

I hereby submit my resignation from the Joint Committee of the Legislative Council and Legislative Assembly upon Public Funding of Election Campaigns.

I would be grateful if you would convey this resignation to the House and take appropriate action for my discharge from the Committee.

Yours faithfully,
T. A. Fischer,
Member for Murray.”

Mr Speaker said that while the standing orders did not prescribe the procedure for the resignation of members from membership of a select committee he deemed it his duty to report to the House the receipt of the members' letters.

ENTRY No. 2 VOTES AND PROCEEDINGS No. 30, THURSDAY, 20 NOVEMBER, 1980

JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY
UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS.—

Mr Speaker reported the following Message from the Legislative Council:

Mr SPEAKER—

The Legislative Council has this day agreed to the following Resolution—
“That the Honourable W. L. Lange, desiring to be discharged from the Joint
Committee upon the Public Funding of Campaigns for Elections, is hereby
discharged therefrom.”

*Legislative Council Chamber,
Sydney, 20 November, 1980.*

JOHN JOHNSON,
President.

**EXTRACTS FROM THE MINUTES OF THE PROCEEDINGS
OF THE LEGISLATIVE COUNCIL**

ENTRY No. 4, MINUTES OF PROCEEDINGS No. 24, THURSDAY, 20 NOVEMBER, 1980

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS (*Formal Business*).—Mr Rowland Smith moved, pursuant to Notice, That the Honourable W. L. Lange, desiring to be discharged from the Joint Committee upon the Public Funding of Campaigns for Elections, is hereby discharged therefrom.

Question put and passed.

ENTRY No. 10, MINUTES OF PROCEEDINGS No. 24, THURSDAY, 20 NOVEMBER, 1980

PUBLIC FUNDING OF CAMPAIGNS FOR ELECTIONS.—Mr Landa moved, That the following Message be forwarded to the Legislative Assembly—

Mr SPEAKER—

The Legislative Council has this day agreed to the following Resolution—
“That the Honourable W. L. Lange, desiring to be discharged from the Joint Committee upon the Public Funding of Campaigns for Elections, is hereby discharged therefrom.”

*Legislative Council Chamber,
Sydney, 20 November, 1980.*

JOHN JOHNSON,
President.

Question put and passed.

**PROCEEDINGS OF THE JOINT COMMITTEE OF THE
LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY
UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS**

TUESDAY, 27 NOVEMBER, 1979

At Parliament House, Sydney, at 12.00 noon.

MEMBERS PRESENT:

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER
Mr EGAN

Mr FISCHER
Mr McDONALD
Mr QUINN

Mr P. R. Leeds advised Members of his appointment as Clerk to the Committee.

Extracts from the *Votes and Proceedings* of the Legislative Assembly and from the *Minutes of Proceedings* of the Legislative Council relating to the appointment of the Committee were tabled by the Clerk to the Committee and noted by members.

On motion of Mr Anderson, seconded by Mr Egan, Mr Quinn was called to the Chair. The Chairman made his acknowledgments to the Committee and briefly outlined the functions to be performed by it.

On the motion of Mr Bruxner, seconded by Mr Egan, the following series of resolutions relating to the functioning of the Committee were agreed to:

1. That arrangements for the calling of witnesses and visits of inspection be left in the hands of the Chairman and the Clerk of the Committee.
2. That, unless otherwise ordered, parties appearing before the Committee shall not be represented by any member of the legal profession.
3. That, unless otherwise ordered, the press and public (including witnesses after examination) be admitted to the sittings of the Committee.
4. That departmental officers and/or persons having special knowledge of the matters alluded to in the Terms of Reference may be invited to assist the Committee.
5. That press statements concerning the Committee be made only by the Chairman.
6. That, unless otherwise ordered, transcripts of evidence taken by the Committee be not made available to any person, body or organization: Provided that witnesses previously examined shall be given a copy of their evidence.
7. That the Chairman and the Clerk to the Committee be empowered to negotiate with the Premier for the provision of funds to meet expenses in connection with travel, accommodation, advertising and approved incidental expenses of the Committee.
8. That this Committee requests the Premier to approve payment of the following:
 - (i) A daily allowance to each member when he attends a meeting of the Committee on a day on which the House is not sitting, and for each day he is present at an official visit of inspection;
 - (ii) A living-away-from-home allowance for Mr Lange and Mr McPherson when attending a meeting of the Committee on a day on which the Legislative Council is not sitting.
 - (iii) The cost of air travel for visits of inspection when other modes of transport are impracticable.
 - (iv) The cost of air travel between electoral district or place of residence and Sydney for Mr Bruxner, Mr Fischer, Mr Lange and Mr McPherson when necessary, for the purpose of attending meetings of the Committee.

9. That the Clerk be empowered to write to interested parties requesting written submissions within the Terms of Reference.
10. That the allowances for the Chairman and Members be paid at the end of each calendar month.
11. That upon the calling of a division in either House, during a meeting of the Committee, the proceedings of the Committee shall be suspended until the termination of the division and the return of members.
12. That the Chairman and the Clerk make arrangements for visits of inspection by the Committee as a whole and that individual members wishing to depart from these arrangements be required to make their own.

The Committee then deliberated.

The Committee adjourned at 12.44 p.m. *sine die*.

TUESDAY, 5 FEBRUARY, 1980

At Parliament House, Sydney, at 9.30 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr CAVALIER
Mr EGAN

Mr FISCHER
Mr McDONALD

An apology was received from Mr Bruxner.

Minutes of the previous meeting, as circulated, were confirmed.

The Committee deliberated.

The press and public were admitted.

By direction of the Chairman, the Clerk read the Committee's Terms of Reference and Legislative Assembly Standing Order No. 362 relating to the Examination of Witnesses.

HENRY MAYER, Professor, KENNETH IRVING TURNER, Associate Professor, ERNEST ALONZO CHAPLES, Senior Lecturer, and ALEXANDER WATSON, Principal Tutor, all of the Department of Government and Public Administration, the University of Sydney, were called as witnesses and made the affirmation.

Each witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witnesses were examined by the Chairman and members of the Committee.

Following the luncheon adjournment, at which point Associate Professor Turner withdrew, the examination of witnesses continued.

Evidence not completed, the witnesses were requested to attend at a later date.

The Committee adjourned at 4.34 p.m. *sine die*.

THURSDAY, 28 FEBRUARY, 1980

At Parliament House, Sydney, at 11.30 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr EGAN

Mr FISCHER
Mr McDONALD

Minutes of the previous meeting, as circulated, were confirmed.

The Committee deliberated on a draft interpretation of its Terms of Reference.

Moved by Mr Egan, seconded by Mr Anderson, that the draft interpretation of the Committee's Terms of Reference be now adopted by the Committee.

Debate ensued.

Mr Lange moved, seconded by Mr McDonald, that this debate be adjourned until independent legal advice be sought.

Question put.

The Committee divided.

Ayes 4

Mr Bruxner
Mr Fischer

Mr Lange
Mr McDonald

Noes 4

Mr Anderson
Mr Egan

Mrs Grusovin
Mr McPherson

And the numbers being equal, the Chairman gave his casting vote with the Noes and so it passed in the negative.

Mr Cavalier joined the Committee.

Original Question again proposed.

Mr Cavalier moved, seconded by Mrs Grusovin, that the motion be amended by inserting after the word "Committee" where secondly occurring, the words "paragraph by paragraph".

Debate ensued.

Question put and passed.

Original Question, as amended, proposed.

Question put and passed.

Paragraph 1 read and amended.

Paragraph, as amended, agreed to.

Paragraph 2 read and amended.

Paragraph, as amended, agreed to.

Paragraph 3 read and agreed to.

Paragraph 4 read and agreed to.

Paragraph 5 read.

Question proposed, that Paragraph 5 stand.

Debate ensued.

Question put.

The Committee divided.

cv

Ayes, 5

Mr Anderson
Mr Cavalier
Mr Egan

Mrs Grusovin
Mr McPherson

Noes, 4

Mr Bruxner
Mr Fischer

Mr Lange
Mr McDonald

And so it was resolved in the affirmative.

The Committee adjourned at 12.32 p.m. until Tuesday, 11 March, 1980, at 10.00 a.m.

TUESDAY, 11 MARCH, 1980

At Parliament House, Sydney, at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr EGAN
Mr FISCHER
Mr McDONALD

Confirmation of the minutes of the previous meeting was deferred.

The press and public were admitted.

GREGORY BARTELS, General Secretary, Liberal Party of Australia, New South Wales Branch, called as a witness and sworn.

The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901, presented a supplementary submission and was examined by the Chairman and members of the Committee.

Following the luncheon adjournment, examination of the witness continued.

Evidence not completed, the witness was requested to attend at a later date.

The Committee adjourned at 4.26 p.m. until Wednesday, 12 March, 1980, at 10.00 a.m.

WEDNESDAY, 12 MARCH, 1980

At Parliament House, Sydney, at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr EGAN
Mr FISCHER
Mr McDONALD

The press and public were admitted.

GRAHAM FREDERICK RICHARDSON, General Secretary, Australian Labor Party, New South Wales Branch, called as a witness and sworn. The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

(Mr Richardson was attended by Mr Stephen Loosley, Assistant General Secretary, Australian Labor Party, New South Wales Branch, and Mr Rodney Wise, Education and Research Officer of the same organization.)

Evidence concluded, the witness withdrew.

The Committee adjourned at 4.26 p.m. *sine die*.

TUESDAY, 25 MARCH, 1980

At Parliament House, Sydney, at 8.00 p.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr EGAN
Mr FISCHER
Mr McDONALD

Minutes of the meetings held on 28 February, 11 and 12 March, 1980, as circulated, were confirmed.

A draft Progress Report, as circulated to members, was brought up by the Chairman.

The draft Progress Report was then considered by the Committee.

Clauses 1.1 to 1.12 read and agreed to.

Clauses 2.1 to 2C.11 read and agreed to.

Clause 3.1 read and agreed to.

Clause 3.2 read and agreed to.

Clause 3.3 sections 1 to 8 inclusive read and agreed to.

Clause 3.3 section 9 read.

Mr Lange moved, seconded by Mr McDonald, that the section be amended by inserting after the word "policy", where lastly occurring, the words "and the possible effect this may have on freedom of association".

Question proposed, that the words to be inserted be so inserted.

Debate ensued.

Question put.

The Committee divided.

Ayes, 4

Mr Bruxner
Mr Fischer

Mr Lange
Mr McDonald

Noes, 5

Mr Anderson
Mr Cavalier
Mr Egan

Mrs Grusovin
Mr McPherson

And so it passed in the negative.

Clause 3.3 section 9 agreed to.

Clause 3.3 sections 10 to 13 inclusive read and agreed to.

Clause 3.3 section 14 read and amended.

Clause 3.3 section 14, as amended, agreed to.

Clause 3.3 section 15 read and amended.

Clause 3.3 section 15, as amended, agreed to.

Clause 4.1 read and amended.

Question proposed, that Clause 4.1, as amended, be agreed to.

Question put.

The Committee divided.

Ayes, 5

Mr Anderson
Mr Cavalier
Mr Egan

Mrs Grusovin
Mr McPherson

Noes, 4

Mr Bruxner
Mr Fischer

Mr Lange
Mr McDonald

And so it was resolved in the affirmative.

Clause 4.2 read and agreed to.

Clause 4.3 read and agreed to.

The Committee adjourned at 9.43 p.m. until Wednesday, 26 March, 1980, at 8.00 p.m.

WEDNESDAY, 26 MARCH, 1980

At Parliament House, Sydney, at 8.00 p.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr EGAN
Mr FISCHER
Mr McDONALD

Minutes of the previous meeting, as circulated to members, were confirmed.

The draft Progress Report, as agreed to, was brought up by the Chairman.

Resolved, on motion of Mr Anderson, seconded by Mrs Grusovin, That the draft Progress Report be the Progress Report of the Committee.

Whereupon the Chairman signed the Progress Report.

The Committee then deliberated on future dates for meetings.

The Committee adjourned at 8.20 p.m., *sine die*.

TUESDAY, 22 APRIL, 1980

At Parliament House, Sydney, at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr CLOUGH
Mr EGAN
Mr FISCHER

The press and public were admitted.

The Clerk read the Committee's Terms of Reference and Legislative Assembly Standing Order No. 362 relating to the Examination of Witnesses.

RICHARD WEIR KILLEN, State Chairman, National Country Party of Australia, New South Wales Division, and JENNIFER ANN GARDINER, Research Officer of the same organization, were jointly called as witnesses and sworn. Each witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witnesses were examined by the Chairman and members of the Committee.

Evidence completed, the witnesses withdrew.

The press and public withdrew.

Minutes of the previous meeting, as circulated to members, were confirmed.

The Committee deliberated.

Resolved, on motion of Mr Cavalier, seconded by Mr Egan, that, in accordance with the amendment by Parliament to the Committee's Terms of Reference, the Committee appointed Mr E. N. Quinn, M.P., and the Honourable W. L. Lange, M.L.C., as its delegates to investigate systems of public funding of election campaigns operating overseas.

Following the luncheon adjournment the press and public were again admitted.

The Clerk read Legislative Assembly Standing Order No. 362 relating to the Examination of Witnesses.

DAVID CHARLES McKNIGHT, Joint Secretary, Communist Party of Australia, Sydney District Committee, was called as a witness and made the affirmation. The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

The Committee adjourned at 3.47 p.m. until Wednesday, 23 April, 1980, at 10.00 a.m.

WEDNESDAY, 23 APRIL, 1980

At Parliament House, Sydney at 11.00 a.m.

MEMBERS PRESENT

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr CAVALIER
Mr CLOUGH

Mr EGAN
Mr FISCHER

An apology was received from Mr Bruxner.

The press and public were admitted.

The Clerk read the Committee's Terms of Reference and Legislative Assembly Standing Order No. 362 relating to the Examination of Witnesses.

PETER BEAU RANDALL MIDDLETON, Education Administrator and State Policy Co-ordinator, Australian Democrats, New South Wales Division, was called as a witness and sworn.

The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

Evidence completed, the witness withdrew.

Following the luncheon adjournment, the press and public were again admitted.

IAN DAVID IREDALE, Lecturer in Economics, the University of New South Wales, was called as a witness and made the affirmation. The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

Evidence concluded, the witness withdrew.

The Committee adjourned at 3.27 p.m. *sine die*.

WEDNESDAY, 28 MAY, 1980

At Parliament House, Sydney at 10.15 a.m.

MEMBERS PRESENT

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr LANGE

Legislative Assembly

Mr ANDERSON

Mr EGAN

Mr CAVALIER

Mr FISCHER

Mr CLOUGH

Apologies were received from Mr Bruxner and Mr McPherson.

The press and public were admitted.

The Honourable WILLIAM CHARLES WENTWORTH, retired, was called as a witness and sworn. The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

Evidence completed, the witness withdrew.

The press and public withdrew.

Minutes of meetings held on 26 March and 22 and 23 April, as circulated, were confirmed.

The Committee deliberated.

The Chairman advised the Committee that Mr Noel Reeves, Research Officer of the Premier's Department, had been appointed to assist the Committee in its inquiry.

Mr Reeves was then introduced to the Committee.

Correspondence

The Chairman reported that he had received a letter from the Honourable W. L. Lange, M.L.C., dated 20 May, 1980, advising that he would be unable to travel overseas as a member of the Committee's delegation, appointed by resolution of the Committee on 22 April, 1980.

Mr Cavalier moved, seconded by Mr Anderson, that in view of the withdrawal of the Honourable W. L. Lange, M.L.C., from the delegation to travel overseas, the Committee resolves to reconstitute its delegation to consist of its Chairman; and requests the Premier to provide special assistance for the delegation in the course of its travels.

Debate ensued.

Question put and passed.

The Committee deliberated.

The Committee adjourned at 12.10 p.m. *sine die*.

TUESDAY, 29 JULY, 1980

At Parliament House, Sydney, at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr McPHERSON

Legislative Assembly

Mr ANDERSON

Mr CLOUGH

Mr BRUXNER

Mr EGAN

Mr CAVALIER

Mr N. H. Reeves, Research Assistant, was in attendance.

Apologies were received from Mr Fischer and Mr Lange.

Confirmation of the Minutes of the previous meeting, as circulated, was deferred until later in the meeting.

The press and public were admitted.

The Clerk read the Committee's Terms of Reference and Legislative Assembly Standing Order No. 362 relating to the examination of witnesses.

GORDON ALEC SIMPSON, Director, Institute of Public Affairs, New South Wales, called as a witness and sworn. The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

Mr Simpson made a prepared statement to the Committee and was then examined by the Chairman and members of the Committee.

Evidence completed, the witness withdrew.

Following the luncheon adjournment, the Committee resumed.

The press and public were again admitted.

The Clerk read the Committee's Terms of Reference and Legislative Assembly Standing Order No. 362 relating to the examination of witnesses.

JOHN FRANCIS HUGH WRIGHT, Branch President, Proportional Representation Society of Australia, New South Wales, called as a witness and sworn. The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

The witness produced a document relating to the activities of the Proportional Representation Society of Australia, which was marked as Exhibit "A".

Evidence completed, the witness withdrew.

The press and public withdrew and the Committee deliberated.

Minutes of the previous meeting, as circulated, were confirmed.

The Committee adjourned at 3.06 p.m. until Wednesday 30 July, 1980, at 10.00 a.m.

WEDNESDAY, 30 JULY, 1980

At Parliament House, Sydney, at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER

Mr CAVALIER

Mr N. H. Reeves, Research Assistant, was in attendance.

Apologies were received from Mr Clough, Mr Egan, Mr Fischer and Mr Lange.

Confirmation of the minutes of the previous meeting was deferred until later at this meeting.

The press and public were admitted.

The Clerk read the Committee's Terms of Reference and Legislative Assembly Standing Order No. 362 relating to the Examination of Witnesses.

KENNETH JOHN PALMER, Solicitor, Vice President of the Constitutional Association of Australia, called as a witness and sworn.

The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was then examined by the Chairman and members of the Committee.

Evidence completed, the witness withdrew.

The Clerk read Legislative Assembly Standing Order No. 362 relating to the Examination of Witnesses.

BRIAN FRANCIS BUCKLEY, Accountant and Director, Republican Association, called as a witness and made the affirmation.

The witness acknowledged receipt of a summons under the Parliamentary Evidence Act, 1901.

The witness was examined by the Chairman and members of the Committee.

Evidence completed the witness withdrew.

The press and public withdrew.

The Committee deliberated.

Minutes of the previous meeting, as circulated, were confirmed.

The Committee adjourned at 12.36 p.m., *sine die*.

TUESDAY, 26 AUGUST, 1980

At Parliament House, Sydney at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr CLOUGH
Mr EGAN

Minutes of the previous meeting, as circulated, were confirmed.

The Chairman advised members that, pursuant to a resolution of this Committee on 28 May, 1980, he had travelled to the United Kingdom, West Germany, Canada and the United States of America accompanied by Mr N. H. Reeves, Research Assistant, in order to investigate systems for the public funding of election campaigns. The Chairman then tabled a Report which included details of the systems that were observed.

The Committee deliberated.

The Committee adjourned at 3.53 p.m. until Wednesday, 27 August, 1980, at 10.15 a.m.

WEDNESDAY, 27 AUGUST, 1980

At Parliament House, Sydney at 10.15 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr CLOUGH
Mr EGAN

Confirmation of the minutes of the previous meeting, as circulated, was deferred.

The Committee then deliberated.

The Committee adjourned at 12.17 p.m. *sine die*.

FRIDAY, 14 NOVEMBER, 1980

At Parliament House, Sydney, at 10.00 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN
Mr LANGE

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr BRUXNER
Mr CAVALIER

Mr CLOUGH
Mr EGAN

An apology was received from Mr Fischer.

Minutes of the previous meetings held 26 and 27 August, 1980, as circulated, were confirmed.

The Committee proceeded to consider a discussion paper, prepared by the Chairman and previously circulated to members.

During discussions in respect of this paper, Mr Bruxner, Mr Clough and Mr Lange withdrew from the meeting.

The Committee continued its deliberations.

The Committee adjourned at 2.40 p.m. until Monday, 17 November, 1980, at 10.30 a.m.

MONDAY, 17 NOVEMBER, 1980

At Parliament House, Sydney at 10.50 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr CAVALIER

Mr EGAN

Confirmation of the minutes of the previous meeting was deferred.

The Committee deliberated.

The Committee adjourned at 12.15 p.m. until Friday, 21 November, 1980, at 10.00 a.m.

FRIDAY, 21 NOVEMBER, 1980

At Parliament House, Sydney at 10.40 a.m.

MEMBERS PRESENT:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr McPHERSON

Legislative Assembly

Mr ANDERSON
Mr CAVALIER

Mr EGAN

Confirmation of the minutes of the previous meeting was deferred.

The Chairman presented documents in the form of a Draft Report, based on the discussion paper as previously considered and amended by the Committee.

The Chairman then indicated to members that, due to time considerations in respect of preparation of the draft report, it would be necessary to consider certain sections of the draft out of sequence.

Agreed that that part of the draft report headed "The Scheme in Detail" and to be Chapter 5 of the Report be now considered by the Committee.

Paragraph 5.1 read and agreed to
Paragraph 5.1.1 read and agreed to
Paragraph 5.1.2 read and agreed to
Paragraph 5.1.3 read and agreed to
Paragraph 5.1.4 read and agreed to
Paragraph 5.1.5 read and amended
Paragraph, as amended, agreed to
Paragraph 5.1.6 read and agreed to
Paragraph 5.1.7 read and agreed to
Paragraph 5.1.8 read and agreed to
Paragraph 5.1.9 read and amended
Paragraph, as amended, agreed to
Paragraph, 5.1.10 read and amended
Paragraph, as amended, agreed to
Paragraph 5.2.1 read and agreed to
Paragraph 5.2.2 read and agreed to
Paragraph 5.2.3 read and agreed to
Paragraph 5.2.4 read and amended
Paragraph, as amended, agreed to
Paragraph 5.2.5 read and agreed to
Paragraph 5.2.6 read and agreed to

Paragraph 5.2.7 read and agreed to
 Paragraph 5.2.8 read and agreed to
 Paragraph 5.2.9 read and agreed to
 Paragraph 5.2.10 read and agreed to
 Paragraph 5.2.11 read and agreed to
 Paragraph 5.2.12 read and agreed to
 Paragraph 5.3.1 read and agreed to
 Paragraph 5.3.2 read and agreed to
 Paragraph 5.3.3 read and agreed to
 Paragraph 5.3.4 read and agreed to
 Paragraph 5.3.5 read and agreed to
 Paragraph 5.3.6 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.3.7 read and agreed to
 Paragraph 5.3.8 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.3.9 read and agreed to
 Paragraph 5.4.1 read and agreed to
 Paragraph 5.4.2 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.4.3 read and agreed to
 Paragraph 5.5.1 read and agreed to
 Paragraph 5.5.2 read and agreed to
 Paragraph 5.5.3 read and agreed to
 Paragraph 5.5.4 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.5.5 read and agreed to
 Paragraph 5.6.1 read and agreed to
 Paragraph 5.6.2 read and agreed to
 Paragraph 5.6.3 read and agreed to
 Paragraph 5.6.4 read and agreed to
 Paragraph 5.6.5 read and agreed to
 Paragraph 5.6.6 read and agreed to
 Paragraph 5.6.7 read and agreed to
 Paragraph 5.6.8 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.6.9 read and agreed to
 Paragraph 5.6.10 read and agreed to
 Paragraph 5.7.1 read and agreed to
 Paragraph 5.7.2 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.7.3 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.7.4 read and agreed to
 Paragraph 5.7.5 read and agreed to
 Paragraph 5.7.6 read and agreed to
 Paragraph 5.7.7 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.7.8 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.7.9. read and agreed to
 Paragraph 5.7.10 read and agreed to
 Paragraph 5.7.11 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.7.12 read and agreed to
 Paragraph 5.7.13 read and agreed to
 Paragraph 5.8.1 read and amended
 Paragraph, as amended, agreed to
 Paragraph 5.9.1 read and agreed to
 Paragraph 5.9.2 read and agreed to
 Paragraph 5.10.1 read and agreed to
 Paragraph 5.10.2 read and agreed to
 Paragraph 5.11.1 read and agreed to
 Paragraph 5.11.2 read and agreed to
 Paragraph 5.12.1 read and agreed to

Chapter 1. Introduction

Paragraph 1.1 read and agreed to
 Paragraph 1.2 read and agreed to
 Paragraph 1.3 read and agreed to
 Paragraph 1.4 read and amended
 Paragraph, as amended, agreed to

Paragraph 1.5 read and agreed to
 Paragraph 1.6 read and agreed to
 Paragraph 1.7 read and agreed to
 Paragraph 1.8 read and agreed to
 Paragraph 1.9 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.10 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.11 read and agreed to
 Paragraph 1.12 read and agreed to
 Paragraph 1.13 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.14 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.15 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.16 read and agreed to
 Paragraph 1.17 read and agreed to
 Paragraph 1.18 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.19.1 read and agreed to
 Paragraph 1.19.2 read and agreed to
 Paragraph 1.19.3 read and agreed to
 Paragraph 1.19.4 read and agreed to
 Paragraph 1.19.5 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.19.6 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.19.7 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.19.8 read and agreed to
 Paragraph 1.19.9 read and agreed to
 Paragraph 1.19.10 read and amended
 Paragraph, as amended, agreed to
 Paragraph 1.19.11 read and agreed to
 Paragraph 1.19.12 read and agreed to

Consideration of Chapters 2, 3 and 4 of the Draft Report was deferred until a later day.

The Committee adjourned at 5.00 p.m. until Monday, 24 November, 1980, at 10.30 a.m.

MONDAY, 24 NOVEMBER, 1980

At Parliament House, Sydney at 10.30 a.m.

MEMBERS PRESENT

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr McPHERSON

Legislative Assembly

Mr ANDERSON

Mr EGAN

Mr CAVALIER

Confirmation of minutes of previous meetings was deferred.

The Committee proceeded to further consideration of the Draft Report.

Foreword to the Report read and amended.

Foreword, as amended, agreed to.

Chapter 2. Submissions and Hearings—In Search of a Scheme

Paragraph 2.1 read and agreed to
 Paragraph 2.2 read and agreed to
 Paragraph 2.3 read and agreed to
 Paragraph 2.4 read and agreed to
 Paragraph 2.5 read and agreed to
 Paragraph 2.6 read and agreed to
 Paragraph 2.7.1 read and agreed to
 Paragraph 2.7.2 read and agreed to
 Paragraph 2.7.3 read and agreed to
 Paragraph 2.7.4 read and agreed to
 Paragraph 2.7.5 read and agreed to
 Paragraph 2.8.1 read and amended
 Paragraph, as amended, agreed to
 Paragraph 2.8.2 read and agreed to
 Paragraph 2.9.1 read and agreed to
 Paragraph 2.9.2 read and agreed to
 Paragraph 2.9.3 read and agreed to
 Paragraph 2.9.4 read and agreed to

Chapter 3. The Overseas Experience—The Search Extended

Paragraph 3.1 read and agreed to
 Paragraph 3.2 read and amended
 Paragraph, as amended, agreed to
 Paragraph 3.3 read and agreed to
 Paragraph 3.4.1 read and amended
 Paragraph, as amended, agreed to
 Paragraph 3.4.2. read and agreed to
 Paragraph 3.4.3 read and agreed to
 Paragraph 3.4.4. read and amended
 Paragraph, as amended, agreed to
 Paragraph 3.4.5 read and agreed to
 Paragraph 3.4.6 read and agreed to
 Paragraph 3.4.7 read and amended
 Paragraph, as amended, agreed to
 Paragraph 3.4.8 read and agreed to
 Paragraph 3.4.9 read and agreed to
 Paragraph 3.4.10 read and agreed to
 Paragraph 3.4.11 read and agreed to
 Paragraph 3.4.12 read and agreed to
 Paragraph 3.4.13 read and agreed to
 Paragraph 3.5.1. read and agreed to
 Paragraph 3.5.2 read and agreed to
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 Paragraph 3.6.1 read and agreed to
 Paragraph 3.6.2. read and agreed to
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 Paragraph 3.6.5 read and agreed to
 Paragraph 3.6.6. read and amended
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 Paragraph 3.7.4. read and agreed to
 Paragraph 3.7.5. read and agreed to
 Paragraph 3.7.6 read and agreed to
 Paragraph 3.7.7. read and agreed to
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 Paragraph 3.7.9. read and agreed to
 Paragraph 3.7.10 read and agreed to
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 Paragraph 3.7.12 read and agreed to
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 Paragraph 3.11.4 read and agreed to
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 Paragraph 3.13.13 read and agreed to
 Paragraph 3.14.1 read and agreed to
 Paragraph 3.14.2 read and agreed to
 Paragraph 3.14.3 read and agreed to
 Paragraph 3.15.1 read and agreed to
 Paragraph 3.15.2 read and agreed to
 Paragraph 3.15.3 read and agreed to

Chapter 4. The Search Concluded—Assessing the Schemes

Paragraph 4.1 read and agreed to
 Paragraph 4.2 read and agreed to
 Paragraph 4.3 read and agreed to
 Paragraph 4.4 read and amended
 Paragraph, as amended, agreed to
 Paragraph 4.5.1 read and amended
 Paragraph, as amended, agreed to
 Paragraph 4.5.2 read and amended
 Paragraph, as amended, agreed to
 Paragraph 4.5.3 read and amended
 Paragraph, as amended, agreed to
 Paragraph 4.5.4 read and amended
 Paragraph, as amended, agreed to
 Paragraph 4.5.5. read and agreed to
 Paragraph 4.5.6 read and amended
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 Paragraph 4.5.7 read and amended
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Paragraph 4.6.13 read and agreed to
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Paragraph 4.6.17 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.18 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.19 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.20 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.21 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.22 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.23 read and amended
Paragraph, as amended, agreed to
Paragraph 4.6.24 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.2 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.3 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.4 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.5 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.6 read and agreed to
Paragraph 4.7.7 read and amended
Paragraph, as amended, agreed to
Paragraph 4.7.8 read and amended
Paragraph, as amended, agreed to
Paragraph 4.8.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.8.2 read and amended
Paragraph, as amended, agreed to
Paragraph 4.8.3 read and amended
Paragraph, as amended, agreed to
Paragraph 4.8.4 read and agreed to
Paragraph 4.8.5 read and amended
Paragraph, as amended, agreed to
Paragraph 4.8.6 read and amended
Paragraph, as amended, agreed to
Paragraph 4.8.7 read and amended
Paragraph, as amended, agreed to
Paragraph 4.9.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.9.2 read and agreed to
Paragraph 4.9.3 read and agreed to
Paragraph 4.10.1 read and agreed to
Paragraph 4.10.2 read and agreed to
Paragraph 4.10.3 read and agreed to
Paragraph 4.10.4 read and agreed to
Paragraph 4.10.5 read and agreed to
Paragraph 4.10.6 read and agreed to
Paragraph 4.10.7 read and amended
Paragraph, as amended, agreed to
Paragraph 4.11.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.11.2 read and amended

Paragraph, as amended, agreed to
Paragraph 4.11.3 read and agreed to
Paragraph 4.11.4 read and amended
Paragraph, as amended, agreed to
Paragraph 4.11.5 read and amended
Paragraph, as amended, agreed to
Paragraph 4.11.6 read and agreed to
Paragraph 4.11.7 read and agreed to
Paragraph 4.11.8 read and agreed to
Paragraph 4.12.1 read and agreed to
Paragraph 4.12.2 read and agreed to
Paragraph 4.12.3 read and agreed to
Paragraph 4.12.4 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.5 read and agreed to
Paragraph 4.12.6 read and agreed to
Paragraph 4.12.7 read and agreed to
Paragraph 4.12.8 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.9 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.10 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.11 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.12 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.13 read and agreed to
Paragraph 4.12.14 read and agreed to
Paragraph 4.12.15 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.16 read and amended
Paragraph, as amended, agreed to
Paragraph 4.12.17 read and agreed to
Paragraph 4.13.1 read and agreed to
Paragraph 4.13.2 read and agreed to
Paragraph 4.13.3 read and amended
Paragraph, as amended, agreed to
Paragraph 4.14.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.14.2 read and amended
Paragraph, as amended, agreed to
Paragraph 4.14.3 read and amended
Paragraph, as amended, agreed to
Paragraph 4.14.4 read and amended
Paragraph, as amended, agreed to
Paragraph 4.14.5 read and amended
Paragraph, as amended, agreed to
Paragraph 4.14.6 read and agreed to
Paragraph 4.15.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.15.2 read and amended
Paragraph, as amended, agreed to
Paragraph 4.16.1 read and agreed to
Paragraph 4.16.2 read and amended
Paragraph, as amended, agreed to
Paragraph 4.16.3 read and amended
Paragraph, as amended, agreed to
Paragraph 4.17.1 read and agreed to
Paragraph 4.17.2 read and agreed to
Paragraph 4.18.1 read and amended
Paragraph, as amended, agreed to
Paragraph 4.18.2 read and amended
Paragraph, as amended, agreed to
Paragraph 4.19.1 read and agreed to

The Committee adjourned at 8.15 p.m. until Wednesday, 26 November, 1980, at 2.00 p.m.

WEDNESDAY, 26 NOVEMBER, 1980

At Parliament House, Sydney, at 2.00 p.m.

MEMBERS PRESENT

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

Mrs GRUSOVIN

Mr McPHERSON

Legislative Assembly

Mr ANDERSON

Mr EGAN

Mr CAVALIER

Minutes of previous meetings, as circulated, were confirmed.

Resolved, on motion of Mr Anderson, seconded by Mrs Grusovin that the Draft Report, as previously agreed to by the Committee, be the Report of this Committee.

Whereupon the Chairman signed the Report.

The Committee adjourned at 2.25 p.m. *sine die*.

MINUTES OF EVIDENCE

TAKEN BEFORE

THE JOINT COMMITTEE

UPON

PUBLIC FUNDING OF ELECTION CAMPAIGNS

AT SYDNEY ON TUESDAY, 5 FEBRUARY, 1980

The Committee met at 9.30 a.m.

Present:

Mr E. N. QUINN (Chairman)

Legislative Assembly

Mr P. T. ANDERSON
Mr R. M. CAVALIER, B.A.(Hons)
Mr M. R. EGAN, B.A.
Mr T. A. FISCHER
Mr B. J. McDONALD, A.S.T.C., Dip. T.C.P.

Legislative Council

The Hon. D. M. GRUSOVIN
The Hon. W. L. LANGE
The Hon. H. J. McPHERSON

HENRY MAYER, Professor of Political Theory, Department of Government, University of Sydney, residing at 18 Sofala Avenue, Lane Cove, and

KENNETH IRVING TURNER, Associate Professor, University of Sydney, residing at 34 Cripps Avenue, Kingsgrove, and

ERNEST ALONZO CHAPLES, Senior Lecturer, University of Sydney, residing at 2/6A Greenknowe Avenue, Elizabeth Bay, and

ALEXANDER WATSON, Principal Tutor at the University of Sydney, residing at 3 James Lane, East Balmain, on affirmation, examined as under:

1. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. (*all witnesses*) I did.

2. Professor Mayer, I believe that you are to be the chief witness?—A. (*Prof. Mayer*) Not really. We are

jointly responsible for the submission. We have divided the material in the major work. I worked mainly on small parties and on the research institute. Professor Turner is to be in charge of general production.

3. The Committee has received a submission signed by the four of you. Is it your wish that the submission be included as part of your sworn evidence?—A. (*Prof. Turner*) Yes. There are one or two inelegancies which it might be appropriate to correct, although it seems pointless to do it now at this meeting. Perhaps I could send a corrected copy. They are details to which I am referring. (*Prof. Mayer*) I am afraid our grammar failed the test on occasions.

4. Mr LANGE: They are not inaccuracies?—A. No, rather it is clumsiness, slight errors in grammar.

5. CHAIRMAN: You will be given the opportunity to correct the evidence after the printed proof has been prepared.—A. (*Prof. Turner*) With that proviso we would like this document to be the submission.

SUMMARY OF MAJOR POINTS IN THIS SUBMISSION

1. This is a submission from a group of political scientists known as the Academics for Pluralist Funding. This group was formed after the New South Wales Joint Committee on the Funding of Election Campaigns wrote to the Department of Government at the University of Sydney requesting views on the Committee's terms of reference. The members of the Academics for Pluralist Funding include:

Professor Henry Mayer, Professor of Political Theory.
Associate Professor Ken Turner, Head of Department.
Dr Ernest A. Chaples, Senior Lecturer.
Mr Lex Watson, Principal Tutor.

2. Principles of the Academics for Pluralist Funding

We support a scheme for the public funding of election campaigns, based on the following principles:

- equity in funding for major parties, minor parties and independent candidates;
- self-regulation of funds for parties and candidates with minimal bureaucratic surveillance but with easy public access to all required information on campaign donations and expenditure;
- a system of funding which provides for a reasonable distribution of moneys to both central party organizations and to local organizations and candidates;
- a system which has a strong election research and public education component which can encourage more party research and which will lead in the long run to an improvement in the quality of election campaigning.

3. Public Campaign Funding in Western Democracies

Our review of the relevant literature and of the laws relating to campaign finance in other democracies has revealed that the public funding of election campaigns is much more common in democratic systems that is generally realized in Australia. Substantial public funding of campaigns at both the national and state/local levels occurs at present in West Germany, Sweden and the United States. Several other countries—including Australia, Canada, Denmark, Finland, France, Italy, Japan and Norway—provide significant public campaign moneys for national elections.

In countries like the United Kingdom and Australia, where direct public funding has not yet been adopted, there is still a significant amount of indirect aid to parties and candidates from the government. In Australia, indirect aid includes the maintenance of the compulsory voting system (which frees parties and candidates of the time and cost of registering voters) and provisions for access to public broadcasting facilities by major parties.

4. Opposition to Public Funding

There are several perennial themes which are stressed by opponents of public funding. These include the cost of such schemes, the intervention of bureaucrats in the conduct of elections, the manipulation of funding formulae by parties-in-power, and the tendency of such schemes to strengthen minor or extremist parties and groups. While problems can develop if a public funding programme is not well thought out, we are impressed with:

- the degree of public support for existing programmes in the vast majority of countries where they are operating;
- the support such schemes have received from groups on both the left and right as well as from moderate and good government groups;
- the desire of both conservative and progressive politicians in most countries which have such programmes to maintain and expand the public funding of election campaigns.

5. Our Proposal for New South Wales

The scheme of the Academics for Pluralist Funding is based on the following points:

- it provides funds based on the votes a party or candidate received at the prior state election;
- it distributes public moneys in proportion to the actual votes received in the prior election;
- it provides funds for both statewide performance (based on votes in the Legislative Council poll) and for local electorate performance (based on votes in individual Legislative Assembly seats);

it has a threshold of 2 per cent of the total formal vote for eligibility, i.e., to qualify for funds on a statewide basis a party or candidate would need at present about 55 000 Council votes and a local Assembly party or candidate would need about 620 votes in any electorate;

it includes a retroactive provision which would allow new parties and candidates to qualify for two-thirds of the proportionate funding after the election if they were not previously eligible and if their performance warranted such funds;

it requires the registration at both the State and Assembly electorate level of all parties wishing to become eligible for public funds;

it is based on voluntary participation in the funding provisions but on compulsory disclosure of all funding, private and public, by all parties and candidates contesting New South Wales elections;

it does *not* include any provision for a ceiling on spending but does require compulsory reporting of all election spending and easy access by the media and public to this information;

it is intended to provide about two-thirds of the campaign moneys needed to contest a state election and includes a provision which would periodically adjust the funds available to maintain this ratio of public funding to total campaign spending in the State;

it includes the establishment of a New South Wales *Election Research Institute* which would operate on a non-partisan basis and which would provide funds for upgrading the quality of election campaigns in New South Wales.

6. Cost of Our Scheme for New South Wales

Our funding scheme would cost the voters of New South Wales a total of \$2.3 million for the 1981 State election or 75 cents per eligible voter. After the first election, the cost of the funding scheme would average 25 cents per eligible voter per year as the life of a State parliament is normally three years.

INTRODUCTION

Our submission contains suggestions relevant to most of the Committee's terms of reference, but there are a few main issues whose urgent consideration we especially commend to the Committee.

(i) In order that public confidence be maintained in the legitimacy of parliamentary democracy, we stress the vital and wide-ranging role our political parties need to play in ensuring that the public is politically informed, encouraged to participate, provided with effective representation, and given an opportunity for a choice in public affairs. While our parties do their best, often working on a "shoestring", it is our contention that their performance urgently and increasingly needs improvement.

(ii) In particular, we are anxious to improve the quality of political campaigning. Campaigning is a continuous process involving research, communication and political education. Elections are the dramatic culmination of this process. Hence the adequate funding of election campaigns will indirectly improve the quality of our campaigns.

(iii) Public funding of campaigns will improve the performance of parties, will provide a more equal opportunity for small parties and will strengthen public confidence in parties by ensuring that the public can see that there are no hidden strings attached to political contributions.

(iv) Finally, we wish to emphasize here the case for the wide and free competition of ideas. Current barriers to the entry of new ideas into the arena of public debate are too high. This does not necessarily mean that it should be made easier for new groups to win parliamentary representation, but it does mean that the widest discussion of views is central to liberal democracy and should be facilitated by public support. Public funding of elections is one important means to this end.

1. Improving Electoral Performance

1.1 Many western democracies now find it proper and necessary to provide campaign funding for elections, parties and candidates. Public campaign funding has been introduced by both the right and the left in other countries. It was introduced by the Liberal Democrats in Japan, the Christian Democrats in West Germany and Italy and the Social Democrats in Sweden. Public funding was enacted in the United

States by a bi-partisan majority in Congress and signed into law by a Republican President. In addition to the countries just mentioned, public campaign finance has been enacted in one form or other in Canada, Austria, France, the Netherlands, Norway, Denmark and Finland. The major reasons why these countries have enacted public campaign finance laws are the rising costs of politics, the quasi-public nature of political parties, the fear of political corruption and the desire to equalize more fully political opportunities among parties and candidates.

1.2 *Costs:* Inflation and the dramatic rise in the cost of modern campaign techniques have led to increasing concern that electoral victory may be bought rather than earned and that worthwhile viewpoints may be excluded from public discussion. Some countries have become more worried about adequate minimal financial support for candidates and parties rather than with controlling the upper limits of campaign spending. Private funding in many countries, even when encouraged by tax concessions, has proved inadequate to ensure that all serious parties get a chance to be heard. As a result, public funding of parties, candidates and elections has become essential, especially given the need for access to mass communications in contemporary politics. Thus state funding was initially considered in Sweden partly as a way to rescue the newspaper industry, which is closely associated with the Swedish political parties. In the United Kingdom, the Houghton Report, which recommended public funding, was partly a response to the strain of campaign expenses caused by two elections in 1974 and the anticipated expenses connected with the European Parliament and possible devolution.

1.3 *Vital functions:* That political parties should perform their tasks adequately is crucial to modern democratic societies harassed by massive demands upon government, intransigent economies and problems of legitimacy and "ungovernability". Such parties are quasi-public organizations, constituted as private associations, but they also carry out key public functions. Clearly elections are not simply private events. Although their role is rarely defined constitutionally, democratic party systems are usually assigned wide-ranging tasks which include:

- permitting a meaningful choice of representatives through the nomination of candidates trained for office and competition among rival recognized groupings;
- providing a stable basis for government, and for the scrutiny of government by an opposition,
- contributing to the electorate's political education by public discussion of issues;
- facilitating participation, providing a channel of communications linking citizens to those in office;
- shaping public opinion around party goals for formulation into public policy.

1.4 The achievement of such ambitious and wide-ranging aspirations obviously cannot be guaranteed simply by providing more money for parties. Yet democratic societies too often try to have their politics "on the cheap". The current gulf between goals and performance is indefensibly great. Without increased funds, the gap can only become greater. The unique public importance of political parties distinguishes them from all other voluntary political organizations. Hence, there is a special case for funding parties which does not apply in the same way to other political groups.

2. Why Public Funding for Elections?

2.1 *The Inadequacy of the Usual Sources:* Parties have generally been unable to increase their incomes from traditional sources to meet the problems associated with rising costs, let alone to improve their performance. They spend far too much of their energy struggling to cope financially or even to get out of debt, especially when elections come suddenly or close together. Failure to correct this would mean 'stacking the cards' in favour of the parties with the wealthiest supporters and accepting inadequate performance of vital functions. Such sources as levies on party functionaries and increased membership charges seem inadequate solutions and are likely to discourage membership in the long run.

2.2 *Strings:* Increased donations from supporters, even when encouraged by tax concessions, do not furnish adequate support for parties and elections. While it is desirable to increase the number of people participating in politics, in practice increased donations tend to lead to greater dependence on a small number of wealthy backers or powerful unions. Some have defended this as a way of ensuring that parties remain sensitive to the wishes of their supporters, but the risk of such "strings" has been a major factor in inducing countries like West Germany, Japan, Canada and the U.S. to move towards greater public financing of elections. When forming the Liberal Party of Australia, R. G. Menzies found

it desirable to ensure that it would not suffer the inconveniences and disrepute suffered by its predecessor, the United Australia Party, because of too much dependence on outside institutional support. Others have often expressed fears about "outside control" of the Labor Party, because of its institutional ties with the unions. Beyond a certain point such problems do bring parties into some disrepute and may make them dependent on dangerously limited and inadvertent sources of funds.

2.3 *Scandals:* The preference for open public financing was given urgency in the 1970s by the desire to end or avoid such scandals as Watergate, the Italian and Japanese parties' "tapping" of public enterprises or charges of clandestine outside influence. Fortunately, such scandals are not an immediate problem in New South Wales. Nevertheless, in the interests of maintaining public confidence in our democratic institutions and irrespective of whether state subsidies are introduced, candidates for public office should be made to follow procedures of disclosure sufficient to ensure that campaigns can be seen to be free of strings and scandals. Secrecy breeds suspicion.

2.4 *The Principle of Public Supplementation:* If enough alternatives are not available to support adequate electoral performance, there must be public supplementation. Indeed, where no direct subsidies exist, the principle is often accepted implicitly. British parties, for example, receive substantial indirect aid, such as free postage, cheap public meeting places, and access to broadcasting facilities. Compulsory voting and enrolment save New South Wales and Australian parties huge amounts of time and money. Public funds have also been provided to universities to prepare materials for voters, for example for the YES/NO cases in the New South Wales referenda on Sunday trading and on New States. If these kinds of indirect aid are considered, there are very few democracies, including Australia, which do not get involved in substantial subsidization of parties and elections.

2.5 *Direct State Subsidies:* In recent times increasing recourse has been made to giving direct state subsidies to parties and elections. The experience with these schemes in such countries as West Germany, Sweden, the U.S., Canada, Japan and Italy suggests that public funding is effective and workable. It is also generally recognized that public funding has become widely acceptable to the parties and the public in the countries where it has been tried. Indeed the U.K. Houghton Report (p. 47) concluded:

We were impressed, for example, with the apparent efficiency of the German and Swedish parties and their interest in stimulating political debate at all levels. Party morale was high and they had the resources to enable them to compete on equal terms with other institutions. The introduction of subsidies had produced few adverse side-effects. Other forms of income, other than donations from industry, had not fallen and party membership had in fact risen appreciably. Great care had been taken in all the countries we visited to ensure that the subsidies were distributed fairly, usually on the basis of the parties' electoral performance at the preceding general election. This had undoubtedly contributed greatly to the general acceptance of the subsidies by the parties and the public generally.

2.6 *Apprehensions About State Aid:* The most common fears about public campaign funding seem to be:

- that parties may become too dependent on the state;
- that grant formulae may be manipulated unscrupulously;
- that total campaign spending may become irresponsibly high;
- that schemes may be involved and costly to administer;
- that there may be undue bureaucratic intervention in the processes and priorities of the parties;
- that the public will not want to pay for election campaigning, recognizing neither that they already do pay indirectly nor what is lost because of the inadequacies of parties in the existing system;
- that such schemes may entrench fading parties, unduly strengthen party machines, and destroy the political chances of small parties and independents—or alternatively may provide artificial stimulus to small groups.

These fears are not inevitable consequences of the public funding of elections. Deliberate attempts, however, do need to be made to counter these fears and to correct such misapprehensions.

The Houghton Report (p. 322) summarizes the basic principles of the Swedish scheme:

- (a) aid should be given only to those parties which have

demonstrated in general elections that they can command a significant level of support;

- (b) the subsidies are to be calculated and allocated according to fixed rules in order to rule out the possibility of preferential treatment;
- (c) the amount of support should be related to the relative electoral strengths of the parties; and
- (d) there should be no public control over the ways in which the parties use the support.

In addition, some people have a moral objection to funding parties which they find totally repugnant, but in a modern, pluralist democracy, taxpayers cannot opt out of subsidizing functions or activities of which they disapprove. If they could, the political system would be faced with chaos.

3. What is Needed in New South Wales?

3.1 There is a good case for funding election campaigns and hence for supporting parties and candidates which contest such elections in this State. To make a party's or candidate's public funding dependent upon recent electoral performance rather than upon the clout of one's backers is certainly desirable. Such a scheme builds in a monetary advantage for the recent winners as a reward for their success.

3.2 *How Much?* There is no obvious way to determine the correct amount of money needed adequately to contest an election campaign. It will be one of the Committee's tasks to make the political judgment about what the total amount of such a fund needs to be. After some discussion with party representatives and parliamentarians, our best estimate of what is currently needed to contest a New South Wales election by all parties is \$3.5 million and this does not take account of the argument that the word 'campaign' should be given a wider connotation. We suggest that an initial amount of money approximating \$2.3 million be recommended. After the first election at which this scheme was introduced, the amount needed to implement our programme would be \$770,000 per year, or about 25 cents per voter per year.

3.3 *General or Specific Support?* We wish to minimize the need for red tape or for government to interfere in the internal priorities of political parties in New South Wales. We recommend, therefore, that public funding take the form of a block grant to parties and eligible candidates with no conditions attached as to how this money is to be spent. Reporting of what is done with public and private campaign moneys is required in our scheme as is easy access to such information for the media and the public. The Swedish and Danish funding schemes accept this basic principle of block grants and internal party accountability. Some other countries such as West Germany and Austria, for example, do require fuller accountability for public campaign funds.

3.4 *Improving the Quality of Campaigning:* As parties in New South Wales are even less organized than British parties to carry out research including the servicing of policy committees, the preparation of briefs, the provision of information services, keeping in touch with research elsewhere and the stimulation of new research on relevant issues, the quality of campaigning in this State suffers. We suggest that the Committee recommend the creation of a New South Wales Election Research Institute which would perform the following functions: The partial funding of party research efforts, the sponsorship of research projects which explore alternative courses of action on policy questions, the encouragement of public dialogue on election-related questions and issues and the communication of such research to relevant groups and individuals on a non-partisan basis. The Committee should take a close look at similar institutes in the Netherlands, West Germany, and Austria. The Netherlands, for example, has supported party research institutes since 1972, and educational institutes for politics since 1975. The annual grant for election research institutes in the Netherlands was \$1,670,000 in 1976.

3.5 *Should there be an Overall Expenditure Limit?* A Canadian report (*A Comparative Survey of Election Finance Legislation*, Commission on Election Contributions and Expenses, Ontario, 1978) outlines the administrative and judicial hassles into which the Canadian and U.S. governments have fallen in attempting to enforce controls over total spending in elections. The main problem in both these countries has been in enforcing the law. Whose expenses are to be limited and what are to be classified as "expenses"? What is to be done about the volunteer services of a musician, the loan of a car or aeroplane, the travel of a member ostensibly on public duties but largely travelling to campaign, outside "advertising"

in party journals? Evasion and the use of "fronts" are invited so that such laws lose the respect of the public and the parties or become continually more complex and interfering. The problems of runaway increases in campaign expenditure and of election scandals do not seem serious enough at present in this State to necessitate trying to enforce such a limit. It seems simpler to rely upon the mechanisms of audit and disclosure to control such abuses.

4. Why Should Minor Parties and Individual Candidates Be Funded?

4.1 It is necessary to distinguish the funding of minor parties from their parliamentary representation. Parties which may have no place in parliament owing to lack of support still have an important place in the education of the electorate and in broadening democratic choice.

4.2 The hammering out of issues, the raising of new ideas which may be in advance of the time, the representation of specific, intense or newly emerging interests, the constant reminder to large parties that, of necessity, they must be compromisers and cannot be "pure"—all these functions the better minor parties perform. They play an important role.

4.3 Minor parties, in spite of some being very tiny and very odd, function as a testing ground or sieve for innovative ideas: This is a function which benefits the major parties, though they might deny it. Major parties regularly and to the chagrin of the minor parties pick out some of their best ideas and, perhaps in watered-down form, adopt them. But they cannot do the job of minor parties very well. That job is innovating, generating ideas and policies, and giving them a rough trial run or pre-test. Given the inevitable rigidity, discipline and hierarchy of major parties this generating function is much harder for them to accomplish.

4.4 With the increasing costs and complexity of elections the job of all parties is becoming much harder, but that of minor parties and individual candidates is hardest. Major parties, though often irritated by minor parties have a long-run interest in encouraging their ideas and policy generating functions.

4.5 It is of course true that there are some minor parties which are mere relics of the past. But no government can define which parties are no longer useful. The few minor non-innovative parties should be seen as quaint relics or monuments perhaps worth preserving. In any case they are but a minor and inevitable cost of stimulating new ideas among novelty-generating parties and it is very unlikely that any of these outdated groups will poll the required threshold vote of 2 per cent in the future needed to receive funds from the scheme we propose here.

5. Policy Dissemination and Representation

5.1 Many fears about public funding of small parties arise from failure to distinguish between funding the dissemination of ideas and policies and making parliamentary representation much easier.

5.2 It is true that, for major parties, these two functions often go together. But this need not be the case for minor parties and independents. One can, therefore:

- make both policy dissemination and representation easier;
- make representation easier, but not policy dissemination;
- make policy dissemination easier but not representation.

For minor parties our main stress is on the third alternative above. Funding which would increase the diversity of policies in the electorate but not necessarily increase their strength in parliament is our objective. In West Germany this distinction is very clear—the ratio between the support needed to get policy dissemination money and that needed to get parliamentary representation is 10:1—one needs only 0.5 per cent of the "list" votes to cross the threshold for funding but 5 per cent of list votes to cross the threshold for representation.

5.3 Once the distinction is made and is made clearly it can be seen that many of the fears—about "ratbag" parties in Parliament, or about preference deals—are not realistic: Such fears assume that if you give small parties some money, they will grow to the extent of getting representation. This is not necessarily the case. Where it does happen in a democracy, then that must be taken to mean that their policies are seen as having merit in the parliamentary sphere.

5.4 At least three nations give small parties (and, it seems, independents) public money without representation in the legislature:

- (a) West Germany where one gets money with 0.5 per cent of the "second" or list votes or 10 per cent of of the constituency votes but is still denied parliamentary seats. Note that it was the West German Federal Constitutional Court which cut the original minimum for funding from 2.5 per cent of the vote to 0.5 per cent rather than the Parliament.
- (b) Sweden where one gets access to the national election fund with 2.5 per cent of the vote.
- (c) The U.S. where Presidential candidates are entitled to public funding if they get 5 per cent of the vote, but such candidates require a plurality of the final electoral college vote to win election.

6. Independent Candidates

6.1 Direct aid to candidates is given in Canada, France, Japan, Italy and U.S.A. In Germany payment was originally intended only for parties, but the Federal Constitutional Court overruled this on 9th March, 1976. It declared that independents are also entitled to public moneys. It stated: "Although the parties take part in the formation of policy by the nation, they have no monopoly to perform such national decision-making." The mere opportunity for equal participation by an independent candidate may ensure that the "parties do not deviate too far from the wishes of the electorate". In general, individual candidates have even less of an organization than do small parties. Such candidates are entitled to support as outlined in section 10.

6.2 We would support a related reform that increased the number of nominating signatures needed to qualify for election to State Parliament to 100 signatures.

7. "Ratbags", "Extremists" and "No-Hoppers"

7.1 "Ratbags", and "extremists" are labels stuck on parties and people one does not like. Sections of the Liberal/N.C.P. apply them to the A.L.P. and vice versa. Large parties tend to label small ones as "no-hoppers". One's first reaction is to deny that there is a problem.

7.2 But there is a genuine problem. It is not, in itself, of great importance. But it is more important when one considers this would be a new law for which it is desirable to get maximum support. The Parliament then is entitled to legislate against supporting "frivolous" candidates, against people who run merely to publicize their business and against parties which have run for a long time but cannot attract any support. It is entitled to do so, however, after and only after the general idea of funding small parties and independents has been made law. The general principle is clear: "The general democratic principle of equal opportunity for all lawful competitors in politics" (Houghton Report, p. 29).

7.3 There are a number of measures which can be taken either solo or in combination to control the number of parties or independents considered to be "frivolous" by the government of the day:

- (a) to start with a low threshold as to the proportion of votes needed to be entitled to funding, and then if the number of frivolous parties or independents is seen as "excessive" to raise the threshold;
- (b) to link funding with saving one's deposit and controlling the proportion of votes needed to do this and/or the amount of the deposit;
- (c) for small parties to reach a specified number of candidates or number of electorates contested before being entitled to funding;
- (d) to specify the number of elections a party or candidate must contest before receiving public funding.

We favour the first of these; alternative (a).

7.4 There are conflicts between some basic principles here. There will have to be compromise to resolve this. Any scheme for limiting minor parties and independents ought to have in mind (a) equity, (b) some kind of incentive to assist entry but discourage frivolous attempts, and (c) a threshold of minimal electoral support.

8. A Scheme for New South Wales

8.1 We recommend that the Committee support a system of election financing which establishes three separate funds, all supported by the State Treasury:

- (a) a *Statewide Fund* based on a cents-per-eligible-voter formula and to be divided among eligible political parties and candidates according to their vote in the Legislative Council poll;
- (b) an *Electorate Fund* equal to one-half of the total amount appropriated for the Statewide Fund and for distribution to eligible parties and candidates within each of the N.S.W. Legislative Assembly constituencies; and
- (c) an *Election Research Fund* one of whose tasks would be to create a non-partisan Election Research Institute and which would allocate grants to eligible parties and groups for the advancement of election-related policy research and for the communication of such research to party leaders, parliamentarians, candidates, election workers and interested citizens.

9. The Statewide Election Fund

9.1 The *Statewide Election Fund* should be distributed to political parties which are registered with the State Electoral Office and to individual candidates who do not represent a registered political party but who are otherwise eligible to receive a campaign subsidy.

9.2 To be recognized as eligible to apply for a State subsidy from the Statewide or Electorate Funds, a political party should be required by law to register with the State Electoral Office. Each party should be required to lodge its party name, constitution, by-laws and current policy with the Electoral Office as a condition of registration, and all future changes in constitutional provisions, by-laws and policies should be filed with the Electoral Office to maintain said registration.

9.3 Any candidate for State Parliament who did not stand for office as an endorsed candidate of a political party currently registered with the Electoral Office should only be considered for election assistance as an individual candidate.

9.4 Eligible political parties and candidates should be able to receive Statewide election funds under either a prior election provision or a retroactive provision.

9.5 *Prior election provision for eligibility:* Parties or candidates should be eligible to apply for an election subsidy pro rata to their total first preference votes in the Legislative Council poll at the previous State election, provided that they receive a minimum of 2 per cent of the total first preference, formal votes in said poll.

9.6 *The Retroactive Provision:* If parties or candidates do not qualify for funding under the prior election provision, they should still be eligible to qualify for retroactive funding if they receive 2 per cent or more of the total first preference, formal vote in the specific election in question. Parties or candidates that become eligible under this provision should receive financing in proportion to their total Statewide vote in the Legislative Council poll and equal to two-thirds the amount they would have received if they had been eligible under the provisions of the prior election provision.

9.7 Funds should be granted under both the prior election provision and the retroactive provision after application to the Treasury and after the applicant has been certified as eligible for such funds by the State Electoral Office. Parties and candidates eligible under the prior election provision should be able to apply for and receive funds as soon as the State Parliament has been dissolved and a specific election date has been announced. Parties and candidates applying under the retroactive provision should only be allowed to receive a subsidy if the State Electoral Office certifies that they would not have been eligible for funds under the prior election provision. Groups certified under the retroactive provision should apply and be certified for funds within three months of the date when the election in question is declared.

9.8 Political parties and candidates that only contest Legislative Assembly seats will be eligible for subsidies from the Electorate Fund as discussed below. Appendix A shows how moneys from the Statewide Election Fund would be distributed under the prior election provision at the next state election.

10. The Electorate Fund

10.1 The Electorate Fund should be equal to one-half of the moneys available in the Statewide Election Fund. The Electorate Fund should be divided into equal parts based on the Legislative Assembly districts (currently 99 districts) for distribution to all eligible candidates in each Legislative Assembly district. The distribution of funds in each Assembly district should be determined on the first preference vote in said district in the previous election as in the prior election provision for the Statewide Fund or on a retroactive provision based on performance in the election itself for those not eligible under the prior election provision. Moneys in the Electorate Fund, however, should be divided within each Assembly district according to the vote in the Legislative Assembly poll in each individual district (see Appendix B).

10.2 Where district boundaries are altered between elections, election subsidies available to political parties registered with the State Electoral Office should be determined on the basis of the performance by said parties in the last election within the current (new) election boundaries. Individual candidates, however, should have their eligibility determined under the prior election provision according to their vote in the Assembly district as those boundaries existed at the time of the prior election.

10.3 Eligible political parties which seek moneys from the Electorate Fund should be required to apply for their subsidies as locally-constituted campaign organizations. Those who are not endorsed candidates of a registered political party should be permitted to apply for funds from the Electorate Fund as individual candidates.

11. Determining Eligibility for Statewide and Electorate Funding

11.1 We realize that political parties and individual candidates who would otherwise be eligible might prefer not to accept public election moneys. This should be their right. Such parties or candidates need not apply for funds. Parties or candidates which do not choose to accept public campaign funding, however, would still be covered by all funding disclosure and reporting provisions outlined in section 15.

12. Determining the Size of the Statewide and District Funds

12.1 We recommend that the size of the State election funds be determined on a cents-per-eligible-vote basis and that the total of the statewide and electorate funds together be set so as to provide approximately two-thirds of the moneys which the Parliament can reasonably determine are needed for all candidates adequately to contest a state election for both houses of Parliament.

12.2 This ratio must be maintained and updated by the Treasury so as automatically to allow for inflation, and this review should consider changed campaign circumstances and other factors which increase campaign costs as well. This review should be required before the second State budget following each State election. Such additional factors as unreasonable campaign expenditures and atypical election circumstances need not be taken account of in determining a budget for the public financing of the next state election.

12.3 We envisage an initial Statewide Fund of approximately \$1,543,000 (50 cents per voter) and an Electorate Fund of approximately \$772,000 (25 cents per voter) for the next election. Since the life of a State parliament is normally three years, the cost would average 25 cents per voter per annum for both the Statewide and Electorate funds combined after the scheme was implemented.

13. Should there be a Ceiling on State Campaign Spending?

13.1 We believe that the public subsidy for State elections should be based on a realistic estimate of what is required for all parties and candidates adequately to inform and educate the electorate without discouraging personal or organizational initiative. We do not, however, believe that it is administratively responsible to attempt to place a legal limit on what any party or candidate should be allowed to spend in any election, provided that all campaign contributions are made public.

13.2 Our opposition to such legal limits on spending is based on an observation that such limits are very difficult to determine in a non-partisan way and very difficult to supervise

adequately. The State government must not unnecessarily expand the number of State employees needed to administer the Act or unduly increase the cost in time, energy and money needed by parties, and candidates to comply with the provisions of the Act. Circumstances change too rapidly in specific elections as do techniques of campaigning. Honesty in elections is more likely to be encouraged by requiring public disclosure of campaign contributions and expenditures rather than by having government attempt to set limits and conditions on such fund raising and expenditure. Public disclosure will not require a new expansion of state bureaucracy.

14. An Annual Fund for Election-Related Research

14.1 West Germany, the Netherlands and Austria have adopted legislation which provides funds for continuing political and election-based research and for communication of this research. In the Netherlands state aid is provided for party research institutes and for political education efforts by the parties. In Austria, subsidies are provided for the establishment of political academies which are charged with the upgrading of the information on which political decisions can be made. In West Germany, research and educational institutes are connected to each party and are heavily subsidized from government funds at both the State and national levels.

14.2 We recommend that the third element in the State campaign finance legislation be the creation of a non-partisan *New South Wales Election Research Institute*. This Institute should have as its goals:

- the partial funding of party research efforts;
- the researching of problems associated with this Act;
- the sponsorship of research projects which explore alternative courses of action on policy questions;
- the encouragement of a public dialogue on election-related questions and issues; and
- the communication of such research to relevant groups and individuals on a non-partisan basis.

14.3 The Institute should be closely linked to the Parliament. We recommend that it be associated with the Parliamentary Library so as to ensure its non-partisan and service character. The Institute should have its own independent, professional staff so that it can process proposals for research and organize a system for communicating this research to the media and the community.

14.4 There are several aspects of this proposed legislation that need to be examined by the Election Research Institute after the law is enacted. They include:

- analysing the party and candidate reports on contributions and expenditure;
- examining the effect which public financing has on total election spending and whether an eventual ceiling will need to be included in the legislation;
- examining the effect of disclosure on the creation of party front groups created to avoid disclosing contributions;
- developing uniform reporting procedures for all parties and candidates;
- determining the adequacy of the disclosure procedures for public companies and unions;
- determining whether by-elections need to be funded under this Act.

15. Disclosure and Reporting Provisions

15.1 Self-regulation combined with full and adequate disclosure are joint principles for the oversight of electoral expenditure. These principles will make the electoral process more equitable and democratic. The aim of disclosure provisions is not to tell parties and candidates what they can do, but to require them to tell the public what they are doing.

15.2 Self-regulation is recommended, within broad limits, because the way funds are spent on election campaigns is the province of parties not of parliament. Further, self-regulation will prevent the creation of new bureaucracies.

15.3 Full and adequate disclosure is essential. Elections are of public interest. The public and the media have a right to know what is done in elections and who is paying for them.

15.4 One pre-eminent factor here must be the practicality of any law. The law must be broad and clear in its intent. It must be designed to encourage reporting rather than to invite potential donors to seek loopholes in the legislation. It is important to note that the only penalty we recommend in this submission applies to the failure fully and adequately to report income and expenditure. Such a failure to report and disclose must also lead to exclusion from eligibility for public funding.

15.5 *Public Funds:* Disclosure of income from public sources to parties and individual candidates should be a requirement. Access to all such reports is essential. Public election funds require full and public accountability. In this way the public and the media can satisfy themselves as to the use to which public moneys have been put.

15.6 *Private Funds:* In order to improve public confidence in the integrity of our parties and to ensure that public office-holders cannot be influenced by private contributors, all private contributions to election campaigns must, in principle, be disclosed. The people of New South Wales have a right to know who is paying for the election of its public officials.

15.7 Disclosure should apply to all election contributions of \$100 or more per election from any single source. Contributions of \$100 or more per election must be paid by cheque. They may be in money, services, goods or in kind; if in kind they are to be assessed at full market price.

15.8 Expenditure of campaign funds must also be fully and adequately disclosed for reasons given in item 15.6 above.

15.9 No upper limit on contributions is recommended at this stage. Limitations are most likely to lead to a search for loopholes rather than function as a genuine restriction on spending. We recommend, however, that the Election Research Institute should be instructed to monitor the effect that this Act has on total state election spending.

15.10 One likely consequence of disclosure laws on election contributions may be the creation of ad hoc pressure groups and front organizations, usually formed around single issues. This is not necessarily undesirable as it would allow

issues to be raised which major parties do not regard as relevant to the election. We recommend that the Election Research Institute should monitor the contributions and expenditures of such groups and report on how this affects the conduct of elections in the future.

15.11 Accounts detailing total campaign income and expenditure of all parties and candidates must be filed with the Electoral Office within three months of the declaration of the poll. They should be certified by a qualified accountant. For the first election under which this takes effect, the form of such accounts should be left to the parties and candidates. After this, the Election Research Institute should examine the advisability of adopting standardized reporting forms and procedures.

15.12 The obligation to report donations and contributions is on the recipient of such funds. Special cases also require an obligation to disclose contributions by the donor. For unions and public companies the interests of minority members and shareholders must be protected and require that all such contributions be fully reported and subject to approval at annual or special general meetings.

15.13 Failure to adhere to disclosure and reporting provisions must lead to exclusion from all such funding.

15.14 All materials to be filed are to be placed with the Electoral Office. These include campaign donations, income, expenditure; party policies, constitutions, by-laws; and union and corporate donations. They must be easily and freely available for public scrutiny. A set of copies of all these materials must be lodged in all New South Wales public libraries.

15.15 Failure to observe fully and adequately the obligation to file items listed in 15.14 above should be punishable by a fine.

15.16 The Election Research Institute should prepare and communicate a summary of total income and expenditure for each election campaign as soon as possible after each election. They should report on the adequacy of the proposed disclosure provisions after two elections have been contested under this Act.

APPENDIX A

New South Wales Legislative Council, First Preference Votes (1978) and the Proposed Allocation of Monies from the Statewide Fund.

Ballot group	Party name	1st preference votes	Percentage of 1st preference votes	Percentage of threshold vote ¹	Allocation from Statewide Fund ²
E	A.L.P.	1 508 078	54.91	56.68	\$ 874,477
F	Liberal/Country Party	996 463	36.28	37.45	577,790
A	Communist Party of Australia	79 794	2.91	3.00	46,285
G	Australian Democrats	76 369	2.78	2.87	44,279
D	Family Action Movement	36 076	1.31	....	....
B	Marijuana Party	25 055	0.91	....	....
C	Grouped Independents	14 033	0.51	....	....
..	Ungrouped Independents (7)	10 753	0.39	....	....
	Totals	2 746 621	100.00	100.00	1,542,831

Notes:

¹ Based on a total formal vote of 2 660 704 for the four groups surpassing the 2 per cent threshold.

² Based on 50 cents per eligible voter at the 1978 state election. The total eligible vote in 1978 was 3 085 661.

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APPENDIX B

New South Wales Legislative Assembly, First Preference Votes (1978) in Selected Districts and the Proposed Allocation of Monies from the Electorate Fund.

Candidate and party	1st preference votes	Per cent of 1st preference votes	Per cent of threshold votes	Allocation from Electorate Fund ¹
Fuller—(No. of electors, 1978: 32 683)—				
R. M. Cavalier (A.L.P.)	16 049	53.34	53.34	\$ 4,358
W. P. Coleman (Liberal)	12 470	41.45	41.45	3,387
S. S. Berg (Aust. Dems)	1 569	5.21	5.21	426
Totals	30 088	100.00	100.00	8,171
Gloucester—(No. of electors, 1978: 27 872)—				
L. A. Punch (Country Party)	14 265	55.38	55.38	3,859
R. P. Aiken (A.L.P.)	9 551	37.08	37.08	2,584
B. MacKenzie (Independent)	1 942	7.54	7.54	525
Totals	25 758	100.00	100.00	6,968
Lane Cove—(No. of electors, 1978: 32 310)—				
J. R. A. Dowd (Liberal)	15 025	52.24	52.24	4,220
E. A. R. Bishop (A.L.P.)	11 359	39.49	39.49	3,190
J. C. Newton (Aust. Dems)	2 380	8.27	8.27	668
Totals	28 764	100.00	100.00	8,078
Manly—(No. of electors, 1978: 32 102)—				
A. G. Stewart (A.L.P.)	14 670	51.35	52.20	4,190
G. A. Ashley (Liberal)	12 489	43.72	44.43	3,566
J. D. McGruer (Aust. Dems)	948	3.32	3.37	270
A. F. Dorney (Independent)	460	1.61	....	....
Totals	28 567	100.00	100.00	8,026
South Coast—(No. of electors, 1978: 33 684)—				
J. E. Hatton (Independent)	21 895	70.50	70.50	5,937
P. T. Ryan (Liberal)	9 160	29.50	29.50	2,484
Totals	31 055	100.00	100.00	8,421
Waverley—(No. of electors, 1978: 28 675)—				
S. D. Einfeld (A.L.P.)	15 649	65.64	66.74	4,784
M. A. E. Davis (Liberal)	6 543	27.45	27.91	2,001
M. N. Levy (Independent)	647	2.71	2.76	198
M. K. Smythe (Aust. Dems)	607	2.55	2.59	186
C. L. Allen (Independent)	393	1.65	....	....
Totals	23 839	100.00	100.00	7,169

Notes

¹ Based on 25 cents per eligible voter in the district at the 1978 election and on existing boundaries.

6. CHAIRMAN: Do you wish to add to or elaborate upon your submission?—A. (Prof. Turner) Yes. We thought it might be appropriate if we drew attention to the things we felt most important and had most contributed to the submission. My role is to talk about two things: first, one emphasis that may not emerge sufficiently clearly from the submission is that we are anxious that public funding should not be thought of as simply for the campaign in any narrowly conceived sense. We do not want people to conceive that we are supporting the spending of \$2.3 million in an hysterical last minute campaign on television. Although this is in the submission but perhaps not sufficiently highlighted, we would like to stress that we see campaigning as a long-term patient process of political education involving research and communication.

We would hope that the parties, following their own priorities, as I believe they will—would feel that the added money was not for a splash on television but so that they would better perform other functions that we feel are not being performed well enough at the moment. It seems that the costs of campaigning are the first costs that any party must meet. Therefore, other things required go by the

board. If you have not enough money to do all things you must do the campaigning. We are trying to say that this added money be not spent in a last minute hysterical campaign; we would prefer it to be for campaigning in a wider sense, in a long patient process of education.

It is important to stress the functions of parties of course include campaigns, but they include also this process of research and communication, which is much harder and not as successfully done as the campaigning itself, in the narrow sense.

The second point is spending limits. We chose to stress that there should not be spending limits. In American experience, and to some extent Canadian experience, obviously one of the main thrusts of public funding has been to limit total expenses. That is understandable in the United States. The lengthy period of campaigns, particularly presidential campaigns, is inordinately expensive and they have to get out the vote. So more needs to be spent in frantic campaigning. It was true that presidential campaigns in particular were getting out of hand, and for America it may be that attempts to limit total spending were essential. Those attempts have worked to some extent, but at considerable costs. I feel those costs are in terms

of legalism and excessive bureaucracy with the necessity constantly to improve the administration of the Act, with the word improve in inverted commas, with more intervention in fiddling detail and the courts finding ways to see people do not evade this legislation. That has been a very difficult problem for both Canada and the United States.

By contrast, we felt that the purpose of public funding is not so much to provide a ceiling beyond which no one should spend but to provide a floor, a minimum amount, which will make the parties able to be more effective in performing their widest range of functions. We are not concerned about limiting the amount of spending but with seeing there is more spending not with campaigns in the narrow sense but on the campaigning education process in its widest sense.

In Australia the problem of ceilings is not yet important enough to warrant attempts to introduce limits. It could get to be, and this is one of the things we would like to see the research institute, which will be taken up by others, investigating. If it is proved after a period of time that excessive spending was occurring in the final campaign period, it might be necessary to change the legislation and take some of the risks or the costs involved in attempting to impose limits. It is our judgment at the moment that this is not the major problem; it seems more important to provide a floor rather than worry about the ceiling. That is the second of the two main points I wish to make.

(Prof. Mayer) I wish to speak on two major points: the general question of minority parties and the proposed Election Research Institute. Before I do that, I want to make one point that all of us discovered after having done our homework. Due to the lack of interest in the Australian media and Australian political parties in overseas models—European and otherwise—we were surprised to find how much public funding existed round the world, both direct and indirect. We were also surprised to find what here has been taken as an ordinary function of the state since the 1920's—enrolment and voting, getting people to the vote, which is considered part and parcel of public funding by other communities. One of the important points which came out of this examination is that the concept, the idea, of public funding of parties is much less novel if and only if you included indirect funding. That is the general point I would like to make.

I come now to our particular submission. This is a submission from people with different political views and it was not pre-arranged. We all found it a profitable exercise. What we have tried to do overall is to encourage a number of compromises, or trade-offs, between various apparently incompatible principles. One of them is you must not weaken the central body or central party machine, but you must also give encouragement to local candidates.

We have done this by a scheme that Doctor Chaples will outline concerning two separate funds, a State-wide and a local fund. We were most concerned with a point that Prof. Turner made, which is important and deals with the administration of the scheme to see that it is kept as simple as possible. The notion of public disclosure, rather than detailed prescription, as to what the parties might do with the moneys if they get them, would be much more defensible.

The third point I raise relates to my own personal view in an effort to take care of the fears of parliamentarians that if they fund small parties or do anything about very small parties Parliament itself will be swamped by small organizations which might make government unstable. We have made a distinction, which is important, between funding of ideas and funding representation. That exists in West Germany where in order to get into Parliament

you have to have 5 per cent of the votes, but in order to be funded publicly you had for a long time 2½ per cent of the votes. After this it went to a federal constitutional court and it was reduced to ½ per cent. I have not been able to get a copy of the judgment which dealt with that matter; I would like to know upon what grounds the decision was made.

That distinction once made between the dissemination of ideas and representation of ideas in terms of parliamentary organizations should do a great deal to diminish, if not eliminate, what to me are quite proper fears about the whole Parliament being split into small organizations. One can change as one politically wishes the threshold to enter Parliament as distinct from getting public funding. They are not necessarily connected. There is no inherent connection. If one of our small parties is unable to capture enough votes—and not many would at the present time—in due course the limit for that could be made higher than 2 per cent.

Let me refer to the case relating to small parties. The general case for small parties, in my view, does not rest on the merits or demerits of a single party. One of my hobbies is reading the publications of many organizations and I would not wish to claim for a moment that many or most of them are repositories of brilliant new ideas. But as a totality, leaving out particular organizations, the spectrum which they represent is an innovative mechanism which feeds bad, good and silly ideas into the political arena. When funding small parties it is a mistake that is bound to happen that you think about particular parties: what you should be thinking about is the whole spectrum of the organizations. All persons represented here on both sides of the House are from parties which at one time were small. In the case of Labor it took a long time to become respectable. Support for a small party grows and eventually it becomes part and parcel of the establishment.

The second point is that when you look at the actual voting pattern that Dr Chaples has done you can raise and lower the percentage limit. We have not claimed in our submission that our 2 per cent figure is a natural or God-given figure. The figure is derived from overseas experience and it is neither too high nor too low. If it is wished to encourage small parties further you can lower it and if it is wished to discourage small parties you can make it higher. The novelty innovation proposal can go somewhat wild. It has the effect of the small party's good ideas are pinched by larger parties.

The second point I would like to speak about is the research institute. I knew about Germany but not about Austria and the Netherlands. We have not been able to discover greater details about the institutes. We know roughly what they do. The institutes fund independently research by parties which is related to the purpose of the particular Acts. If an institute were established here what it would do as one function is that the parties would come to it and say, "We have some research going on here". In my view, and I think my colleagues share this view, an institute would not fund material or research which was purely organizational. If one of you gentlemen wanted to have six organizers funded the institute would say no. If it could be related to some notion of improving or widening the range of ideas for elections that might be eligible. It is obvious and self-evident to us that the division of that kind is a difficult one. We do not claim it is easy to make. We think it ought to be made.

The first thing is to encourage what seems to me is the rather poor policy projection and policy investigation by both major and minor parties in New South Wales. We realize that at the level of State government parties are not issue oriented, but if their research functions were en-

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couraged the general quality of political life on all sides of the House, both inside and outside the House, would be improved. Why it is difficult for parties to engage in research is because of the constant stream of elections. As soon as one election has finished they have to start raising money for the next election and it is a continuous process and is done in absurd ways by conducting fetes and other things which are not sufficient. We would expect the general quality of party policy to be improved.

The second thing the institute would do would be to look at some of the consequences of this Act, assuming it becomes law, and to research those things which are not predictable, such as by-elections. It should look at the whole question of whether our present assumption, which is based on overseas experience about limits to spending, is correct. The Act ought to have constant monitoring. We originally thought that the electoral office might do that. It was not our original idea to propose an Institute, because fairly obviously it is going to be called "jobs for the academics". We thought the electoral office should do it, but when we looked at what the New South Wales electoral office actually does and its self-imposed limitations, we felt it would not wish to do it. We would be perfectly happy if the electoral office did similar jobs. We do not think its whole organization or purpose is structured in such a way that they could fulfil the functions. Speaking for myself, I want to make it clear that one must anticipate the question of "jobs for the academics". I am interested in the function being fulfilled and I happen to think it would be better fulfilled through the institute.

The third thing it would do, apart from looking at the consequences of the Act, would be to report to sections of the interested public and to the media—which hopefully would spread all the information—the results of party and its own research. They would have problems with confidentiality, which can be solved with goodwill. It would make fairly certain those results were presented so that you would have the results of works done by parties and candidates in a single publication, in other words not simply Liberal, Labor or Democratic publications.

I wish to stress the importance of combining central and local. If such an institute were set up—and we have not had the chance to discuss it fully between ourselves, and my colleagues may not agree with my view—but if some local electoral council approached the institute and wanted some local research done, that would be given all the conditions stated earlier within the general principles that we have for the scheme as a whole. It is a two-tier principle—centralization and localization. In my view it should be applied to research efforts so it would not be entirely a question of headquarters. The research institute is a proposal which requires more working out and if it were possible more time should be given to considering the situation overseas. We have done the best under the circumstances.

7. On the last point you raised, would you like more time to prepare something on the research institute?—

A. It really needs a personal look by people from the Committee at some of the research institutes overseas.

8. You think the Committee should travel abroad?—

A. Yes, I do; I think it is perfectly sensible. (*Dr Chaples*) I would like to elaborate briefly on the scheme for New South Wales which is outlined in pages 11 to 15 of the proposal. First of all relating to the amount of funds, we have recommended an estimated figure of approximately \$2.3 million, given current costs, and based on the best we could do in the short period of time we had to research what is reasonable to expect an election campaign to cost in New South Wales for all the parties that get involved in contesting such an election. We would

not pretend, given our minimal resources, that this figure is the last figure and I think the Committee has to look carefully at establishing a realistic estimate. The point I would like to make is that our scheme advocates a State campaign fund that would equal something approximating two-thirds of what the Committee finds it would cost to contest an election for both the Legislative Council and the Legislative Assembly. Our estimate of that cost was approximately \$3.5 million and that is why we have recommended \$2.3 million. We are encouraging the Committee to not fully fund and therefore to not eliminate all private contributions. We are encouraging the Committee to recommend to Parliament a fairly hefty portion of the election funding for the campaign period itself of all interested parties be included in the moneys that are appropriated from the State Treasury.

We are also recommending that there be a regular review of that figure, that after each election campaign a committee similar to this one take a careful look at how the previous campaign has gone, how inflation and the cost of things like the media have changed that total figure, and that this should be done well in advance of the time at which the next State election is expected. The figure should then be revised accordingly so that the various parties that could be expected to contest such an election would know what they could expect to receive well before the election was called.

The second point I want to make concerns the distribution of funds. As Professor Mayer has said, an examination of several schemes in other countries reveals that one of the regular contentions is that State funding of political campaigns increases the tendency towards centralization. We have tried to meet this by suggesting that there be a division of funds in the State election campaign fund between funds that are appropriated for central parties and central party organizations and as we are lucky in New South Wales to have a Statewide constituency for Legislative Council elections, the amount of funds appropriated to State organizations be based on the vote in the Legislative Council elections. We are suggesting also that a rather substantial sum—half of that appropriated for the Statewide fund—be divided among parties and candidates for the Legislative Assembly.

We think it is important to maintain the viability of parties and candidates at the local level. We suggest that the moneys be both applied for and accountable by these local organizations and candidates in what we have called the electorate fund. We hope that this would encourage the continuing viability of local organizations, local issues and local interests. We would not place all of the power that comes with money directly into the hands of Statewide organizations and Statewide parties.

The third point I want to make is that we are suggesting that there be two ways in which parties and candidates become eligible for funds from a State election campaign fund. The major way would be through something we call a prior election provision. This would mean that the moneys that were available in the State election campaign fund for local candidates and Statewide candidates and parties be based on the vote in the previous State election and that the distribution of those funds be made in accordance with the opinion of voters in the previous State election. Appendix A and Appendix B in our submission indicate something of what those funds might look like if we were basing such a distribution on the previous State election. This is a fairly widespread practice in other countries in terms of division of funds and we have seen no major criticism of it. Of course it rewards the winners more than the losers, but I think there are good points to be made for that. It means that the losers

will have to work a little harder to raise a more substantial part of the funds that they would like in order to reverse the results the next time round. Really I think it is the only sensible provision that can be made for deciding who gets how much in what sort of circumstances.

The fourth point I want to make concerns qualification for continuity. At present there is no provision for the registration of political parties in New South Wales. I think it should be made clear that if something like the prior election provision were instituted under some type of law, there would have to be a registration of political parties so that candidates in the following election could be eligible for the funds to which they were entitled according to the previous performance of those parties.

We are suggesting also that anyone who is not a candidate of a registered political party should still be eligible for funds as an individual candidate. This would prevent him from being eligible under a provision for continuity. In other words, an individual candidate—like for example Mr Hatton from South Coast—could apply only for funds that he himself had become eligible for because of his prior election performance. He could not nominate someone to receive his funds if he should choose to retire from Parliament as an independent.

The fifth point I want to make is that we have also a provision for retroactive funding. We have done this quite consciously in order to encourage new candidates and new parties to enter elections where they feel that they have new issues and new positions to present to the voters. Funding under the retroactive provisions would not be the same full funding that one would receive under the prior election provision, but it could allow a candidate who had not been eligible for funds or a party that would not be eligible for funds because it had not contested the previous election to receive after the election roughly two-thirds of the funds that were received under the prior election provision if its vote was high enough to justify that. By receiving that number of votes, that candidate or party would become eligible for the next election. This is consistent with our desire to broaden the dialogue within the community, to encourage candidates who have a following in the community to put forth their ideas and to try to ensure that people are not excluded from elections in New South Wales simply because they cannot raise the funds in order to put their case to the voter.

(Mr Watson) The last section of our submission deals with the term of reference about disclosure and reporting. On this point the submission recommends that there should be full and adequate disclosure of all income of political parties and candidates in elections and all expenditure. It is important that both detailed income and detail of how it is spent be laid out. We have suggested further on that, that both public and private sources of income should be detailed and the expenditure of those should be detailed. The case for public income being detailed as far as expenditure is concerned seems to me to be fairly clear, in that the public has the right to know—if parties and candidates are getting election funds—what use that money is put to.

But we recommend also that any expenditure of private funds be made a matter of public record so that people can see what is being done now. On the subject of income, we recommend that all income be disclosed provided that it exceeds \$100 from any individual source for any individual election, but we do not ask that \$10 and so on be disclosed. We have recommended that disclosure be an obligation on the person who receives the donation rather than on the donor, with two major exceptions. We have recommended that where organizations have some public status and wish to donate to elections, that they should also have to disclose that fact and get approval

from their members or shareholders to do so. That covers particularly public companies listed on stock exchanges, trade unions and other organizations of that type.

We are concerned that many contributions are being made now by organizations of this type and their members, shareholders, part-owners—whatever they are—who are unaware of what is being done. So that is part of the provision. At this stage we have not recommended that disclosure be extended to front organizations, pressure groups and other organizations which might effectively spend money on campaigns in the interests of political parties, but we have recommended that that matter be looked at by the institute which we recommended elsewhere, to see whether it becomes a problem—whether funding starts being spent in markedly different ways in order to avoid the disclosure provision and whether it may be desirable therefore to extend it into that area.

We have said two further important things, I think, in detail. One is that at this stage we do not want the proposed legislation to spell out in great detail how this disclosure should be made. We do not want massive regulations. We want the normal report that an auditor might make on expenditure of campaign funds to a central party committee to be disclosed. Again, if that disclosure proves inadequate it might be necessary to spell out in more detail, but we want it to be self-regulation as far as possible. We want also to ensure that the availability of such material is real and not difficult. We have therefore recommended that all reports of disclosure be given to the electoral office which should arrange for them to be openly and freely available in all public libraries within the State to anybody who cares to look at them.

That particular point was made, incidentally, because some parliaments in Australia now have availability recommendations about reports of this type, but they are effectively far too extensive for anybody to find out what is going on. There is red tape that hedges it around. That is broadly the detail of what we wanted to do, with one exception which is that this section of the report recommends the only positive sanction and the only creation of an offence in the entire submission. We are recommending that it should become an offence subject to a fine to fail to report and disclose adequately. We have recommended an additional sanction that any political party or candidate failing to disclose adequately and fully should not be eligible for public funding. Other than that there are no sanctions anywhere else in the submission.

It might be worth saying a couple of brief things about the principle behind this. We have said right through our report—and I think it is particularly important to emphasize it at this point—that elections are public activities and really should not be regarded in the same light as many other activities of private individuals and organizations; therefore the expenditure of funds by groups, unions and voluntary organizations of one type or another on certain things aimed at the voter is a matter of public concern and interest and should be a matter of public record.

Further, we think that sufficient allegations are made—not often in New South Wales but certainly in Australian politics and elsewhere—about the potential of corruption and the potential of buying political parties and candidates, that the argument in favour of making public who is spending money where and where it is coming from and where it is going to should be an unassailable principle, to use the words of a *Sydney Morning Herald* editorial. In principle, it seems to us to be clearly unassailable. It seems to be vital in the interests of democracy to remove doubt and to increase public confidence in what all our political parties and candidates are doing. That is the principle behind which disclosure recommendations are made. We say right through our report that the interests

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of democracy and equity must be served by legislation of this type in a way in which they are not being served now.

May I make one final point that applies to the whole of our submission, I think, but particularly to the disclosure section. People have said that there are defects in legislation of this type. There may well be. Almost certainly there will be. The institute that we have recommended is part of an ongoing review process to try to minimize those defects, but while we recognize the defects we say that there are even greater defects in the existing situation that we tend to ignore. We tend to ignore the fact that a number of other governments have adopted funding recommendations and that most Australian governments—but not the New South Wales Parliament—have some degree of disclosure and reporting legislation now. The Commonwealth Electoral Act contains extensive disclosure and reporting provisions that are not enforced, but the legislation is there. The principle that we are recommending is not new. In many ways it has been tried because other governments have found major defects in the type of situation that currently prevails in New South Wales. In the interests of democracy—to use a fairly grand and rhetorical ending—we believe that legislation of this type is vital.

9. CHAIRMAN: Thank you, gentlemen, for the elaboration of your submissions which have provided interested reading and will be of great value to members of the Committee in their deliberations when fulfilling the terms of reference of their inquiry. I note that mention has been made of many oversea countries where public funding takes place; is your list complete or incomplete?—A. (*Mr Watson*) There is at least one country which is not mentioned, Puerto Rico. We make no guarantee that it is a complete list. (*Prof. Mayer*) That list is provided on the basis of material available to us within the time permitted to compile it. It is a list of all the major ones.

10. I had in mind the question of Puerto Rico.—A. (*Mr Watson*) That is one country. As well, there may be others.

11. No doubt, if there are others, the Committee will locate them in one way or another. Is your proposed scheme based upon any particular oversea country or a mixture of many?—A. (*Prof. Mayer*) It is really correct to say that we all read the basic material available and we had a division of labour and functions. We met three or four times and we looked at what had happened in other countries and tried to learn from their mistakes and weaknesses, especially dealing with the question of growth of population. We tried to devise a mixture of self-regulation in schemes which, I think, can be combined in public funding of elections although usually one finds self-regulation and government regulation opposed to each other. It is fair to say our scheme is partly novel and partly based on what we consider to be the best of overseas experience.

12. You seem to be impressed with certain oversea countries and the experience encountered there, for example, Austria?—A. That has to be worked out in a bit more detail. (*Prof. Turner*) Our judgment on that is derived mostly from the Houghton report which contained some information about Austria and West Germany, their educational and research institutes, but we did not have enough detail. We did not know enough about how they were working. Often these things appear to be running better on paper than they actually are, and we hesitated to say more without having further investigation which was necessary to see whether they worked in the way

claimed. We cannot guarantee that. (*Prof. Mayer*) If I might add a little further on this point; all these institutes are developments of the 1970's. I have a report made in 1976 based upon field investigation by the British government which was performed generally in 1975. We are seeking to encourage the Committee to take a comprehensive look at those institutes at this time, right now. No English speaking country seems to have looked at those institutions within the last five years and sufficient time has elapsed to reveal their weaknesses or strengths. It would be a good opportunity to look at how well those institutions have developed within that period of time.

13. Which countries are you referring to?—A. I refer to Germany, West Germany, Austria and the Netherlands which have the most well developed institutes, those which are most complete and ambitious.

14. I do not wish to traverse everything that has been put forward in submissions here today but I would like to refer to page 12, section 9, dealing with the statewide election fund. You say that in order to be eligible for a State subsidy a political party should be required by law to register with the State electoral office their party name, constitution, by-laws and current policy as a condition of registration, and all future changes in constitutional provisions, by-laws and policies should be filed with the electoral office to maintain the registration. Do you think all those requirements are necessary?—A. (*Dr Chaples*) The Committee needs to take a fairly close look at that. Some of us, including myself, feel that there must be accessibility to public information about political parties. It is an important asset to have that public information. We do not want governments or bureaucracies having a direct influence in what a party's constitution or policy might be, but because of the important function parties perform in our community the public has a right to know these things. It is an important public asset and an extremely useful principle. The registration to secure public funds would allow accessibility to information such as this. The other point is that the information should be up to date. In order to maintain its eligibility to public funding a party should keep the public informed of any changes in the way it operates and any important policy changes. Since the media is interested in that information it is made accessible to the public through media dissemination. It would prove a major asset to the public in terms of what they would like to know.

15. At election times party leaders prepare policy speeches for each particular election. Do you think that such a policy speech should be lodged with the electoral office along with the other matters you have mentioned?—A. (*Mr Watson*) It is certainly not a secret document. I do not think there would be any objection to having that done.

16. Do you think there should be any requirement to have it lodged?—A. Personally, no. (*Dr Chaples*) I differentiate between the leader's policy speech and policies such as those adopted by conferences or whatever means the party uses for determining its official policy statement. That is what the public has the right to know. It is the official policy statement which is of interest to the public, and which parties should reveal to the public in order to be eligible to collect public money.

17. What is your view about individuals and candidates who prepare some form of policy in order to try to become elected? Do you think those policies should be lodged?—A. Personally, I would have no objection to that but I do not think the necessity is as great there because

what we are talking about here is the need to establish continuity of policy between elections and how policies change over periods of time. Parties may be seeking substantial amounts of funds from the Treasury and the public needs to have accessibility to the policies of those groups. Individual candidates only maintain eligibility if they run themselves as individual candidates and come within the terms of our submission. (*Prof. Mayer*) Might I add to that that I would agree with what Dr Chaples has said but we do not wish to swamp the electoral office with too much documentation. At the same time I should hope that at least a small percentage of people would look at those documents. Certainly, the local media would observe them with interest. There should be moral pressure, as distinct from legal pressure, for major speeches to be also lodged but hopefully without a vast quantity of material so that the policies would be immediately apparent. Perhaps it is a long range matter, one which in the short range would have little function.

18. In order to obtain funds from the statewide election fund you propose several schemes, but in order for a party or an individual to get those funds they must have been a party or a candidate at the former election and then be the party or candidate again?—A. (*Dr Chaples*) Under the prior election provision for eligibility parties or candidates should be eligible to apply for a subsidy relative to their total first preference votes in the Legislative Council poll at the previous State election, provided they receive a minimum of 2 per cent of the total first preference, formal votes in that poll. Under this provision if, over a period of time, registration has lapsed, there should be eligibility under the retroactive provision to receive funds after an election.

19. I am looking at your suggestion of how this should be established. Perhaps all the funds available could be exhausted by parties or candidates who have contested previously, and further parties or candidates who had not contested previously or who had failed to reach the threshold of previous election may then become eligible for funds under the retroactive provision. Where would those additional funds come from?—(*Dr Chaples*) Speaking realistically one would not expect the situation to develop in this State because one would expect in New South Wales, since there are not a great number of parties in the field, that they would get most of the money. But you will note that we recommend that the amount of funds should be determined on the basis of eligible voters, although there are always a minority of voters who do not show up at the polls. There will be votes for parties and candidates which do not reach the threshold of 2 per cent of the voters and they could provide a pool of funds to be so distributed—this is always assuming that all parties register from the prior election. You will note that we are also recommending that this scheme be voluntary. It may be that not everyone who would be eligible would in fact seek funds from the State Treasury under this provision. There would be a small pool of funds available for the parties, perhaps in limited amounts, which would be used for those who became eligible under the provision.

20. You do not think it likely that the additional amount would be very large?—A. I cannot see how it could be, under the provision.

21. What would be the amount?—A. (*Mr Watson*) You would have to work it out on the basis that 2 per cent of the Legislative Council election would bring a party about \$30,000 and on a retroactive basis that would be about \$20,000. It is hardly likely that a party non-existent at a prior election would get much more than 2 per cent of the vote, but let us say 5 per cent was the

maximum obtained on its first run. That is still pretty small. It would rarely happen. On that basis you can see the sort of figure that would be involved. (*Prof. Turner*) The West Germany scheme involves paybacks. If the major parties do not live up to the voters' expectations, they have to pay back some of the amount. If the whole life of parliament is a four year period and 40 per cent is paid back because of a drop in voters' support, then immediately after the election those who do not live up to expectations must pay back the amount. We did not ignore the payback system but because it is complicated we have not included it. It is something to be borne in mind. (*Prof. Mayer*) The other reason why we did not include a payback figure is that one has to decide who pays back and who does not pay back. One has to have a scheme functioning as smoothly as possible and the material about the payback system in West Germany is somewhat murky. (*Dr Chaples*) There is a payback provision effective from the next election. Rather than withholding a certain amount of funds—because a party will not be aware of its percentage of the vote until after the election—when there is a drop in the vote at the next election there is a payback.

22. You do not see any real financial problems as far as your retroactive provisions are concerned?—A. I think it would involve a small amount of money. In Denmark there was a party which came to contest an election for the first time and received 20 per cent of the vote some years ago. It is hard to imagine that that would occur in New South Wales, and if it occurred it would involve several thousands of dollars which the Treasury would be obliged to pay.

23. How did you arrive at the provision of the whole pool into two-thirds for the statewide fund and one-third for the local fund? Did you have any basis or background reasons that led you to suggest it in that particular way?—A. Frankly, there are several other countries, such as Italy, Germany and Sweden, that have pools that are divided at a national and State level, or between administrative expenses and election expenses. We looked at several of those. We tried to determine what seemed to be a reasonable expectation—central pool headquarters for New South Wales versus the expectations for local expenditure. We talked to local candidates about this and it seemed to us, in the interest of simplicity, that something like a two to one ratio was proper.

I would point out that we had only a few weeks to look at this; I think the Committee, over a period of time, might like to ask itself whether the two to one ratio is an appropriate ratio. It appears to us at this time that this is a reasonable sort of beginning. (*Prof. Turner*) This is also comparable to the Houghton report. (*Mr Watson*) This is a rough distribution of spending that now exists. This was established by inquiries. We are talking about how much gets spent; how much is raised by candidates and gets spent by candidates in their electorates. This seems to be the order of expenditure.

24. You go on on page 13 to say that the electorate fund, which is one-half of the statewide fund, should be divided into equal parts for Legislative Assembly districts. You say there are currently 99 districts. I take it from that that you mean you would divide the fund by 99?—A. Yes.

25. It does not appear that way when one examines appendix B?—A. (*Dr Chaples*) I prepared appendix B. We have had a new law, which is to be implemented for the next election. If we were operating under the old law this provision would have to be looked at more care-

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fully but now it seems that electorates will be much more even in terms of size. It seems that in terms of simplicity it should be based on the one vote one value principle. We are not privy to the report that is to be made on the new electorates, or on the final decision, so it did not seem wise to go through the kind of work necessary and figure that out until those electorates are known. Appendix B was an attempt, on existing electorates—which, as you will know, are uneven in many ways—to see, if those provisions had been applied to the last election figures, how they would come out. We would be glad, after those electorates are finalized and the boundaries are finalized, to take more time to do this sort of detailed analysis that would be required. But it does not seem possible to do that right now.

26. I am sure every member of the Committee would welcome any assistance you can give in that regard in the future. Your scheme actually intends that the same amount of funds be available for each individual electorate?—A. Yes.

27. In spite of a variation in the number enrolled?—A. (*Mr Watson*) On the expectation that electorates will be very much the same size. (*Prof. Mayer*) We expect the range to be smaller. (*Dr Chaples*) I do think that in large country electorates there is a case for considering whether or not supplements should be made out of that fund, because it seems to me that there are travel requirements and other problems associated with some of the very big western electorates that just do not occur in the city. But, again, we did not have time to research those sort of things in the period of time available to make the submission.

(Short adjournment.)

28. CHAIRMAN: We concluded on the 99 equal amounts for the various electorates. Is it your opinion that the cost of campaigning is equal in all electorates in New South Wales?—A. That is the point I was making briefly before. I do not have personal experience in all the electorates in New South Wales, but I cannot imagine that the cost would be equal. Obviously there would be travel, and electorates in which there were several newspapers in which to advertise, or possibly several news media sources. That would be something that we would encourage the Committee to collect information on. It was not possible for us to do anything about it in the limited amount of time available to prepare the submission.

29. You have recommended equal amounts, and the Committee may perhaps vary that if it adopts your scheme almost entirely. That amount could be varied without upsetting your scheme?—A. There would be a base amount in all individual electorates and then a supplement where certain circumstances when data would indicate that the costs were substantially higher than in the average electorate. (*Mr Watson*) One other consideration might come in: fairly obviously, in a safe seat for either party less would be likely to be spent than in a marginal seat. As happens with parties now, it is easier for parties to raise money in safe seats than in marginal. It is up to the party if it wants to send some off to another electorate; that is a decision for them. As long as it is announced where the funds have gone and how expended, it is a matter for the party in a particular electorate to decide it will go to another electorate for campaigning.

30. There would be no problem receiving funds and transferring them to head office or other electorates?—A. (*Prof. Mayer*) Provided there is our one major weapon: we have stuck to the idea of minimum legalism and bureaucracy and provided publicity and self-regulation is applied. Then the answer is we would see no problem.

31. As I understand your scheme, you expect that the parties or candidates would raise one-third and what they get from the fund would in effect be two-thirds of the actual cost?—A. It is the other way round; we arrived at two-thirds because we made an estimate after telephoning and talking to people about what the present costs are. That estimate may not be correct because no-one knows precisely. It is based on talking to journalists and party organizers.

32. Presuming that in a particular electorate \$3,000 was estimated for the campaign and under the scheme they were to get \$6,000. Would you expect them to raise the additional \$3,000, holding that they are only going to spend \$3,000? Would they have to have a pool in their own little organization before they could transfer any funds to another electorate?—A. (*Dr Chaples*) It is important in our scheme that those individual arrangements be left to the individual parties and candidates at the central and local levels. We are not proposing anything like the American system of matching funds. Parties are not expected to raise one-third before they apply for the two-thirds that the state would provide. We are suggesting an averaging type of scheme over all electorates but once the moneys become the right of the individual parties and candidates it is up to them, within the reporting provisions of our recommendation, to do with that money what they see fit—as long as they tell the voters what they have done.

(*Mr Watson*) Certain parties who get this two-thirds, in inverted commas, maybe do not have the money at all now. Other parties may get more money and this two-thirds, again in inverted commas, on our estimate of what it costs, may be one-quarter of their total expenditure. That is something we did not seek to regulate.

33. Did you arrive initially at the size of the funds by inquiry of parties?—A. (*Prof. Turner*) Not quite. I went and talked to people, but I did not wish to be too prying. I asked them to give me the kind of figure that they thought was reasonable for a campaign over-all of all the parties at the moment in New South Wales. I was interested to find that the major parties suggested a good deal more than the minor parties as the total amount needed. We thought the major parties figure was more realistic, and it fitted with our rough guess that we started with. That figure has no real magic, there is nothing scientific about it. Rather it is an attempt to get a commonsense figure. We thought the sensible way to provide money was by relating it to the cost of campaigning, in the narrow sense of the word campaigning. The \$2.3 million is related to the \$3.5 million only as a convenient way to get an amount to be spread. We hope that it will not be spent as part of the final three weeks' campaign. We hope that it will make possible spending for a wider range of functions of the parties. We do not want \$2 million more useless television advertisements in the last two or three weeks of an election.

34. On that point, is there any reason why you did not recommend some of the other overseas systems by making the money available to the parties annually during the Parliament prior to the election?—A. We looked at West Germany and one or two other countries where this sort of thing is done. It is possible that such a scheme

might be necessary if it turned out that the self-regulation of the parties did not work and if in fact they were using all the money on an hysterical last minute campaign rather than the broader concept of campaigning that we are recommending. We felt in the first instance the parties should be trusted to use the money according to their own priorities. There was an important preference there which deserved to be held. Certainly from my talking to them I had the idea they would like to spend more money on the wider notion of campaigning. If it did not happen I would be looking at schemes like in West Germany to see whether we might extend the spending over the whole period of the Parliament's life and not just over three weeks of hysterical campaigning.

(Prof. Mayer) Given the fact that this particular way of doing things has not been tried before in Australia, the whole scheme must be subject to some future revision. If the revision is done in the ordinary way by the major parties themselves in Parliament, that is one thing. We should get into the scheme, in whatever particular form is chosen by the institute, some element of relatively detached thinking which is not yet isolated from the parties. The institute is long range and policy oriented, not an isolated university body. If something like that can be done the kind of issue which is bound to be raised can be looked at much more calmly after the first election or the first two elections. One thing we wished to do was to make our scheme as simple as possible. Maybe it is too simple. Also, the kind of detailed control which in some cases we thought quite desirable tends to escalate into a gigantic form-filling exercise and if one puts in too many details the parties would be thinking too much about forms.

35. I refer now to by-elections. Naturally there is no need to hold a by-election for the Legislative Council, but it is a different matter in the Legislative Assembly. You have made no real recommendation other than it be looked at by the proposed institute. You know what applies overseas?—A. I do not think that we have anything on that.

36. Do you know what was recommended in this regard by the Houghton Committee?—A. (Prof. Turner) From memory they avoided the problem too—but that is not a very good memory. We found it difficult to find anybody who had a scheme that covered by-elections. It does not seem to be so important really. One is talking about a single seat. Most parties would be able to find enough to engage in quite sufficient campaign expenditure. I do not think that is quite as important as providing an overall amount large enough to ensure that parties can carry out their broad range of functions.

37. I would be interested to learn what funds have been spent at the present time?—A. It is hard not to feel that on some by-elections the spending is excessive.

38. You recommend the establishment of an institute. Do you see that as a watchdog?—A. (Prof. Mayer) As I said, on the institute we have not got as many details from overseas as we would like. It would be fair to say that we four people, an ad hoc group, differ somewhat on the function of the institute, partly because we have not had time to discuss it fully at length. I stress that my view might not be the same as that of my three colleagues. My own view is the essential function of the institute is really to inject a long range thinking element into the party system which is crucial. It ought to be in between the nitty-gritty of daily party work and the academia. It needs links with both. If it is purely university it is isolated and if it is purely party it will become absorbed in the ad hoc daily party work. I would not

have used the word watchdog; I would have used the term monitoring—to monitor the particular legislation and to look at the kinds of problems raised. (Dr Chaples) I think the watchdog in New South Wales is the electoral office. The watchdog's functions remain in that office. There may be some research done by the institute which would assist in changing the Act in the future. But what I understand to be watchdog function is the administration of the Act and would be done by the electoral office.

(Prof. Mayer) We are getting into a muddle because we are differing about the term watchdog. I agree with Dr Chaples and I have misunderstood your question. To me what it would do is issue position papers on the results of the legislation and on the questions which cannot be totally explored in an objective and detailed way and it would be up to Parliament to act on the information. It would not be intended to administer the Act.

39. Do you see the institute making annual reports?—A. Yes. I see the institute making reports and all the arguments about publicity which applies to parties must apply fairly obviously to the institute. They would have to make reports and be available for inquiries. It would be a difficult thing to run because being on a tight rope it might tend to get too academic. We would want to be sure that the institute is not set up in the Department of Government at the university and never seen again.

40. Do you see any lines of control?—A. My own view is it has to have some kind of association with the Parliamentary Library. We have left the word association vague. It ought to be as autonomous as possible, subject to regular accountability and reporting to the Parliament. We have not discussed it in detail and my colleagues may differ in their opinions. (Prof. Turner) I doubt if we do differ. We all agree there are two major things we want to see done by such a body. One is to monitor the effects of the funding legislation and to report to Parliament about that; the second would be to assist the parties through channelling funds in improving their own research potential. That is an important task which they would also welcome. It would need to be a body which was able to communicate with those wishing to pay attention to the research being done. We would not like to see the stuff locked away in the library and never seen again.

We all felt that the body needed some of the cloak of Parliament behind it in order to do what it needs to do. It should include a considerable number of parliamentarians and people from the Parliamentary Library and some outside people. It has to be a creditable advisory body to the Parliament with enough independence to be able to stand aside and take its time, and draw attention to the performance of parties under the Act. It should be able to communicate with party organizations and encourage them in their activities.

(Prof. Mayer) If I might add one point: it is a difficult concept because it would have some kind of connection, which we have not worked out, to parties and organizations which are not yet in Parliament which apply for policy research. It would not be purely an arm or instrument of the parliamentary body. The whole concept of what we have is designed to give a fair chance to establish organizations and give new bodies, which we do not expect to be very numerous, assistance. My own view is changes will not be major. It will apply to individual candidates and so on. The details of that are something that the committee ought to look at because we have not got detailed information of what overseas bodies do. We cannot get it.

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(*Mr Watson*) It may be if your committee does not get the chance to visit some of those institutes overseas I might get the chance to visit those in the Netherlands and in Germany later in the year. I may be able to provide some information for the committee.

41. The disclosure of donations from outside. It is a paramount thing that they must be donations?—A. Yes, that is correct.

42. The absolute penalty for failure to disclose is to be not eligible for any further public funding?—A. Yes, plus a fine. (*Prof. Mayer*) That is the only fine. (*Prof. Turner*) It is the only offence we have created.

43. How big do you think the fine should be?—A. (*Mr Watson*) That is something we have not discussed. I have a sneaking feeling that I would like to see a fine of the same size as the amount not disclosed, but that has not been discussed by us.

44. I was thinking of a particular party due to the receive \$1,000,000 from the fund and they fail to disclose a donation and they are fined \$100?—A. The fine is not getting \$1,000,000 next time. I think the mere loss of that sort of money next time is punishment enough.

45. Who do you see making that decision that a particular party should lose those funds?—A. I would think the election office. If that party had not registered and provided the materials required—I would have assumed the Act included this meant not being eligible next time—the electoral office would report that this party had not complied.

46. Let us take your submission that there should be a fine and that the party be declared not eligible for further funds. Following that process, do you see that the electoral officer should report to a court and the court determine whether the party had failed to disclose, impose its fine, be it small or indifferent, and being an automatic thing, they are then not eligible for further funds?—A. (*Prof. Mayer*) We have not discussed that, but it is not there a Court of Disputed Returns and could not that handle it? (*Dr Chaples*) My own view is no. The major advantage of disclosure is it makes available information on what is going on in elections and the major thing that happens to parties is that they do not disclose funds. I would not get involved in a court action in this regard unless it became obvious, after a certain period of time, that the open disclosure provisions were not working.

47. Who is going to determine that one party has failed to disclose?—A. The electoral office. You have to give an investigative arm to the electoral office so it can check these with reasonable accuracy. It is not a responsibility of the Parliament or the State Government to try to get into the business of a very detailed checking on what after all are internal sorts of matters.

48. Do not you see that as trial by bureaucrats?—A. (*Mr Watson*) Any fine, if it were to be part of the legislation, would have to be a fine and a decision made by a properly constituted court. What *Dr Chaples* is saying, with which we all broadly agree, is we are trying not to get into a massive checking bureaucracy. It may become a matter dealt with by the Corporate Affairs Commission who would have on one level the job where public companies are concerned of scrutinizing annual reports to ensure that the auditor has properly accounted for all the money and reported that company X gave a donation of

so many dollars. If the Corporate Affairs Commission picked up a discrepancy they would report it.

We have also said—and it is important—that they must report both expenditure and income. Expenditure is relatively easy to check on. The two must then square—the source of income and where it has gone. If discrepancies start becoming apparent they would be pursued in that fashion. This is one of the reasons why we dodged completely the question of maximum ceilings on expenditure, whatever the arguments in favour or against it. The technicalities of enforcing it become so monumental we are not sure it is practical, even if desirable on paper. This is an area where we start getting into that sort of thing—and because of the principle we consider it to be absolutely vital—and it deals with the question of source of income. It is technical and it is difficult to enforce, but we think it has to be faced. We are trying to use a form of public sanction rather than a heavy legal approach to it. There may come a point where that became part of the process.

Bearing in mind that if a political party wants to disclose only half its expenditure and wants to disclose only half its income, then it may have problems in terms of funding. (*Prof. Mayer*) When we started I said right throughout the scheme all of us were aware that there is a clash between what is ideally desirable, which would be complete self-regulation, and the need to enforce any given rules, whatever the rules happen to be.

Obviously the point is well taken that if you enforce rules you have to have a certain mechanism that tends to escalate. What we tried to do—I am sure it is not perfect: it cannot be perfect—was to keep the rules to a minimum and constantly to have in mind the point that whatever is done should be done with an eye to minimizing needless filling in of forms and of bureaucratization. Your point was well taken, if I may say so. I had not thought of that. It immediately makes it more difficult. Obviously there will be trade-offs and compromises. We thought out about 98 per cent of the scheme and obviously not every little point. However, that is an important point. (*Prof. Turner*) One way to minimize the problem might be to spend quite a bit of time working on a proper format for reporting. The Houghton report included an example of what were thought might be methods of reporting and disclosing. If there were a regular format in which these things were to be reported, it would then be fairly simple for an officer like the electoral officer to say that some party or candidate has not fulfilled that requirement.

You might still wish to have an appeal mechanism. That is another matter. But I think the more precautions that are taken in advance to prepare a satisfactory formula for reporting, the less trouble there will be in applying the process and the less room for discretion you will be making for some bureaucrat to decide whether or not someone has complied. That is one of the points in which a good deal of thought might be invested and the Houghton report might be looked at. In our report we recommended that eventually such a formula may be evolved from the research institute, but we could not recommend what it might be from the beginning. We are hoping, perhaps too optimistically, that self-regulation and good will be the order of the day and penalties and so on will not be needed. We should like to try that principle first. If it does not work, we shall then have to think about penalties and more regulation but I suspect the regulation problem could be overcome in some such way, by having a form which you expect the parties to use and the electoral officer could decide whether it has been complied with.

49. Mr McDONALD: Why did you choose the name Academics for Pluralist Funding?—A. (*Prof. Mayer*)

Because we thought it would be useful to have a name. We wanted to express the general notion that the type of funding that we advocate is not intended merely to shore up existing major parties. It is also intended to provide for a plurality of ideas in the community. Pluralism is general jargon that we political scientists use for that type of notion—diversity in democracy. It seemed to be a reasonable term. I like it better than my colleagues do.

50. Earlier in your evidence you described yourselves as an ad hoc group?—A. Yes.

51. Does it plan a continuing existence? Has it any other activities in mind or will it now self-destruct?—A. We have not discussed that really. (*Prof. Turner*) We would hope to self-destruct. We all have lots of other things to do. It depends upon whether issues arise that are interesting. That is one point. It is partly because I have done this before in another committee and when I spoke to people I found we had similar ideas and it was much easier to share the research burden. We enjoy the burden, despite the haste with which we did this. We now have more sympathy for journalists. But we do not expect to continue to exist, except that we are colleagues who work together all the time.

52. Do you expect that Academics for Pluralist Funding will be absorbed in the election research institute that you suggest be brought into existence?—A. No.

53. You said that the group was not prearranged. I take it it was formed after the Joint Committee sought views and submissions?—A. It was formed after I was invited to give the submission.

54. Have any of the members of the group previously researched and written on party funding and disclosure or any of those aspects?—A. (*Prof. Mayer*) Generally speaking, Professor Turner has taught a course on the theory of parties. Dr Chaples has done research on parties. Mr Watson has done research on minor parties but not on funding. We found that not much research had been done. We were aware especially of American funding. I was aware of West German funding. But, as I said earlier, we were surprised when we got the material to discover how many democracies had funded organizations.

55. Dr Chaples has done something on disclosure?—A. (*Dr Chaples*) My interest in the American situation goes back to when I was a legislative assistant in the American Congress in the mid 1960's, so I have written and researched and maintained this interest for about fourteen years now.

56. But there was no public funding in the United States of America?—A. No, but there were related provisions. In particular, the American law on disclosure is about fifty years old and there have been continual changes in the reporting and disclosure conditions for candidates for Congress in the U.S.A. going back well beyond that period of time. A member of Congress for whom I worked in New York became interested in changing the law and I worked on an amendment for him in 1966.

57. Have any members of the group been involved in any fund raising or spending or political activities for parties?—A. (*Prof. Turner*) I have, as a low-level branch member of a party, but never with any real influence in the process. (*Dr Chaples*) Not in Australia.

(*Mr Watson*) I have been involved in the campaigns for a couple of independent candidates, including the fund raising activities, on that basis—not for formal parties.

58. You have been involved in fund raising and political activities for people?—A. Yes. (*Dr Chaples*) Also I have done some research as I wrote the chapter on political parties and we did involve ourselves in the United States party campaigns and party budgets, but it did not get written because we decided that the material was too thin at this stage to write on.

59. I propose to continue to traverse your submission, dealing first with the summary and then moving to some matters of particularity, and then to leave to other members of the Committee matters that they may wish to deal with. Dealing with paragraph 1 of your summary, what are the conditions applying in countries that have adopted public funding that do not apply in Australia? I am referring to the part which says there is growing concern in major parties about corruption, voluntary voting and so on?—A. (*Prof. Mayer*) I am not sure what you are asking.

60. In the first paragraph of the summary you mention that it is common in other countries to have substantial funding at the national, state and local levels?—A. Yes.

61. You have referred to West Germany, Sweden and the United States of America?—A. Yes.

62. What were the conditions that applied which created the schemes?—A. (*Prof. Turner*) One reason for its growth in the 1970's was inflation, particularly the inflation of costs of things like television. That has been a general reason throughout most of the countries where they looked at it, but there were also more specific reasons. Some of them were mentioned in passing. In the case of West Germany, for example, the constitution included provision that parties have to play a certain role in that disclosure must be brought in, so some of their scheme relates back to the historical experience of Nazism and worries about that type of thing, efforts to enshrine political parties in competition and real reporting and so on.

In Sweden one specific reason was the near collapse of the newspaper system and as it was tied so closely to the parties the government introduced subsidies in the first instance in order to assist the newspapers and it grew from that basis. This, I think, was true of Finland also. So there are slightly different problems in different countries. In West Germany—and I think to an extent in Sweden—they were worried about support from industry and wanted in some way to limit that. Part of their legislative burden was to reduce the strings that might be attached to that sort of giving. In other places, like Italy, the thing that was worrying people most was the general corruption of the system and particularly the way in which public corporations were being milked by parties in power for their party funds. Funding was a way to avoid that type of thing.

In America a series of problems—partly the Watergate type problem of corruption—had certainly aided some swing to the demand for public funding, but also the special problem they have that campaigning for presidential elections particularly is so lengthy and so drawn out that it becomes incredibly costly. Perhaps it is partly an American characteristic, but that helps to explain that characteristic. Perhaps the fact is that it is necessary to spend more to grab attention when the votes are voluntary. As has been said, you have to 'get the vote out'.

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63. But different conditions apply in this country where there is compulsory voting?—A. Yes.

64. You made reference to that earlier in your submission when you spoke about getting out the vote in the United States of America?—A. Yes.

65. Is the most important point about the situation in Australia that it is atypical of the rest of the world in that it has compulsory voting?—A. It does mean certainly that the indirect aids given to Australian parties are fairly substantial. They would be comparable with Britain.

66. Has your group attempted to quantify the value of that aid at the national or State level?—A. No. (*Prof. Mayer*) You could not do that. (*Prof. Turner*) There is a problem of measuring what the amount going out from governments is saving parties in various countries. One realizes that something is given out through the subsidy, but how can one quantify it? How does one quantify the amount in Holland, given by broadcasting and television time allowed to the parties? It may be substantial, but how does one quantify the amount of money a party receives through the registration of voters being done by the State rather than by party as it is in the United States of America? The Houghton report made an attempt to do that in Britain. It gave a figure of \$2 million a year that the parties might be saving in that way.

We are suggesting that even with indirect aids to our party system it still seems clear that the parties have not the finance to do the range of functions they should be doing and are generally expected to do. They must campaign in the ordinary short run electioneering sense. Because their money is spent almost exclusively on that they are inadequate in their performance of the other sort of functions—general long-term political education, community participation, political training of people inside the parties—that type of thing. That is my own major concern, to emphasize that the party system has a long-term wide range of functions—electioneering in the narrow sense is an important one of those and one that is not so openly paid for at the moment. But money is needed not only for that. For small parties it can be needed for that but for other parties it is needed much more for a wide range of functions.

67. We are talking about taxpayer funding for election campaigns. In view of the fact that taxpayers obviously have no idea what it costs them by way of the indirect funding that goes on in both federal and State elections, do you see justification for clear quantification of that and the amounts that may have been available indirectly in free air time and television time and the like and the provision of staff that is available to incumbents? Do you think it should be clearly indicated to the taxpayers how much it is really costing them to have their political parties in power?—A. I would like to see it done but it is a long and detailed exercise. It would not be easy to calculate how much is saved but I would be interested to see the research done.

68. Obviously, the whole situation favours the incumbents, whether in government or opposition, against those challenging?—A. Certainly it does at the moment, almost exclusively. We are hoping this will slightly reduce the favouring of incumbents, allowing the smaller parties to get a little more access to public support. (*Prof. Mayer*) Two major things exist in those countries which also exist in Australia and New South Wales. First, the increasing cost of electioneering and more important, or equally important, the constantly escalating costs which

make election participation by all parties much more difficult and give increased advantages to whatever government happens to be in power. The conditions under which parties compete are changing. The second point which seems equally important but cannot be quantified is the increased complexity and difficulty of government and governing in contemporary modern society so that the fairly relatively simple and crude functions of parties are facing constantly increasing costs. When parties were perceived as private their functions were similar but the complexity of those functions and the professional and technical equipment provided to fulfil them was not so costly. As with all things in nature the cost has been constantly increasing. These two points seem to apply equally to a major State such as New South Wales but I would not stress their importance in a State the size of Tasmania. After all given the population of this State and the complexity of government here these points hold quite strongly.

69. I am certain there are interested taxpayers who wish to become fully aware of what their costs would be to place people in government. They might develop a higher respect for their politicians, or, alternatively, might hold a different attitude at a time when they must face the ballot box. Each time it is a question of cost. A statement was made by a federal Minister, Mr McLeay, that the cost was something in the order of \$50 million. I have not the slightest idea as to how he arrived at that figure. Presume for the moment that it might be correct; if it were, and the voters were to understand that, they might take a quite different attitude and be much harsher in judgment of their politicians if they were aware of the indirect costs as well as the direct costs?—A. (*Dr Chaples*) I place myself on record as being in agreement with that. As an exercise it is a difficult one to quantify. If it is done correctly, it would be a real advantage and in time a different attitude could develop among the public. (*Prof. Mayer*) It would take a major job to do that. It would be really a full-time job over a long period of time.

70. I would like to move on to other matters but still deal with subparagraph 4. Reference is made to perennial themes. Do you reject the perennial themes stressed by opponents? And if so, why?—A. (*Prof. Mayer*) I think that what we generally say is that public funding is relatively a new theme. In speaking of perennial themes in other countries, in the work and study we have done we have not found anything to justify that. We have not found one perennial theme which we have found justified. In our scheme we have tried to avoid the risks of bureaucracy. Generally speaking, whether you look at the Houghton report or the German, Swedish or Canadian material, to make comparative studies, these general fears have not been realized. I do not think they are unreasonable fears to have, as such, but on the whole I think the evidence has not justified them. Let me put it more moderately and objectively, let me say they are not a necessary consequence of public funding.

71. Even though the Chairman picked up that fear in you with his question about disclosure?—A. All you are saying is that no scheme is perfect, and I will agree with that. (*Prof. Turner*) Many of these apprehensions are about things that could go wrong and in some sorts of schemes might go wrong. In many ways we sought to avoid these risks which are perhaps to do with increasing centralism. But one can build into a formula certain devices to check that, certain ways seeking to avoid these risks. It is necessary to be aware of the risks in order to avoid them.

72. Are there any additional apprehensions other than those you have referred to?—A. (*Mr Watson*) The list of apprehensions appears at page 5. (*Prof. Mayer*) On page 5 we have made a full list in the major submission. (*Mr Watson*) There is further comment dealing with those. (*Prof. Turner*) A few of those are ones which could become problems, for example total campaign spending could become irresponsibly high. If that did eventuate as a problem, although we do not think it is at the moment, you would have to draw attention to it and perhaps the government would have to adopt legislation and do something about ceilings. I do not think it is a major factor at the moment. At this time it is a problem of the floor rather than the ceiling.
73. In that paragraph you say you are impressed by three things, the first you deal with concerns the degree of public support. Do you regard public support as important?—A. (*Prof. Mayer*) Yes. Public support arises once a scheme exists. It must be seen to be working. If people have no experience about a matter—if you put an abstract proposition to the public of which they have no prior experience then most of them would say yes or no, but the answer would be uninformed.
74. A public survey conducted by the *Sydney Morning Herald* revealed that more than 70 per cent of people throughout Australia are, generally, in opposition to taxpayer funding.—A. But if you repeat the same poll in a year's time you would have a different figure. People's opinions on issues fluctuate up and down tremendously with time. The second point is that if you take public opinion polls upon material with which people are not familiar, Australians, being conservative people, tend to have deep seated opposition to anything new.
75. Studies have been taken overseas, both before and after?—A. I am not sure about that. (*Dr Chaples*) Certainly. First, on these questions one must be fairly careful. These are hypothetical questions, subject to manipulation. In Italy, where research has been done before and after, there has been virtually a total reversal from a position of roughly two-thirds being opposed to public funding to one where something over 60 per cent has been in favour after the operation of such a scheme for some time. In the United States—
76. I understood that in the United States of America it was an exact reversal and that there is declining support in Italy?—A. No. It is not the Italian experience.
77. CHAIRMAN: I do not want to interrupt but the terms of reference are not to inquire whether things ought to be done but, if they might be done, as to how they should be done. I do not want to spend a lot of the time of the Committee in discussion as to whether these things should be done.
78. Mr McDONALD: There has been significant reference made to the Houghton committee's report and recommendations in the United Kingdom. The Houghton committee was set up by the Labour Party in the United Kingdom to consider whether parties should be subsidized for elections. The witnesses have referred to the findings of the Houghton committee and it is on that approach I considered it relevant to Australia and, particularly, New South Wales.
79. CHAIRMAN: That would be relevant to our inquiry if we had to report on whether, but it is not one of our terms of reference. I cannot allow the question as to whether things should be done or should not. It is just what might be done with which we are concerned. It is not a matter of whether or not they are desirable.
80. Mr McDONALD: Whether or not there are any attitudes in oversea countries or studies that would indicate change of attitude, the Committee is not interested?
81. CHAIRMAN: We should deal with the terms of reference as given to us by Parliament.
82. Mr McDONALD: A submission has been made by this group. I was analysing that submission and drawing them out. The submission has been received. We have had much comment from the ad hoc group itself and, therefore, we seek the right to be able to question them as to the correctness or looseness of the submission they have made.
83. CHAIRMAN: I would ask you to restrain your question to the terms of reference given to us by Parliament.
84. Mr McDONALD: Then clearly this submission should not be received unless it identifies chapter by chapter with the fundamental points of the terms of reference. In view of the fact that the submission does not do that there is no alternative but to traverse it fully.
85. Mr FISCHER: Particularly as it is a question from the chair on the statement as a whole.
86. CHAIRMAN: You are attempting to deal with the submission that has been given to us.
87. Mr McDONALD: It is part and parcel of the submission.
88. CHAIRMAN: I ask you to contain your question to the terms of reference given to us by Parliament.
89. Mr McDONALD: Should New South Wales proceed with taxpayer funding or public funding of election campaigns and if there is not overall support in the State and, as an additional rider, if there is not unanimous major party support, what is your view?—A. (*Prof. Mayer*) Are we supposed to answer that or not? I am quite happy to answer it if you let me. My answer to question number one is yes, it should proceed; my answer to question number two is also yes, it should proceed. (*Prof. Turner*) My answer to that would be yes, it should proceed. But I would like to see much more effort made to inform the public of the issues. There has been some discussion but the parties need to do a great deal more to spell out the implications. The functions the parties are supposed to perform must be spelled out. This itself might permit the public to know, or might point out to the electorate how they are already supporting funding in indirect forms. This is not such a particularly novel idea. But to ask a poll where people have not been already given an idea of the implications, might only provide a meaningless answer. I would be happy to see an extensive discussion publicly so that the public might be informed and take an informed attitude. They could then be asked for their views because they would be interested in the issues.
90. Rather than having it forced on them?—A. I think at the moment, to ask them out of the blue when they have not considered the issue and no-one has attempted to educate them on the issue, will attract a response which is almost meaningless; it is likely to be a different response in a week's time.

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91. Should there be a referendum on the subject?—A. I do not think there should be a referendum on anything new that comes in, but I think there should be a campaign of explanation. You do not have to have a referendum to do that.

92. But it gives a fairer test than having surveys?—A. (*Prof. Mayer*) That depends on the questions in the referendum. (*Prof. Turner*) The issue ceases to be an issue. You have all sorts of red herrings dragged in, and that can cease to be a rational debate. I would be happier if public opinion was based upon some effort by the parties to show what is involved—and there has not been that so far.

(*Mr Watson*) When you have a political system such as ours you are selecting certain issues for referendum treatment. Most policy issues are not treated that way. Certain constitutions say that certain issues have to be treated as referendum issues. When there is significant opposition from one of the parties it demands a referendum from the people who are recommending action. I do not see any argument as to why this issue should be treated in a different way from any other policy issue before the Parliament. (*Prof. Mayer*) If there were a double referendum on the costs of compulsory voting and they were certified, and the savings of the taxpayers pointed out, and a double referendum on how much they are paying already, and they were shown how that would cancel this, they would be much happier.

93. That is an interesting thought. In an era of large swings, would the previous election be any guide as to how funds should be allocated three years later?—A. (*Prof. Turner*) Probably the best available guide. It does have a disadvantage and an advantage. It has the disadvantage that the party which won last time starts with an edge on its opponents. I have some sympathy with oppositions, I think that every effort should be made to ensure that oppositions get an even chance.

94. In some countries there is a suggestion that perhaps oppositions should get a disproportionately higher amount?—A. I would prefer that to be done in Parliament rather than at the level we are talking about. The role of Parliament is to provide opposition and there is the place for greater support facilities to be given to the opposition. I think this is an incentive to the party that lost last time to do a little better. I cannot think of any other way than to relate it to electoral success. If it turns out you were wrong, then the party that does not live up to the votes it expected to get will be penalized in the next election. So there is a kind of a pay-back situation.

If you were worried about this you could have the sort of pay-back scheme that the Germans have; if a party lost popularity and got more money originally than it was subsequently entitled to, it would have to pay it back when it did not deliver the goods in terms of votes. The party that got 48 per cent rather than 43 per cent would not necessarily do better in a campaign. It seems to me that the relationship between campaign spending and the number of votes is not that close. It is important that parties have an adequate amount to enable them to put their view, but having 2 per cent, 3 per cent or 4 per cent more than another party does not seem to be to be crucial to the major parties.

95. You make provision in relation to state-wide performance in relation to the Legislative Assembly; what about those allocations to parties that run a joint ticket? I am referring to your summary recommendation about the

provision of statewide performance in the Legislative Assembly. What happens for those that run on a joint ticket?—A. (*Dr Chaples*) They would be entitled to certain funds and it would be their responsibility to divide those funds between them. A requirement would be that they would have to jointly report to the people of New South Wales.

96. Professor Mayer, you made reference to the threshold of 2 per cent and you said it was not naturally set or God-given in your suggestion?—A. (*Prof. Mayer*) No threshold is.

97. Why have a threshold at all if one of the goals is to be equitable?—A. That is a very good question, because on the whole the fear of encouraging all kinds of racketeers and idiots is not totally unjustified. You get people who run for Parliament to advertise their business. A particular person ran in about eight or nine different constituencies last time. There are people like that who advertise their business. Something ought to be done about the taxpayers' money which is at stake and, subject to encouraging variety, a pluralism, you ought to have some kind of threshold limit. What that ought to be is a matter of opinion. I was surprised to find the German courts going down from 2½ to a half. I would like to see the judgment and find out on what grounds it did that.

98. I have not seen the judgment of that. But the situation in the Scandinavian countries is 2.5, in the United States it is 5 per cent and in Canada 15 per cent. So it is all terribly arbitrary?—A. (*Dr Chaples*) Yes. It depends on a serious electoral effort. It seems to me the provision of funds has to be based on electoral performance. We were obviously not trying to suggest a threshold that would encourage new groups and new ideas to be presented to the electorate. If one wanted to discourage that, one would increase the threshold.

99. It would not be equitable if one group got just below the threshold and another got just above it?—A. (*Prof. Mayer*) That is the nature of human life; there is always somebody below the line. (*Mr Watson*) The 2 per cent mark can be justified simply in terms of looking at what does tend to happen. You have three parties who succeed in getting people in; you have one party above the 2 per cent mark, at the moment the Democrats; you have a small handful of parties which attain round that mark and it is worth funding most of them, but not total no-hopers who are not going to get anywhere. But there are parties who persist around the 1 to 2 per cent over a number of elections and they ought to be part of a scheme like this. So if you set it at 5 per cent you knock out everybody except the three parties who are in the New South Wales Parliament, and probably the Democrats. That seems to me to be too narrow on the clearly empirical basis. There are other parties who ought to have a reasonable chance to get into the act too. (*Dr Chaples*) By setting a 2 per cent threshold you are not providing large funds; 2 per cent of the vote gets you \$250.

100. Did you consider at all whether the 6.25 per cent threshold level for the upper House might have been a more obvious figure to have chosen?—A. (*Prof. Mayer*) In that case, why have it at all? It would exclude everyone except the two major parties. That is not pluralist funding. I would be utterly opposed to that. We have tried to make it clear from the beginning that we are not here simply to shore up the major parties. (*Prof. Turner*) We have tended to emphasize the need for diversity of

dissemination of ideas, although we did not want to see a multiplicity of small parties getting into Parliament. But the funding mechanism has a fairly low level of threshold to not get into Parliament still. We felt pretty confident that a committee of parliamentarians would be well aware of the nuisance value of small groups, and we were anxious to point out the value of small groups.

(*Prof. Mayer*) In terms of funding in New South Wales, not in terms of representation in Parliament. They are quite distinct. (*Mr Watson*) We did discuss, but did not recommend, the possibility of tying the threshold for funding to the same percentage as loss of deposit. So you put a disincentive on people running provided they cannot get more than whatever it is, and then you put an incentive over that and you can tie these together. We did not recommend it, but it is a thought and a possibility.

101. Why would you not have suggested—and perhaps you did consider this—that there be a dollar for dollar incentive scheme so that if you raised an amount it would be matched equally by the taxpayers' funds? Did you look at that?—A. (*Dr Chaples*) That is another alternative. It seems to me probably not as simple and direct as the scheme involved here. (*Mr Watson*) It also puts the emphasis on something that we are not putting the emphasis on. We are putting the emphasis on funding on ability to attract votes, not ability to collect money for your campaign. We are funding people on their ability to do that critical function that they know they must do to gain the votes. (*Dr Chaples*) It creates a bureaucracy and a proliferation of bureaucracy. (*Prof. Mayer*) We tried to avoid that.

102. I wish to deal with one specific question about disclosure and return to that also. Why require a disclosure for those parties that do not accept public funding?—A. (*Mr Watson*) We require disclosure on contributions because we argue that elections are something of a public activity and the people have the right to know who is funding the people trying to win their votes. Also there is the whole question of the potential of corruption and peoples' confidence in political parties. Such concern is quite independent of public funding. There is a case for disclosure which is quite independent of the case for public funding. You could do one and not the other, as in America. We are supporting both. But the case for disclosure, particularly of income, relates to those sorts of concerns much more than to the case of public funding. It seems to me essential that if there is to be public funding that the parties should be obliged to report to the Government and to the public at large how they are spending public moneys given to them.

103. But if a group were to elect not to take up public funding, why should there be any mandatory disclosure? For example, I understand that presidential candidate Connolly has taken that stand?—A. (*Dr Chaples*) He has to adhere to all disclosure provisions of the law. When you are seeking votes and seeking funds you have a responsibility to the public; you have to let the public judge. That is another reason, when we were talking about disclosure, we would not put heavy investigatory machinery or heavy fines in the Act. Ultimately it is the public that judges the candidates and the parties. (*Prof. Mayer*) They must be able to know. (*Dr Chaples*) If you do not have disclosure provisions then the public cannot make an intelligent comment on that situation.

104. Professor Turner, in your supplementary comments this morning you said that your group sees no ceiling being required and you said you really rather

needed a floor. Why require any ceilings on spending if you have no ceiling?—A. (*Prof. Turner*) Reports on spending are to indicate who is doing the spending and who is supporting different groups. The point is that anybody standing for public office is engaged in a public act. It ceases to be a private association when you take part in public elections. What you are doing should be clearly seen. Apart from anything else, it is important in order to maintain confidence in the legitimacy of the whole operation.

105. You place tremendous burden on parties and candidates. In the United States they call it the Lawyers and Accountants Full Employment Act.—A. (*Prof. Mayer*) That is the very point of why our provisions are much simpler. (*Prof. Turner*) We are not saying that the total amount to be spent must be limited and therefore you have to keep track of everything, and have hassles over what are expenses. We are guarding against all the bureaucratic hassles and legal disputes that occur in the United States. By avoiding ceilings we will avoid most of the bureaucratic hassles. (*Prof. Mayer*) We are starting off with minimum control and opting for further controls if necessary.

106. Mr Watson in his supplementary comments with regard to the question of disclosure and reporting said that front organizations and pressure groups should not be required to disclose. We had front groups in 1972 and 1975. You feel that the consequential effects on campaigns by such groups and their effects on the political parties should not be reported upon?—A. (*Mr Watson*) Yes. A more recent case would be certain advertising in the last South Australian State election. We said this is an area which needs to be looked at very closely. There is a danger that people might start trying to channel money through other forms of expenditure in order to avoid maximum ceilings. If you have ceilings and reporting you face up to the problem of drawing lines about what constitutes election expenditure and what does not; whether certain sorts of advertisements in the newspaper are in favour of party X or party Y. There could be some argument whether the AMA campaign in New South Wales would constitute a campaign against the Labor Party or is merely a publicity campaign about a particular area. Given our tendency to try to avoid getting into hassles we have said to let us see whether it does proliferate and become a problem, in which case we may have to buy into it. (*Prof. Mayer*) Where we refer to front groups we refer to corporations and unions.

107. If a trade union group without reference to the ALP runs a campaign in support it opens up, either wilfully or otherwise, the whole problem of quantification, and whether one was seeking either legitimately or in an undercover way to obviate the requirements that may be laid out in the Act.—A. (*Dr Chaples*) Disclosure is a more important ingredient than reporting of expenditure because reporting of expenditure carries with it a lot of extra baggage that is difficult to enforce. We believe that if public moneys are used the reporting of how those moneys are spent is the requirement. The ultimate value of reporting spending is, first, a much more difficult creature that has to be looked at more carefully and, second, opens up a lot of problems that are just being touched on here. America has not solved the problems and proliferation of political action committees has occurred. It touches on the value of disclosure and what that provides in the way of public knowledge. It does not exclude public officials from reporting how public moneys are spent.

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108. Since it has been said we are not considering whether we are to have public funding, but that we are going to have it and therefore what conditions should apply, I ask what would stop one of the major parties utilizing one of their advertising agencies out of the State? —A. (*Prof. Turner*) There is nothing, but it is for the political party concerned to report the expenditure of its funds.

109. But if it did not expend money within the State how would it report it?—A. (*Mr Watson*) It would be strange if the Liberal Party ran its entire campaign out of New South Wales.

110. I did not say the Liberal Party. The costs of political parties are picked up at the present time by research groups and others and paid for by mythical sources out of the State for work done within the State. I know that to be a fact. If what is being proposed is to apply only in New South Wales, one could obviate the whole circumstance by getting support externally?—A. Other States would need to do the same thing.

111. Then we are talking about a national scheme in order to make it effective?—A. No. (*Prof. Mayer*) Under Federalism ideals take a long time to mature. (*Mr Watson*) They must report on the cost of buying time on the media, space in newspapers and how-to-vote cards. They have to report also from where their money came. If that money comes from a firm or union outside this State, obviously the State legislation cannot enforce that corporation to report a donor, but it obliges political parties in this State to report as a recipient. (*Dr Chaples*) I commend to the Committee the Scandinavian schemes, none of which require reporting at all. The public grants are made as grants and it is up to the internal mechanism of the party to determine whether its expenditure have been properly determined. That is one aspect I find personally attractive.

112. I refer to the proposed research institute. Is there any reason why that should be established now, irrespective of whether we are to have taxpayer funding?—A. (*Prof. Mayer*) I do not see any reason. (*Prof. Turner*) It is an additional proposal rather than part of the proposal. (*Mr Watson*) One aspect is to encourage long-term campaigning by encouraging research to be over the three-year period. It is not entirely a separate proposal. (*Prof. Mayer*) You could do it without this legislation.

113. Do you think public cynicism about spending of political parties, whether it be the amount of \$2.3 million or more would be greater than if spending it on such noble areas as Meals on Wheel?—A. (*Prof. Mayer*) It depends how you put it. If you put it in the way that the *Sydney Morning Herald* put it, and we put it also in part, on the basis of a normal election sum of 25c a year per voter that would not attract cynicism, but if you talk about \$2.3 million it might. People have no idea of how much government costs. It is portion of the budget and portion of what taxpayer pay. I refer also to the average expenditure on gambling. The sum of 25c, which is per year, would not buy even a packet of cigarettes.

114. Would you see this proposal opened up also to local government?—A. We have not discussed that. Personally I would not like that. (*Prof. Turner*) The Houghton report envisaged that. The difference here is that local government has not the same range of functions.

115. You make no reference to periods of Parliament. Do you feel that the imposition of public funding may

well encourage elections to be more frequent than every three years?—A. (*Prof. Turner*) Firstly I doubt that. In most Parliaments there is a fairly strong no-new-election group. Even though this public money is available, it is not intended for this three weeks period. I do not think it would make a serious difference to the frequency of elections. If it turned out that it did and there was a never-ending series of elections—although I cannot imagine why—one would perhaps have to introduce some sort of scheme which involved making a certain amount of money available each year. We assume that the length of Parliament will be the normal three years. If that did not happen and it became an annual event, that is a different ball game and scheme. I cannot see why that would happen.

116. The leaders of both major parties have indicated that they would prefer to have an election every four years. Might a condition be put in to satisfy the public that we will go to four years and have this public funding?—A. (*Prof. Turner*) I have no great objections to a four years' period; I have no strong objection.

117. I appreciate that that is not one of the terms of reference. I want to go back to a point touched on by Prof. Turner regarding the allocation of funds to parties. You said it might be an annual basis. The strategic planning about which you talk appeals to me as a principle. In appendix A there is a figure of \$875,000 concerning the Labor Party. When would that be drawn down? Do you draw that down before or after the elections?—A. In a lump sum at that time when the Parliament is dissolved.

118. Prof. Turner said in his opening comments that campaigning should be on the long-term and be a patient process. If you draw down that sort of money on the top when an election is called in 1981, it does not achieve that at all, does it?—A. Yes it does because there are annual and election budgets to which every political party has to face up. If a party knows that a certain amount is to be available when the election is declared in order to meet a certain percentage of its election expenditure, it is much easier to budget for these ongoing functions. We would hope that party finance and management could be much more considered. We do not want a scheme that provides for all election expenses or party expenses; we want a scheme that provides a floor so major election groups can put on a reasonable campaign for the public. We want parties to continue to raise money, to continue to get subscriptions from individual members and contributors, so long as it is public knowledge. We want them to plan for the best use of the party organization and machinery.

119. Would you explain to me your retroactive provision. When do they get it, if they have not improved their position?—A. They will not have been eligible.

120. They do not get it until three years down the track?—A. They get it within ninety days after the election. As soon as the election is over and they have won the 2 per cent threshold, they then become eligible. (*Prof. Mayer*) And they file all their material.

121. What would happen, in your view, if two existing parties merged?—A. That is a good point.

122. Do they become a new party and then at the time only get two-thirds and your retroactive provisions apply, or would they get the aggregate?—A. One of the things we have not fully explored, because none of us is a trained lawyer, is to what extent there would have to be registra-

tion of parties, party names and so on. In one of the schemes, I think it was in Sweden, there are provisions for parties merging and splitting. (*Prof. Turner*) I would imagine parties splitting would be a bigger problem. A commonsense answer might be the two parties taking what they are entitled to by seats won at the last election.

(*Prof. Mayer*) In Germany the constitution declares parties officially to be organs which help to form the will of the people; we are arguing constantly that this is the de facto position in countries like Australia. The terms I have used are quasi-public institutions—not public and not private.

(*Dr Chaples*) It seems to me this is a problem for solicitors and courts. My own position is I take a tough stand on it. If new parties are formed and split and they have to be treated as a new party, they would not be eligible. If one of the major parties split and it could not be determined in the court that either of them really could lay claim to the standard of the party in the previous election, all the candidates should be treated as individual candidates and should only become eligible under the retroactive provisions. Any candidate who is not eligible as a member of a registered political party is still eligible as a registered political candidate.

(*Mr Watson*) The question of legal status of parties is one we have all ducked. Even though we wrote them into the federal constitution, that was done without worrying too much about the legal technicalities. (*Prof. Turner*) The German Act does attempt to define parties and their roles, but we thought it wise not to try and get into this but to leave it alone.

123. We have got away without having public funding and it might be well to leave that alone?—A. (*Prof. Mayer*) Some things ought to change and other things ought not to change.

(Professor Turner was excused from further attendance.)

(Luncheon adjournment.)

On resumption:

124. Mr McDONALD: I turn now to the main submission. In paragraph 1.1 you make reference to the bipartisan majority in congress enacting public funding in the United States of America and its being signed into law by a Republican President. Do you regard the principle of bipartisan support as important?—A. (*Dr Chaples*) I think it is very useful.

125. What was the structure of the parties at the time when that was brought into effect in the United States of America? Did not a Democrat national chairman insist on its being brought in because his party was heavily in debt? You suggest that a Republican President was forced to sign it.—A. I really think it is fair to say that in America in the post Watergate era there was serious interest in the plight of both parties in trying to get around some of the problems—

126. Excuse me, but was not this legislation introduced before Watergate?—A. The scheme was introduced by Senator Long, a Democrat senator from Louisiana, but it was not implemented until after Watergate. The legislation that is on the books today was implemented in the post Watergate era.

127. Was it not a rider to the President's tax reform bill and he agreed to sign it and set it aside until the next election?—A. Yes, but the rider had been approved with substantial Republican support in both the House of Representatives and the United States Senate.

128. Also in that paragraph of the submission you refer to the desire to equalize more fully political opportunities among parties and candidates. *Washington Post* columnist, David Broader has suggested that challengers should be subsidized more generously so that their opportunities can be equalized with the advantages of incumbency. Do you think there is any merit in such a proposal?—A. (*Prof. Mayer*) If the principle of more for the weaker is to apply, then of course it would apply even more for minor parties and independent candidates. They would have to get even more money than major candidates and against both major parties. If it were done consistently, not simply applied to a minority party, it would be possibly something worth examining. I should like to have notice of that question.

129. Would you agree that the government of the day has tremendous electoral advantages in that it sets the political agenda, the times, the benefits and so on? If it is important to equalize opportunities—whether it be for minor parties or independents—should not higher subsidies be given to oppositions?—A. I do not think in political life or in normal life you can equalize all opportunities. I think to expect a government of any kind to subsidize the major opposition more than itself is a somewhat idealistic stance that I do not see being realized in Australian political life.

130. Dealing with the question of disclosure, would you agree that disclosure of contributions increases the advantages of being in government? As an example, contributors may fear government reprisals and thus be discouraged from contributing to oppositions?—A. (*Mr Watson*) I do not think so, no. Governments surely know now who funds their own party or have some reasonably good idea about where in the community their support comes from. If governments wish to take reprisals on that basis they can do so already. The assumption that parties will stop funding or that there will be reprisals of that sort because party X or union organization X funds another party is an assumption that I do not think has been fulfilled in practice.

131. You say governments, but I can assure you that it does not apply to the Liberal Party parliamentary room at State or federal levels. There is a fundamental presumption on your part that that does apply. I can assure you that it does not apply—A. That is an argument I cannot get into. I obviously have to take your word for it. But I think the point remains that it would be an illusion to suggest that the Liberal Party is not broadly aware of the sector of the community and the sort of people within the community that are sympathetic to its political position and fund it; just as the Labor Party is broadly aware of the areas within the community from which it gets its support. It may not be aware that organization X has given so many thousand dollars, but you will be aware of members of particular organizations, the people who are on various parts of the organization. I think it is an illusion to pretend that that is a secret to leaders of the Liberal Party, as it is an illusion to pretend that it is a secret to the leaders of the Labor Party.

132. I turn to paragraph 1.2 dealing with costs. In the second line you suggested that electoral victory may be bought rather than earned. Can you give an example in

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Australia where electoral victory has been bought rather than earned?—A. Let me explain that statement as I understand it. I did not actually write it. What it means is simply this, that if money for election campaigns is worth anything—if it is worth spending \$1 million, it is based on the presumption that spending that \$1 million will get some return in terms of votes, not by handing it over to people at the bar of the local pub but in terms of campaigns. Parties regarded as important that they can get X thousand dollars in order to spend it. They regard the spending of large sums of money on media campaigns as being worth while as an investment, getting votes in return. That is what we meant by saying victory was bought rather than earned.

(Prof. Mayer) It is connected with the first line referring to the dramatic rise in the cost of modern campaign techniques. The buying refers to the increased necessity, even at the State level, to have access to electronic media, with costs constantly escalating. We are not suggesting that it is being bought directly. When we say it is being bought, the resources are becoming more crucial. It is more expensive to conduct campaigns, for the letter-box distribution and printing media are no longer adequate. I expect myself that with the increased sponsorship on coming ethnic radio, both parties will be compelled to try to take time on that and the costs are constantly escalating.

133. That is probably one of the reasons for your almost across-the-board approach to the split between statewide funds and individual candidates receiving funds and Dr Chaples said country areas may well need a higher level of funding because of distance. But in city areas probably in many cases there will be less access to television and radio than in country areas, for advertising in the country costs less than it does in the city. There are a whole host of problems that have been uncovered in the United States of America.—A. But some of these problems are problems of government, government funding. Our view is precisely because we wanted to keep the control of bureaucracy at the minimum that internal cost subsidies are a matter for parties to be fought in the party room.

134. That takes me to the next point. We have talked about adequate minimal financial support. Cannot that be provided without introducing bureaucratic control?—A. We have spoken at great length about that on page 3. It refers to the inadequacy of the usual sources and talks about stacking the cards in favour of parties with the wealthiest supporters. On the whole, what has happened is that we believe the effort needed to provide even minimal support is no longer possible because the minimal portion itself is not even sufficient. That is the important point. In terms of time, effort and money there must be a better way. There is no way I can think of in which it is possible to do this. Logically, I myself would prefer this to be done at private initiative, but it is not possible. My personal preference would be to let citizens take care of it. I think all the evidence goes to show that it is not possible and not feasible to do that.

135. Taking another section of that paragraph where you make reference to private funding and mention tax concessions, is not that a better way of providing funding because it would determine that those who deserve it would get the contribution?—A. I think you will remember that that was dealt with in some detail under the German scheme. There have been one or two oversea countries, and I think Germany may have been included, where this was dealt with in detail. A tax concession scheme was worked out and that moved into direct public funding. (Dr Chaples) It was the same in America where tax

credits were provided but they were really only available to those people who really pay enough taxes to make that sort of scheme desirable. (Mr Watson) And it still leaves a high factor of parties who have wealthy supporters getting the most reasonable prospects of government. (Dr Chaples) The really critical thing in our scheme is the point of what I may call returns. A party, in order to present its case to the electorate, has to have enough money to reach the point of making returns. That is the minimum point at which the public provide them with a reasonable campaign. Our contention is that in several cases in modern times all serious candidates have not had the opportunity to put their case. The people of New South Wales and Australia are reaching the point where during the 1970's we were approaching the basis of campaigning at that level, where all serious candidates were not able to put their cases properly before the public.

136. You have used the phrase that serious parties or candidates could have lost the chance to be heard but what examples can you give us in Australia, in any election, where this has happened?—A. It seems to me that the size and the deficit and the requirement for raising funds under emergency circumstances has occurred in both the State and federal sphere in the 1970's, given the number of elections that have been held, and their cost. That is a good indication that it may well be that serious parties have not been adequately heard, and, if they had been, this would have reflected in a different level of the voting.

137. You have not given one specific example at all. If there are any, would you enumerate them? Could it be that it was due to political ineptitude?—A. It is on the basis of having very limited funds to conduct a campaign and in the case of modern campaigning where there is considerable increase in costs of campaigning then, in recurrent circumstances, that problem can be only increased. (Prof. Mayer) May I supplement that? I will say that as campaigns of parties become more difficult and more complicated what was a reasonable effort once to raise money, perhaps 15 or 10 years ago, now becomes a constant preoccupation which diminishes and cuts away from any elective prospects. It diminishes more, so that within the major parties policy discussion takes place upon subjects not directly concerned with the immediate election but with raising funds to fight the election. You are chasing the mighty dollar. Other functions considered to be crucial are diminishing also. To say that they are in danger is perhaps a wrong word but they are being generally weakened. We are concerned with the serious long-range dangers. They are potential dangers to the whole democratic system.

138. Do any of the members of the group have any knowledge as to the size of membership of most political parties in Australia, both nationally and at state level? I am not speaking of parliamentary members.—A. I realize that. I would not take the membership numbers offered by any party as the official numbers to be correct. I would not take them seriously.

139. CHAIRMAN: In any event, that question is irrelevant to the terms of reference of this inquiry. Since lunch, Mr McDonald, your questioning appears to be directed again as to whether public funding is desirable or not. Our terms of reference do not include that section and although the submission given to us does cover a wide range of things that do, in some degree, refer to whether it is desirable or not, that is outside the terms of reference of this Committee. In view of the length of time that this Committee has listened to questions and answers coming from you and answered by the witnesses, I feel I

must now direct you to apply your further questions to the actual terms of reference of the Committee.

140. Mr McDONALD: With respect, I come back to my point I made before lunch. The fact is that we have had considerable additional input from members of the academic group and lengthy questions were put by yourself. We are left with no alternative except to traverse the submission in full. I was not asking whether the system is desirable but the point was being made that serious parties do not get a chance to be heard and, as a consequence, no details were given of that charge. It was an extremely loose statement. No reference was made to any parties in that situation. It is not a question as to whether it is desirable to have the system but, rather, a quantification as to whether individual support is important to membership, because membership of political parties often provides major funding.

141. CHAIRMAN: That is not part of the terms of reference of this Committee. The inquiry has to do with other aspects.

142. Mr McDONALD: Parties have to be actually funded and they have been funded in past election campaigns as a result of their membership and through additional memberships.

143. CHAIRMAN: It has nothing to do with the terms of reference of this inquiry which are quite lengthy. I am sure you are aware of them.

144. Mr McDONALD: I am well aware of them.

145. CHAIRMAN: I ask you to direct your further questions to the terms of reference.

146. Mr McDONALD: That means I am restricted from asking any specific question in relation to other aspects of this submission of the academic pluralist funding group?

147. CHAIRMAN: I have given my direction.

148. Mr McDONALD: Under paragraph 1.3, dealing with vital functions, do you regard voluntary participation as a vital function of political parties?

149. CHAIRMAN: That has nothing to do with the terms of reference.

150. Mr McDONALD: I beg your pardon but it seems that the point as to whether you have a voluntary scheme or compulsory scheme comes within the terms.

151. Mr FISCHER: I agree.

152. Mr McDONALD: It is an argument as to whether it is voluntarism or whether it is state aid. Certainly, state aid is a central part of the reference of this submission and, indeed, the central point of the whole of the terms of reference of this Committee.

153. CHAIRMAN: The terms of reference make no reference whatever to voluntary schemes. We are asked to inquire into and make recommendations upon the introduction of a system involving public funding of election campaigns. Having regard to points A, B, C, D, E and F, I am sure that to read them to you again would occupy considerable time but it can be done.

154. Mr McDONALD: I am grossly disappointed with your ruling. I do not think it sets a great standard for the conduct for the rest of the inquiry and the way in which we are going to consider the rest of this submission.

155. CHAIRMAN: I do not think you have been setting a high standard by your questioning. For a great length of time you have been questioning the witnesses on matters not within terms of reference.

156. Mr McDONALD: I seek to continue to examine the witnesses in light of the fact that if you cannot talk in terms of voluntarism at least there must be a comparison of the circumstances relating to Australia and those relating to other countries so that attempts can be made to draw out the different circumstances operating in this country. Particularly do I have in mind what is set out under paragraph 2.4 where mention is made of compulsory voting. There are many such aspects relating to that.

157. CHAIRMAN: You may ask questions only within the terms of reference of the inquiry.

158. Mr LANGE: On a point of law there is no doubt in my mind that the question of party membership is relevant to the terms of reference C. Obviously that covers membership subscriptions and the size of those subscriptions. The numbers of members of political parties would have a direct bearing on any recommendation we might make concerning reference C.

159. CHAIRMAN: I do not concede that point. I uphold my ruling.

160. Mr McDONALD: I should like to ask a question as to whether the academics might agree that public funding might discourage membership of political parties in the long run.

161. Mr ANDERSON: You have made your submission and the chairman has ruled against you. We have all read the terms of reference.

162. Mr McDONALD: So have I.

163. Mr ANDERSON: I do not think you have, with respect, or you would not have asked the questions you have put.

164. Mr McDONALD: At paragraph 2.3 you say that secrecy breeds suspicion. Could not disclosure breed more suspicion? Would not many journalists and academics try to draw unjustified links between policy decisions and known contributions?—A. (*Dr Chaples*) No contributions?

165. Known?—A. I think there is no doubt that we ought all to be above board about this. Some people who make contributions to the campaigns of political parties at this time would not do so if their contributions were going to be public knowledge, I would suggest, and anyone who finds himself in such a position is going to find himself in a much better position if the parties are funded in such a way that the contributions are not made known. (*Mr Watson*) It is perhaps true to say that no organization or individual is going to fund a political party whose likely policies, if they were in government, would be detrimental to themselves. We seem to be acting continually on the assumption that particular organizations continue to fund particular parties because of some altruism. They do not do that. It needs to be

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recognized that there is a connection between their interests broadly and the policies of one or other of the various parties. (*Prof. Mayer*) I would like to add to that; I quite agree with that comment. Of course, some people are very cautious on both sides of politics.

166. Perhaps the academics are aware of what was known as the enemies list in the United States of America? —A. Of Nixon? Yes, I have heard of that.

167. That was achieved as a result of the availability of disclosure?—A. I do not think so. (*Dr Chaples*) The motivating factor for the people on the enemies list was that they were not there because of what they gave but because of what they had done.

168. Mr CAVALIER: Perhaps that is why Joe Namath was on it?—A. (*Prof. Mayer*) They were people who were largely opposed to him. (*Mr Watson*) There were also journalists who asked embarrassing questions. (*Prof. Mayer*) The same as some people do not like having Anne Summers on the aeroplane. Those people were there all the time.

169. Mr McDONALD: May I ask a question about the election research institute? I know that it has nothing to do with the terms of reference.

170. Mr FISCHER: A question was asked this morning which created a precedent for that.

171. CHAIRMAN: It is within the terms of reference.

172. Prof. MAYER: Might I comment on this. Since one of the functions of the proposed institute would be the monitoring of legislation whose total effect cannot be predicted with certainty at this time, and specific aspects for which sufficient experience does not exist, such as the question of by-elections, the setting up of such an institute would come within the general terms of reference.

173. CHAIRMAN: As I say, it is within the terms of reference.

174. Mr McDONALD: You list three functions of the electoral research institute. They are the political funding of party research efforts; the sponsorship of research projects which explore alternative courses of action on policy questions; and, thirdly, the encouragement of a public dialogue on election-related questions and issues; and, finally, the communication of such research to relevant groups and individuals on a non-partisan basis. With regard to the first two of those, could you explain to me how you could have, in an objective way and a non-party way, party research efforts and also with regard to analysing policy questions? That is because of secrecy provisions and the like. How would such an institute be able to function?—

A. (*Dr Chaples*) It seems quite simple that what needs to be available is the results of research so that the public dialogue can be broadened. Obviously, the research that will be undertaken under such provisions would be largely partisan and sponsored by political parties. It would be directed towards providing better policies and better alternatives in government for parties seeking public office. The one requirement we make here is that it is in the public interests that the information that comes out of such efforts is made available to all interested citizens and to all potential candidates. But party directed research is aimed at providing programmes, more informed candidates and better dialogue with the electorate.

(*Prof. Mayer*) Assuming there were funds available, of course you would get a number of applications for research where the line between plain ordinary political organizing and funding, which is in some way oriented to or connected with the party in the public interest, is difficult to draw. We all accept that. But that does not seem to be an obstacle which is sufficiently serious to affect the scheme. It will not be an easy thing to run. Constantly there will be some tension between becoming merely the creature of the parties on the one hand and the merely academic on the other; and since it is conceived from the beginning as something which is neither merely academic nor purely a party creature, it will live, I think, in a state of tension, which I think is a healthy tension. I think it is important that there should be some regular linkage between the more detached modes of analysis, which I hope we can do, and the ordinary party activities.

On the other hand there is a tremendous gap, for a number of historical reasons, as to reasonably well thought out research by parties and others, especially in State politics in New South Wales, which is a particularly great weakness. Even if you include, as one aspect, a partisan motive I can see in time, given some reasonable effort here, improvement which I think hopefully would be not improvement of a single party but an improvement of the party system. So the thing as it is conceived, it is trying to marry the interests and party motive, which must be present in politics, with something different or higher or more detached.

175. Would you not like to see something like a Brookings Institute?—A. Yes, I would love to see two major think-tanks, something like the American enterprise institute for policy research, which produces excellent, well-thought out conservative material. On the left you would have a number of possibilities.

176. Who funds those groups, the enterprise institute and the other groups you refer to?—A. (*Dr Chaples*) They receive funds from a wide variety of sources, some public and some private.

177. They do not come from a take-off from the State? —A. No. Both of them are eligible for government grants and in fact receive substantial grants. What we want is that the management of the electoral research institute be non-partisan. We do not want the research of the institute to be non-partisan; we think it is terribly important that the management of the research institute be non-partisan, service oriented and not under government control.

178. I want to ask one short question before I go on to ratbags and no hoppers. This is 6.2 where you say "We would also support a related reform that increased the number of nominating signatures needed to qualify for election to State Parliament to 100 signatures". What is the reason for that?—A. (*Prof. Mayer*) To be quite honest, what happened there was that originally we had a long discussion as to whether we should put in a bonding system. For a number of reasons, we decided not to. I was in favour of bonding and my colleague convinced me that it should not be done. I think it is true to say that we put it in as a saver. I think Mr Watson covered it. I think you only need six signatures in New South Wales. We thought this was rather low and this was a saver, and of not great importance. If you want to cut down on peculiar candidates you can do it without a bonding system on the number of signatures only.

(*Mr Watson*) It relates to what we were saying before lunch about two per cent, tying that to a loss of deposit.

There is no point in madly encouraging people who are going to get fifteen votes and that is all. But, on the other hand, we want to encourage people who, though small, could make a reasonable contribution. There is some threshold there. It may be a way of discouraging the no-hopers to say they should get a number of people, at least, say, 100 nominators to demonstrate a basis for views based on support rather than money, and tie it to that.

179. I take you to chapter 7, Ratbags, Extremists and No Hoppers. In 7.2 you are dealing with frivolous candidates. This is rather picked up in 7.3. Would there not be a large number of fringe groups, such as the Marihuana Party and Life style groups who would wish to attract publicity by running and thereby trying to gain legitimacy for their ideas?—A. (*Prof. Mayer*) But they would not under our scheme. What chance have they of gaining two per cent?

180. I do not know The Marihuana Party is capable of raising a large amount of money?—A. It got .91 per cent last time.

181. Then, of course, you have the Communist Party. Your argument applies there, too, does it?—A. The argument is in the specific terms of reference, the specific terms of reference to look for small parties and independent candidates. The point is that I was mainly concerned not so much with small parties which you might disapprove of; the distinction has been made where you are supporting a system of variety and diversity of ideas as such, and at the same time you have quite clearly to do that through supporting particular organizations in some way whom we disapprove of. We find the general notion of supporting a spectrum of new ideas to be more important than, possibly, a party which I personally might dislike getting a few dollars. That is the answer to that.

On the general question of people supporting parties with taxpayers' money, which parties disapprove of, of course it will happen. It is a fact of life that in Australia at present, in our democracies people constantly get taxed for things that they do not approve of, whether it is war, abortion, State aid, the list is endless. I am not aware of any system of government which enables people to opt out of things that they do not approve of.

182. How is the government of the day to decide who is frivolous and who is not?—A. (*Mr Watson*) By the two per cent. (*Prof. Mayer*) By percentage. The government does not decide.

183. Why do you choose 7.3 (a), the top of your four alternatives. As you have perhaps rather cynically and experimentally said, if it is close you raise the threshold?—A. The choice of the threshold, as I explained this morning—you call it arbitrary—we say that it is not arbitrary in that sense. We can look at the system; we pick a number from that, and I am saying there is no empirical basis of picking that particular one. It seemed to me that the threshold of two per cent is rather low. We do not think that the rush of people trying to get at the public trough will occur. If it does occur, it will occur only once, and they will get their fingers burnt. Most will get no funding at all. But if, contrary to our expectations, this flood of people and organizations did occur, it would be a quite reasonable thing to say "Okay, we made a mistake; we have too many of such people; let us raise it from two per cent to two and a half per cent or three per cent." As the figure is not God-given, it can be looked at and reviewed afterwards. (*Dr Chaples*) This is very easy to understand. Voters can understand

it, potential parties and election groups can understand it. One does not get it caught up in a bureaucratic machinery in order to determine eligibility.

184. I turn to my final question on disclosure. Why suggest a \$100 limit? Would this imply to the three academics that a politician or party could be influenced by such a sum?—A. (*Mr Watson*) Again, with the actual numerical sum it is, as always, an arbitrary decision as to where to draw the line. We took the view that anything above that becomes a substantive contribution and anything below that could not tie into arguments about even membership fees. But you start getting down into small contributions and moneys from barbecues and so on. It may be arguable it should be a bit higher. There comes a point at which the contribution becomes substantive and where people should know where it is coming from. The sum of \$100 in any given party for an election seems to me to be quite a reasonable sum of money to be given to a political party and therefore should be a matter of public record.

185. Would you concede that the limit of \$100 might have an overall effect of forcing contributions down and therefore making conventional fund-raising by the parties more cumbersome and expensive?—A. We have said in our submission that this seems not to be the experience of other countries that have adopted these sorts of regulations. (*Prof. Mayer*) The Houghton people looked at this question, and it had not happened.

186. On the question of contribution in kind, how do you put a value on entertainers giving support and that sort of thing?—A. (*Mr Watson*) It is very difficult and why we kept saying that we did not buy into the question of maximum was because of the problems of costing those sorts of things. We want to encourage people to put things on record. It becomes very difficult to enforce the law and say this is not reported, but it becomes important to know if an entertainer gives service of that sort—it is a matter of public record anyhow that they have performed at a particular function such as an election rally or something like that. A lot of those things need not be spelled out but it ought to be there. When it is in the form of money we have specified that it be by cheque so that it can be traced by auditors and other people.

187. Have you considered the general question of freedom and privacy of association in relation to this whole question of contributions and disclosure?—A. Yes, we have again spelled out through the submission that privacy and freedom in that sense are important. But an election, political parties and that sort of activity is one public matter which has clear public consequences and although the principle of privacy, which is most important, might be there, public concern and right is an overriding principle in our view. There are clear dangers of secrecy, of privacy in this area with potential for corruption and undue influence. In other countries, however unreal it may be here, it is sufficiently serious for the operation of a proper and genuine democracy that one principle, in this case, disclosure, must override the other principle.

188. Should disclosure apply to party members? Should a person be compelled to reveal his group association?—A. No, again it is a difficult line to draw, but we have not asked for the disclosure of normal party records including income and expenses of running every day administration. Our submission relates to campaign expenditure and election spending, not to day to day running or membership or the cost of running head office, but to the cost of an election campaign and activities that are quite

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clearly related to that. Always, there is a fine line; we recognize that, but parties manage to cope with it now. They have election campaign funds, budgets for it, reports to the party executive from their campaign committees about income, how it was expended and so on. They have a notion, we do not think it is an indisputable notion, but it is an operational thing.

189. Mr CAVALIER: I ask a question of all of you. What involvement have you each had in research into and/or organizing research into elections and the campaigns of the major or minor political parties?—A. (Prof. Mayer) My research has been basically in teaching the subject Australian Government, having seminars on this and writing. For example, I have written an article on party funds which appears in a book called *Labor to Power*. It has been a general academic involvement. I have not been involved as Dr Chaples has with details of party funding before, except in a general way.

(Dr Chaples) My experience and interests really go back to the time I was legislative assistant in the American Congress, in the United States Senate and the House of Representatives, and was involved in helping my member raise funds and get re-elected, and also deal with the need to vote on laws that were going to change legislation involving disclosure of public funding of elections in the American Congress. My interests go back to that time. I published a couple of articles at that time. Since coming to live in Australia in 1974, I have become interested in making comparisons with the Australian situation and other European countries. I teach Australian politics and I also face having to teach students about these kinds of questions. It is an ongoing research interest of mine.

(Mr Watson) My answer, with the exception of the reference to the particular chapter in the book, would be much the same as Prof. Mayer. I have taught Australian politics for the past ten years, particularly institutional parties, election material, parliaments and I have a general interest in this sort of thing. I have owned a report on Canadian elections since it came out in 1966 or 1967. By that process one can date one's interest.

(Prof. Mayer) My interest has been indirect because I am particularly interested in the mass media but I have been concerned with the question of funding due to the escalating costs.

190. Dr Chaples, what years did you work in the United States Congress?—A. (Dr Chaples) I was there in 1966, 1967 and into early 1968.

191. The Bill you worked on was in 1966?—A. Yes.

192. What problems did that Bill attempt to solve?—A. It attempted to solve a lot of the problems we are dealing with here, about detailed legislation involving disclosure, the creation of candidate committees, the creation of front organizations to make it easy for the public to know or make it more difficult for political parties and candidates to pursue their basic election purpose. For many years in the United States there has been a conflict between an ever-increasing desire for more control and more information, and a tendency to recognize that greater bureaucracies create more jobs for people who are responsible for supervising the very complicated machinery that can be put in place for this kind of legislation.

193. Briefly, what was the response to the Bill and its ultimate fate?—A. The response to the legislation was that the amendment my member sponsored was defeated

on the floor of the House of Representatives by about 50 votes out of 400-odd votes cast. The Johnson administration initiative which provided a more complicated mechanism was put in its place and has been revised a couple of times since. This morning Prof. Turner talked about what came out of the Canadian research and an ever-increasing realization that the tack that the American federal system has taken, making more specific limits and administrative machinery available to check up on parties and candidates in elections, has been the wrong tack, that the earlier American experience depending more on a free press and upon a public information system to examine the propriety of contributors and potential influence was probably more successful.

194. Since that time have you had the opportunity to compare by first hand witnessing an election publicly funded, and an election that was not? What was your impression of the differences?—A. I have been in Australia since the legislation for presidential elections has been in force so I have no more information about the American events since 1976. But I lived in the State of Maryland where we had public funding of elections as a result of scandals involving Governors Mandel and Agnew dating back to an earlier period of time. It was obvious that public financing of elections did certain things there. It tended to lead to a reduction in people's suspicions about corruption amongst politicians, an increase in political alienation that was prevalent in the United States in the early and mid 1970's. The most important thing it did, and this can be demonstrated, was to increase small contributors and reduce the dependence of political parties and candidates on a small proportion of large contributors, which is a very useful and desirable goal. Also, it contributed to something about which we talked this morning; it contributed to a reduction—and this was demonstrable in terms of political research done at the Bureau of Government Research, University of Maryland—in the response the public seemed to have towards the involvement of the state in election financing.

195. Would you be able to supply the Committee with the empirical research to which you have referred?—A. Yes, I am sure I would.

196. Mr CAVALIER: With the leave of the Committee, perhaps that could be incorporated subsequently in the record, if it is of relevance.

197. CHAIRMAN: I doubt that.

198. Mr CAVALIER: Mr Watson, do you believe that the disclosure laws in various nations have prevented donations that might have otherwise been intended to purchase a favour?—A. (Mr Watson) That is an impossible question to answer. It would be impossible to know whether somebody has not given money they might have otherwise given. If that sort of money was being given and is no longer being given in that form, that is a good thing. If it is given as a form of general support and people are happy about the political party and their support, they should have no qualms about making it a matter of public record, if there is nothing shameful about an activity that has to be hidden.

199. I refer to appendix B and to the general point of distributing funds to local constituencies on the basis of the previous election. Is there not a danger that the funds will be distributed most to those seats that need it least?—A. (Prof. Mayer) There may well be a danger. Personally I have considerable sympathy for the point made by members of the Committee from both parties about

the inequality between seats, rural, urban, safe and non-safe. However, I think that is something the State should not get into, at least not in the first instance, and it is something that has to be fought out within the party. It does not seem to be a matter for government involvement at all. If something disastrous happens, then it should be looked at again. I would resist making further complications. Part of the foundation of the scheme is that I would hope that electors, after some time, will understand the basis of it if it is fairly simple.

There is a danger but I think it is a small danger in that this could serve as a mechanism to ensure local party organizations did in fact act more responsibly. It may be the ALP does not need to spend \$4,784 to contest Waverley in the next election and it wants to spend \$2,500 of that on a central campaign or a campaign in other constituencies. If they choose to do that, as long as that was reported that should be perfectly within the purview of the legislation we are discussing. I realize also there may be an encouragement for candidates and local election organizations to be selfish in safe seats. If they choose to be selfish they have to answer to their membership. The dangers are much smaller than with the other alternatives we have been able to examine.

200. Does the scheme for allocation to local constituencies make adequate provision for redistribution of boundaries and the creation of new electorates?—A. I hope it will. This is something we spent a lot of time trying to figure out. It is important if there are to be new electoral boundaries for the next State election and an Act of this kind is to be in force by the next State election. The two principles we decided on and which we are endorsing here are, first of all, where registered parties are concerned the amounts of funds on which a party will be able to draw will depend on the party's performance in the new electorates rather than the old electorates. For major parties this is no problem. It may put some parties, like the Australian Democrats that only run in a few seats, at a disadvantage. It is the most equitable scheme we could come up with. Where parties are not registered one can depend only on the performance of individual candidates. I can think of no other equitable scheme for determining what types of funding can be applied to them. Exactly how that will work out will require some detailed research on the part of the Committee and it can be done only when the new boundaries are finalized and when we have a chance to look at a table like this on the basis of how funds would be allocated for the 1981 election. I am only guessing what I think it is going to look like.

201. CHAIRMAN: Would you be prepared to talk to us about that in the future?—A. Yes, I would be willing to do the work as soon as the figures on the new election boundaries are available.

202. Mr LANGE: Professor Turner made the point, and I think Professor Mayer agreed with him, that particularly in Holland it was almost impossible to put a value on in kind assistance, such as television and radio time for parties. In your submission 15.7 you said there should be disclosure of contributions in money, services, goods or in kind; if in kind they are to be assessed at full market value. How do you expect it would be possible to do that in Australia if it is not possible overseas?—A. (Mr Watson) Could I answer that question on one level? I think what Professor Turner said this morning, and the point we were discussing was, that it would be very difficult to assess the value of services such as compulsory registration and compulsory voting. It would be hard to work out a cost for the labour involved in putting people

at desks on street corners in the kinds of campaigns that go on in the United States. The sorts of services we are envisaging costing here are not of that sort; it is work that is being done in an election campaign, rather than trying to assess the amount of work that would be involved were it done, which was the point we were making this morning. Professor Mayer may have a different view.

(Prof. Mayer) No, I agree. The distinction is between general access to facilities in some way connected with a State and registration, enrolment, broadcasting, whatever. Broadcasting would not be very hard to cost in Australia because you have a time factor. It would be different depending on the zone. It is different from a personal donation. If a singer appears at a Liberal Party or A.L.P. concert you have the union rates and therefore you have some rough idea. In most cases it would not be too difficult, but not easy.

203. Professor Turner said specifically it related to free time both on radio and television and the point was made it had not been possible to assess it?—A. Holland does not have a commercial system. It is possible to do it here. (Dr Chaples) If the Committee decides to endorse a system that sets maximum levels, it is critical. What we are recommending is that the public has a right to know that a printing firm donates so much printing and that the public knows that the printer is involved in the campaign. We would leave it to the good sense of the individual parties to report that. (Prof. Mayer) Your point is important and I would be happy with a scheme that divided in kind donations into small, medium, one-third or two-thirds. I would not be worried about getting the precise dollar; disclosure is the important point.

204. Would you seriously suggest it would be possible to assess all in kind assistance to political parties during a campaign? For example, the voluntary efforts of people at polling booths, the thousands of workers, could that be assessed?—A. (Mr Watson) My guess is that if somebody was prepared to sit on a polling booth for a whole day or half a day it is not worth \$100 and therefore not necessary to be disclosed.

205. What if they work on a campaign for two or three weeks?—A. Then you are in problems.

206. Do you seriously suggest it is necessary to quantify in kind assistance?—A. I do. (Dr Chaples) I do not. The material things of a substantial nature should be included in the reporting and not individual services.

207. You have said that such services if in kind are to be assessed at full market value?—A. (Prof. Mayer) This is not a pre-arranged submission. We are divided on a number of minor points. On this particular point we are divided. I personally would have made it more than \$200. I think your point is reasonable, but it can be overcome by saying a donation is large, medium or small. It is possible to say that they got four small donations, one medium and one fat. You do not have to state every dollar.

208. The question of disclosure interests me greatly. You have suggested there should be full disclosure of all contributions over \$100 given to political parties. On the other hand, you have said such contributions, if through a fringe organization or front organization, does not have to be disclosed. Is not there a very real inconsistency in that because that is the obvious loophole by which a person can contribute to a political party without it being

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known?—A. (*Mr Watson*) I think you have misunderstood the submission. What we have put is that all contributions in excess of \$100 to a political party for election purposes be disclosed. If money is expended by front organizations on public campaigns which do not say, "This is a Liberal Party advertisement" or "This is a Labor Party advertisement", such as was done in the South Australian election, where it is done under another organization, it may lead one to believe that because of what is said in here on behalf of the Chamber of Commerce or this group of academics, one ought to vote for that party. That is not covered. It is money expended by an organization effectively in some way to influence the vote of people, but not as a Labor or Liberal party advertisement.

209. You are saying it does not need to be disclosed? —A. We have suggested at this point it does not. I personally am of the view that we ought to move in that direction. It is already covered and provided for in the Commonwealth Electoral Act which, if you read the relevant section, is extremely wide. It was in some ways my view that that might be possible and ought to be recommended here. We did not collectively go that far, but what we have said is that the question ought to be looked at; if that sort of spending starts to proliferate extensively then the election institute we are proposing would have the job of looking at that and making a recommendation about the possibility of extending the legislation if it is seen to be necessary.

One must bear in mind also that this sort of advertising has to be authorized. That is not a total disclosure. It does not cover the point entirely, but it is some way to saying that this is an advertisement on behalf of a particular trade union, a chamber of commerce or whatever, and that they are buying into the campaign in some way in their name rather than handing of \$5,000 to a particular political party to spend in a less specific way. (*Prof. Mayer*) This is a very important problem. We felt wisely and collectively that it was a different problem and that one should start with the simplest scheme possible; being pragmatic people, if difficulties arise—and there may very well be difficulties—it should be looked at again.

We had to gauge some kind of formula for working out the problem. I think we have chosen the correct way of making the scheme as simple as possible and saying this is likely to be a problem. We have not tucked the problem into the background, but we have taken one or two which might be serious and require extensive study and have said after the first two elections the institute or somebody ought to look at that. That is a question of strategy. Your uneasiness is an important one but I cannot give a simple answer to it.

(*Dr Chaples*) It seems to me it is basically an empirical question and one that needs to be looked at in a non-partisan way in detail, which is probably impossible, given the amount of time this Committee has to work on this piece of legislation. To get disclosure into the initial Act is an important principle. If over a period of time the election research institute or some other group determines that two-thirds of election spending is being spent by organizations other than parties, then I think the Parliament has to consider extending disclosure provisions to groups other than political candidates and parties. If 80 per cent of election spending is determined to be stemming from organizations and parties I see no reason to extend the disclosure provisions.

210. Surely it stands out clearly that you are advocating a system of partial disclosure. You are advocating incomplete disclosure because you are naming fringe

organizations which already exist and which are the obvious way that those people who do not wish to have their contributions disclosed can avoid it?—A. (*Prof. Mayer*) We are saying that elections and parties which take part in them are what we call quasi-public and we want to pay attention to the point Mr McDonald made about privacy and confidentiality at the same time. I stress for the third or fourth time that our scheme is a compromise between a number of principles that are apparently conflicting. Having done that what we have done is to say that it seems as a first bite of the cherry important to concentrate on organizations which actually fund parties to whom other organizations make direct contributions. I would not wish to deny the possibility of your uneasiness becoming a problem. I agree entirely with Dr Chaples. It is not possible to say it will become a major problem; it is a question you have to look at after two or three years.

211. Surely it can be seen already that your proposal would be unworkable if there were such an obvious loophole?—A. I deny there is a loophole in the sense which has been suggested. We have said ourselves, and we are not denying, that all schemes have loopholes.

212. You attempt to reduce the degree of bureaucracy and obviously I agree with that sentiment, but surely you have left open a way in which people who contribute can avoid your disclosure provisions?—A. (*Dr Chaples*) Yes, and if a substantial number of people take it, it may be necessary in the future for Parliament to extend the disclosure provisions to other election spending than expenditure on parties and candidates. It is probably beyond the purview of what the Committee can do this year or in the immediate future. It may not turn out to be a problem at all. It is an empirical question. Under the existing law you can determine what is being spent on public advertising. If there is a substantial increase in that, it should certainly be part of the recommendation of the Committee that that is looked at carefully. Three or four years from now Parliament may want to come back and say this loophole is obviously a problem and we need to extend disclosure to groups that are not presenting candidates for Parliament.

213. You are suggesting that it may be necessary in the future to require, for example, a farmer organization, a manufacturers' group, a trade union, conservation groups and all other lobbying groups to disclose their source of funds if any of those funds are used for political purposes? —A. No. (*Prof. Mayer*) I would say that the Committee raised a major proposal and that this question should be monitored from the beginning and we will see what happens after one or two elections. I am not prepared to make a guess about what the problem is. If there is a problem it may be large or it may be small. I do not know and you do not know at this stage. (*Mr Watson*) Taking the review function that we are suggesting, you end up with a statement which says we can move further in this direction with greater disclosure and more regulation, but that becomes so complicated. The review could go either way after the situation is tested. That is very much an open question in our mind. What we are proposing here may work sufficiently well, though not perfectly. We are happy to live with it. We may want to move this way or that way.

(*Prof. Mayer*) Speaking for the record, I will not commit myself at this stage on what I may think in two years' time about a front organization. All I and my colleagues have said as a collective thing is that it may be a serious problem and it ought to be looked at in two years' time, but whether it will become a problem I do not know.

214. If we did get to the stage where it was necessary to have regulations to disclose contributions to front organizations would you consider the questions of freedom of association and privacy to be of very real concern?—A. I would want to reserve my answer at this stage because the necessary empirical work has not been done. It is not a question I could answer in the abstract until I know how serious I consider the problem to be. If you ask me do I admit there is a potential clash of principle, the answer is yes, I do. What the trade-off or compromise between the two of those principles is depends on the circumstances which we cannot predict.

215. Perhaps there is a slight division of view on that aspect?—A. It is possible. I do not know. (*Mr Watson*) I think what Professor Mayer is saying and what I am saying is in agreement. I was not sure whether something you said there suggested something, but from my point of view if such a change were to be made in the direction of greater disclosure, assuming our present proposal were adopted, I would expect and hope that such a change would be made by legislation and not by regulation. You used the word regulation. I do not know whether you intended it in that way but I would expect it to be a matter that the Parliament would consider and discuss and resolve. (*Prof. Mayer*) I entirely agree with that sentiment.

216. There have been examples of front organizations in the past that have considerably influenced elections. You mentioned South Australia. Surely you can see that that would develop in New South Wales?—A. I am not sure that it would. (*Dr Chaples*) It might very well and this can be admitted. What I think we need to do is not anticipate hypothetical situations but create the mechanisms whereby we can collect information about what will occur.

217. But under the terms of reference we are obliged to make recommendations regarding disclosure and if we accept your view that disclosure be made of donations made directly but not indirectly, in my view it would considerably weaken the credibility of our recommendations.—A. (*Mr Watson*) To take the South Australian example—and there are plenty of others—that in one sense constituted a form of disclosure because a particular organization set up in public in its own name a case in that election. We may not know that the following six people put in a certain amount of money to it but we know that this particular organization, this group of people in their own name, bought into that election campaign. That is part of and quite a significant part of the sort of thing that we are quite happy with.

218. There would be opportunities though for committees for the return of candidate X or party X to arise and there is no way of knowing who is behind that organization unless you have disclosure?—A. That is a possibility.

219. Can we turn to the question of how funds should be expended. You suggest that funding should not cover the everyday operations of political organizations. How do you consider that the costs could be apportioned without a degree of bureaucratic control?—A. (*Prof. Mayer*) I think what Professor Turner said was that this is something we hope would happen. He did not recommend—myself I think it is not possible unless at a cost that I personally would not be willing to bear—a total internal party control. It is much too high a price to allocate this in detail. Given our provision for prior funding and retrospective funding and given the totality of

ideas for new organizations, assimilation of ideas and together with the research institute I think the totality of the package makes it considerably more likely—though not certain—considerably more likely that there will not be a total rush on the money concentrating entirely on the last minute election campaign. But I emphasize strongly I am not speaking for my colleagues—I do not know what they think about it because we have not discussed it. I personally would not favour legislation that compels people to spend the money in certain ways.

220. Do you really think it is necessary to have a direction about how the money should be expended? Is there any real reason why it should not subsidize the day-to-day running of political organizations?—A. That is a difficult one. It is partly concerned with the terms of reference of the Committee which refer specifically to elections and you get into the problem of when does an election begin. In one sense parties are always conducting elections. In another sense they are conducting an election only from a certain day onwards.

221. What about research staff?—A. (*Dr Chaples*) Really this is a red herring. I have never seen either a local or State parliamentary organization that I have been associated with that did not have an election budget for the next election. There may be some overlap with the ongoing party organization, but parties know roughly what they need to fight the next election at the local, State or federal level. They may underspend or overspend. What we are suggesting is that the Committee attempt as fairly as possible—and it should be revised by each Parliament—what that figure is and then it should determine how much of that figure it will finance. I personally do not have any problem with providing an ongoing figure for political parties that contribute to the political scene in New South Wales. We stayed away from that, unlike the Houghton committee, because it was outside the terms of reference and we wanted to make our submission relevant. But if the terms of reference were different I certainly would not have any difficulty in supporting that.

222. Do you see difficulty in apportioning the efforts of research staff, whose work probably goes back a year or two prior to an election?—A. (*Prof. Mayer*) I think that is a genuine difficulty. If our scheme is workable—which I hope it is—given the general notion of disclosure and given that the scheme is workable, one of the major reasons why the scheme is simple—if you like, crude, but I say simple—is that we honestly believe that if a fairly simple scheme which does not require endless filling up of forms comes forward, the parties may behave reasonably well. The more complicated the scheme gets, the more incentive parties have to find loopholes. If this is so—it may not be so—I think the knowledge of how they allocate their funding becomes public and if there is no reaction against that of concentrating it on five minutes before the death knock, I would feel sad but I would not go to legislation against it. I personally think—I do not know about the other people—I agree with Dr Chaples that it is a moral and political ideal. I would not wish to have legislation that forces parties to spend their money in given ways.

223. Professor Mayer, you suggested earlier that perhaps the electoral office may run the institute?—A. Not really.

224. I thought that was with your tongue in your cheek?—A. Yes. I do not want to be nasty about the electoral office.

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225. It is hardly an appropriate body?—A. Perhaps it is also not quite sophisticated enough.

226. Would you envisage any regulatory role for the institute? You mentioned that it would monitor the effectiveness of the scheme?—A. As I said this morning, we have not worked this out in full because of the time factor. It is a novel idea. My own reaction was a monitoring role. I think the institute would suffer if it was involved in the nitty-gritty of the administration. I think that could be done elsewhere by the electoral office. But the monitoring of the Act—some of the things one suggests are perfectly genuine where one wants to make the best case one can, and one may be wrong or right, but we think we have done the best. These things have to be checked out. The institute should carry out monitoring rather than administration.

227. It would obviously reduce its activity if you do not admit a regulatory role?—A. Yes.

228. Do you suggest it should be run by academics?—A. I personally would be happiest if it was not run by a single group—I would be totally unhappy if it was run only by party people. I would not be terribly unhappy if it was run by academics. What I would personally hope would happen is what happened in the federal sphere under the Whitlam and Fraser Governments of people interchanging—people from parties coming for stints in the institute and people from the institute going to parties.

229. You suggested that local electors should have access to the institute for research work. Would not it really lead to a very large staff if every elector in New South Wales had access for research?—A. I think research is connected with information. Information is a form of power. Since our overall scheme is one that divides resources between a central body and the local body, that to be consistent, must extend also to research efforts. I take your point. The institute would presumably have to watch carefully that it did not get flooded with an entirely local project. I should have thought that if it was a serious institute with a reputation it would be pretty ruthless in knocking back small things like research to help elect the member for Fuller. It would not do that.

230. How do you feel that the institute could fairly apportion its effort between political parties?—A. Basically, what would happen is that the parties would make application, or something like that. Your party or the Labor Party or the Democrats would apply and say, "We have a project here which we would like to carry out, or which we would like you to carry out, costing so much. We think it is a project going beyond ordinary organization," and the institute would look at it and say, "All right, it does not seem to be an ordinary standard basis but has some kind of general community value in it." This cuts across the party tie-up and funds are given for it. Honestly, I do not know what the basis would be on which it would be done. I would not expect it would be a quantitative basis because you would have to make a reasonable judgment on merit.

231. You would have to be careful not to show political bias?—A. I do not think that is so difficult. (*Dr Chaples*) There is another point I would like to make here. We perceive some professional staff being associated with the institute itself. In my estimation that should be a relatively small number but large enough to monitor the Act and the provisions of the Act. It should be large enough to collect relevant information that would allow

the management of the institute to make intelligent decisions as to how the money granted to the institute should be distributed. It should be large enough to disseminate information that the institute funds but it should not be, as was suggested earlier, spent on private research for any private election campaign group. If a local State election group wants research done it should ask for funds to get the research done specifically and it should not come to the institute asking that that be done under the directions they provide.

232. It would be able to receive funds from private sources as well as government sources?—A. I do not think that has been considered.

233. The institutes in the United States of America are funded privately?—A. (*Prof. Mayer*) The ones nearest to parallel are those in Europe. Whether they get private funds I do not know.

234. Are they to be disclosed?—A. Yes. In America I think they are a mix and in Europe I think they are entirely governed but I am speaking subject to correction.

235. Is the source of funds disclosed to the institute?—A. Yes, certainly. Goodness gracious, yes. (*Dr Chaples*) It may be that the institute should be partially government funded and partially from private sources but I do not think it would be necessary for that to be disclosed.

236. Do you think that the retroactive provision applying to new candidates or parties should be entirely dependent upon the record of the vote which is predetermined, and their registration?—A. (*Prof. Mayer*) And depositing of all their material.

237. How could such organizations really budget, not knowing whether they would draw that level of the vote? *Dr Chaples* said that organizations need to budget but how could they possibly do that?—A. Any new organization would have to proceed on the basis of not qualifying but if they were able to qualify that would allow them to meet part of their expenses. If they had \$250,000, instead of fund-raising they would have money left over to proceed with research rather than wasting it on so much effort in fund-raising activities. Too much of the election expenditure is paid for not in advance but after the fact in New South Wales at the present time. Most parties, under normal circumstances, are left with a deficit and instead of spending their time looking to the next election they have to figure out how to pay for the last one. We would like to maintain a situation in which they are always looking to the next election and not directing their efforts to paying for the last election. (*Mr Watson*) Breaking into even the two per cent threshold in Australia, the chances are very small that they will get above it the first time at election. Consequently, the amount of money involved would be relatively small.

238. But assuming they do, and a party or an individual candidate achieves more than two per cent of the vote, the money which would then be received would be used for future administration?—Yes, or campaigns.

239. Are you suggesting registration only for those organizations which wish to be publicly funded, or all candidate should be registered?—A. Only those organizations which seek to be publicly funded. (*Dr Chaples*) Any group that seeks not to be eligible, not to be in receipt of continuity of funding, need not register. Such

people need only adhere to the disclosure provisions. (Prof. Mayer) They would have to adhere to the disclosure but they would not need to register.

240. In some electorates a candidate may sit unopposed, in such a situation what would happen to the funds? There would have to be some thought given as to how those funds should be dealt with?—A. That is a good point. (Dr Chaples) That is something to be considered by the Committee. I would suggest that if there are one or two electorates in which a candidate is unopposed those funds might revert to the State Treasury. This relates to the statement the Chairman made this morning about retroactive spending, whether we might end up spending more than was technically budgeted for. That is possible. We also may end up spending less. If one has \$2.3 million, plus or minus, depending on how the equation works out, it could be marginally higher or lower in the end result. (Mr Watson) In the end it could be higher or lower.

241. On the question of disclosure do you believe that the existing provisions for authorization for political advertisements may need to be strengthened in view of your recommendations about disclosures?—A. I went looking and I have not found where to look for a provision which sets that out. I cannot find a provision in the Electoral Act of New South Wales.

242. CHAIRMAN: It is in the Printing Act?—A. I am not sure of the detail of that. Perhaps it could be in a federal Act.

243. Mr LANGE: Obviously there will be a need for that to be looked at, as to disclosure by political parties.

244. Mr ANDERSON: I wish to cover some matters concerning the view that if public funding of the nature you have proposed were to be adopted in this State the situation Mr Lange raised about unopposed electorates would probably finish; there would not be any more unopposed electorates?—A. Probably. (Dr Chaples) I do not think unopposed electorates are very good for the people and I would prefer to have a situation in which the incentive for unopposed elections would be minimized.

245. With regard to the questions you were dealing with the operation of the research institute and, if, for example, one party was able to satisfy the criterion for eligibility for this research to be carried out, is it fair to assume that under your scheme the results of that research would be available to all parties and to the public as part of the dissemination of information?—A. (Prof. Mayer) We have not discussed the detail. My general notion is that the information would pass to the public from time to time not in some expensive magazine but on cheap paper, or whatever means is used to disseminate the results to everyone. At the same time, taking Mr McDonald's point, if that was done I think it would need to be clearly discussed by the parties as to its confidentiality. I can imagine that the general results, if channelled back into an electorate, might prove of advantage to another party. Generally speaking I feel they should be disclosed.

246. It would be a public document, no matter who sought it?—A. We have general views on funding. Some research at universities in Australia is not funded if it is done privately, and I do not think parties should be able to apply to get funds for the same private research.

247. With regard to the proposition that two safe seats joined by a marginal one might have their funds directed into the marginal one you answered that by indicating that

under your proposed scheme there would be no objection to the organizations in the two safe seats transferring privately raised money, which is disclosed. There would be no problem as to how it was done?—A. As long as a constituted authority made that decision. I do not think that decision should be made from central headquarters and as long as the transfer was disclosed I have no objection.

248. With regard to the question of splits and amalgamations of political parties, let us take first a split. If a party splits the existing assets and liabilities would become a matter for determination as to what part of the membership got what. Likewise, some provisions, probably in equity, would apply with regard to any allocation under this scheme?—A. (Mr Watson) The answer would be that where there is a split under the existing situation there would not be a division of the spoils but the legal and on-going executive of the party, as previously existed, would have the right. The only case I can recall was the A.L.P./D.L.P. split in Victoria in 1954. There was the question of determining who were the legal representatives of the party as previously constituted. They kept the whole of the existing assets. That is only my recollection. In that sense that does not solve the problem but I feel it indicates the entitlement to the allocation.

249. There are clearly established legal precedents with regard to party assets?—A. (Dr Chaples) This is a matter the committee should consider. Under the prior election provision the party must register, or the individual candidate. I take the same position with candidates. What would happen is that individual members of Parliament and the candidates who were opposing members of Parliament would become eligible if they were eligible as individual candidates. This would solve a lot of problems of litigation. If the Committee took a definite stand, a tough stand and said that where parties split and there are legal questions of this kind the registration of the parties under the prior election provision need not apply, individual candidates can apply. The candidates are also eligible under the retroactive provision. By all means let us keep the people of New South Wales out of the courts because there would be a lot more money spent on that litigation than there would be available to be divided in these funding arrangements. (Prof. Mayer) I express my sentiments in the same vein. I agree with that.

250. At page 7, paragraph 3.3, you make a comparison between Swedish and Danish systems and West Germany and Austria with regard to accountability. On page 18, paragraph 15.11 you virtually recommend that the expenditure and income should be certified by a qualified accountant. I assume this virtually operates in West Germany and Austria?—A. (Mr Watson) We could not ascertain the detail of that. It is a provision that largely applies in the United States of America where disclosure laws are fairly sensitive. I am not aware of all the detail. The Swedish system does not go into disclosure.

251. They deal with internal party accountability?—A. The money is given to the internal party organization.

252. Particularly in the case of parties who get over the threshold, in local organizations they would have sufficient money to pay a public accountant to audit their returns to be sent in. That is what you are recommending on page 18, is it?—A. Yes.

253. That they would get a publicly audited balance sheet and that would form part of their return?—A. What you are asking about is laid down in the German

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Acts, the law of political parties. It is on pages 26, 27 and 28. They laid down specifically how the accounts are to be audited and all the rest.

254. On page 7 you refer to the annual grant for election research institutes in the Netherlands being \$1.67 million in 1976. I assume that is Australian dollars? —A. Yes. (*Prof. Mayer*) It has the same population as Australia, 14 million.

255. What is the cost per head?—A. You would work it out pro rata.

256. Does it have the same voting population?—A. I do not know. The total population of Holland is roughly the same as Australia. (*Mr Watson*) It is 10 cents a head of population.

257. So it would get close to 20 cents per voter?—A. (*Dr Chaples*) These figures came from the Houghton report.

258. Page 13, clause 9.7. Here you say the funds should be granted under both the prior election provision and the retroactive provision. You say "Parties and candidates eligible under the prior election provision should be able to apply for and receive funds as soon as the State Parliament has been dissolved and a specific election date has been announced." How could an application be processed in such a short period of time?—A. Eligibility for funds would be known almost immediately after the previous election, so at the same time the candidates would have their applications together and eligibility could be determined. What we are seeking here is that funds be dispersed to parties for election campaigns as soon after the date on which the election campaign is announced as possible. (*Mr Watson*) Eligibility is based on previous election result, and that file has to be done within ninety days. Therefore, eligibility is determined and you know that it will be \$X for an eligible party; and given this point, on that day, it is almost a matter of "signing the cheque".

259. In terms of practical operation of your scheme, would it not be preferable if parties, having lodged their normal returns, prepared their submission for funding for the next election and lodged it straight away so that whoever has to check them can have it all done, so that the day the election is announced they can process cheques. Can you see any objection to that?—A. (*Dr Chaples*) No. Their application for funds would be previously certified. (*Mr Watson*) The application is nothing more than saying "Can we have that lump sum".

260. But let us say you are put in a local electorate. You could prepare that straight away, unless in the case of a redistribution, lodge it and it can be ready; on the day that parliament is dissolved they can process the cheque?—A. (*Prof. Mayer*) Sure. (*Dr Chaples*) The State Electoral Office could do this for parties and candidates. There is no reason that research could not be done so that every group and candidate would know what it is eligible for. If there is any appeal, that can be taken in advance and the funds applied for.

261. You do not advocate in your submission any advance system. Do you adhere to that? You do not believe there should be any advance at all?—A. We have not thought that through terribly well. Perhaps it creates some administrative and other difficulties.

262. On page 14 clause 11 you indicate that parties or candidates may not apply for funds. If your scheme is adopted there would be a certain amount allocated. One assumes that if some groups or individuals did not wish to apply for funds, any excess would go back into consolidated revenue. You do not have any proposal for it going into an ongoing fund?—A. (*Prof. Mayer*) Part of the problem the Germans raise is this, that if extra funds are needed above 25 cents per year, where do they come from? We are getting pretty close with the question of parties not running in all electorates, and indeed there being one central kitty, or going back to the State Treasury. We have not discussed that. I should stress for the information of the Committee that in Austria where you get funding, it is 1 per cent of the vote. The Communist Party, which got 1.2 or 1.3 per cent, has refused to take Austrian money and now has problems of conscience because apparently the Austrian Treasury has split it amongst the parties.

(*Dr Chaples*) Part of the principle of refusing funds is they go back to consolidated revenue and are not diverted to other parties or groups; but with the retroactive funding it should really come from a contingency fund that has been otherwise appropriated, and any money that the party does not accept is paid back.

263. You do not suggest it should be divided between those that are eligible?—A. No.

264. On page 17 clause 15.4, in the last sentence you are talking about failure to disclose or report. Earlier in the day the prospect of the Court of Disputed Returns was mentioned. I think that is the Supreme Court. It deals with problems arising out of this type of legislation. What I am concerned about is, to ensure a good appellant mechanism in it, it is not simply a bureaucratic or administrative decision which says you failed to comply, end of the section, you are not getting any funding. Would you agree with that?—A. (*Mr Watson*) At one level we perhaps should have put in there a reference to a proper judicial hearing. We tried to avoid getting down to minute detail, except in the area of dividing up the funds, because we are not particularly competent to draft legislation on those sorts of things. We did not want to buy into certain levels of detail. As far as percentage of funding and things like that, we saw it as proper and necessary. We took a back-seat in the other matters and left it to the draftspeople. (*Dr Chaples*) But it should be quite clearly in the Act.

265. In clause 15.7 we speak again of the \$100. Perhaps it is not the same thing as a "front" organization, but you could get 20 donors giving \$50, which is not required to be disclosed. Alternatively, you could have a fund-raising barbeque with as many as 100 people paying \$10.—A. That is what we are trying to encourage. To the degree that the private funding is an important ingredient and an ongoing activity of political parties, I would strongly encourage activities in which a large number of people gave relatively small amounts of money. What we are trying to do is put on record those instances in which relatively small numbers of people give relatively large amounts of money. That is what the public needs to know about—not the barbeque nor the contribution thrown into the basket.

266. Let us hypothetically suggest that there is one big company which has 50 subsidiary companies and they all put in \$50. That is certainly trying to beat your scheme, is it not?—A. It might, but they might have to go to an awful lot of work to beat it. (*Mr Watson*) We have recommended that disclosure in certain cases be an obligation on the donor as well as the recipient, and it may well

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However, that is a matter for the Committee.—A. (*Mr Watson*) I would think that the last term of reference would cover it.

280. Clearly as it stands the donkey vote would have a big impact on the eligibility for finance?—A. (*Prof. Mayer*) It would be quite wrong to say that the whole of the \$40,000-odd is a donkey vote.

281. You propose that anyone donating more than \$100 will have their name available publicly as donating to and supporting a political party and cause. In giving this public evidence, would you have any objection, or do you feel equally obliged, to disclosing any specific party of which you have been a member?—A. I am perfectly happy to disclose that but I cannot speak for my colleagues.

282. CHAIRMAN: As I understand it, previous questions by Mr McDonald were concerned with affiliation and the work in which the witnesses have been involved.

283. Mr FISCHER: But which particular party?—A. It should be left to each of us to answer. I am quite happy to answer. I am not a member of any party, I am a swinging voter.

284. And you have not been a member?—A. No. (*Dr Chaples*) Nor am I. (*Mr Watson*) I am not a member of any party, but I have been a member of several. The principle behind disclosure is a quite different one from the principle you are implying by that question. The principle behind disclosure is about the potential for undue influence, not about one's private activities.

285. It would seem that you have not given a great deal of thought to what should apply with by-elections. As has been said, it is a difficult one-off situation. There is a greater need for a ceiling in a by-election relative to the size of the seat being contested, et cetera, than in a general election situation, is there not?—A. (*Prof. Mayer*) I have not given sufficient thought to that. (*Dr Chaples*) I have given thought to it, and there should be full disclosure and full reporting of by-elections. I am not convinced that there is a need for a ceiling.

286. Several electorates in New South Wales run to the State's border. I refer particularly to the Castlereagh electorate, for which a by-election is to be held. It has been suggested that money could be spent in other States. Are you aware the media feeding New South Wales is based in Wodonga or Surfers Paradise, or there is a TV station that transmits over the border? How would you envisage any jurisdiction in relation to media outlets based over the State's borders?—A. (*Mr Watson*) The answer to that is while one State goes alone it could not regulate all expenditure if it wished to. That is the limitation of any provisions and which we would have to live with until such time as the other States or the Commonwealth accept something similar, assuming New South Wales accepts something like this. It is certainly a limitation on the efficacy of what we are suggesting. It is of relatively insignificant impact when compared with the benefit that comes out of this sort of thing. We are not assuming that the system may be perfect.

287. There could be requirements on the media as part of their licence?—A. (*Prof. Mayer*) You could not do it, it is a federal matter.

288. Is that true in relation to printed matter?—A. Yes. The main expenditure is in television.

289. Would it be a possibility so far as the printed media is concerned?—A. I have not thought about it. (*Mr Watson*) My personal hunch, to which I gave a little thought, is that in some ways it would be unfair to put a regulation on the press which did not apply to the other two media, and it would create complaints about anomalies which rightly or wrongly might be unfair.

290. If you could apply it to the three media would you be interested in using that as a method of implementation of the scheme?—A. I would be interested in looking at its value as part of such a scheme. (*Prof. Mayer*) The scheme would be to compel the three media to give free time as part of a licence? But newspapers do not have a licence. (*Dr Chaples*) This takes us into the area we are trying to avoid in our proposal, which is bureaucratic interference. I would rather provide a fair amount of money so that parties may present their case to the people and leave it to the individual party to get their message across. (*Mr Watson*) I would like to look at it, but it is far beyond the bounds of constitutional possibility.

290A. Would you gentlemen be prepared to give the Committee a specific item of government expenditure to allow the public funding of political parties, as an acid test of your priorities and proposals?—

291. CHAIRMAN: We should not require an answer to that.—A. (*Mr Watson*) There is a fair answer. We regard this as being very important, as being absolutely crucial to the proper operation of a democracy. Obviously in recommending this we believe that an item like this should take a position in a budget and a position should be found for it. Comments throughout the day have been that the basis of the scheme is you attract more votes and get more public funding under your formula for the electoral or statewide fund. Would it not be the case that a current lack of funding is a much sharper motive for political parties to perform better, to attract more votes, than adopting the carrot approach of money for votes rather than performance for votes? (*Prof. Mayer*) All evidence I have of the two major parties, and leaving out the minor parties, in New South Wales is that they constantly get into debt, and constantly spend a great deal of time which I should hope they would otherwise spend more profitably. We take parties seriously; we think they are important. We take the functions of parties as increasingly central to democratic life. In New South Wales we are convinced that the parties are being run on amateur lines and I would prefer, ideally, the parties to be nice, tidy and easygoing organizations. I think those days have gone. Conditions have changed. It is a different ball game.

(The witnesses withdrew.)

(Further hearing adjourned to a date to be fixed.)

be that in the case of public companies and trade unions, that we ought to have said—although I have not checked with the other members of the group—that all contributions from public corporations and similar bodies in that group should be disclosed, regardless of size. (*Prof. Mayer*) I would not agree with that. (*Mr Watson*) It may be that that would be a solution to that one.

267. On page 18, clause 15.11 and 15.12, you talk about the electoral office dealing with the returns that are filed and lodged as a consequence of the disclosure provisions. Assuming it is the electoral office for the sake of this question, would you agree that a provision in any legislation covering disclosure that information for breaches of the disclosure provisions should only be dealt with on an information laid by the electoral office? What I am looking at is people making vexatious or frivolous complaints. I think they should be lodged with the electoral office rather than any member of the public being entitled to lay a complaint because you could get a complaint laid two weeks before an election?—A. (*Prof. Mayer*) Without having discussed it, I would be happy with that.

268. You would need a protection provision?—A. (*Mr Watson*) you may; and the electoral office may not be the appropriate body to deal with that; it may be the Corporate Affairs Commission.

269. In clause 15.12 you mention special general meetings for companies, trade unions or like organizations. Is that not a matter for the shareholders or trade union members? If a recipient has got to declare that in his return, then the public can find out, be they shareholder or trade union member, that their union or company has, without permission, made a donation to party X and deal with it within the rules of the company or the union rather than putting such a provision in? If one had a snap election one wonders how difficult it would be to call a special meeting in six weeks—either of a company or a trade union—to agree to the payment of funds?—A. I grant there is a practical problem there. That is the only ground on which I had some doubt about putting this in. But we also considered the desirability that if other peoples' money is being expended that the people involved ought to have the right of say in advance. I do not know that this snap election matter is such a problem because it can easily be done in advance and approved. (*Prof. Mayer*) I do not feel at all happy about the money being spent first and finding out a year or two afterwards. (*Dr Chaples*) I have a little different reaction. I think full reporting is an absolute requirement, subject to approval by annual or special general meetings. This may need further examination. The executive may need to lodge that approval; but certainly, along the way, the member must have access to that.

270. In clause 15.14 we talk about on the statewide fund the party organization has to lodge this, that, the other and policy. If local organization conditions are going to be funded should not there be a requirement upon them to lodge all the pamphlets that they have issued within the electorate and to lodge a copy of those pamphlets within the library of that electorate?—A. (*Prof. Mayer*) That seems to be a sensible idea. (*Dr Chaples*) Yes.

271. With regard to clause 15.15, what I am concerned about is, on whom does the prosecution and ultimate fine fall, and in which court? For example, you have the local organization of a party which has to apply and put in their sheets and so on. If they have to do that, does the fine fall upon the candidate or upon the secretary of the organization, the president, treasurer or whom?—A. (*Prof. Mayer*) We have not worked that out. (*Dr*

Chaples) I think the solicitor has to work that out. Whoever is eligible to get the fund should be the person who initially is eligible to be fined.

272. But the Committee gets the funds, not the candidate?—A. That is right.

273. Would it be the person signing the form, that lodges it, or the person upon whom an order was served to lodge the form?—A. (*Prof. Mayer*) That is a legal question.

274. Mr FISCHER: I refer to appendix A. If your scheme was recommended by a majority of this Committee and the Government adopted it, the Communist Party of Australia would have available \$46,285 and the Australian Democrats \$44,279, as part of your proposals?—A. Yes. With regard to the Communist Party of Australia, I should point out to the Committee a need to look at other workings of the Electoral Act, and how the grouping of candidates in the ballot may lead to accidental votes because of the so-called donkey vote.

275. There have been recent massive amendments to the legislation covering the voting system in the Lower House and the upper House it is unlikely that there will be further amendments for some time. You have based the figure of \$46,285 to the Communist Party on their vote. Is it a fact that they enjoyed No. 1 position on the ballot paper at the last election?—A. Yes. I do not know what significance that has and frankly I do not think anybody else knows. It would be a much better Electoral Act if each group was randomly distributed at the top and bottom of the ballot.

276. Whichever group drew top position on the ballot paper would automatically qualify for some \$46,000 of the taxpayers' money?—A. No, that is not correct.

277. If the League of Rights conducted a political party campaign and it or the Communist Party drew top position on the ballot paper, that party would walk away with \$40,000 or \$50,000 of taxpayers' money?—A. If there were public funding and if organizations of that kind drew top position on the ballot paper the donkey vote would decline. More people would be aware of the importance of the Electoral Act. The major parties would have an incentive to point this out, which they have not at present.

278. Under the terms of the constitution of the Australian Marijuana Party that party is proposing a breach of the State's laws as they now apply. Do you see a constitutional difficulty with one Act saying the party should receive some \$40,000 of taxpayers' money, if it happened to secure the top position on the ballot paper, and it getting about its work of breaking other laws in the State?—A. (*Mr Watson*) The funds are given to help elect candidates to the Parliament; they are not given to support other party activities. They are expended on a proper public function. There is nothing illegal about the Marijuana Party or any other party that may propose that laws be changed, or even broken by certain people in other activities. There is no law against such a party running for political office or getting elected. It is that activity that this would fund. (*Dr Chaples*) It is easy to eliminate the donkey vote in New South Wales Legislative Council elections. The Committee may make a recommendation to do that. If that is a big problem, the Committee should include that in its deliberations.

279. In accordance with the comments earlier today, that would be clearly outside the terms of reference.

To seek or to accept a public subsidy is a political Party's admission of failure. It reflects a lack of confidence in the acceptability of the Party's objectives, policies and performance, and an unwillingness to make the necessary efforts to raise its own funds. It is an assertion by an unsuccessful Party that it has little regard for higher priorities and social needs.

SUBMISSION TO JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS

1. Introduction

1.1 Public funding of election campaigns means the use of public moneys to subsidize the political activities of private individuals and organizations (the Parties). It permits the politicians to subsidize their purely political activities with taxpayers' funds.

1.2 *Liberal Position:* The Liberal Party has given a great deal of attention to various proposals for public funding of election campaigns and other activities of political Parties and candidates. We have concluded that these proposals are unacceptable in principle and incapable of working fairly under Australian political conditions.

1.3 *Reasons for Opposition:* The main reasons for our total opposition to the public funding of political activities such as election campaigning are:

1.3.1 *No Case Against Private Funding:* No convincing case has been presented against private and voluntary funding. If this cannot be done there should be no call on the taxpayers to replace the existing system with public funding. The case against private funding usually consists of little more than horror stories—such as Watergate—which are aberrant rather than paradigmatic.

1.3.2 *No Consensus:* There is no consensus among the Parties on the issue. There is not even a problem on which the Parties commonly agree.

1.3.3 *Higher Priorities:* There are many higher priorities for public funds and there is certainly no convincing evidence that money wins elections.

1.3.4 *Effects on Parties:* Public subsidies to Party Organizations could centralize the Parties, undermine voluntarism, and reduce participation and a sense of responsibility in the political process.

1.3.5 *Corruption:* Parties should raise their necessary funds by persuasion not coercion. The availability of public moneys for political purposes could introduce vast new possibilities for corruption.

1.3.6 *Effects on Taxpayers:* With public funding, taxpayers would be forced to subsidize political ineptitude and those Parties whose policies they find morally objectionable.

1.3.7 *More Frequent Elections:* Public funding could encourage more frequent elections when the Parties would not have the responsibility of finding their own funds.

1.3.8 *No Mandate:* Public funds should not be spent on political activities unless such a policy has a clear mandate from the people. Further, it permits politicians to subsidize themselves at the cost of more deserving needs. Increased public cynicism is a very likely consequence.

1.3.9 *Entrenching Incumbents:* A fair system of allocating funds, equitable for all Parties, could not be found. Overseas examples show that public subsidies and accompanying controls have often the effect of simply entrenching incumbents and protecting Governments from effective challenge.

1.3.10 *Speech and Association:* There are real problems of freedom of speech and association involved in the sorts of controls that would necessarily accompany most systems of public funding.

1.4 *Replace or Supplement Voluntary Funds:* Some advocates of public funding argue that subsidies should replace rather than supplement private funding. This would mean that less money would be available for the important task of bringing the issues and the candidates to the attention of the public. Already, Australia spends much less per capita on campaigning than is spent in the United States.

1.5 *Compulsory Voting:* Some cases can be made for public funding when the Parties have the important function of encouraging the people to participate in the electoral process. Where voting is voluntary, as it is in all those systems that currently subsidize campaigns, the Parties have the added responsibility of getting out the vote. Under the system of compulsory voting that we have in New South Wales the Parties do not have this responsibility and thus the same case cannot be made for public subsidies. It is one thing to use public money to convince people that they should vote, but quite another to use it to tell people how to vote which is the function of Australian Party campaigns.

1.6 Having thus summarized the main bases of the Liberal Party's total objection to the principle of public subsidizing of electoral and other political activities of Parties and candidates, we turn our attention to the specific "Terms of Reference" set for the Joint Committee of the Legislative Council and Legislative Assembly.

2. The Manner in Which Such a System Could Most Equitably Divide Available Public Funds Between Competing Parties and Individuals

2.1 *Introduction:* In addressing this question we again stress our total opposition to public funding of election campaigns. In terms of priorities for the spending of State moneys we believe that there are not "available public funds" for this purpose. What is more, we believe that, were such funds available, there is no realistic way that they could be divided "equitably" among competing Parties and individuals. Some Parties and individuals would inevitably be treated unfairly.

2.2 *Guidelines, Safeguards Necessary:* Nevertheless, if the Joint Committee feels compelled by the terms of reference set for it by the Government to recommend a system of public funding without giving its attention to the underlying question of the general merits of such funding, we urge that the following guidelines and safeguards be applied.

2.3 *Supplement, Not Replace Voluntary Funds:* If public funds are to be made available they should be used only to supplement, not to replace, private voluntary contributions to Parties and candidates. Under no circumstances should there be any denial of the right of individuals and groups to support the Parties and candidates of their choice. This is an essential form of political participation and expression.

2.4 *Optional:* Public funding should be optional. No Party or candidate with a moral or other reasonable objection to this use of public moneys should be compelled to accept public funds for campaign or other political activities. Every candidate should retain the right to fund his campaign from his own resources and those of his supporters. The same right should apply to political Parties and other voluntary associations of individuals. Indeed, this should remain the normal system of funding political activities. If public funds are to be made available at all, they should merely be a limited option available for those Parties and candidates unwilling to raise all their own funds.

2.5 *Declined Funds:* No system of public funding should be designed in a way that would enable other Parties or candidates to benefit from the moral decision of those who decline to use public moneys in this way. If a Party or candidate declines the option of using a share of public funds that share should return to general revenue and not be distributed among other Parties and candidates.

2.6 *Incumbency Protection:* Public funds should not be used to protect incumbents. This would certainly be the effect of any system that subsidized a Party's campaign on the basis of its performance at the previous election or the proportion of seats that it occupied in the Parliament. Such a system would be unfair for at least the following reasons:

2.6.1 *Incumbents' Advantages:* Incumbents, especially those in Government, already have considerable campaigning advantages. These include travel and other perquisites, mail privileges, secretarial assistance, access to media and the name familiarity in the electorate. A system of funding that added to these advantages could be regarded as an "Incumbency Protection Act". Indeed, perhaps the only fair system of public funding would be one that would compensate for the advantages of incumbency.

2.6.2 *Effect on New Parties:* A system of allocating funds on the basis of the previous election or seats in Parliament would certainly be to the advantage of the Government and thus unfair to the Opposition. It would be more unfair, however, to independent candidates (who did not contest the previous election), incipient and minor Parties, and those movements that from time to time break away from the major Parties.

(The Committee met at 10.0 a.m.)

Present:

Mr E. N. QUINN, M.P. (*in the Chair*)

Legislative Council

The Hon. DEIRDRE GRUSOVIN
The Hon. H. J. McPHERSON
The Hon. W. L. LANGE

Legislative Assembly

Mr P. T. ANDERSON
The Hon. J. C. BRUXNER
Mr R. M. CAVALIER, B.A. (Hons)
Mr M. R. EGAN, B.A.
Mr T. A. FISCHER
Mr B. J. McDONALD, A.S.T.C., Dip.T.C.P.

292. CHAIRMAN: I wish to inform those concerned that the Committee has interpreted its terms of reference in the following way. The terms of reference impose upon the Committee the obligation of considering a scheme involving public funding of campaigns for elections to the Parliament of New South Wales. The recommended scheme should specify the extent of public funds to be made available and the manner in which the funds could be equitably divided between all political parties and candidates who might contest an election.

Consideration should be given to whether there should be compulsory disclosure of, and/or restrictions on, all electoral expenditure and whether there should be compulsory disclosure of contributions and gifts to political parties and individuals. The rights of independent candidates and new or small political parties should be considered, as should any other matters the Committee believes to be relevant. The question as to whether or not such a scheme should be introduced is not a question the Parliament has sought recommendations upon and, as such, is outside the terms of reference of the Committee.

GREGORY BARTELS, General Secretary of the Liberal Party of Australia (New South Wales Division), residing at 63 Centennial Avenue, Chatswood, was sworn and examined:

293. CHAIRMAN: The Committee has received a submission from you on behalf of the Liberal Party. Is it your wish that the submission be included as part of your sworn evidence?—A. It is. The submission reads as follows:

LIBERAL PARTY OF AUSTRALIA (NEW SOUTH WALES DIVISION) SUBMISSION TO THE JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS

Preface

The Liberal Party of Australia must be regarded as a very successful political venture. Its success is indicated clearly by its electoral record. The Party has been in Government in every State (usually for lengthy periods) and in Canberra for all but eight of the thirty-five years since its formation.

The Party's success is also reflected in its broadbased active membership. With more than 100 000 individual members across Australia, it is the largest and strongest Party in the nation.

There are many reasons for the Liberal Party's success, but none is more important than the principles the Party has followed in solving the related problems of developing its membership and raising its finances. These were areas in which the Party's predecessors had failed. Indeed, this failure was the main reason for the collapse of the United Australia Party in the early 1940's.

The records of our Party show that, right from the very first speech by Robert Gordon Menzies when he formed the Liberal Party in 1944, Liberals knew that the success and survival of the Organization depend upon how the problems of membership and fund-raising were solved. The solutions arrived at are very relevant to the terms of reference of the Joint Committee.

First, we limit our membership to individual private members. We do not permit other Organizations or interest groups to affiliate with our Party and thus to obtain an inordinate degree of control over our finance or influence over our policies. A person can become a member of the Liberal Party only by paying his dues and joining one of our branches.

Our membership accommodates a cross-section of the community and a wide range of opinions and outlooks. Our members are the Organization. They sustain it with their ideas, their time, their effort and their money.

Second, we have a code of finance principles that has enabled us to keep our policies free from control by outside influences. Briefly stated, the Organization raises its own money and we insulate our policy-makers from knowledge of our contributions. No Parliamentary member is informed of the details of donations under any circumstances whatever. We do not accept money from other Organizations in the furtherance of their interests, and we do not accept funds that are subject to political conditions of any kind.

We depend upon the responses of our members and supporters in assessing the merits of our policies. Their participation, in terms of voluntary contributions of time, effort and money is the best available barometer between elections of our political and parliamentary performance. When support is not forthcoming our Leaders and other policy-makers receive an important message. For all political Parties, this is one of the vital positive functions of voluntary funding.

By contrast, public funding would have a very harmful effect on the Parties and on politics generally. It would entrench Party leadership and alienate leaders from their Parties' members and supporters, whose advice and ideas could be ignored. With the assurance of available public funds, the Parties would become unresponsive, and the feedback that is an essential part of the cultivation of voluntary participation would be lost.

Public funding would not eliminate inequalities in the electoral process. Indeed, in many ways it would aggravate the most undemocratic of them. It would, for example, magnify the very considerable advantages that Governments and incumbents have over Oppositions and challengers. This would be especially so if subsidies were accompanied by limits on campaign spending.

The dysfunctional qualities of public subsidies for political Parties would be further exacerbated by such unnecessary controls as the forced disclosure of voluntary contributions. Disclosure forces up Party costs, discourages contributions, opens up avenues for political reprisals, and it undermines privacy of association which is an important corollary of the secret ballot. It has been linked with the worst forms of corruption, such as the keeping of "enemies lists" by those in power.

What is more, forced disclosure of voluntary contributions would be especially damaging to Parties, like the Liberal Party, that insulate policy makers from the fund-raising process. When contributions are a matter of public record, every Party's bank account takes on the character of a slush fund.

2.6.3 *Era of Massive Swings*: Experience shows that performance at one election is no useful guide to a Party's or a candidate's public acceptability at an election two or three years later. This is especially so in an era where massive electoral swings seem to be the norm. Thus, the allocation of subsidies on the basis of previous performance could have the unfair effect of spending public funds in a way that bore no relationship to current public preferences. In some cases it could have the undesirable effect of sustaining a Party that is no longer electorally viable while denying sustenance to a new Party that has emerged to take its place.

2.7 *Reimbursement Also Unacceptable*: An alternative to subsidizing Parties and candidates on the basis of previous performance is a system of reimbursing the Parties and candidates after an election for a proportion of their actual expenditures in their campaigns. This system is equally unacceptable for at least the following reasons:

2.7.1 *Campaign Budget*: Parties would find it extremely difficult to budget properly for a campaign if they did not know what proportion of their expenditure was to be returned in the form of a public subsidy.

2.7.2 *Encouraging Hopeless Candidates*: An increasing number of electorally hopeless minor Parties and independent candidates might be encouraged into the race by the knowledge that, even if they were unsuccessful, their campaign expenditures would be reimbursed. In other words, members of the public would be obliged to subsidize the publicity efforts of unpopular fringe movements that take advantage of an election for just this purpose.

2.7.3 *Threshold*: It would probably be thought necessary to set some minimum percentage of votes as a threshold below which there would be no subsidy. This, however, would have to be arbitrary and it would be unfair in such cases where only a few votes separated a candidate or a Party that was entitled to a subsidy and a candidate or a Party that was not.

2.8 *Party or Candidate*: If subsidies are to be provided, they could be allocated at two levels: to a Party's State Central Executive, or to individual candidates. Each involves certain problems, especially when the other is excluded.

2.8.1 *Centralization*: The provision of the subsidies to the State Central Executive would result in excessive centralization of power in the Parties and undermine the initiative and independence of Members of Parliament, candidates and local Party branches.

2.8.2 *Party Discipline*: The provision of subsidies to the Parties' individual candidates would have the opposite and equally unfortunate consequence of undermining Party discipline.

2.9 Some degree of accountability would be required of those Parties that opt to accept public subsidies. The imposition of controls over participants in the electoral process has serious inherent dangers, so these controls should be kept to a minimum. The Parties should not be subjected to such controls that they take on the character of simply parts of the bureaucratic apparatus of the State. Even with a minimum of controls on the Parties public subsidies will result in an expanded bureaucracy and other hidden costs to the taxpayer.

2.10 *Voluntarism and Participation*: The Liberal Party believes that voluntarism and popular participation in the political process are vital and should be protected against any system of public subsidy that would tend to undermine them. A Party that became dependent upon a State subsidy would have little need of the voluntary contributions of time and money by its members and supporters. Thus, Party membership would inevitably decline, and with it popular participation in the political process. This would have very harmful consequences and implications for democracy. If public funds are to be made available for political Parties, a system should be devised that would avoid this very serious problem. Possibilities include the following:

2.10.1 *Tax Credits*: A system of tax credits for contributors to Parties or candidates.

2.10.2 *Matching Membership*: \$ for \$ subsidies matching individual (i.e. not affiliated) membership fees received. This would encourage the Parties to recruit new and active individual members and reduce their dependence on affiliated interest groups.

2.10.3 *Matching Donations*: \$ for \$ subsidies matching private donations (perhaps under a given ceiling). This would encourage the parties to stimulate participation in the form of voluntary private contributions.

2.11 I stress again that the Liberal Party is emphatically opposed to the use of public funds for political activities. The purpose of the ideas set out above is simply to suggest safeguards that should be applied if the Joint Committee is unanimously of the opinion that it is obliged to recommend a subsidy scheme.

3. *Whether There Should be Compulsory Disclosures of, and Restrictions on, Electoral Expenditure Whether Public or Private in Respect of Political Parties and Candidates.*

3.1 There are at least four different questions involved here—

Should there be compulsory disclosures of public expenditure?

Should there be limitations on public expenditure?

Should there be compulsory disclosure of private expenditure?

Should there be limitations on private expenditure?

3.2 *Disclosure of Public Funds*: Disclosure—or at least some form of audit—should be required of those Parties and candidates that opt to accept public funds. This, however, should apply only to the funds received for which the Party or candidate is accountable to the public. For its private expenditure a Party should be accountable only to its members.

3.3 *Limitations on Public Funds*: Similarly, there should obviously be some limitations on the amount of public funds available for political activities. The Liberal Party believes, of course, that no such funds should be available, but if they are to be provided they should be in limited amounts. There are more urgent and deserving social needs and much higher priorities on the call for public funds. No political Party or candidate has the right to be fed at a bottomless public trough.

3.4 *Private Funds*: It is doubtful that any practical purpose would be served by requiring compulsory disclosure of private expenditure—unless the undesirable step is taken of placing limitations on such expenditure. Indeed, such compulsion could itself have serious undesirable consequences, including:

3.4.1 *In-Kind Contributions*: It would be easily avoidable. A Party that wished to minimize the appearance of its expenditures could encourage its supporters to make "in-kind" contributions. Corporations, unions and other organizations could, for example, make workers available for Party political work and accept bills for items that could not be traced to the Parties.

3.4.2 *Party Running Costs*: Compulsory disclosures of electoral expenditures could also be avoided by the Parties disguising such expenditures among their normal day-to-day running costs. It is not always easy for a Party to distinguish between the two.

3.4.3 *"Front" Groups*: Compulsory disclosure of electoral expenditure would also encourage the proliferation of front groups, initiated and controlled by a Party, campaigning on an issue closely identified with that Party or its Leader, but not organizationally linked to that Party in such a way that its expenditures could properly be included among those of the Party. Recent elections have seen the emergence of such groups. They are very much a feature of American elections, especially since that country reformed its campaign funding laws.

3.4.4 *Speech and Press Freedom*: It would be improper to impose restrictions and controls on such organizations (mentioned in 3.4.3) as this would necessitate an unacceptable intrusion upon the freedom of expression of individuals in other more legitimate organizations. Similarly, even a letter to a newspaper editor (or an organized campaign of such letters) could be an "in-kind" contribution to a political Party's campaign, especially when written by "celebrities" or opinion-leaders. As such, letters would have to be subject to controls. Any such controls, however, necessary by the nature of public funding would intrude upon free speech and the freedom of the press.

3.4.5 *Private Expenditure Disclosure Opposed*: As compulsory disclosure of private electoral expenditures could be so easily avoided and as it would serve no clear and important purpose, we believe that it should not be included in any reform proposal.

3.5 *Limitations on Private Spending Opposed*: We also oppose the imposition of compulsory limitations on private electoral expenditures. The superficial attractiveness of such limitations overlooks political reality and some very serious dangers, including:

3.5.1 *Government Advertising:* An unscrupulous Government could easily overcome such limitations by using public moneys improperly for partisan purposes. A Government might, for example, simply allocate more public resources to Government advertising and public relations and use more Ministers in the advertising of Governmental services. Already there is some concern about the trend in this direction. The attached advertisement, which was placed in most New South

Wales newspapers only some weeks before the announcement of the 1978 State elections, is only one example of how Governments use public funds for what many people see as cynical political purposes. Perhaps an independent agency is needed to monitor and control this sort of activity by the Government. Such a body would certainly be needed if we had public funding with compulsory disclosure and limitations.

12 **DAILY TELEGRAPH, Saturday, August 19, 1978**



THE NEW SOUTH WALES GOVERNMENT ANNOUNCES

Another 500 jobs for young people

SPECIAL YOUTH EMPLOYMENT TRAINING PROGRAMME AVAILABLE NOW

To be eligible you must ...

- be aged 15 to 24 years.
- have been away from full-time education at least 4 months in the last 12 months.
- have been registered with the Commonwealth Employment Service for not less than a total of 4 months in the last 12 months; or show satisfactory evidence of being unemployed for at least 4 months during this period.
- be registered with the Commonwealth Employment Service.

TRAINING PERIOD

For persons commencing before the 1st September 1978 - 26 weeks, after that date - 17 weeks.

POTENTIAL FOR FULL EMPLOYMENT

We emphasise that this is a training scheme within the New South Wales Government. However, at the completion of training, every effort will be made to provide full employment for the participants if suitable vacancies are available at that time. If vacancies are not available, trainees will be required to actively seek alternative employment.

POSITIONS AVAILABLE NOW IN THE SYDNEY METROPOLITAN AREA AND COUNTRY AREAS. THEY INCLUDE

- Assistant Cook ● Cartographic Assistant ● Chairman ● Clerical Assistant ● Diet Aide ● Domestic Assistant ● Farm Assistant ● Gardener's Assistant ● Guide Assistant ● Junior Machinist ● Library Assistant ● Machine Operator ● Nurse's Aide ● Outdoor Attendant ● Park Worker ● Photographic Assistant ● Stenographer ● Ticket Seller ● Tracer ● Tradesman's Assistant ● Typist ● etc.



"As promised, my Government has created another 500 job training opportunities for young people throughout New South Wales. The scheme will operate for 6 months under the State Government Youth Training Program and the State is contributing more than \$250,000 after subsidies. Young people are urged to apply for these jobs now".

Neville Wran
Premier,
New South Wales

HOW TO APPLY

Check your eligibility with your local office of the Commonwealth Employment Service. Application forms available at that office.

**The opportunity is yours
— so apply now!**

Applications close on 24/8/78

3.5.2 *Incumbents' Advantages:* Governments and incumbents have other advantages, and the only way that these can be overcome might be through campaign expenditures by their challengers. Thus, while limitations could equalize expenditures they would not equalize opportunities and advantages. They would have the undesirable and undemocratic consequence of protecting unpopular governments and incumbents from effective challenges.

3.5.3 *Limitations Arbitrary and Unrealistic:* Any limitation on private political expenditure would be arbitrary and, given inflation and the inevitable escalation of campaign costs, it would become unrealistic. Existing statutory limitations have been found to be unworkable for just this reason. Ceilings would necessarily have to be flexible, but this would give governments an unacceptable increment of power to silence their critics and opponents.

3.5.4 *Varying Costs:* No limitation on private political expenditure could be applied uniformly across the State. It costs considerably more, for example, for a candidate to advertise on city than on country media outlets, and the costs are not uniform in the country areas.

3.5.5 *Collateral Advertising:* Limitations on spending by parties and candidates would inevitably result in an increase in collateral advertising by supportive groups. Thus, the limitation could easily be overcome simply by a Party initiating the formation of a number of front groups. This could be avoided only by including the expenditure of other groups in the limitation imposed upon Parties and candidates. If the costs of the campaigns of supporting groups and individuals were to be included in the limitations on a Party's campaign, however, the Party would have to be given control and a veto over the advertising campaigns of those individuals (many of whom would be legitimate but perhaps only temporary supporters). Without this control a Party would not be able properly to plan its campaign, and its campaign efforts could easily be sabotaged. Thus, if as in the past a body like the Teachers' Federation wanted to support one of the Parties with a campaign of media advertisements, the Party would have to either include the cost of that campaign in its own permissible expenditures or have the power to veto the Federation's campaign. It would be unacceptable to give the Parties this increment of control over legitimate organizations. Without such a provision, however, expenditure limits would be meaningless.

3.5.6 *Free Speech:* Our principal reservation is that limitations on private political expenditure would involve very serious intrusions upon the right of free speech. Individuals and candidates would have to be denied the right to spend the amounts they believe to be necessary to bring their views and preferences to the attention of the public. Similarly a mass organization of opinion would have limitations on its right to spend to express that opinion when it happened to coincide or conflict with a policy of one or more of the parties. This is unacceptable, but it would be necessary if spending limits were to be applied.

4. *Whether there should be Compulsory Disclosure of Contributions and Gifts to Political Parties and Individuals*

4.1 *Compulsory Disclosure Dangerous:* The Liberal Party cannot support compulsory disclosure of contributions and gifts to political parties and individuals. Any possible advantage would be far outweighed by the dangers involved. These include:

4.1.1 *Extortion, Intimidation and Reprisals:* Forced disclosure would open new opportunities for political extortion and a reverse spoils system. Possible contributors to challengers could be subjected to serious pressures from unscrupulous governments. Such a government could use the weapon of its knowledge of contributions to starve its opponents of necessary campaign funds. Similarly, there are very real dangers of organizations such as the more irresponsible of the trade unions using knowledge of contributions to intimidate their members and to take reprisal actions against employers.

4.1.2 *Bureaucracy:* Compulsory disclosure of contributions can be unwieldy and time-consuming, necessitating an inflated bureaucratic apparatus and a mountain of paper work. What is more, it can have the self-defeating purpose of increasing campaign costs. The disclosure provisions of recent American reforms have resulted in their being termed "lawyers' and accountants' full employment laws". The requirements of the U.S. Federal Election Campaign Act of 1971 generated more than half a million pages of reports in 1972, and much more is expected during the forthcoming American elections.

4.1.3 *"Laundered" Money:* It would probably be impossible to draft fair and reasonable compulsory disclosure provisions which would not enable contributors to launder their money through intermediate agencies. Again, the American experience illustrates the problems thrown up by compulsory disclosure laws. Many months have been spent in the U.S. Congress over the past year dealing with the problem of P.A.C.'s (political action committees) through which contributions are increasingly being made to election candidates. In 1978, these non-party committees gave \$25 million to candidates for the U.S. House of Representatives. Such committees, however, are only one means through which multiple contributions can be made—especially in a Federal system.

4.1.4 *"In Kind" Contributions:* It would be very difficult, if not impossible, to provide a formula for disclosing the value of "in kind" contributions, but these can have exactly the same implications as cash gifts. It would not be possible, for a party accurately to assess the value of the time given by performers in a voluntary concert in aid of a campaign, by specialists in certain policy areas, by technical experts in promotional fields, or other "in kind" contributions.

4.1.5 *Party Code:* Liberal Party fund-raising is carried out under a code (see 7.2 below), which works effectively and enables parliamentary members and their leader to formulate policy free from the influence of contributors. We believe that this is a good system that should be adopted by all Parties. It would be impossible to operate under such a system, however, if all contributions were a matter of public record.

4.1.6 *Freedoms of Association and Speech:* Our most serious reservation about compulsory disclosure of contributions and gifts is that it would involve a further intrusion upon the freedoms of association and speech. The freedom to support a candidate or Party without disclosing that support is a necessary corollary of the secret ballot. Those of us who are actively engaged in politics do not mind revealing our political preferences. Many, perhaps even most, have personal reasons for wanting to maintain some privacy about their political commitments. Careers, personal relationships, and even reputations can be destroyed if people are denied this right. No purpose that could possibly be achieved by compulsory disclosure of contributions could be more important than the rights and freedoms that would be threatened.

4.2 *Safeguards:* For these reasons, the Liberal Party could not support any proposal for compulsory disclosure of contributions. If the Joint Committee is *unanimously* of the opinion that disclosure should be required, however, we would stress that at least the following safeguards be applied:

4.2.1 *Groups, Not Individuals:* Disclosure, if necessary at all, should be required only of pressure groups, not of individuals whose rights and privacy must be maintained.

4.2.2 *Not Party Members:* Individual party members should not be required to disclose their membership or the degree of their commitment to the party of their choice. Freedom of association must be maintained.

4.2.3 *Ban Affiliated Membership:* Parties should not be permitted to accept affiliated membership from other organizations. Affiliated membership would encourage organizations to seek this status as a means of avoiding a law otherwise requiring disclosure of contributions by organizations.

4.2.4 *Ceiling:* If disclosure is required, it should apply only to contributions above a specified ceiling. It should not apply to small contributions, which are a vital and legitimate form of political participation but which might be discouraged by the implications of disclosure.

4.2.5 *Realistic Ceiling:* The ceiling below which disclosure of contributions would not be required must be realistic. Careful thought should be given to assessing the optimum amount at which a contribution might possibly begin to influence government policy.

4.2.6 *Independent Body:* If disclosure is to be required, it should be administered by an independent body that is not subject to government control.

4.3 It is stressed again that the Liberal Party believes that the dangers and problems involved in the compulsory disclosure of contributions far outweigh any possible benefits. We cannot support such measures. If the Joint Committee is of the opinion that disclosure should be recommended, however, the above suggestions should be considered as minimum safeguards.

5. *The Extent of Public Commitment Suitable for the Operation of any Such Scheme as the Committee Might Advise be Established*

5.1 *Opposed to Use of Funds:* As the Liberal Party is emphatically opposed to the principle of spending public moneys on private political campaigning, we cannot recommend that any commitment to public funds should be made for such a purpose. Certainly, no commitment of moneys should be made while there are social needs more deserving of available public funds.

5.2 *No Public Support:* It is quite clear that the public—whose money it is proposed to spend—does not place a high priority on political Parties among those activities and organizations deserving of public subsidies. In fact two independent public opinion surveys conducted last year immediately following the Premier's announcement of his intention to introduce public funding found very little support for the idea. More than 70 per cent disagreed with the proposal and believed that funds should be raised by the Parties themselves. No category of voters approved of the idea, and even 66 per cent of Labor Party voters disagreed with public funding. It is significant that the idea is considerably less popular in Australia than in Britain or the United States.

5.3 *Referendum:* In the absence of any indication of popular support, it would be improper for politicians to subsidize their campaign activities without first testing the idea at a referendum and obtaining a mandate for such a policy. As the direct use of public money for private political purposes and the accompanying limitations on freedom of speech and association involve unprecedented steps in public policy in Australia, we would insist that a referendum is the appropriate way to seek the approval of the people of the State. Such a referendum could be held at minimal cost concurrently with the next New South Wales general election.

THE LIBERAL PARTY OF AUSTRALIA

Federal Secretariat

Reference Paper 6/79

29th May, 1979.

PUBLIC FUNDING OF POLITICAL PARTIES—PUBLIC OPINION

Following the announcement by Mr Wran of a N.S.W. Government inquiry into public funding of political parties, and the ensuing public debate, two surveys of public reaction to the suggestion have been conducted. Both show that a majority of people oppose government funding of election campaigns.

Age Poll

Date of Survey: 21st, 22nd April, 1979.

Sample size: 2 000 nationwide.

"There has been discussion recently about the way political parties are financed. Do you think that money to pay for election campaigns of the major parties should be provided from Government funds, or should be raised by the parties themselves?"

Results:

Money to pay for election campaigns of the major parties should be	Total (2000)	Male (998)	Female (1002)	Uni-Educated (192)	Primary educated (230)	Votes Lib. (700)	Votes Alp. (872)	Votes A. Dem. (111)	Votes N.C.P.	N.S.W.	Vic.	S.A.
	%	%	%	%	%	%	%	%	%	%	%	%
Provided from Government Funds	23	27	18	34	19	15	33	23	10	25	25	29
Raised by the parties themselves ..	75	71	79	65	77	83	65	77	89	73	74	70
Don't Know ..	2	2	3	1	5	2	2	..	1	2	1	1

Analysis:

A majority of supporters of the ALP, Liberal Party, the N.C.P. and the Australian Democrats is opposed to government funding of election campaigns, although Liberal and N.C.P. opposition is strongest. A.L.P. voters are 2:1 opposed to government funding. No single political, educational or occupational group favours government funding.

A.P.O.P. Poll

Date of Survey: 5th, 12th May, 1979.

Sample size: 1 915 nationwide.

Question:

"Do you agree or disagree with the proposal that the cost of political campaigns for Federal and State elections should be funded from taxation money rather than donations to each political party?"

Results:

Seventy per cent of respondents disagreed with the proposal that taxation money be used to fund political campaigns. Twenty-six per cent agreed and 4 per cent were undecided.

Following is the breakdown of figures for those disagreeing with the proposal:

N.S.W.	Vic.	Qld.	S.A.	W.A.	Tas.	Votes L/N.C.P.	Votes A.L.P.	Women	Men	Age 16-39	Age 40+
70%	63%	78%	70%	83%	76%	76%	66%	75%	66%	73%	68%

Analysis:

As in the Age Poll, a majority of L/N.C.P. and A.L.P. voters disagree with the use of public funds for election campaigns. While opposition is stronger among government supporters, Labor voters in this survey are also 2:1 opposed to the use of taxation money to fund campaigns.

Disagreement with the public funding proposal in the States ranges from 63 per cent in Victoria to 83 per cent in W.A. In N.S.W., where Wran has announced his intention to set up an inquiry into public funding, 70 per cent of respondents disagree with the proposal.

THE AGE

Monday, May 14, 1979

ATTITUDES TO ELECTION FINANCING

(Rated by sex, education and voting intention)

Money to pay for election campaigns of the major parties should be:	Total (2000) %	Male (888) %	Female (1002) %	Uni.-educated (182) %	Primary educated (230) %	Votes LIB (780) %	Votes ALP (872) %	Votes Asst. Dem. (111) %
Provided from Government funds	23	27	18	34	19	15	33	23
Raised by the parties themselves	75	71	79	65	77	83	65	77
Don't know	2	2	3	1	5	2	2	—

Note: percentages rounded to nearest whole number.

Parties 'should find own cash'

Few Australians favor political campaigns being funded by the Government, the latest AGE POLL shows.

Only 23 per cent of voters say the Government should pay for election campaigns. Seventy-five per cent say the parties should raise their own campaign funds.

Labor and Australian Democrat supporters are more inclined than their Liberal or NCP counterparts to plump for Government funding of elections.

But there is still no single political, educational or occupational group in the community with a majority favoring Government funding of elections.

AGE POLL interviewed 2000 people of voting age in all States and the ACT. The sample included every Federal electorate except the Northern Territory. Interviewing took place on the weekend of April 21-22.

People were asked: "There has been discussion recently about the way

REPORT: Leonard Radic



political parties are financed. Do you think that money to pay for election campaigns of the major parties should be provided from Government funds, or should be raised by the parties themselves?"

Men were more in favor of elections being financed by the Government (27 per cent) than women (18 per cent) and the university-educated (34 per cent) more than the primary-educated (19 per cent).

Among Liberal voters, 83 per cent were in favor of the parties raising their own

funds and only 15 per cent in favor of Government funding.

Among NCP voters, there was even less support for Government funding (10 per cent), as against 89 per cent who thought the parties should raise their own election funds.

Government funding was supported by 33 per cent of Labor voters and 23 per cent of AD voters. Against this, 65 per cent of Labor voters and 77 per cent of AD voters thought the major parties should finance their own campaigns.

Support for Government funding of elections was strongest among those in the 45-59 age group (27 per cent) and weakest among those aged 18-20 (12 per cent).

AGE POLL is conducted for 'The Age' by Irving Saulwick and Associates in conjunction with Beacon Research Pty. Ltd. and the Department of Political Science in the University of Melbourne.

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Witness—G. Bartels, 11 March, 1980

6. *The Right of New Political Parties, Small Parties, Parties of Special Interests and Independent Candidates to Participate in any Scheme of Election Campaign Funding and Expenditure*

6.1 *Thresholds and Discrimination:* The Liberal Party opposes the public funding of any candidate or any party—large or small.

The citizen and taxpayer should not be compelled to finance even the party that he personally supports—much less a party (such as one of the 500 or more minor parties that have fielded candidates in Australia) whose policies and candidates he might regard as abhorrent. No person who has experienced the evils and horrors of nazism and communism, for example, should be compelled to support through his taxes the representatives of those totalitarian doctrines in New South Wales elections. The availability of public funds would probably encourage even more fringe groups into the electoral contest. All groups naturally have a right to seek parliamentary office and, if political candidacy is to be subsidized, they would necessarily have the same right to a proportionate share of the available public funds. It would be contrary to all democratic principles for the Government of the Parliament to assume the power to discriminate among the parties. If there is discrimination on the basis of electoral support, for example, democracy dictates that there would have to be a very low threshold (in Germany, the Federal Constitutional Court reduced it from an unacceptable 2.5 per cent to 0.5 per cent of the popular vote) below which there would be no subsidy entitlement. The decision on any threshold would be arbitrary and potentially unfair. It is conceivable, for example, that the Marijuana Party might qualify with a vote 0.001 per cent above the threshold while the Pensioners' Party might be disqualified with a vote 0.001 per cent below that threshold.

6.2 *Range of Problems:* The problems imposed by incipient Parties, amalgamations of existing Parties, breakaway movements, and the fragmentation of older Parties into more-or-less equal movements are equally complex. A new Party formed by the amalgamation of two or more existing Parties could be disqualified from receiving public funds if such funds are made available on the basis of performance at the previous election. Similarly, we could face the situation where two bitterly competing new Parties claim to be the legitimate successor to an old fragmented Party. Could legislation be drafted that would be able to anticipate the enormous range of such problems that could arise?

7. *Conclusion:*

7.1 *More Thought Needed:* Because there are so many objections to public subsidies, limitations on private expenditure, and compulsory disclosure of contributions, the Liberal Party believes that—if, indeed, reform is necessary—more imaginative and acceptable methods of political finance reform must be developed.

7.2 *Liberal Party Code:* It is suggested that the parties might agree on a common code of finance principles. The Liberal Party's code, as set out here, would provide a useful model:

- (1) While it is quite acceptable for a member of Parliament to voice the party's need for funds or services, under no circumstances does a member of Parliament or candidate personally accept money or such services on the Party's behalf or for his own campaigning, staff, services or other political needs. It is the legitimate responsibility of Finance Committee members and/or Collectors to accept money on behalf of the Party.
- (2) The details of donations are a private matter between individual donors and the respective President, Treasurer, Finance Committee Chairman and/or Collectors. These individuals have a need to know such details in the organization of fund raising. No member of the State or Federal Parliamentary parties is informed of the details of donations under any circumstances whatever.
- (3) No funds are accepted from industry, professional or other organizations or groups in furtherance of the sectional business, professional or other interests of their members.
- (4) The Party does not accept funds that are donated subject to political conditions of any kind. Under no circumstances will the Party accept funds which, even if only by inference, are intended to obtain the Party's support by specific actions or attitudes. A donor, like any other member of the Party, has a right to put his views to the Party—but a right to no more than that.

- (5) The Liberal Party never raises funds on behalf of any other party or organization.

7.3 *Public Cynicism:* Party and campaign finance is a very sensitive area where governments have wide scope to introduce or amend legislation to their own advantage and to the detriment of their opponents. This does nothing to build public confidence in the political system. If the Joint Committee is to avoid the problem of undermining this confidence it should unanimously recommend a system of party funding that has support across party lines. Without this unanimity it would be better if the Joint Committee made no recommendation at all. A proposal lacking the support of all parties would be seen to have been conceived in the partisan interest of the incumbent parliamentary majority and it would rightly be condemned by a justifiably cynical public.

294. CHAIRMAN: Do you wish to add to or elaborate upon that submission?—A. Yes. I wish to make a supplementary submission which, with your approval, I would ask to have incorporated in the proceedings of the Committee. I have copies of it here for members of the Committee if they would care to have one.

295. Is it a lengthy statement?—A. It is about eight pages, but I do not intend to read all of the statement. A large section of it is a very relevant excerpt from a learned journal. I would not propose to read that in its entirety but I would like to read the other four pages.

296. As you have copies they may be distributed to members of the Committee. It will be necessary for you to read any new material in the submission. If the second part of it has previously been published?—A. None of it has been previously published to this Committee.

297. In that case you may read it.—A. This is the supplementary submission of the Liberal Party of Australia (New South Wales Division):

LIBERAL PARTY OF AUSTRALIA (NEW SOUTH WALES DIVISION) SUPPLEMENTARY SUBMISSION TO THE JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS

1. *Definition:*

1.1 The Liberal Party is disturbed that the Joint Committee has not seen fit to define what is meant by the term "campaigns for election to the Parliament of New South Wales" as mentioned in the introduction of its terms of reference.

1.2 *Public Commitment:* In this context attention is drawn to term 2 (d) which deals with the extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established. In passing it is noted specifically that the wording is "as the Committee might advise be established" not "as the Committee will (or shall) advise be established".

1.3 *Premier's Statement on Public Commitment:* When moving in the Legislative Assembly for the appointment of the Joint Committee the Premier said:

"Let me draw the attention of Opposition members to term 2 (d) of the Committee's terms of reference and inform them that it will be the task of this Committee to investigate and report upon the extent of public commitment advisable for the operation of a scheme of State aid to political Parties and individuals. Thus any opening of the public purse will come only after the most detailed study of what is justifiable for the effective operation of the advised scheme, given the prevailing economic conditions."

1.4 *Rejection or Deferment:* In the minds of most people that does, in fact, give the Committee a clear mandate to reject entirely or defer for any length of time a proposal for public funding on two grounds, viz.: (i) the lack of sufficient public commitment; and (ii) the competing requirements of other areas seeking public funds in the prevailing economic conditions.

1.5 *Loose Interpretation:* This apart, however, the submissions of the Academics for Pluralist Funding and the Australian Labor Party indicate that those two bodies regard campaigns for elections as running from one election to another. While many of those closely associated with politics might accept that proposition in a very loose way, it cannot be said that the public at large would accept it at all—and the Committee is charged to have regard “to the extent of public commitment.”

1.6 *Detailed Definition:* We want, therefore, to place before the Committee a definition of a campaign for elections which is as follows:

“A campaign for elections is that activity (or those activities) officially undertaken by political Parties and candidates for election for the purpose of securing votes for the candidates endorsed by the Parties or for those individual candidates seeking elected office as independent candidates during the period commencing with the issuing of the writ for an election and ending with the closing of the ballot on the day specified in the writ, i.e., ‘election day’.”

1.7 *Public Understanding:* This definition is restrictive, perhaps, but it has the outstanding merit of stating succinctly what the vast majority of electors understand as, in fact, an election campaign.

1.8 *Legislative Interpretation:* As far as can be determined, too, all Australian legislative restrictions with regard to elections, e.g., limitation on expenditure, sizes of election posters, etc., come into force with the issuing of the writ with the one exception of Tasmania where an additional restriction comes into force once a candidate announces his candidature, viz.: from that date the candidate can make no donation or award any prize to any club or association.

It is apparent, therefore, that such legislation as there is including the Broadcasting and Television Act accepts the issuing of the writ as the commencement date for election campaigns. The only point at issue then is the end date and “election day” seems to be the obvious end date.

1.9 *Confinement of Discussion to Election Campaigns:* The Committee is asked to accept this definition and to confine discussion concerning public funding to the period specified in it. If this is not done the Committee will be led into the whole question of funding of political Parties in all their activities. The submission from the Academics for Pluralist Funding goes part of the way in this direction and that of the A.L.P. goes the whole way by seeking funds *inter alia* for an outgoing three year campaign which will include funds for:

- A. central campaign funds (principally media);
- B. by-election and referenda campaign funds;
- C. Constituency Party (local electorate) campaign funds; and
- D. research/education/organization funds.

1.10 *Outside the Terms of Reference:* The Liberal Party believes that consideration of providing public funds for referenda, maintenance of central and local offices, research, education and for the general organization of a Party are totally outside the terms of reference of the Joint Committee.

2. Private Funding:

2.1 *Terms of Reference and Private Funding:* Under terms (b) and (c) the Committee is required to have regard to certain matters concerning private funding. We wish therefore to put forward a number of observations concerning private funding for the Committee's consideration.

2.2 *Confusion over “Cause” and “Effect”:* Those who aim to restrict private funding of political Parties and/or candidates invariably confuse “cause” and “effect” with respect to such donations. The point always made is that private donations are made to cause the recipient to support a certain philosophy or political course of action. In fact it is far more likely that the donation is made because the recipient already supports the philosophy or political course of action in question.

2.3 *Buying Votes?* Similarly, those who espouse the restriction of private funding imply or state specifically that private donations can be used to buy the vote of Parliamentarians. While this might be possible in certain overseas circumstances, it is hardly a credible argument in Australia where for the most part it is Parties which contest elections as opposed to individuals. Not only is this the fact of the matter, it is what the electorate at large sees as being so.

2.4 *Restrictions on Private Funding:* There are two principal ways of restricting private funding. One is to forbid it. The other is to require disclosure of private donations above an arbitrary low figure. Both the submissions referred to in 1.5 above suggest disclosure of donations above \$100 and advance opinions as to why such disclosure should be made.

2.5 *Reason for Disclosure:* We believe that in the Australian context, in fact, there is only one reason for requiring or suggesting disclosure and that is to cause the sources of private donations to dry up. This would have far more serious effects on the Liberal Party for instance, than on the Labor Party because the Liberal Party relies entirely on voluntary contributions from its members and supporters whereas the Labor Party has access to vast funds available to it from affiliated unions. Apart from the accumulated funds of most unions, members of those affiliated with the A.L.P. pay, as part of their union dues, a levy to the A.L.P. Those union dues are, of course, subject to tax deductibility.

2.6 Reasons for Non-disclosure:

2.6.1 We reiterate the assertions made in our original submission that forced disclosure of private donations which were still made could lead to extortion, intimidation and reprisals; that it would lead to an unwarranted increase in the bureaucracy and would constitute a most un-Australian limitation on the freedoms of speech and association.

2.6.2 *Positive Functions of Private Funding:* The following excerpts from an article by Professor Ralph K. Winter, Professor of Law at Yale Law School and Adjunct Scholar of the American Institute for Public Policy Research, who is an undoubted authority in this field are offered in support of the concept of private funding unfettered by laws which would restrict it by forcing disclosure to the world at large:

The case against private campaign financing is not, on the available evidence, powerful. Sensationalized and impressionistic, it rests more on horror stories than on sustained scholarship. Still, abuses do exist; some functions of private money are undesirable; and the case against private financing might well be adequate in the absence of a case for it. An affirmative case can be made, however.

Private Campaigns Financing: Its Positive Functions: That private financing influences the political process cannot be doubted; but it also cannot be doubted that it is only one of many factors having such an impact. Still, why should it have any influence at all? A political system in which elections are determined on a “one man, one vote” basis, it might be argued, ought not permit an unequally distributed resource to affect the political process.

This is a simplistic view of that process, a view which misconceives the nature of the consent of the governed and the need for individual political freedom in a democratic society. As Alexander M. Bickel has said:

What is above all important is consent—not a presumed theoretical consent, but a continuous actual one, born of continual responsiveness. There is popular sovereignty, and there are votes in which majorities or pluralities prevail, but that is not nearly all. Majorities are in large part fictions. They exist only on election day and they can be registered on a very few issues. To be responsive and to enjoy consent, government must register numerous expressions of need and interest by numerous groups, and it must register relative intensities of need and interest.

It is in order to “register numerous expressions of need and interest” that all kinds of activities, in addition to periodic elections, may legitimately affect political outcomes. Demonstrations, public hearings, handbills, lobbying, study groups, letters to congressmen, books, articles, organizational activities, petitions, advertisements, rallies and acts of civil disobedience all influence the political process in a way that is inconsistent with simplistic notions of “one man, one vote”. However nice a ring the slogan has, it cannot be the exclusive basis of a political system without restricting individual freedom and creating instability by excluding legitimate and intensely held political claims. “One man, one vote” may be a convenient basis for apportioning legislative districts. As a full political system it is not consistent with larger notions of freedom and of the consent of the governed.

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Private campaign financing can thus be viewed as an aspect of political freedom. All political activities make claims on society's resources. Speeches, advertisements, broadcasts, canvassing, volunteer work—all consume resources. Money is the medium of exchange by which individuals employ resources owned by others. If political activities are left to private financing, individuals are free to choose which activities to engage in, on behalf of which causes, or whether to do so at all. When the individual is deprived of this choice, either because government limits or prohibits his using money for political purposes or takes his money in taxes and subsidizes the political activities it chooses, his freedom is impaired.

Money is fungible with other resources suitable for political use and, distributional questions apart, the individual who contributes a resource directly, for example, time and labour, is in many ways indistinguishable from the individual who contributes money which in turn purchases time and labour. Money, it must be conceded though, is the most fungible resource. Campaign contributions are also vehicles of expression of donors seeking to persuade other citizens on public issues. Contributing to a candidate permits individuals to pool resources and voice their message far more effectively than if each spoke singly. This is critically important because it permits citizens to join a potent organization and propagate their views beyond their voting districts.

Nor is there anything inherently wrong with contributing to candidates who agree with one's views on social and economic policies, even where those policies may benefit the donor. Obviously, groups pursue their self-interests and seek support from others. That is a salient characteristic of a free political system. Those who seek to regulate that kind of contribution can stand with those who would deny the vote to welfare recipients to prevent that vote from being "brought" by promises of higher benefits. So long as we accept the bestowal of economic favour as a proper function of government, potential recipients will tend to exchange this support for such favours.

—I am sure that members of the committee will not disagree with that proposal. We saw a good example of that when the Premier made those enormous promises in the Castlereagh by-election campaign. We might have objected to them, but we knew that it was his right to make those promises. That is the point being made.

Contributions also serve as a barometer of the intensity of voter feeling. In a majoritarian system, voters who feel exceptionally strongly about particular issues may be unable to reflect their feelings adequately in periodic votes. As members of the antiwar movement often pointed out, the strength of their feelings as well as their numbers should be taken into account. If a substantial group feels intensely about an issue, a system which does not allow that feeling to be heard effectively may well be endangered. Campaign contributions are perhaps the most important, and least offensive, means by which the intensity of feeling can be expressed. People who feel strongly about United States support for Israel, for example, are able to voice that conviction with greater effect through carefully directed campaign donations than in periodic elections in which the stance of the available candidates does not permit a clear signal to be given.

This function might be discounted if large contributions reflected only intense but idiosyncratic views. For the most part, however, intense feelings will not generate substantial funds unless large numbers of citizens without great wealth also share those convictions. Campaign contributors in these circumstances serve as representatives or surrogates for the entire group. That Mr X, who favours free trade, can make larger contributions than Mr Y, who does not, really matters little, if Mr Z, agrees with Mr Y, and gives heavily.

The challenge to the arguments that private campaign financing enlarges political freedom and contributes stability to the system is essentially distributional; because money is maldistributed throughout the society, its use in political campaigns undesirably skews the political process by allowing wealthy individuals too much power. As noted in the previous section, present evidence does not demonstrate that monetary support is available only for certain ideas. Quite the contrary; it strongly suggests that a wide array of causes and movements on the right and left can attract money. Still, individuals can increase their personal political power through contributions, and even if they functionally represent like-thinking but poorer people, it might be argued that wealth nevertheless is skewing the process.

This argument rests on the assumption that by reducing the personal political power of the large contributor, political influence will be spread more evenly through the society. Such an assumption seems almost surely wrong, for limitations on the use of money may aggravate rather than diminish any distortion. Direct access to the resources most useful for political purposes may be even more unevenly distributed than wealth.

For example, restrictions on private campaign financing may well enhance the power of those who control the media, particularly if public subsidies are modest in size and thus increase candidate dependence on the goodwill of the media. Limitations on the use of money must also increase the relative power of individuals with large amounts of free time and the ability to attract public attention. Finally, groups with the ability to take their money "underground" and operate independent "issue"—rather than "political"—campaigns will have their power increased. It has been reported both here and overseas for example, that unions favor a ban on contributions because their own power would be relatively increased as a result of the hose of "indirect contributions" they can provide.

What emerges is the likelihood that restrictions on private campaign financing will not increase the political power of the people generally but will further concentrate it in already powerful segments of the community. Ironically, the increment will largely fall to various sectors of the well-to-do, because direct access to resources useful for political purposes (free time, control of the media, ability to operate "issue" campaigns) is concentrated not in the poor but in the wealthy. Private campaign financing in short may in fact be a means of spreading political power and expanding the range of discourse.

The call for regulation of campaign financing can be extended to other kinds of resources and could easily become a call for substantial limitations on political freedom. The allegations about the influence of money reflect a basic and disturbing mistrust of the people. If campaign financing really "distorts" legislative or executive behavior, candidates can raise its effect as an issue and the voters can respond at election time. The call for legislation must be based on the belief that the voters cannot be relied upon to perceive their own best interests. If one really believes the people are this easily fooled and in need of this protection, however, there may be no end to the campaign tactics eligible for regulation and no end to calls for increases in power of those "protecting" the public.

On campaign financing and the law Professor Winter said:

First, regulation must be enacted by incumbents who are not likely to pass legislation that will reduce their power. How those who allege that campaign money has such a corrupting effect on legislators can expect them to enact "neutral" regulations on its use is one of the great mysteries of the present debate . . .

3. Need for Consensus:

3.1 *Among the Political Parties:* We believe that no scheme for any form of control of election funding should be introduced unless there is agreement at least between the major Parties for its necessity and for the details to be embodied in it. Otherwise, such a scheme will be seen to be partisan in both its origin and implementation.

—It is precisely because this agreement is lacking in the United Kingdom and the United States that the recommendations of the Houghton Committee were not adopted and repeated attempts to introduce it for House of Representatives and Senate elections have failed in the United States. In the latter case, despite what was said during a sitting of this Committee by the Academics for Pluralists Funding, hopes of agreement have faded so far that the matter did not even come to a vote in 1979.

3.2 *In the Public Mind:* We believe also that there must be a similar sense of agreement in the public mind before any such scheme is introduced. Polls referred to in our original submission show that there is no substantial acceptance by the public. On the contrary more than 70 per cent disagree.

The most recent poll was done in Tasmania by the Tasmanian Opinion Polls which polled 1 000 people. The results published last month revealed that 81 per cent were against any form of public funding.

4. *Optional Public Funding:*

If the Government insists on introducing a system of public funding against the wishes of the Opposition and the people it should be optional and any restrictions introduced as part of the scheme should apply only to those Parties and candidates who opt to accept it.

5. *Other Matters of Relevance:*

With respect to term (f) we believe that it is absolutely within the power and duties of the Committee to advise the Government that no action should be taken before the people are consulted by way of a referendum.

298. CHAIRMAN: It would appear that the submission you are making on behalf of the Liberal Party is that no public funding whatsoever should be introduced. Would that be correct?—A. That is the submission, yes.

299. And that should assisted public funding be introduced, there should be no limitation on the amount that can be donated to be spent on elections?—A. From sources other than public sources?

300. Yes, sources other than from public sources?—A. Yes.

301. You say also that any public funds should be minimal. Would that be right?—A. So minimal that they do not exist.

302. First of all you are saying they should not exist at all; but, if they should exist, they should be very low?—A. Yes.

303. How low?—A. As low as possible. I am not willing to put a figure on it because our basic situation is that the public's money should not be used to fund the political activities of political parties.

304. In your initial submission you stated some alternatives which could be considered, such as \$-for-\$ subsidies?—A. Those qualifications are all based on our submission that if the Committee is unanimously of the opinion that a system of some form of public funding should be introduced, then there should be the following alternatives, and that goes all the way through our submission.

305. You mention \$-for-\$ subsidies?—A. That was one, yes—on membership.

306. On membership only?—A. As I recall, yes, on membership only.

307. Not contributions by your members?—A. No.

308. Putting it on a membership only basis, you take it as a fee paid by a member to be a member of a political party, is that correct?—A. Yes.

309. Would it not be possible for some parties to have a membership fee of, say, \$1,000 a year?—A. In the Australian context, they would not have very many members. But it would be possible, yes.

310. Others who seek membership of people who have less money available could set a fee of, say, \$1 a year?—A. I would see that as a way round the \$-for-\$ proposal, because the organization which had at its disposal a couple of thousand people who could go out and do a little organizing should not have much trouble signing up an enormous number of people at a dollar a time; they would have great difficulty signing up people at \$1,000 a time. I do not think the two would apportion.

311. If there were to be a \$-for-\$ subsidy, would you see a necessity for any limitation to be placed upon it?—A. Yes, because I think implicit in our proposal is that it would have to be a \$-for-\$ part of the fee which would be specifically earmarked for election campaigns, not for the total fee. In other words, we have a membership fee at the moment; that membership fee is apportioned, a certain amount of it going for a general fund, a certain amount going to the branches and a certain amount going to what we called the field fund, which helps to pay for our field staff. I would submit that if such a system as you are now discussing or questioning me upon was implemented, one would have to think in terms of apportionment so that a specific amount is earmarked for an election campaign in the terms that we defined it and not be used for anything else.

312. As you apportion it at the present time, there is nothing laid down in your rules as to how it should be apportioned?—A. No.

313. It is left to the administration?—A. No. I am sorry, at the moment it is laid down in our rules how the fee is apportioned, but it is not laid down that any of that will be apportioned specifically for election campaigns.

314. You do mention tax rebates as a means of government subsidies. Do you think the State of New South Wales could do that?—A. I do not think a State could do it on its own, unless it proceeded to federalism.

315. So it relates mainly to the federal Government should it determine to do it, rather than a State Government?—A. Yes. But if a State brought in a programme such as this, I think it would be open to it to approach a federal Government, of whatever colour, to consider giving tax deductibility for political contributions within that State, in exactly the same way as the State is able to arrange for tax deductibility for charities which are not State-wide.

316. Does the State give tax deductions?—A. No. The State arranges with the Commonwealth that certain charities—all the charities which exist only within New South Wales—are able to get tax deductibility from the Commonwealth. I would think there is no reason that you should not use your good offices, or we will use our good offices after the next election, perhaps, to make that sort of arrangement if something like this is brought in.

317. You mean if the State of New South Wales were to adopt a scheme whereby the State's income tax is apportioned?—A. Not necessarily. I could see that the State of New South Wales might attempt—and I am not advocating it for one minute—but might attempt to get the Commonwealth Government to agree that donations to political parties would be tax deductible.

318. I see that point you make. We were talking about \$-for-\$ subsidies. I note that part of your submission is that there should be \$-for-\$ subsidies matched with private donations?—A. It is not part of our submission in the sense that that is something we are putting forward. It is something that we are saying, if you insist that some sort of a scheme be instituted over our objections, should be considered.

319. But that is in addition to a membership fee, which we were discussing earlier?—A. No, I think not. I think if you look at it, those are alternatives. The lead-in to that section states "Possibilities include the following . . ." The possibilities include tax credits, matched membership, matched donations and so on. But there is no suggestion there at all that they should all be done.

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320. But they are things you suggest could be done as alternatives?—A. If we are over-ruled, they are things we are suggesting could be done, as opposed to taking a total amount of money out of the public purse.

321. You say that this could perhaps be done under a given ceiling?—A. Yes.

322. How would you arrive at the ceiling?—A. Well, I think that is something that would have to be discussed at great length, once there was some sort of decision made that that was a feasible proposition.

323. Is that a ceiling on the contribution or a ceiling on the Government subsidy?—A. I would suggest it would be a ceiling on both. But, once again, when I say "I suggest" I want to make the point that this is only in the event that you decide that a scheme of public funding has to be introduced. I am looking for ways, or we are looking for ways, to minimize the public contribution without necessarily minimizing any private contribution. We are dead against any limitation on private contributions, either to our party or to your party. These suggestions are made on the assumption that you are determined to go ahead with some form of public funding of political parties, which we believe is not necessary. So our suggestions there are: (1) to make it equitable, and (2) to minimize what is taken from the public purse.

324. The Committee is not determined to do anything that you suggest: it has been asked to prepare a scheme which might be introduced. I was hoping that from your submission we could obtain some details which would assist us in arriving at how large or how small the public funds should be?—A. Well, I think that I have to say to you that I believe that the public funds should be as small as possible, and I am not prepared to quantify them because we believe that there should be no expenditure of public funds.

325. So that more or less sums up your submission: that there should be no expenditure whatsoever of public funds, and if there is, they should be small; that there should be no restriction at all placed on political parties in relation to donations from the public for campaign purposes; and there should be no need to disclose who makes donations to political parties. Would that be correct?—A. Yes, though that is not a total summary.

326. No, not in total; but those factors would be correct in the Liberal Party's thinking?—A. Yes.

327. It would be also correct to say that there should be no limitation on the amount of money spent on an election campaign?—Yes.

328. Mr FISCHER: Taking into account your objection to any funding, if the scheme is proceeded with hopefully operating on voluntary funds, what is your attitude to the conduct of a split-up based on Upper House voting percentages? In the event that a party draws the top of the ballot paper, whatever type of group it was, would they cross the threshold level and become eligible, almost by accident, if they were a small grouping, for public funds?—A. On the assumption that a system is brought into being, the question of threshold for eligibility for funds is a very difficult problem. I notice that in the submission of the Australian Labor Party, of which I have received a copy, that they proposed a figure of 6.5 per cent. All I can say is why 6.5 per cent; why not 5.5 per cent or why not 2.5 per cent? There was a case in West Germany after the intervention of the Constitutional Court of .5 per cent.

That question of thresholding the percentage is very dicey and one that is going to cause a deal of heartache. Once you establish a threshold and accept a threshold, I do not think it matters whether somebody crosses that threshold because they are part of the donkey vote. That is a fact of life. Unfortunately we do have a donkey vote and people would have to be paid accordingly.

329. You would see it as a weakness in a system of public funding that a donkey vote might be determining whether the Australian Marijuana Party in this State or the Communist Party is to receive over \$40,000 in funds?

—A. I see the weakness not in that, but in the fact that people would be asked to subscribe money through their taxation payments, or that part reimbursed to the great State of New South Wales, for the furtherance of political philosophies which they regarded as an anathema. I noticed in the easy way in which academics toss things round, that the academics indicated there was no difference between having to pay in that way and having your tax money used for the support of Government policies that individual taxpayers did not support.

I submit that in logic there is an enormous abyss between those two statements. It is rubbish to say that to have my tax money used, or part thereof, or the money of two million people in the State of New South Wales to give support to the utterances of the Australian Marijuana Party, is the same as having to support what we regard as some unpopular action of a Government popularly elected. It does not stand up logically; I do not think it stands up logically or illogically in the minds of the average man. My suggestion would be that if you are determined to introduce a system of public funding, that on the first occasion you forget entirely about what happened at the last State election or any previous State election and start *de novo*.

If you are insistent on introducing some system, then have a look at the fact this is basically a two party system. We have a Labor Party and a Liberal-Country Party coalition and those two between them—if you are insistent upon doing it—should get exactly the same proportion of any purse you decide to introduce, or should be offered the same proportion. Then you could have a smaller amount set aside for the smaller parties, which could be divided up in some way that the Parliament decided. Do not let us start out with what you regard as a great new competition with pre-existing handicaps.

329A. I have noted your objections which arise as a consequence of any allocation made on the Upper House vote which strengthens the threshold levels and the difficulties associated with that, and your overall objection to giving public funds in any case. Has the Liberal Party any attitude and any comment to make with regard to a system proposed by previous witnesses, that in fact the Upper House ballot papers—if there were five groups of candidates—should be printed by computer on the basis that 20 per cent would show group A at the top, or the Liberal-Country Party at the top—

330. CHAIRMAN: Mr Fischer, I remind you that we are not inquiring into the Electoral Act or ballot papers, but we are inquiring into funding.

331. Mr FISCHER: One of the methods put to this committee at the last meeting was this very aspect of ways to provide funding related to Upper House voting. I do not propose to take it to any length, but do you have any comment on it?

332. CHAIRMAN: Please make your answer brief.
—A. I think it is relevant because the question was raised of allocation of funds and the academics were allowed to discuss this at some length and the importance of the donkey vote, which is an expression I really do not like. I am aware of only one case where that happened, which was in the recent by-election in Tasmania. Clearly, to my way of thinking, it was fair. It moved the candidates round as well as the groups. If you are to start thinking in terms of allocating money on the basis of the Legislative Council elections, it is something which you could well consider.

333. Mr FISCHER: I reserve the right to ask further questions at a later stage.

334. Mr CAVALIER: What firsthand overseas study have you made of those countries that have public funding of election campaigns during the time that an election campaign was in progress and public funds were being expended?—A. None.

335. Going through your submissions, you make the comment that public funding has been linked with the worst forms of corruption, such as the keeping of an enemies list. Can you give me an example of such a list?—A. The enemies list which President Nixon prepared.

336. Are you not aware that that list was prepared in his first term and consisted mainly of investigative journalists, the captain of his most disliked football team, and was compiled before public funding was implemented?—A. I am not aware of that, because one of Mr Nixon's chief aides, John Dean, testified on oath after he came out of gaol before the Senate Committee that the enemies list had existed at the end of President Nixon's time and consisted of—I believe he said—more than 80 per cent of names taken from the disclosure list of public funding. I know that the academic, Dr Chaples, indicated it was along the lines that you mentioned. He was a man testifying under oath before a Senate committee. I think that is an authority we should accept.

337. This is not the place to debate it. I have read both Mr Dean's testimony and the committee's transcript and I do not recollect that statement. Even if that is the case, the Watergate affair was concluded before the implementation?—A. You say it is not the place to debate it, but that is not correct. There was public funding in other areas in the United States of America. The legislation involving public funding for Presidential campaigns was passed before Watergate; it was not implemented until after Watergate. The question of disclosure came about well before Mr Nixon resigned from the Presidency.

338. CHAIRMAN: The debate on that argument will now be concluded. If the committee wishes to be informed, the official record can be obtained.

339. Mr CAVALIER: The transcripts are in the library and also at my home. I do not accept what has just been said. I refer now to page 3 of your submission. You make the statement that to accept public subsidy is a party's admission of failure. Would you consider that the electoral performance of the New South Wales Labor Party in recent times has been a failure?—A. With all respect, that is not what the statement says.

340. I am not asking about the statement. I am asking a question which arises from the statement?—A. The question is do I consider the performance of the Labor Party—

341. Do you consider the performance of the Labor Party in New South Wales has been a failure?—Electo-
torally?

342. Yes?—A. Electorally I do not; I think it has been very successful.

343. CHAIRMAN: I cannot see the relevance of the question.

344. Mr CAVALIER: Turning over the page to the beginning of your actual submission, do you consider that the use of motor vehicles, public transport and telephones by members of Parliament and the staff of members of Parliament during an election campaign is the use of public funds for purely political activities?—A. During an election campaign?

345. Yes?—A. Yes, I do.

346. Where then is there a new departure in the use of public funds for election campaigns that causes your worry that democracy is under threat?—A. The extent to which this is used now in the State of New South Wales has increased greatly in the past four years. I believe that constitutes a threat in itself. I believe that not only the use of vehicles, but the use of Government advertising for purely political purposes constitutes a threat.

347. Do you regard that as a new departure?—A. I regard the widespread use of Ministers' photographs in elections as a new departure.

348. You do not consider what R. W. Askin did in the 1974 referendum or what Sir Eric Willis did several times to answer Teachers Federation advertisements in election campaigns as being the same thing? You consider they are not the same thing?—A. They were in election campaigns. I am talking about what happens here on a day to day basis, where one can pick up newspaper after newspaper and there is an advertisement on government policy about something or other and it is beautifully illustrated by the photograph of the Premier or the Minister involved. I regard that as election campaign material; and equally I regard those biased advertisements as election campaigning whereby the Public Transport Commission apologizes for ten years of neglect in satisfying that need from 1965.

349. You said that the case against public funding usually consists of little more than horror stories. Again dealing with—?—A. That is not what I stated. Would you say that again?

349A. I refer to the statement at the bottom of paragraph 1.3.1, the case against private funding.—A. You said public funding before.

350. You said, "Usually consists of little more than horror stories"?—A. Yes.

351. "—such as Watergate—which are aberrant rather than paradigmatic." Again dealing with the history of the United States, and leaving aside the nineteenth century, the whole Civil War and reconstruction period, and the gilded age where private capital was brought to bear profoundly, are you or the people who helped you research this document aware of the power of the Chandlers in California, or the Teapot Dome scandal of the 1920's or the background to the vice-presidency Checkers speech or the scandal surrounding the Sherman Adams vicuna coat for the resignation of Spiro Agnew. They are what I jotted down without going into it in detail? Are they not symptomatic of a consistent willingness on the

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part of private capital to use its private resources to purchase the favour of elected members of congress?—A. I could not agree with you for one minute that they are symptomatic. You have picked out a period covering eighty years and have picked out half a dozen scandalous occurrences. You have picked them all out in one country, the United States of America. Could you do the same thing for Australia? It is Australia and New South Wales that we are talking about.

In Australia I could point out several, which I do not want to do particularly in this Committee, that come to mind. Australia or New South Wales has one major difference from the United States of America; and that is the lack of a muck-raking tradition in journalism, the willingness of journalism to expose scandals of any kind. That is the first and major difference. But the railway scandals of Australia and a number of others could be raised by me without any difficulty, if that is what the Committee wants to hear.

352. CHAIRMAN: It does not want to hear it.

353. Mr CAVALIER: I asked a question of Mr Bartels that remains to be answered?—A. I said that I do not agree that what you said is symptomatic of the American political system. I do not think it is. But I also think that whatever happens in the American political system has got nothing to do with what we are talking about here. We are talking about Australian society, particularly society in New South Wales. Unless you can adduce scandals of a recent nature—we are talking about now, what exists now—there is no case there at all.

354. Why is it that your submission places so much store on consensus?—A. As I said here in this statement and in the supplementary statement, that unless we have consensus between political parties that public funding is necessary and unless we have some sort of consensus in the community that it is necessary, I believe you will be introducing something that is very partisan and divisive. We have enough divisiveness in the community as it is.

355. Do you not believe that throughout the history of New South Wales most of the major States failings in legislation have usually been at a time that has caused division, and usually by way of a clear difference between the major political parties on the floor of the House?—A. That is a very broad question and I would have to give it some considerable thought. Offhand, I am not willing to say yes or no.

356. In what areas or by what means do you see the availability of public moneys for political purposes introducing vast new possibilities for corruption?—A. It is not only the introduction of public moneys; it is the concomitant of it that is set up in the terms of reference: the introduction of public moneys and the requirement for disclosure of private contributions and how they are used. We see the two together as possibly introducing ways and means of corruption. Let us be very honest about it and direct. I believe that once one introduces public moneys in an accountable way—if you are going to give \$X to the Labor Party, \$X to the Liberal Party and \$X to the National Country Party, et cetera, in cash to be used for electoral purposes—then quite clearly and properly one has to ask for an accounting of those moneys. That is the first step when a bureaucracy is introduced into this matter; and later is the telling of people how they can use the moneys. I can see an unscrupulous government being put into a position where it could screw the opposition if it wanted to, to coin a phrase.

357. I fail to see the causal relationship between funds being provided and telling how they can be spent. Surely they are entirely separate questions? Your phrase is, "Vast new possibilities." Did you have anything specific in mind about the "vastness"?—A. Where are you referring to now?

358. Paragraph 1.3.5 of the document?—A. I should have had some examples for you. I suggest that with public funding and all that goes with it, it is not just the provision by public moneys; it is the introduction of public moneys, and restrictions then on uses of private funds. These have been concomitant in other areas. You seem to be strongly influenced by what has happened elsewhere. The sort of thing that could happen is the introduction of enemies' lists, reprisals from trade unions, et cetera. I believe that this is a serious possibility in any system of public funding.

358A. One of those examples that you gave has nothing to do with corruption. I still require an example of the first.

359. CHAIRMAN: We are not here to debate the issue whether public funding should be introduced or should not. Mr Cavalier, I ask you to put your questions along the lines of the interpretation of the Committee's terms of reference.

360. Mr CAVALIER: At paragraph 1.3.6 in the document your statement is that taxpayers would be forced to subsidize political ineptitude and those parties whose policies they find morally objectionable. Would not many members of the community feel that they are doing that already, except that their funds are limited to funding winners?—A. I do not understand that question at all.

361. At the moment the taxpayers are paying the bill entirely for the folly and wisdom of the Government and the folly and wisdom of elected Members of Parliament. My question is, would not a vast section of the community believe—something less than the majority, however—that at the moment they are already substantially politically inept and morally objectionable policies, except that that political ineptitude and those morally objectionable policies are those of the winners?—A. In the submission, I am using "for political purposes" in the sense that it was used earlier in the submission, that is, the propagation of the policies of the parties seeking election and candidates seeking election before they are elected. I think I explained it at some length when we were talking about the 6.5 per cent and the donkey vote—so called for the upper House. What I am saying there is that as a taxpayer I would strongly object to having to subsidize the propagation of policies of certain parties, including your own—not all of them but some of them—prior to an election campaign. But I then accept that after the election campaign, if the majority—and this is a majoritarian society—decide who shall be the government, then I do not have that objection to you then using the taxpayers' money to carry out the policies that the majority have agreed you have a right to do. But I object strenuously to you using taxpayers' money to put forward those policies while you are not in government; that includes the period after the writ.

362. In what way do you believe that public funds would cause an increase in the frequency of elections?—A. At the moment one of the things that worries political parties is the frequency of elections and their party's ability to fund them. Up until the last twelve or eighteen months very few governments had been over-concerned about going to an early election if they thought it suited them.

363. Mr EGAN: Would you repeat that?—A. After the experiences of the last eighteen months perhaps governments will be a little more careful about going to the electors whenever it suits them. The big problem has been funding. That was the main reason why public funding was put forward in the United States of America for presidential elections. The Democrats had a bill outstanding of \$4.3 million and were facing the 1972 election and did not know how it was going to finance it. It stands to reason, even if the party's treasury is vastly deflated, if it is decided to go to an election, the weight is taken off the party organization if it is known that there are sufficient funds to fund the election.

364. Mr CAVALIER: Do you not think the most likely factor in the mind of the Government and its leadership is whether or not it can win the election when it decides to plunge forward?—A. Yes, I do believe that, but I believe also that governments from certain parties are also influenced by whether or not they can fund an election.

365. Are you aware of the statement by both the Premier and the Leader of the Opposition that they support an increase of the parliamentary term to four years?—A. So do I. But that does not get away from this at all. I do not know what this has to do with it greatly, but we could increase the parliamentary term to five years and still go to an election after two years.

366. CHAIRMAN: The Committee will take a short adjournment and during the adjournment I should like members to consider the Committee's interpretation of its terms of reference and frame subsequent questions according to that interpretation.

(Short adjournment.)

367. Mr CAVALIER: You make the statement that public funds will entrench incumbents. Do you not believe incumbents at the moment have a greater opportunity by way of forward planning and the status of their office to raise funds, and to provide funds to challengers across the board would equalize or go some way towards equalizing the contest?—A. I have great difficulty following some of your questions. Would you mind asking that one again?

368. At several points in your submission you make the point that incumbents have particular advantages. By incumbents I presume you mean incumbent governments and incumbent elected representatives of the people?—A. Yes.

369. Do you not believe that one of the advantages of incumbency is the ability to raise funds, in very great measure? Would not the availability of public funds to candidates for office go some way towards equalizing the contest in the constituencies?—A. I do not like to plead stupidity, Mr Chairman, but I really do not understand what that question means. Mr Cavalier, you are talking about all incumbents and you say would not their ability in regard to forward planning and their ability to raise funds equalize the opportunity in the constituencies?

370. I do not know whether anyone else is having the same difficulty. My question is—and I shall put it for the third time—at several points in your submission you say that incumbents, by which I presume you mean both governments and members of Parliament, have all the advantages?—A. You mean whether they are members of the government or not?

371. That is right. Whether they are members of the party or not, they have advantages by virtue of their office or offices. If funds are provided to challengers in constituencies, do those challengers then not have some measure—or are they not approaching some measure of equality with the incumbents, as against those incumbents in the constituencies?—A. The only way I would agree with the point that I think you are making would be if you said if the incumbents got nothing and the challengers were in some way subsidized, would that help to equalize. I would say yes. But that is not what your terms of reference envisage. For the most part when we talk about incumbents—or at least, when I talk about incumbents, although I agreed with you there because I was trying to get hold of the question—when I talk about incumbents I am talking about the party in power.

All of the advantages lie with the party in power as opposed to the party in opposition. The party in power, whether it is Labor in this State or Liberal in some other State, has the advantage that you referred to earlier of being able to pick the time for an election. You have the advantage of all of the machinery of government and the government departments to back you up, to provide you with all sorts of assistance that is not available to your political opponents, even in the Parliament. So in that sense it is the incumbent government that we are talking about, and members of the government party. But I would agree with you that an incumbent member of whatever party it may be has an advantage of some sort, not because of the availability of government funds, over a challenger.

372. You talk about the arbitrary nature of any given line which would be the legal threshold for a public subsidy, and whatever line would be arbitrary and unfair. Do you not believe that in the present electoral system quotas and majorities are given lines and the margins on either side of the line are very small? If there is to be a threshold, what reason do you put forward for regarding that as arbitrary?—A. The mere fact that if you decide to just pick a figure out of the air, which is what has been done in most places, of course that has got to be arbitrary. I am not aware of any system that would enable anyone to analyse the electorate and the number of votes that are cast and the number of electorates and so on, and then decide what is a fair figure to decide above which you get support and below which you do not. It has got to be arbitrary.

373. Do you believe that whenever a citizen donates funds to a political party for campaign purposes, that is a political act and participation in the electoral process?—A. Yes.

374. Why then do you object to the disclosure of that donation?—A. Because at present—and quite rightly—there is absolutely no circumstances under which a citizen of this country is required to disclose his political affiliation unless that person decides to run for office, in which case as a member of one of the parties he will be clearly identified. We have in our party probably thousands of members who would be embarrassed in their own mind if they were clearly identified as members of the party. I am aware that you have such members. If you require people to disclose the fact that they have given funds to one party or another, the party of their choice, it is a political act in the same way as their registering a vote in secret is a political act. If they are entitled to vote in secret, why should they not have the right to provide another resource in secret?

375. You have used the emotive phrase bottomless public trough?—A. I stole that.

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376. In what way is it bottomless if the system that was to be introduced by the Parliament was determined by a parliamentary appropriation, and a given figure was thus stipulated by statute?—A. I guess it is a little emotive. It is a little figurative, too. What I am getting at there is that the amount of funds available to the Government continues to climb year after year, and once something like this is introduced there is no question that the demands for increases in the amounts allocated and so on will continue, and no doubt be met. I know it is outside the terms of reference of the Committee, but we are already aware that there is pressure in the Labor Party for such a proposal to be extended to local government funding. Hence the term bottomless trough. Where does it stop?

377. My final question is, given goodwill, a belief in parliamentary democracy and a tolerance for divergent political views, do you still fear that in the administration of the Government of New South Wales public funds are a threat to democracy?—A. Yes, I do. I would like to elaborate a little, if I may. I believe that they are because I believe that in a State like New South Wales or a nation like Australia where we have the compulsory vote, it is the role and duty of political parties to convince people to exercise their vote in a responsible way and not to waste the vote. It is not our duty to bring people out to vote. I believe that the only way we should be entitled to do that is by encouraging people with our own resources, be they our own finances raised by ourselves, our own physical efforts, our own policies, to take part in our political process; those people who belong to the party will in fact help us in policy formation, so that those people on whom we depend to raise money will be heard, et cetera.

I am quite convinced—and there are examples that can be adduced from overseas; quotations from very important political leaders in Germany, England and so on that indicate this—that on the one hand, say in Germany, they are concerned that the continuation of public funding is leading to alienation of party members from party hierarchy, that party hierarchy is no longer really listening to party membership. That would be a tragedy in Australia. It is something that was expressed as a great fear by Lord Peart, the leader of the Labour Party in the House of Lords in the United Kingdom. My belief is shared by a great many others, that to introduce public funding would in great measure lead to separation from party membership and what would be entrenched party leadership.

378. In paragraph 2.4 of your supplementary submission you say that one way to restrict private funding is to forbid it. How do you see that as being implemented?—A. If the Government were to pass a law to say that campaign funding could only be that provided by the Government, we would be bound by that law. We would have to obey it.

379. Can you see any means by which a government could prevent me making a donation to a political party?—Only by saying that you are not allowed to.

380. And imposing a penalty if I did?—A. Yes. I am not sure that any government would do it. That is why I did not elaborate on it. But there are two ways to do away with private funding.

381. Your supplementary submission refers to optional public funding. Do you think it would be unfair for one candidate to opt to receive public funds, and therefore be subject to the restrictions that would be imposed in respect of the amount of money and the way in which it should be expended, and for another candidate to opt to not receive public funds and therefore to do as he or she might

wish?—A. I do not think that is unfair at all. I think that if I am supplied with government funds, I clearly have to be bound by the rules and regulations the government lays down for the handling of public funds. But if I am not willing to accept public funds, I should be free to go my own way.

382. Mr BRUXNER: You told Mr Cavalier that you favoured a full system of accountability by any party or candidate if they had received public money. You would therefore see that as a direct corollary of your previous answer, that if a person has accepted these funds, he cannot take objection to a full accountability as to the way they were spent?—A. Not at all.

383. And without that accountability there would be no way of discovering whether the person had used private funds as well?—A. Yes, I would say that if Mr Cavalier accepted government funds and also had private funds, he should be required to account only to the extent of the public funds; he should not have to account for the use of the private funds.

384. You cannot see how action could be taken against a person receiving or expending private funds?—A. Unless the use of private funds was forbidden, in which case an audit of a candidate's expenditure would show if he had used more than the sum provided. If an audit showed that he had used more than the sum provided from the government purse, he would be in breach if the use of private funds is prohibited.

New South Wales is bordered by Queensland, South Australia and Victoria. It is relevant to consider what would happen if a candidate or party operated a campaign in New South Wales and supporters in those other States decided to give support through the news media from stations situated in those places. That situation could not be controlled by the Government of New South Wales.

385. You would be aware that I represent a border constituency. You suggest that, regardless of any scheme of public funding in New South Wales, I could accept donations from supporters in Queensland and spend the money on advertising in the Queensland media without fear of reprisals from this State?—A. That is not quite what I said. What I said was that if you accepted money and there was this limitation, you would obviously be subject to the law, but if somebody in Queensland decided that he was going to help you without you accepting anything, then as far as I can see there would be no way in which this State could do anything about it.

386. So that the system would break down in that expenditure in Queensland would not have to be accounted for as part of my New South Wales election expenses?—A. I am not suggesting that is what you should do. I am suggesting it could happen with you or your opponents.

387. You consider that would be a weakness in the scheme?—A. Absolutely. It is a weakness in any federal system for one State to try to go it alone.

388. In paragraph 1.3.6 of your main submission you said that with public moneys taxpayers would be forced to subsidize political ineptitudes and those parties whose policies they find morally objectionable. You were asked whether taxpayers might object to supporting a policy at election time when they might have a permanent objection to part of their taxes being used for the running expenses of Parliament and its members. Would you not agree that a taxpayer who has a philosophical political objection to expenses I incur would have an even stronger objection to more of his taxes going towards helping me get into Parliament in the first place?—A. Absolutely, without question.

389. And therefore you see this as a direct burden being placed on a taxpayer, not merely to support those spectacular parties that have been mentioned but also to support the recognized major parties which might be acceptable to the general community?—A. Yes. We live in a majoritarian State and under that type of system. I think that most people—albeit with bad grace on many occasions—accept the fact that once a person is elected as a Member of Parliament, whether as a Government member or an Opposition member, he is entitled to the perquisites that go with being a Member of Parliament and the fact that their tax money is used to provide those perquisites, whether in the form of salary or otherwise. I do not think those people would be the least agreeable to providing taxpayers' money, any more than is now provided for the upkeep of an electoral office and running of elections, to provide you with the opportunity to propound your policy and your philosophy et cetera to get you into Parliament.

390. On disclosure you said that you consider it would be improper to force any individual or organization into disclosure of payment to a political party. You said that it could embarrass donors to all parties. Do you not think this would cause even more embarrassment to donors to more than one political party at the same time?—A. Yes, I believe that the only reason for disclosure in the Australian context would be to try to prevent people from donating in a backhanded way to political parties. I have another philosophical and practical objection to disclosure. In the United States of America, federally, public funding is in operation only for presidential campaigns. In the first year that disclosure and reports of disclosure were required, this generated more than half a million pages of reports. That necessitated a considerable bureaucracy to process and handle that volume of reports. One of the things I object to about disclosure is that, apart from being designed to eliminate private donations, it would require an enormous bureaucracy, growing over a period of time, to police it. I do not see any way that disclosure could ultimately affect the result of an election campaign. So you are led into a situation of a *fait accompli*.

391. Would you agree that any suggestion of a subsidy towards party membership relates only to the continuous operation of a party and does not relate directly to an election campaign and therefore is outside the scope of the Committee's terms of reference?—A. If a subsidy were based on the membership fees, yes. If it were based on a membership fee as such, it would be clearly a subsidy for the ongoing purposes of the party and clearly outside the Committee's terms of reference. Mr Chairman, I believe the terms of reference, as you have interpreted them, indicate that any suggestion about the subsidization of any activity outside the period of an election campaign is outside the Committee's terms of reference. That is why I have asked specifically that the Committee give consideration to defining an election campaign, that is, defining it along the lines generally recognized in the community.

392. CHAIRMAN: Your remarks have been noted.

393. Mr ANDERSON: In the second paragraph of your main submission you said your party had more than 100 000 individual members throughout Australia. How many members do you have in New South Wales?—A. We have 21 500 members. That was the number at the last audit.

394. You comment on the advantages that incumbents have over oppositions and challengers. That thought runs right through your submission. I understand you have

read the submission by the academics on pluralist funding. In that submission they refer to the establishment of an electoral institute, which takes place in several countries overseas. Do you have any experience of those electoral institutes, and would you not agree that the concept may go some way towards overcoming the advantage that incumbents have?—A. I have no personal experience of those institutes although I have read about them. I think that the only type of such organization that would be fair—and it is not called an electoral institute—is the one operating in New Zealand under a different system. I believe that consideration of the establishment of such an institute is outside the Committee's terms of reference. Such an institute is an ongoing body and has nothing to do with election campaigns as such.

I think the establishment of such an institute would do nothing to even up advantages that incumbents have because it would not take away from them the advantage of using the available sources of government departments, for instance, the resources of a special organization like the head office of the Premier's Department in this State. The only fair thing I have seen or studied is the New Zealand system where the government funds a group of research people, some of whom work for Government members and some for Opposition members. That group is funded by the Government. In practice, the Government has allowed both the Opposition party and the Government party to make their own appointments although the people are taken on as public servants. That gives some sort of choice about who will work for them.

Even that method goes only a very short way towards answering the problem of overcoming the advantage of incumbency. In this State, for instance, it is my understanding that the Parliamentary Salaries Tribunal made a recommendation that research staff be made available to the Opposition. Undoubtedly, in some respects, that would be seen as a form of public funding, but not public funding of election campaigns. This is so that they can do a proper job in the Parliament.

395. Do you accept that they should have additional staff?—I do not only accept it, I pleaded that they be given some staff. But that has nothing to do with election campaigning.

396. You made the point, with regard to more frequent elections, that you and your party favoured a statutory election date, such as you have with local government, in State and Commonwealth elections?—A. I have a lot of experience of the American electoral system, although I have not specifically been there during a period in which public funding has been effective. I did live in the United States for a number of years. I have always been very interested in politics, and I have studied both the Democrat and Republican systems very closely, as well as their system of election of what we would regard as officials and so on. All of that I preface by saying that I personally believe that a single election day, at a certain date every so many years, is absolutely desirable.

397. Would you see that as a beneficial thing in terms of any scheme that might be recommended to the Parliament?—A. Do you have the power to recommend it?

398. I appreciate your point. If that were to become a reality, would you see it affecting any of the possible schemes? Would it be advantageous to such a scheme, or would you agree it would be advantageous?—A. I can only speak personally on this matter. I am not in a position on this matter to speak on behalf of my Party because I know they have not taken any decision on it, and I am not even sure that they have considered it for a long time. But as Greg Bartels, citizen, yes, I would be in favour of that.

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399. At page 3, in paragraph 1.3.9, you deal with entrenching incumbents. Can you give any example of how those subsidies and accompanying controls have had the effect of simply entrenching incumbents, from an overseas point of view, in countries which presently have public funding?—A. I should be able to. I am sorry, Mr Chairman, I do have some information on that, but for some reason I cannot recall it. May I undertake to provide that information?

400. CHAIRMAN: If you would do that.

401. Mr ANDERSON: Which of the accompanying controls have caused the problems? You do not need to specify which nation, but if you can specify which accompanying controls?—A. In Germany it seems that the requirement that they have for people having to qualify in effect twice to become eligible for funding is a problem. They not only have to qualify at the first level of election but at the second level. Any challengers who are not already in receipt of funds do not receive any assistance unless they get through the two levels, and at the requisite percentage. This is seen as a deterrent, and it is seen as one of the systems that help to entrench the incumbent.

The other thing is, of course, that in most of the systems that are in force in European countries, there is a method of allocating funds which is similar to the method discussed here earlier in the Labor Party's submission and in the academics' proposal, that it be allocated on the basis of past performances. Now, that clearly adds to the advantage of the incumbents because if you have a landslide result, such as the Labor Party had in 1978, which I acknowledge, it means that under the sort of system which you are proposing you would be given vastly more funds than would opposition parties. So, quite clearly, that gives you that much more to spend, and that is one of the protections of incumbency.

402. CHAIRMAN: The committee is not proposing any system at the present stage?—A. I am sorry, but "you" was an embracing term for the A.L.P. proposal. I walk back on that.

403. Mr ANDERSON: Are those examples with which you are going to supply us gained from reading or conversations with people who have viewed them firsthand? I think you have indicated you have not seen them yourself?—A. Most of them are from reading.

404. In paragraph 1.4 on the bottom of page 3 you say "This would mean that less money would be available for the important task of bringing the issues and the candidates to the attention of the public." If you left aside "the candidates", it has been suggested, certainly by the Academics for Pluralist Funding, that their scheme would provide adequate opportunity for research into issues by all parties, groups, individuals, etc. Would you not agree that if a component of any scheme was to provide these research facilities, that in fact what you said there, the opposite, would occur—that the issues would be more openly discussed and we might reach a situation of a more bi-partisan approach to many problems in the community?—A. You have to read that paragraph in full, Mr Anderson. It says "Some advocates of public funding argue that subsidies should replace rather than supplement private funding." What I am saying is that if you give \$X with one hand and take it away with the other, then you are not advancing the cause one little bit.

405. Leaving aside the taking away and talking about it as a general concept, if there were such a research component in any scheme would not that have the effect

of bringing the issues forward and getting more public participation as well as political participation and therefore enhance a bi-partisan approach to issues?—A. I would say only if the use of the funds involved and the selection of personnel, etc., was totally in the hands of the parties. I think it is pie in the sky to expect that the sort of thing which the academics were suggesting would operate in a way which would be totally to the advantage of the parties as individual parties. I am not the least bit impressed by what they put forward as a proposition, and I am not at all satisfied, having read a fair bit about it, that the system in Holland operates to the advantage of all parties. It appears that even there there is always a lingering, I suppose, fear in the minds of the parties involved that what they are getting is not necessarily what they are looking for; in other words, they do not particularly trust the staff.

406. On pages 6 and 7 of your submission you refer in some detail to incumbency protection. At the end of paragraph 2.6.1 you say "Indeed, perhaps the only fair system of public funding would be one that would compensate for the advantages of incumbency." We have mentioned already the provision of additional research staff for oppositions. What other matters do you see as important in that context?—A. Carrying it through to its fullest extent, I would suggest that if there was to be money provided from the public purse it should go to the opposition and not to the government. Let me qualify that by saying I still do not agree that any public money should be available.

407. I might preface my following questions on the basis that I accept that is your point of view. Assuming we are looking at the possibility of finding a scheme, the questions I ask you are based on a possible scheme. At paragraph 2.6.2, Effect on New Parties, and I think a little further on, you refer to the Academics for Pluralist Funding of Election Campaigns' proposal for a retroactive provision. What problems, if any, do you envisage with the retroactive provision?—A. I might be able to give you a reasonable example. This is not the example, but, in a retroactive situation, to start off with you have a pool of funds for your scheme, which you divide up under one scheme or another, and candidates who do not qualify prior to an election may, under the retroactive scheme, be eligible for funds if they reach the arbitrary level, whatever it is, at the end of the thing. You could well finish up where you have got 100 per cent of funds and are required to provide 110 per cent of funds under a retroactive scheme.

You also have the situation where it is difficult or impossible for people to budget if you work on a total retroactive scheme. So what is usually put forward is a dual system where you are allocated a certain amount of the pot before the election and a certain amount afterwards. But that has its great difficulties, too. For instance, let us take the 1981 elections.

Suppose at the 1981 elections party "A" got 60 per cent of the votes; so at the next election it would be entitled to 60 per cent of the available funds. Party "B", which got 40 per cent of the votes, at the next election would be entitled to 40 per cent of the available funds. Suppose party "B" disbands for some reason or other—scandal, crisis or whatever—and party "C" emerges. It is not entitled to anything under this system but it could be entitled to something retroactively.

At the 1984 election party "A", which has got funds for 60 per cent of the votes, polls 40 per cent, and party "C", a new party, polls 60 per cent. Therefore you have got party "A" prior to the election entitled to 60 per cent of the funds and party "C" post-election entitled to 60 per cent of the available funds, or 120 per cent of those funds.

You also have a problem with retroactive funding of what happens when a party splits between elections, as opposed to disappearing. We could go on and on with this matter. Some of these problems have appeared in oversea literature. I have not got the details, but they have appeared.

408. With your involvement and experience with regard to the political process in Australia, would not you agree that if a party splits then the ultimate determination of existing assets, etc., is usually determined by an equity court, or by the Equity Court? Surely if there is a question about "B" getting 40 per cent, that is a matter that the Equity Court will take into consideration with regard to the dispersal of other assets?—A. That is a pretty good sort of a solution, Mr Anderson; but I would like to see the equity court which was prepared to split the vote.

409. I appreciate that. But you have given the example of 60 per cent and 40 per cent for parties "A" and "B", a subsequent split of "B" and the emergence of party "C". I think in your earlier remarks with regard to retrospective provisions you indicated it was a question of how you divide your total pool. If 80 per cent of the funds are put on the previous election concept and 20 per cent for retroactive funds, surely when party "C" emerges with 60 per cent, on the retroactive provision it would get 60 per cent of the 20 per cent of the pool? Is not that commonsense?—A. No, it is not commonsense, but it is probably what would have to be done, and it is not fair.

410. Would you not agree that it is more equitable with regard to minority parties, new parties and individuals who have some form of retroactive funding rather than say "You did not contest the last elections so you are not going to get anything in this one"?—A. I will not argue about that. All I am saying is that I believe that all of these systems have got so many inbuilt disadvantages that they will be unfair.

411. I take you now to pages 8 and 9 which deals with encouraging hopeless candidates and thresholds. Concerning a threshold, you indicated it is an arbitrary figure. However, that exists in the Electoral Act now with regard to the refund of deposits. That has worked over a period of time. What real difference is there with regard to a threshold in this situation—admittedly it is a figure you have to select?—A. I agree we have a thing now about the loss of deposits. At the moment loss of deposits refers entirely to the candidate's own money or moneys raised by the candidate. I believe if you have a low threshold—and I am against thresholds philosophically anyway—or if you have no threshold, you will encourage those who think they might be able to do something to get in some public funds. It is a matter of some sort of judgment, as to whether you want to encourage people to run just for the sake of running.

412. Are you not saying there should be a threshold if there is to be a scheme?—A. I have never argued particularly against a threshold, but I argue about how you are going to set it.

413. You agree with the concept of a threshold for the reasons you have outlined?—A. Yes, if there is to be a scheme.

414. Can you suggest any more equitable way of selecting a scheme?—A. No, I cannot, and I doubt if anybody else can.

414A. I refer now to page 9, paragraph 2.9, where you indicated that the control should be kept to a minimum. Certainly the academics, when dealing with pluralist funding, made the point that one of the problems with the American scheme is the enormous amount of control.

You indicated some problems that have arisen in terms of volume of paper and the like. If a scheme is to be introduced, I presume you would support the simplest possible scheme with the simplest possible controls?—A. Yes.

415. Are you able to suggest to the Committee, apart from what is in your submission, other ways of simplifying controls—other than not having them?—A. Yes. I would say if you insist on introducing this sort of thing, that the party's own auditor should be allowed to provide an audit on how they use the funds which are allocated to them, and that that audit then be cleared with the Government auditor. But that is as far as it goes. The Government auditor should only be required to certify that the funds have been used not how they have been used, as long as they have been used in accordance with the Act.

416. That the audit was a proper audit?—A. Yes.

417. I turn now to page 10, item 2.10.2, matching membership. How do you suggest such a concept could be policed, and how could you be sure whether or not it is correct when party A says that it has 5 000 members when in truth it has 50, or the reverse?—A. With our system there is no difficulty in satisfying any auditor of the number of members. We have a complete system of records which would stand the most minute examination.

418. You do not see any problem in that regard?—A. Not so far as we are concerned.

419. On page 12, item 3.2, you deal with the acceptance of public funds by a party. I do not understand from your submission whether you are saying outright that if a scheme were introduced for public funding that the Liberal Party would not accept the funds, or would you accept them under protest?—A. The position of the Liberal Party is we would not accept funds unless you made it impossible for us not to do so—and you can make it impossible for us not to accept them.

420. By that do I take you to mean where it was possible for legislation to prevent private donations?—A. Yes; in other words, if you are saying the only way an election campaign can be run is with Government funds.

421. I refer now to page 13, item 3.4.2. You refer there to parties disguising such expenditures among their normal day-to-day running costs, and taking it beyond that, to any form of trying to beat the scheme. If there were penalty provisions in the legislation, such as, should anybody do the wrong thing under a scheme they would be banned from public funding for a certain period, and there were monetary penalties imposed against parties trying to beat the system, do you think that would work?—A. You are talking about disclosure now?

422. Any facet of a scheme?—A. Going on oversea experience, I think it is impossible to put together any such scheme which can be made workable in that sense. For instance, how would you handle an organization that decided quite clearly of its own volition to advertise in connection with an election campaign that was going on, and not specifically be supporting the Liberal Party but quite clearly be opposing the Labor Party? How could you possibly legislate for the activities of an organization like that?

423. I can see your point. Would you support the proposition that legislation introducing such a scheme would prescribe certain activity—you cannot do this or that and there are penalties attached to it, whether monetary or by preventing the offending party, group or individual, from participating in the scheme for some

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time. Would you see that as a protection?—A. I would rather not answer that question, for the reason that it is asking me to comment on possibilities about how to run a scheme to which I and my party are philosophically opposed. I have offered suggested answers, or agreed with proposals put in some of the questions you have asked, but this is not a question that I would be prepared to answer.

424. On page 22, item 4.2.4, you say that if disclosure is required it should apply only to contributions above a specified ceiling. In your submission you refer to a figure of \$100 as quoted in two other submissions. Again that is an arbitrary figure. Can you expand on what you say there?—A. I would suggest that that once again is on the basis of not agreeing at all, but if you were to insist on disclosure, the figure should be put very high. I am not prepared to put a figure on it. I do not believe for one minute that the Liberal Party or the Country Party or the democrats can be bought as a party by a financial contribution of any size. It is possible in oversea circumstances. For instance, in the United States of America it can occur where senators run as Democrats, for instance, but essentially they run as individuals. I am sure any members of the Committee who have studied the United States Senate would be aware that the classification of Republican and Democrat is purely and simply as arbitrary as you can get to saying that they act as members of parties. I would think it is possible in those circumstances for a very large contribution to perhaps sway the allegiance of a single person. A contribution under those circumstances of millions and millions and millions of dollars could not buy the allegiance of a party.

425. I now refer to item 4.2.6 at the bottom of page 22. Would you elaborate on what you see as an independent body without control?—A. I would suggest it would be a body appointed bi-partisanly, even to the extent that any party which opted not to accept public funding should have the right, as long as they are a party in the Parliament—

426. A registered party?—A. We do not have registered parties.

427. But there is reference to them, is that what you mean?—A. I am not very happy at all with registering parties. We have got along very well with our non-corporate existence up to date. I refer to parties represented in the Parliament, which is well understood, and the parties' rules make clear what that means. That the parties in the Parliament should nominate the people who would constitute such a body and that that body would be entirely independent and not responsible even to the Parliament—as the submission of the Labor Party says in one area but then contradicts in another area. That body should be the body to which these things have to be reported, which would supervise how funds were used. It would not have the right to make any disclosures beyond itself, unless it was satisfied that a crime of some sort had been committed.

428. Can you suggest to the Committee its composition or size; would you state what you have in mind ought to happen if that is to be the case?—A. I am still hopeful the Government will see that this is not something that should be introduced. I have not given any real thought to what the composition of that body might be in terms of members or otherwise.

429. I refer now to the answers you have given to questions asked today. You mentioned taxation deductibility for charities. What you are suggesting is a similar deductibility provision be considered for political parties?—A. Yes.

430. Would you agree that at the moment constitutionally that is a matter for the federal Government?—A. Yes, but can I go a little further and say that if one State, particularly the largest State, seriously puts to the federal Government such a proposition I believe it would receive serious consideration.

431. As an Australia-wide thing?—A. Yes. I cannot understand why it has not been done before.

432. I refer now to private donations to parties. Through your submission you were concerned about the protection of privacy for party members who want to partake in party processes but who do not want to be disclosed as a member of the party. With regard to the amount of money being disclosed by a political party, would you favour the suggestion that the entry could simply be that 21 500 members existed at whatever it is a head and listed as an income item, rather than the listing of individual members of the party. Would not that provide the protection about which you are concerned?—A. That would for members of the party. As a matter of fact I go further. I say that any money given by a full-time member of the party should certainly not be required to be disclosed in any circumstance. So if you have 8 000 members and 7 500 of them are paying \$8 a time—whatever the party ticket is—and the other 500 are paying amounts because they are able to—say from \$10 to \$2,000—they are registered members of the party and should not be required to disclose anything.

433. Do you see any problem with the latter part of that answer—that again an arbitrary figure of whatever donations to the party by party members, up to a point, should not be disclosed?—A. I would say no. That should be entirely a matter between the party member and the party.

434. Assuming that were to happen, that disclosure of donations by companies and organizations should be made and therefore open to scrutiny by shareholders in the company or members of the organization?—A. I think it is up to the individual company. It should not be a matter for legislation. Would you be putting forward the same thing for giving to the Boy Scouts, Blind Guide Dogs and others?

435. Certainly not?—A. Why not?

436. I think there is a difference in concepts between that and the funding of political parties?—A. We have a philosophical difference there. I believe that there is no difference.

437. I think at one time in answer to a question you suggested things should start *de novo*?—A. Yes.

438. That the same proportion should be allocated for the major parties: the same amount for the Labor Party and the same amount for the Liberal–Country party coalition. How do you determine how much the Country Party gets out of the half-share allocated to the Liberal–Country party, and who determines that?—A. We probably would not accept it. If our proposals were accepted, it would go back to consolidated revenue and be left there. It is not a problem that I have.

439. It was your answer to a question?—A. All I say is that if the party decides it shall give \$2.3 million under the proposal put forward by the academics for pluralist funding—and a great deal more if the ALP proposal was accepted—that should be divided. Suppose you keep your lower threshold—and I think it is 6.25 that the ALP suggest but I am not sure offhand—I do not know whether the democrats would qualify for that. I think they would not. You would then divide that amount of money half for the ALP and half for the opposition party.

440. That is all right. How do you divide the half for the opposition party?—A. The problem would not arise because we sent it back.

441. In response to a question, you gave the answer that that is how you saw it as being preferable; how do you arrive at that?—A. I do not see how I have to go any further. If the Parliament decides there was \$X million available for election campaigning and it was divided in a certain way, any decision about the other would not come up. We would hope to be in a situation, if left free, that that money would not be used.

442. I think in response to questions, you made some mention about the unfairness of a system that would be dependent upon election results at that time. Would you think it more preferable that perhaps the last two or three State elections should be taken into consideration for the purposes of determining percentages, or would you prefer a system combining State and federal results for those applicants for funding?—A. I do not think it would be appropriate. This Parliament only has the power to legislate for State elections.

443. That is what I am saying?—A. Whatever you do, you only have the right to look at State matters.

444. You mentioned that you look at a threshold of 6.5 per cent—whatever the figure was—and only the major parties qualify over the threshold. In determining the split-up of that amount that may be allocated under the scheme, would you prefer to see a situation—rather than simply taking the last election or the next election—of going back to one, two or three State elections, or a combination, given that the parties eligible for funding participate in both State and federal election campaigns? Would you be looking at the total for the State in determining the percentage?—A. I do not think that I can contribute to that argument. If you are going to have one, I believe that you should start *de novo*.

445. Go back to the 50–50 split-up?—A. Yes.

446. You mentioned all the advertisements that have appeared in recent times with regard to both State and federal ministries, and mentioned also that the photograph of Ministers or the Premier or Prime Minister appeared on them. You said you viewed that as election campaign material; would that be putting fairly what you said?—A. Yes, it is—in the context of what I said.

447. Would you not agree from your involvement and activities within your own party over a period, your next campaign starts the day after the next election?—A. As I have said in the supplementary submission, that is something put forward by a great many people who are closely associated with the political process. I do not think that it is accepted by the man in the street. Once one starts talking about regulating political campaigning in any way—and that is what you are talking about—when introducing a system of public funding, one cannot say that it runs from the date of the election until the next election. That is the reason why we put forward a definition. I believe that an election campaign actually takes place between the time when the writ is issued and the time when the ballot closes.

Senator Carrick, who is famous for his statement that you cannot fatten the pig on market day, states that there are a great many things the party has to do between this election and the next one and the one after that, and this election and the one after that. If we are looking at the 1980 election, it could be said we are campaigning now. However, it is not the 1980 election campaign and is not the 1981 election campaign or any other. We are just campaigning generally. Under the Committee's terms of reference, and having regard to what is the best inter-

pretation I can make of the sentences in the Labor Party platform that led to the setting up of this joint committee, what we are looking at is the funding of an actual election campaign that starts from the time the writ is issued.

448. You have made many comments within your submission and in answer to questions about the inequities of the incumbent system, as you see it. Surely a on-going campaign concept would go some ways towards removing the inequity of that system?—A. How would it? If one is looking at allocating funds on a 50–50 basis—and suppose there are two parties to which you are allocating funds on a 50–50 basis—how could it be said that that removes the inequity. One would still have the inequities.

449. The Committee may recommend something different to remove the incumbency protection. If you look seriously at what I suggest about the on-going campaign being a three-year or less concept, the fact that an incumbent may be able to send a new letter to every enrolment in his electorate has to be a distinct advantage to the incumbent. It may be that through a scheme of funding of political parties—and possibly to individual candidates or members of a political party at the appropriate time—that some of that inequity can be overcome. Surely that is what you are arguing for?—A. No. What I am arguing for is that the political parties should be willing to finance that activity themselves. But that does not do away with the fact that the incumbent—because he has a stamp allowance and so on—has an advantage over those who do not have incumbency.

450. I suggest that you said that we have not experienced the same sort of scandals or problems that overseas countries have. Are you suggesting we have to wait for them? Have we got to have a death at the intersection before the stop sign is put in?—A. No. I am suggesting also that I do not even see the signs; the traffic is not there.

451. Would you not agree also from your reading, experience and talking with people overseas, that particularly in the United States of America the reason that investigative journalism has reached the stage it has is because of the very different laws of liability that exist in that country as contrasted with the laws of liability that exist here?—A. What has that to do with it?

452. You are saying that we do not have a problem and do not look like having one. Who is to know we have not got a problem if the journalists in this nation are not able to undertake the same sort of investigations as in other nations?—A. I do not see that as relevant. In effect, what you are saying is that we have got the problem.

453. I did not say that?—A. You are implying we have got the problem. And even worse, you are implying that if public funding is introduced and there is a problem there, it will disappear. Either way you are assuming that there is a problem.

454. I am certainly not. That is where we differ, as we do about the terms of reference. You said that if there is a system of private funding, plus public funding, the only accountability should be for the public funding component?—A. Yes.

455. On what basis do you suggest that that is equitable and reasonable?—A. It is self-evident. If I am provided with some funds to do something, and I have my own funds as well—whether those funds come from government sources or not—and I am working at a university and someone from outside gives me funds to buy a centrifuge, all I have to do is to account for the funds given to me to buy it. I can show that I bought it. I believe that exactly the same thing applies here. If my party provides me with \$X for an election campaign and

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the Government provides me with \$Y for an election campaign, I shall account to my party for \$X and to the Government for \$Y. I do not see why I should account to the Government for \$X. All I have to show is that I did use the money that was approved.

456. I take it you see no merit in the disclosure provisions—any disclosure provisions?—A. For private funds?

457. Yes?—A. None whatever. Government funds, yes.

458. But not private?—A. No.

459. You referred to the cynicism of the public. From your experience in politics, would you not agree that the public are generally cynical about politics and politicians anyway, as a general concept?—A. I suppose so, yes. But I do not think that you can necessarily start from that and say that the public is demanding disclosure of private funds for political parties.

460. Do not the disclosure and accountability provisions go some measure of the way towards overcoming the public's cynicism?—A. I do not think it will help at all.

461. Mr LANGE: In your reference to whether there should be compulsory disclosure of contributions and gifts to political parties, do you anticipate that membership subscriptions may be included, unless there were some minimum level imposed by legislation?—A. No. As I have already said to Mr Anderson, I believe that any membership fee that is paid by a member to a political party is a private matter between the member and the political party.

462. I am not asking you whether you think it should be included, but whether it could be included, on your interpretation of the terms of reference?—A. Yes.

463. It could be included?—A. Yes.

464. So political parties may be required, unless the subscriptions were specifically excluded from the disclosure provisions?—A. I would say from my reading of the terms of reference—which does not always coincide with that of others—that it would be possible for the Committee to recommend that membership fees be disclosed, yes.

465. Your point was that this would be a gross intrusion of privacy and freedom of association?—A. Absolutely.

466. If, for example, membership subscriptions were not to be included and all donations to a political party were treated as subscriptions, that would be a way of avoiding the disclosure provisions?—A. You would have to be prepared to fiddle with the law to do that, I think. We certainly would not be prepared to do that.

467. It would depend on—?—A. It would depend on a lot of things. The whole thing depends. In the United States of America they call the presidential funding law the Lawyers and Accountants Full Employment Act. Any Act that is brought down to permit, particularly, political freedoms, expression and so on, is an open invitation to lawyers and others to find loopholes in it.

468. If membership subscriptions were required to be disclosed, what effect do you think that might have on the level of membership of political parties, or other political parties?—A. I could not quantify it, but certainly I am sure people would cease to be members.

469. It would reduce rather than increase the membership?—A. I would think so, yes.

470. Is the Liberal Party heavily dependent on membership for both contributions and assistance on election day and before elections?—A. Absolutely.

471. More so than other parties, in your experience?

—A. Well, I cannot speak for the National Country Party because I have not really had a look at their funding system, but under the Liberal Party constitution we are allowed to have only our members. We are not allowed to have any affiliate organization. We are not allowed to affiliate with, say, trade unions—although I am sure many would like to affiliate with us. We are not allowed to affiliate with organizations such as the Chamber of Manufacturers or any such body. If they offered to affiliate we would have to say, "Sorry, we cannot accept you". We depend entirely on our membership and those who support us.

472. If a scheme were introduced that required disclosure of contributions, do you believe it ought to extend to affiliated organizations?—A. Yes, very much so. I believe also that the definition of organizations would have to be closely looked at. If you agreed that members' contributions did not have to be disclosed, a beautiful way round that for parties that had affiliate unions and so on would be to increase the size of the levy from the union and say, "It is all right because the union is part of the organization. It is affiliated and therefore its members are affiliated members".

473. Unless you had disclosure through affiliated organizations it would make a nonsense of the disclosure provisions?—A. Yes.

474. What is your view on the disclosure by front organizations? The Academics for Pluralist Funding felt it would not be proper to have disclosure of front organizations such as conservationists or ex-candidates. If disclosure were not required for such bodies, that would reduce the effectiveness of any disclosure provisions?—A. Yes, it would. I could not follow the reasoning of the academics there at all. I agree with what they were saying but I could not follow their reasoning.

475. It would be a simple matter for a political party to have front organizations carry out their campaign for them and thereby avoid the disclosure provisions?—A. Or even worse, it would be possible for a front organization to be set up and work flat out for two and a half weeks of the campaign, say, for party X and then disown them completely in the last two or three days, for whatever the reason might be. The advertising that they had done would be presumably charged against party X's campaign expenses and then they get dumped. It would be simple to set up front organizations to do that.

476. So you have the problem of either interfering with freedom of association through front organizations or not having an effective disclosure requirement if it did not include such things?—A. Yes. There are plenty of cases of front organizations that have operated. I am not suggesting they are all one-sided, but they have either been promoted, aided or assisted or they have been spontaneous, in which case you could not really call them a front organization. But they have not necessarily been, in the latter case, helpful to the party that they are supposed to be supporting.

477. Do you believe that, if there were a provision for apportioning expenditure between governments and oppositions, government advertising that included photographs of ministers or the Premier ought to be included as part of the amount apportioned to the government?—A. Only if you accept the fact that, as Mr Anderson suggested, the campaign goes from one election to another. If that were the case, I would say yes, you would have to class that sort of government advertising as part of the party's campaign funds; and part of the government contribution to it.

478. If we were to set a limit on the period during which expenses would be subsidized by the Government, would you have to set up a special administrative arrangement within your organization to apportion expenditure?—A. Yes.

479. How do you think that could be handled? Would it create additional administrative problems?—A. It would be costly.

480. Again, for audit purposes you would have to take additional steps to try to apportion expenditure?—A. Yes.

481. Either for campaigns or for normal administration. How would you classify research?—A. It would be very hard to classify. That is one of the reasons why others have said, "Let us have ongoing research". It is hard to classify, but I would think if you do it in terms of a limited period for an election campaign you would charge what it costs to print and publish the research at that time.

482. It has been suggested by the Academics for Pluralist Funding that contributions in kind ought to be quantified and treated as part of election expenses. How would you go about quantifying in kind assistance?—A. The only suggestion that I have seen put forward—and it has been put forward by more than one source even in the course of the hearings of this Committee—is to charge it at the going rate. If a musician normally got \$50 for an appearance at a concert, that is what you would charge. If a speaker normally got a fee of \$100—if that were the normal charge laid down—the charge would be \$100. But if Joan Sutherland appeared as a singer or Bob Hawke as a speaker, it would be difficult to quantify that.

We said that money was fungible with labour and that sort of thing, but to try to cost things in kind is hopeless. For instance, in 1972 in the federal election campaign a great many entertainers came forward and formed committees for Whitlam, committees for Labor and so on. If you had taken the normal fee that those people got for a performance and added them together you would have got a total amount of \$X. However, if you took into consideration the circumstances under which they were doing it and the audience that they were attracting you would have to cost it on a different basis. Suppose you got Peter Anderson to stand up with Joan Sutherland. Joan Sutherland is worth \$X; Peter Anderson is not worth a cent—as a performer. I mean, as a singing performer. But if Peter Anderson and Joan Sutherland sang a duet, Peter Anderson would obviously have a value.

To try to cost things in kind, particularly the labour of people, is not on. If as part of the election campaign either party encourages people to help it to raise funds, presuming that private funding is still allowable, the value of someone who is well-known in a particular industry is vastly different to the value of someone who is not well known. All I am trying to point out is that the notion that you can value contributions in kind, whether it be a person's labour, the loan of a motor vehicle, or whatever it may be, is almost beyond comprehension as to how it would be done. The frightening thing is the bureaucracy, both within the party and outside it, checking on what is done inside the party, and the influence that would have.

(Luncheon adjournment.)

Upon resumption:

483. Mrs GRUSOVIN: Do you agree that politics are a public business and not something private?—A. In some aspects politics are public; in others they are private.

484. Does the process become more public when a party is seeking public office?—A. I agree that once an election campaign starts the activities of the party become public. In that sense, yes, but even then there are continuing activities which I would regard as being part of those of a private organization.

485. On page 3 of your submission you say that forced disclosure of voluntary contributions could be especially damaging to parties, like the Liberal Party, that insulate policy-makers from the fund-raising process. Does your party conduct fund-raising dinners?—A. Yes. Under our fund-raising code it is perfectly legitimate for politicians to appeal on behalf of the party for funds. It is strictly prohibited for them to receive, personally, funds. They are not entitled to know what funds are received and from what source. If any member was silly enough to telephone me and ask me "What do we get from so and so?" he would get a curt reply because members have no right to know that. That is one of the things that concern us about public disclosure. Our politicians do not know who gives what. Anybody with half a brain would be able to work out that there were certain areas, say of the business community and so on, that support us, but they do not know the extent of that support. It is a good thing that they do not know that. If we had public disclosure that organizations, corporations and so on supported us, it would become public record and that would be wrong.

I know that on this aspect we have an entirely different philosophy from that of the Labor Party. For instance, in the federal Labor Party the campaign fund is in the hands of the leader. He probably knows where every part of it comes from. When Malcolm Fraser became leader of our party he was not only entitled not to know but also, as a matter of record, he asked the federal executive of the party to resolve to specifically exclude him from any knowledge of funds. That does not mean that he would not attend a fund-raising dinner.

486. Would you agree that money has been raised at functions where people have had the opportunity to meet politicians?—A. Yes.

487. Do you think those politicians present were insulated in the knowledge that they were meeting donors who would make contributions to the party?—A. That is not what is said in that part of the submission. What is said is that they are insulated from the knowledge of contributions. I agree I have expressed that in a broad way.

488. Does your submission state that forced disclosure of voluntary contributions would be especially damaging to parties like the Liberal Party that insulate policy-makers from the fund-raising process?—A. The way I have worded that part of the preface is a little broad. What they are insulated from, to the best of our knowledge, is knowledge of what contributions are made and so on.

489. Paragraph 2.4 of your submission states that public funding should be optional. You state that every candidate should retain the right to fund his campaign from his sources and those of his supporters. Could you give us an idea of how much was spent in the last State election campaign by your party?—A. I would prefer not to answer that, Mr Chairman.

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490. Was anything given by the central party machine to local candidates?—A. Yes. We do not give money to a local candidate. For instance, Mr McDonald would not receive money from a central campaign but it is possible that his campaign committee might get some assistance from us, but not in cash.

491. So that it is left to the local candidate?—A. It is left to his local campaign committee. What was given through the federal body might be in the form of advertising and so on.

492. Will you agree that the majority of your candidates, through their local fund-raising committee, have to employ fund-raising techniques such as dinners, raffles, gambling nights and seek cash subscriptions in order to finance their campaigns?—A. Dinners, authorized raffles and cash subscriptions.

493. How efficiently are those candidates able to insulate themselves from the generosity of their donors?—They all have a campaign committee and a campaign treasurer. Fund-raising and the handling of money and so on are in the hands of the campaign treasurer.

494. Do you think that any successful candidate would have compromised himself in accepting donations?—A. Under our code they are not supposed to accept donations personally, and we police that to the best of our ability.

495. I refer you to paragraph 1.3.5. Will you explain that, particularly as to the possibility of corruption; you say that parties should raise the necessary funds by persuasion, not by coercion. Will you explain that?—A. On the question of raising funds voluntarily, not by coercion, we mean that this gets back to the question of cause and effect, which I raised earlier. We believe that parties should be able to raise funds—and should raise funds—by appealing to those who support the policies and philosophy of the party. We reject the process that takes place, not necessarily in Australia but certainly in other parts, of parties demanding funds on pain of some penalty which could be exacted in a commercial or some other sense if the funds are not made available. That is a general statement of philosophy.

Incidentally, I believe that the first American federal Act for campaign administration, which was the first public funding Act of 1972 was dealing with the provision of public funding for election campaigns under coercion. When the Democratic Party was \$9.2 million in deficit from the 1968 federal election campaign and it approached the 1972 campaign, it came up with this Act. The credit for this is often given to Senator Long, but it was in fact tacked on to President Nixon's budget bill, and he was willing to veto it. However, so that the budget bill could get through and they could have an election, the House chairman, Wilbur Mills, agreed under coercion to get the party to agree to it but that it would not apply until the 1976 election. That was a classic case of coercion with government funding. I believe that coercion could be used by an unscrupulous government. It could be used with respect to private funding, but I do not believe that it happens in Australia, certainly not in New South Wales.

496. I refer you to page 2 of your preamble where you talk about your code of finance principles that you say has enabled you to keep your policies free from control by outside influence. You say that your organization raises its own money and that you insulate your policy-makers from knowledge of contributions. You say also that you do not accept money from other organizations in the furtherance of their interests, and you do not accept funds that are subject to political conditions of any kind. Does your party have that information with respect to donors?—A. The only people who know

would be the treasurer and the finance vice-president, I presume.

497. Would the general secretary have that knowledge?—A. Not necessarily.

498. Has the general secretary ever been in a position of making representations on behalf of a donor to your party?—A. Not in my experience.

499. Does the political machine ever make recommendations or representations on any appointment?—A. Government appointment?

500. Yes?—A. I have no doubt that, from time to time, people make recommendations of that nature.

501. Were any such recommendations made during the term of office of the former State Liberal Government?—A. I could not answer that because I was not part of the machine then.

502. When such representations are made how do you put out of your mind the generosity of the donor?—A. I have not made any, so that is not a problem which would worry me.

503. Are you aware that it is often commented that people who have made political donations and significant funds available to the Liberal Party have subsequently been recommended for imperial honours?—A. I have heard that.

504. Has the Liberal Party machine, or anyone who has knowledge of those individual donations, ever been a party to recommending to the responsible authorities any such honour, providing a reference for any person so recommended?—A. If I understand you correctly, what you are asking me is, has the organization in return for a donation provided an honour of some sort, or an appointment? That is the whole tenor of this line of questioning.

505. Yes.—A. We do not accept donations, under any circumstances, which are tied in any way or which are conditional in any way.

506. But it would not bar a donor from being recommended for a particular position?—A. The fact that a person is a donor would not bar him at all. But I will not accept the corollary of that that you are implying, that it would give them an inside running. I would certainly not suggest the same thing about members of the Labor Party, for instance.

507. I raise that because you do make a point in several places about your politicians being insulated from this sort of thing?—A. Yes.

508. I wanted to see the position of the party machine in that area?—A. I might add that the Liberal Party machine in New South Wales is constantly accused of having little or no interest in that aspect. People often wonder why we do not try to do something for either members of the organization, supporters or whatever, and it is just that we do not have time to worry about that sort of thing.

509. Mr McDONALD: In your supplementary submission you make reference to two definitions for election campaigns, one at paragraph 1.1 and a more detailed definition in paragraph 1.6. Are you familiar with the Broadcasting and Television Act of 1947 definition of an election period?—A. Yes.

510. Does not that say that an election period is a period commencing from the day of the issue of the writ or writs of election and ending on the Wednesday next proceeding the day of the poll?—A. Yes.

511. Are you also familiar with the New South Wales Parliamentary Electorates and Elections Act of 1912?—A. Yes I am.

512. In Division 17 of that Act, dealing with bribery, intimidation et cetera, and in particular clause 148, is provided a definition of the extended meaning of the term candidate. Have you studied that clause of that section of the Act?—A. Many times.

513. I take it that that was the basis or area from which you drafted your detailed definition to assist?—A. Yes. The definition actually is in an effort to put together what various Acts in various States and the Commonwealth lead to in deciding what a campaign for an election is. It is also an attempt to define a campaign for election in terms which would be understood by the man in the street.

I took the trouble of testing out the definition, just on a small sample of people—and I would not say that there was anything scientific about that testing—but they were not people associated with the political process except that they were required to report to vote at every election, and every one of them agreed that that is what an election campaign was.

514. There is a commonality between the two as to when an election starts, but there is a difference in what you suggest in your definition as to when the period should cease from that contained within the State Act, to wit, do you suggest it should close at the closing of the poll on election day, whereas under Section 148 that period is extended until such time as the writ is returned? Do you feel that because of the simplistic assessment of a campaign date, that that would be the reason why you chose that earlier time?—A. When we were talking about this we came to the conclusion that the best idea would be to find out what we thought the average man regarded as being the end of the campaign. Most of them thought the end of the campaign was the close of the ballot on the election day.

I also framed this bearing in mind the fact that the Premier, despite several different approaches in the wording he has used both inside and outside Parliament, obviously meant that this was going to be brought into effect, unless the people of New South Wales made him think otherwise. So we decided that if campaign moneys were going to be used in a campaign, it was best to chop them off as quickly as possible, one of the reasons being to stop the employment of paid workers beyond the end of the ballot so that in fact the parties would be relying on volunteers once the ballot was finished.

515. If your proposals were to be accepted by the Committee, irrespective of quantum, when would the political parties be able to receive public funds in your view? Would that be at the commencement of the campaign or when the writs are issued? Have you addressed your mind to that question?—A. It would not worry me when the parties that were going to get it got it, as long as the audit of it was done properly and it was shown that the funds were actually used for a State electoral purpose.

I would have some worry if a programme like the one suggested by the Australian Labor Party, and partly suggested by the Academics for Pluralist Funding, was adopted and that money was paid on a three year basis. I would have some concern about whether money given under those circumstances might not be diverted for federal campaigning purposes and perhaps made up in some other way. I believe if moneys are to be made available, the determination as to availability should be made early in the piece.

516. Is that so they might know they have drawn-down refunds?—A. Yes, but the money should not be made available until the election campaign starts.

517. In paragraph 1.3.8 you stress the point about mandates and that public funds should not be spent unless there is a clear mandate from the people. Your suggestion to that effect is contained in the body of your submission, that in fact no public funds should be made available until that matter is decided by way of a referendum. Is that so?—A. Yes.

518. When would you suggest that such a referendum be held—contemporaneously with the next election or separately?—A. If possible, contemporaneously with the next election. If it is introduced, the next election will be partly fought on that basis anyway. Could I add, Mr Chairman, that I know you have ruled some of those similar questions and answers out of order on previous occasions. But as that question and my answer has been allowed, I would like to add a little more about that.

When a party puts forward something in its election policy, or if it refers in its election policy to a statement that other matters as covered in its platform will be implemented, it does have some sort of a mandate. But in this particular instance there is no mandate. The altered wording of the Labor Party's policy, made as late as in the middle of the year, was not published in any of the media; it was not published in any way by the Labor Party until it appeared in the December issue of *The Radical*—a remark made more than two months after the election, and even then it did not refer to the public funding of election campaigns. To say that constitutes a mandate is, in my opinion, stretching one's gullibility a great deal.

519. CHAIRMAN: We do not intend to debate this review, but that was a copy of the Premier's policy speech for the election in which there was mention of a public funding inquiry?—A. Inquiry?

520. Yes.—A. Thank you.

521. Mr McDONALD: I turn now to the point of compulsory voting and the fact that the circumstances in Australia are clearly different from those in most democratic countries of the world. I would like you to comment or elaborate on the point that you make that it is one thing to convince people that they should vote—in other words, to get them out to vote—but it is quite another thing to use funds to tell people how to vote. Do you have any additional comment on that matter?—A. Yes. The prime difference between other countries where this is in force and our country is that they need to spend a great deal of effort not only to get people out to vote but to register the voters so that they will be able to vote. That is already done here with the use of public money and the electoral office; voters are registered, rolls are prepared and so on. People have come to accept that—there is no question.

As we have said in the submission, it is one thing to ask them to accept the use of public money to force people into a situation where if they do not vote they will be penalized, but it is another thing to use public money to tell them how they should vote. We think that is a very serious difference between Australia and other countries. I might say that I have been trying to think of the name of a well known professor who expressed an opinion at a seminar sponsored by the Labor Party last year. He made very much the same remark, but as I cannot remember his name it is not of a great deal of value to me.

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522. One matter to which the Committee must pay particular regard is the manner in which a system could equitably divide available funds between competing parties and individuals. A number of questions have been asked of you and you have answered those. They were about the denial of the right of support to individuals. I would like to hear from you about how this Committee should give consideration to the matter of funds being made available to the central administration as against individual members of the party. I should like you to make some comment on that matter before I put some other questions to you?—A. Different parts of the world have had different experiences as to whether money should be given to the party and the party be allowed to determine how it will be used, or whether it should be given to candidates. The general opinion has reported, such as in Germany in one case, that if you give the money to the central organization, as is proposed in the ALP submission, and allow it to decide where the funds will go, then you greatly strengthen the power of the central organization to the detriment of the individual candidates, particularly if those candidates happen to be a little out of favour at the time, or if their assessment of their need is not the same as that of the central organization.

By the same token, if you give it to the candidates, as opposed to giving it to the central organization, then you strengthen the power of the candidates and weaken the authority of the central organization. The classic example is the presidential campaign in the United States in 1976, and now it is showing up even more in 1980, where the fact that once the candidate is declared and opts for public money he can more or less tell the party that he is supposed to be representing that he will handle things his own way.

523. Can the reverse apply, whereby if a party did not seek to accept public funds, that a candidate from that party could not be in a position to make any claim. I guess that would be a ludicrous situation and the legislation could not be drafted in that way. I am interested in the reverse where a party might have the right to claim and choose to take an individual candidate from that particular party. There must always be a right to deny the taking of public funds?—A. Yes. I would accept that. That is very much a natural right that anyone should have. There should be no way in which you can have public funds forced on you, unless you happen to be incarcerated.

524. If we have a central organization receiving the money from the Government out of the taxpayers' funds, once you get down to the question of accountability, it would be a monumental task to split up and show how they might have been split up into 99 electorates and the like, as against what they might have been doing separately?—A. The problems of accountability are bad enough now, but once parties have to start accounting for the use of Government money, they are going to become enormous. This is what has happened in the United States of America, Germany and Italy, as well as elsewhere. The Italians are getting fed up with the whole process. At their last general election in Italy, where public funding has been in for a considerable time, they had a referendum in association with the election. There was just a bare majority in favour of retaining the system. I would not want to stretch that too far, because in that particular general election they did not have one of their best voter turnouts. All the same, there was a practice that had been in use for some twenty years and clearly its acceptance is falling greatly.

525. Evidence was given by the academics for pluralist funding about the Houghton Committee in the United Kingdom. Do you have any view as to why the

British Labor Government did not proceed with the recommendations of the Committee?—A. Clearly they could not get any bi-partisan approach. They did not have agreement in their own party. The Leader of the House of Lords made a speech which was full of ifs and buts and in its pertinent parts anti the topic altogether.

526. The trade union movement was split on that aspect in the United Kingdom?—A. They were not very keen on it either. There was no majority in favour of it in the United Kingdom.

527. This morning there was a bit of confusion in the questions Mr Cavalier directed to you about incumbency protection. I take it in your submission, and what I understand your view to be in answering that question, that clearly those that are members of Parliament—whether they be Government members or Opposition members—have an advantage over those who are seeking to challenge to win a seat, is that not the case?—A. Yes.

528. But that the Government members in comparison with Opposition members have a decided advantage?—A. Absolutely. Anything that is added in the way of Government funds is only supplementary over the advantages already enjoyed by incumbency.

529. Have you done any estimating as to the money value of indirect assistance that is given to parties as a result of this—in this case the value to the Labor Government in New South Wales. Have you attempted to quantify it to the Opposition?—A. We have, but it has been a rather difficult exercise.

529A. No matter who was in government, there are significant advantages from ministerial staffs?—A. Yes, millions and millions of dollars.

530. Is it true that in many countries Ministers lose their staffs during election campaigns?—A. I do not know about many, but in the United Kingdom once the writ is issued all public service employees go off the payroll of the members of Parliament. I think I am right in saying that members of Parliament even lose their right of access to the House of Commons once the writ is issued. Mrs Thatcher and Mr Callaghan in the last election campaigns worked entirely with staff provided by the Conservative Party and the Labor Party. I do not think that would be very acceptable here.

531. It could be argued we already pay more in direct aid than many other countries pay in direct subsidies?—A. Yes. The Hon. J. E. McLeay, the federal Minister, made an estimate some months ago that was in the vicinity of \$50 million.

532. If taxpayer funding were operating round Australia?—A. Yes, provided for incumbent governments.

533. The academics for pluralist funding came up with a figure of \$2.3 million, but I think that is split on the percentage they were recommending?—A. They worked it out on the basis of their best estimate of what the last State election campaign cost. I do not know how they got their best estimate, because they came and asked me the direct question and I gave them a "guesstimate". I do not know whether they went and asked other people, but they came up with that figure.

534. Evidence has been given earlier today in connection with the period of campaigns and we will be having the general secretary of the Labor Party with us tomorrow, but their proposals, as you are aware, are for a three-year campaign. Have you done any costing of what you believe it would cost the taxpayers if the Labor Party proposals were adopted by the Committee?—A. Yes.

535. What was that?—A. \$7 million a campaign.

536. Mr CAVALIER: Over three years or per annum?
—A. Over the three-year period for the Labor Party. If you want to double that, it would be \$14 million.

537. Mr McDONALD: That is considerably more than the estimates of the academics for pluralist funding?—
A. Yes.

538. I take you now to item 2.10—voluntarism and participation. Quite a number of questions have already been directed to you by the chairman and other members of the Committee on this section. I would like to take you further on the matter. You stressed the fact that party membership would inevitably decline if the system of voluntarism is not protected. In answer to a question that Mr Anderson asked you and which maybe was not finished at the time, you indicated there were 21 500 members in the Liberal Party in this State. Do you have any idea how many members there are in the Country Party?
—A. I believe they have about 21 000 to 22 000 members.

539. Would you have any idea how many members nationally for the Liberal Party and the Country Party?
—A. On the last count the Liberal Party had 122 000 and the Country Party is in excess of 100 000.

540. Both those parties combined as a coalition have more than 200 000 throughout Australia?—A. Yes.

541. Do you have any idea what the membership of the Labor Party in this State is?—A. Going on information that I have been given—round 8 000, and that is without affiliated figures.

542. And nationally?—A. Less than 30 000.

543. CHAIRMAN: What is your source for that information?—A. Documents I have seen from time to time. There was a document—I think it was Mr Combe who was addressing a meeting and indicated that the Labor Party in New South Wales had between 8 000 and 9 000 members. In Queensland it was very low, apart from affiliated members. In Victoria I understand it was somewhere round 6 000.

544. You do not have that document with you?—A. No, I do not. I was asked for an opinion.

545. You are expressing that as an opinion?—A. So far as the Labor Party is concerned, yes. It is a fact about the Liberal Party.

546. Mr McDONALD: You said the Liberal Party is mainly dependent for its operations on the moneys it receives from its membership fees?—A. From its members and supporters.

547. This would similarly apply to the Country Party?
—A. I presume so.

548. If you have declining membership or you are not increasing your level of membership support, obviously the method of using public funding is the means of overcoming declining membership?—A. Yes. It is also a method of replacing funds from areas of support that you do not want to keep.

549. So there is no incentive built in, other than the situation where you suggested under items 2.10.2 and 2.10.3 dealing with matching membership or matching

donations. You stressed that these were the only possibilities given to declines and at least there should be some incentive so parties would become more representative of their support base rather than going in the reverse fashion?—A. I happen to subscribe to the view that there are a great many people who join political parties because they do not have a great deal of money to contribute but they do have a desire to contribute either intellectually or physically or morally. A fair proportion of our membership is in those categories. We have a number of elderly people and quite a number of incapacitated persons. They do not have the potential to provide us with funding support, so they work as hard as they can in other ways. I have no doubt that is true also of members in the Labor Party and the Country Party. Many of these people, if they were no longer required to use the attributes that they have—even if only to provide help at a fund-raising barbecue—and their activities went by the board, would be lost to the party and therefore the opportunity of hearing their opinions.

550. Clearly, you do not endorse the proposal to socialize political parties?—A. Not at all.

551. Under paragraph 4.1.1 you make reference to a reverse spoil system; what do you mean by that?—A. I think this was partly referred to by Mrs Grusovin. A reverse spoil system is one where she was intimating that people might be rewarded for making contributions; and that is what President Nixon set out to do. It does not have to come from governments.

552. Further on in that paragraph you describe some irresponsible trade unions using their knowledge of contributions to intimidate their members and by taking reprisal actions. Are you aware of any examples of that?
—A. I am aware of talk about it. That sort of thing has not come to the courts. Mr Anderson was getting at that this morning. I am aware of talk about it however. It has been alleged that some trade union action that has been taken has been done so for that purpose. I am equally aware that from time to time employers have been alleged—as Mr Grassby was only too pleased to point out—to have taken action against people because of their political activities. This is one area that I am willing to accept the premise that that occurs, and also to speculate.

As has been reported out of the United States of America, it would not be unlikely that if a union discovered that an employer with whom it was dealing was contributing heavily to a party of which the union did not approve, it might take action of some sort against that employer. There have been reports also—and there is one that I know of that I am not going to go into any detail about—of a wife who contributed to a political party and her husband was a strong adherent to another party. That led to a divorce when she learnt that her husband was giving money to another political party. This did not come about because of public disclosure, but it certainly could. That example might seem a silly little incident, but one could multiply that sort of thing. There would be the dangers of persons being forced to disclose what they are doing and what their politics are. They could be forced to disclose these things to those whom they did not want to know about it.

553. Earlier this morning, when asked about “in kind contributions” you made reference to the 1972 federal campaign conducted by musicians and the like. Are there any other examples you could give within that framework, such as the 1 800 union organizers and shop stewards particularly?—A. Yes, I certainly can.

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554. Do you want to make any comment about it?—
A. Yes. You have stolen my thunder. That certainly is an example that comes to mind immediately. I do not know precisely how many union organizers and so on that there are in the State of New South Wales, but I am led to believe that it is in excess of 1 600. It is reasonable to assume that come an election campaign, a great many of these persons devote a considerable amount of their time to the Labor cause. I have no doubt that they do this, to a large extent, on the job. They are being paid by their union and are carrying out the other activity on the job. How do you class that other than as being something that can be regarded as a contribution in kind?

Also, when a firm offers either the Labor Party or the Liberal Party certain services—maybe not a firm—a man employed by it decides to take six months, or two months or one month's leave to which he is entitled. An executive being paid \$35,000 or \$40,000 a year also could be involved. These persons spend that time working for a political party during the course of a political campaign. The person involved is already in receipt of his ordinary remuneration—and has had holidays. How can one say his contribution in kind has to be estimated at his normal rate of pay? How would one do that? Public servants who run for political office take leave nowadays, except in the State of Tasmania. I think that there they still have to resign and be reappointed, but they take leave and are on pay—or even leave without pay. How does one classify that? How does one cost their time and that of all those who stop work of one kind or other and help political parties.

What about the postage machines and franking machines that parliamentarians have during the course of an election campaign—not only for their own use, but they make it available to others or for another organization to use? I see some frowns by members of the Committee. We are aware that it goes on.

555. CHAIRMAN: I was not aware that we had franking machines in New South Wales?—A. I am not talking only about New South Wales. The general question is how do you cost contributions in kind. I am not only referring to New South Wales but talking about what happens in election campaigns. Stamp allowances are provided in New South Wales. How does one differentiate? How does one differentiate between the loan of a car from a cousin during the course of an election campaign and a loan from an automobile company. More particularly, how does one do that if the cousin happens to own the automobile company? The horrors of trying to estimate a system of calculating the value of contributions in kind, and the loopholes, the work for lawyers, for accountants, is just incomprehensible.

556. Mr McDONALD: In the section in your submission after the "in kind contribution" you make reference to the Liberal Party's code relating to fund-raising. I sense that some members on the Government side of the committee are perhaps somewhat cynical. Are all parliamentary members bound by that code that you detail in paragraph 7.2?—A. Yes, they are.

557. It is perhaps fair to say that the public would not be aware that such a code exists?—A. I suppose if one walked out on to the street and asked about that, one would find that 99 out of 100 people would not know that it exists. However, it does not matter whether they know or not. The fact that we make every effort to adhere to it is the thing that counts.

558. In your opinion, is there any correlation between the amounts of money spent and the results achieved in a campaign?—A. It depends on what you mean by the amount of money spent. If you are talking about the principal amount of money spent as far as the political parties are concerned? At the present stage, because of the system we have, I would have to exclude from that the efforts that the Government Ministers and others are able to put in during an election campaign—and which are not officially part of the campaign. However, when it comes to an ordinary campaign, the largest proportion of what the Labor Party and the Liberal Party and the National Country Party pays as such, is spent in advertising, particularly with electronic media.

From the investigations that I have made with regard to the results for the past ten years, the electoral results are in an inverse relationship to the expenditure on electronic media. The latest example of that, of course, was in the South Australian general election. I have the actual figures. Of the total expenditure on electronic media, the A.L.P. spent 48.41 per cent; the Liberal Party spent 37.87 per cent; and the National Country Party spent 2.97 per cent. If you like to add those figures up, the expenditure by those business group organizations, other than the parties, adds up to 6.52 per cent. All I have left out from those figures are the Democrats and other parties. That quite clearly shows that the A.L.P. spent \$109,590 on electronic media. And of those others I mentioned, the Liberal Party, the National Country Party and the business groups spent a total of \$107,222. We all know what the result of the election was. That is true also of the Victorian election. I think it was true—without giving away any secrets—of the last New South Wales State elections. It was true of the last two federal elections.

559. Mr EGAN: What was true of the New South Wales elections?—A. That the Liberal Party probably spent more on electronic media than the Labor Party did. It was true of the last two federal elections.

560. Mr FISCHER: True in reverse.—A. It was true in the last Tasmanian election. In answer to the question, and in giving those examples, I am saying that the fact is that one party or group of parties spent more money on the election electronic media but certainly did not win that election. There might be a lesson in that somewhere.

561. Mr McDONALD: Would you regard the concept of public funding for elections as, in effect, being in disrepute already, when more than 70 per cent of the people in this State are opposed to it?—A. Yes, I would. As I mentioned this morning, the latest poll that was taken in Tasmania showed it is 8 per cent up. That is an extraordinarily big poll.

562. When was that taken?—A. It was published in February, so I assume it was taken in February.

563. This makes your point of the need for a referendum for it to be properly determined?—A. Yes.

564. You were asked about criteria for ceilings. I think you take the view that even the concept of a ceiling is an interference with freedom of speech?—A. Yes. My only criterion is that there should not be a ceiling. In a democratic community why should any one party, which would be the Government party, take it on itself to say, "So much thou shall spend on an election and that shall be it"? We get right back to incumbency protection. If we

put on limitations, I would be out there on the highways and byways, accompanied by a great many others, I hope, demanding that all government advertising be subject to scrutiny to see whether, even outside an election campaign period, it was in fact electioneering advertising. For example, the material that is being used in connection with Senior Citizens' Week; the advertisements, including photographs in connection with Carnivale; the advertisements like the one in our submission where something like \$500,000 provided by the Commonwealth was being used to give people special on the job training; that is there with a photograph of the Premier. All of that should be included in any costing on a limitation for a campaign, whether that money was spent inside the period of the campaign or outside it, because it is clearly campaigning material.

That is serious enough, but the serious problem is that if a limitation on spending is applied, which is enforced, all government advertising of any nature, apart from ordinary classified advertisements for vacancies that have to be filled during an election period, should be stopped. It can all be done in such a way that it can be used hand-somely for electoral purposes. For example, in the Castle-reagh by-election, had there been a limitation on the amount of money to be spent, it would have been easy for the Premier, instead of going up there and making certain of those announcements in the way he did, to manage to do it a bit more cleverly by way of an advertisement. It might have even had a better effect than what was done by way of public announcement, in certain respects.

565. The academics suggested a level of \$100 as being the point at which disclosure should take place. That would do away with the Premier's payment of \$100 a plate dinners. Do you concede that a government or a party could be bought for \$100?—A. No, I do not. That \$100 has to be crazy. When Mr Daly and Mr Whitlam were fiddling with the prospect of public funding federally in 1974 they were talking about a ceiling of \$100 then. If people were serious about the ceiling meaning anything, surely \$100 in 1974 could not be compared with \$100 now. But I do not believe a government or a party could be bought for half a million dollars. I would be very upset to think that one could.

566. You are an administrator of a political party. If we are to be forced to raise money and the level is to be, say, \$100, the raising of smaller amounts would significantly increase costs?—A. Yes. You only have to ask that organization that used to be called the Wells organization or the other one called the Fund Raising Council of Australia. They may have been the same organization and changed the name. One of the cardinal themes I heard a man espouse—I cannot think of his name, but he had only one arm—when he was addressing a Rotary meeting. He produced figures to show the enormous differential in the cost of raising money in small amounts and in large amounts.

567. All of the three major parties have federal secretariats. On the question of disclosure, if the system of using taxpayers' money were introduced in the State, do you see any problems—or perhaps opportunities is a better word, for a loophole to be created for the federal secretariats of those parties being able to use Canberra as a central point for the collection of money or the control of the campaign?—A. Yes. How can I say this without sounding offensive to anyone? It is a definite possibility that that could be done. I would hope that not one of the three parties would consider doing it, but it is possible. But what is more likely and what I can envisage happening is that out of the control of parties organizations would be set up and do that sort of funding from interstate.

568. Mr EGAN: I take you first to the part of your major submission that deals with the Liberal Party fund-raising code, paragraph 2 of 7.2. It states that no member of the State or federal parliamentary parties is informed of the details of donations under any circumstances whatever. What is the purpose of the inclusion of that sentence in the code?—A. Just to obviate any suggestion of the sort of activity that Mrs Grusovin said might take place.

569. Paragraph 1 of the code states, "While it is quite acceptable for a member of Parliament to voice the party's need for funds or services—" I take it from that that there is nothing in the code to prevent a member of Parliament seeking campaign donations?—A. No, there is nothing there to stop any member of Parliament addressing a group or someone saying, "We are in need of funds".

570. Or picking up a telephone and saying to someone, "We would like a donation from you?"—A. There is nothing to stop them letting people know we are in need of funds, yes.

571. But if someone did pick up a telephone and say, "There is a campaign on and we would like some money from you", obviously that person would know whether the person who had been approached was going to make a donation or not?—A. Yes, I do not want to split hairs on this, but what he would know is that the person had been approached and made some sort of an answer. He would not know whether the person would live up to his answer.

572. He would have a pretty fair idea?—A. He might have. It is discouraged, I might tell you.

573. Are you aware that prior to the 1972 federal election the Liberal Party Prime Minister, Mr McMahon, complained that he was still expected to engage in Liberal Party fund-raising?—A. I am aware of that, yes; but I am also aware that this code, which was in being in various forms, was put together in its present form in 1976.

574. How was it different in 1972?—A. I do not recall the actual details, but the code was made rather stronger. Parliamentarians have been informed in rather stronger terms that they are not to engage personally in fund-raising.

575. But there would be nothing in the code now that would prevent the federal leader or the State leader doing what Mr McMahon was required to do in 1972?—A. There is in this sense. I mentioned earlier that not only does the federal leader not do this but, at his own instigation, he is bound by a motion of the federal executive of the party that he is not to be involved in any organs of the party in fund-raising. In other words, he is not allowed to know what the finance committee is doing, except that he is quite free to go to a fund-raising function as long as he does not take part in handling money or receiving money or raising money.

576. In other words, what Prime Minister McMahon was able to do, Prime Minister Fraser is now not able to do?—A. I am not really *au fait* with what Prime Minister McMahon did. I was not a party official at the time. I know that various people have said certain things, but I have no knowledge that it happened. But supposing it did: Mr Fraser is in a situation now where he is forbidden by the federal executive of the party—

577. To seek donations from any source?—A. Yes, to do what he would not be permitted to do; what you just suggested, picking up the telephone—

578. Does that apply to all other members of the federal and State Parliaments?—A. Yes.

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579. All other Cabinet Ministers? They are not under any circumstances permitted to seek campaign contributions from any source?—A. No, that is not what the code is quite clear: "While it is quite acceptable for a member of Parliament to voice the party's need for funds or services, under no circumstances does a member of Parliament or candidate personally accept money or such services—".

580. Personally accepting money is surely different from accepting money on behalf of the party—money that is transferred immediately to the party?—A. The code continues: "personally accept money or such services on the party's behalf or for his own campaigning, staff, services or other political needs".

581. Does "personally accept" mean that he cannot arrange, for a donation to the party?—A. It is not permissible for a member of the Parliamentary party to, say, telephone X company and say, "Please give us \$Y" or something like that. It is permissible for a member of the party who is attending a fund-raising gathering—a member of Parliament—to say: "We are badly in need of funds. We would be pleased if you would come to the party". But they are not permitted to know what money is collected.

582. That is a different thing, surely, from seeking or arranging campaign donations?—A. There is nothing to stop them asking for support.

583. A group or an individual or a company?—A. There is nothing to stop them doing that.

584. I take it that Liberal Party parliamentarians such as Senator Carrick, Mr Carlton and, previously Senator Cotton who at one stage were members of the party's organization and, I assume, involved in fund-raising activities, would be aware of regular donors to the Liberal Party?—A. They might have some knowledge. I have been there for two years this coming May and I would have a great deal of difficulty in naming regular donors to the party, of any sort. I am insulated from it, too. I make regular appeals anywhere I go. I will probably ask for a contribution before I leave here today, Mr Chairman. I make regular appeals for funds, but they do not come in to me.

585. In paragraph 1.3.1 of your major submission you say that the case against private funding usually consists of little more than horror stories, and you cite Watergate. In an earlier answer on that issue you mentioned that these stories are generally restricted to other countries and there has not been a case of campaign contributions corruption in Australia. Would that be a fair summary of what you say?—A. I have come across very little of that sort of thing in the literature, that is in Australia. A considerable amount has been said about it in local government.

586. Are you aware that recently in Queensland some members of your party claimed that the Queensland National Party was placing pressure on potential contributors, with talk about them perhaps losing government contracts?—A. I have heard the allegation.

586A. Are you aware of the contents of a letter from the President of the Queensland National Party, Sir Robert Sparkes, in which he said that campaign contributions should be regarded as an investment in the contributors' commercial future?—

587. Mr FISCHER: I object to the question. Mr Egan is reading from a document that is not available to the Committee. He is paraphrasing the document and putting

his own interpretation upon words. Mr Chairman, I ask you to direct him to proceed with caution in dealing with that material.

588. CHAIRMAN: I think the witness is capable of dealing with any misquotations from the document.—A. I am not aware of the wording of the letter but I think this gets back to the questions you asked about my party. I believe the basic difference in philosophy between my party and perhaps the National Party and other parties is that we take whatever steps we can to ensure that, as far as possible, our political leaders do not know precisely where funds come from and in what quantities. The position is different in the case of your party. For instance, the control of election campaign funding is in the hands of the leader of the federal Labor Party, and I have no reason to doubt it is any different at the State level. I was approached in 1972 by a representative of the then federal Labor leader, and asked for a specific sum of money for the specific purpose of that mid-term campaign that was conducted. The exact terms and so on of the amount of money were known to the leader of that party because that was the message the man brought with him.

589. Mr EGAN: I was dealing with your own personal knowledge.—A. I know what I was asked for. The difference between the two approaches is that they approached us to enable the people of Australia to know what the policies of the alternative government were, and that was put forward as being—and do not hold me to the exact words—"An investment in your commercial future." If words like that have been used in a letter from Sir Robert Sparkes to business people in Queensland, I can see that it means exactly the same thing. It is like the situation I spoke about this morning when I talked about cause and effect. You are suggesting that people are being asked for money to cause them to believe they should do so and so; I would say they are being asked for money because they are believed to think so and so.

590. Do you not believe that if an approach for funds is made in those terms, it must give rise to public misgivings?—A. It depends. I do not think you are purporting to give me the exact wording of the letter which might make it clear that people should not have misgivings.

591. Are you aware that a number of members of your party, including Senator Puplick, Senator Missen and Senator Baume, have declared publicly their support for some kind of public funding of election campaigns?—A. I have probably got more material from Senator Puplick than any other person, and I would say the position that he has embraced is that there should be a thoroughly bi-partisan investigation of the whole issue. He is, in effect, supporting the proposals put forward, one would think jocularly when one reads *Hansard*, by Mr Mick Young, and certainly supporting the position put forward by Mr Gordon Scholes in 1976. At that time he asked for a bi-partisan committee of five members appointed by each party, to be appointed to look at the whole question. He had chapter and verse of what he wanted looked at. I believe that is the position of Senator Puplick. He has gone to the trouble of gathering quite a bit of information. Quite a bit of what I have used came from Senator Puplick's sources. I do not think you are right in saying that he is in favour of public funding of election campaigns in New South Wales or Australia.

592. If he is in favour of that sort of inquiry, you could not say that he is opposed fundamentally to public funding?—A. I do not think that is a logical result.

That is very much a syllogism without one of the premises. Mr Chairman, if you are looking for someone who is in favour of a bi-partisan approach, somebody who is willing to give full weight to an adequate proper bi-partisan investigation of this matter in Australia, you have got one sitting opposite you. What I am in favour of is an approach which, to all intents and purposes, is decisive.

593. Surely you must concede that in some instances you could be in favour of a system of public funding?—A. I would be willing to have the issue looked at properly in a bi-partisan manner, in a way that would involve the people so that the people could be consulted. Incidentally, I am not one who is in favour of constantly referring everything to the people by way of referenda. This is a basic matter regarding the political and social freedom of people. I would say that, in general, we should have a bi-partisan approach by way of an inquiry that would enable us to seek submissions from the people. I do not mean the sort of submissions that you are seeking here. There should be an opportunity for an inquiry to go out on to the streets, into organizations and conduct seminars and so on about this topic before it is brought in, not as is suggested in the Australian Labor Party, that after you have got your electoral commission or whatever it is called, you educate the people and tell them what is good for them.

594. In paragraph 1.3.3 you say there is no convincing evidence that money wins elections. Will you agree that the political parties attempt to spend as much money as they can raise on election campaigns?—A. No, I would not.

595. You are saying they would choose to spend less rather than more money?—A. No, I think that what most political parties do, sometimes successfully, sometimes unsuccessfully—and we all have had our successes and our failures—is to work out in a sensible business way a budget for an election campaign and then to set out to raise at least enough money to meet that budget. If, in the course of your fund raising, you raise twice as much as you need, as long as your campaign seems to be having the desired effect, you would probably sit on your hands.

596. Surely you would agree that a big budget media campaign is likely to have more impact than a small one?—A. That is putting it simplistically. If we are in an election campaign and it is obvious that we are spending \$1 million through the media and we have budgeted only for \$300,000, you would probably get a bit concerned and start looking for more money or more media—I mean both money and the media—because you know that is a problem. If I had \$1 million in the bank when we came up for an election for which we had budgeted to spend our \$1 million.

597. Your concern that you would be spending \$300,000 and the Labor Party would be spending \$1 million would surely be based on the feeling that that expenditure could affect the outcome of the election?—A. Yes, but in view of what I put to you earlier about the inverse relationship, I would like to ask you whether you have ever had anything to do with marketing highly competitive commercial products. It is a terrible temptation when you see what looks like a better advertising campaign than yours, to start trying to match it either with a new campaign before you do the necessary market research or to use other means. In commercial terms you can do that; you can usually take the time but you often cannot do it in political circumstances. I am afraid that your people, like mine, often make a snap judgment during an election campaign which results in money being wasted unnecessarily. I still cannot give an answer to your ques-

tion about small and large media campaigns because I do not see it in the context of what we are talking about.

598. I take it that you believe there should be a threshold limit of eligibility for public funding?—A. I do not believe there should be public funding.

599. On the basis that there is a system of public funding?—A. I would accept that you need some sort of threshold but I have great difficulty, as I explained this morning to the Chairman and Mr Anderson, in accepting a philosophical situation that you are entitled to make a threshold despite the fact that you can accept loss of deposit legislation.

600. Given public funding, you consider there should be a threshold limit?—A. I could concede that there would be a threshold limit.

601. Would you be in favour of one if there was public funding?—A. I would be in favour of one but do not ask me how to set it or what it should be.

602. Would you be in favour of five per cent or close to one per cent?—A. I could draw a beautiful analogy there but I shall not do so.

603. Does that mean you would have no preference on the basis of the last election results for the New South Wales upper House about the communist party or the marihuana party receiving some support?—A. I have a deep belief that organizations which are putting forward policies that I and a large proportion of the population regard as anathema should not receive any support. They should not receive private support; they certainly should not receive public support.

604. So if there is a system of public funding you would be in favour of a threshold limit which would rule those parties out of consideration from public funds?—A. I did not say that at all. I said I have a deep conviction that they should not be given any funds at all, and that is one of the reasons why I did not want to get into a threshold debate at all, because my position would probably lead me into saying, in answer to other questions from you, something about giving the Government or someone the right to determine who would get funds, and I am not prepared to say that.

605. You have made much mention of advertisements in newspapers featuring a photo of the Premier or other New South Wales Cabinet Ministers. Would you place in that same category of political advertising the current television campaign featuring the federal Minister, Mr Viner?—A. Yes.

606. So you disapprove of that campaign?—A. Yes. I do not disapprove of the campaign, but the use of his photograph in that campaign.

607. I think you mentioned earlier companies or organizations which make donations to both political parties?—A. No, I did not. Somebody else did; the question was put to me about it.

608. Do you agree that there are such companies?—A. I am sure there are.

609. What do you feel would be the motivation for those companies to contribute to both parties?—A. I think there could be a number of reasons. One is that they believe that the political process is one which deserves their support, whichever party happens to be in power. Another is the good old Australian attitude of having two bob each way. Another is—

610. Surely that is self-interest motivation?—A. Yes, I think that is self-interest. Another one, which I have heard expressed by more than one businessman over a

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period of years, which is a matter with which I do not disagree myself, is that while they might support a particular party, when that party is in power they believe that there should be a strong opposition and they are therefore prepared to support the other party. I believe, from what I have heard said in conversations at times, that there are organizations which naturally see themselves as supporters of the Liberal Party and which give more funds to the Labor Party when they are in opposition than they would otherwise give them.

611. But commercial interest or self-interest, you have conceded, is a factor—or can be a factor?—A. In some cases, in the second category, I would see it. I think it is misguided, but I do see that. But once again, as you will see if you read that statement of Professor Winter, which I thoroughly endorse, I see no difficulty about the corporation supporting a political party or commercial interest any more than I see any problem about pensioner organizations supporting a political party because they think that particular party might give the pensioners a better shake. They can either support in the form of limited amounts of money or in fairly substantial amounts of contributions of time.

I see no difficulty about that, in exactly the same way as I said this morning—although it gripes me as a representative of the Opposition parties at the moment that I really do not see that there was anything wrong in the political process because Mr Wran went out to Castle-reegh and made all sorts of promises of an economic nature. That is part of the political process.

612. You were earlier talking about a difference in the Australian political system and the American political system, and I think you either said or implied that you could see how in the United States the allegiance of a legislator could be bought. Was that a fair summary of what you were saying?—A. Yes.

613. What inherent difference is there between a United States of America legislator and an Australian legislator?—A. It is in the United States of America Senate particularly. Do not for one minute think I am saying that this is true of all senators. But although the United States of America Senate is generally divided in terms of Democrats and Republicans, that division is by no means the same as the division between Democrats and Republicans in the House of Representatives. We are all familiar with the term Dixiecrats. There is a constant movement of allegiance to various political philosophies and so on within the Democrat and Republican parties, particularly in the United States of America Senate, and while it may be possible on many issues to get the Democrats or the Republicans to vote as a party, on a great many things it is not. You will often find coalitions of Democrats and Republicans voting against coalitions of Democrats and Republicans.

In those circumstances, and where they have got the endorsement of a party, they essentially from then on, in many States, run as Independents. Although they have got the Democrat endorsement they then run as their own man, and some of them who have been there for a long time do that. There is no way they can be disciplined by the party—as long as they have the control of the party machine within their own State they can get an endorsement and run their own race. I do not say it happens, but in those circumstances I believe it ought to be possible for a group, a person or somebody to control a senator.

614. You are not arguing there is anything inherently wrong about our legislatures?—A. No. I am saying the system is so different that I think it would be impossible for a senator in that situation not to be discovered by his own party.

615. In which situation?—A. In this country.

616. But it would also be possible for a senator, member of the Legislative Council or Legislative Assembly to have an influence on what his or her party does?—A. Yes, that is true. But what I am saying is that I do not believe that a senator or any particular member of one of our parties, operating under Australian conditions, and under Australian party conditions—I do not think it would be possible for one of those people to become, for want of a better word, the creature of some outside influence and be able to continue to operate in that way without that becoming known to his own party.

616A. What if it were a one-off situation? In other words, we are—

617. CHAIRMAN: Could you explain, Mr Egan, where your questioning is leading to? I cannot see how it is assisting the inquiry.

618. Mr EGAN: I shall not pursue that line of questioning.

619. Mr Bartels, you mentioned you had 21 000 members of the Liberal Party in New South Wales?—A. Yes, at the last balancing date.

620. What is the annual membership subscription?—A. It varies. The normal membership for an Independent is \$10, a married membership is \$15, a pensioner membership is \$3.50, and there is a student membership which is very low at \$2. But there are very few people involved in that. On top of all those we do have three classes of member which we call target membership. Although people can have a married membership of \$15 we ask \$25. We prefer to get \$25, \$50 or \$100. But there are a certain number of members who subscribe at \$25, a fair number who subscribe at \$50 and a much lesser number who subscribe at \$100.

621. What proportion of the party's income would come from party membership?—A. I would prefer not to mention that.

622. I think you suggested that the major part came from membership subscriptions?—A. No. That question was put to me, and I did not answer it. I think Mr McDonald put it to me, and I did not give him a definite answer.

623. Mr MCPHERSON: I have two very quick questions. Mr Bartels, first I deal with a statement you made a number of times, and that is about the activities of the State Government at the present time and the federal Government in what you call their campaigning between elections. I take it that you meant the publicity, the releases of information from time to time made by Premier Wran or the Prime Minister?—A. No, I did not mean that at all. I meant the paid advertising that is put out by Government departments and that that paid advertising being utilized to carry a photograph of the Premier or the Minister involved.

624. I cannot recall any of those paid advertisements that you mentioned that was not seeking some specific information or action by the public?—A. I am not sure that I understand what you mean by that.

625. It was not a photograph of the Minister or the Premier with a certain amount of political sayings, but it was requesting, for argument's sake, pensioners to do something or a section of the public to comply with some request?—A. Take the current Senior Citizens Week. I can see no reason why an advertisement saying what is going to happen with respect with something to do with Senior Citizens Week should carry the Premier's photograph. The obvious inference is that it is happening because of the Premier.

626. I personally think that that assumption is reasonable, just as I would think the same assumption is reasonable if something similar were put under a photograph of the Prime Minister?—A. I should not care whose photograph goes with the statement. I regard the placing of the photograph as being there for a party political purpose as opposed to a government purpose.

627. As the final point on this question, would you like to define to the Committee where a government purpose or a secondary purpose starts and finishes?—A. That would be rather hard to define. Take the railways, for instance. If the Public Transport Commission, which at the moment is in a shambles—

628. As it has been for about 10 or 14 years?—A. And it goes back a long way further than that. My memory is fairly good, and it goes back to wartime.

629. CHAIRMAN: At the moment we are not debating the railways.—A. The railways have been in a shambles since time immemorial, which is as far as my memory goes back, to the time of the war. I was then trying to get around in troop trains. If the Public Transport Commission wants to say to the people of New South Wales that things are crook but they are trying to improve them, then I think it is perfectly legitimate for them to advertise and say, "We apologize for the present condition of the service; we are trying to do something about it; we are upgrading trains and road beds", and all this sort of thing.

For them to advertise and say, "We apologize for ten years of neglect" is purely and utterly political. To use Government advertising for those purposes is reprehensible. It does nothing to help the people and it is just wasting Government money. A lot of other advertising that goes on which carries the Premier's or a Minister's photograph is in part designed to get an electoral rub-off as well as to impart information or seek information.

630. Would you agree a lot of those articles are instigated by representatives of the media with their questioning of the Minister concerned?—A. I have no quarrel at all with any newspaper report or any press release being featured with a photograph of a Minister, or the Minister and his wife, or the Minister and his wife and child. That is what is called news reporting and public relations. But when Government money is used for paid advertisements which are set up and paid for by the Government and the cost of showing them on the media is paid by the Government, that is what I complain about. When a Minister's photograph is included in it it becomes party-political if paid for by the Government.

631. From your submission and from your remarks today, you have made it quite clear that you and your party oppose the public funding of elections and you are opposed to ceilings, should any public funding come into being. You are further opposed to disclosing any sources of donations. If there was a suggestion of public funding without disclosure and without ceilings, what would be your view of public funding of elections?—A. We are against public funding of election campaigns.

632. If the Committee is to recommend a scheme of public funding, would you agree that it would be desirable for us to suggest the amount of Government or public funds which should be available?—A. I am obviously not going to answer your question the way you have put it, Mr Chairman. I do not see how you could suggest a scheme without suggesting an amount.

633. It would be desirable that we suggest an amount?—A. From your part, yes.

634. In order to do so, do you think it would be desirable that we were aware of the costs of elections in New South Wales?—A. I think you would have little trouble in working that out if you were to take the cost of your own party—which I am sure you would know—and double that, then add a little bit for the smaller parties. If you are asking me would we disclose what we actually spend on election campaigns, no, we would not.

635. You would not desire to?—A. We would decline to answer.

636. You do not want the public to know what it costs you?—A. It is something we have always kept to ourselves.

637. It is something for the administration of the party alone?—A. Yes.

638. How about the general meeting of the State Council, would they be aware?—A. No, they would never ask.

639. If they asked, would the administration be prepared to inform them?—A. The State Council is the governing body.

640. They have no interest at all in what it costs?—A. They leave it to the party executive.

641. You never give the State Council a balance sheet?—A. We let them know where we stand, but we do not give detailed costings of election campaigns.

642. When you present a balance sheet to your State Council after an election has been held, you make no indication at all as to what is spent on the campaign?—A. No.

643. How can you give a proper balance sheet?—A. We do not give the State Council a full balance sheet but just an indication of what are the incomings and outgoings.

644. The administration keeps all that information secret?—A. It is the State executive that keeps it.

645. The State executive I refer to?—A. Yes.

646. It is kept secret and nobody has a right to know, in your view?—A. Except the auditors. It has never caused any difficulty with the party.

647. Would you say you spent more or less than the Labor Party on a State election?—A. I would not say. I really do not know what the Labor Party spends.

648. I believe that it is in a public document?—A. I have spoken with members of your organization at various times over the years and my impression is that what gets documented is what the central fund spends, not what the electorates spend. We are in the same boat.

649. You are not prepared to co-operate by informing this committee of the cost of an election campaign?—A. I would prefer not to. Perhaps if you address that question to me at a later stage I might have a different opinion.

650. I do not want to use the authority given to me under the Parliamentary Evidence Act?—A. I realize what the authority is and that is why I say that perhaps if you addressed that question to me at a later stage I might have a different answer.

651. I am merely trying to establish your attitude at this stage, you understand?—A. Yes.

(The witness withdrew.)

(The Committee adjourned.)

(The Committee met at 10.00 a.m.)

Present:

Mr E. N. QUINN, M.P. (*in the Chair*)

Legislative Council

The Hon. DEIRDRE GRUSOVIN
The Hon. H. J. McPHERSON
The Hon. W. L. LANGE

Legislative Assembly

Mr P. T. ANDERSON
The Hon. J. C. BRUXNER
Mr R. M. CAVALIER, B.A. (Hons)
Mr M. R. EGAN, B.A.
Mr T. A. FISCHER
Mr B. J. McDONALD, A.S.T.C., Dip.T.C.P.

GRAHAM FREDERICK RICHARDSON, General Secretary of the New South Wales Branch of the Australian Labor Party, residing at 10 Mildura Street, Killara, sworn and examined:

652. CHAIRMAN: Did you receive a summons issued to you under my hand in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. I did.

653. The Committee has received a submission from your party. Is it your wish that the submission be included as part of your sworn evidence?—A. It is. That submission reads as follows:

JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL
AND LEGISLATIVE ASSEMBLY UPON PUBLIC FUND-
ING OF ELECTION CAMPAIGNS

Submission by Australian Labor Party (N.S.W. Branch)

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Summary

The A.L.P. submission provides for:

- (a) Public Funds to be made available for major Political Parties which poll 6.25 per cent of the total vote in the preceding Legislative Council poll.
- (b) Public Funds to be made available for Independents and Minor Parties which poll 6.25 per cent of the total vote in any Legislative Assembly seats.
- (c) Public Funds to be made available to the Parties for Research/Educational/Organizational tasks.

(d) The creation of an Electoral Funds Commission to administer the disbursement of Public Funds. The Commission would consist of a Chairman and four (4) part-time Commissioners. Of the four (4) part-time Commissioners, one Commissioner would be nominated by the Premier and one other by the Leader of the Opposition.

(e) The closest possible scrutiny of the manner in which the Parties expend Public Money. The Parties should be required to keep Public Funds in separate bank accounts which would be subject to audit by staff of the Electoral Funds Commission.

(f) Establishment by legislation of ceilings for media time purchased by or made available to the Parties. Legislation should also establish a ceiling on the total amount of money expended by the Parties within any political campaign.

(g) The public disclosure of all sources of private donations to the Political Parties. Disclosure ought to start at donations of \$100 or more.

1. *Preamble*

It is surprising that the concept of Public Funding of Political Parties' election campaigns is still meeting such trenchant opposition in Australia. The principle that public monies should be allocated to the Parties to enable them to fulfil their obligations is well established overseas. This is particularly so in Western Europe and North America.

Those Australian conservatives who are so vigorously opposed to this elementary democratic step have lost sight of the fact that their counterparts overseas have, in the main, accepted not only the principle, but the reality of Public Funding.

Moreover, the Australian political system already provides for substantial public resources to be allocated to facilitate the democratic process and thereby directly assist the Political Parties.

This materialises in the form of compulsory and universal registration of voters by the electoral office; dissemination of information on political questions (as in referenda) and advertising by the electoral office in respect of polling day arrangements; and allocation of media time to the Parties (in Federal polls).

Briefly the arguments in support of Public Funding may be summarized as follows:

1. For parliamentary democracy to function effectively, viable and healthy Political Parties are needed. The democratic process is eroded and made poorer when Opposition is ineffective, badly organized and/or unable to pose a realistic challenge to Government. The Public Funding of Political Parties serves to ensure that the Parties, whether in Government or in Opposition, have sufficient resources at their disposal to meet their democratic commitments.

2. The membership of Political Parties currently spend an inordinate amount of time in fund raising simply to provide for the most basic aspects of election campaigning. Public Funding would release people and resources for far more valuable work in areas such as surveying, research, education and the production of campaign material.

3. Traditional sources of funds for Political Parties have become inadequate to meet the costs associated with campaigning in the 1980's. This is especially the case in respect of media campaigning, where costs in the period 1977-79 escalated by a factor of 35 per cent.

4. Traditional sources, whether from business and/or industry groups, trade unions and/or wealthy individual supporters, are often viewed by the electorate as possessing significant additional political rights by virtue of the fact that they are able to finance and/or materially assist the Parties and thereby possibly influence the organizations' decision making processes. Such influence, whether real or imagined, brings the entire democratic process into disrepute. Public Funding obviates this problem.

5. The provision of Public Funding will permit minor Political Parties and substantial Independents, who are able to demonstrate a significant level of public support, to operate effectively within the democratic system. Public Funds will mean that such groups and individuals are not dependent upon sectional or traditional interest groups.

2. Electoral Funds Commission

The A.L.P. favours the creation of an Electoral Funds Commission to administer and oversee the Public Funding of Political Parties. In our view this is the fairest and most equitable manner by which Public Funds may be disbursed.

It should be emphasized that the Commission, once established, should always be subject to the decisions of the Parliament and it would be the responsibility of the Parliament to review the system of Public Funding.

The following elements constitute the framework of an Electoral Funds Commission as envisaged by the A.L.P.:

1. The Commission should consist of a Chairman, appointed by the Parliament for a statutory term of office and four (4) part time Commissioners. One of the four (4) Commissioners should be nominated by the Premier of N.S.W. and one other by the Leader of the Opposition. The Commission's independence and authority should be guaranteed by statute.

2. The Commission should report annually to the Parliament, reviewing its activities and the manner in which public monies have been disbursed. Its report should be made public and given the widest possible circulation in the general community.

Further, once the base figure/formula for Public Funding has been established by the Parliament, the Electoral Funds Commission should be in a position to recommend changes in respect of the levels of assistance to the Parties.

3. The Commission should compile a register of all participating Political Parties, constitutions and rules. A consequence of Parties applying for Public Funds ought to be that they must register with the Commission and submit such details as the Commission requires to enable it to fulfil its responsibilities.

4. The Commission should be afforded the necessary administrative, research and accounting staff to enable it to work effectively. However, the A.L.P. envisages that such staffing requirements would not entail the creation of anything akin to the mammoth bureaucracy spawned in the United States by the American Public Funding system. The Commission support staff would be relatively few in number, though a high degree of professionalism and expertise would be required.

5. Once established the Commission should embark upon a comprehensive advertising/education programme to acquaint the N.S.W. electorate with its functions and responsibilities and the manner in which it will be operating.

The Commission ought to be aiming to attain that widespread public acceptance which the Electoral Office has achieved.

3. Public Funds

It must be emphasized that the A.L.P. does not view the final frenetic three (3) week period leading up to a general election as being the period of campaigning. This is simply the culmination of campaigning which extends across the

period between elections. Our position is that continuous campaigning ought to be the objective and accordingly Public Funds should be made available to provide for this goal.

A glance at periods between general elections from 1973 to 1976 and from 1976 to 1978 demonstrates that the Parties were involved in a number of campaigns which were ultimately crucial to the overall general election result. Important campaigns included:

- (a) Coogee, Monaro and Earlwood By-elections.
- (b) Selective policy launches.
- (c) Campaigns for and against certain contentious legislation.
- (d) Referenda; including the June, 1978, Referendum to reform the N.S.W. Legislative Council.

When the importance of such campaigns is acknowledged it becomes clear that sufficient funds for an ongoing three (3) year campaign are required.

Public Funds should be made available to the Parties for four (4) main campaign functions:

- (1) Central campaign funds (principally media).
- (2) By-election and referenda campaign funds.
- (3) Constituency Party campaign funds.
- (4) Research/Education/Organization funds.

3. (a) Central Campaign Funds

A sufficient level of public assistance should be made available to the Parties to enable them to cover two (2) basic areas:

(i) Central Media Campaign Costs.

As noted in the preamble, media campaign costs have spiralled at a frightening rate over recent years. The 1978 General Election Campaign cost the N.S.W. Branch of the A.L.P. some \$500,000 in allocation for centrally placed media time alone. It is rapidly becoming impossible for any Political Party to raise sufficient finance to meet such costs.

However, given that it is absolutely critical for the Parties to advertise through both electronic and print media, to reach the electorate, then the Parties must have adequate resources to accomplish this objective.

It should also be stressed that in this State the A.L.P. consistently spends a significant proportion of its media allocation to cover rural and provincial areas. This due to the fact that as a Party, Labor contests virtually every Legislative Assembly seat and fields a full Legislative Council team. Consequently, Statewide media advertising is essential.

(ii) Central Office Production Costs for Basic Election Campaign Items.

This area covers basic items produced by Central Offices of the Parties for distribution to Candidates and Party Units for use throughout the election campaign period and on polling day. The items would include essential campaign material such as polling day equipment, how-to-votes, material for voter enrolment drives and of course, general issue pamphlets. A sufficient level of Public Funds to cover Parties' requirements in this area should be made available.

In order to cover the costs outlined in respect of both media campaign costs and the Parties' basic obligations in so far as the production of electoral material is concerned, Public Funds should be disbursed to the Parties based upon a formula relative to the Parties' vote gained at the preceding Legislative Council poll. The threshold for the securing of Public Funds should be a minimum Legislative Council vote of 6.25 per cent of the total votes cast.

3. (b) By-Election and Referenda Campaign Funds

This relates to an area of political activity which can most adequately and accurately be described as irregular in nature.

Having acknowledged this fact, it is therefore a logical step to state that there need not be a base formula for the disbursement of the funds to the Political Parties to enable them to fulfil their obligations in this area. There need only be discretionary power afforded the Electoral Funds Commission to provide that the Commission should make Public Funds available to the Parties to permit them to achieve their campaign requirements in respect of by-elections and referenda as such occur.

However, having said this, should the Parliament insist that a base formula be set to provide for the disbursement of Public Funds to the Parties for by-election campaigns, then it would appear quite reasonable to base that formula once again upon the vote recorded by the respective Parties at the preceding General Election in that Legislative Assembly seat which is subject to the by-election contest.

3. (c) *Constituency Party Campaign Funds*

Given the importance of a number of local campaigns in a number of electorates that are vital to the retention or securing of Government there must be provision for Public Funds to be made available to Central Offices of the Parties for disbursement in those electorates considered especially significant by the Parties.

The Electoral Funds Commission should establish broad requirements by which the Parties disburse such funds. The Commission ought to take into consideration such factors as:

- (a) The electoral pendulum.
- (b) The significance of the seat to the Party concerned.
- (c) Local and/or regional factors.

The Parties should be required to report to the Commission on the manner in which the funds have been expended. The funds would be employed in a number of areas in local electorate campaigning. Such areas would include, advertising in suburban or provincial media outlets, printing of local campaign leaflets and the equipping and staffing of local campaign offices.

For all the purposes listed above a block grant should be made available by the Commission to the Parties.

3. (d) *Research/Education/Organization Fund*

Research for political campaigns falls into three (3) broad categories:

- (a) Research undertaken by professional organizations such as Saulwick, Gallup or A.N.O.P. into voter attitudes, issues, public approval ratings of leaders and the public acceptability of the Parties.
- (b) Research to ensure that the Platforms of the Parties are both comprehensive and contemporary.
- (c) Research into the methodology of campaigning.

Public assistance should be made available to the Parties to partially cover the cost of these functions. However, the minimum requirement that the A.L.P. desires to see established is for sufficient assistance to be made available so as to enable the Parties to conduct an annual poll of 2 000 (two thousand) electors in the State of N.S.W. In this poll the Commission should establish both minimum and maximum country components.

Education covers a great number of areas, however, it is a truism to say that the process of educating Party Candidates and principal campaign personnel is an important part of the political system. Of even greater importance to the democratic processes is the education of the party membership in terms of Party policy, organization and structure and also in terms of ensuring that the membership is aware of current economic, political, social and cultural developments.

Australian Political Parties should also be in a position to have as one of their objectives the greater education of the voters. Currently such an objective is simply beyond the resources of any of the major Political Parties. With the provision of Public Funds such objectives should come clearly into view and realization.

Public assistance should be made available to partially cover the cost of meeting these obligations.

Organization has as its principal objective the servicing of the constituency Party and its maintenance in a continuous state of political awareness. The accomplishment of this goal means that certain organizational tasks must be undertaken. At present the A.L.P. and, indeed, our conservative opponents, do not have the resources to effectively attend to all the needs of constituency Party Units.

Public assistance would mean that this situation could be improved dramatically. It would mean that, for the first time, Political Parties throughout the State of N.S.W. would be both effective and well informed and there would be a strengthening of liaison between Party Units and their Central Offices and the broad constituency Party generally. For the future political health of parliamentary democracy this is clearly a most important goal.

Again, as sought in respect of the research and education areas public assistance should be made available to the Parties to partially cover the costs of meeting their obligations.

For all the objectives outlined in the preceding section block grants should be made available to the Parties by the Electoral Funds Commission.

In examining the areas discussed above, the Joint Parliamentary Committee of Enquiry may be well advised to closely scrutinize the Dutch Public Funding laws in this area and to review the experiences of the Political Parties in Holland.

4. *Provision for Independents and Minor Parties*

Parliamentary democracy ought to recognize the reality of the participation of Independents and Minor Parties in the political system. Moreover, such participation ought to be welcomed and encouraged.

Accordingly, there ought to be 2 (two) separate categories of political representation eligible for public assistance.

(a) *Major Parties*

As already discussed in a preceding section, the major Parties (A.L.P., Liberal, Country Party), all of which achieve more than 6.25 per cent of the vote in a Legislative Council poll, would be eligible for public assistance. The A.L.P. accepts a recorded vote of 6.25 per cent of total votes cast as being an indication that a Political Party or an Independent Candidate has a significant level of support on a Statewide basis.

(b) *Minor Parties*

For those Political Parties, or Independent Candidates, failing to poll 6.25 per cent of the votes cast in a Legislative Council poll, some form of public assistance should be made available if they are able to poll 6.25 per cent of the vote in a Legislative Assembly seat.

The level of public assistance should be left to the discretion of the Commission.

This would provide for substantial Independents and Minor Parties, which are able to command a reasonable level of public support. Such political representatives would be eligible for public assistance.

However, it needs to be stressed in the strongest possible terms that the concept of Public Funding would be brought into disrepute, perhaps irreparable disrepute, if the electorate perceived that Public Funds were being made available to what might best be termed fringe or peripheral candidates and/or Political Parties. Therefore, the threshold for public assistance needs to be high enough to ensure that such Political Parties as are anathema to the overwhelming majority of electors are not the recipients of Public Funds.

The Committee may wish to examine a system whereby Public Funds are made available retrospectively to candidates and/or Political Parties, which have recorded votes over the threshold at their *initial* electoral contest.

5. *Accounting*

Obviously, the closest scrutiny must be kept in respect of the disbursement and expenditure of public money.

For this reason the Parties ought to be required to keep Public Funds in separate bank accounts. The auditing of such accounts should be undertaken by Commission staff. To facilitate this process, the Commission should be able, on request, to examine such accounts that cover the Parties' expenditure of Public Funds.

Further, the Electoral Funds Commission ought to be empowered to impose penalties upon Political Parties where it is established in a court of law that abuses have occurred in the receipt and/or expenditure of public moneys. The provision needs to exist that, in cases where public moneys have been misappropriated, should that occur, such moneys should be repaid by the Party concerned to the Commission. There should also be provision for the Parties to have the right of appeal against court findings to a higher court.

In addition, legislation ought to establish that the recipients of public assistance must expend all such funds disbursed to them.

6. Limitation

This is a particularly contentious area in Australian politics, given the recent Tasmanian experience. Nonetheless, it needs to be emphasized that access to Public Funds merely provides for equity in terms of resources available to the Political Parties. There should, in addition, be an overriding principle which ensures that massive financial, material and/or organizational resources cannot buy political power in the democratic Australian context.

Therefore, legislation should establish ceilings for:

- (a) Maximum amounts of media time that may either be purchased by or made available to the Political Parties for campaigning. Media, as reference is here made to it, covers television, radio and print.
- (b) The total amount of money expended by the Parties throughout N.S.W. for whatever campaign purposes. This would embrace both funds committed and expended by the Central Offices of the Parties and by their constituency Party units, endorsed candidates and/or affiliated organizations. It would also cover money spent by supporting individuals or groups for and on behalf of the Political Parties and/or their endorsed candidates.

7. Disclosure

The A.L.P. declares its unqualified support for full and complete disclosure of the sources of all donations received at a central level by the Parties. This would include donations from affiliates and constituency Party organizations to the Central Offices, as well as those donations emanating from outside individuals and organizations.

Disclosure ought to start at donations of \$100 or more.

The Electoral Funds Commission ought to be empowered to inspect all Party records relevant to this area. The A.L.P. has no hesitation in committing itself unreservedly to the principle that the public ought to know the sources of all political donations.

8. Conclusion

Public Funds should not be envisaged as becoming the sole source of funds to permit the Political Parties to achieve their goals. Public Funds should be seen as a most necessary supplementary source of funds to the Parties' own fund raising efforts.

Having said this, the argument must be advanced in the most vigorous terms that without the provision of Public Funds for the Political Parties then democracy in Australia will be weakened and eroded. This is simply due to the salient fact that the Political Parties are fast reaching the stage where they are unable to realise sufficient funds to cover their campaign costs. This inevitably means that they will be frustrated in their endeavours, obliged to curtail and restrict their activities and be unable to contribute to a strengthening of the democratic process throughout the electorate, that they would otherwise have been capable of achieving had adequate resources been available to them.

The argument outlined above has been accepted in both the principle and the reality in almost every Western democratic system. Even in the United States, where one might reasonably expect to find the most determined opposition to Public Funding of Election Campaigns, public assistance to the candidates is now an accepted form of funding in Presidential Campaigns. The Public Funding of Congressional Campaigns is, moreover, fast approaching.

It would therefore seem axiomatic that Australia should join with the other advanced democratic systems and introduce a sensible and reasoned form of Public Assistance for the Political Parties. Without such assistance, it is undeniable that the Parties will inevitably and inexorably grow weaker and, with them, that democratic system to which Australians have been and are committed.

654. CHAIRMAN: Do you wish to add to it or elaborate upon it?—A. No, I do not. I think it is self-explanatory.

655. In your submission you have set out a system for public funding of election campaigns. In it you suggest that it should be controlled by a commission?—A. Yes.

656. Can you give some information about the commission that you have in mind?—A. I can take you through that part of our submission that relates to that question. The party has asked for a commission consisting of a chairman appointed by the Parliament for a statutory term of office and four part-time commissioners, one of whom would be nominated by the Premier of New South Wales and one by the Leader of the Opposition. We have asked that the commission's independence and authority should be guaranteed by statute. So we have asked for a commission of five to oversee the expenditure of public funds, because we believe that it will be better done by an independent commission rather than have funds disbursed under the auspices of a Minister of the Government.

657. You say a chairman appointed by Parliament. Whom do you see nominating him in Parliament?—A. Presumably it would have to be done by the Premier and the Leader of the Opposition, I hope in agreement. I personally envisage a member of the judiciary of such a status and mind as not to be a person to arouse controversy.

658. You are saying that he should be an independent chairman?—A. Most assuredly, yes.

659. And the others to be nominated by the Premier and the Leader of the Opposition. Do you envisage the actual appointment of these commissioners as being done by the Governor or by motion of Parliament?—A. I think that that is more a matter for the machinery of Government than for me. However, I think it will have to be done by Parliament in the end. I hope, however, that the other two—and we have mentioned a chairman; I presume a person agreed upon by the parties in the Parliament—are to be one representing the Premier and one representing the Leader of the Opposition. I hope the other two will be Public Service Board appointments, again people who would be out of the area of controversy and with their independence guaranteed by statute. I do not envisage necessarily all five being appointed by Parliament.

660. You see the commission as controlling a pool of public funds as one of their functions, and distributing those funds between parties and candidates?—A. I see two functions: the allocation of funds and the accounting for them after allocation to ensure that they have been spent for the purposes to which they have been directed.

661. What amount of funds do you see as being required to carry out those functions?—A. The party has specifically avoided the question of putting an amount in dollars as to how much the commission would be able to allocate. We have done this because we firmly believe that it is a matter for Parliament to determine. We do not seek, therefore, to stipulate any figure per voter, as I have noticed some submissions have done. We would leave it up to Parliament to determine what amount could be allocated.

662. Have you done a costing of the scheme that you are proposing?—A. The only part that one can accurately do a costing—or that I can—would relate to a subsidy for media costs in campaigning. We do not regard our figures for that as being in any way secret. I can give an indication of what we would envisage as being necessary to spend from the public purse to cover the central media costs of a campaign. Based on the figures we can give for amounts of money spent in recent elections, one can get an idea of that part of the funds that would be needed to be allocated for central media costs for all of the parties.

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663. The costs involved by your party in the last general elections are available to this committee?—A. Yes, they are.

664. They are not kept secret?—A. No.

665. Is it the practice of your party to make them public?—A. Yes, it always has been. When I say always, I mean since I have been secretary.

666. What process do you use to make that information public?—A. The costs of our election campaign have always been released to the press—at least the 1976 and 1978 figures were. When the administrative committee approved the budgets I told the press what those budgets were in the 1976 and 1978 campaigns. As well as that, when we look at the situation after an election and see how much we have been able to raise and how much we had not, information is always released to the press as well giving an indication as to what extent we had to go into overdraft to cover them. I think they have been fairly public.

667. Do you make the balance sheet of your party available to your members?—A. Yes.

668. What was the cost to the Australian Labor Party for the 1976 general elections?—A. Approximately \$650,000 was the total cost. Of that cost about \$530,000 went in media costs.

669. Mr ANDERSON: 1976?—A. 1978 or 1976?

670. CHAIRMAN: 1978?—A. That was the 1978 figure. I have the 1976 figure also if you are interested?

671. What is the 1976 figure?—A. We had a total cost of \$405,000. The media component of that was \$277,000.

672. Are these costs to be the costs to head office of the party only?—A. Yes, that is correct. Of course, these costs in no way give an indication of what is spent in each electorate. This is simply the central funding of the campaign from the party office.

673. Is there any way we could estimate what is spent in the electorates?—A. It would be very difficult, because the range is enormous. I could give you a couple of examples that may help you make such a calculation. In a seat such as Marrickville, as I understand it we spent about \$1,200 in the last election campaign in 1978. However, in seats such as Cronulla, Nepean or Fuller the amounts were very much greater. In some cases they were over \$10,000 and I think in others up to about \$15,000. There is an enormous variant. In a number of seats, such as Gordon, the party's expenditure would have been no more than \$500. There is no way of equating costs in the 99 seats.

674. The overall cost lies somewhere between \$.5 million and \$1 million; is that a fair statement?—A. Yes. I would think considerably less than a million. I doubt if the total cost, including that spent by our candidates, branch organizations and local areas, could have amounted to more than \$300,000; I would be very surprised if it did.

675. The cost of the scheme you are putting before us, do you think that could reach anything like the figure put on it yesterday—\$7 million for one party and double

that for two parties?—A. I can in no way see how it could get anywhere near that.

676. Can you see anyway that one party could get anywhere near \$7 million?—A. It would be impossible.

677. In some way we have to recommend what amount of money might be in the fund if we were to adopt this plan. What is your view on this?—A. For a form of central campaign funding to be established, if it is fair to say—and I think it is—that it is less than \$1 million for the total expenditure of the Labor Party in the last campaign, and if you put the total coalition costs at something similar, then \$2½ million would be the upper limit of such a scheme.

678. The money you see in the central fund to be distributed by the commission under your scheme would be given to the head office of the various political parties?—A. That is correct.

679. In the case of independents, it might go to them individually?—A. Yes. We did make a provision in our scheme for independents and minor parties to receive public funds on a retroactive basis if necessary.

680. So far as major parties are concerned, do you see an amount of money coming to the head office of the party for use in various ways, and one is the central media fund? What would happen in the case of the individual electorates for the Legislative Assembly?—A. We would be looking to having the central office of the party allocate funds to those electorates they deem to be the most important in our political process; they would allocate it from the central office so we would have some accounting system back to the commission to show where and how the money has been spent.

681. You disagree with the scheme put forward by the academics for pluralist funding in which they suggest a separate fund for the constituencies to be distributed directly to the organizations in that constituency?—A. Yes, for the main reason that I outlined earlier; to try and equate the amount of public funding given to the 99 electorates when unquestionably there is no limit on the amount spent, seems to me to be unsound. You just do not have equal amounts of money being spent in each electorate, so I cannot see a good reason to give an equal amount of money to each seat.

682. So far as research is concerned, you have put forward a proposition. Do you see an election campaign commencing the day after the general election is concluded; is that correct?—A. Most assuredly. I do not think campaigns are won and lost in the three and a half weeks of frantic advertising at the end; it is an ongoing process. The importance of research and education of the parties within that process is to have a better educated electorate on politics and you can only get that by making the parties have a much broader mass base and insuring that the base is better educated and well aware of the issues of the day. So far as my own party is concerned, it has been one of our weakest areas. We provide very little service in that regard. We think it is an important contribution to the democratic process that that service be increased and expanded.

683. When do you think funds should be made available to the political parties, at what stage?—A. Is this on the total basis or in respect of research?

684. Any funds at all?—A. In respect to campaign funds, as you would appreciate, the great bulk of the central fund—that is the media costs I outlined earlier—are paid for from the central office. Most of them are due within two months of an election; they are not usually due on the day itself but within two months. I think it would be appropriate to allocate that money sometime before the end of that two month period. It would not particularly worry me in a personal sense whether it came before the election or just after it, so long as it came in time to pay those major bills.

685. Would you need to know in advance what amount of funds you might expect?—A. I would like to know the amount of funds in advance so you are better able to budget what you have to spend. The difficulty we have had in recent years has been the incredible escalation in media costs. In Sydney they have risen 19 per cent in 1979 and they rose 15 per cent in 1978. When that sort of thing happens you have costs getting out of hand very quickly.

686. Mr EGAN: I take it you have had the opportunity to look at the submission of the Liberal Party where it was mentioned that there could be a decline in voluntary political activities with the system of public funding. Would you agree with that submission?—A. I would look upon it as having the opposite effect—trying to broaden the party's base in the community. One of the weaknesses in our policy is lack of participation. I hope the process of public funding will enable a broader participation by more people. That is one of the fundamental reasons why it ought to happen.

687. The amount which the Labor Party expended on the last State election, would you regard that as an adequate amount?—A. I would regard it as an adequate amount for what we spent in the short time prior to that election. In our submission we have indicated that we think the whole three years is the period of campaigning. The costs I have given here are just the costs of running a short election campaign and they do not give an indication of organizational costs over the period.

688. Clearly you would not be running a campaign of the intensity that you run in the month before an election?—A. No. We look upon the previous three years as the opportunity to build local organizations in key seats and have candidates getting round and that sort of thing. I want to indicate too that the figures I have given you on how much we spent in those elections indicate only the cost of them. I have not indicated to you the fact that in the last New South Wales general election we were \$100,000 short and had to get a bank overdraft to cover it. It ought not be assumed, when I say our total budget was \$650,000, that we were automatically able to raise it.

689. Do you have any information that would enable you to make a comparison of the media time purchased by the Labor Party in recent elections and other parties?—A. The information that I have received from the party's advertising agency—which naturally attempts, as far as possible, to monitor advertising expenditure during a campaign period—would indicate that the amount of time purchased on television and radio between the Labor Party and its two major coalition opponents was approximately equal. It indicates also that we spent somewhat less than they did in print media. This relates to the 1978 election. That was not quite the same in 1976, when our coalition parties did outspend us in television, radio and print, and in the federal elections in New South Wales in recent years we have been outspent fairly heavily, as indeed we have been nationally.

690. Mr McDONALD: Mr Richardson, did you undertake an overseas trip for the purpose of studying public funding for election campaigns?—A. Among other purposes. That was one of the things I went to look at, but only in America. I did not examine it in European countries.

691. When was that?—A. That was in March and April 1979.

692. Was that arranged through the A.L.P. organization or through the Premier's Department?—A. Neither. It was a trip given by the United States Government.

693. You say, "Given by the United States Government"?—A. Yes. I was invited by the United States Government to go to the United States under a legal grant system.

694. Who was it that you reported to in relation to the aspect about which this Committee is addressing itself, that is, public funding of election campaigns? Did you produce a report on that matter, or is what we have before us in essence your report?—A. What you have there is in essence the report. Naturally, our public funding submission is not prepared only on the basis of what happened in America but rather, I hope, a cross-section of the experience in Europe as well, which I have not seen at firsthand but which has all to be combined.

I should emphasize that a small part of my time in America was spent looking at public funding; I suppose it was a period of three days out of five weeks. I do not think I could have written a major novel on the American experience; I had only limited experience of it at firsthand.

695. So you are predominantly the author of the A.L.P. submission?—A. The A.L.P. submission, in terms of the actual words in it, has been prepared by myself and the gentleman sitting on my right, Mr Loosley. In terms of the thoughts within it, the Party has had it looked at by a committee, and that committee has been looking at it for some weeks. Naturally enough, the administrative committee of our party had to approve this submission before it went in. I do not have the power vested in me to do that.

696. Are there any other members of the administrative committee—Mr Loosley or any members of the administration of the Australian Labor Party—who have been to any other countries such as Germany or Holland to study their systems?—A. Not that I am aware of, not specifically to study this matter. Like most of us, I think they have read a great deal about it, but I do not think they have been there personally. My colleague has reminded me that Barrie Unsworth did do some work on this matter in Germany in respect of the Frederick Ebert Foundation.

697. He is a member of your administrative committee?—A. Yes.

698. In answer to a question which the Chairman directed to you about the period of a campaign, you said that it commenced soon after the election had been completed and ran for a 3-year period?—A. Yes.

699. You are aware of the fact that Mr Bartels submitted a supplementary statement in which he sought to make a more specific definition as to the period of a campaign?—A. I am aware that he did submit a supplementary statement, but I have not as yet seen it.

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700. With the Chairman's permission, I hand you a copy of that submission. What Mr Bartels sought to do was to define precisely what the period of a campaign ought to be. It was set out in evidence yesterday in paragraph 1.6. He then suggested a detailed definition of a campaign period, and from that definition you can see that the period that he suggests should be from the date of the issuing of the writ for an election to the closing of the ballot, namely, election day. Are you familiar with the Parliamentary Electorates and Elections Act of New South Wales?—A. I know something about it.

701. Do you have some general knowledge of it?—A. Yes, in general.

702. Have you studied section 148 of that Act, which deals with an extended meaning of the term candidate?—A. I cannot recall it specifically off hand, no.

703. Might I advise you of what that section says. It defines candidate and elections and also determines when an election is. It says that it shall mean and include the whole of the period from the day of nominations up to the day on which the returning officer or the electoral commissioner, as the case may be, publishes and declares the result of such election, both days inclusive. Do you understand that?—A. Yes.

704. That is somewhat similar to the definition suggested by Mr Bartels. He suggested the period of the campaign is that period which the public might see to be the period of the election campaign, which was significantly shorter than your proposal, namely, 3 years?—A. Yes.

705. So you believe that the public, in view of the terms of reference of this Committee including to introduce a system involving public funding of campaigns for elections, would accept your proposal that an election campaign should run for 3 years rather than the period defined in the Act?—A. I do not believe that the public are aware of section 148 of the Parliamentary Electorates and Elections Act any more than I am, and probably somewhat less aware than I am.

706. But is this part of what you conceive to be part of an educational programme necessary to sell the community the fact that if such a scheme were to be brought in by the Parliament that in fact they would have to understand that it was for such a long period, namely, 3 years rather than 3 to 4 weeks?—A. No. I do not think that is part of selling that period at all. I put the proposition that the election campaign existed for 3 years, but that was from the Party's point of view. Obviously, in the public eye, a campaign does not go for 3 years. In terms of it going for 3 years, you are looking at building campaigns of electorates of the State as well as local electorates.

I put it to you that the A.L.P. has probably gone far beyond the terms of reference. I would suggest to you that your whole submission goes beyond the terms of reference, and in fact it does so even by your suggestion contained on page 4 of your submission as to the electoral commission where you say that the creation of an electoral funds commission to administer and oversee the public funding of political parties is favoured by the A.L.P.

707. Mr EGAN: On a point of order. Surely it is a matter for the Committee to determine whether matters are outside the terms of reference.

708. CHAIRMAN: It is a matter for the Committee to determine, but I shall allow the question.

709. Mr McDONALD: In fact, there is no reference at all to campaigns; the whole basis of your submission is about the funding of the parties. Would you care to comment on that?—A. We are just dealing in semantics. We have included in the submission a great deal about the funding of elections. We have talked about the last 3-week period and public funding of that. We have then talked about by-elections and referenda and campaign funding and related that to elections. We have talked about research and education, as well as planning research for those elections.

710. All of which, in most cases, are beyond purely campaign funds?—A. They go beyond your definition of an election campaign.

711. Central to your party's submission is the fact that you are seeking to have funding for the parties at large, rather than precisely and specifically for an election campaign?—A. In Australia, it would be my contention that political parties are in fact at the heart of election campaigns. This is much different from the United States experience. It would be impossible in any context to imagine the political funding of election campaigns without significant funds going to political parties.

712. In your submission you make virtually no reference to the question of candidates. You make it as a submission precisely for parties, whereas the terms of reference cover the system and method by which parties and individual candidates might be funded?—A. I do not think that is the case at all.

713. The only reference I could find to that matter was at the back?—A. When one looks at the section dealing with constituency party campaign funds, obviously the candidate is at the heart of any party campaign. I cannot imagine one case where the candidate would not be. We have also referred to a retroactive provision for independent and minor candidates and their ability to get money. If you look down the page on which that matter is discussed, you will see that on a number of occasions there is reference to candidates.

714. But it is predominantly and clearly for parties rather than looking at a system that might affect individuals?—A. Yes. It would be my contention that in Australia political parties are the dominant basis of politics, not candidates.

715. Did you conceive that the proposal for an electoral funds commission was in relation only to State election campaigns, or do you conceive that it should have been broadened to take into account the State segment of a federal campaign, or even local government elections?—A. I would see it as being restricted to only State election campaigns.

716. Why?—A. I do not see that the State Parliament or State Government can have much affect or influence, or indeed should have, over federal campaigns.

717. But if you are going to establish a research council and perhaps even create an electoral research institute—perhaps along the lines suggested by the academics for pluralist funding—surely the public, who are funding those bodies, would see justification, would they not, for a wider framework of looking at the effect of federal elections or even local government elections as part of it? You go on further to questions of education and research generally?—A. The education research question is worth looking at. As I said, we have not quantified any part of this submission, but I would imagine that that education component would form a major part of the funding of election campaigns, or indeed political parties.

We would see that as a minor function. As a principle, we would naturally support public funding of political parties at a national level, and we would hope that at some stage in the future that may come. At that time we would be looking for additional research and organizational experience from a federal body such as the one we are advocating in New South Wales.

718. Both you and your party would never endorse the use of taxpayers' funds for local government elections?—A. Yes, I would be definite about that.

719. You would not agree to that?—A. No, our proposal does not advocate that.

720. Would your party ever agree to it?—A. I can only give a personal view because the party has not considered it. I have given little or no thought to it either, local government not being an area in which the party has ever spent a great deal of money in campaigning.

721. CHAIRMAN: Mr McDonald, I think your question is irrelevant. However, I shall allow the witness to continue his answer.—A. This is a minor issue in the party in terms of what it spends in local government election campaigns. One could say the amount spent is infinitesimal. It has not been one of our priorities and I cannot imagine it becoming one.

722. Mr McDONALD: Has your party considered whether it would contest an election on these overall recommendations about the use of public money in election campaigns?—A. No.

723. It has never considered the issue in terms of a referendum either?—A. No.

724. Do you claim that the Government has a mandate to introduce public funding and disclosure?

725. CHAIRMAN: That question does not come within the Committee's terms of reference.

726. Mr McDONALD: The issue was referred to yesterday.

727. CHAIRMAN: It was referred to by another witness. Mr Richardson has not made any submission about that. You should direct your questions to his submission or the terms of reference.

728. Mr McDONALD: On the second page of your submission you say that it is surprising that the concept of public funding of political parties' election campaigns is still meeting such trenchant opposition in Australia. Why do you say that?—A. I believe there is trenchant opposition because some people in political parties in Australia believe they have a great advantage over others and, like most people in such a position, they are fighting to protect that advantage.

729. Is it true that an A.N.O.P. poll, the results of which were published after the Premier's statement last year, showed that 70 per cent of New South Wales voters and 66 per cent of Australian Labor Party voters were opposed to public funding?—A. I saw that poll result, yes.

730. Does that not suggest that the views of the electorate should be considered on this question? Before you answer that, does your party retain A.N.O.P. as a research organization?—A. Yes.

731. And therefore you regard it as one of the top research organizations?—A. Yes.

732. Would that poll result suggest that the public regards the issue of public funding of election campaigns as being unacceptable?—A. At the moment the polls have indicated that. I do not suggest that would necessarily remain the case. It is a new concept for many people. It will take some time for that concept to get over to them, and they will have to see how it works once it has been instituted. Public funding has been a part of the party's platform for some time so that it should not come as a shock to people.

733. Does your platform not suggest that the method of financing election campaigns should be reformed?—A. It goes further than that. I do not have the platform with me but I can produce it.

734. Are you aware of the situation in the United Kingdom as a result of the Houghton committee report?—A. That committee made a number of recommendations. I am aware of some of them.

735. There was strong opposition to that report even within the trade union movement, and the proposal was not proceeded with?—A. That is the case.

736. You say in your submission that the Australian political system already provides for substantial resources to be allocated to facilitate the democratic process and thereby directly assist the political parties. Do you know of any assessment being made as to the value of indirect assistance given to political parties?—A. No.

737. Will you agree that the use of ministerial staff in campaign activities is of great assistance?—A. It can be. At times party organizers have regarded it as a hindrance.

738. Are you aware that in many countries Ministers lose their staffs and other prerequisites during election campaigns?—A. In some. I do not know of many.

739. Would you be willing to concede that the Parliament or the Committee should consider this aspect?—A. I should not presume to tell the Committee what it ought to consider.

740. Does your party concede that many individuals and other parties object to the use of public funds for private political purposes?—A. I think we concede that several major parties object. I am not sure that this is a major public issue that involves many people at this stage.

741. You say in your submission that the political parties spend an inordinate amount of time in fund raising. Would that apply to your party?—A. Yes, unquestionably.

742. Do you believe that all major political parties are better off than they were ten years ago in relation to office staff, salaries, equipment and the like?—A. I became an official of the party in 1971. I think that we possibly have two more on the staff than we had at that time. The equipment has hardly changed; it is badly run down. I cannot speak for other parties. It is the Labor Party's experience in the past ten years that we are provided with less office space. I think we have about two-thirds of the area we occupied in 1971. We have two more people on the staff, one of whom is a part-time employee. We are in a considerably worse financial position,

743. In your submission you say that traditional sources of funds for political parties have become inadequate to meet the costs of campaigning in the 1980's. That might be a reflection on the extravagance of the parties?—A. To take an example, my party was not extravagant in the 1978 State election. I think a party spends what it must spend to enable it to compete with its opponents. If a party is extravagant, it is extravagance born of necessity. The proposal I have put forward referred to putting a limit on the amount of money so that, if there is extravagance, it can be cut down.

744. Does your party believe that money spent in the media will win elections and that much of what is spent in election campaigns is wasted?—A. There is no exact way of quantifying how many votes you win in the last month of an election campaign as a result of campaigning in the news media. The experts on the polls inform me that the campaigning is directed at 2 per cent to 3 per cent of the electorate in that last three to four weeks before the poll. That 3 per cent would be crucial. The basis of the submission is to try to take away the last three weeks before an election as being the main theme of a campaign and to spread it out over a longer time. In that way perhaps people's judgment—even that 3 per cent I referred to—can be made over a long time and therefore be considered better.

745. How should we try to convince the public that because your party has difficulty in raising money, taxpayers should be obliged to subsidize it?—A. There are a number of experiences overseas, particularly in the 1970's, to which one can refer. Some instances that come to mind are that of Tanaka in Japan, President Nixon, the dismissal of Vice-President Agnew and Connolly's troubles with the dairyfarmers. In recent years in Australia we have had a number of examples where queries have been made, for instance, in respect of the land scandals in Victoria and the operations of the Bjelke-Petersen Foundation in Queensland. I think that the lack of confidence in our public institutions can often be related to those examples and ones like them.

746. CHAIRMAN: Mr McDonald, you have asked the witness a number of questions on matters outside the terms of reference. Perhaps you should now deal with Mr Richardson's submission or those terms of reference.

747. Mr McDONALD: Your proposal speaks about an electoral votes commission. You told the chairman you have not investigated the estimated cost of such a commission. I understand there is a proposal for a full-time chairman and four part-time commissioners?—A. Yes.

748. There would also be commission staff?—A. Yes.

749. To that one would add establishment costs as well as advertising, audit, administration and other costs of the commission?—A. Yes.

750. There would also be an advertising programme in relation to such a commission?—A. Yes.

751. My estimate is that exclusive of audit expenses the cost of your proposed commission would be about \$400,000 to \$420,000 a year. Could you comment on that?—A. I can give an opinion. I think it is a matter for the Government, the Public Service Board or the appropriate authority to determine. I have no expertise in this field to qualify me to give an answer on your question.

752. Having made the suggestion, do you not think that the cost to the public should have been assessed by you?—A. The proposal does not envisage a burgeoning

bureaucracy with a cast of thousands; a relatively small organization is envisaged. The cost would not be so great as to concern many people.

753. I propose now to take you through the suggested structure of such a commission?—A. Yes.

754. You have suggested that the Premier nominate one of the four part-time commissioners and the Leader of the Opposition one other. Whom do you suggest should appoint the chairman and the other two part-time commissioners?—A. As I said, my personal view is that the chairman ought to be a member of the judiciary. I would have thought that there would be little difficulty in the Premier and the Leader of the Opposition reaching agreement and allowing someone from the judiciary to chair it. I repeat, that is my personal view. The committee that made the decisions on this matter did not specify that point.

755. How would your party feel about equal numbers of commissioners being appointed by the Government and the Opposition?—A. That would in no way concern me. I doubt whether it would concern the party. In saying that there would be a full-time chairman and one from each of the major parties or coalitions, we hoped that the other two people on the commission perhaps will have some form of expertise either from the academic world or the world of accountancy or whatever it may be. We were looking for some expertise from them, not necessarily just people pushing a party political view.

756. What qualifications and experience would you expect such commissioners to have?—A. Again, I can offer you only a personal opinion. I would like to think that the other two part-time commissioners could be someone prominent from universities in this State, from the department of political science or government. There are in those departments a great number of persons who are independent of political parties. One of the important functions to be carried out by the commission at some stage would be accounting audit work on what the parties spend over a period, to make sure that it was allocated to the purposes that it was supposed to have been allocated for. I would think you would be looking for expertise in that field as well. We are looking to a bi-partisan approach, and I am sure that could be gained.

757. Did you consider the term of such commission? Would it be five years, three years; what did you have in mind?—A. That was at no stage looked at.

758. This Committee has been asked to specify the amount of public funds that should be made available. You have made no recommendation on that. Can you give a reason?—A. We did not see that as our role.

759. You say that the commission would be concerned only with participating parties. Do you mean only the parties that accept would be subject to the commission's rules and control?—A. We have not specified that because there has been an assumption made by us that all the political parties would accept public funds.

760. Because they might be made to accept it? Do you mean that they would have no alternative? Suppose there was a provision that they could opt out. Or do you see a situation in which all political parties—or the major ones—will be required to take public funding?—A. No. I see the situation in which the major parties will do it, not that they will be made to do it. It would not be in the nature of political parties to be offered public funds and knock them back.

761. You talk about a comprehensive advertising and education programme. Would you elaborate on what that might cost?—A. The form of these things has a great deal to do with their cost. We see it as being important that such a commission would make the public aware of what it was doing. It is, for Australia, a new concept, and not one that we would seek to have hidden. We think it ought to be explained. That being the case, there ought to be some sort of education programme undertaken to fill people in on the role of the commission and let them know what it is doing. It would be up to the commission and/or the Government, once it has been determined how much money was available for these things, to work out whether you could have a form of television advertising, which would be very expensive; whether you could afford press; whether you will go on radio; whether, as happens in referendums, you send mail out to electors with some sort of written material in it. Until that decision had been made—and it can only be made on the basis of the funds available—I would not say what form it ought to take.

762. At the risk of sounding flippant, you would not recommend that the Premier's photograph should form part of the comprehensive advertising that you refer to?—A. Unfortunately, the question does appear to me to be flippant. But, no, I would not imagine the Premier's photograph appearing.

763. For the reason that you want him to appear bi-partisan?—A. It is essential that it be bi-partisan, and it is essential that the commission be independent of the Government or the Opposition or anybody else.

764. You say in paragraph 5 that the commission ought to aim to attain the widespread public acceptance that the electoral office has achieved. I think the Academics for Pluralist Funding made a suggestion on this. Why would you not let the electoral office carry out the functions of the commission that you propose?—A. The electoral office operates within a government department and is responsible to a minister. We have sought all the way through to avoid the suggestion that a minister could exercise influence over the operations of the commission. We want it to be independent. I think the electoral office comes under the administration of the Department of Services. We do not want the minister concerned to be able to have any sort of influence over it, or even an overseeing view of it.

765. I turn now to the section dealing with public funds. You obviously concede that at present we have continuous campaigning and, from your interpretation, we have had it since the Wran Government came to power in 1976?—A. I think it was before then.

766. Well, you believe it has been with us for years, in both the principal?—A. Certainly from the time of my involvement. I am still relatively young so I cannot look back over too many years, but in my time it has been.

767. I refer to paragraph 4. Would the money allocated to the parties be specified by the commission by function? Do you suggest there should be a block grant or that it should be functionally determined?—A. It has to be determined separately. That is why we have those four headings. The other problem you have is to make sure that the commission is able to monitor how the funds are spent. That will be somewhat easier if you are allocated an amount to do this or that and you can

account for those things as they come along. That is why it would be much easier for the recipients and for the commission to watch where the money has gone if you know how much you have for each purpose.

768. I deal now with central campaign funds. In your annual report for 1978 you said that campaign expenses amounted to \$660,000. In your submission you say that some \$500,000 was spent on centrally placed media alone. I do not question the figure of \$500,000, but for what purposes was the other \$160,000 spent?—A. You have to print how-to-votes and in 1978 with the added expense of a Legislative Council election there was obviously a much greater amount of money to be spent than in previous State elections. Legislative Council how-to-votes were a big expense. Then there were extra expenses in organizing, telephones, couriers, et cetera, that are commonplace in election campaigns.

769. Would you argue that there is a positive correlation between electronic media advertising and election results? Is it absolutely critical?—A. No one has been game enough not to advertise in the media during an election, so there is no objective basis on which to assess that. I have already said that I accept the view that has been put to me that some two per cent to three per cent of people are influenced by the last three weeks of campaigning. For a major party to opt out of that last three weeks would be to risk alienation of all or a substantial part of the two per cent or three per cent, and it may risk losing an election.

770. You say that it is rapidly becoming impossible for any political party to raise sufficient finance to meet these media costs. Is that because, in the case of your party, you are suffering a decline in membership or you are not able to increase your membership?—A. In general terms I do not think that, with either party, the size of the membership alone has much to do with the amount of money you raise to put into an election campaign, at a central level, because the efforts of party members in raising funds are generally directed to the local level. The central organization has to tap, in the main, larger sources than individuals to try to raise its money. We suggest that it is rapidly becoming impossible because of the incredible escalation of media costs that I mentioned earlier. Our membership is much the same as it was two years ago, though somewhat less than in 1975.

771. Are you willing to indicate the membership of your party?—A. Approximately 20 000 members or slightly over. A little over 21 000.

772. What is the type of membership? Do you have different groupings that pay different fees?—A. They pay on different bases.

773. These are not affiliates? They are your normal members of the Labor Party? The ordinary member pays—what, \$10?—A. Yes.

774. What other classifications do you have?—A. There are three classifications of membership, broadly speaking. We have pensioners who have been members for a certain period and who get membership free. We have members of affiliated unions who pay \$1 or \$2 less than the members of the parties who are not affiliated with unions.

775. That figure of 20 000 includes that grouping, whether they be free pensioner members?—A. Yes.

Witness—G. F. Richardson, 12 March, 1980

776. I am still referring to the heading Central Campaign Funds. Under subsection (ii) dealing with central office production costs for basic election campaign items, in the second paragraph, without quantifying the amount—for the reasons that you have given—you say that public funds should be disbursed to the parties based upon a formula relative to the parties' vote gained at the preceding Legislative Council poll. Why did you choose the Legislative Council?—A. We have a number of areas from which people can apply to receive public funds. The Legislative Council poll, in so far as the major parties are concerned—or indeed, at some stage in the future some of the minor parties—is the only fair basis, because every elector in the State gets to vote for that election, and some parties only contest some Legislative Assembly seats. We can see no other fair and reasonable basis to assess it upon. We refer to minor parties and independents who are able to gain 6.25 per cent of the vote in Legislative Assembly seats as being able to claim some assistance from public funds. In the Legislative Assembly's seat that is only about a couple of thousand votes, I think.

777. Because you are wanting to be full of equanimity and desire to see a bipartisan approach, why would you not recommend that the money be distributed between the Opposition and Government parties equally?—A. If one looks at the history of elections in this State, the difference between the Government and the Opposition on almost every occasion has been minimal. It is important to make sure that only parties that have a significant degree of public support are receiving funds from this pool of public money. We could see no other fairer basis of allocation for it than that.

778. On the basis of the 1976 and 1978 results, surely in the eyes of the community a fairer basis would be, having regard to all the things you have been saying about research in education, that such funds should have been distributed equally?—A. The 1978 election—

779. An aberration?—A. —is but one result. In New South Wales terms, if one looks at the history since the turn of the century, it certainly is. Our party received a magnificent result on that occasion. There was a time when the Liberal Party was in Government. The difference between the parties on practically every occasion has been minimal. Hence the amount of money allocated would be tiny on practically every occasion.

780. Would you consider that the opposition parties, as is the case now, would have a greater need for the research and the resources capacities to which you ascribe your electoral commission; that is for the very reason that they are in opposition and lack the resources that a government has?—A. It would be obvious to most that they certainly need something. But as to how they get it from public funds is what we are looking at today. The sources of power, ministerial staff and the allocation of public moneys, are outside the scope of anything that the Committee can really do. However, if you seek to equalize the amount, as you are saying we ought to—

781. I am not saying that. I am putting a question to you?—A. If we were to equalize the amount, the great weaknesses will be how we handle the minor parties because I think you will be freezing them out. I doubt that you are going to equalize it on a threshold of 6.25 per cent so that one party who got one member in the Legislative Council ought to get the same as a group who got seven or eight members. Their needs, presumably, are somewhat smaller. The other point I should like to make on that question is that nowhere is it suggested that donations from other sources are prohibited under the scheme

that the Labor Party has put before you. It is still envisaged that there will be room for private donations.

782. But they are to be disclosed?—A. Most certainly to be disclosed.

783. In the recess I was asking you some questions with regard to the costs of the central media campaign which are set out in your submission 3 (a). Your submission says that the threshold for the securing of public funds should be a minimum Legislative Council vote of 6.25 per cent of the total votes cast. Why do you then suggest in the next part of your submission that for by-election and referenda it should be the vote of the Legislative Assembly?—A. You have a much more direct way of correlating what it ought to be. If you have a by-election in a particular seat, it is fairly obvious you should go on what the vote was that was achieved there the time before.

784. CHAIRMAN: In that particular seat?—A. Yes.

785. Mr McDONALD: How would you get a threshold from your previous election; you might have different circumstances applying with independents?—A. With all the provisions the party is happy to have retroactive allocation for funds as part and parcel of the whole public funding. We are quite happy to have application by independents, minor parties or whatever after the event, if they have managed to get up to whatever level is required.

786. I suggested to you that the cost of setting up and running on an annual basis the electoral funds commission might be in the order of \$400,000 to \$420,000. Might I suggest the costs of your proposals under the central campaign funds on an annualized basis—in other words, covering media campaign costs and the office production costs—would be in the order of \$250,000 a year. Would you comment on that?—A. To cover one party's costs?

787. To cover the suggestions itemized in paragraph 3 (a) under central campaign funds?—A. Yes.

788. Dealing with paragraph 3 (b), which relates to by-election and referenda campaign funds, would you think it is fair to make a provision annualized of about \$60,000 for that component?—A. It is very hard to give any indication of what I think ought to be allocated for that. We have not had many State referendums in recent times. I do not suppose you are looking at more than a few in any decade. It is hard to pick when they may occur. There are really two kinds of by-elections. You have by-elections in seats that are critical to the parties where large amounts of money may be spent. You have by-elections in seats that are quite safe for one party or the other where little or nothing will be spent. It is going to be hard to quantify that until the commission is off and running and there are some figures to work on.

789. It is not a major point, but without appearing pedantic, what if a major party did not contest the preceding general election—assume a member was elected unopposed, how would you handle that?—A. You have a retroactive provision.

790. To the time when there were at least two parties competing?—A. No. If it is a seat in the country where the Liberal or Country Party member may not have been opposed by the other coalition partner, and then there is a by-election and both parties run for it, after the by-election it would be possible under the scheme that I am advocating for the party to make application for public funds.

791. I turn now to submission 3 (c) dealing with constituency party campaign funds. You propose there that all of the funds for these purposes should go to the central offices. Could you elaborate further on the answer you gave to the Chairman why there should not be some direction of this to the constituency branches?—A. There are probably two main strands and the first is that the significance of the seats is at such dramatic variance with each other in any election. As far as the major parties are concerned there would rarely be more than ten seats that they would be concentrating on, and sometimes it could go as high as twelve, but it would be rare that the parties would want to concentrate on more than that.

792. Is that what you mean when you say in the first paragraph, "those electorates considered specially significant by the parties"?—A. You have a graduated scale and at the top of the scale will be those seats you are hoping to win. It might have happened in 1978, but it does not normally happen, that a party can win more than ten seats; that is a very rare occurrence. As a general rule our party has usually looked at eight marginal seats for both State and federal elections. I do not think there is any special wisdom in eight seats, but it is the fact that with limited resources you have to apply them as best you can. For the most part our resources have been pretty limited. The efforts of the parties are directed fundamentally in those seats.

793. It seems to me that this particular section of your submission is rather vague. If a commission were to apply the criteria you have suggested, it could be greatly more than just purely ten. You are saying if the central office of a particular party can turn round and say, "We are really targeting on a total of 55 or 60 seats", could that not be construed, in the way you have submitted, that they are all significant?—A. Before I answer that exactly, may I say that I did not finish my answer before because I did not get to the second strand. One strand was the significance of the seat to the party; the other difficulty that we foresaw was accountability. When dealing with public money there must be fairly comprehensive accountability of the money spent. To be chasing the accounts, budgets and receipts of ninety-nine seats—and that means ninety-nine separate electorate organizations of each of the parties—would, we think, be a very big undertaking. We have not envisaged the commission as being a huge democracy that gets bigger with a cast of thousands. Accountability would be much simpler if the scheme we have advocated is adopted. That is important. Now to get to the point you are making, if a party were to say that there were 55 seats—

794. "We want to have an officer in each one of those seats"?—A. What we suggest is the amount of money in that fund is limited. You do not have an unlimited fund to suddenly declare 50 seats important.

795. That is the reason why I am asking you the question. You would not give any quantification of the extent of the commitment that this Committee should suggest, and it is important in view of the fact that this item alone could cost—if there were 55 or 60 seats which a party said were critical—about \$600,000 a year?—A. You have a commission to look at all these things and it would be an odd commission that accepted a party that said it had 55 critical seats. Such a proposition would be absurd.

796. You do not envisage anything like that at all?—A. No. I can envisage at one time or another one party trying to obtain an advantage by claiming that, but

one cannot see it being accepted as a reasonable basis on which to run an election. Perhaps it is the fault of the grammar or the preparation of this submission if it is not clear enough, but there would be a ceiling on the amount of money in this fund. If you have \$10,000 or \$100,000 to allocate—

797. In this particular constituency party fund?—A. Yes. If you are looking at allocating that sum among 50 seats, it will be up to the party to determine this matter and then each seat is going to get \$2,000.

798. I was going to take you to the second part of the submission where you talk about advertising, printing and staffing. If one equated that across the whole of the principally important seats, then you might be looking at somewhere between \$60,000 and \$80,000 in those items alone?—A. The last words on that page are, "For all the purposes listed above a block grant should be made available". It is not as if the parties would be able to say that they want X-amount of dollars for 50 seats; it would be up to the commission to determine what part of the cake is going to be allocated to them, and then it would be up to the party to determine how it would distribute its piece of that cake.

799. You foresee that as being only a very small amount, about \$10,000, rather than what I am suggesting on an interpretation of your submission in its fullest, in which case it could be in the order of \$600,000 to \$700,000?—A. I certainly do not envisage it being of the size of \$600,000 or \$700,000, no.

800. But you will not suggest a ceiling minimum?—A. No.

801. I turn now to section 3 (d) of your submission which deals with research, education and organizational funds. You make reference there to a number of research organizations. I have referred to A.N.O.P. Does the Labor Party have that particular group on a permanent retainer?—A. No.

802. They just do research programmes for you—or even the other groups?—A. The party has never ever had anyone on retainer, be it a body such as that or an advertising agency. One has to look at the work that they do and evaluate whether it is good enough. We can change them at any time we like; we have no obligation to them.

803. Do I misunderstand the intent of that section on research to be more extensive and perhaps be developed along the lines of what the Academics for Pluralist Funding were recommending, such as the creation of an electoral research institute, or are you not prepared to go that far in your thinking?—A. We did not go that far in our thinking.

804. So the amount that you say that it might cost for the research component alone would be what amount?—A. Well, we have an annual poll of 2 000 electors in the State.

804A. But is that for each party or for the commission?—A. We want to make sure that the major parties have the opportunity to conduct such a poll annually, which is something that our party has never been able to consider till now because of the expense.

805. I thought you did that with A.N.O.P.?—A. I wish we did.

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806. Each party would have the right to do that, using whoever it chose?—A. Yes. The only thing about this is you have to consider how much money it costs. In the last State election we conducted a poll in some country seats, which we had never done before. But we got to the point where we thought we were going to win some country seats, which of course we did. Of course, what that did was raise the cost quite considerably. We were suggesting that the commission should look at that and establish some limits within the proposal to determine how it would operate.

807. Your suggestions under the three categories for research are quite extensive and both quantitative and qualitative research. I do not suggest that it would not be of benefit to have that quality of research available, but I wish to get an idea from your experience of what items 3 (a), 3 (b) and 3 (c) ought to cost for your party?—A. It would depend upon how far you wanted to go. If you take them in order, in relation to 3 (a), to get a poll of 2 000 voters would in most circumstances cost around \$40,000 at the moment. If you are going to a number of country areas, it can cost more. Indeed, if you were going to do a poll of 2 000 electors entirely in the country, I would not know what it would cost. But it would be somewhere around the figure I am mentioning to you. What research you need to do to ensure that the platforms of the party are comprehensive and contemporary, is very difficult to quantify. We only have one research officer, as an example.

808. That is an attitudinal research?—A. The research we are looking at in 3 (a) is attitudinal. Perhaps 3 (b) is more trying to interpret that research that you have above. That is one of the weaknesses in our operation, and it has been over the years—trying to interpret the results of surveys.

809. What about 3 (c)?—A. The methodology of campaigning?

810. Yes. Is that a more general thing? Is that, in your view, meant to be an assessment of the performance of your party—how it went and whether it was as effective as it could have been?—A. Yes, and to make it better. Obviously, the end result of many programmes such as that is to improve the quality of campaigning and to improve its excellence, which is something for which we all strive. Anyone who has had to witness an election campaign in Australia in recent years would realize that the standard is not over-brilliant because there is so little time or effort devoted to examining that matter. I would like to have somebody look at that, apart from the officials trying to pick it up as they go.

811. I do not disagree with that. But it is my assessment on the way you described it, and ideally you are probably looking at \$100,000 a year for those three items?—A. I say that is possible, but I would not like to be committed to that amount.

812. You would like to get it?—A. As I said, as a party that is always battling to have funds for such things, of course I would like to get it. Whether governments or commissions would see their way clear to let me have it is another question.

813. Is not the section dealing with education really a function of the voluntary members of the party rather than being funded out of a State-run electoral commission?—A. I do not think that the provision for education as outlined in 3 (d) suggests that every item in the political

education process of a party membership or indeed of that membership's attempt to educate an electorate ought to be funded from this legislation but that, rather, a significant contribution ought to be made towards it. I said earlier that one of the great weaknesses of my party was its inability to have anyone at all available for education processes.

814. On the top of page 12 you say that public assistance should be made available to partially cover the cost of meeting those obligations?—A. Yes.

815. How much public assistance do you envisage?—A. Again that will be for the commission to determine. It is not for me to determine. It is an area in which we have nothing now, so we are looking for some assistance in that area.

816. But it could be significant, could it not?—A. To a party that has nothing now, I suppose anything is significant. But if you are looking at the global effect of the word significant, I would say no, I do not regard it as being a really significant part in the total amount that would be allocated to public funding.

817. In the section dealing with organization you state its principal objective. If a party cannot raise the money from voluntary donations to meet its organizational expenses, is not that a reflection upon its competence and popular acceptance?—A. First of all, one has to look at what are the organizational needs. At the present time political parties are able to raise enough money to organize in the way that they have been accustomed to running themselves over a period of years. Our party has been able to do that. But whether that is the optimum or the best thing for the political system is another question. While parties ought to be able to raise enough money to organize themselves as they do now, perhaps it ought to be that they should be organized better. The encouragement of constituency parties has to be one of the great fundamentals of legislation such as this. It can be done without being fundamentally the largest make-up of the cost.

818. I put it to you that in fact the public would find it abhorrent to imagine that a recommendation from this Committee went to the extent you suggest in your submission, that is, that it went beyond purely campaigns and would provide moneys from the taxpayer's purse to run the organizations of political parties. Obviously you do not agree with that?—A. No.

819. Would you test that in an election?—A. I do not think we will have to.

820. You do not have a mandate for that suggestion, do you?—A. As I said, it has been in our platform for a number of years that we would have a commitment to public funding. It is not a secret that has been kept under the carpet. Perhaps you may be able to fight the next election on it, and see how you go.

821. I would be delighted?—A. We shall see.

822. Perhaps through the luncheon recess you or one of your assistants might obtain some details on the references in your platform to that matter that I put to you was, I thought, in the platform?—A. Sure.

823. Mr ANDERSON: Why should that be done?

824. CHAIRMAN: Mr Richardson does not have to do that for Mr McDonald if he does not wish to.

825. Mr ANDERSON: The point is that we have had a different attitude today than obtained yesterday as far as the provision of information is concerned.

826. Mr McDONALD: I wish to get the facts on whether I have misread the platform of the Labor Party.

827. On the last paragraph of page 12 you suggest that the committee of inquiry may be well advised to closely scrutinize the Dutch public funding laws. Do you suggest that this Committee should go overseas?—A. No. I think that is a decision you can make yourself. There is fairly extensive funding in the Netherlands for the organization and research programmes of political parties, and it is probably more extensive there than in other countries, with the possible exception of Germany.

828. I shall now deal with section 4, which deals with the provision for independence and minor parties. Is it traditional policy of the Australian Labor Party to encourage participation of independents and minor parties? If so, how do you pursue such a policy?—A. It is certainly our belief that the participation of them in a democratic process ought to be encouraged. We are not against minor parties and independents participating in that process, but it is in our interest to beat them, and that is what we have always tried to do.

829. Do you restrict your definition of major parties to the three parties you have enumerated in your submission, the Australian Labor Party, the Liberal Party and the Country Party?—A. That would be a reasonable assumption for the Committee.

830. Was the 6.25 per cent threshold figure chosen because the legislation in respect of election to the Upper House now provides for that figure?—A. The legislation for the Upper House provides for it, so that it is an obvious mark for convenience. I think the purpose of it is not just for convenience. It was our belief that such a threshold would ensure that only significant groups would gain the acceptance of public funds.

831. Are you aware of the only occasion when the equity of the threshold level was challenged? I am referring to Germany where the German constitutional court reduced the figure of 2.5 per cent to .5 per cent?—A. Yes.

832. Should we be less equitable than Germany?—A. You have to try to compare the two political systems. The political parties in that country operate as organs of the State. Moreover, when registering as a political party in Germany, certain matters have to be complied with. Parties that can be termed anti-democratic are not able to be registered as political parties. As I understand it, one of the communist parties in Germany was banned for that reason. One of the things that damages a proposal such as the one before us today is if some of those parties that enjoy tiny support in the community and are said to be part of the ratbag fringe, were to be in receipt of public funds. We have sought, both in the provision of a central campaign fund and in the funding which you see here, to try to make sure that only significant groups receive some support.

833. In your submission you say that the concept of public funding would be brought into disrepute if certain things happen. You make reference to funds being made available to fringe parties. As more than 70 per cent of the electorate apparently opposed public funding in an A.N.O.P. poll would you not concede that it is already in disrepute?—A. No.

834. Why are so many people opposed to public funding?—A. I said before that it is a new concept that has yet to be explained to people.

835. Section 5 of your submission refers to accounting. I do not suggest that this is an extensive part of your submission, but perhaps you have over-simplified the accounting problems that would be met. You dealt with accountability before, and I think you gave that as a reason why you want to centralize the money rather than having to disburse it to candidates or branches?—A. That is one of the reasons.

836. Is your submission not an over-simplification of the position?—A. No. It would depend upon whether or not the committee and then the Parliament were to accept that as the way the system should operate. If funds are to be disbursed to each electorate organization in each party and so on, accountability would have to be a much greater component of the Committee's deliberation. If you accept what my party has submitted, I do not think accountability will become such a huge part of this issue.

837. I refer to paragraph 3 of this part of your submission. How would money be repaid if a party ceased to exist?—A. I confess I have not looked at that point, but in examining what I said before about the two months of an election campaign, you would be looking at paying the bills and so on. It is even possible to eliminate having to repay money, if that money was not paid until after an election. I have not considered that yet.

838. I turn to a question I meant to ask you earlier when dealing with the proposed commission. You provide in your submission for registration?—A. Yes.

839. And this has the full endorsement of the Australian Labor Party, that is, that political parties should be registered?—A. When one looks at the hierarchal system within our party, it has the endorsement if this proposal were to be adopted. It has the endorsement of our administrative committee. That is not the supreme body of the party and it does not pretend to be. It would have to have the endorsement of our conference, to say that specifically it has the complete endorsement of our party.

840. If it was a requirement that political parties be registered, does it not follow that the commission would have the power to de-register a party, and if that were the case, would it be unacceptable in a democracy?—A. It would certainly be unacceptable, and I would hope that legislation would be framed to make that not possible in any way.

841. CHAIRMAN: When you were dealing with registration, were you referring only to that in terms of receiving funds from the committee or for general electoral purposes?—A. We are referring to the registration of political parties. As an example, it is provided that the commission should look at how we run our finances so that it has got some idea of how money can be disbursed and accounted for. I think it should look also at the Liberal Party's finances in the same way.

842. Mr McDONALD: If you do not receive funds, you should not be required to register?—A. I think that is true. We might need to give some further consideration to the party looking at a system of how the commission had allocated money to political parties that then refuse it, and how that money might be further allocated to the parties that are willing to accept it.

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843. That is what you propose, rather than the money going back to consolidated revenue?—A. I said we would have to look at that.

844. I should be pleased to receive your submission on that. The Liberal Party's submission on that aspect has already been dealt with?—A. I have not looked at it yet.

845. In your submission you deal with limitation. Why do you say that this is a particularly contentious area in Australian politics?—A. Legislation provides limits on how much candidates and parties can spend. No party, to my knowledge, has ever adhered to those limits, which was a reason why so few candidates ever sent in a return to the relevant government bodies that deal with this. Recently in Tasmania there was a lot of fuss and bother over exceeding limits forced upon candidates and political parties. That interrupted the political process to some extent. Further, in terms of it being contentious, the whole attitude on limits to spending is that for some time my party has been advocating such limits. We have always been concerned about the possibility of our opponents being able to buy votes by virtue of having much more money than we have had to campaign with. I have made a number of statements on this, and our national secretary has done likewise. I would have thought that in the past five years in Australia, certainly as far as the Labor Party is concerned, this has been a most contentious issue. It has also been a contentious issue in the public arena.

846. You say that there should be an overriding principle which ensures that massive financial, material and/or organizational resources cannot buy political power in the democratic Australian system. Can you give examples where that has happened?—A. I can only give my experience of this. I am assured by people that this has happened. In the 1977 national election campaign my party was outspent not only on the Sydney television media but also nationally. I can recall that we were outspent in the ratio of 12:1 in the Northern Territory elections. Although one might be chasing 3 per cent of the vote, that percentage can be crucial in determining who wins an election. I suggest a number of examples of this having occurred in the past five years.

847. What criteria would you suggest in setting the ceilings you recommend?—A. I first make the point that, with my limited knowledge of the law, it may be necessary for the committee, if it accepts this principle, to make a recommendation to the federal Government to alter the Broadcasting and Television Act. I am not sure that it is within the power of the New South Wales Government to do this. I want to make that point first. In terms of trying to set limits on media time, the optimum as far as political parties are concerned ought to be looked at. In terms of media schedules, I regard the 1978 State election campaign as being almost an optimum situation for my party. We sought to buy as much time as we thought we could use, and probably only in the printed media would we have considered ourselves disadvantaged.

I think there is probably a limit to the extent that the parties want to see political advertisements on television. You have got to look at public standards and requirements. You have also got to have a look at ensuring that, in terms of people watching television and listening to the radio, the whole thing does not become just advertisements for political parties. An acceptable limit has to be found within those criteria. One should be able to establish one's limits as to how much the public ought

to be given. I would be quite happy to provide media schedules for the 1978 election campaign, which I do not regard as being necessarily secret documents. That would give an indication that, for instance, what was shown on television should be considered to be the optimum, and from there you might be able to make judgments on what you thought was fair and reasonable.

848. You go on in paragraph 2 (b) to say that there should be a ceiling for the amount spent on campaigns. Would you concede that that would be an interference with the fundamental principle of the freedom of speech?—A. Paragraph (b) of number 6 is certainly a much more difficult concept than the first and one that concerned us to try to find a balance between, as you put it, free speech and what we would have seen in a number of electorates over the years—the democratic process being in some instances aborted by candidates having overwhelming amounts of money to spend. I am sure there is a balance somewhere but I would not deny that the principle of free speech ought to be protected.

849. Therefore, what you suggest might leave itself open to constitutional challenge, perhaps?—A. As I said, you have to find a limit that would not leave the matter open.

850. You refer also to the restrictions on affiliated organizations. As your party is the only one with affiliated organizations?—A. Officially affiliated, anyway.

851. Yes; would this have any effect on them?—A. Definitely. We believe that the limits should be real. Parties ought not to be able to get round the legislation. For example, a trade union could take out advertisements in newspapers and/or television or radio and the Labor Party could say, "It is not ours; it is theirs".

852. What about the possible reverse situation where a group might want to take out some advertisements, building up the number for a period of time, saying, "We are for the government", or "We are for the opposition", and then pulling out the rug and saying, "We dissociate ourselves from that" and giving support to that particular party or group?—A. Such an extraordinary situation I have not yet contemplated.

853. In the same paragraph you refer to money spent by supporting individuals or groups. How do you propose to control that? Would you assist the Committee in its consideration of that point?—A. When one looks at an advertisement it is not difficult to work out who it purports to support. I put that in there especially because of the American experience. In 1972 \$70 million was spent on Nixon's campaign when he opted out, I think, of public funding. He was able to use many groups to spend money for him that were not considered to be part of the Republican Party or his central campaign effort. I think in the United States the laws were changed not long after because of that occurrence.

We seek to prevent a similar situation occurring here where support groups might be able to take up the cudgels for a party. If you have a limit on the amount of time they can buy it will be more difficult for them to do it if that time is included in the total time allocated to parties. A good example of how support groups can take up a party's cause without associating itself with the party is the activities of various business groups that took part in the South Australian elections recently. The advertising I saw would clearly come in the category of advertising for a political party, even if they were not affiliated.

854. To take another example of what we could term collateral advertising, suppose the Teachers Federation advertised on an education issue that was closely parallel to the Labor Party's line. Do you believe that should be included as part of the ceilings for the Labor Party?—A. Some balance must be found. It has not been proposed here because it will have to be the result of a prolonged study, but we are suggesting that there should not be limits on parties without having limits on support groups.

855. I suggest to you it is a difficult area that is open to massive abuse?—A. I do not pretend it is not difficult; it is. But I would like it to be examined.

856. Suppose a private group urged people to vote against parties that support public funding. Would that group's expenditure be included in the ceiling of a party that opposed funding?—A. I have not given that consideration, either. I would be happy to give you an answer after I have an opportunity to think about it.

857. Do you think a government should have power to forbid groups to express their political views or, if not, how could your recommendations be applied?—A. Within the confines of support groups and elections, it is not over-difficult in most circumstances for the Labor Party to talk to affiliated unions about their advertising. It has been my experience as an observer of the way things work that it would not be difficult for the Liberal Party to approach some of the chambers of commerce or for the Country Party to approach the mining companies and discuss with them how far they should combine in producing and paying for advertising.

858. I want to leave that matter now but I put to you that this is perhaps the biggest weakness in your submission and perhaps poses to this Committee, if we were to adopt your proposals, its most difficult challenge. It is so open to abuse that it highlights the difficulty of the whole concept of public funding?—A. I think it is ancillary to the concept of public funding. It does not go to the heart of the principle at all.

859. I turn now to disclosure. Does this apply only to those parties that opt to use public subsidies?—A. Yes.

859A. So if my political party does not take up public subsidies it does not have to make any disclosure?—A. That would be the view implicit in anything that is contained here. I do not think disclosure should apply to parties that do not receive public funds, but I do not have the right to commit my party to that extent.

860. You suggest a limit of \$100. Do you really think that a political party could be bought for \$100?—A. I think that in America parties have been bought and campaigns have been bought by people organizing them for a few hundred names to give \$100. There has to be some way of detecting whether that is occurring. That is why the figure is there.

861. As an experienced administrator of a political party, would you not agree that it is more expensive to raise money in small amounts and that that forces up costs?—A. I would agree that that is possible, but from our experience there has only been one occasion when we as a party were flush with money. That was in the 1975 federal election after the Whitlam Government had been dismissed by the Governor-General. The incredible reaction among the little people of Australia was that we were

receiving over the counter in small donations more than \$20,000 a day for about six weeks. I would have to point out that what you say is generally correct, but for our party when most of the people who give money are little people who give small amounts, although it might be an expensive way to collect it, is the only way we have.

862. You conclude your submission by saying that without taxpayer funding the parties will inevitably and inexorably grow weaker and the democratic system to which Australia is committed will suffer. Surely, the corollary to that is that if parties get out and become effective in the market place and encourage membership they will not become weaker but more relevant, and therefore why should it not be left to the parties to establish themselves properly within the community and embark upon the technique available as a means of increasing party membership?—A. The Houghton committee concluded in its report that the size of party membership was often irrelevant to the ability of the party to raise funds, and I do not equate the two as necessarily following each other. I have to dispute the basic premise of what you have put to me. What is more, speaking from my own party's experience, the debts that the Labor Party has been left with as a result of elections in recent years have seriously inhibited its function in the democratic process. That is not the result of a small membership but of trying to compete with other parties that have access to much more money. I would think that the competition between the major parties is an essential ingredient in the democratic process.

To take up the point of party membership and its relationship to this matter, as I stressed earlier today I would like to see public funding. One of the main reasons for that is that I can see coming with it a big growth in party membership and activity in the political process in Australia. I suggest that most of the European experience bears that out. In places like Austria, Germany and Sweden public funding has brought with it much greater participation and larger party membership. It is that great party membership that we strive for.

863. Mrs GRUSOVIN: Would you imagine that there is a basis for the concern expressed in the Liberal Party's submission that public funding would entrench party leadership and alienate leaders from their party's members and supporters, whose advice and ideas could be ignored?—A. No, I would not support such a contention, for the reasons that I have just outlined in response to Mr McDonald's last statement. I could see the advent of public funding as a way of greatly increasing participation in the political process by more people. Hence, leaders should become more responsive than less. What I have said about the size of membership is irrelevant to many respects to the capacity of parties to raise funds. Leaders have a role to play in raising money now, not from the rank and file but from various people in the community. So I do not think public funding changes that process at all.

864. Mr Bartels said in his submission that under the present system it has been possible to insulate policy-makers from the fund-raising process. The point was then made that when contributions are a matter of public record every party's bank account takes on the character of a slush fund. Would you comment on that?—A. Perhaps it is too often the case that some parties' bank accounts do take on the character of slush funds. If public disclosure makes that apparent to the public, that is a consequence of accepting donations from whoever they accept them from. I do not see that as any reason not to have disclosure.

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865. The Liberal Party's submission voiced fears that disclosure would force up party costs, discourage contributions and open up avenues for political reprisals. Do you believe that is so?—A. I do not believe it would be the case that there would be political reprisals. I do not see how it could push up costs. It may mean that some people will be less willing to make donations, but perhaps that is a way of securing a little more equality among the parties and making sure that parties do not get advantages over others.

866. Another fear expressed was that disclosure has been linked with what were described as the worst forms of corruption, such as the keeping of enemies lists by those in power?—A. I think that comment is a trifle hysterical.

867. With regard to disclosure do you believe that the disclosure of all private donations from \$100 upwards will discourage many from making a contribution to a political party?—A. I do not believe that it will stop people from donating to particular parties at all. Disclosure has been talked about in Australia for a long time, certainly longer than the concept of public funding itself. In those countries where it operates, it has not operated to stop people from donating money, in particular. If one looks at the American scene, I do not know how long they have had disclosure, but I think it has been for a long time. Obviously the 1970's have shown it has not made anyone less willing to donate money to candidates or parties of their choice.

868. It has been suggested that disclosure of all donations of over \$100 will mean the end of the Premier's famous \$100 a plate dinners. I wonder has there been any attempt to maintain secrecy about attendance at those dinners, and do you feel that those attending would object to disclosing their attendance?—A. None of them have complained to me. We have allowed television cameras in and there has been a degree of publicity given. On the other side of the coin, I have not sought to place a list of those who have accepted or refused in the foyer of the office so that it is on view. So far as New South Wales is concerned—at least with our party—of the many who have refused, I am not aware of any of them who have since claimed that they have been the victims of being on a hate list.

869. Would you believe that among those captains of industry and commerce in attendance at these fund raising dinners there would be some who donate to the Opposition parties?—A. I think there would be a rough chance of that.

870. Are you aware that it has been suggested in the Liberal Party submission that public disclosure of donations to the Liberal Party could lead to blacklistings?—A. Yes, I am aware of that. In fact, I can recall a television interview with Sir Eric Willis down here, which I think was held at the front of Parliament House. It was at the time of the first \$100 dinner and it was suggested that if businessmen who were getting these invitations refused, they would be the subject of some sort of victimization. I think that is the same principle with disclosing those people who have donated to the Liberal Party itself. Many of the people who have come to our \$100 dinners—and I suggest most of them—are quite open about the fact that they are donating to both parties. It has not been a problem to them. Many of them have told me they have given much more to the Liberal Party.

Again, no one has ever been able to claim—or even thought of claiming, I suggest—that they have been the victims of anything by way of reprisal from our Government. I do not see that even as a remote possibility.

871. In view of the Liberal Party fears of blacklisting, do you believe that those trade unions subscribing to A.L.P. funds are in any danger of being blacklisted by the federal Liberal Government?—A. In no more danger than the people in the category we have just gone into.

872. Mr LANGE: On page 17 of your submission you said that the A.L.P. declares its unqualified support for full and complete disclosure of the sources of all donations. Would you agree with that?—A. May I make one point clear. I have brought with me a photo copy of the submission and do not have the page numbers clearly marked.

873. It is paragraph 7 under the heading of disclosure. Do you agree with that concept?—A. Could you ask the question again?

874. In your submission you, or whoever wrote it, say that the A.L.P. declares its unqualified support for full and complete disclosure of the source of all donations?—A. Yes, that is correct.

875. You agree?—A. Yes.

876. During the last campaign donations of \$488,167 were received by your party. Are you willing to disclose the source of this donations?—A. No.

877. Why?—A. I would be willing to disclose the source of the donations once it was made clear to a person when he was donating that the list of donations are published. People who gave money to us, gave it to us on the understanding—at least many of them would have—that the lists are not to be made public. So we support the principle that it should not be made retrospective.

878. You do not support the practice?—A. We support the principle of it not being made retrospective.

879. You do not support limited disclosure?—A. Full disclosure. I shall be quite happy at the next election to disclose every dollar we get if the people donating money to us are aware that that is going to happen.

880. Do you think you will receive the same amount of money if funds are donated on that assumption?—A. I am confident we would.

881. You are confident that you would receive as much money?—A. Yes.

882. Other fund raising by the ALP during that year totalled about \$171,000. Basically what sort of fund raising would that have covered?—A. Would you ask me that again?

883. In your report for the year ended December 1978 you received about \$171,000 by way of fund raising from various sources. Would you broadly describe what the sources would have been?—

884. CHAIRMAN: Order! The sources of donations to the ALP are no more relevant to this inquiry than are the sources of donations to the Liberal Party. Yesterday the secretary of the Liberal Party was asked was he willing to give a balance sheet. He said, "No". This committee is entitled to demand a balance sheet if it so desires. I do not see that demanding that balance sheet would advance the inquiry any more than would inquiring into the funds of the ALP at this stage.

If the Committee members determine that they desire to proceed and inquire into the funds of the ALP, I think it would be quite in order for the Committee to give further consideration to what might be done about the balance sheet of the Liberal Party, which is a secret document and is not even made known to its own members. I shall have to give consideration to that aspect if the Committee desires to proceed to inquire into the funds of the ALP or any other party.

885. Mr LANGE: Is that a threat?

886. CHAIRMAN: No. It is a statement of intent.

887. Mr LANGE: I thought that Mr Richardson was willing to do it and that the ALP declared its full support for unqualified disclosure.

888. CHAIRMAN: He stated that full disclosure in his submission is allied directly with the proposition that a party accepted allocated campaign funds. If we desire to go into an inquiry of what happened in the past in this regard, I do not know whether it will advance the task before us. If the Committee desires that to be done, there will have to be a full and complete inquiry into the funds of all parties.

889. Mr LANGE: I think it is relevant to know the way in which other fund raising activities were undertaken by parties so that we might know in future how much these or other forms of fund raising activities might be necessary, because we are asked to determine what money is available. Mr Richardson has said that he does not believe that the sources of donations, if disclosed, will dry up. I am interested to know whether the other fund raising activities would be diminished through disclosure; and therefore that would affect the Committee's determination on the extent of funding.

890. CHAIRMAN: You may ask Mr Richardson if he believes that that will occur. However, the Committee should have all the balance sheets.

891. Mr LANGE: One is a public document and there have been no restrictions on it. It is not all that informative.

892. CHAIRMAN: I do not see how it will advance this Committee's inquiry. If you believe it will, I shall give serious consideration to demanding all balance sheets.

893. Mr LANGE: I take that as a threat.

894. Do you believe that your other sources of funding would be affected by disclosure?—A. The sources that you are referring to at the present time are almost entirely the funds that were derived from our own membership by various small levels of fund raising activities. I do not think that our own membership will be in any way worried about continuing to donate money to us.

895. You do not think that there would be a need to substantially supplement the fund raising activities at the moment? What I am saying is that the present level of donations in fund raising would remain—although not quite adequate to cover your campaign expenses—so as to enable you to have about \$600,000, which could then be used for normal administration?—A. Money that we raise at the present time for campaigns from our fund raising is not used for administration purposes at all, as you can see from that balance sheet. We run our administration costs off the affiliation of trade unions and the membership fees paid by our rank and file members. So there is no amount of money that we raise at the moment. We have been fairly zealous—certainly in our finance committee—to try to ensure that the administrative costs are borne straight out of our administrative funds and not out of campaign funds. That is something that we have been able to maintain.

Unfortunately, the reverse has too often occurred when money has had to be taken out of the administrative funds to pay for campaigns of one sort or another. That is a constant difficulty under which we work. We have a smaller office than we had ten years ago and have fewer staff. We are not in as happy a position as some other parties are in.

896. If your party or any other party were to receive money from a commission, it would obviously then release more funds to your administration, particularly in view of the fact that your administration subsidizes your election campaigns?—A. I hope so. In our proposal we have made it clear that we regard the administration of the parties and improvements as a necessary step in the education of people in their political awareness. If we can make our organization better and so contribute to the political process in so doing, we will be happy.

897. Can you quantify the in kind assistance your party receives, apart from direct cash donations? How much would you benefit? I am talking about total cost of the campaign?—A. Can you define in kind assistance?

898. Assistance that is not provided in cash?—A. Can you be a little more specific about it than that?

899. I would have thought assistance at and prior to polling day, research assistance undertaken outside and for which no charge is made, and media support?—A. None of that.

900. —which is provided but not charged for?—A. I am not aware of any of these things occurring. The only in kind assistance—and that is why I asked you to define it—that I can think of off the top of my head would be perhaps a trade union giving us an organizer and a car for a few weeks to work. I have never sought to work it out. It would not be very much.

901. Or a ministerial staff person who is able to assist during a campaign?—A. That has not been my experience as the secretary. I only became secretary in 1976. It has not been my experience to have been involved in a great many election campaigns. Usually the shoe was on the other foot; the ministerial assistance was going to the other side.

902. You were not involved in the Castlereagh by-election? The academics for pluralist funding thought it would be necessary to quantify this in kind assistance, which had not been paid and charged for in the normal way. If we are to arrive at the total campaign costs, do you think it will be difficult to do so?—A. It is not difficult to do so for our party. As I said there is so little of it. I honestly have not sat down to think about it at all.

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903. You mentioned that costs for campaigns spent in each electorate varied from \$1,200 to about \$15,000. That was money raised and spent within each electorate. On that basis the average would be about \$8,000?—A. No, you cannot take that sort of an average at all.

904. Would it be an average of \$5,000?—A. I have not worked it out. I suggest it would probably be less than \$5,000—in fact I am sure it would be.

905. Would it be possible for you to do an estimate? If it was \$5,000 and taking in ninety-nine electorates, that is \$500,000. In our recommendation we would have to have some regard to the extent of funding?—A. It would take some time because we do not get from other electorates exactly what they spend. Unfortunately we operate without much central accounting at all in our party and rely on so many voluntary officials. There are very few State electorates that sent in balance sheets of their campaigns from the 1978 elections; there would only be a small handful. It would be quite an undertaking to go out and get the lot.

906. You rely heavily on voluntary assistance; is not that what we are talking about with in kind assistance?—A. I am talking about voluntary assistance from members of the party. We are not suggesting in any way as an example that the time spent in manning polling booths by party members should be subsidized by public funds. I would not have taken that into consideration in working out an election campaign. There are people who have strong beliefs in the correctness of their cause who work for nothing, and that should be encouraged, not discouraged.

907. Do you have any problems in competing for affiliation fees with, for example, the Australian Council of Trade Unions or your federal body?—A. The basis on which they affiliate is different. Unions do not affiliate to our federal body.

908. It is all done from the State branch?—A. Yes. When you talk about how unions affiliate, that was where you are in conflict. With the national economy as it has been and the unemployment problems that we have in our nation, many of the unions have less money than they have had in recent years and they have to try and affiliate with the A.C.T.U. as well as us, and so you have to have regard to how much their limited resources can bear.

909. There has been pressure from the A.C.T.U. for increased affiliation fees, which means you are able to obtain less from the trade union movement?—A. I am not an expert and I am not sure what they are doing. They have been advocating increased fees on some sort of a scale for a number of years. In the Labor Party we have not had an increase for 1979–80. I am not at all sure I would be able to convince the unions to give us an increase for 1981; I can give an assurance I will be trying, but it is not easy.

910. Is that one of the reasons why you believe public funding is necessary?—A. One of the reasons is to make sure that people cannot buy political power. The sources of funds available to us at the Labor Party are limited and it is something about which the Labor Party has been concerned for a long time.

911. Do you agree with the proposition put forward by Mr Mick Young regarding paying the piper, and that this is one of the reasons why we ought to be moving towards public funding?—A. I think you would have to explain it to me first.

912. I really would believe a person in your position would have been aware of Mr Young's article when he said those people who contribute to the political parties expect some repayment in kind for their support?—A. I think I saw some suggestion of Mick's along those lines and it is a concern that our party has. We are greatly concerned that that could occur. That is why we support not only public funding but disclosure as well.

913. Does the trade union movement expect repayment in kind for its contributions?—A. I am not sure what they expect; they certainly complain that they do not get any. I have not really sought to ask them what they expect.

914. I think that some people within the Labor Party believe that there should not be quite the same affiliation between the trade union movement and the Labor Party and if there were public funding this could be brought about?—A. There are those who believe that.

915. Has it widespread currency?—A. No.

916. You do not think that it is reasonable to expect that that will materialize?—A. No.

917. Do you believe that members of Parliament should take part in fund raising activities for political parties?—A. I am not sure whether I believe they should; I am sure they always will. Whether or not they should is another question. I think as a principle it is probably not good. As a fact of life, that forever in Australian politics it has been the way they have had to operate.

918. If we move towards public funding and it became a significant contribution to parties' costs, then there would be less need for this to take place?—A. I would think and hope so, yes.

919. How do you go about apportioning your expenses between administration and campaign expenses?—A. You cannot budget for campaign expenses because you do not know when the campaigns are going to come up. We make no provision for budgeting for campaigns at all. If you happen to be at the end of an election term and you know it is coming up, you can do something. On a year to year basis we do not make any provision for budgeting for campaigns. We look to budgeting for our administrative needs and we try and balance the affiliation fees of our trade unions and membership.

920. You do a pre-campaign budget?—A. For each election, yes.

921. At that stage would you assume that all administrative costs would be directed towards the campaign?—A. All administrative costs cannot be directed towards a campaign.

922. Even during the last three weeks?—A. Yes. The whole office works on it then, but you have to maintain a party and that goes on for longer than three weeks.

923. You are now suggesting the campaign should start immediately at the end of the election and you run for a three-year period and there should be no split-up of administrative and campaign costs?—A. There ought to be some split-up, at least from the point of view of a commission overseeing it, because the commission has to see how much money is being devoted to administration and how much is going to campaigning. You can put it all under one banner. There has to be individual headings for the way the money is allocated. We are asking that the commission administer the funds going out and make sure they are going to those appointed places.

924. Do you believe political parties should receive more free media time, or in fact free media time that they are not receiving at the moment?—A. It is not canvassed in the statement and I know that in Canada each party is supposed to get 6½ hours in free broadcast time. That is the way they handle their public funding. I am not sure I would agree with 6½ hours for everybody as an appropriate way of going about it. I think there should be a provision for a fair and equitable distribution of free time on television. In this country when there has been free time allocated it has tended to operate against the Labor Party.

925. As media costs are five-sixths of your campaign costs, would the means of public funding be possible through a substantial increase in free media time?—A. Yes, it would obviously be possible.

926. Would you support that?—A. Yes. When you say free media time, I am not suggesting the proprietors of all television stations must forego their income. There would have to be a system worked out whereby part of it—the percentage of which would be determined by the Parliament, the commission or whatever—was paid for by the Government, and we would be quite happy to accept payments being made direct to the stations if they were not going to be made direct to the parties. If that is something the Committee liked, we would not have any objection to it.

927. That is not really free time because it is paid for by the taxpayer?—A. Yes. I do not advocate in the system that we have suggested the taking away of people's livelihood. I am not suggesting that television stations ought to just allow political parties a free run to advertise. I suggest it is appropriate in the public interests for those television stations and radio stations to make available some free time in the interests of democracy. As to how much they may care to allow, I am not sure, because I do not know exactly what their budgets and their profits are. That would have to be determined at the time. So long as such an allocation was made equally, we would be happy. It is not that way at the moment.

928. Why do you believe it ought to be equal for the major parties and not the other costs?—A. I believe it should be equal for the other costs—the only part is when looking at the last Legislative Council election vote, in the vast majority of cases the amounts of money differing between the parties would be very small.

929. In your submission on page 15 under the heading of accounting you said, "legislation ought to establish that the recipients of public assistance must expend all such funds disbursed to them." Could that lead to a waste of funds if it were really necessary to spend all those moneys; why have you suggested that proposal?—A. Part of it has to be taken together with the whole of the submission. In respect to media time, we have suggested a ceiling should be placed upon it. We would be looking at that ceiling eliminating the possibility of waste.

930. In your proposal for a three-year campaign, do you envisage that advertising for an election might be staggered rather than concentrated in the last period?—A. I think probably parties should be given the option to do that. I am not advocating that they should be given the option to spend what they do in the three weeks of the campaign every year. If a party were to opt to break it down and spend it over a period of time, I would not suggest they could not do that. No one has been game to try it yet. It is supposed to be good advertising theory.

931. You said in your evidence today that some parties who do not favour public funding believe they have an advantage over others. Do you therefore believe that the Australian Labor Party, having advocated this, is at present at a disadvantage?—A. I make no secret of the fact that in the great majority of cases the Labor Party has been disadvantaged in election campaigns in Australia by its lack of money and lack of access to the possibility of getting money. I have said it publicly, so it bears repeating now, that the way the system is going it will only be a short time before the Labor Party cannot compete in any real sense with its opponents unless some assistance is granted.

932. In 1975 you said you had more money than you needed for a campaign and in 1978 you spent about the same amount as the other parties?—A. We spent and we then had to get an overdraft of \$100,000 to pay for it.

933. You did raise it?—A. Eventually.

934. No trouble raising it?—A. I would not say no trouble, it took some time, as these things always do. In 1977 we had a large debt as well that we had to overcome. Debts have been the order of the day. The one in 1975 was a one-off exception.

935. You have accumulated deficits in the campaign fund of \$238,000; does this cause concern?—A. Yes. We have been able to manage to keep going in spite of it, largely because we took some money out of administration to pay for them.

(Luncheon adjournment.)

Upon resumption:

936. Mr LANGE: Mr Richardson, could you clarify the question of the commission determining the proportion of funds to be paid to each party? I think you said this morning that it may need to allocate funds on a seat basis. Is that what you intended?—A. I am not sure what you mean. One function of the commission we did see was for it to have funds available for individual seats. Where a party or candidate, particularly a minor party or independent, was not at the previous poll, and therefore would not qualify unless there was some funds available, that would enable a retrospective provision for those sorts of funds.

937. Basically, would you believe it is the function of the parties or the commission to determine their allocation of funds for particular seats?—A. Our submission argues that out of the allocation given to the parties, they ought to be able to make determinations as to how much goes to each seat.

938. I did not think it would be realistic to hand over that responsibility to the Commission, and I thought you said that this morning?—A. The difficulty you have with this sort of Commission is to try to ensure that it does not interfere with the workings of parties. It has a role to play in overseeing how the money is spent, but not in a decision-making way as to what the parties do with it.

939. You said that almost every western democracy has adopted the principle of public funding. As I understand it, there is really only Canada, Germany, Finland, Denmark, Norway and Italy who have adopted that principle. Can you elaborate on that list?—A. Are Germany and Austria mentioned in that?

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940. No, not Austria?—A. Did you mention Italy?
941. Yes?—A. And the Netherlands and Japan. Was the United States in there?
942. No. Are there any others that you know of?—A. There is some limited system of public funding in France as well, but I have not had time to go into the details of it.
943. Your experience has been limited to the U.S.A.?—A. First-hand experience, yes.
- 943A. I shall now talk about other ways in which governments could assist parties to do some of the work you are proposing through government funding. You believe there is a need for members of Parliament to have additional staff, particularly research staff which they do not have at the moment?—A. I know that Parliamentarians on both sides of the House certainly make that plain, and when one looks at the U.S. system I think it allows for 35 or 37 staff per senator.
944. Mr CAVALIER: Or more, would you agree?—A. Then I would say there is justification for increasing the staff.
945. Mr LANGE: Particularly when some members do not have elective assistants or stenographic assistants?—A. Yes, I would agree with that.
946. Is there an inadequacy there, do you not think that is perhaps where such assistance ought to be commenced or extended by the government rather than going to funding political parties?—A. This is my personal view, but I do not think that sort of funding is in our acceptance of the term public funding. In Australia the funding of Parliamentarians and their officers and their functionings has been an accepted part of life since we have had Parliament; so it is not something we have gone into.
947. Your submission goes beyond election campaigns in the normally accepted meaning of the word?—A. Surely.
948. Yet you have made no reference to the inadequacy that members of Parliament have in their staff at this stage?—A. No.
949. But you would nevertheless believe that their ought to be additional funding for staff?—A. We did not see that coming within the terms of reference, but as a personal opinion I would certainly agree that more is required.
950. But you have gone outside the terms of reference in going towards extending the period of a campaign?—A. We have referred to that, yes.
951. CHAIRMAN: That is not necessarily outside the terms of reference of this Committee.
952. Mr LANGE: Perhaps that is a matter of opinion, Mr Chairman.
953. CHAIRMAN: I merely point out that that matter is not necessarily outside the terms of reference.
954. Mr LANGE: I think you mentioned that there ought to be some means by which the commission would regulate advertising or support for a candidate or a party by front organizations. You believe that the Teachers

Federation, the conservationists, ex-candidates, the Chamber of Commerce and those other organizations ought to have their funds regulated—or what they do with their funds—by the Commission?—A. It is desirable to have limits on the amounts of money that can be spent in support of a particular party. Given that belief, you therefore have to try and follow it up and say that parties ought not to be allowed to get around that sort of legislation by using front groups.

I appreciate the difficulties inherent in trying to balance that concern with the concern that Mr McDonald expressed earlier. We have a desirable goal. We have not suggested in our submission, in the limited time that we had to prepare it, how that goal might be achieved. That is something we think would take much longer to study; perhaps such a study should be undertaken by this committee or whatever body the Parliament sets up in the future.

955. Do you seriously suggest that a government would be game or wise to introduce legislation which would inhibit the functions of organizations such as the Teachers Federation or the Chamber of Commerce?—A. As long as you are not inferring that the Teachers Federation puts out advertisements in support of the Labor Government. Very often it has put out advertisements that are strident in their criticism of it.

956. But regardless of whom they support?—A. I think there ought to be a limit on the number of pages you can buy in a newspaper, or an amount of time on television for an election campaign, and I do not believe that that limit ought to be exceeded. As I said earlier, it is up to the Committee to determine what that limit ought to be. There should be provision to allow interested groups and others to advertise, but I do not believe that there should be absolutely no limit, that is, that you set limits under which the parties are supposed to operate and then give a free run to any front group or support group to go around it and thereby totally ignore the legislation.

957. But you are suggesting that campaigns should run for three years or that in fact they do run for three years. So what you are really saying is that during that three-year period the commission ought to be able to regulate the advertising and secondary campaigns in whatever form in that period by other groups?—A. There is no specific request in the submission to do that at all.

958. But you suggested that in evidence this morning?—A. How did I suggest that?

959. You suggested there ought to be a way in which the commission would regulate the activities of front or affiliated groups. I think your words were that it would monitor trade union advertising or advertising by front groups or affiliated groups?—A. But those advertisements do not go over a period of three years. It is rare indeed for it to go over that. What may happen at other times is that a particular Act of Parliament or a particular decision is going to be made by a government and lobby groups will become involved in those activities. But I do not see that as being involved directly in election campaigning.

960. On the one hand you are suggesting an election campaign running for three years but on the other hand you are restricting the period of the campaign?—A. I am not doing that at all. I do not think that is a reasonable analogy, because I am saying an election campaign does go every three years but not every form of activity that may occur in governments or to do with politics is necessarily to do with an election campaign.

961. If we take an election campaign period of one month prior to election date, and if a front organization advertised before that four-week period, then the Commission would have no regard to it?—A. No. I have talked before about gaining a balance. I believe that there has to be a limit set to the amount of time you can use to deal with election campaigns, but I would not seek to limit any group that wanted to expend its energies on, say, an environmental issue here or there. I do not see that as coming within the ambit of the commission that we suggest should be set up.

962. Could not the campaign of such an organization affect an election?—A. It can. But, as I said, you cannot monitor every activity that may come within this. The great bulk of the money that is going to be allocated from public funds will be sent over a short period before an election, and I think there ought to be a limit on that. That is the limit that is perhaps easier to set in terms of the amount of time that can be bought on radio and television or space that can be bought in newspapers. That is where we see limits applying. If you are going to get a balance between a desire to do that and free speech, as Mr McDonald mentioned earlier, we do not see you are getting a balance if you get interested groups lobbying on one particular issue between elections.

963. Does not that show a failure in your proposal to limit front organizations if you only limit them during the last three weeks? They could have a concerted campaign in the six weeks prior to election?—A. I said we will not stop them campaigning on election issues that may come up in the interim but that does not necessarily always relate directly enough to elections. I suppose you could say that anything a government ever does or says or contemplates doing is related to elections; no commission can ever possibly regulate all of them in the way we seek to have them regulated.

964. I am afraid I find some inconsistencies between your proposal on the one hand to have some form of monitoring of trade unions and front groups yet on the other hand you now say you do not seek to do that?—A. With respect, I do not think that is a fair conclusion from anything I have said.

965. Do you propose that the election commission should regulate the activities of front organizations?—A. Yes.

966. During which period?—A. There will have to be a balance to enable it to be monitored during the period of elections, that is, that four weeks before the actual election. As the election campaign takes longer, again a balance has to be found to enable—as appears from the documents we have presented—a fair and reasonable monitoring of the expenses without preventing reasonable free speech on the part of any group.

967. Who do you think might find that balance?—A. I have not suggested it is the prerogative of any one person; perhaps it is the job of this Committee or another committee that might be set up; perhaps it might be the job of the commission. The limited time we were given to prepare these things did not give us adequate opportunity to go into that sort of detail.

968. Does this not show up a weakness in your proposal, that if front organizations are put to certain expenditure which is unregulated, this would avoid the provisions whereby the commission would restrict their operation?—A. That would depend on how you were going to allow the commission to regulate them in the first

place, and because I do not know how that would be done, I cannot give all the answers. It is just an area the party would like to look into.

969. If they were not regulated, you would agree that it would be an obvious means of avoiding the limitation provision proposed?—A. There should be some regulation in obvious cases.

970. What would you describe as obvious?—A. A front group that is coming out in support of a particular party in an election.

971. During the four-week period?—A. Obviously, if it is in advance it is much harder. If it is two-and-a-half years before an election and they are campaigning about one particular issue, it is hard to determine whether they are campaigning against the party they are supporting a year later.

972. Do you propose that the proposed campaign by the A.M.A. should be regulated by the commission?—A. I am not too sure what the A.M.A. proposes to do. It is a group that is protecting its members' interests and it has a right to do so. I do not think the A.M.A. has been at odds only with Labor governments; it has had plenty of arguments with Liberal governments. It is quite possible that they might eventually see the light.

973. Has that organization suggested that it would campaign against government candidates at the next election?—A. Yes.

974. And if it proposes to go ahead with that and we had public funding by the 1981 elections, how would you propose that its activities be regulated?—A. First, if it wanted access to public funding, it would have to be registered as a political party to gain any money from the public purse. If it chose not to register and just to campaign outside the system, as it were, it would be much harder to regulate. That would be one of the things that whatever body studied this would have to look at.

975. You are saying that only if the A.M.A. sought public funds it would not to be registered?—A. Yes, we have said that before.

976. So if it did not accept public funds, would the amount of money it spent be included as part of the non-government party expenditure?—A. I do not believe it could be, but this is an area that has got to be looked at. It would not be fair that any party could set up a front group which did not want to take any form of public funding and then completely flout any limits that were set. That is one aspect that has got to be studied.

977. And you have not studied it?—A. No.

978. Do you not think that it is an important part of any proposal for government funding that obvious means of avoiding the provisions would have to be detailed?—A. Yes, they would have to be detailed. The Americans have gone to some lengths to try to discover what front groups are to be put in because they make donations to political action groups open to disclosure.

979. Have you done that?—A. No, we have not gone as far as recommending that. We were not given sufficient time to prepare submissions on that, so it was not possible to go into that sort of detail in the few short weeks we had. But that does not mean that it ought not be looked at, and I think it is important that it is.

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980. You believe there may be some case for having some disclosure of funds given to front organizations?—A. There may be. I am not convinced of it on the limited amount written about it and I do not pretend to be the font of all wisdom.

981. But if the front organization is limited, it is an easy way to avoid disclosure?—A. Depending on how much those organizations are limited and how much they spend, it could be.

982. You either want to limit it by avoiding disclosure or limiting the amount of money?—A. I would agree with the general principle of having funds to such front groups limited. As to the way to do it, we have not studied it, and it needs examination.

983. How do you reconcile that with your apparent support for freedom of organizations?—A. As I said before, you have to strike a balance between the two. You have to strike a balance between genuine interest groups and those groups set up to support parties or groups that traditionally support a particular party.

984. What about those groups who might switch their support from one party to another?—A. Who are they?

985. You just mentioned the A.M.A.?—A. Yes.

986. Would you regard that body as a genuine front group?—A. I cannot remember the A.M.A. ever supporting the Labor Party; it has always opposed it. At times the A.M.A. has opposed coalition governments. It has not switched its support; it has sometimes switched its opposition. As to its activities and how to limit them, there would need to be an examination of its history and what political activity it has taken part in. I have not done that. Whatever body is looking at this could go into the record of a particular organization.

987. How would you propose that the annual appropriation of funds allocated to the commission be determined? Would that be a government responsibility or would the commission put in a submission?—A. I think the commission could put in some sort of a submission. Obviously, public money has always been the responsibility of Parliament. I do not think you can take that responsibility away, but the commission must have some way of having an input in determining what that might be.

988. Take the example of a government in office, the party supporting that government deciding to accept public funding and the opposition deciding that it would reject public funding. It is then totally within the hands of the government in office to determine the amount of money that would be allocated to the party that supported it?—A. We do not propose by this submission to take the power of allocation of money away from the Parliament, so I have no brief to go further than that.

989. Would you agree that the party supporting the government in office was the only one that accepted funding, the Government would have the power to determine the amount of money to go to each party?—A. That is possible. I would hope that, by this material, an independent body was set up to prevent that. Inherent in the submission is our belief that once public funding is introduced all parties will participate in it.

990. You said that if one particular party decided not to accept public funding and a certain sum was appropriated, you would need to give further consideration as to what would happen to those funds not taken?—

A. Yes. We have not looked at the question of whether or not that money should be returned to the public purse or disbursed to other parties that are participating. Presumably the reaction would be to return it to the public purse.

991. And if it was not returned, it would mean a very much enhanced appropriation for the party that took it?—A. Yes.

992. Your submission states that a mammoth bureaucracy in the United States was associated with public funding, yet you were anxious to see that did not happen in New South Wales. How do you propose the system would be implemented here without a bureaucracy if it is not the case in the United States of America?—A. In America politics are more oriented towards candidates than parties. From the brief trip I had to the United States of America I ascertained that, to a large extent, parties are irrelevant. Within parties the strands of opinion are enormous, or the difference in the strands of opinion is enormous. The parties are rather strange amalgams that I cannot understand. Hence candidates have an enormous importance in the American political system.

Though they are important here, they do not have the same importance in elections, which are influenced more by party affiliation than perhaps the image projected by a party leader at any one time, which is the case in America. Having a Democrat president does not mean that all the races that might be run for the House of Representatives or the Senate will be decided on the popularity of the Democrat Party. Much of the efforts of the elections commission in America is directed towards chasing up money collected by candidates' campaign committees in the form of donations and that sort of thing. If the commission we have proposed here is accepted, and money goes centrally to the party which then allocates it within its own area of priorities, the need for that many people would be different.

I cannot see a need to have a cast of thousands if you are party oriented as opposed to being oriented solely to candidates. In America you have a basic difference between the Executive and the Legislature, the powers of the presidency and all the rest of it. Much of the money allocated in the United States goes to people seeking nomination of their own party. I do not know the percentage that goes to people chasing the nomination of the Republicans or the Democrats, but it is large. Just to qualify they have to raise so much money in so many states. You have to have a very broad committee to get there. None of that is anticipated here. Not having presidential races and trying to chase people up would eliminate half of what they do in America now.

993. You mention that the commission would be required to report annually to Parliament. What do you envisage that the report would contain?—A. It would contain how much was given out; a report on what the money was used for; an audit to ensure that it was used for the purposes for which the parties claimed.

994. Who would undertake such an audit?—A. The staff of the commission. We advocate that the commission should have its own audit staff. They should not be taken from the Auditor-General; it should have its own profession staff.

995. Why would you not accept the Auditor-General in this role?—A. We would like to ensure that the commission is independent. As it is dealing with one aspect of Government activity it seems sensible to put it under one roof.

996. Do you not regard the Auditor-General as independent?—A. Yes, I do, but his activities span a wide range of things. We would like to have people who will gain experience in looking at the workings of political parties and how they spend public funds. I would not see it as terribly basic to our proposal that you could not have people seconded from the Auditor-General's department at any time.

997. So there would be a Government audit, either through the Auditor-General or the commission. That would mean that public servants would be able to examine the financial affairs of political parties in some detail?—A. They would be able to examine what parties did with public money. I think they must be able to do that.

998. Do you not think it would be necessary for them to examine the expenditure of other money?—A. There will be a disclosure of money received and if that is proper and full it will eliminate difficulties inherent in any of the systems, but I cannot see why it is necessary for governments to look at where parties are spending their other money. If there was a limit on the amount of time you could buy, presumably you cannot add anything to that, so where you may decide to spend the money ought to be the party's business. It ought not to come within the ambit of an audit of the commission or the Auditor-General. Somewhere in our submission we have suggested thoughts pretty well along these lines. We do not see any need to go into everything that a political party does but if you are allocating money to research there ought to be a way of ensuring that the money has gone into research and not to a candidate down the road.

999. You need only do that by examining the expenditure from other sources?—A. No, we have said that public money that comes in should go into a special account. You would look at the allocation from that fund. There is no need to look at allocations from other sources.

1000. It would be a simple matter for an advertising account to be overpaid from the State fund which, in effect, would subsidize the other expenditures?—A. I would not think it would be a simple matter. I hope it would not be. As I said earlier, we would not regard any business we have done with our advertising agency as a secret. I would be happy with a system where the bills were received directly by the Government and sent to the commission. If that were thought to be a problem I am sure our party would not object to that sort of system.

1001. If this proposal is implemented in New South Wales do you believe that the Labor Party in other States would adopt it?—A. The Labor Party in other States? I think generally the party accepts this as a fair and proper principle. You have to be in power to adopt it. Apart from New South Wales, we are only in power in Tasmania. I am not sure if the situation in the upper House in Tasmania would allow them to accept it.

1002. Given the opportunity, do you believe that other State Labor governments and the federal Labor Party would introduce it?—A. It is national policy.

1003. I think you mentioned the probability that the commission would undertake public opinion polls as part of its function?—A. No, I think we said that money that the commission would be handing over should be used for it, so that each of the parties should have a poll of 2 000 electors each year. I think that is the figure I used.

1004. Who would determine that research? Would it be in the hands of the commission to determine the questions asked?—A. No, it would be in the hands of the party, not in the hands of the commission, to determine what questions were asked. In the paragraph following paragraph 3 (d) we say that in this poll the commission should establish both minimum and maximum country components. As a corollary of that you would have to say that the commission would have to adopt a maximum so that it would not be possible for one party to ask a dozen questions and another party fifty. A limit would have to be set.

1005. I think your proposal still envisages that there would be outside assistance from various forms of membership or donations?—A. Yes.

1006. I think one of the reasons why public funding has been proposed is that it ought to eliminate any threat of graft, corruption or persuasion by donors. If those things are to be eliminated would you not have to eliminate all outside donations?—A. I think the problem of threat of corruption along the lines you have put to me comes about because organizations or individuals make very large donations to political parties and they would expect some sort of return for those large donations. Under our proposals the need for those large donations to be made would be very significantly reduced. I doubt that, as was mentioned earlier, you could buy a party, as an individual, for a tiny amount. So, hopefully, if you eliminate the need for the larger donations you will eliminate any hint of corruption.

1007. You are envisaging a fairly expanded staff for all political parties, are you not, so they will be just as dependent on outside donations as they are at the moment with a small staff?—A. No. From my own party's experience if you had to spend half a million dollars on an election campaign and that was going to come to you from public funds and not private sources, you would be battling to raise the same amount of money if it was not in an election contest.

1008. Do you find it easier to raise money for election campaigns than for administrative purposes?—A. Definitely. Administration costs have to be raised from within one's own stable. We get them from trade unions and from individual members. It is not much harder to go out into the public arena and say, "We want money to pay for an office", than it is to say to party supporters, "We want to get our party elected".

1009. Have you tried to quantify the total cost of elections in New South Wales? I know you show a certain figure in your profit and loss account, but over and above that have you attempted to quantify what State elections really cost your party?—A. It is hard to quantify what they would cost the Liberal Party. You cannot get a lot of information on what they spend. As for the Labor Party, we have made public what we spend on essential campaigning. I can only give the roughest of estimates of what is spent by the party in the electorates because I have never had enough information to determine it.

1010. Assuming the other parties spend about the same amount on the media—about \$1.3 million or \$1.4 million for a State election and a significant amount over and above that by way of assistance given to the party that is not charged for; voluntary workers is one thing—would you say that \$2 million might be the total cost of a State election campaign?—A. I would not even attempt to estimate what voluntary workers cost either party. I have no idea.

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1011. You are not envisaging that this would be paid for, but if we look at the total cost of campaigns, all of these things ought to be taken into account because if parties find that they do not get voluntary support they will have to pay for it. Would \$2 million be unreasonable?—A. Perhaps it may not be, but again I do not want to be drawn into confirming or otherwise that sort of estimate. I do not know how you would work it out.

1012. It is just for the campaign, which is for a limited period. If it is for three years there would be a tendency for it to increase, would you agree?—A. It depends on the limits that are set. If you set a ceiling on the amount of media time that can be bought, if that proposal is accepted the party may have the option of spreading it out; not spending it in three weeks but in three years. I do not see how you can say the amount of money can be increased. It has to stay within the limits that are set. Apart from the limit within that one area that we are looking at, the media, obviously an amount of money is allocated to be administered by the commission to be handed out to the parties. I do not envisage that that could be increased half way through if everyone decided they needed more. It is always up to the Parliament to decide how much money goes out of the Government coffers.

1013. Mr ANDERSON: In paragraph 3 of your submission you indicate that the commission should compile a register of all participating parties, constitutions and rules. Would you have any objection to the proposition that in addition to constitutions and rules a copy of current policy should be supplied and updated as changes take effect?—A. No objection at all.

1014. If any scheme suggested the adoption of the principle put forward by the Academics for Pluralist Funding, as operates overseas, in regard to the electoral institute, would you see that institute operating in conjunction with the commission that you propose?—A. First, may I say that I am not wedded to the idea of an institute. You mean a research institute?

1015. Yes.—A. I am not wedded to that idea and I hope it is not coming across from our submission that the party would support that system. We would like to think that money would be made available for research and education programmes, but we would like to see it done by the parties rather than an institute.

1016. But if the proposal for an institute were adopted you would not see the independence of your proposed commission undermined by such a research institute?—A. No, not at all.

1017. In the section of your submission that deals with public funds you show the four main campaign functions. Would you agree that (1) and (2) might be combined for the purpose of an allocation of that nature?—A. Yes. The accounting for that would be very similar, so it would be possible. That is included because by-elections and referenda funds have become of such importance in Australia in recent years. We included it there to make sure there was provision made for it in any proposal, but there is no reason why it could not be included by way of an estimate in the amount of money available under (1) and (2).

1018. You have indicated that the bulk of the moneys under the scheme are for that frantic three weeks immediately prior to election day. Would you favour a system, if one, two, three or four were adopted as part of the campaign funding, that the distribution of the money

within each category would be staggered over the three-year period or less, as may be the case?—A. It is not something about which I have been predominantly concerned. Whether one gets the money in one lump sum or it comes in three lumps is not something to which I have directed myself. Certainly you would need the money that is spent in the three weeks period. I do not see any way that you can avoid having it paid in one sum. Of course, I do not really believe that parties will opt to spread it out over three years. I cannot see that anyone will take that point, although I suppose you can give the parties the option of paying it over three years and having it invested in their bank accounts at 8 per cent or similar interest. It is proper that each part of the allocation be paid as the bills arrive rather than over a longer period.

1019. Dealing with the research education organization fund, would it not be preferable that that type of grant be paid on an annual basis so as to allow it to be an on-going thing?—A. It is much more important for it to be paid over shorter periods of time to be conducted as an on-going thing. We see an integral part of the process being a research and education programme. To make it on-going you would have to have funds allocated.

1020. That would apply to subparagraph (3), constituency party campaign funds. So far as that operation is concerned, it would be preferable perhaps at the end of the two-year term of a government for the funds to be progressively available to the constituents rather than in the last three or four weeks?—A. With respect to number (3) I think we would invest something like 12 months before an election. Some attention is being paid to that. I suppose that it is in that period that the parties really get down to determining their own priorities. It is at that stage that the constituency party campaign fund would be especially required.

1021. On page 8, dealing with thresholds and the like, and referring to the Legislative Council vote, you were asked some questions about the adoption of the Legislative Council result for certain purposes. I think you are aware that with the Legislative Council poll the results for that election are tallied in electorate by electorate?—A. Yes.

1022. Would you see any problem in adopting that as a more equitable figure in regard to party support generally, rather than a specific support in an electorate from the Assembly result, where there may be a strong personal following for the incumbent rather than a general following for the party?—A. No, I would have no objection to that assessment being used. However, the difficulty with it would be that, particularly, independent candidates, if they are to contest elections in a Legislative Assembly seat, would not be attached to an organization that was running candidates in the Legislative Council. For all parties it may not be applicable.

1023. I refer you to page 10, which deals with constituency party campaign funds. Although you have indicated that the general management of party campaigns on a central basis has increased substantially, from your knowledge have increases also occurred with regard to suburban or country media outlet costs. For example, the cost of suburban newspapers has gone up considerably, and also country radio; is that your experience also?—A. Yes. I think probably the major television outlets—and maybe minor outlets—has been an area of biggest increase. It has been 15 per cent to 19 per cent in the space of two years, which makes a huge total. The other parts of the media that you have referred to have also significantly increased.

1024. With regard to the last part of page 2, the block grant, are you aware that the academics for pluralist funding proposed a system of funding to constituencies electorate by electorate? In terms of accounting procedures and costs in a central organization, would you agree that it would be cheaper if that scheme were adopted in terms of accounting so that the recipients at the electoral level would be required to put an audited balance sheet to the Committee or whatever else was required?—A. Would it be cheaper from the central organization's point of view? It is certainly cheaper from the central party point of view, because it does not have to have anyone spending on it. But from the commission's point of view it would be a much more expensive way of doing it.

1025. In checking 99 seats?—A. Ninety-nine seats instead of one.

1026. At the bottom of page 14 you deal with retrospectivity. You would be aware of the retro-active provision of the academics for pluralist funding submission. Would you agree with the proposition that where a new group, party or individual candidate appeared, that in order to have some form of retro-active operation—assuming that you did not commence funding from the next election—it would be ideal to have a fund that is allocated and split into two sections: part for the previous election result and part for the retro-active provision?—A. I would not have any objection to that being done.

1027. I refer you to paragraph 6 (a) of page 16, limitation. I think we would all acknowledge that the question of control of media time and the like is clearly, from a legislative point of view, a matter for the federal Parliament. Would you agree it would be a rather simple task for the party utilizing media time, or its opponents, to check on the amount of media time actually taken up?—A. Yes.

1028. In whatever form, print or whatever?—A. Yes.

1029. Would it also be a simple matter, by using schedules for your own tallies, to submit a document with your accounts to the commission, detailing exactly what the party has used?—A. I would imagine that implicit in any such an investigation would be that the parties would have to provide the schedules of advertising, which would then indicate every area in which they spent money and how they did it. They would probably have to get that direct from agencies.

1030. You were asked some questions about in kind contributions. Although it is difficult to quantify them, would you agree it would be simpler to list them? I think Mr Bartels gave an example yesterday of Joan Sutherland, who might sing at a fund raising function. It would be a simple matter to indicate that so many entertainers had assisted the party and leave it at that without quantifying it?—A. Yes. I do not know how much entertainers cost. It would be a difficult formula to be able to quantify them. But that would be a tiny part of any amount of money we were spending. I think it would be the same with respect to the coalition parties. I do not think that that form of campaigning here is that big. Having Col Joye's endorsement does not necessarily win an election for a candidate.

1031. With regard to the disclosure provisions, it would be a simple matter throughout the State to know who has done what on that basis?—A. Yes.

1032. Would you or your party have any objection to the proposition of a one-line entry in the disclosure provisions relating to party membership, that is assuming that so many members at so-and-so equals such-and-such, without detailing who they were?—A. We would be quite happy to do that.

1033. You were asked some questions about opinion polls. Has it been your experience with regard to them that the result in many cases can depend upon how the question is framed?—A. Very definitely. The responses can vary dramatically, depending on what question is asked. We always try to have some role to play when we commission a survey, that is, in looking at the question to be asked.

1034. Some mention was made in previous evidence about the problem created by an existing party splitting or amalgamating. From your experience within the political scene, would you agree that where a split takes place, quite often it is the Equity Court that determines the split-up of existing assets or liabilities?—A. I imagine that would have to be done.

1035. Would you see any difficulty in the same proposition applying to a party, which has been allocated public funds and subsequently disintegrates or splits, having that question resolved by the Equity Court?—A. It would probably be the only way.

1036. Rather than having legislative propositions?—A. Yes.

1037. Much comment has been made to the Committee about the inequity of the existing system in politics whereby incumbents in government have considerable advantages over oppositions. First, would you concede that point?—A. I think there are always some advantages in being in government, yes.

1038. Do you believe that in the pursuit of equity you should reverse that trend by the provision of funding, or is it far simpler to divide the funds in an equal proportion?—A. As I said, our submission advocates dividing funds in the proportion of votes at the last election. I still think that is the fairest means, but I cannot see that in the vast majority of cases there will be that much difference after an election.

1039. I think you agreed that funding should be optional for the parties. But if they exhaust funds should they be required to reduce costs and do all the other things you referred to in your submission?—A. Yes.

1039A. It was suggested also that a way of assistance to political parties would be that their activities with regard to general operation and/or elections could be tax deductible. Would you have any comment to make about that proposition?—A. I have not envisaged personal tax deductibility as an absolute prerequisite for public funding. It is probably desirable for some businesses that are liable to tax to have it. It has not been part of the over-riding concern of the A.L.P. It is not a question on to which I have devoted a great deal of thought. I do not think there is a crying need for it from the sort of people who would give us money.

1040. What about tax benefits for political parties? Would you see any benefit in your present operation?—A. Political parties have considerable tax benefits as it is. I do not see a need to have them increased.

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1041. It has been suggested in some submissions—and I think in your own—that there should be penalties for non-compliance through the normal legal system. Would you have any comment to make on the suggestion that persons or organizations that flouted or broke the provisions of any public funding scheme should face a penalty of being barred from public funding for X period of time?—A. Yes. I think that is probably the only sort of system that can operate. Earlier someone mentioned whether one would deregister parties for any particular reason. I do not see that one can do that. If the position comes about that money is misdirected, in most parties it would have been misdirected probably at the behest of only a few people. In our party there are about 25 on the administrative committee and a somewhat less number on the finance committee. They would be the only people responsible for it. So I do not think a party ought to be penalized by saying it can no longer practise or operate as a party. Obviously for the penalty to be meaningful, it must for some period of time prevent the party that is breaching the rule from gaining access to public funds.

1042. The point I am concerned about is if there are monetary penalties imposed against somebody—as against an organization—for infringing the provisions of any legislation, I assume the person to whom such proceedings would be directed, in the case of the Labor Party and probably in the case of the Liberal Party, would be the general secretary in some vicarious liability situation. Would you see that as being the fact? The other provision concerning missing out on public funds in the future would be a better way to deal with the matter?—A. If you are not an incorporated body, the advice I have received is that I can sue or be sued on behalf of the party in most instances. If somebody goes wrong the party is hard to get at and I suppose I am somewhat easier. I do not think that is a terribly equitable way of doing things. I do not think you can stop parties from participating in a legal process. Probably some penalty is about the only way you can go.

1043. As I understand the submission of the Labor Party with regard to public funds made available is that there should be full accountability of what is received and how it is spent. With regard to private funds you have also indicated in the submission that the public funding should be supplementary to that. Would you be agreeable to the proposition that while not delving into as much of the situation with regard to the operation of private funds within a political party, there should be an added record of movement of funds that that party possesses. Would the Labor Party be prepared to make a balance sheet publicly available, should such a scheme be implemented, to show the movement of their private funds?—A. We made balance sheets public as a matter of course. I would not envisage that situation being changed by the advent of public funding.

1044. It has been suggested that some difficulty could arise where if the scheme were introduced in only New South Wales for some period, that particularly in electorates that border the State boundaries, funds could be supplied by other arms of a particular party from across the border to assist inside New South Wales or, as I understand it, publications or radio stations that serve both sides of the border could be used in that way. Would you see any difficulty from the point of view of your party in making those amounts publicly available as part of the total expenditure in New South Wales?—A. No, we would be happy to make them available.

1045. Mr BRUXNER: You suggested that the chairman of the election funds commission should be a judge. I take it you contemplate this as only a part-time position?

—A. No, I think it will be a full-time position. I think there is going to be a great deal of work in being the chairman of this commission; it is going to be hard to oversee the amount of money coming out of it and it will require the services of the chairman more than only part-time. Perhaps it will be possible after the scheme has been in operation for some period of time to reassess the situation. I think it is something we would look to being done on a full-time basis, initially at least.

1046. In that case this would require the permanent transfer of one of our judges to this position. You would not think it better to make a permanent appointment from outside the judiciary—we are always hearing that we are short of judges?—A. I would be happy to have that done, but it is obviously going to be difficult to get a form of consensus of agreement about who the chairman of such a body ought to be. It is essential that it is not seen to be somebody who is a party-political person. It has to be someone who is trusted to exercise the considerable discretion at their disposal properly. Within our community—for better or for worse—it is generally accepted that members of the judiciary are more likely to be in that category than people in any other profession. That is why I have suggested this. Probably the judge concerned would be elected to this job for a period of time. I do not think we are looking at lifetime appointments. We have not recommended whether it be an appointment for five, seven or one year. We would envisage that the judge would be appointed for some period of time.

1047. So far as your four part-time commissioners are concerned, you mentioned that you would prefer to see two of them appointed by the Public Service Board. Do you mean by that that they should be public servants already occupying some official position?—A. They certainly could be. I would not be against that. I would not want to restrict it to just being public servants. I would like to think we could get some expertise involved in the commission. I know there is a great deal of expertise in the fields of accountancy and auditing in the government and it may be possible to find an appropriate person within the government to do this job. If not, we can go outside the public service. I would think there would be an appropriate person from one of the universities, from the schools of political science or government, who could fill this role on a bi-partisan basis.

1048. Would you expect them to be paid at a rate higher than normally expected by part-time appointees?—A. Not necessarily. I have not really thought about what they ought to be paid. The sort of people I am advocating I do not think would be acting on a basis of just wanting money. One is looking at people with an expertise in the field and they would not necessarily serve for life. The amount of money would not be a matter in determining who we got.

1049. The total cost of constructing the new commission, you would see the judge receiving his judicial salary, or similar, and you would see the other four commissioners on probably a much lower rate than would normally be paid to a full-time commissioner in some other organization?—A. That is right. I would see them being paid just on a part-time basis.

1050. You would no doubt be aware that your submission is one of the few that while recommending public funding also accepts the premise that private funding will be allowed to continue. Have you had an opportunity of seeing other submissions that have come to the Committee?—A. I have seen some of them; I have not seen all of them.

1051. Presuming that the case for public funding is established, do you not think most of your arguments in its favour were demolished by the fact that you are going to allow private funds to be canvassed, received and spent in the manner that the party sees fit, even though you will require disclosure?—A. No. If you have public funding you remove the necessity for the parties to chase the very big donations that they spend so much time chasing now. If you remove that, and if you accept that one of the reasons that our party accepted the principle is to remove the hint of corruption that may be associated with it, then I do not think the argument is demolished at all.

1052. You have mentioned several times that the party you represent suffers from its lack of access to private funds, and you also admitted that at the moment you recognized there are three major parties. I take it that you consider that you suffer from lack of access in comparison to the two other parties, is that right?—A. Yes.

1053. In fixing your rate of disclosure at \$100 and upwards, do you consider that that would in any way interfere with the ability of the other parties to still receive private funds?—A. No, I do not see that it would.

1054. You have mentioned that you hope public funds will do away with the chase for large donations. You have obviously hinted that your party does not receive these compared with the others. Inherent in your idea for public funding is the fact that the large donation will therefore come from the State and you will carry on your normal day-to-day activities, with the help of some small donations. Is my interpretation of what you have said correct?—A. You have to distinguish between donations and affiliations. We charge affiliation rates to trade unions, and we would continue to charge those affiliation rates. The funding and the expansion of the party's organization and related activities could continue. I do not see that this would interfere with that. What we hope is that it will do away with the need for the parties to chase the bigger donations to pay their campaign costs. I am sure it would. You have not only got to set limits for how much you can spend on television and radio during an election campaign, but you have the Broadcasting Control Act which limits the amount of advertising you can have in any given hour. That always gets extended in an election campaign—there is a discretion to extend it by two minutes, I think. I do not think there is a hope of ever having it extended beyond that. You would not need to chase those amounts of money because you are getting enough to pay for a reasonable amount of media time. If you wanted to have more advertising, you would find you are flat out purchasing it.

1055. You would agree that any limit for disclosure is going to leave a loophole, whether it be \$100, \$1,000 or \$10,000? I put that question in the context that if you were aware that your donors did not want to appear on the disclosure list, you could suggest that they give \$99 instead of \$100, or \$999 instead of \$1,000, so that any arbitrary limit is going to give rise to ways round it. Would you agree with that?—A. I do not think there is any doubt about that. I think you have to make it as difficult as possible for anyone to try to get around. If you make it so difficult that it is impracticable, people are not going to be as keen to give. If you limit the need for big donations you eliminate the need for it anyway because there is no reason for people to get around it.

1056. You would not continue to canvass big donations once public funding came into operation?—A.

Certainly, if our proposal is agreed to, you would not see a need to chase them in the way we do now. That does not mean we will not seek to raise money, because we have to seek to expand the party's activities as much as we can. But you would not have that over-riding need to chase the almighty dollar as often as we do now.

1057. You do not think the other parties would have to do that either; they would adopt a similar attitude and accept their major share of the State funds and let the small donations flow in?—A. I suspect they do not get as many small donations as we do anyway.

1058. Would it come as a surprise to you to know that I have contested seven elections and never once during any of those elections have I received a donation in excess of \$100?—A. No. I believe candidates do not very often get large donations. My experience has been that such donations are comparatively rare. It is the central offices of the parties and the leaders of the parties who are likely to get or come in contact with the large amounts. I have not spoken to my colleagues about that, but there are few candidates who have reported to me receiving large donations. Most donations are very small indeed.

1059. I was thinking more of the local campaign committees rather than the individual candidates. You do have local campaign committees in most of the electorates that you contest?—A. That is right.

1060. They would be competent to receive and expend private funds?—A. Yes, they would.

1061. I turn now to your suggestion that funding continue over a three-year period or the life of the Parliament, whichever it is. Do you anticipate two types of payments: on the one hand a recurring payment, either on an annual or possibly monthly basis, in the inbetween period and then a large lump sum payment coming in at the time of the election proper?—A. I think that is how it will operate in most cases.

1062. Would you like to see those payments separated by the commission?—A. Yes. I think in response to Mr Anderson's question earlier I indicated that it would probably be necessary, particularly, for those parts of the funds for research to be allocated on an annual basis, but that we would not require the bulk of the money to come in on an annual basis.

1963. That large payment which is intended basically to cover the crisis point of the campaign, you would prefer that paid as a block grant to your party and then allocated as the party sees fit to the respective electorates or candidates. Is that correct?—A. That is the constituency campaign fund, not the media fund? I am confused as to which fund you are talking about.

1064. You are going to have both, and the media campaign overflows into each constituency, whether on a statewide basis or whether you advertise in a particular electorate only. That is all going to be part of your immediate cost?—A. We do not have that system in our party. As a general rule, we advertise in local papers through local campaign organizations although there are some country newspapers—not many, but some of the larger ones—that at a central level we have allocated money for. But in the suburban electorates, candidates' advertisements in the local papers are practically always paid for by the local campaign committee. So we have not adopted the practice of paying for those.

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1065. Therefore you would not see any of that being charged against a lump sum grant that you would receive at election time?—A. No. And because we want to show a balance sheet as it were of the campaign, that would show the receipts and the bills for the money spent; and if that is the case, you would not be able to do that because you have already shown at the end of each campaign exactly where the money has gone.

1066. But not in individual electorates?—A. No. Our constituency campaign funds call for an amount of money to be given to the central office of the party and that that then be disbursed among the 99 electorates. We would be advocating that the party ought to have the right to restrict that to how many electorates it would see fit; and within the confines of that shall we say 12 or so electorates, we would allocate the money and then show the commission how that money was spent.

1067. That account would not show expenditure by a local committee on behalf of its own candidate if it expended private funds on local advertising only?—A. No. It would just show what was bought with that money from the central fund.

1068. In effect you are promoting full funding of political parties on a year to year basis to cover research, education and all the things you mentioned, reaching a special peak at the end of each parliamentary period. Would that not be a fair summary of what you have put before us?—A. We are proposing different stages. As far as research grants, we are proposing that they go over three years. I think I said in answer to Mr Anderson that I thought the appropriate time for the constituency campaign funds to come into operation would be around 12 months before a scheduled election, and then you would fund the activities for that 12 months of those electorates that you have chosen.

But the funding of a political party overall requires much more than that. You still have to have the functioning of all your local units, policy formulation, conferences that take place to run it, and we are not envisaging they will be paid for by any allocation from here. I do not think it is fair to say we are advocating total funding of political parties under this scheme.

1069. As far as payments to independents is concerned, you would agree that there is obviously no way they could be funded in between elections?—A. That is correct.

1070. In the case of an independent who has not contested an election before, by what manner do you propose to fund him or her? Would you have a minimum amount allowable to any independent standing for the first time?—A. Well, what we have said first of all is that they have to have 2.6 per cent to qualify.

1071. This is before he has contested an election. He would be entitled to know what sum of money he would get to conduct his election campaign?—A. I am sorry. He ought to know what is available to him, provided he can get the number of votes to qualify. Our scheme provides for that to operate retrospectively.

I gave some thought—as I know a number of people did—to how you would have it operating prior to the actual day of the election. But it is very difficult because no one knows whether independents are going to get a significant percentage of the vote. So the only way we could see it operating fairly under the system was to have a retrospective provision. We are not advocating that

independents should be getting money prior to the day, unless they have stood before, but we are saying they should get the money retrospectively.

The size of the funds should be determined by Parliament and then the commission ought to be in a position to indicate to candidates what sort of money they can expect to be coming from the commission. But I cannot quantify the amount that would go to a candidate, unless of course you are able to quantify the amount that is going to be in the fund.

1072. You do agree that the independent candidate would be entitled to have some indication of the money available, providing that he can poll the required number of votes?—A. Yes.

1073. You mentioned that the advent of public funding should not have any reducing effect on party membership. I think you said that the experience in some other countries had been that it had engendered a greater interest and therefore the membership was likely to increase?—A. That is correct.

1074. How can you reconcile that with the thoughts of the average taxpayer who would be saying, "Well, my share of the tax to this public election campaign will be \$X, therefore I am not going to give my usual \$10 subscription to the respective party"? Do you not think that that would cut directly across membership subscriptions?—A. I can only go on the oversea experience, which is the reverse of that. There is no experience to go by here. But if you look at Germany and Italy, as well as Austria, the opposite has happened. All the parties have been better able to get out and talk to people and involve them more and more in the process, with the result that more people have wanted to join parties. I do not see why that experience should not occur here.

1075. You saw evidence in all of those countries that the membership increased following public funding?—A. That is correct.

1076. Was that your experience in the United States?—A. They do not really have membership of political parties in the United States. There you just register as a Democrat or Republican or whatever. There is no real system of party membership in America on which to go by.

1077. Your suggestion is that private funds continue and that the only accounting necessary with them is first of all a disclosure provision above a certain amount and then the production of a balance sheet. Do you consider that there should be any ceiling placed on the expenditure of those funds? You have suggested that there be a ceiling on public funds; do you therefore feel there should be a ceiling on private funds?—A. I have not suggested it in the proposal. I have not given a great deal of thought to it. I believe the sources of those funds will not be so great to cause people to worry about them. I think the experience will be that donations from the private sector to political parties will be greatly diminished and that there will not be that much money to worry about.

1078. You do not see any necessity for a control on the ceiling of those funds?—A. We are proposing a ceiling on commission expenditure so that you could not exceed that figure. So presumably the money has to be ploughed back into the organization in some way, and we do not see the setting of a ceiling on that as being the necessary prerequisite to being in this legislation.

1079. To put my own situation, I am required to finance my campaign through my local organization. We accept donations for that purpose. We have a committee that oversees its expenditure. Without any ceiling, if in the unlikely event of me getting a large donation—and I told you that I do not get them—in the last week of a campaign, you do not want any control that would stop me from going out and taking \$5,000 worth of advertising from private funds over and above what has been allocated to my party as part of its share of the campaign funding?—A. No. I am not quite sure I understand what you have put. You mean that if you get a large donation at the end of your local campaign, whether you should be able to go out and spend it in the local press?

1080. Or in any way I see fit?—A. We would not be objecting to that.

1081. So that, in effect, you are cutting directly across your proposal that you should have a ceiling on the public funds because what I put could happen in every electorate with every candidate who was able to have access to private funds?—A. I am not trying to stifle the efforts of constituency parties in any way. They should be encouraged. It is just that I do not see them as being the major campaign costs. Whatever one thinks of political parties, either the one we are in or the ones we are opposed to, they generally operate to get the most cost effectiveness out of their advertising dollar. Not many candidates who have experienced this over the years would advocate spending money in the local press rather than getting the total effect of television and radio.

1082. You would not wish any action to be taken to impose a limit on it?—A. Not on that, but what you would not be allowed to do under our proposal is to add that to the already agreed upon amount which your party could spend on its major needs. You would be able to spend in the Tenterfield press or whatever press it is but not in the *Sydney Morning Herald* or add it to your television or radio allocation.

1083. Would you agree that it would be difficult to impose a censorship—and I think that is the only description for it—because of the instance you have just outlined? I put the instance of my party receiving its share of the public funds for media purposes, and being told it can have only a certain number of inches in the Sydney press and certain time on television. You do not think that same censorship could be extended to me taking time on a country television channel or buying advertising space in a country newspaper?—A. I hope you have not got the impression that I am equating local papers with television stations in your area. I still believe that although it has got to be defined exactly when limits are being set, the time you can buy on your television stations will be limited. The same principle as I mentioned earlier would apply. I do not think you would be able to buy any more time even if you wanted it, given that your party and other parties would have bought their television time. I do not think that would be a problem. I think you would be prevented from doing it if this submission were acted upon by the Parliament.

1084. But only as far as the public funds are concerned; you admit that you cannot impose that censorship on private funds?—A. I disagree with the word censorship.

1085. A restriction on publication?—A. The submission suggests a limit on the sum of money that you can spend. Once you have reached that limit obviously you are not allowed to go over it.

1086. Mr LANGE: You mean in total, from all sources?—A. We say in the submission that legislation should establish ceilings for maximum amounts of media time that may either be purchased by or made available to the political parties for campaigning. So that if there is going to be a limit, and it has been set, it may be that it is over what you are getting. Therefore, your extra \$5,000 figure can be fitted in. If that is the case, it is all right. If it is not, it cannot be done.

1087. And you intend that the number of candidates representing a party would be divided into the total time you have allowed for advertising? If you have allowed a certain number of hours on television, you divide the number of candidates standing for that party into that time. In that case, my share may be half a minute and another person's might be three minutes. But once we added that to the total number of hours, that would be the ceiling, is that correct?—A. That is correct. I do not think you can divorce the candidate from the party, which is what you have to do if you are going to separate them in that way.

1088. You said that control of broadcast time, whether it be on radio or television, would have to be a matter of reference to the federal Government?—A. Yes.

1089. How do you foresee control on newspaper advertising—and you have objected to my use of the word censorship—being in force? You envisage legislation specifying the number of inches a party is allowed in any one newspaper, is that correct?—A. The submission deals with limits that we see as being desirable goals to be achieved. We have not got legal opinion on this, as to whether or not it is constitutionally possible or otherwise, but we think it ought to be looked at.

1089A. In your submission you say that there is public disquiet and that traditional sources are often viewed by the electorate as possessing significant political rights by virtue of the fact that they are able to materially assist the parties and thereby possibly exert undue influence. Have you had to contend with influences of that type?—A. No, we have not had to contend with them. Earlier I gave some instances of allegations that had been made.

1090. For instance, because of affiliations with a large union and therefore the funds available to your party being considerable, would such a union press its influence stronger than another?—A. We have not had the situation where Government has had to buckle because of the fact that donations have been made. It ought also be made clear that we do not receive much by way of donations from trade unions in election campaigns. The trade unions are important in the running of the party. They provide most of the money for administration. For many years they have not provided the largest single component of the donations we receive in an election campaign.

1091. Mr CAVALIER: You said you joined the staff of the Australian Labor Party in 1971?—A. December 1971.

1092. What experience have you had in the Australian Labor Party administration since then?—A. I have worked as an organizer, organizing itineraries and meetings round New South Wales. I was seconded to a number of by-election campaigns, where I have acted as a local campaign director. As well, I have been in charge of running the organization of the party, as assistant secretary, monitoring what goes on in branches and trying to keep a general campaign readiness. After that, I became secretary. So that I have had a sort of general control of the running of the party, including its finances. I suppose I could write a book on what I have done in the past nine years. That covers it briefly.

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1093. You spent at least three days in the United States of America studying public funding?—A. Yes.

1094. Where did you spend those three days?—A. It was in a number of different places. That is my estimate of the time I spent studying it. I spent a day at the federal elections commission in Washington. I spent some time in certain States where the system has been operating, and in other States where people want it to operate. I looked at the system in different places. I also spoke to common cause groups which push public funding and disclosure as part of their obvious platform. I did not necessarily stay in the one place; I moved round to quite a number. In the course of the other things I did on that trip, I asked questions about the subject.

1095. Was there an election campaign taking place at that time?—A. No.

1096. Would you tell the Committee how the Australian Labor Party is organized in the State electorates across New South Wales?—A. We are organized geographically into branch areas, membership of which is dependent upon a person's address. Each State electorate varies dramatically in its number of branches. In some we have only one branch, and they form an electoral organization as well. In others there are twenty branches in a State electorate area. Those branches are organized in small localities and they elect delegates to a State electoral organization in each electorate, which runs the affairs of the party in that electorate.

1097. In the academics' submission they proposed a formula whereby funds would be given to each State electorate or constituency on a sliding scale according to so many monetary units per vote. What does your party see wrong with that system?—A. Would you repeat that question?

1098. Giving money to each constituency on the basis of how many votes they got in the most recent election?—A. I think that would lead to the waste of a lot of money in the general political process. I would describe the problem as candidates' disease. Very often you have candidates in hopeless electorates who, after a week of an election campaign or perhaps within a week of being selected, think they will win. A lot of money that would be spent by them in that part of the political process would be wasted. It would not enhance their cause because to a great extent their message is falling on deaf ears. We therefore see it as more appropriate to spend the money where the decision in the political process will be made, that is, in the electorates that you have to win if you are to form a government and introduce the policies that you believe are desirable.

1099. If such a system is introduced and there is built into it the opportunity for constituency parties to transfer voluntarily some or all of the money that has been granted to them by the Electoral Funds Commission, would your party have the same objection to direct local funding?—A. I think the objection would still be there on the basis that if there was a provision for doing it voluntarily I would suspect in many cases that constituency party organizations would opt not to do so.

1100. Do you see any dangers at all from capriciousness from the various party central offices?—A. I do not think the central offices can afford to be capricious in the allocation of funds. They are there primarily to win an election and they have to be careful to ensure that the allocation of money and resources is made on a sound basis. We mentioned a few of the criteria earlier—looking at the electoral pendulum and what suits a party; where you have good candidates; where you think an electorate may need special help. Unless parties had money to waste I cannot imagine them being capricious. You have to win

every seat you can. I have not heard of any party capriciously ignoring electorates where they have an opportunity to win.

1101. Do you envisage that the material you set out in paragraph 3 (c) of your submission, although not exhaustive, would be written into statute?—A. The electoral pendulum, the significance of the seat to the party concerned, and local and/or regional factors; we would have no objection to such things being placed in a statute. As you say, that is not meant to be exhaustive. We have come up with those as basic components, but we would have no objection to broad guidelines such as those being place in a statute.

1102. In the paragraph following those three factors you mention decisions on advertising in suburban and provincial media outlets and the other outlets that you list. Would the decision come from the local constituency organizations?—A. As to how the money would be allocated.

1103. No, as to how it would be spent in that constituency?—A. Yes. We would like the party organization to have the opportunity to select which seats were to get the money. However, our party has never operated in such a way as to tell the local organization how to run its campaign, and I would not envisage that suddenly being done as a result of the introduction of public funding. So it would still be up to each electorate to make its own decision.

1104. The constituency campaign fund you see as being a given sum of money available to each party, and then the party determines how many seats are to receive it and which seats?—A. That is correct.

1105. So there is no problem of a party gaining an advantage by selecting fifty seats rather than eight?—A. No. It would probably be at a significant disadvantage if it did that. There should be a set amount of money to avoid parties being able to do it.

1106. Do you regard an average sum per seat as a meaningless figure?—Yes.

1107. In paragraph 3 (d) of your submission you deal with research. Do you envisage the research undertaken under these guidelines would be available to the authors only or those who have commissioned it, or would it be lodged with the Electoral Funds Commission for public use?—A. It cannot be for public use until after elections. We do not seek to give away any part of the political process. Obviously, a significant part of that process, particularly in recent years, is using research to determine attitudes and even to some extent the sorts of policies and/or promises that parties ought to make in a campaign. That is an important part of the process and I would not like to see it made public. It is essential to the party that their surveys remain within the confines of their campaign committees. I would not like to see them made public. I do not think, by the way, that we would have the least objection to their being made public, but allowing the political parties to go through the process of running their election campaign without giving any help to their opponents has to be at the heart of what we are doing. We would not envisage it being made public until at least after the election campaign.

1108. What sort of education and/or research is undertaken by your party at the moment?—A. As I explained earlier, precious little. We have only one research/education officer combined. That is Mr Wise, the gentleman on my right. The tasks that he is involved in include organizing policy seminars; we have had public speaking seminars; and, of course, he is also involved in doing research for presentation of submissions such as this one. It is very limited because there is only one person available.

1109. Is that one person able to undertake research to the exclusion of any other duties?—A. Research and education. Until the last part of an election campaign, yes, but in the last few weeks of the campaign and sometimes the last few months, because our resources are limited, you have to have the research and education officer doing campaign work. Obviously, that is not desirable but necessity makes it happen.

1110. So pure research or pure education just stops for that period?—A. Yes, stops totally.

1111. Under the proposed scheme, do you see research and education taking place only at the central level or would the constituency parties be involved at constituency level as well?—A. As far as we have gone in our research I do not think it is envisaged that it goes further than the central body. As a personal view I have no objection to some research and/or education grants being made to local bodies, but that is not something that I have given great consideration to, so I do not pretend to be expert in what ought to be done.

1112. Also in paragraph 3 (d) of your submission your party talks about the principal objective being the servicing of the constituency party and its maintenance in a continuous state of political awareness. Does that involve any incursion upon the present autonomy of local constituencies?—A. No, I do not envisage any assault upon the independence of local constituencies at all. Whatever was done would be done by way of helping them and providing them with more information rather than trying to inhibit them.

1113. You mention the Dutch public funding laws and you advise the Committee to scrutinize them closely. Have you any specific advice as to how the Committee might do that?—A. No. I have been able to do it so far by reading it. I would not seek to advise the Committee on how it should be done. It is a matter of experience.

1114. In the section of your submission headed Provision for Independents and Minor Parties you speak about a threshold of 6.25 per cent. For Legislative Council elections does not that have the effect of excluding all the runners-up?—A. I am sorry; all the runners-up?

1115. Yes.—A. For Legislative Council elections? I did not understand that question.

1116. I will repeat it. Your party proposes a threshold of 6.25 per cent. Is not the effect of such a high threshold to exclude public funds for all but the winners?—A. Yes.

1117. Do you think that is desirable?—A. As I said earlier, 6.25 per cent is a convenient figure but in our view it represents a significant figure. It means that a political party to be eligible for funds would have to have significant public support. In that way we feel we can ensure that the parties I referred to earlier as having extremist views—the ratbag fringe—cannot be in a position to receive public funds. I think that is desirable. That is the view of our party.

1118. But you do not propose that those descriptions would apply to all of those parties that do not win seats in the Legislative Council?—A. No, not at all. But it does refer to some of them and I think our general view would be that if a party cannot achieve 6.25 per cent of the vote it is not receiving a significant amount of support.

One must always bear in mind the other part of our submission which makes a retro-active provision for minor parties and independents to be able to get funds if they are able to get more than 6.25 per cent in a seat. So you could have the situation of parties that fail to gain 6.25 per cent of the State-wide vote but who do have significant support in a number of areas. We will be happy to see that they get some form of public funding but that does not necessarily mean that all of the losers are going to be excluded from getting public funds. It may be that a number of them will be able to get some sort of public funding for their efforts.

1119. Will you tell the Committee about the accounting and auditing practices that exist in the A.L.P. office?—A. We have an accountant who is employed part-time and who manages our accounts. He is paid a fee each year. He probably spends about three days a week in the office, maybe two and a half, I have never actually put a figure on it. We have a girl in the office who looks after the accounts and receipts of money and so on. Then we have a firm of auditors who audit the accounts at the end of each year.

1120. What about accounting and auditing practices in the constituency parties?—A. They can vary dramatically. There is set down in our party rules and procedures for the auditing of electorate accounts. In the main I think that they are adhered to, although it has to be considered that in a party as large as the A.L.P., with as many organizations, voluntary officials, it cannot be said that our audit procedures in every area are up to scratch. I am the first to concede that.

1121. Would not one of the beneficial effects of public funding be to force the party at every level to improve its audit and accounting practices?—A. Sure, that is desirable from my point of view.

1122. In reply to Mr Anderson you said that in funding directly the central offices there would be the advantage to the commission that it would have to examine one rather than 99. Would not conversely it be the case that the commission, if it had only one to examine rather than 99, it would have to spend 99 times as much time on that one submission?—A. No, I would not think it would take as long to prepare the one submission.

1123. To scrutinize it?—A. It depends on the form it is set out in. If it is prepared at a central level, I think one could make a much more concise document that would not take as long to scrutinize. In fact, I am sure that that would be possible.

1124. I refer now to registration, which you dealt with at page 5. What sort of details do you think it would be legitimate for the commission to require for registration?—A. One has to be careful that the commission is not unfair with political parties. But it also has to be possible for any member of the public, as an example, to look at a list of parties that are receiving public funds and to see how they operate. So the constitution and rules would be a necessity for that to occur, and I think also the platform. I do not see why one would not have the party's platform, constitution and rules registered so that people can look at them and see what the party means and what it does. I go further than that: I do not think, as I said earlier, we have any objection to saying how many are in the party. However, mostly from the constitution and rules of the party a fair idea can be obtained as to how it operates. That would probably be sufficient.

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1125. What about such things as the names and addresses of the principal executive officer in the organization and perhaps people on the committee of management?—A. With regard to the principal executive officer, for the most part that address does not remain in very long. I do not mind that being available. I do not see any advantage in disclosing the names and addresses of administrative committee members. I doubt that any of them would object to it.

1126. What about a registration by the commission of the names and addresses of the principal officers of the constituency parties?—A. I would look upon that as an intrusion into the workings of the party. I personally would be opposed to that form of registration.

1127. Have you estimated, or attempted to, how much time you and your colleagues spend on fund raising?—A. I have not had time to work out how much time I spend on it. But in the course of a heavy election year, obviously it takes a significant part of one's time. Fortunately we have had the advantage of a very effective part-time fund-raiser who in the last couple of years has managed to save me from worrying about it as much as I had previously. However, it does take up a significant amount of a party officer's time.

1128. What about honorary officers in the constituencies; do they spend a lot of time on fund raising?—A. Yes. Every constituency party has people involved in fund raising full-time. Of course, you have competing demands for local government, federal and State elections. So in most areas the raising of money for State election campaigns takes place in the year leading up to that election, and the same with the federal and local government elections. It is not necessarily so that a constituency party is raising money for a State election all the time. There are competing demands in the different spheres of government within the party that seeks to raise money for these elections as often as they can. It is a fairly constant process.

1129. One of the major criticisms by those who followed the Australian party system is its pre-occupation with fund raising at every level. Do you agree that that is harming the basic political work of your party?—A. Yes, because I think it is distracting. The main job of a political party ought to be, first, making sure it has the right to policies and principles upon which to operate. Second, trying to sell them to the electorate—not just by buying media time, but having an education programme whereby members can go out and convert people in the street and in the work place. I do not think that by spending the amount of time we do as a political party—and I assume our opponents do also—we are helping in that regard.

1130. To what extent is your confidence in day-to-day administration affected by the fact that you have near permanent debts?—A. Obviously from time to time it makes things difficult. We have to survive in the Labor Party at a central level rather than always to be looking upon healthy bank balances. At the moment we are in the process of getting unions to affiliate earlier to enable us to exist over the next few months. That is a fairly constant worry to us. We are always in some type of debt.

1131. Do you believe that public funding will make the contest between challengers and incumbents in the constituency closer to being equal?—A. Yes. I am sure that will be the overall effect of it.

1132. Do you believe that given the existence of a bipartisan belief in parliamentary democracy, goodwill and tolerance for all political viewpoints, that the introduction of public funding constitutes a threat to democracy?—A. I do not believe there will be any threat to democracy. I believe that if the system is introduced with a bipartisan approach, it will enhance our democracy. I am sure that it will be seen as doing so.

1133. Mr McDONALD: Does your party receive any research assistance from trade unions, companies or university personnel?—A. No, not at the present time.

1134. Again on the question of in kind assistance, has A.N.O.P. or any other market research group that have undertaken studies for the A.L.P. in New South Wales ever had fees paid for by oil companies or brewery interests in this State or outside of it?—A. No.

1135. Are you sure?—A. To the best of my knowledge, we have had a bill for every survey we have done. Mostly I am arguing with A.N.O.P. about the size of the bill. With every bill I have received I have always paid the lot.

1136. I want to clarify a point on disclosure. Your submission says it only refers to disclosure at the central level of party funds. Money that might be raised by a local candidate in a local area—or comes into a local campaign fund—is not to be the subject of disclosure?—A. That is correct. It would only become the subject of disclosure if it was passed on to the central office.

1137. Are any parliamentary members in the New South Wales Labor Party aware of the list of donors?—A. They would be aware that there is one, I think.

1138. Is the list of donors—and I shall not press you as to the amount—made available to the administrative committee?—A. It is not made available because it has never been asked for.

1139. A finance committee controls the list of donors in your party?—A. I think that I control the list of donors in that sense. I cannot recall on any occasion being asked by any member of the party to provide the list of donors.

1140. Parliamentary members would not be aware of that in a collective sense. I believe the same applies within the Liberal Party, where the parliamentary wing has no knowledge. I am not asking you a question but just stating that. Did you read the evidence of Mr Bartels in relation to the Liberal Party code for parliamentarians?—A. I can recall reading something about it.

1141. Is there anything similar to that for parliamentary members of the A.L.P.?—A. We have no formal code of that kind.

1142. Can you see any merit in a commission addressing itself to that being a form for parliamentary members?—A. I think that there is merit in the principle. From what I have observed over the past few years, there is not much adherence to the principle and it is a difficult one to enforce adherence to. I am not sure it is a principle that this Committee can get itself too far involved in. I do not know how one could make sure it is operating properly.

(The Committee adjourned.)

AT SYDNEY ON TUESDAY, 22 APRIL, 1980

(The Committee met at 10 a.m.)

Present:

Mr E. N. QUINN (Chairman)

Legislative Council

The Hon. Deirdre GRUSOVIN
The Hon. H. J. McPHERSON
The Hon. W. L. LANGE

Legislative Assembly

Mr P. T. ANDERSON
The Hon. J. C. BRUXNER
Mr R. M. CAVALIER, B.A. (Hons.)
Mr J. A. CLOUGH
Mr M. R. EGAN, B.A.
Mr T. A. FISCHER

JENNIFER ANN GARDINER, Research Officer, 93B Cammeray Road, Cammeray, and

RICHARD WEIR KILLEN, Farmer and Grazier, "Papanui", Merriwa, sworn and examined.

1143. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the Parliamentary Evidence Act, 1901?—A. (*Miss Gardiner*) Yes.

1144. We have received a submission from your party. Is it your wish that the submission should be included as part of your sworn evidence?—A. Yes. Our submission reads as follows:

SUBMISSION TO THE INQUIRY INTO PUBLIC FUNDING OF ELECTION CAMPAIGNS

1. Introduction

1.1 "... of all the parties the Country Party is the one which gains most of its revenue from its members. It approaches more closely than its competitors the democratic ideal of being dependent on no outside interests, responsible only to its members. This would not be possible without the Party's large mass membership nor without the large annual subscription that members of the Country Party pay. And financial security is most important, not only as a symbol, but in giving the Party independence, a sense of freedom in which to move."

1.2 Don Aitkin, now Professor of Political Science at the Australian National University, wrote the above on the occasion of this Party's fiftieth anniversary ten years ago. Those remarks are an accurate commentary on the financial independence of the National Country Party today.

2. National Country Party Opposition to Public Funding

2.1 The National Country Party of Australia (N.S.W.), proud of its successful reliance on the *voluntary* financial support of its members, is absolutely opposed to the concept of public funding of election campaigns and other activities of political parties.

2.2 This opposition was clearly expressed at the 1979 Annual General Conference of the Party when it was resolved:

That the National Country Party oppose the public funding of political parties.

Only two other issues drew a wider sponsorship for a motion before that Conference.

2.3 The National Country Party Parliamentary Parties, State and Federal, have publicly expressed their opposition to public funding.

2.4 The Party's Central Council, at its meeting in November last, called upon the New South Wales Government to put this issue to a referendum of the electors of the State.

2.5 The Central Council was aware that the Premier did not mention the public funding issue in his policy speech for the 1978 State election and so does not have a mandate to implement a scheme of public funding prior to the next election.

2.6 Further, there is no groundswell of public support for such a scheme. Indeed, the Central Council noted public opinion surveys which showed the public solidly against the concept.

3. The Inquiry's Terms of Reference

3.1 The National Country Party is disappointed that the Joint Committee's terms of reference are not similar to those of, for example, the Committee on Financial Aid to Political Parties (the Houghton Committee) which reported in the United Kingdom in 1976. That Committee's terms of reference directed it to "consider *whether*, in the interest of Parliamentary democracy, provision should be made from public funds to assist political parties . . .". The Victorian Government is apparently to inquire *whether* public funding should be introduced in that State. The New South Wales Joint Committee's terms of reference, however direct it to prepare the way for "the introduction of a system involving public funding", rather than to consider *whether* the way should be prepared to implement a system.

4. Reasons for Opposing Public Funding

4.1 One of the arguments advanced in favour of public funding is that political parties are having difficulty in coping with the rising costs of campaigning. The National Country Party believes that political parties are not alone in suffering the effects of inflation and there is no justification for their receiving preferential treatment over other voluntary organizations. There are causes more deserving than political parties to which taxpayers' funds could be directed.

4.2 The inability of a political party to attract voluntary support, financial or otherwise, is a sign of public disaffection with that party and/or its candidate. If it is to regain support it will sharpen its policies, re-direct its operations, etc. Public funding would disguise the irrelevance of a party out of favour with the people and unable to adapt to their changed expectations of it.

4.3 Public funding would lessen the requirement of political parties to be constantly in touch with their "grass roots". Parties could become stagnant, authoritarian and rigid as a result.

4.4 The NCP believes the Government has no mandate to introduce public funding and the public has not had the opportunity to vote on this issue, an issue which concerns the very nature of the Westminster system of parliamentary democracy adopted in this State.

4.5 The National Country Party notes that there is no groundswell of public support for the introduction of a scheme of public funding. In fact, the reverse appears to be true.

4.6 The National Country Party believes that it would be impossible to devise a truly equitable system of public funding.

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4.7 The National Country Party, whilst recognizing the importance of political parties in our parliamentary system is of the opinion, like those who brought down a minority report in the United Kingdom, "the injection of large sums of State money into an essentially voluntary system of party politics is so grave a departure from historical practice as to represent in itself, a threat to that system. We believe such a risk could only be justified if it could be shown that parliamentary democracy was in danger because of the imminent bankruptcy of the major political parties". (Page 76, Houghton Committee Report).

4.8 Compulsory voting—enshrined in the N.S.W. Constitution Act by the present State Government—means that parties in this State need not press to be relieved of the type of expense that parties overseas have sought to have compensated for by the State, e.g., enrolling electors. In Australia this type of electoral activity is already funded from the public purse. Some of those who are in favour of public funding overlook this distinction between New South Wales and those countries where public funding has been introduced.

4.9 The National Country Party believes that the public funding of election campaigns would be yet another incursion into hitherto non-government organizations by government and bureaucracy. The National Country Party's opposition to public funding is in accord with our support for the private enterprise philosophy.

5. Term of Reference No. 1

To inquire into and make recommendations on the introduction of a system involving public funding of campaigns for elections to the Parliament on New South Wales.

5.1 The National Country Party believes that a system of public funding of election campaigns or political parties should not be implemented prior to the State elections due next year. Rather, such system as may be recommended by the Joint Committee should await implementation until after that election. This would give New South Wales electors the opportunity to weigh up the merits and demerits of such scheme when deciding upon their voting intentions for the 1984 election.

6. Term of Reference No. 2 (a)

The manner in which such a system could most equitably divide available public funds between competing parties and individuals.

6.1 The National Country Party has no specific recommendation as to the manner in which a system could most equitably operate. As already stated, we do not believe a truly equitable system can be devised.

6.2 The extent of "available funds" is not known. If taxpayers' funds are available for political parties, the National Country Party believes they should be diverted to more needy organizations, e.g., charitable institutions.

7. Term of Reference No. 2 (b)

Whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates.

7.1 The National Country Party is opposed to there being compulsory disclosure of, and restrictions on, electoral expenditure from privately raised funds of parties or candidates.

7.2 Were public funding to be introduced it would be proper for that portion of a political party's or candidate's expenditure that was State funded to be accounted for to the public.

7.3 There must be a limitation on the amount of money available from the State should a system of public funding be introduced.

7.4 Attempts to introduce compulsory disclosure of and restrictions on electoral expenditure do not appear to have met with success. Parties and candidates overseas, for example, have been tempted to find ways around the restrictions. Such behaviour only serves to deepen the public's alleged cynical regard for our politicians and candidates.

8. Term of Reference No. 2 (c)

Whether there should be compulsory disclosure of contributions and gifts to political parties and individuals.

8.1 The National Country Party is opposed to the compulsory disclosure of contributions and gifts to political parties and individuals.

8.2 The National Country Party never accepts contributions or gifts with "strings attached".

8.3 This Party believes that individuals or corporations should be free to confidentially support a political party—or political parties—of their choice whether that support be by way of annual membership or donation. Membership of and financial contribution to a political party should remain a "personal and confidential" matter. This confidentiality is akin to that inherent in the right to vote for a political candidate in secrecy.

8.4 To compulsorily remove the confidentiality traditionally associated with political donations could leave the way open for blackmail and reprisals.

9. Term of Reference No. 2 (d)

The extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established.

9.1 The National Country Party is opposed to the further commitment of public moneys to electioneering and other political activities.

9.2 Any scheme that is implemented should operate for a period on a trial basis and be subject to review.

10. Term of Reference No. 2 (e)

The right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure.

10.1 The National Country Party is opposed to the introduction of any scheme which would make it any more difficult for small parties popularly supported to emerge and, if interest is strong and sustained, to have representatives elected to the N.S.W. Parliament. A system which simply entrenches the existing parties—or props them up because they cannot attract sufficient financial support—is not an aid to democracy. The National Country Party would not wish to see any system introduced which would decrease the chances of Independent candidates being elected.

11. Term of Reference No. 2 (f)

Such other matters as the Committee believes relevant to the generality of its task.

11.1 Commentators have noted the federal nature of Australia's major political parties and the problem this may cause in administering a scheme of public funding if introduced in a State. The National Country Party of Australia (N.S.W.) is the National Country Party of Australia in this State. The Constitution and Rules of the Party bind federal and State electoral activities together.

11.2 The National Country Party believes that a political party or candidate should have the right to refuse public election funds should a system of public funding be implemented.

11.3 We repeat that the public funding issue should be put to a referendum of the electors of the State in order that it may be determined whether the people of New South Wales support the introduction of any scheme of public funding at all.

1145. Did you, Mr Killen, receive a summons issued under my hand in accordance with the Parliamentary Evidence Act, 1901?—A. (Mr Killen) Yes.

1146. Do you wish to add to or elaborate upon your submission?—A. (*Miss Gardiner*) I would elaborate in the following terms: I do not think that it would be of any great surprise that the National Country Party is trenchantly opposed to public funding of election campaigns, given the party's historical commitment to private enterprise and its traditional source of funds, which come mainly from its own members. To my knowledge, the National Country Party has not one single member who is opposed to the content of this submission, and since the debate about public funding has been going on in New South Wales as a result of this Committee's work, we do not withdraw one step from the trenchant attitude we took in the first place.

1147. Are you aware that the Committee interpreted the terms of reference as being, in simple language, not to inquire as to whether public funding should be introduced but, if it might be introduced, just how it might be introduced?—A. Yes, we have perused that interpretation.

1148. Do you think that any part of your submission deals with the specifics of the interpretations placed on the terms of reference by the Committee?—A. We have expressed disappointment in the first place at the terms of reference.

1149. I am aware of that.—A. But we have no specific submission to make in terms of the details of any scheme that might be implemented as a result of this Committee's deliberations.

1150. Are you aware of the cost to the National Country Party of its statewide advertising campaign in the last federal election?—A. I have not got the exact figure. I would agree that costs are escalating all the time. But our submission is that, given that, it is not for a political party to go to the Government cap in hand for funds but rather to go back to its own members, its traditional or new supporters to make up the difference between what might have been campaign costs at one stage and what they are today.

1151. Do you think those costs are escalating at a fast rate or a reasonable rate?—A. They are escalating at the same rate as a lot of other things in our world today.

1152. Is the balance sheet of your party made available for all your members?—A. No. The balance sheets are made available to the members of the governing body of the party, namely, the central council at its annual general meeting, and it is available for perusal by those people. But it is treated as confidential beyond that.

1153. It is a public document?—A. No.

1154. That document would contain details of the costs incurred by the party, would it not?—A. Yes.

1155. Do you think that your organization would be agreeable to making available that information to this Committee?—A. No, I do not think the party would be agreeable.

1156. Would you be prepared to put it to them?—A. I could certainly ask.

1157. You would realize that in order to recommend a scheme for public funding it is more or less essential that the Committee knows the cost of running a campaign in New South Wales. Would that be a fair comment?—A. Yes.

1158. You would realize that?—A. Yes, I would say that would be so.

1159. The information concerning the costs of your party would be valuable to the Committee?—A. Yes.

1160. I shall leave it to you to perhaps raise that matter with your executive organization to see whether that information could be made available to us, even as a confidential matter?—A. Thank you.

1161. If we were to recommend a scheme for public funding, would your personal view be that it should apply only to the head office of the party or that it should be available also to the various constituency groups where you run candidates?—A. The National Country Party has taken an approach, after some months, of still maintaining that public funding should not be introduced; so debate within the party has not gone beyond that stage, and there has been no discussion as to the details of any scheme. I have no brief on behalf of the party to put any such details.

1162. Do you have any personal view on it that you would like to put forward?—A. I am not here to express my personal view; I am here to put the view of the National Country Party.

1163. You can go no further than the submission made to us?—A. That is correct, except to say that we would like to see the matter put to a referendum of the people.

1164. Mr Killen, you are president of the National Country Party?—A. (*Mr Killen*) State chairman.

1165. Could you assist the Committee on any of the matters which I have just raised with the former witness?—A. No. We are firm in our belief that such a scheme should not be introduced, and we have carried out no research beyond that.

1166. Are you aware that there is public funding in many overseas countries?—A. Yes.

1167. Have you examined any of the schemes in operation?—A. Yes. We have looked at them and are of the opinion that where there is partial funding in other countries it tends to lean towards the strengthening of the major political parties of those countries. We do not believe that this is the sort of system that New South Wales wants and we do not believe that our parliamentary system was meant to be leaning towards one major party.

1168. Actually, the Country Party still maintains its stated position that it is opposed to the principle of public funding of election campaigns?—A. Yes.

1169. If it were to be introduced, has your party taken a decision as to whether it would accept or reject funds that could be available to it?—A. It has taken no decision.

1170. The decision in that regard would be made in the light of circumstances that may or may not arise in future; is that correct?—A. Yes. If a system were introduced, we would have to make that decision.

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1171. Mr EGAN: Mr Killen, you may be aware that the Liberal Party has a fund-raising code, to which I assume all of its members are meant to comply. Does the Country Party have any similar code that places restrictions on what members of the party can or cannot do in fund-raising activities for the party?—A. We have a code of confidentiality. In brief, that is our code so far as fund raising for the party is concerned.

1172. Would you explain what you mean by that?—A. Yes. Our activities in association with people who provide funds for the party are confidential.

1173. To whom?—A. Between various members of the organization and people who provide us with funds.

1174. Which members of the organization have that knowledge?—A. Various members. I do not think that I should perhaps name them. As State Chairman of the party, I would not be a party to that knowledge.

1175. You cannot tell us who is a party to that knowledge?—A. No.

1176. I assume that someone is?—A. Yes, various members would be.

1177. You are not in a position to tell us which office-bearers are party to that knowledge?—A. We have various people who carry out this activity on behalf of the party. We have no one person who is privy to the particular knowledge that you are seeking.

1178. Who are the people who engage in fund-raising activities?—A. Various members of our executive committee.

1179. Parliamentary members?—A. In some cases.

1180. Is there any restriction on the parliamentary members in the raising of funds?—A. The same restriction that is on any other party member, that of confidentiality.

1181. The only requirement is that if a person raises funds he cannot divulge the source of them?—A. That is correct.

1182. Mr BRUXNER: I direct this question to Miss Gardiner. In your submission in paragraph 1.1 you quote a statement that the Country Party is the one that gains most of its revenue from its members. Would you be in a position to tell us what proportion of the party's revenue comes from membership subscriptions?—A. (Miss Gardiner) The National Country Party draws about 60 or 63 per cent of its funds from internal sources, that is, from its own subscribing members. I think that that reinforces our philosophical opposition to the public funding. We believe that that is the way it should be and are proud of the fact that our people have stuck with us. In fact, we are increasing our membership right now.

1183. Would it be possible to provide the Committee with the details of the party membership and its financial structure? You might prefer to refer that matter to the Chairman?—A. The National Country Party membership is \$20 per annum. For a \$20 subscription the spouse of a subscribing member is also entitled to membership rights, the same rights that are available to the person who provides the \$20. There is a class of membership in the party called associate members. They are people who might be pensioners, students or people who have not much in the way of financial resources. They are entitled

to participate in branch activities for the extraordinary sum of 20 cents per annum. They do not have voting rights at pre-selection; nor do they have voting rights in the branch either. When I talk about membership, I am talking about people who subscribe the sum of \$20 or more.

The party's subscription has been set at about \$20 now for some years. I think that has been so since 1976. It has always been regarded that our party has had a slightly higher membership than other parties. Again that reflects our desire to be financially independent and to draw most of our financial resources from our own members. At the moment those people who are actually putting money into the party as members total 23 379, which is a 14 per cent increase on the figure for the same time last year. As I said earlier, we are actually increasing our membership at the moment.

1184. In paragraph 2.4 of your submission you refer to the party's central council recommending a referendum. Was that the result of a fairly general discussion on this matter and was it a unanimous resolution of the central council?—A. Yes. It was a spontaneous motion that came from the floor of the central council of that meeting, having regard to the discussions in New South Wales on public funding. It was unanimous. The party is of the opinion that the concept of public funding is such a fundamental change to our adaptation of the Westminster system of parliamentary democracy that the voters of New South Wales should have the choice as to whether or not such a fundamental change should be made in the first place.

1185. In paragraph 7.4 of your submission you comment that attempts to introduce compulsory disclosure have not met with success, and you comment further that parties and candidates have been tempted to find ways around the restrictions. Could you elaborate on that statement? What action do you believe has been taken by these parties and candidates to avoid disclosure?—A. I think it is common knowledge that in the lead-up to the current presidential elections in the United States of America apparently pop groups are in great demand for the presidential candidates. For some reason pop groups do not apparently come under the federal electoral commission laws. If a top-rating star is obtained apparently to back Jimmy Carter or whoever, it is worth maybe millions of dollars in publicity. It is an example of the way round the electoral laws that candidates have found to keep their name in front of the people.

1186. At paragraph 8.2 you state that the party never accepts contributions or gifts with strings attached. Do I take it that by that you mean there is no official or even unofficial affiliation between the National Country Party and any other organization?—A. That is correct. There is no organization affiliated with the party that gives any funds to it. That statement also ties in with what Mr Killen said earlier, that people who wish to donate to the party do so in utter confidentiality. If, for example, they said the political price for this particular donation is such-and-such, the party would probably say to them to take their money elsewhere. Although that is not written into a formal code, it is the informal way that the party has always done its financial business.

1187. On the last page of your submission at paragraph 11.1 you make reference to the fact that the National Country Party is a federal party and you are appearing this morning as a representative of the New South Wales section. Would you see great difficulty so far as the Country Party is concerned in implementing a funding scheme that was confined only to New South Wales? I

shall elaborate on that question. I take it that your head organization, on the financial structure of it, caters for New South Wales federal members in the same way you cater for the State members. Would you see any difficulty in separating those two forms of expenditure if, on the one hand, we had public funding for the State, and we did not have public funding at the federal level?—A. I think it would be practically impossible to separate federal operations from State operations in the National Country Party. The branch delegates who make up the delegates to councils are often the same people. If I take one area, Barwon and Gwydir—the people in the party would be working for the re-election of both those members of Parliament, no matter what they did. The people are working for the re-election of a National Country Party candidate, federal or State, and their activities could not be split. There is no division between federal and State in our organization; the constitution is not worded that way.

1188. The type of work you instance would go on over the full three-year period between elections?—A. That is right.

1189. For both sets of members?—A. Yes.

1190. That is what you have in mind when you say it would be impossible to divorce the two items of expenditure?—A. That is correct. They might have a function to raise funds for the National Country Party and whether it be diverted to a federal or State fund is probably sometimes not even thought of.

1190A. This would relate directly to party research also, education and advertising?—A. That is absolutely correct.

1191. Mr Killen, you replied to Mr Egan's question that there was a code of confidentiality only so far as parliamentary members are concerned. Are you aware that the Liberal Party has a written code that is distributed to its parliamentary members?—A. (*Mr Killen*) Yes.

1192. That has never been done in the Country Party?—A. No.

1193. Would it be fair to say that your relationship as State chairman to me as one of the parliamentary members is directed only at that code of confidentiality? By that I mean that you recognize that I have the right to seek financial assistance for the party, even for my own candidature, or on behalf of general party funds?—A. Yes.

1194. Having received those funds, I am forced to account for them either through my local committee or through the head office finance structure, or both?—A. Yes, that is so.

1195. And that there is a full balance sheet provided both for the committee operating in my local constituency and for the central council, as Miss Gardiner mentioned?—A. That is so.

1196. Would you be prepared to comment on the question asked by the Chairman of Miss Gardiner on whether the National Country Party might make available to this Committee on a confidential basis an average costing of election campaigns over, say, the last three campaigns?—A. As you would be aware, that is a difficult question to answer. If the time arose and the circumstances necessitated it, we probably would look at doing that in a responsible manner. I want to add a comment that I

think would be the same with all political parties. Despite what Mr Bruxner and I have been discussing, there are instances sometimes where a person will do something on behalf of a party without the knowledge of the party and it may not be revealed for some time. To get an exact figure might be difficult. I understand that this happens with the three main parties in New South Wales. The basic answer to the question is that we would look at that.

1197. CHAIRMAN: What I am looking for are the actual accounts paid by the head office of your National Country Party, authorized television campaigns, press advertising, maybe literature printed on behalf of the party for use in a statewide campaign. Surely the party would have information as to those costs. I realize it would be difficult to get all the information pertaining to the costs incurred by people other than the State executive of your party?—A. Yes, we would take responsibility for that.

1198. Mr BRUXNER: In the light of that answer, could I ask you is it not a fact that in addition to the statewide cost and accounting, the party requires also each local organization to account in the same manner so that at the end of the last State election you could have called for, and would have been given, a complete account of the expenditure by the Country Party in the electorate of Tibooburra?—A. That is correct.

1199. Mr CAVALIER: Miss Gardiner, do you believe making a donation is an involvement in the electoral process?—A. (*Miss Gardiner*) Yes, that is certainly an expression of a political commitment, but it may be a pluralistic commitment.

1200. You do not regard the giving of a donation to one or more political parties as of sufficient influence or importance in the determination of a political contest that the public has a right to know who has given funds to what organizations?—A. No; the National Country Party is not convinced of the need for that disclosure.

1201. Can you provide the Committee with a reason for that belief?—A. Mainly we view the concept of disclosure in that it has normally come about in other places through some scandal that has led up to debate on this issue, and there does not seem to be any evidence that there is any abuse by donors, or any power exerted by them, in New South Wales. We think the idea is unnecessary.

1202. Whether or not there is a scandal, you do not believe the public has a right to know the source of finances that are increasingly becoming an important part of the electoral context?—A. The public knows that most of our funds come from our own members, and we keep their names and addresses confidential; that is part of the process.

1203. Mr LANGE: Miss Gardiner, you have taken the term of reference regarding recommendations on the introduction of a system involving public funding to mean reference to when such a scheme should be introduced, have you?—A. Yes.

1204. You believe that there should be further time before any such scheme is proposed?—A. Yes. We believe, first, the concept should be put to a referendum, and any detailed scheme that might be introduced after the referendum—in the unlikely event it should be passed—should be made available for full debate.

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1205. Do you believe there has been adequate public discussion on the general concept, first of all, and second, on any type of scheme that might be introduced?—A. No. With all due respect to the Committee, most people in the community might not even be aware of its deliberations. Certainly they did not expect the deliberations, given the fact that such a concept was not mentioned in the last policy speech of the Australian Labor Party at the 1978 election.

1206. So you would believe there ought to be considerably more public discussion and examination of any proposals before they are introduced?—A. That is correct.

1207. Do you feel a scheme could be prepared, introduced and adequate public debate allowed before the next State elections?—A. I doubt it.

1208. Do you think it is such an important change to our concept of funding that there ought to be a year or two years' discussion before it was introduced?—A. I think a couple of years, yes.

1209. You have made reference to an equitable division of public funds, which is within the terms of reference. You have come to the conclusion there could not be any fair distribution of funds?—A. Yes.

1210. Would you like to elaborate on that?—A. I suppose I might take a cynical view, but I cannot imagine a government—and the idea is to stay there as long as possible—introducing a system that would not further entrench itself in power.

1211. Who do you believe should determine what is an equitable distribution; do you believe it ought to be written into legislation or should it be left with some statutory officers to determine from election to election?—A. Again we have not given any consideration to any details of a scheme.

1212. Would you agree with the proposal of the general secretary of the Australian Labor Party that if a political party does not accept government funding it should not be required to disclose the source of its voluntary donations?—A. Definitely.

1213. In that respect your view is consistent with that of the Labor Party, that there ought not to be compulsory disclosure?—A. Definitely.

1214. You mentioned the rights of small parties. Is there a continuing place for small parties and small special interest groups to put up candidates for elections?—A. Given the role of the National Country Party for the past sixty years, we naturally support the role of any future group that may emerge with a popular basis of support. They should definitely have the opportunity to survive. We do not believe that the existing political parties are necessarily the best. Others will evolve; others will go out of existence, as the D.L.P. did in 1972.

1215. Do you think an equitable system might make it difficult for small groups to emerge and become an effective force in the political world.—A. Given that we think it would be hard to devise an equitable system, we have our doubts that any system would be fair to small groups and independents.

1216. Do you know how many people formed the Country Party originally? What was the original membership?—A. I think it was some thousands drawn from the ranks of the then Farmers and Settlers Association.

1217. Given government funding, would it be possible today for a similar organization to emerge?—A. Again, I do not think I can go beyond our opposition to the concept.

1218. You have referred to the need for a referendum. Do you take the question of a referendum to be within the terms of "such other matters as the Committee believes relevant to the generality of its task"?—A. Yes.

1219. Would you explain that a little further?—A. We believe that the concept should be put to the voters. That would be relevant to the Committee's deliberations and any recommendations that came from it.

1220. If the concept were endorsed at a referendum would your party take a different view of the proposal?—A. I think that any political party that was faced with a victory by the other ranks at a referendum would have to rethink its attitude. But there does not seem to be any evidence to suggest that the issue would be carried at a referendum. We happen to represent the majority viewpoint in the community.

1221. Mr Killen, when this Committee produces a report which may recommend certain proposals for government funding how do you think they could best be aired and discussed prior to their introduction?—A. (*Mr Killen*) If we are to have public funding, to me it represents a fundamental change in the system of Government. Given that, I think it needs the longest possible period of airing and the greatest possible opportunity for full debate throughout the community.

1222. Have you any suggestions on how the matter may be fully and effectively considered.—A. No, I do not think I have anything that I could set out seriatim but I reiterate that the government of the day should give the opportunity for the fullest debate of every aspect of it. Otherwise it would be basically changing our system of government without allowing the people to have some say in it.

1223. So perhaps any proposal should be the subject of at least a few television programmes to inform the public of it?—A. Far more than a few of anything, in my opinion.

1224. Should the Government sponsor seminars or television shows on its proposals when they are brought forward?—A. I think that would be wonderful, providing that balanced submissions were put before the public.

1225. Miss Gardiner mentioned the difficulty of apportioning costs between the federal and State bodies, both of whom you service in New South Wales. Do you think it would be a proper use of State funds to support a political party in its federal activities?—A. (*Miss Gardiner*) No, I do not think it would be a proper use of State Government funds to work in a federal electoral sphere. But how do you divide the two?

1226. You would find that extremely difficult. Would you have to make significant administrative changes to meet any demand that government funding be used for State purposes only?—A. Yes, there would have to be significant changes.

1227. Mrs GRUSOVIN: Referring to reference number 2 (c) of the terms of reference, paragraph 8.2 of your party's submission states that the National Country Party never accepts contributions or gifts with "strings attached".

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I am wondering, in view of that statement and your emphasis on so much secrecy, or confidentiality as you call it, how you can be sure that politicians within your party do not on occasions succumb perhaps to pressures or are subject to pressures from generous donors to party funds?—A. (*Mr Killen*) As State chairman I am sure that none of our members does succumb.

1228. Apart from membership donations does your party involve itself in fund raising?—A. Yes.

1229. Could you elucidate on that?—A. No further than to say that we encourage donations from individuals and bodies who are interested in helping to fund a party such as ours.

1230. Do you involve your elected members in these fund raising activities?—A. As I said earlier in reply to Mr Egan, on occasions we do. I made it clear in answer to Mr Bruxner that if funds are donated for a specific purpose they go into the relevant party structure.

1231. In the Liberal Party's submissions the Committee was told that the party has a treasurer and a finance vice-president who are responsible for finding contributions for the party. They are the people who have that knowledge at their disposal. You have not been able to give the Committee much of an idea of which people within your party are responsible for finding donations so it seems to me that it would be difficult to maintain control and have a real knowledge of whether there has been any indiscretion in accepting a particular donation from a particular source?—A. I do not find it difficult at all, as State chairman.

1232. You speak for the whole of your party in saying that, do you?—A. Yes.

1233. In paragraph 8.3 of your submission you say that the party believes that membership of and financial contribution to a political party should remain a personal and confidential matter. Do you agree that the gaining of public office is a public affair and should be open to scrutiny?—A. The gaining of public office, perhaps no. I think that one's performance in public office should be open to scrutiny.

1234. But the gaining of public office by a political party is not a public affair?—A. Not in the context that I think you are aiming at, which is that we should make public the names of persons and organizations who provide funds to the party. Not in that context.

1235. Mr ANDERSON: In paragraph 7.2 you agree that if public funding were to be introduced it would be proper for that portion of a political party's or candidate's expenditure that was State funded to be accounted for to the public. With regard to accounting would you agree that the preparation of an audited balance sheet would be the appropriate way?—A. (*Miss Gardiner*) Possibly.

1236. In paragraph 7.4 you say that attempts to introduce compulsory disclosure of and restrictions on electoral expenditure do not appear to have met with success. In what way?—A. Compulsory disclosure seems to have deterred funds, anyway. The Australian Democrats apparently have difficulty in raising money to carry on election campaigns.

1237. What do you think is the reason for that?—A. People are prepared to give money on a confidential basis. They regard that as their right, and when it is not there they do not give.

1238. May it be because the donor is donating to a number of parties in varying degrees?—A. We know that that occurs all the time.

1239. I understand that the party has studied overseas systems. Am I to assume that that has been by reading available material rather than by firsthand experience?—A. That is correct. We have not had any overseas trips—unfortunately.

1240. Have you had discussions with people from overseas about it?—A. No.

1241. The last sentence of paragraph 7.4 states: "Such behaviour only serves to deepen the public's alleged cynical regard for our politicians and candidates". In your view is it only alleged cynicism or does the cynicism exist within the community?—A. I believe it does exist, but we do not believe that State Government funds will alleviate the position in any way.

1242. Do you not believe that disclosure provisions will go a long way towards removing cynicism?—A. Not necessarily.

1242A. Would you agree that it is the view of some members of the community that various parties are in receipt of substantial donations from various sources?—A. Yes.

1243. Would not that contradict what you have just said?—A. No. I think most members of the community, if they think about it at all, are aware that some parties get most of their funds from a particular type of source, and they accept that. For example, the Labor Party gets most of its funds from the unions. The people know that.

1244. Where do the other parties get the majority of their funds?—A. I have told you where we get most of ours.

1245. You told us about 60 per cent. What about the other 40 per cent?—A. It was over 60 per cent. A substantial portion comes from private donations.

1246. In paragraph 8.2 of your submission you say that the party never accepts contributions or gifts with "strings attached". In view of the evidence you have given today, how can you possibly make that statement? You are not aware of what funds the party receives; you are not privy to the balance sheet. How can you say that?—A. Because I have been associated with the National Country Party for ten years and I know that it is just not the way we do our business. (*Mr Killen*) My answer must be in the same vein. My office in the party enables me to say that the people I associate with there would not accept funding, from any source, which would have strings attached to it in terms of matters contrary to their political belief.

1247. You say that out of respect for the people with whom you are involved in the party?—A. Yes.

1248. Are you privy to the information in the balance sheet?—A. Yes. The balance sheet is presented to the governing body of the party, the central council, annually.

1249. You would know the contents of the balance sheet?—A. Yes.

1250. How many members has the central council?—A. I think it has seventy-two members.

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1251. Those members would know what is in the balance sheet?—A. Yes.

1252. Your submission states that any scheme that is implemented should operate for a period on a trial basis and be subject to a review. Do you mean a review by Parliament or by a body set up to review the scheme?—*(Miss Gardiner)* If a scheme were implemented presumably an independent commission or whatever would have, as part of its terms of reference, the duty to present an annual report to parliament which would debate it.

1253. You support the concept of an independent commission or statutory authority rather than a government department?—A. Yes, if it came to it, I would have to support an independent body.

1254. Your submission states that the National Country Party is opposed to the introduction of any scheme which would make it any more difficult for small parties, popularly supported, to emerge. In what sort of scheme would you see assistance being given to emerging parties and small parties?—A. I said that we are opposed to the introduction of any scheme. The debate has not gone to the extent of devising details of any scheme.

1255. Your submission states that a political party or candidate should have the right to refuse public election funds should a system of public funding be implemented. Would it be the view of your party that funds that have been refused should go back into consolidated revenue or into a pool for reallocation?—A. They should go back into consolidated revenue for the sort of purposes we think taxpayers' funds should be used for.

1256. What proportion of your registered membership would be spouses?—A. None. The spouses would be additional to that number.

1257. How many associate members do you have?—A. We do not keep a central record of associate members. They are kept by a particular branch. There might be several thousands. We do not keep a central file about that.

1258. If a pensioner wanted to participate in pre-election activities and have voting rights in those activities, he would have to pay the full membership fee?—A. Yes.

1259. Have you perused the proposals put to the Committee?—A. I have seen one of them.

1260. Have you seen the proposition by the academics for pluralist funding?—A. Yes.

1261. Are you able to comment on your party's view of that proposition?—A. We do not support it.

1262. From your reading of material published overseas, are you aware that the concept of an electoral institute operates apparently effectively in some parts of the world? Have you any view about the concept of an electoral institute in terms of carrying out research and other activities?—A. The idea might be attractive, but we believe that we should derive assistance from our own party members for such activities as political and electoral research.

1263. On occasions the Liberal Party and the Country Party have run a joint ticket in upper House elections. How do you suggest that funding should be allocated to those parties in such an event?—A. I think that would have to be done after negotiation between the two parties, that is, if such a system were devised.

1264. If the system were introduced, would you think that the funding should be handed over to the two parties concerned and that they should allocate it or do you think a commission should determine how it should be divided?—A. I think there would have to be some sort of two-way communication. The two parties operate separately although at times they run joint tickets.

1265. You think it should be divided on the basis of some scheme rather than by the parties?—A. I think it should be both. *(Mr Killen)* I think this reinforces our submission about the difficulty of implementing a scheme that is acceptable and equitable.

1266. Is it fair to say that the Country Party, having expressed its opposition to the concept, is not willing to put forward any proposition which might assist the Committee in considering any scheme that might be recommended?—A. *(Miss Gardiner)* That is correct. The attitude of the party is adamant.

1267. Do you know that the General Secretary of the Liberal Party offered a comment with regard to proposals put to him about a scheme?—A. Yes.

1268. But your party is not willing to make a similar comment?—A. That is correct.

1269. Much was made in the Liberal Party's submission about the advantages of incumbency. How do you see that situation being overcome?—A. It has been overcome before, for instances, by the emergence of the Country Party sixty years ago, through popular support.

1270. You said you did not believe that any government would assist its opponents. If such a government existed, would you have any objection to any scheme of public funding having included in it proposals to overcome the incumbency advantage?—A. If the matter went to a referendum, the system would not be implemented.

1271. You base that opinion on your statement that the Premier's policy speech did not mention this issue?—A. Yes.

1272. Have you read the platform of the Australian Labor Party?—A. I appreciate that it is in the party's platform.

1273. Do you agree that numerous pieces of legislation have been introduced by governments although not included in its policy speech?—A. Yes, but the point is that this is such a fundamental issue that it goes to the very heart of the Westminster system, under which we operate. Moreover, a fundamental matter such as this might well have been mentioned specifically in the Premier's policy speech.

1274. Why is it fundamental to the Westminster system?—A. Because of the history of political parties in other countries and in Australia, that they are voluntarily funded and participation is voluntary whether a person seeks election or merely assists on polling day. We believe that funding of political parties out of taxpayers' money could well divorce those people who participate in that electoral process from the parliamentarians and other people at the top of a party.

1275. That is an expression of opinion?—Yes.

1276. In any detailed analysis of the Westminster system there is no mention about funding political parties?—A. I do not agree with that.

1277. Do you agree that the United Kingdom Parliament set up the Houghton Committee, which has been looking at this particular proposition?—A. The report of that committee was not implemented by a Labour Government or the present Conservative Government.

1278. It was considered?—A. Yes.

1279. Is it not strange that the British Parliament considered that report, if your claim that public funding is contrary to the Westminster system is accurate?—A. No, I think that any parliamentary system worth its salt would, from time to time, review its activities.

1280. If a scheme were introduced, are you able to say whether your party would support a system of penalties to prevent the sort of abuses which you said existed in some overseas countries?—A. Again, I would have to say that we would have to look at any details and then draft our attitude upon them.

1281. Have you any comment to make about proper thresholds?—A. No, we have not considered what is an appropriate threshold.

1282. What was your party's vote in the last election for membership of the Legislative Council?—A. I have not broken the figures down from those of the Liberal Party.

1283. Mr FISCHER: Are you aware that the figure of 23 379 subscribing members is the largest of any political party so far to give evidence before this Select Committee, including a larger figure than the membership of the Labor Party and Liberal Party as stated to us?—A. I presume that would be correct because we have understood for some years that the National Country Party has the largest number of subscribing members of any political party.

1284. Would it be fair to say that the location of that membership tends to be far more spread throughout the State than any other political party because of the obvious regional, locational formation of the National Country Party?—A. That is true.

1285. In turn, does that generate an unusually large branch structure? Could you indicate to the Committee how many branches there are in the State electorates, old or new?—A. They range from a couple of branches in an electorate in which perhaps the party has not got a significant interest, such as Cessnock, to the proposed elongated Murray, which has 52 branches of the party. So it ranges from anything from a few to dozens.

1286. Does that generate a cost structure of administration as well as a cost structure for campaigning greater than you would envisage that other parties incur because of the very long lines of communication?—A. Certainly. For our candidates simply to traverse an electorate, the federal electorates and as will be the case with the new State boundary electorates, e.g. from one end to the other of Murray would chew up a fair bit of fuel and probably involve chartering planes.

1287. Would you be fearful that any scheme adopted would not take full recognition of the additional cost in administration and branch structure because of its spread-out nature?—A. The National Country Party has some fears in relation to the prospect of any system introduced by the present Government not taking into account the particular difficulties of geographical spread that would be encountered by a country candidate.

1288. The party would have some experience of the situation which exists along the borders of the State of New South Wales, as indeed the Labor Party and the Liberal Party have where they have sitting members. In any normal election campaign for State elections in New South Wales, does the party have to take advertising in media based in other States to cover certain electorates?—A. That is certainly true of the situation in relation to the southern border. I am not aware of any cases where we would take media space over the Queensland border. But certainly along the Victorian border it is true that to adequately promote a particular candidate we have to take space in the various media on the other side of the river.

1289. Would that apply to television, radio and newspapers which originate in Victoria but spread throughout southern New South Wales?—A. Yes.

1290. The control of which would therefore be difficult for any New South Wales Government public funding and monitoring scheme?—A. Again it would be a problem of administration that would be very difficult to overcome if one State alone were to introduce such a system.

1291. I return to the matter raised by my colleague Mr Anderson, of the upper House ticket. As you know, one scheme that has been suggested to us was based on the allocation of funds on voting strengths in the Upper House ticket. As the Communist Party drew first position on that ballot paper at the last elections, the Academics for Pluralist Funding came up with a figure of over \$40,000 that they would receive under their scheme. Is it true that currently the Liberal Party and Country Party more or less have a joint ticket in the Legislative Council in New South Wales?—A. Yes.

1292. Is it true that specific positions on that ticket vary slightly from election to election as part of that agreement?—A. That is correct.

1293. Is it also true that any scheme that tried to tie funding to upper House elections, and took it a step further to try to allocate on the basis of results obtained by each member on the ticket, would come unstuck because this joint ticket arrangement does vary from election to election?—A. That is definitely true. It would be difficult to administer.

1294. Was that another reason why the party was opposed to the whole concept, because of the administrative difficulties relating to the upper House?—A. Yes. It is seen as an interference with the freedom of parties to go to a joint ticket situation.

1295. Finally, in regard to the upper House election mechanism, would it be fair to say that overall the National Country Party does not accord to upper House elections necessarily in the past or present a very high priority? Is it a fact that it weights its priority towards Assembly elections and House of Representatives elections?—A. That has been the case until this time, and I presume it will continue to be so.

Witnesses—J. A. Gardiner and R. W. Killen, 22 April, 1980

1296. Any scheme adopted that did not accord a balance and which was based on upper House elections would place a party at a disadvantage?—A. That is right.

1297. The matter of balance-sheets has been raised today. Have you seen the balance-sheets of the party from time to time in your position within the party?—A. From time to time.

1298. Is it a fact that those balance-sheets merely provide a summary of financial aspects of the party? Do they list individual donors?—A. No.

2399. Therefore, they are only a general summary of the party's financial situation, as are most balance-sheets?—A. Yes. It would be under a general heading, that is all.

1300. Mr Killen, earlier today you gave evidence of the code of confidentiality, which is paramount in the thinking of the party and its members in terms of raising donations from private funding. Is it a fact that as a consequence of that code, it quite often happens that members of the parliamentary party and leaders of the parliamentary party really have no knowledge whatsoever of the list of private donors in the last twelve months?—A. (Mr Killen) That is quite correct.

1301. Would it be true that the leader or deputy leader of the lower House would never see a list, if such a list has been formulated by the party?—A. That is correct.

1302. In the normal course of private collection of funding, so far as the National Country Party is concerned is it unlikely that such a list would be ever seen by a leader or deputy in the lower House, although there may not be any reason or rule to that effect?—A. That is quite correct.

1303. Although such persons may have some specific task in that regard. With that code of confidentiality and mode of operation of the party, is it also true that most of the State executive members would never have seen a list of donors to the party?—A. None of them would have seen a complete list of donors.

1304. Would you agree that that would lessen the chance of any influence or pressure being brought to bear by donors if the political operatives of the party at State and federal level have never received that information?—A. Yes. So far as I am concerned, it makes it completely remote.

1305. In your long experience as a member of the State executive, and now as chairman, have you had any instances where a potential donor has said that he will give a donation if the National Country Party or a particular Minister promises to implement a specific policy?—A. There has been no such occasion, to my knowledge.

1306. Has any such instance ever been reported to your executive?—A. No.

1307. Mr McPHERSON: This question may be answered by either witness. In paragraph 8.2 of the submission it is stated that the National Country Party never accepts contributions or gifts with strings attached. Would it be reasonable to assume that as a general rule no political party accepts donations with strings attached?—A. (Miss Gardiner) I can only speak about the National Country Party. I do not know about other parties, whether they do or do not. However, the National Country Party does not,

1308. Though I agree entirely with the submission made by the National Country Party in this instance, that they do not accept gifts with strings attached, I also make the point that I do not think any other party does either, so far as I am aware. If there were to be a gift made to the party and someone wanted to attach a string to it, it would be a fairly easy matter to do that in a sort of backhanded way without declaring that the donation was being made provided such and such a thing happened?—A. It has not been our experience that people attach those sorts of strings. In general, they simply make donations to a political party because they support its particular policies and philosophies.

1309. Would you agree that this probably is the situation with other political parties?—A. Probably it is.

1310. Would you agree also that if there is a large incidence of making donations with strings attached, the possibility of public funding might tend to eliminate such things?—A. We have not conceded that there are a large number of donations with strings attached. We are pointing out that we would not accept them if they were offered.

1311. Your submission refers to insinuations about politicians in some instances. Rumours and insinuations certainly circulated throughout this Parliament House some five or six years ago about a senior member of this State Parliament. He was a member of the Government at that time. Do you agree that had there been a list or a disclosure of donations, the person I refer to would have been quite easily able to refute the rumours and insinuations?—A. I have no knowledge of the particular case you mention.

1312. I specifically do not want to mention names because I have too high a regard for the man concerned. I think my next question might be better answered by Mr Killen. I presume that the returns in regard to candidates contesting federal elections—and all candidates are supposed to submit a return to their electoral officer stating how much money was spent on a campaign and where it came from—for the National Country Party have been submitted over the years?—A. (Mr Killen) I assume so and hope so.

1313. The fact that that is a disclosure of funds and a disclosure of where the funds went, and in most cases, from where they came, do you see anything wrong with a further disclosure, namely, a full disclosure of funds?—A. Yes, we do, because we see a person's allegiance to a political party and its beliefs as a thing between himself and that party. As I said earlier, it is tied in with free competition of political parties to gain or not gain seats in Parliament and the system we support. It is an essential part of this type of Government that we have in New South Wales that is operating successfully. Any great departure should be seriously considered. I say that in the light of the fact it would appear from the limited time that partial funding has been in existence—mostly in other countries—that it is tending to push forward one party and the others are tending to become minor parties. It seems to be having a tendency to one-party Government in the future in those countries. Anything that upsets this balance of free competition between political parties in the context we have in New South Wales should be avoided.

1314. Can you and are you prepared to say whether there is any direct affiliation of any farming or producer groups with the National Country Party?—A. No.

1315. No you are not prepared to say, or no there are not?—A. No, there is no affiliation.

1316. Mr BRUXNER: Are you aware that the return that requires federal candidates to disclose their expenditure on a campaign does not require them to provide information as to the source of those funds; they are required only to indicate how much was spent?—A. Yes, I am aware of that and I considered whether I should have mentioned that.

1317. CHAIRMAN: Miss Gardiner, were you present when the Premier delivered his policy speech?—A. (Miss Gardiner) No. I was not.

1318. How can you be sure that public funding was not part of his policy speech?—A. I do from time to time read the Labor Party's publication, and they purported to have a full statement of his policy speech in their official journal.

1319. When was that?—A. It was in the edition of the *Labor Radical* during the election campaign.

1319A. You did not read it in that journal?—A. That is correct.

1320. Mr CAVALIER: What obligations are there upon members of the Country Party to sustain their membership?—A. They are under no obligation; if they see fit, they may resign.

1321. Are there any minimum attendance requirements to maintain a membership?—A. They have to subscribe on an annual basis, but they are not required to turn up at meetings on a certain number of occasions.

1322. The way in which a person might renew his or her membership would usually be by a deduction from a cheque account, or each year are they required to submit the membership subscription?—A. Both.

1323. If they have a cheque account and their membership is automatically deducted from that account, they may not necessarily attend a meeting of the Country Party for year upon year?—A. That is true. We have quite a lot of what we might call sleeping members.

1324. Do you have any idea what proportion of your membership that would comprise?—A. I cannot tell you because we do not have a file on that. I would say most of our members do turn up for the annual general meeting of their local branch. Some branches meet only once or twice a year; others meet fortnightly.

1325. The final question I ask is: given good will, a belief in parliamentary democracy and a tolerance for divergence of political views, do you still fear the administration by the Government of New South Wales of public funding for election campaigns is a threat to democracy?—A. Yes, I do fear that. As I said earlier, we see this as part and parcel of an attempt to introduce one-party Government in New South Wales.

1326. Given goodwill, a belief in parliamentary democracy and a tolerance for divergence of political views?—A. Goodwill is not always evident on the other side of politics.

1327. Mr EGAN: During your evidence you mentioned that the donations that were made to the Country Party were generally motivated by the donor's support of the party's general philosophy. Would you say that applies in all cases, that donations are motivated purely by support of the party's general standing?—A. I think some organizations or individuals might contribute to all of the political parties, simply because they like to see themselves as doing their bit for the democratic process and the continued viability of the parties. Most of them subscribe to one party or another.

1328. You would not concede in some cases the donors to all sides would be doing so out of self-interest?—A. Not necessarily, no.

1329. Would you concede it is possible?—A. I do not know. I think you have to ask those people who subscribe to all those parties.

1330. Mr CLOUGH: Would you agree that the introduction of public funding before a referendum or an election is held would be a denial of basic rights of an individual for that person to be asked to subscribe—by virtue of taxpayers' money from consolidated revenue—to a political party that might not be of their choice?—A. I think most people would find that most obnoxious.

(The witnesses withdrew.)

(Luncheon adjournment.)

On resumption:

DAVID CHARLES MCKNIGHT, Joint Secretary of the Sydney District Committee of the Communist Party of Australia, residing at 64 Cardigan Street, Stanmore, was affirmed and examined:

1331. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. I did.

1332. The Committee has received a submission from the Communist Party. Is it your wish that the submission be included as part of your sworn evidence?—A. It is.

SUBMISSION OF COMMUNIST PARTY OF AUSTRALIA, SYDNEY DISTRICT ON PUBLIC FUNDING OF ELECTION CAMPAIGNS

The Communist Party of Australia, Sydney District, submits the following proposal as a basis for a system of public funding of campaigns for elections to the Parliament of New South Wales.

1. Funding should be available to all parties and independent candidates, except those advocating racism. Much of the public reaction so far to the proposal has been extremely cynical and it is easy to foresee that if funding were restricted, the scheme would be seen as merely a gigantic tickling of the public till by the major political parties. On the other hand, if funding is available to small parties and independents, the scheme could serve a useful purpose in assisting voters to make the most informed choice possible among the various alternatives before them.

2. Funds may be applied to any legal purpose, provided that it is related directly to the election for which funding is being provided.

3. The funds available should be allocated on a two-tier basis—

- (i) a basic minimum allocation to each party and independent candidate; and
- (ii) the balance to be distributed on the basis of votes obtained in the election for which funding is being provided.

4. The basic minimum allocation should be—

- (i) to each party, irrespective of size or previous performance, the sum of \$15,000 (i.e., the approximate cost of ten one-minute advertisements on prime time commercial television); and
- (ii) to each independent candidate, even if he or she contests more than one electorate, the sum of \$1,000.

5. For the purposes of this scheme, a party should be defined as an organization:

- (i) governed by written constitution;
- (ii) with office-bearers elected under that constitution;
- (iii) with a printed and publicly available political platform; and
- (iv) contesting at least 5 per cent of the Legislative Assembly seats or standing as a group for the Legislative Council in the election for which funding is being provided.

6. Where an election for only one chamber is held, the balance of funds should be distributed on the basis of the percentage of the formal votes obtained by each party or candidate over the State as a whole. Where simultaneous elections for both chambers are held, the percentage votes obtained in the election for each chamber should be averaged to provide the basis for distribution. Where two or more parties contest the election for one chamber separately (this normally would be the Legislative Assembly) but combine to form a joint ticket for the purpose of contesting the election for the other chamber (this normally would be the Legislative Council), in order to obtain the average the combined vote in one chamber should be distributed in the proportions for which those parties obtained votes separately in the other chamber. An example of how this might work is shown below, thus:

	Legislative Assembly	Legislative Council
	%	%
Party A	47	43
Party B	40	43
Party C	7	
Party D	4	6
Party E	½	3
Independents/Others .	1½	5
	100	100

The combined vote obtained by Parties B and C in the Legislative Assembly is 47 per cent, attained respectively in the ratio 85.1 to 14.9. When their combined vote of 43 per cent for the Legislative Council is distributed in this ratio, 36.6 per cent would be attributed to Party A and 6.4 per cent to Party B. Thus the averages for the parties are:

Party A	$47 + 43 = 90 \div 2$	$= 45$
Party B	$40 + 36.6 = 76.6 \div 2$	$= 38.3$
Party C	$7 + 6.4 = 13.4 \div 2$	$= 6.7$
Party D	$4 + 6 = 10 \div 2$	$= 5$
Party E	$0.5 + 3 = 3.5 \div 2$	$= 1.75$
Independents	$1.5 + 5 = 6.5 \div 2$	$= 3.25$
Others		
		100

The balance of funds would be distributed in these proportions.

7. To administer the scheme, a statutory authority should be established, perhaps to be called the N.S.W. Electoral Funding Authority, to carry out the various functions suggested in this submission and any others which might be deemed more appropriate to be carried out by it than by the State Electoral Office, which should continue to be concerned solely with the actual conduct of elections and maintenance of electoral rolls.

8. The deposit system should be changed so that the requirement for retaining the deposit becomes 5 per cent of the total formal votes cast in all of the electorates contested by a party, or 5 per cent of the formal votes cast in an electorate in the case of an independent candidate, or in the case of elections for the Legislative Council, 2.5 per cent of the formal votes cast both for parties and independent candidates. In other words, the deposits for all of a party's candidates for one chamber would be consolidated and either retained or forfeited on the basis of the party's overall performance. The amount required for deposits should be raised to the value of the minimum allocation. For the information of the Committee, this Party contested five seats in the 1978 Legislative Assembly election, polling 4.4 per cent of the formal votes cast in those electorates.

9. At the time writs for an election are issued, the Electoral Funding Authority should purchase prime time on each of the commercial television channels sufficient to enable all parties and candidates to take up their minimum allocation if they wish to utilize it in that manner. Time slots should be allocated on a first-come-first-served basis. Parties and candidates should be given adequate time to indicate whether or not they wish to utilize their entitlement. Any "leftover" time should be allocated to other parties or candidates who wish to use it and be debited to their additional allowance, if any, or reimbursed to the Electoral Funding Authority by the party or candidate to the extent that the cost exceeds their allowance.

10. The N.S.W. Government should seek the agreement of the Commonwealth Government to amend the Broadcasting and Television Act to proscribe stations from refusing to broadcast, censoring, or delaying the broadcast of any election material submitted by parties or candidates for Government-purchased time slots. Relevant State legislation, such as the Defamation Act, should be amended so that the party or candidate responsible for the advertisement should be the only body open to legal action on the basis of the content of such material, leaving the broadcaster exempt.

11. After the final allocation to each party and candidate is determined and if there is any excess over and above any portion of their minimum allocation expended on Government-purchased television time, the parties or candidates concerned should send invoices or receipts for expenditure to the Electoral Funding Authority, which should then pay the invoice or reimburse the amount of the receipt (or part thereof, if the allocation does not cover it all). The Electoral Funding Authority should be empowered to call upon any party or candidate to verify that the expenditure for which they are claiming public funds in fact was spent in a manner directly related to the election campaign for which funding is being provided.

With respect to the specific terms of reference of the Committee, the Communist Party of Australia, Sydney District offers the following comments:

(a) *the manner in which such a system could most equitably divide available public funds between competing parties and individuals.*

We believe that the proposal outlined above would achieve this objective because:

- (i) it gives guaranteed funding to all parties and candidates, yet recognizes the level of support which parties and candidates have shown themselves to be capable of obtaining;
- (ii) funding is related solely to the election for which it is being provided;
- (iii) a degree of control over the expenditure of public funds is maintained; and
- (iv) it provides guaranteed access for all parties and candidates to the electronic media, which have become pre-eminent in the field of communications, and access to which is frequently beyond the means of small parties, as well as possibly being limited by the prejudices and preferences of proprietors.

(b) *whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and candidates.*

In principle, we would argue that there should be disclosure of and restrictions on electoral expenditure:

- (i) because election to public office in a democracy should not be the prerogative of the wealthy; and
- (ii) because electoral expenditure over and above that which is necessary simply to convey information to the electorate is wasteful of resources.

In practice, it is difficult to devise a satisfactory system. At present, candidates are obliged to submit returns detailing their expenditure, which is limited by law. Most expenditure is incurred by parties, however, and not by individual candidates. In addition, the returns are often fictitious.

As a first step, this party would advocate compulsory disclosure of electoral expenditure, whether by or on behalf of parties or candidates, or by organizations or individuals advancing particular policies or raising particular issues in respect of the election without ostensibly supporting any party or candidate.

A register should be held by the State Electoral Office and it should be made obligatory for all expenditure in respect of any election to the N.S.W. Parliament to be disclosed in that register. If it is established that any expenditure has not been disclosed, the party, organization or individual responsible should be liable to a fine of \$1,000 for each offence.

If a system of disclosure is working effectively, it could well generate public demand for the fixing of an upper limit on expenditure as well as providing information on which to base a realistic upper limit.

- (c) *whether there should be compulsory disclosure of contributions and gifts to political parties and individuals.*

As with (b), disclosure would be desirable in principle but difficult to implement in practice:

- (i) because of the many ways in which large donors, especially corporations, can "launder" money; and
- (ii) because many small donations to parties come from individuals or small businesses, some of whom may have reason to fear retaliation or victimization if it became known that they had subscribed money or donated goods or services to a particular political party.

On the other hand, if it were to be made compulsory to disclose donations over a certain amount in a register similar to that described above in respect of expenditure, two salutary effects may come about:

- (i) it might encourage the development of a tradition of investigative journalism, which exists in some other societies (notably the U.S.A.) but which has hitherto been absent in this country; and
- (ii) if corporations, unions or other bodies were making undisclosed donations to political parties, the knowledge that this was illegal might prompt someone in the organization to leak the information when they might otherwise have remained silent.

Therefore it might be worth considering a system of compulsory disclosure of donations even though the benefits would be limited and possibly indirect in the short term.

- (d) *the extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established*

This Party suggests that an appropriate figure might be obtained by allocating ten cents per enrolled voter. This would have provided \$308,566 in respect of the 1978 election, leaving well over \$100,000 for disbursement after the basic minimum allocations. The major part of the balance would have gone, of course, to the major parties.

- (e) *the right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure*

The only legitimate purpose of a system of public funding of campaigns for election can be to encourage the fullest and freest expression of the voters' wishes, irrespective of who might benefit or what impact this might have on the existing party structure. To do this, it must facilitate the most informed choice possible between all the alternatives available to voters.

Any system which endeavoured to exclude small or new or sectional interest parties or independent candidates would be contrary to this purpose and therefore to basic democratic principle. In addition, it probably would tend to encourage public cynicism about the system, which could come to be seen as merely an opportunity for the existing large parties to hand out money to themselves. The only sure way to avoid such an outcome and to remain consistent with basic democratic principles is to make the system as open as possible and accessible to all.

1333. CHAIRMAN: Do you wish to add to or elaborate upon that submission?—A. I would like to mention a couple of small points. The Communist Party supports the notion of funding for political parties for a number of reasons. The first is that it will give voters a more informed choice. The voters of this State will be paying for that funding and they must be the prime consideration. Second, it offers a counterweight to an imbalance that exists in society, that is, in the distribution of wealth. Third, it will allow the full development of all views, especially minority and new views.

If the funding of election campaigns is seen as simply entrenching the two-party system, and if the major parties are the only ones to receive funds, that will increase the already existing public cynicism that it would be plundering of the public purse if only the major parties were to receive funding. Second, the Communist Party believes that a great deal of the lack of support for funding for election campaigns could be overcome by not giving a straight handout of money but by allocating a certain amount of media time to all parties. The allocation should be a basic minimum for a certain number of elections. This would reinforce all of the reasons I have given for supporting funding, that is, giving the voters an informed choice and providing a counterweight to the power of money, which is unequally distributed. What we propose—an electoral funding authority—would buy media time, especially television time, and give it to parties. It would not be a straight cash handout. That is developed in paragraph 9 of the submission.

Last, on the question of who deserves support and who should get it, obviously a party must get a serious amount of support from the electorate before it could be given any public money. By the same token, the terms of reference of the Committee talk about the needs of the smaller minority parties and new parties which will be the new forces. They should in some way be represented. We believe that all parties under a certain definition, which is to be found in the submission, should get a minimum allocation of about \$15,000. That is a notional amount because it represents the cost of media time. The parties would get that for perhaps two or three elections, after which a certain formula would come into operation by which a party would have to receive in that period the support of at least 5 per cent of voters in the electorates it contested, or 2½ per cent in the upper House election. So the threshold above which support would be given would depend first on the figures I gave; second, there would be a period of a number of elections where the previously existing imbalance of money coming into play in a large fashion would be redressed for a couple of elections by the automatic granting of money to parties. After that they would be on their own to establish whether they deserve support from the public purse.

1334. In paragraph 3 of your submission you mention the 2-tier basis and in paragraph 4 you deal with the basic allocation of \$15,000 of media time and \$1,000 to each independent candidate, even if he or she contests more than one electorate. Do you mean \$1,000 per electorate?—A. No. If you had a spelling reform candidate like Ossie Stone who stood in six or seven electorates, he would not get six or seven lots of \$1,000; he would get only one allocation.

1335. Would individual party candidates receive anything under your scheme?—A. No, the party would receive the funding.

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1336. So basically you see it as a contribution to the central organization of the party with nothing going to the various constituency groups of a party?—A. That is right. All of the money expended by the central organization would have to be justified in terms of the election that took place.

1337. Do you think the central organization or the party generally should pay all of the expenses of the local candidate?—A. That is the way it happens in our party. Perhaps that is too narrow a view, but I think it should be that way. It would be more simple and straightforward.

1338. Would your scheme be varied where you have a central party organization and then, say ninety-nine constituency organizations which run a campaign, whereas the central organization runs a statewide media campaign? Would any variation to your scheme be warranted?—A. As I said, the scheme talks about the disbursement of funds, mainly in terms of media time, so I guess it is natural and understandable that the central organization would decide the commercial, etcetera, etcetera. Does that answer your question?

1339. As far as media time is concerned.—A. Well, once a basic minimum of media time has been allocated to a party and been used, and suppose that party has other expenses that it incurred in country areas or anywhere in the ninety-nine electorates, under this scheme they would have to produce the receipts for the expenditure in the local paper. They would have to be forwarded from the local organization to the central organization that would control them. Assuming that a party standing in a number of electorates got 20 per cent, 30 per cent or 50 per cent, under this scheme they would get an additional amount, or they would be reimbursed for their expenditure once they got above the minimum 5 per cent of votes in each electorate contested.

1340. Would you explain your 2-tier system?—A. I do not know whether you are confusing this. There are two lots of two tiers. In paragraph 3 I am advocating a basic minimum allocation to each party and independent candidate. That would be an automatic allocation that every party would get. Some parties may get nothing but that. To the major parties, obviously, because they have the widest support, paragraph 3.2 would apply; the balance distributed on the basis of votes obtained.

1341. Do you see that as applying to the basis under which an allocation is made? Does that apply to the election which is conducted at that time or to some previous election?—A. A whole number of expenses would be incurred in a certain election. A record of that expenditure would then be forwarded to an electoral funding authority which would reimburse the party, assuming it got sufficient support.

1342. After the election?—A. Yes.

1343. Does your scheme suggest a minimum vote that must be obtained before any of this second part of your plan applies?—A. Yes. That is dealt with in paragraph 8 of the submission.

1344. How did you arrive at that figure of 5 per cent of the formal votes cast in an electorate?—A. In a sense, any figure must be arbitrary. That figure of 5 per cent may be used overseas but that was not our main consideration. It seemed to us to be the level at which people could expect public funding in an election.

1345. On past performances would you expect your party to receive any funding having regard to that percentage requirement?—A. In the last State election we would not have received any funds at all for our candidates for the lower House because the average vote

obtained by them in the electorates in which they stood was 4.4 per cent. We did surprisingly well in the election for the Upper House and we would have got some funding there because we received 2.89 per cent.

1346. You believe that the 2.5 per cent and the 5 per cent represent a fair minimum requirement?—A. Yes, to really justify public funding in election campaigns some limit must be put on to justify the expenditure of what could be hundreds, thousands or millions of dollars.

1347. In paragraph 5 of your submission you define a political party for the purpose of your scheme. Do you think that a party should be registered?—A. Possibly something like that would be permissible as long as it was only for the purposes of this electoral funding. Perhaps a registrar would be established to which the parties would have to apply. They would have to meet the terms given here. I think this would cover all serious parties but it would exclude the joke parties, the one-off parties. Without being too specific, perhaps the definition we give in paragraph 5 could be developed.

1348. It has been suggested that parties should register for the purposes of funding and that their constitution should be lodged with the registering authority and certain conditions laid down. Would you agree with that as a concept?—A. Our constitution and political programme are available to the public, so there would be no objection to that.

1349. It would not be contrary to your submission?—A. Not at all.

1350. Do you consider that the names of those who donate funds to a party should be made public?—A. Some names. I think you have to balance off a number of factors here. A real problem, which has been raised by a number of parties, is that people or companies could be victimized if they made donations. It is hard to establish what kind of level should be set. Our submission states that there should be a level below which there would be no disclosure of donations. I suggest here that it should be about \$500, that donations of above that sum should be publicly known. The great difficulty is that money can be laundered and put through all kinds of channels. A number of individuals could put in a sum below the limit set. It would be difficult to police that situation, but in principle we support that concept.

1351. The academics recommended \$100 as being the sum above which disclosure should be made. You suggest \$500. Would that sum not make it easy for people to get together and donate a sum just below the level set?—A. Yes, that is why it is hard to have much of a limit. The reason we chose \$500 was because an ordinary person would be more open to victimization in terms of his job and other things than a person or a company giving a sum above \$500. They would be more able to cope with the situation which might be a discriminatory one.

1352. You have set an arbitrary figure; would you agree to a higher or lower figure?—A. I do not think it should be any higher. Perhaps it should be lower. In our party, individuals who would be most open to discrimination might donate \$100 or \$200. It would be bad if people, whose hard-earned money goes to an election campaign, would be then open to discrimination.

1353. Do you think there should be a limit on spending?—A. Yes, but what that limit should be could only be debated once some form of electoral funding was commenced. It is hard to say what that limit should be. You could set a limit and then electronic media advertising rates could change and make that limit unreal within a few years.

1354. Would there be any advantage in setting a limit?—A. Yes, in terms of the way elections are funded at the moment, there would be an advantage in it. It relates to one of the reasons why we support funding, that is, that money should not be one of the decisive factors in generating advertisements and support for a party. Money is unequally distributed in society. Obviously some can give more than others.

1355. How should we arrive at a fair limit?—A. I think that it would have to go in tandem with a system of electoral funding which allocated a certain basic media time to parties, and we would then see how that operated. That system might be rough and ready, but anything else would be more arbitrary unless it was done in the context of control by an independent authority over how much media time, for instance, was used.

1356. You suggest that the basic media time should be booked by some authority, not the party?—A. Not exactly. An electoral funding authority should buy the time and the actual booking would go through that authority. The party would then book the time and it would have to take its chance. If we want, for instance, ten one-minute commercials just before the 6 o'clock news, it would have to be on a first-come first-served basis, so that all parties have an equal chance to book the time they want for their advertisements.

1357. If the commission reserved time, how would the parties get access to it, through the commission?—A. Yes, it would buy the prime television time and the party would then apply for certain times within that period from the electoral funding authority.

1358. The electoral commission might play favourites?—A. You could ask the same question about the State Electoral Office. You have to trust people. Some safeguards should be written in to it. The functions of the State Electoral Office and the function of public funding should be quite separate.

1359. Would the time a party occupied on such reserved television time come out of their allocation of funds?—A. In fact they would not have funds directly; they would have ten one-minute commercials or some similar arrangement.

1360. Would that preclude a party from buying its own time?—A. No, of course it would not. In fact, they could take their minimum allocation of media time, then book a whole lot more in the expectation that if they received substantial support—of 40 per cent or 50 per cent—their bills would be paid—they could send their bills to the electoral funding authority. If the party did not get the level of support it would have to pay it out of its own pocket but there would be little money handed out or dispersed; it would mainly be in terms of media time.

1361. The time reserved by the commission for them would be calculated against the maximum they are permitted to spend?—A. I do not understand.

1362. You are suggesting a maximum which a party could spend on an election?—A. I said a maximum could only be arrived at once electoral funding mechanisms as I have described come into operation. Supposing electoral funding came in at the next election, there should not be an upper limit set; it would have to be a minimum allocation, and then the bills for time above that would be paid. Then the electoral funding authority

would have facts before it about how much each party spent in terms of media time and any other expenditure. Once they have all those facts, a realistic upper limit could be set.

1363. Have you estimated how much money would need to be in a fund to establish this?—A. We have recommended that the fund should be made up of 10c per voter. This would give a figure of about \$308,000 altogether. It would be fairly simple to work out on the population of New South Wales.

1364. Do you consider that sufficient for the purpose of electoral funding?—A. I do not think it would cover everybody's electoral funding. The reason for that is that I do not think the State or the public should bear the whole cost of elections. It would be very bad if parties became dependent on one single source for their funds, because there is a role for fundraising and for individuals to put their money where their mouth is. By the same token, we agree that some funding should be given to parties from the public purse. We agree with the Liberal Party submission as reported in the *Sydney Morning Herald*, that is, to compensate for the advantages of incumbency.

1365. I am concerned about the figure of \$300,000. Have you any idea what proportion that would be of the cost of running, say, the last State election?—A. No. It would be fairly small. We do not have disclosure of spending, and our party is not among the big spenders. So we would not really know what the whole amount for all parties would be.

1366. One party has estimated its expenditure at \$750,000. Would you consider that to be a reasonable amount for a party to spend?—A. At least the Labor Party considers it too high when they have to rely on their own resources, their own resources coming from people who do not receive high incomes.

1367. Do you know how much money your party spent on the last elections?—A. I really do not know. It would be of the order of \$1,000 or \$2,000.

1368. Is that information available?—I am sure that our candidates filled in the returns, which we fill in after every election. I guess it would be available from whoever holds those documents.

1369. There is no return by the candidates required under the State law?—A. Well, I mean I could make that figure available at some stage.

1370. I thought you said your central organization paid all the expenses?—A. It does. Well, in Sydney the central organization is the Sydney district committee and in the last election it paid expenses for our candidates in four electorates. The amount expended was about \$1,000 or \$2,000. That sounds piddling, but that is because we rely on leaflets, posters, doorknocking and street means, which of course are very inexpensive.

1371. Mr LANGE: Does that amount include your expenditure on the upper House elections?—A. Yes. I am trying to think whether it included the deposits. The deposits might have been above that.

1372. CHAIRMAN: Is your funding statement a public document?—A. No. Our funding statement for that election, is that what you mean?

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1373. Yes.—A. Not at this stage.

1374. Is it made available to members of your party?
—A. Yes.

1375. Do you think your party would have any objection to making it public, or making that information available to this Committee?—A. It is hard to answer on the spot but I do not think so. Perhaps it might be embarrassing because it would be so little and other parties spend so much. I could not really give a straight yes or no. I would have to consult with the electoral bodies.

1376. Would you be prepared to go back to your organization and discuss this aspect with them with a view to making a public statement to the Committee or a confidential statement to the Committee?—A. I would be prepared to discuss it with them.

1377. Mr LANGE: Is the Communist Party of Australia, Sydney District, pro-Soviet or pro-China?—A. It is neither.

1378. Could you elaborate where the allegiance of the Communist Party of Australia stands?—A. Our party is the original—and best. Our party has gone through a number of splits, as have other parties. In the early sixties people who avidly and blindly followed the Chinese Communist Party formed the CPANL, and in 1971 another party was formed, which has uncritical support for the Soviet leadership. We see ourselves as an independent and truly Australian party.

1379. How many members would there be in the Sydney District CPA?—A. Just over 500.

1380. How many branches would you have?—A. About thirty.

1381. Are they all within the Sydney area, or does the Sydney District extend to Wollongong and Newcastle?—A. No, it goes to the Blue Mountains, down to Port Hacking and up to Woy Woy.

1382. What is the subscription for membership?—
A. You mean of the Communist Party?

1383. Yes.—A. It is according to income.

1384. Is it a percentage of income?—A. No. I can tell you what the exact figures are according to our card. These amounts represent membership views, which simply means that a person is financial. It does not mean we expect comrades to give more than their membership. For people earning up to \$65, it is \$6 a year; for people earning between \$65 and \$95, it is \$24 a year; for those earning between \$95 and \$125, it is \$36 a year; for those earning between \$125 and \$165 it is \$72 a year; and over \$160 it is \$96 a year.

1385. Into which particular category would the bulk of your members fall?—A. Which category are we talking about?

1386. The categories you just gave.—A. I thought you meant the social category. I do not really know. We have a lot of students and pensioners, who would obviously be in the first category of under \$65 a week. I could not give an answer. There are skilled workers who earn more than \$160 clear, and I guess the bulk would earn round about \$130 or \$150 clear.

1387. How many trade unions are affiliated with the CPA?—A. None.

1388. None at all?—A. No.

1389. Do you receive any donations from trade unions?
—A. Not from trade unions as such, I do not think, but from individual members. From some big factories and other areas at election times there are collections for elections, including for ourselves.

1390. Has it always been the policy of the CPA, Sydney District, to support public funding?—A. That matter had not been considered before the last elections.

1391. How is the policy determined?—A. There was a discussion with the electoral committee of the party and discussion in the district committee itself.

1392. What was the decision?—A. The decision was couched in terms of putting in a submission to this inquiry. I cannot remember the actual terms, but it supported public funding with the proviso that it would be mainly in terms of all parties, especially minority parties, having access to the electronic media.

1393. In your submission you said funding should be available to all parties and independent candidates except those advocating racism. Is that so?—A. Yes.

1394. You do not see any organization being otherwise limited?—A. Well, I do not know whether there is a party which advocates racism. Some groups do. But I cannot see any other restrictions.

1395. What about a party that might advocate terrorism? Would you see it as desirable that such a party should be funded?—A. I do not think a party would advocate terrorism. I do not think individual terrorists would advocate terrorism. They would be setting themselves up.

1396. A moment ago you said that you did not know whether any party advocated racism. Why was that statement included in your submission?—A. Because we see electoral funding mainly going to parties, and if a party was formed which set out quite clearly to violate the spirit of State and federal legislation on race relations and discrimination then, just as federal and State Acts are punitive about racist practices so any punitive measure against racism and the encouragement of the racism should mean that that party does not receive funding from the State Government.

1397. What about a political party that might be aligned with trade unions who are actively opposed to Asian immigration?—A. I do not know any trade unions that are actively opposed to Asian immigration, as against having some policy of restriction on migration. That situation really puts the whole thing one removed. If a body is affiliated to a party and that body is racist, even so it is one removed from the party itself.

1398. You say that the funds should be applied for any legal purpose. Do you believe that demonstrations would be any legal purpose.—A. Illegal?

1399. Yes?—A. Most demonstrations are legal, so far as I know.

1400. How would you determine legal purpose? Would you elaborate on that?—A. The purpose relating to the electoral campaign. Maybe it could be argued that a demonstration has some relation to an election campaign. Normally it does not, but it really might.

1401. Do demonstrations form an important part of campaigning by the CPA?—A. Not at all.

1402. What do you mean by directly related to an election? Do you mean limited to the last two or three weeks of an election campaign?—A. Basically it is directly related to an election. That carries within it advocacy about which way a person votes. Generally that occurs a few weeks before an election. It should be more.

1403. Would you support the provision of funds for the on-going campaign and research of a political party that was started by some people immediately after the last election?—A. I have not thought of that. Because that question had not been raised, in my mind the terms of reference or the meaning of funding of elections relate to the actual election itself, not to surveys that may be begun three years before the election.

1404. Do you have any groups affiliated with the CPA?—A. No.

1405. Do you sponsor any front organizations?—A. We do not. You might be interested to know that one of the changes that occurred in the CPA was when the people who supported the pro-Chinese and pro-Soviet position left us. So that the practice whereby a party would try to or attempt to dominate other organizations was strongly discouraged. It was not genuine or real or democratic. So we do not have any fronts at all.

1406. Prior to the split was that an active part of the organization of the CPA?—A. No. I think that the parties had had certain practices that it has criticized since then. They came about through its allegiance to certain methods of Communist politics that originated overseas.

1407. Do some of your members take an active part in other political organizations?—A. Of course.

1408. What organizations?—A. Organizations dealing with almost anything under the sun, from solar energy, peace and other issues.

1409. Could you name some of them?—I hesitated when you started asking questions about membership and funding. I do not want to point the finger at anyone. I think that the nature of those associations is that they are voluntary. It should not be up to a party official to compulsorily disclose what organizations people belong to or are involved in. The main organizations that people are involved in are trade unions and environment groups.

1410. What other political organizations are your members actively involved in?—A. What other political organizations?

1411. Mr CAVALIER: I take a point of order as to the relevance of the line of questioning by Mr Lange as to what organizations the Communist parties are involved in. I take a point of order also on most of the preceding questions. I cannot see the relevance.

1412. Mr LANGE: The relevance is that there has been some suggestion there ought to be compulsory disclosure of donations made by front organizations that support a particular political line or particular group of candidates. If that were to be the situation, we would have to know to what extent disclosure would be required from other organizations.

1413. CHAIRMAN: It is a difficult point. Witnesses from other parties have refused to name those persons who contribute to their funds. The same courtesy should be given to this witness as has been given to other witnesses.

1414. Mr LANGE: With respect, I think that if this Committee is to consider compulsory disclosure of donations—and it has been recommended that donations to front organizations ought to be disclosed, the same as applies to the three or four major political organizations—I do not know how it can make a proper assessment unless members of the Committee know the extent to which organizations are supported.

1415. Mr EGAN: That question has been put to the witness and has been answered. The question is now whether the witness can give the Committee information about organizations to which his party's members belong. I fail to see how that has anything to do with front organizations. A person who belongs to a particular organization probably belongs to another one. The sort of question that Mr Lange has put to this witness could have been put to other witnesses and it would have been irrelevant, as it is in this instance.

1416. CHAIRMAN: Do you wish to answer?—A. We receive no donations from organizations, whether you consider them front organizations or not. We do not receive donations from organizations, but from individuals. Donations come from members of the party and its supporters. It is done at a voluntary level. It is not like a situation with the trade union giving a certain amount of money, or any organization giving money to the party. I cannot see the relevance of naming what organizations. It seems to have no relevance to funding.

1417. Mr LANGE: The reverse is really the situation, as to whether the Communist Party of Australia supports any other organizations that might pursue its objectives?—A. The party has enough financial problems of its own without supporting other organizations. It does not support other organizations financially; it cannot.

1418. No other organizations?—A. I cannot think of any organizations that we give financial support to. We might—no, I really cannot think of any.

1419. Would you be aware of that if it did take place?—A. As I say, I am the secretary of one district of the party. It is one district out of ten or so in Australia and one out of three or four in New South Wales.

1420. Do you believe that there should be disclosure by organizations, which I will describe as front organizations, just as there ought to be for political parties?—A. Disclosure by front organizations?

1421. Of funds donated to front organizations?—A. Which contest election campaigns?

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1422. Or which support candidates in campaigns but do not necessarily stand candidates?—A. The people who run candidates are parties or supporters of independents: If there is to be any disclosure, they are the ones who should be doing the disclosing. As I said, it is fraught with difficulties—for reasons that have been raised also by the Liberal Party.

1423. If disclosure were required of political parties and they declined to do so and diverted their funds to other organizations, would not this be a simple way of avoiding the disclosure provisions?—A. A representative on the Stock Exchange could advertise basically free for the Liberal Party; that is one of the problems that any compulsory disclosure would bring forward. I cannot think of many organizations that would openly support Communist Party candidates.

1424. Do you think that there could be an effective system of disclosure that would oblige donors to political causes to have their donations made public?—A. Any effective system?

1425. Of disclosure?—A. I am sure that one exists somewhere, but I cannot give a pat solution.

1426. Could you give any indication of any that you are familiar with?—A. In our submission we put in a qualified way that donations above a certain level be disclosed. As is clear from the submission, we did not fix an actual amount, because of the difficulty that the Chairman has raised.

1427. Your party polled 2.8 per cent of the vote at the last Legislative Council elections. You indicated that you were surprised at that level of support?—A. We were very pleased with it and somewhat surprised.

1428. You had the number one position on the ticket?—A. If you consider the left-hand side of a horizontal ballot paper as number one, we did.

1429. Would you attribute some of that 2.8 per cent to the position on the ticket?—A. Yes, I would.

1490. What percentage?—A. I do not really know whether that can ever be fixed. The only estimate I have here is from Malcolm Mackerras, who I think said you have to take one per cent from the total vote that a party would get by having that position.

1431. Was the 2.5 per cent set by your party as a threshold for Upper House elections, bearing in mind the 2.8 per cent received at the last elections?—A. No. It was put there because it is difficult for parties, especially those based in metropolitan areas, to effectively campaign throughout the whole breadth of the State. Thereby it should be lower than the 5 per cent figure we thought was adequate for contesting the Legislative Assembly.

1432. You mention a basic minimum allocation of \$15,000 per party. Would that go substantially towards covering your normal administrative costs?—A. I cannot see how it would cover any of those, except those associated with the election. The \$15,000 is in media time, not in administrative costs.

1433. You do not support the view that administrative costs should be covered in any way by public funding?—A. Maybe you should define administrative costs. I suppose there would be some administrative costs, or extra costs, incurred at election time. I suppose they should be covered. It is not a question of funding political parties per se, but of funding election campaigns.

1434. Would you stand more candidates at State elections if government funding along the lines you have proposed were introduced?—A. I think that the opportunity would be there. If, for instance, the formula of media time were used rather than a cash handout, it would be more likely that parties such as my own would concentrate on statewide elections, like the upper House elections.

1435. How would you make arrangements, if at all, with other branches of the Communist Party in Australia if government funding were introduced? How would you determine how you would receive it rather than another organization?—A. It is a set fund. You may be cynical about this, but we would have to be quite honest about it and not divert it or do anything like that. The organizations in New South Wales that might receive the funds would be in Sydney—my own organization—and Newcastle and Wollongong.

1436. Is the CPA Sydney district the only Communist Party that contests State elections in New South Wales?—A. No, as I said, there are Newcastle and Wollongong organizations that run candidates.

1437. There is no likelihood of a merger of those organizations?—A. For the purpose of electoral funding there might be some sort of consolidation, simply in terms of knowing all the expenditures that are incurred. There might be, again in terms of using media time, an advertisement which would be lodged with a television station that might reach Newcastle or Wollongong that mentioned the candidates; but it might require some further centralization on the question of elections.

1438. Does your organization take part in any sort of continuing campaign in between elections on particular issues?—A. On particular issues it does, but not on electoral issues.

1439. But on electoral issues?—A. I suppose you could say many issues could be election issues.

1440. For that reason would it be desirable any funding be at the discretion of the party spread over a three-year period, rather than a three-week period?—A. I think the public suffers from short election campaigns and snap elections, which both major parties seem to like to hold when it suits them. What we are talking about is the funding of election campaigns, not campaigns that might emerge before any election is really in the air.

1441. The anti-nuclear campaign, are you active in that organization?—A. Not personally.

1442. Is your party active in it?—A. Not as a party.

1443. Members of your party are associated with it?—A. Yes.

1444. Do you think it desirable government money be available for that sort of campaign?—A. No, because the money would go to a party, it would not go to a movement against uranium mining.

1445. Who determines how the money which you now receive is spent?—A. The district committee.

1446. Mr ANDERSON: From what you have said, there has been some split within the Communist Party in recent times. How has that been handled in terms of the distribution of assets and how would you see it being handled if your party was in receipt of public funds and a split ensued?—A. I think it is unlikely that a split would ensue during an election campaign, or that you would have a situation where two parties merged in the middle of an election campaign. The splits were separated by fifteen years and I do not foresee any in the future.

1447. I am sure that you appreciate that one point of view expressed by people opposed to the concept of public funding is that certain parties, including your own, may well receive funds?—A. Is that so terrible?

1448. I am not making a comment, but I am just asking are you aware that that has been an expression of opinion by some in terms of making a submission?—A. Yes.

1449. The thing that concerns me is the statement on page 7 of your submission with regard to the exclusion of small, new or sectionally interested parties. That seems to be in conflict with the point in paragraph 1 on page 1, which was referred to by Mr Lange, where you are proposing to exclude possibly one particular grouping. Would you agree it is either all in or none in?—A. It has to be taken in the context of the State and federal laws, which discourage racist practices. I can see why people would say one in, all in. In setting itself guidelines, society sets itself towards militating against racism and this public funding should not go towards encouraging objectives that the society finds reprehensible.

1450. Who determines what society finds reprehensible?—A. Take the Communist Party directly: in the early 1950's the existence of the Communist Party was thought to be reprehensible and that it should be banned. There was a referendum and the democratic forces were strong enough to roll that back. People do not approve of the Communist Party's policies necessarily, but they approve that it should exist and that it is not beyond the pale, as a party that openly advocate racism would be.

1451. I assume from your submission that you support the concept of thresholds. It has been suggested that the thresholds should be 6.25 per cent. Obviously your submission does not agree with that. What strong views do you have with regard to the 6.25 per cent?—A. It is designed to entrench parties that can on a statewide basis win a seat in the upper House. That kind of approach does nothing to increase public cynicism about electoral funding. It really is a case of taking away the advantages of incumbency, as the Liberals said.

1452. Would you support a proposition that if the donkey vote could be quantified at 1 per cent, there ought to be some provision, if a scheme were introduced, whereby the party drawing the top of the ballot paper had 1 per cent deducted from its poll vote for the purpose of ascertaining funding?—A. I can see why people might see that as a mechanism which could be valid. It is very difficult. I referred once to the donkey vote in an election campaign and a comrade, whom I respect, said that he did not like that term because he did not think people were donkeys. People who vote down the ticket, or across the ticket, in some ways could be said to be expressing a political point of view about elections generally and a point of view that not many of us would agree with, that politicians and parties are irrelevant to their life.

1453. Are you aware, from your own knowledge—and I am not particularly referring to your own party—of overseas donations to yours or any other political party or group in Australia?—A. I suppose the biggest source of overseas donations in this country—depending on your definition—would come from multinational companies, which would make a donation to political parties. Just to talk about the Communist Party, we do not, and to my knowledge have not, received funds from overseas.

1454. What about the other groupings?—A. You would have to ask them.

1455. From your experience?—A. When the pro-Chinese party was formed I was not around and they considered themselves underground and there is no way of knowing. It is very hard to say.

1456. Mr FISCHER: Do you agree that the introduction of public funding in Australia at a State or federal level is, to some extent, a new concept of the political process, stepping out into a new era of political operation in this country?—A. It is new, of course; it would bring changes that perhaps nobody could foresee.

1457. Have you studied the operation of public funding of political parties operating overseas?—A. No, I have not personally.

1458. Have you travelled overseas?—A. Yes.

1459. Have you been to Europe?—A. Yes.

1460. You did not study this particular subject there?—A. No; it was many years ago and the question really did not exist for me.

1461. Have you been to Moscow?—A. Never.

1462. And never to China?—A. No.

1463. The comment you made a moment ago that perhaps the largest amount of foreign funding is occurring through multinational companies?—A. I said it depends on your definition of overseas funding, whether you would include that.

1464. Are you aware of publications by foreign countries in this country for the purpose of promoting their philosophy, their country and their government?—A. I think every embassy produces material of that nature.

1465. Including the Russian and Chinese embassies?—A. Yes—I do not read it, but I guess it is produced; I have seen it, I suppose.

1466. Given the totality of the one-party governments of Russia and China, do you feel the publications of those particular embassies directly or indirectly is a benefit to your party?—A. The publications?

1467. Yes?—A. They are of no benefit because mostly they criticize us and say we are revisionists or nationalists and they have disowned us, and really we do not mind that.

1468. In the basket of international Communist parties would the Communist Party of Australia be more in line with the Communists of Italy or the more nationalized western European Communist set?—A. We have not taken a decision, but we do not look to any overseas centre as being a repository of truth. We are, in one sense, I

Witness—D. C. McKnight, 22 April, 1980

suppose you could say, a nationalist, but you would have to qualify that immediately. In that sense we believe we have to find our own road to socialism. A rough and ready answer is that the Communist Party finds some common ground with European Communist parties, which make it a cardinal principle that there is no Pope and no overseas centre that should dominate any movement.

1469. Mrs GRUSOVIN: I refer you to paragraph 4 on page 1 of your submission and your allocation of this funding on a 2-tier basis. You recommend that a sum of \$15,000 be allocated to a party irrespective of size et cetera, and to each independent candidate the sum of \$1,000. What happens if that candidate does not poll 5 per cent of the vote; you do not seem to make any mention of that? Is that for an independent candidate regardless of whether the candidate loses the deposit?—A. I think I have been going through some of the problems that many members of the Committee have gone through trying to juggle deposits and allocations, whether you get them before or after elections.

At the beginning I suggested because there is an imbalance or inequality in society, there is a particular imbalance now, in that we have a fairly entrenched two-party system and minority parties and independents, some of which might receive well above 5 per cent or 10 per cent and really the people they represent have no representative. To redress the balance requires a change in the electoral system, but that is not before the Committee. Another way of trying to redress is by saying that we will have a period of two or three elections where independents and small parties get automatically a minimum allocation and after that period they are on their own, they are taken on their own merits. Then the Electoral Funding Authority would have a look at how those parties have gone over the two or three elections for which they received some public funding. There would be no automatic allocation of money. It really depends on actual support, and we say it should be support of 5 per cent of voters in the electorates and 2½ per cent for the upper House. Do you see what I mean?

1470. Yes, but I think there are some problems there. You seem to be definite in your view that funds should be allocated to parties in the form of media advertising costs. You speak of ten one-minute advertisements?—A. Mainly, but not exclusively.

1471. It seems that you would want the funds to be allocated to a central organization?—A. The submission talks about the electronic media. Frankly, it should be a case of local papers and local radio stations being included as media, and costs for advertising in that media should be compiled by the central organization. There should be no discrimination against people who live out of the Sydney metropolitan area.

1472. You have not made much reference to that aspect—A. No. I apologize for that. It is not the spirit of the submission that people in non-metropolitan areas should be disadvantaged.

1473. You speak of the establishment of a statutory authority, perhaps to be called the New South Wales Electoral Funding Authority. What sort of persons do you envisage as members of the authority? Have you given any thought to that?—A. No. The mysteries of how people come to be appointed to commissions and authorities are beyond me. The difficulty is that a government could stack it with its own people. That is always a problem with nominally independent authorities. It happened in the ABC; a nominally independent commission has been

stacked with people of a particular political persuasion. I do not know how you could overcome that. At present the Government appoints people and if the appointments are too blatantly political or supportive of its point of view, the Government falls into public shame. I have not thought of how that could be overcome.

1474. In paragraph 9 of your submission you mention that at the time writs for an election are issued the Electoral Funding Authority should purchase prime time on each of the commercial television channels. Do you not think that that would be setting up a new bureaucracy? Have you thought of a different approach of allocating funds to a party and allowing the party to decide its own advertising timetable and so on rather than having a new bureaucracy to handle that side of it?—A. The major expenditure that is crippling at least some parties is the cost of electronic media time. If media time were bought by an authority, obviously it would have to buy a range of time. Parties could then choose when they wanted their advertisements to go to air. Everyone would want prime time and that is why we have specified it. Some audiences would not be reached by prime television time. I could not give you an example, but it would have to be open to the parties to have a reasonable selection of times during which they can put their material forward.

On the question of a whole new bureaucracy, unless some new body is created it will be harder to win public support for it. Therefore, some new bureaucracy is necessary. The problem you raised about the type of person who would be appointed to the authority is a real one. The workings of the new bureaucracy would have to be public as also would the way it goes about buying media time.

1475. Mr CLOUGH: Your submission deals with the philosophy of the Communist Party of Australia. Do you agree that the New South Wales constitution provides for a democratic free enterprise system?—A. I have never read the New South Wales Constitution.

1476. On that basis let us accept that it does. Does your party support collectivism as opposed to private enterprise and freedom of the individual?—A. I am glad you asked me that because one of the changes that has come about in the Communist Party's view relates to it. Really, if you try to have total collectivism you may get a dangerous bureaucracy emerging. For reasons that we might even agree on, a certain amount of individual freedom in business and a certain amount of free play on the market are necessary to avoid a bureaucracy. So one of the points on which we could agree is that there are communists who, though they support nationalism of major companies, believe it should be open to individuals at a certain level to initiate and develop enterprises and to carry on free enterprise practices. But I do not think anyone in the party is under the illusion that if you nationalize everything down to private cars it would be a good thing. In fact, it would be a bad thing. Although we are a socialist party we do not believe that toothbrushes and motor cars should be nationalized. There must be some free play of the market and some individual enterprise within a certain context.

1477. Do you agree that to date the electors of this State have not signified a preference for collectivism?—A. I do not know where the Labor Party's socialist clause is at these days, but the party is constantly called socialist by some people. If that is the case, time and again the people of New South Wales have endorsed a socialist party; that is, the Labor Party. Obviously, I say that a

little bit tongue-in-cheek. The Communist Party does not have massive support in this State and it should not receive massive funds, but it should receive some funds in proportion to its support.

1478. Would it not be inimical to our accepted democratic principles for your party to receive funding assistance from a source to which it is diametrically opposed?—A. First, I do not think you could say that we are diametrically opposed to the State Government.

1479. My question relates to the system. We have a free democratic system in this State, a Government elected by the people. I suggest that you are asking the taxpayers of this State, who favour a system of free democratic elections, to support you by giving you some of their funds to tear down that in which they believe?—A. You can only support that argument by imagining the Communist Party on one side of the spectrum and the public on the other. The fact is that the Communist Party has some support among the public. We could argue for a long time about the principles of the Communist Party being inimical to the system of government or other things. I can see the problems that would exist if the Government did the right thing and gave money or media time in proportion to the support that a party receives. That is a problem, I guess. All kinds of campaigns could be whipped up about the Communist Party, which is supposedly against democracy, receiving funds. But, really, it is not a party that wants to destroy democracy. In fact, if you want to develop that point, I think that many of the democratic mechanisms and rights that people have in this and other countries have been won because of struggle by people, some of whom were Communists. It was a great thing that the Communist Party was not banned following the referendum in 1951. That was a victory for the democratic forces and in that struggle the Communist Party was the central actor.

1480. Mr BRUXNER: In paragraph (a) (ii) of that part of your submission dealing with the terms of reference of the Committee you mention that your party believes that funding is related solely to the election for which it is being provided. What is your definition of an election campaign for financial purposes? What do you consider to be the period of an election campaign?—A. I suppose the only answer I could give to that—and it is not a good one—is after an election has been called or after the writs have been issued. It is difficult because all parties campaign in one way or another when the election is within sight. That is what is happening now in the federal sphere. Everyone knows there is to be an election. The date has not been fixed, but things are in motion. I guess it would be difficult or impossible to provide funds for parties to conduct campaigns, say, five months before an election. We know there is going to be an election only one or two months beforehand.

1481. You would not suggest that an election campaign continues over the full three-year period between each election?—A. To some extent it does, but the question is not whether it is or not but whether funds should be provided for the whole period.

1482. Your party does not expect to receive funds over the whole of that period?—A. No, I do not think so. However, it may be possible for a party to appoint a person whose main responsibility is to prepare for election campaigns. There might be a case for that person's wage being paid. This relates to something Mr Lange brought up earlier. It is difficult to say exactly when an election campaign starts. The Committee may have to state that a campaign begins and ends at a certain time.

1483. You consider that if a system of public funding were implemented, private funds should also be available to political parties?—A. It would be wrong to forbid people giving money to political parties. The only thing that could happen is if an upper limit were fixed beyond which the party would have to refuse donations.

1484. You said an upper total limit would have to be fixed; do you mean a total to a party or an upper limit for each individual donation?—A. I do not think you could say that there would have to be an upper limit on the donations, but there may be a case for an upper limit on the expense incurred in an election campaign.

1485. In terms of expense, not funds received?—A. I should find it hard to refuse a \$10,000 donation if someone wanted to give it to the Communist Party, if a limit of \$5,000 were fixed. I do not think any problems will be solved by putting an upper limit on individual donations.

1486. You think that if public funds were available, there should be a ceiling on the amount of private funds which a party could spend in that particular campaign?—A. I think in principle there should probably be such a system but, as I said before, you could arrive at such a ceiling only after electoral funding had been in operation for a few elections. The position could then be reviewed.

1487. You recognize a need for parties to have access to private funds?—A. Yes.

1488. You said your district has about 500 financial members; what proportion of your district's income would that represent? In terms of membership subscriptions, how much of your total annual income would that represent?—A. It would make up most of our income. That would be hard to say. The other part of our income comes from fund raising activities.

1489. Do you issue a report in the form of an annual balance sheet?—A. Yes.

1490. Is it available publicly?—A. No.

1491. Is it available to the party only?—A. To the party.

1492. To certain members of the party?—A. I think it is open to all members of the party.

1493. Any member of your party in the Sydney district would have access to that information?—A. They would have to request it. It is not sent to them as a matter of course.

1494. Your submission sets out a sum of 10c in respect of each enrolled voter. You say this would have provided \$308,566 in the 1978 election. Would you be aware that this, in no way, would cover the costs of the major political parties, not taking into account smaller parties or independents?—A. Yes. I do not think there is any principle which you can invoke to say that it should be any set sum. The considerations involved in this question are that parties should not be wholly dependent on one source of funds, that is the State funding authority, and that there are valid calls on the public purse. Moreover, if all the expenses of a party are covered, which may run into several millions of dollars, that could be hard to justify to the public. Cuts are being made in hospital expenditure. Perhaps the State Government is not responsible, but certain areas of funding have been frozen. It would be hard to justify all this expenditure being covered by electoral funding.

Witness—D. C. McKnight, 22 April, 1980

1495. You would not like to see anyone forbidden by law from contributing to the Communist Party or any other party because other funds were also being made available?—A. It would be wrong to tell a person that you could not accept his money. You have also got to weigh that up with the question of an upper limit on funding or expenditure in an election campaign. That would be difficult to police because someone could give you \$10,000 in January, there could be an election in December, and you might be prevented from accepting donations in that period because you had reached your upper limit. If that happened, the ground could be cut away from under you because someone might give you money outside an election period.

1496. This reinforces your belief in access to private funds by political parties, whether public funds are available or not?—A. I think there has to be access to private funds because I do not think you could refuse people who wish to subscribe money to you.

1497. Mr CLOUGH: You are saying that there should be an upper limit set and that you should be permitted to receive private donations; you say also that public funding should only meet the shortfall between what you receive in private funding and the upper limit imposed?—A. I am not saying that at all. It would be difficult to implement an upper limit on funding although in principle it should be agreed that there should be a limit on how much is spent in an election.

1498. Some system should be devised to deal with this?—A. Yes, I think there should be some system, but it may be that an upper limit on expenditure may have to be foregone.

1499. But for the existence of this Committee, would your party have preferred to have continued to go along with the system under which there was no funding and rely on private donations and fund raising activities?—A. We would not prefer it because we are at a great disadvantage, as are other parties that draw their support from workers or people in receipt of benefits. Those people represent a disadvantaged or a relatively poorer section of society than parties which might have a stronger base among people in businesses or the professions.

1500. Does your party support the compulsory disclosure of your accounts?—A. One part of the submission deals with that.

1501. Would your party be willing to provide a public statement of its financial affairs relating to an election campaign?—A. Yes.

1502. But not for general administrative purposes?—A. No, I do not think that is required because it does not come within the concept of electoral funding.

1503. CHAIRMAN: I am concerned about your basic minimum allocation. You mentioned \$15,000 for media time, which would apply to a party. However, an independent candidate is mentioned as getting \$1,000. Is that in terms of media time?—A. In terms of this submission, that could be spent on media time or in other ways. There should be some check to see that funding is used for purposes relating to the election. It would be possible to have an electoral funding authority which would pick up the tab for advertisements in newspapers or cheaper radio commercials for an independent, up to the value of \$1,000.

1504. You set an upper limit of \$300,000 for a pool; assuming there were ten parties, as there could be if small parties were funded, on the worst view that could be \$150,000 to the parties?—A. You must remember that there is only an automatic allocation to parties for a number of elections. After that, there is no automatic allocation; there is a judgment on merits, on how parties went in elections in respect of which they were funded. That would cause an immediate problem because if the fund had \$300,000 in it and if, in the first few elections, ten parties each received a minimum of \$150,000 perhaps 10c a voter would not be enough.

1505. How many independents contested the last State election?—A. I do not know. We did a calculation on this. That showed that under this system, \$150,000 or even \$200,000 would have to be spent on independents and parties before there was any allocation of funds above the minimum.

1506. Do you think the number of independents is likely to increase if they get \$100,000 out of the pool?—A. Yes, I think it would. You have to balance that probability against another concern, which is to allow a full flourishing of political views and that views not be restricted because of financial considerations. I mean it does not say anything, but it is in the Committee's hands to weigh up possibilities like having many independents, which could have an adverse effect on people's comprehension of a voting paper, and allowing for a full range of political views.

1507. Do you think your scheme of \$1,000 to independents could create a great number of independents at future elections?—A. Yes it could.

1508. Do you think that is desirable?—A. It is hard to say. I can see reasons why it would be a bad thing because it may well encourage what has been regarded or called joke candidates. But as I said, perhaps what is needed is a period where there are a large number of independents and perhaps only those that reach a certain level of support receive future funding. I guess that is a problem with the submission.

(The witness withdrew.)

(The Committee adjourned.)

(The Committee met at 11.00 a.m.)

Present:

Mr E. N. QUINN, M.P. (Chairman)

Legislative Council

The Hon. DEIRDRE GRUSOVIN
The Hon. H. J. McPHERSON
The Hon. W. L. LANGE

Legislative Assembly

Mr P. T. ANDERSON
Mr R. M. CAVALIER, B.A.(Hons)
Mr J. A. CLOUGH
Mr M. R. EGAN, B.A.
Mr T. A. FISCHER

PETER BEAU RANDALL MIDDLETON, Educational Administrator, residing at 3 Upper Cliff Road, Northwood, sworn and examined:

1509. CHAIRMAN: Did you receive a summons issued to you under my hand in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. I did.

1510. We have received two submissions from you. Is it your wish that both of those should be included as part of your sworn evidence?—A. Yes, it is. Those submissions read as follows:

10th December, 1979.

Chairman, The Joint Committee Upon Public Funding of Campaigns for Election,
Parliament House,
Macquarie Street,
Sydney, N.S.W. 2000.

Dear Mr Chairman,

The State Executive of this Organization has asked me to forward a preliminary statement of our position on the matters coming before your Committee.

The national policy of the Australian Democrats supports the public funding of candidates for election to Parliament, in the interests of good government.

I would be grateful were you to forward me a copy of the detailed terms of reference of your Joint Committee. After examining these, a more detailed submission to you may follow. It is also possible that I, or another member of the Organization, will be pleased to attend any public hearings you hold on the matters before you.

The following suggestions set out in outline form the manner in which we would submit that the public funding of campaigns for elections to the Legislative Assembly and the Legislative Council should occur:

- (1) Funding should be calculated on the basis of the actual votes gained by each candidate in an electorate, whether this be an Upper or Lower House seat.
- (2) The funds be paid to the organization which a candidate declares himself to be a member of; such organization being deemed a "Party" for purposes of the enabling legislation, even in the case of "independent" candidates.
- (3) Funds may be applied to any legal purpose by the recipient "Party".
- (4) A proportion of the funds shall be advanced to each Party, on the basis of votes gained by each candidate at the previous election. A final credit or debit of funds shall subsequently be made to each Party on the basis of the number of votes actually received at a given election, and shall be paid (or refunded) at the time writs for an election are returned.

(5) All donations to a candidate or to a political Party shall be publicly disclosed in a register, to be maintained by the State Electoral Office and in registers maintained by Parties.

(6) No free commercial electronic media time may be allotted to any candidate (or Party). All media time shall be charged to candidates (or Parties) at a common rate, which shall be publicly disclosed and accounted for. Details of such expenditure shall be recorded in the register referred to above held by the Electoral Office.

(7) There shall be provided legislation to restrict expenditure on elections by any candidate for any electorate to a stated maximum sum. Such expenditure shall include that contributed by Parties and by donations (which shall, as indicated above, be recorded in the register referred to above). It shall be a condition of accession to a seat in the Legislative Assembly or in the Legislative Council that a full and complete return of expenditure be submitted by a candidate and that should such return be false in any particular or should the total expenditure exceed that allowed by law, the seat shall be vacated.

Should you require clarification of any of the points raised above, do not hesitate to contact me further.

Yours sincerely,
PETER MIDDLETON,

State Policy Co-ordinator for the N.S.W. State Executive.

Chairman,

Joint Committee of the Legislative Council
and Legislative Assembly Upon Public Funding of
Election Campaigns,
Parliament House,
Sydney N.S.W. 2000.

Dear Mr Chairman,

Further to my preliminary submission of 10th December, 1979, it would be appreciated if you could also take into account the supplementary proposals set out below.

I will endeavour to relate matters in our original statement and our supplementary comments to the order of areas as set out in the terms of reference of your Committee.

The terms of reference of your Committee do not themselves address the question of whether or not public funding of election campaigns is desirable. Apart from an affirmation that any means likely to increase the democratic nature of elections (and as a consequence reduce the likelihood of "undue influence" being exercised on Parliament or the Government by the few at the expense of the many) is fundamental to the maintenance of representative government, we will not here enter into this question.

Again, should you require clarification on any of the matters listed by me, do not hesitate to contact me further.

Yours sincerely,
PETER MIDDLETON,

State Policy Co-ordinator for the N.S.W. State Executive.

Witness—P. B. R. Middleton, 23 April, 1980

PUBLIC FUNDING OF CAMPAIGNS

(a) Points 1, 2 and 4 of my initial statement relate to this item. It will be noted that this system is designed to provide funding on the actual support any individual or group may obtain, irrespective of whether it is a major party, a party with a large measure of support over a very small area, a party with limited support gathered throughout the State as a whole, or an independent candidate. Since, in a Democracy, it is assumed that public funds should be apportioned according to the relative proportions of voter support to any group this system is probably the only means of obtaining such an outcome.

Clearly any measure of public funds which concentrated resources into major political groups only, instead of reflecting the measurable voting preference of citizens would be seen to be inequitable and contrary to any sustainable rationale for public funding. While allocation of funds on the basis of first preferences in a preferential voting system is the only clear way of achieving equity for such a voting system, an even more precise apportionment of funds could be obtained were all voting systems to be on the basis of a Hare-Clarke proportional system (sometimes termed quota preferential).

By-Elections: Public funding should be on the same basis as for general elections. However, any candidate contesting an election, subsequent to being obliged to vacate the seat through breach of the Act, shall not be entitled to public funding for that election. (See other references to penalties including point 7 in my initial statement.)

Under point 4 of my original submission we would propose that the proportion of funds to be advanced on the basis of previous support should be 50 per cent of the funds which would accrue were identical support to be received in the election concerned.

(b) Points 5, 6 and 7 of my initial statement touch on this item. It will be noted under item (d) that the mechanism of funding provides an indexed or adjustable ratio between maximum allowable expenditure and total commitment to public funding. We submit that the maximum expenditure permitted by a party or candidate should not exceed 100 per cent of the total possible funds available for public funding of all parties (i.e. candidates) in any given electorate (as defined below in item (d)).

Enforcement Provisions—Penalties for Breaches

- (i) *Candidate:* Required to vacate the seat if, after the return of writs for an election, the candidate or his party fails to lodge an accurate return of all expenditure undertaken on the candidate's behalf, or if expenditure exceeds the stipulated maximum for the seat—unless it can be established beyond reasonable doubt (onus of proof on the candidate) that he was unaware of minor discrepancies and took rigorous care to comply with the Act.
- (ii) *Other Persons:* Minimum jail sentence of 12 months for spending funds on behalf of any candidate or party without the written approval of a candidate. Such penalty is to apply to any individual or group of individuals concerned. (This provision should prevent conspiracies against innocent candidates and eliminate any temptation to flout the law by people for whom monetary penalties are of small account.)

While these penalties are severe, it is our view that the law should affirm that the maintenance of a democratic system of government is paramount and that no person or group of people should be immune to the force of the will of the people in insisting that the complexion of parliaments and of governments clearly reflects the wishes of the electorate at large. (It will be known that the nation often regarded as the heart of capitalism—the U.S.A.—now provides public funding for Federal elections and has severe penalties for breaches, though neither the schemes of funding nor the penalties are the same as those proposed here, nor in our view as effective.)

Media Time/Space and Advertisements

- (i) No free time or space should be permitted to be given by the media to any Party or candidate during elections, but should be charged for at common rates.
- (ii) News features and particular advertisements may be allowed without restriction up to and including polling day—in this respect suitable approaches should be made to the National Government to amend any legislative barriers to this procedure.

(iii) Similarly, the ABC should not give free "advertisement" time to candidates or Parties (such as the present provisions for "free time to Parties"). Any public, political or electoral issues should give due weight to all candidates and Parties in their presentation. For such presentations, no candidate or Party should be expected or invited to spend their own resources to prepare programme packages on ABC TV or radio.

(Notes):

- (1) If it is held desirable to all Party broadcasts on the ABC to reach listeners/viewers in remote areas, with meagre access to electronic media broadcasts, then these should be charged for at similar rates as apply in the commercial media, and constitute part of the Party's/candidate's expenditure.
- (2) While acknowledging that ideally the airing of views in features should represent the proportional electoral support for Parties/candidates at the time, it is recognised that no equitable means of apportioning this between Parties/candidates can occur in the prelude to an election, since the actual support for each will only emerge when the poll has been held (after such broadcasts). Any effort to do so would inhibit the airing of views of new entrants into the political arena.

(c) Points 5, 6 and 7 of my initial statement refer to this item.

(d) The extent of public funding proposed by us is to initially provide \$1.00 for each valid vote cast in an election. On an enrolment of 3 million voters in the State this would amount to \$3 million for a full election of the Legislative Assembly, but since not all seats are contested, not all people vote, and through the instance of informal voting, there would be at least a 10 per cent shortfall.

In the case of elections for the Legislative Council the extent of public funding proposed is 10c for each valid vote cast after the full counting of votes in the proportional representation system.

An election held simultaneously for both Houses would require somewhat less than \$3 million to be committed from public funds. A conservative estimate of total actual expenditure by all candidates and Parties at present would amount to no less than \$25 million thus making the proposed public contribution between 10 per cent–13 per cent of total present outlays.

The ceiling expenditure provision proposed under item (b) would have the desirable effect of reducing the permissible expenditure on behalf of any given Party and of all its candidates to \$3.5 million for a simultaneous election of both Houses and to \$3 million for a full lower House election. The proportion of total election spending to public funding would approach the ratio of 4:1.

(e) This item is already covered above and in points 1, 2, and 4 of my initial statement.

(f) Although it probably does not require stating, provision of a system of public funding in the manner proposed by us would require the abolition of the present deposit requirements of candidates. Since the deposit was designed to eliminate "spurious" candidates but has not been very effective, the substitution of our proposed scheme would be more likely to achieve this result since candidates or groups unable to gather electorate support would gain no funds!

PETER MIDDLETON,

State Policy Co-ordinator for the N.S.W. State Executive,
Australian Democrats.

Do you wish to add to, or elaborate upon, your submissions?—A. Only in explanation of aspects of the submissions made to the Committee that may not be clear. It is more likely that explanations can be given to questions rather than that I should make a formal statement initially. The statement I make now perhaps might indicate the general thrust of the submissions from the point of view of the Australian Democrats, whom I represent. Parliament is the body charged with legislative powers and the overall good governing of New South Wales. We believe strongly that this should be inherently, and evidently, clearly democratic.

All members of Parliament should be completely free to reflect the wishes of the electorate at large from which they come on any major or other matters. We believe that any influence upon members of Parliament, which may be conscious or unconscious, should be made known to the public so that a public assessment can be made of the way in which the wishes of the people are carried out. Ultimately, we believe there should be a means for those electors who support a particular candidate to have that candidate's views, attitudes and approaches towards certain matters coming before Parliament made known. We believe that there should be a proportionate reflection of financial assistance to allow those views to be made available to the public in order to assess the degree of support that that candidate can obtain. These are the general thrusts of the submissions.

1511. Before we start on your submission, I ask you whether you are associated with the Australian Democrats?—A. Yes.

1512. Are you an office bearer?—A. Yes. The office I hold is policy co-ordinator. That is a position on the State executive of the New South Wales division of the Australian Democrats, but not a voting position. Mostly, the office bearers do not vote because they are not elected as voting members of the executive.

1513. Did your party enter candidates during the last State election?—A. Yes, it did.

1514. In both Houses?—A. Yes.

1515. Were there many candidates entered for the available seats in the Assembly?—A. Yes. A significant number entered for the Assembly. It was quite a large number, although the total figure I do not have at my fingertips. It was approximately 50 per cent to 60 per cent of Assembly seats that would have been contested by the Australian Democrats.

1516. Is it true to say that your submissions support public funding?—A. Yes, that is so.

1517. Do you suggest that public funding should be calculated on the basis of the actual votes gained?—A. Yes.

1518. Would that mean that if perhaps someone received one vote he would be able to share in public funding?—A. Yes, as an extreme example it would mean that. Unlike some of the submissions previously placed before this Committee, we do not suggest a threshold level. Rather, as indicated in our submissions, we believe that if there are no supporters, or virtually no voters who support a group, clearly they will not gain any financial funding assistance. In this way the voting numbers of the electorate from the prior election are initially adjusted to the election in hand, which would indicate how much of the funds would be going to that particular group or candidate.

1519. Do you see any conflict between that position and the Electoral Act which stipulates that a deposit may be forfeited under certain circumstances?—A. Yes, I do. In our submissions we suggest that the electoral deposit mechanism, not being an effective one for the purpose for which it was originally established, might be removed. In its stead with our measure, which provides an obvious incentive for people who are likely to gain the support of a significant number of voters, there will be encouragement or discouragement of public candidates by the mechanism of gaining or not gaining public assistance in their campaign.

1520. How do you see public funding being actually given to a party, do you see it through a central organization, the local organization, or to the candidate himself?—A. Our view is that it ought to be given to an organization that represents, acts on behalf of a party or individual, or in some cases may be a party or organization with rules relating to the conduct of elected members of Parliament who subscribe to its views. The party would be gaining the administration of the funds. But, for purposes of ensuring that candidates, as such, and people who are called independent candidates, should be entitled to precisely the same eligibility of entitlement under public funding as candidates who belong to parties, the mechanism for such independent candidates to enjoy this would be to have them, or any organization associated with them, face similar restrictions on disclosure and penalties for excess contributions and so on. Those same restrictions would apply to independent candidates and their organizations, and to individuals who make contributions beyond the permitted amounts.

There is no restriction as to how much an individual can contribute to a candidate or an organization, but we propose a ceiling on the total amount of funding that may be directed to a particular candidate. In turn, by aggregation, this would also apply to a particular party in a given election. In fact, we do suggest in our submissions that there should be a direct relationship between the maximum permissible expenditure undertaken by a candidate, or by people on behalf of a candidate, and the amount of public funding which is possible under the formula to allow public assistance to be given to candidates. We try to establish that there should not be an unlimited amount that may be directed to a candidate or a party by a small section of the entire electorate, as compared with the support that can be given through public funding. This should be disclosed. I do not know whether I have made my views clear?

1521. You have covered many areas in your reply and perhaps some of those can be elaborated shortly. At this stage I should like to return to my initial question. Do you see the need, if the money is to go to an organization, for that organization to register in some manner?—A. Yes, we do. It is our general belief and beyond the terms of these specific submissions to the Committee, as has been legislated with regard to national elections and constitutionally in the case of filling casual vacancies for the Senate, that parties and organizations that we would call parties—for example, a group of like-minded members of Parliament and those who support them but are not elected—should be formally recognized in terms of the law. At present there are no such provisions in the legislation of New South Wales.

1522. If parties are required to register, what organization would be desirable in order to give effect to that?—A. While we are not single-minded, there may be a number of mechanisms by which this could be done. We think it would be most likely to be the electoral office. The issuing of authorizations to pay public funding components under the legislation proposed to be established would be issued by that office, too; funds would come from the Treasury, but the mechanism would be that after the return of writs an allocation of funds per vote per candidate would be given. Then it should be a simple matter and not a costly burden on the State to simultaneously provide the necessary authoritative information and to enable the funds to be disbursed.

1523. You suggested the electoral office would be a satisfactory body for registration and the distribution of funds?—A. Yes, we believe so, but it is not a strong view that we hold.

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1524. I note in your submission you refer to the possibility of elections for an upper House being conducted at a different time to an Assembly election. I think you may be confusing the Commonwealth arrangement with the State. Would that be a fair comment?—A. The comment was to allow for possibilities that may emerge. We would certainly hope they do not. We thought the proposal for funding should at least cover that contingency, if it were possible in due course for it to emerge; we would not like it to emerge.

1525. You say the funds may be applied to any legal purpose. Can you imagine any illegal purpose to which they may be applied?—A. Yes, I imagine bribery and any sort of activity which amounted to money being spent, procured or obtained for services that were contrary to the law. The reason for that formula was to make the widest coverage from negation. It was really meant to convey that the way in which the recipient party applies the funds would not be a matter for inspection, concern and elaborate administrative procedures from the point of view of the Parliament, because it is very difficult to distinguish which components of the funds that would come to a party were used for its immediate electoral campaign outlays and what related to the general conduct of the party itself. A large part of an electoral campaign occurs outside the immediate election time. Usually the campaign starts considerably before. In terms of legislation it could not be defined that way; it would be too difficult.

1526. You suggested the amount of money to be disbursed be calculated at \$1 for each valid vote cast?—A. Yes.

1527. Why do you pick that rather than the total enrolment?—A. The fundamental thrust of our submission is the way the fund should be disbursed should directly reflect the proportionate attitude of the voting population as a whole; that any votes that are not valid, that is, those that are informal, could scarcely be directed anywhere. To have a fixed sum representing the total number of enrolled voters and then apply a formula of proportionately distributing that to the parties seems unnecessary, because it is the vote that we are concerned about. The vote is a definitive registration of that elector's support for a particular candidate. There is no need for a proportion, if less than the total vote formally, to have \$1.009 per vote. It is the valid votes we regard as critical. In passing, we suggest that means the commitment of the Government for each election would not in fact correspond to a dollar per total registered vote.

1528. It would not be known in advance of the election how much money was available?—A. No, nor precisely, is it in many activities of government.

1529. You put in a ratio of the amount that can be spent to the amount of funds available. Do you think that not knowing how much they may spend until the election has been completed would cause problems to a political party in determining what they are going to spend before an election?—A. No, because the ratio relates to the total expenditure in the State, that is, the total possible outlays of the State. Were all registered voters to vote formally, that would represent the maximum amount of public funding for that election of the State. Similarly, parties have a reasonably clear idea of their relative voting support, based on the previous election and the one coming up, in a given electorate. While it might in a matter of a few dollars mean a minor adjustment, given the total amount of public funding that we propose, we would think within those constraints any of the major parties should not

realistically wish to exceed that ceiling we have set. They would get by. For minor parties and independent candidates, all the evidence of past experience suggests they would not be in a position to spend that large amount anyway. The ones most difficult to calculate are those that in reality would not be put in that situation.

1530. Under (b) on page 2 you say, "It will be noted under item (d) that the mechanism of funding provides an indexed or adjustable ratio between maximum allowable expenditure and total commitment to public funding." The total commitment to public funding, would you explain precisely what you mean by that?—A. It is known in advance of the election, at the time the electoral rolls close, how many voters there are per electorate and for the State as a whole, if it were a Legislative Council election. Therefore, the total commitment to public funding, that is, the amount that cannot be exceeded, is known. If a value of \$1 per vote is assigned and there are enrolled one million voters, it is known for that election that the total public funding expenditure could not exceed \$1 million—it may be less, but the total cannot exceed that.

1531. We come to the individual party. You say they should know what votes they are likely to get?—A. Yes.

1532. How would you take in the circumstances of the 1978 election where there was a 10 per cent, 12 per cent or 13 per cent swing towards one particular party; would it not then create difficulties for the party that had the swing against it?—A. It could, if the amount of total permissible expenditure that we were talking about was a relatively small sum. Under the formula here the total allowable amount of spending by a party or people on behalf of a candidate is in fact a very large sum of money. We ourselves would doubt that it would be desirable for anything greater than that sort of amount of money to be spent anyway. It is worth noting that the amount that we are suggesting be the ceiling of allowable expenditure by a party or people on behalf of a candidate in an electorate is a very large factor and greater than the present legislation, which stipulates maximum expenditures that are supposed not to be exceeded.

1533. Can you tell me what maximum presently applies in New South Wales?—A. I cannot at the moment. I do not know. I have read it.

1534. Is there one?—A. I would not swear to that now, but I understood there was.

1535. I think you had best read the Electoral Act?—A. In that case you are saying there is not. In most Legislatures in Australia there certainly is, and our proposals are couched for the electoral systems that apply throughout Australia as well as New South Wales.

1536. We are inquiring into circumstances in New South Wales?—A. I realize that. Let me put it this way: the amount we contemplate should be the ceiling beyond which public expenditure is not permitted is in fact greater than any of the existing major parties are prepared to admit officially that they do spend. I am not talking about what may be the reality, but what is admitted is less than we propose.

1537. Most parties will not admit what they spend. One party that we have had evidence from makes its balance sheet public. I think it would be greatly in excess of what is laid down under the Commonwealth Act or the Tasmanian Act?—A. Yes.

1538. I am concerned about the possibility of exceeding the maximum, when there is such a great unknown. You are suggesting a penalty in certain circumstances of twelve months' imprisonment?—A. Yes. We do not really believe that the swings in electoral support are so great. When swings normally are spoken about—a 12 per cent swing or whatever—it is really a six per cent movement. The swing is the whole way across. We do not think that the factors of six per cent in estimations will cause any difficulty at all.

1539. Would it surprise you if I told you that in the last State election I received 13 per cent more votes in my electorate than I did in the previous election?—A. No, it does not surprise me that candidates occasionally receive that magnitude of change.

1540. There could be great difficulty, in such a scheme as you are laying down, creating a maximum of the amount allowed to be spent?—A. I see the difficulty. I see what is the worry about that. Why I do not think that in reality it is likely to cause difficulty is the point that I referred to before. The level at which the ceiling is put is very high. Let us look at a typical State election. Say the enrolment is 30 000. The maximum number of formal votes could be 100 per cent. That would mean a maximum amount of public expenditure to be distributed between the candidates of \$30,000. In the typical situation, one candidate is likely to gain somewhere between 48 to approximately 70 per cent; it could be greater. He will be the elected candidate. If the other major groupings in the Parliament—from the Government and the Opposition—are also contesting the seat, that other person is likely to gain from 48 per cent down of the vote, depending if there are other candidates.

Let us say that there are three candidates, an independent or minor party candidate—a minor party candidate is more simple—in the distribution the successful candidate, if it is a relatively safe seat, is going to gain at least 50 per cent or more of the vote. That person knows that he is going to gain that. As a ceiling, he could gain from \$15,000 up to about \$30,000 assistance from the public funding arrangement. At the same time the ceiling imposed on that person is \$30,000. It does not seem to me that the major parties currently represented in Parliament, are going to spend that amount on a candidate, even when the party has to take into account that proportion of its expenditure—which is statewide—to be allocated back among the candidates. The party represents all electorates and not just one. There may be some difficulties in this, and that is why we made it on average, a four-fold increase on the public expenditure due, having regard to the fact that we thought it should be fairly generous at \$1 a vote.

1541. In your submission you state that a conservative estimate of the total expenditure by all candidates and parties is in the order of \$25 million—in the last election?—A. That is right.

1542. If your scheme is adopted, that will be reduced markedly?—A. Yes. We think it should be. The reasons why we think it will are contained in the provisions that we suggest this Committee might care to pursue with the national Government, as it affects organizations such as the ABC and so on.

1543. Let us remain on the point. From reading your submissions, I took it that where there may be \$3 million available from the State, and applying a ratio of four to one, the maximum expenditure would be \$12 million. Is that correct?—A. Approximately that, yes for all parties.

1544. The greatest expenditure by a party would be by the central organization or by individual seats? What is your opinion on that?—A. By and large it is by the central organization. A lot of it is related to the media area. In our submissions we make comments about that. It is very difficult to be more precise on the amount of contribution. It is contributions that we are including when we talk about what is currently spent. We are also talking about what is not disclosed.

1545. That is referring to the possible maximum of State funds?—A. Yes. In the major parties in the State, it would normally be the central area that is responsible for the large majority of the expenditure. So far as I understand, there are different arrangements between the parties. By and large that would be a fair comment.

1546. Perhaps the major expenditure is by the central organization, from which all constituents benefit?—A. Yes.

1547. How did you arrive at that figure of \$25 million in your submission?—A. The way I arrived at it was from information that I had obtained as a member of a major party. Before I became involved with the Australian Democrats I was a member of one of the two major parties. That was for about 21 years, and I occupied positions on many of its committees, including electoral committees. It is also from my knowledge of cash payment, donations, contributions in kind, and also a general knowledge of the cost of advertisements in newspapers and television time. I have checked with a few other people. It does seem an extraordinarily large amount, but on the information available it did not seem that far away from the figure. I cannot give evidence that would establish that; it is only an estimate. It would not be so far wide off the mark in some elections—I am not saying in every election. Certainly it would have been approximately that amount in one State election—if converted into today's money terms. This was not the last State election, but it was not so long ago. We estimate that in New South Wales it would be that figure.

1548. That is based on your knowledge of the expenditure of the political party with which you were associated previously?—A. That is right.

1549. Have you any idea of your party's expenditure at the last State elections?—A. Yes. In general terms it was very small.

1550. Can you tell us the amount?—A. I have not seen the public statement on that. To my knowledge it would certainly be less than \$15,000. I am not sure how much less.

1551. Does your party print a balance sheet?—A. Yes, it does.

1552. Is it a public document?—A. Yes, it can be a public document. It is public in the sense that anyone can see it.

1553. Would you forward a copy of it to the Committee?—A. I certainly shall, yes. We also maintain a list of any donors to the party whose donations exceed \$200. It is available for public inspection.

1554. It is available to the public?—A. Yes. It is kept in a register that someone would have to inspect. Our view is that there should be public disclosure.

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1555. You are of the opinion that donations to your party are public and that every other party should make them public?—A. For the purposes of this submission, we are only talking about public disclosure of donations relating to an election. Ultimately, I think we might see merit in some other form of public disclosure. However, the mechanisms for controlling that are too difficult for us to make submissions on now. We think that the mechanism in this case is not that difficult.

1556. Mr ANDERSON: You are suggesting not only a central fund but an electorate fund; is that putting it fairly?—A. No, we are suggesting that where there is a party for which a number of candidates are standing in different electorates, it is that party that should be the body that receives funds. So in our terms it would be a central body. It would be that body that initially receives the funds. Where there are candidates for Parliament who are not grouped together in the way that the major parties are, we think it would be on an electorate basis if it was an independent candidate standing in an electorate. Clearly at the moment that candidate's party would only cover that electorate. Support for that candidate could spread over into two electorates. One could think of an independent who might have people in adjoining electorates who support the approach of that person to parliamentary matters. There may emerge a couple of people who become members of that localized party. We would not suggest that for a given party there be disbursements centrally and to an electorate. It would be up to the party.

1557. It would be up to the party as to how the funds are distributed?—A. Yes.

1558. Have you read the submission from the academics for pluralist funding?—A. Yes.

1559. You have seen the reference to initial funding and the retroactive provisions?—A. Yes.

1560. Have you or your party any ideas about that proposition?—A. I have forgotten whether this is the same proposition. It is a while since I read the submission. Does that mean that initially the amount of funding be based on previous electoral performance?

1561. Yes?—A. Our submission specifically argues that after the writs are returned, the final allocation of funds should merely be on the basis of the votes gained in that election. Giving due regard to the terms of reference of the Committee and our own view about allowing new ideas and new candidates to have some exposure to the public, we cannot devise anything for the first effort by any candidate. It would be based initially on their last performance. Half the funds would be advanced on the basis of their last electoral performance. It would be adjusted. So they would have some advance payment.

1562. In paragraph 5 of your preliminary submission of 10th December you refer to public disclosure of donations. It has been suggested to the Committee that donations exceeding \$100 should be disclosed. Have you any comment on the \$100 limit or any limit?—A. No. Here I can speak only on behalf of the organization. The present position of the organization is that donations of \$100 or more are disclosed. That is a separate question from expenditure, but all donations received, even of a smaller amount, would have to be included in a register though not identified against an individual. Public disclosure of the donor would not be necessary for sums less than \$100, but all donations would have to be recorded.

1563. In paragraph 7 of that submission you refer to an overall maximum expenditure provision. Would you agree that there would be considerable difficulties in adequately policing such a provision?—A. Under the proposal we have—particularly as it relates to the media and so on—we do not think it would be all that difficult to police. In part of our submission we strongly advocate that the penalties for breach should be very severe. We argue that the penalties should be severe for we do not think anything that comes before the Parliament can be more important than that which constitutes the Parliament and its members, and persons acting on behalf of its members should abide by the law.

1564. With regard to the stated maximum sum, which I presume you suggest should be included in the relevant legislation, would you agree that there should be also provision for increasing the maximum sum in accordance with increases in the cost of living?—A. Yes, we would not mind that. We would envisage that the amount of public funding would have to be adjusted in terms of real money values. Once public funding is established it should continue to be an ongoing and real contribution enabling candidates to explain their situation to the electorate in order to get the registered support of the electorate. There should be a mechanism to enable public funding to continue to be a realistic contribution. That is why in our submission it is tied to the ceiling of expenditure allowed, so whenever the total expenditure is increased—and that could be tied to the consumer price index—there would be an automatic adjustment upward of the public contribution to expenditure.

1565. I take you now to your second submission. I want to deal with by-elections. If a system of public funding were adopted that acknowledged that campaigning is virtually an ongoing thing and funding were made available on that basis, would you not agree that that would eliminate the need to make provision for by-elections and that parties or individuals receiving funding would have to make provision from that funding to cover the financing of by-elections?—A. Yes. In a slightly more ideal world than the one I think we inhabit we would think that would be the easiest solution—to allow the public funding coming forward to cover all party expenditures the way they are covered at the moment, for the whole period between elections, and that might pick up by-elections as well. We—reluctantly perhaps—recognize, from evidence that we have from round the world, what the real world is like and that is why we have the public disclosure provisions and the ceiling expenditure provisions. It may not be impossible, but we could not suggest how to set a ceiling on expenditure if we are on a rolling period from one election to the next.

The measuring and monitoring of everything done by a party that was in some way associated with campaigning would present a massive problem of administration. Like most people, we do not want to create a bureaucratic nightmare. We want the administration to be as simple as possible, and one only because we think it is necessary. We argue that it is necessary to have public measuring, public control and a ceiling of allowable expenditure, but we cannot come up with an answer to what you are asking.

1566. Next I want to deal with the enforcement provisions. Dealing first with the candidate, you suggest that in certain circumstances he shall be guilty of an offence unless it can be established beyond reasonable doubt that he is not guilty. I take it you are suggesting it is a criminal offence?—A. No.

1567. With the onus of proof of innocence on the candidate. Would you agree that in the criminal law there are few provisions that place upon a defendant what is known as the reverse onus?—A. There are two parts to the question. So far as the candidate goes it is not meant to be a criminal offence. So far as we understand, a period of one year in gaol does not apply only to a felony. When we are talking of a person other than a candidate, we think gaol is the only means of ensuring that after the candidate loses his seat it becomes the only means of properly controlling that situation. The candidate is not regarded as having committed a criminal offence. He has committed a breach of the law relating to his duties and responsibilities to the Parliament.

1568. Why would you not support the concept of the civil onus of the balance of probabilities for the reverse onus rather than proof beyond reasonable doubt?—A. Because we think it is too easy to have the weighty question of whether or not a person is entitled to sit in Parliament decided on the balance of probabilities and not in the sense of criminal proof. What we are suggesting is the civil onus on the candidate to establish that he did not know or could not have known about the breach. I am really talking about a civil onus, not a criminal onus as far as that goes. It is not that it has to be proved beyond reasonable doubt that he did breach the provision. It is the reverse. However, as far as the other people go—

1569. It is an interesting point of law.—A. I leave that to the lawyers.

1570. I take you to the second part of your suggestion dealing with the minimum gaol sentence. Leaving aside felonies, I suggest to you that a defendant charged with an indictable offence would have to be extremely unlucky to go to gaol for twelve months for a first offence. Do you not think the minimum gaol sentence suggested is a little severe?—A. No, we do not. In suggesting that penalty the point we are trying to make is that we do not think it is a light matter that people might wish to manipulate the wishes of the electorate with regard to the constitution of a parliament. We think the parliament is the ultimate sanction, custodian and administrator of all aspects of the way the community is supposed to operate. It is supposed to set the rules of the game governing relationships between citizen and citizen, organization and organization and so on. We do not believe a financial penalty would have any significance at all in certain cases where people would flout the law. If a penalty of \$100,000 were imposed, that would be simply another \$100,000 contribution that the person is making to the party, so there is no real penalty involved. The only real penalty is one that deprives a person of his liberty. We think a person who flouts the will of the people and the party should be deprived of his liberty.

1571. Would not exclusion from funding for a prescribed period be a sufficiently severe penalty?—A. No. We are talking about a penalty for a person who has exceeded or contributed to exceeding the allowable expenditure by a candidate, so if company X or the board or executives of company X or of trade union Y or of individual Z decides to make a contribution with ulterior motives to force a candidate to appear to have exceeded the allowable expenditure, and we think the penalty should be appropriate.

In certain circumstances a person might wish to distort the will of the parliament to such an extent that that person could seek to place at risk a group to which he was opposed or to place a candidate at risk of losing his seat by channelling funds to the party that the candidate represents in a way that the candidate was not conscious

of, thus exposing the candidate to the risk of losing his seat. That can happen and probably has happened in the legislative situation round the world. The person involved still gets the result he wanted. There is no financial penalty that is of much significance. The other point you raised was whether the candidate might lose his contribution for the next election. There would be no further mechanism for policing that provision except a similar financial or other penalty, if you do not have a gaol penalty to prevent the same conditions being repeated the next time round.

1572. If the minimum gaol penalty existed, would you not expect the courts to apply the first offender provisions of section 556A to any person brought before the court for a first offence? Courts are known to be reluctant to gaol someone for twelve months for a first offence.—A. Yes. We perceive that the judiciary may not give full force to the will of the legislature initially. It would depend upon how the expectations of the community appeared.

1573. I take you to your media time, space and advertising proposition. Do you agree that they are all federal matters, beyond the scope of this Parliament, and that we cannot constitutionally make any suggestions with regard to them?—A. Yes, but we understand it would be within the province of this Committee in its report to draw attention to co-operative legislative arrangements that may be made with other parliaments. We would strongly advocate that this Committee should do that.

1574. You suggest the abolition of the present deposit requirements. Would you agree that if those provisions are to be replaced, as a safeguard there should be an increase in the number of persons required to sign a nomination form?—A. Yes.

1575. For example, 200 for a Legislative Assembly seat and 500 for a Legislative Council seat?—A. Yes. We would have no objection to that. It is not really pertinent to the immediate inquiry of this Committee, but we would probably support a system under which all parties might move towards a situation of primaries without many other aspects of the United States of America system, which would mean that all registered members of a party would select their candidates. That is an extension of our view of participatory democracy.

1576. Are you totally opposed to the threshold concept, no matter what the percentage limit was?—A. Yes. We do not think it is consistent with the concept of giving funds according to the electoral support gained, so we would certainly oppose it. We understand why some members of the Committee may think that a desirable view. We have read the submission from the academics for pluralist funding. I suppose there is the subterranean matter that must be occupying the minds of members of the Committee on the sort of public exploitation that might occur if some groups that are thought to be undesirable or subversive in the community—maybe an anarchist party or communist party—may gain some funds, but we would argue that they have electoral support. People vote for them. They pay taxes and therefore they should see some of their money reflected in assisting to have the message, opinion and campaign to which that party or candidate subscribes made known.

1577. Do you believe that any scheme should have a provision to overcome the advantages of incumbency?—A. I am sorry?

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1578. It has been suggested that Members of Parliament, so far as electorates are concerned and governments so far as the general situation have considerable advantages over their opponents; accepting that proposition, does your party have a view whether a scheme should provide a mechanism to overcome that incumbency advantage?—A. No, we do not. We think that is one of the many factors that ultimately reflects where electors choose to place support. The only way that we think that apparent advantage to an incumbent party should be treated is that some opportunity should be provided for new entrants, or relatively new entrants to have an opportunity to become known and to become heard, because financial restrictions are very great. We are aware of the contrary argument by some of the parties that if people do not have significant financial resources it must mean that people are not interested in hearing what they have to say. That assumes that Parliament and the Government should be constituted on the basis of where the wealth resides in the community, not where people's wishes on ideas, policies and programmes reside. We cannot go beyond that point. We do not see that there should be negative discrimination, that is, discrimination in favour of minorities to help them to be heard, because we think it has to reflect what the electorate judges.

1579. How many members are there in your party in New South Wales and Australia-wide and what is the fee structure for membership?—A. I could not give a precise figure because that is not within my immediate area. Our State membership is approximately—this is hearsay—I have not seen the detailed figures—around 600 to 800. It may be more, but it is at least that. Nationally I think it is in the order of 3 000 to 4 000. The interesting thing is that membership is significantly greater in some other States than it is in New South Wales, relative to population. You asked about the fee structure?

1580. How much do members pay?—A. The present rate is \$18 a year, which includes a monthly journal which provides the basic mechanism for members to engage in participative democracy.

1581. Is it a flat fee across all members?—A. No, there are reduced fees for certain categories. Students, the unemployed and those members who are in receipt of a pension have a reduced rate which is quite low. I did not bring the information, but it is about \$3 a year or \$2 a year.

1582. Would you agree that many members of the community view politicians and political parties with cynicism?—A. Yes.

1583. Do you believe that the concept of public funding goes anywhere towards alleviating that cynicism?—A. We hope that it will, once it is perceived to be giving an opportunity for people to hear and understand what the Parliament and the parties are about and what individual candidates are about. One of our major concerns, probably one of the major reasons why that organization came into being, is an anxiety about the long term stability of our present parliamentary systems, given that there is such cynicism. We believe that the majority of the people in the community find themselves having no relationship, empathy or understanding at all between what governments do and the matters with which they, as citizens, are involved.

1584. Assuming that a scheme is formulated, would you support the proposition that it should be administered by an independent authority but liable to report to the Parliament?—A. Yes, we do—independent?

1585. Rather than a public service organization; say a statutory authority, commission or something like that?—A. With the mechanism we are proposing we do not envisage, as far as the funding side is concerned, much complication at all. As far as ceiling expenditures go and public disclosure, it would be desirable if the persons responsible were charged, like the ombudsman, with direct responsibility to the Parliament—I am not actually sure whether the ombudsman has that—as against responsibility to the Cabinet or to the Executive.

1586. Mr FISCHER: Are you speaking today as a representative of the Australian Democrats?—A. Yes.

1587. The views you have been expressing are the views of the Australian Democrats, as interpreted by you?—A. As interpreted by me, because not every single issue has been balloted—but the thrust of it, yes.

1588. The submission and the subsequent submission were the subject of detailed approval by the Australian Democrats, through your mechanism?—A. Yes—but, because of the time scale involved, the submission as a whole—everything written there—in fact was not fully dealt with in our policy balloting procedures. Not all these propositions went to every member who voted on each item. The State executive, which is very representative, had the material before it for a period of one and a half months and discussed it in some detail. There were minor modifications before this version appeared but the essential thrust of the proposal has been circulated to every member in the State at least seven weeks ago and there has been not one letter in opposition.

1589. How many are there on your State executive in New South Wales?—A. People or positions—they are not all filled.

1590. People?—A. The executive is a two-tiered structure. There are ten voting members of the State executive each of whom are elected directly by the members, some on a proportional representation system. In addition there are ten people to give attention to particular areas.

1591. Senator Colin Mason?—A. Yes.

1592. Senator Don Chipp?—A. No.

1593. Seven weeks ago was Senator Colin Mason forwarded a copy of the submission and the subsequent submission?—A. Yes. He received it through his position on the executive. He was not at the meeting.

1594. Was Senator Don Chipp forwarded a copy of the submission and the associated submission?—A. I do not know.

1595. Senator Colin Mason?—A. He received one, yes.

1596. In the period of seven weeks there has been no response from Senator Colin Mason opposed to, or in any way disagreeing with, the submission?—A. No—none I know of.

1597. It is reasonable to assume that the parliamentary wing supports the submission and the subsequent submission?—A. That is true, and in view of a number of the comments made in the Senate most of the points raised here would be consistent with what they have said.

1598. It is reasonable to assume that the Australian Democrats and you, as representing them here today, as well as Senator Chipp and Senator Colin Mason support a gaol sentence for 12 months for the purpose outlined in point B. 2 of your associated submission?—A. Yes, that is an assumption that is reasonable to make but I do not know whether they do. I do not know whether Senator Chipp received it.

1599. Senator Mason has not demurred from that concept?—A. No, but that is different from saying that he positively supports it.

1600. Do you see any conflict of concepts and objectives on the part of the Australian Democrats in proposing Draconian gaol sentencing procedures for those who might, in their enthusiasm for democracy, be helping and supporting candidates for election to the Parliament in this wonderful country?—A. No, I do not, because the only way an individual would come into a situation in which he is in breach of it would be with a massive distortion in the way in which he sought to have the democratic influence come to bear on the Parliament. If it were an individual who contributed such vast sums or had spent on behalf of the candidate vast sums, one could only assume that person was trying to bring undue influence on the Parliament or on a candidate.

1601. Is it not true that your parliamentary wing and its current occupants have on past occasions advocated breach of the law for particular things associated with, say, Vietnam or marihuana though in this field you are saying that there should be the enforcement of a set of procedures for assisting candidates and that people will in fact face a minimum gaol sentence of 12 months, if convicted?—A. I am not aware of any occasion where any of our parliamentary members has advocated breach of the law.

1602. In relation to national service, when they were not, perhaps, members of the Australian Democrats?—A. I am sorry—I honestly do not know—there are seven Australian Democrats in legislatures of one sort or another in Australia. I do not know if at any time in their past any of them may have advocated action which was illegal. If they did so they did it when they were not members of the Australian Democrats. It is hypothetical. I do not know whether they did or did not. They may well have but if they did, clearly in terms of the Democrats' constitution they would be in breach—if they did it now.

1603. You appreciate that this is a State committee?—A. Yes.

1604. You appreciate that the State of New South Wales is bordered by other States? You appreciate that the media feeding New South Wales is often based at Wangaratta, Renmark and Toowoomba, particularly with regional television concepts?—A. Yes.

1605. If a cousin of mine from Melbourne decides to spend on radio station Free and Easy at Wangaratta \$2,000 on advertising my candidature in the State election how can that be controlled by New South Wales, given the sovereign State nature of Victoria and each other State?—A. It would depend on the nature of the joint legislation or the joint approach finally adopted between the National Parliament and this Parliament as to what laws were set down for the means in which the media had to deal with contributions to advertising. We have a similar difficulty concerning the present laws in certain parts of the country in the use of the media within a certain period before an election.

1606. In the absence of any joint approach between the New South Wales Government and surrounding State governments and the New South Wales Government and the federal Government, will you concede that your scheme is totally unworkable?—A. I would not concede that it is totally unworkable. There would be certain forms of publication that would fall outside the province of this ability to monitor the attraction of funding.

1607. Totally outside?—A. Yes. This would relate to electronic media where broadcasts are made into New South Wales from Victoria, and concerning newspapers which were published elsewhere than in New South Wales. I am not altogether sure about newspapers. The legislation of New South Wales does influence and exert control over certain types of publications.

1608. Certainly, there is some legislation to cover that?—A. Certainly, but I do not know whether the point is sufficient to make it unworkable.

1609. For example, the Victorian Tatts Lotto results are not allowed to be published in newspapers circulating within New South Wales?—A. That is correct.

1610. So draconian is your proposed gaol sentence penalty for those who transgress your submissions with regard to public funding, are you also of the belief, to take it a step further, that any independent or statutory authority or any candidate should be obviously removed as a result of having used the electronic media to excess, for example with telethons and such things, in order to keep in line with the spirit of your efforts and the letter of the law?—A. As in all matters in legislative form there should be administrative guidelines in order to carry out the execution of that legislation. One has to see what happens and then take subsequent steps to control any abuse. On the other hand, there is no point trying to break a nut with a hammer, or any other implement. It is not worth looking under the bed for shadows that have not emerged.

1611. Let us canvass briefly a couple of other practical considerations. In both country and city electorates you have a situation where people often volunteer to drive a candidate for the purpose of a campaign, because his schedule is tight. Do you believe there should be a monetary value attached to that, that it should be done only with the prior approval of the candidate and that it should be entered into returns in accordance with your submissions on the funding scheme?—A. No.

1612. What would be the exemption level?—A. We would expect the normal sort of judgment that would apply to administrative bodies charged with certain discretions, they have to allow certain transactions and observe normal courtesies and protocols. As long as they do not appear to be a backdoor device, for example, where a company would be using a fleet of cars to drive the candidate round. That is the sort of situation that is different from an individual merely offering someone a lift.

1613. In fact, it is hard to draw a cutoff line. If the honourable member representing the seat of Castlereagh decided to conduct a massive telethon using the whole field of American standards, multiplying the effect with people using telephones on his behalf, gaining the use of their labour when they are perhaps spending four hours at a time using the telephone to support a particular candidate, would such a person face a twelve months gaol sentence for using his own telephone?—A. I do not think that is so. One is talking about identifiable

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donations or expenditure. One has to talk about sums which can be reasonably identified, and of some degree of significance. We believe that a large amount of voluntary activity undertaken by individuals, for example, by writing letters to a newspaper, or engaged in some activity of a private nature, is beyond the ambit of trying to assign a value to, to be regarded as a contribution. That is dealt with precisely in our estimates of national income and expenditure, where no realistic allowances are made for wives who support a household. There are certain things for which values cannot be assigned. I would be the last to deny that there would be difficulties of interpretation. The fact that there are difficulties of interpretation does not lessen the necessity of trying to ensure disclosure in the manner in which financial and large resources are contributed to the election of an individual candidate to Parliament. They should not be so excessive that they represent a means of catapulting people into Parliament. That would have very little to do with the democratic process of elections in the electorate. I know there are problems but I do not think this gaol proposal is so Draconian. When people set out deliberately to engineer situations that lead to a significant surplus of expenditure, beyond the extremely high ceiling allowed, one can only conclude they are trying to deflect the will of the people. Perhaps one can use that term. There must be a severe measure taken to curtail that. Twelve months' gaol is by no means a severe gaol penalty in such matters. It would effectively lead to the deprivation of that person's liberty. People expect Parliament to act in accordance with their wishes, but it may be that the community's particular liberties are not properly protected by the Parliament.

1614. Your scheme would involve a large bureaucracy to administer the huge areas of funding, but I should like to ask one matter about which I am not clear. In answer to a question from the Chairman, concerning a list, did you say that you would make that list available? You also spoke of a balance sheet?—A. I do not know how it can be readily made available to the Committee because it is a register. Certainly if the Committee wishes to inspect that list, arrangements can be made to have that done. I would do that, if members of the Committee wish to inspect it.

1615. CHAIRMAN: If the Committee wishes to visit the office it will be available for inspection?—A. It does not necessarily involve a visit, but if the Committee wishes to have a look at it, and makes a request, we will make arrangements to have it delivered to the Committee at some convenient time for inspection.

1616. We shall examine that prospect?—A. We believe all these matters should be open.

1617. Mr FISCHER: There could be a situation where someone systematically and extensively using his own private telephone to support a candidate, in accordance with your scheme could go to gaol for twelve months?—A. I do not think so.

1618. Because that could be an unapproved contribution to the candidate's campaign. For example, a person could be using his telephone three hours a night and six days a week for several weeks?—A. If it became an excessive matter and the candidate knew nothing about it at all, that is one view. To take an extreme example, if someone spent nearly all his working days doing that but had no contact with the candidate, and with the law known by that person to the extent that any law is known, it is conceivable. But it would have to be done to a ridiculous extent. Under those circumstances, yes, but it may be that

a candidate would have no influence or control over the people by whom it was being done. That candidate might be horrified to learn of what was being done on his behalf by an individual or a party.

1619. Mr MCPHERSON: More or less in passing you said earlier that you believe public funding of election campaigns should be available to any number of people who get together, whether they are a recognized party or not, any number of people including possibly members of Parliament. You said that they should be entitled to some of this public funding?—A. Yes.

1620. In making that statement do you assume that there could be times when some members of existing parties, together perhaps with some members not of the existing parties, could band together and seek this public assistance?—A. Yes, I do.

1621. If that is the case, is it possible that some of those members who are members of existing parties could be seeking a second helping of the public funding?—A. No, I do not think they could. Only one candidate would be recognized. Only one party, whose funds were assessed on the basis of electoral support gained by candidates subscribing to that party would gain the funds. Although it is not stated precisely, the whole line of the argument is that at a given election—between the issue and return of writs—the funding is assessed on the votes gained by candidates and apportioned to candidates either directly to their organization, if they are independent, or to the party grouping that has been declared for the purposes of electoral funding, of which they are a candidate. Certainly I would contemplate that the legislation should provide for this because the thrust for it is there. There could not be two parties at the same time because the votes are only assessed for each candidate. Ultimately, while they go to the party, the funds are administered on behalf of the candidate in the election. Some sitting members of Parliament might decide before an election, before the writs are issued, that they do not wish to remain members of that association which led to their previous election. Certainly that is conceivable. Within the last 70 years in Australia people have done that. They move from one party to another.

1622. It is a fact that people would not qualify for a double lot of financial assistance because the parties themselves would disown them as soon as they decided to stand with another group?—A. Quite so.

1623. From your comments earlier I wondered whether that was your intention. Obviously, it is your group's intention that it could be possible, but there could not be a double handout?—A. Yes.

1624. The other question I should like to ask concerns the maximum amount that can be spent. You have mentioned in document S.23 that you submit that the maximum expenditure permitted by a party or candidate should not exceed 100 per cent of the total possible funds available for public funding of all parties, for example, candidates, in any given electorate. On the basis that you anticipate a statewide funding of \$25 million spent at the last election, it is reasonable to assume that about \$300,000 to \$500,000 would be the total amount of money available for any one electorate? I am only speaking in rough arithmetic.—A. Yes, total expenditure.

1625. Do you say that if the amount of money available for funding in any one electorate is \$500,000, no party or candidate should be allowed to spend more than that figure

in that electorate?—A. No. I see the question. I apologize to the Committee for what is a typographical error. Perhaps I can clarify that statement for the record. It is the reference to maximum expenditure where it says that we submit that the maximum expenditure permitted by a party or a candidate should not exceed 100 per cent of the total costs available for public funding. That should really read: we submit that the maximum public funding gained by a party or candidate should not exceed—etc. That is the logical statement.

It is a tautological statement. It is to indicate that a party can in fact gain up to, because it partly relates to that earlier question from Mr Anderson, in an indirect way, where he said should there be some factor allowed for minor groups because of them not having an existing candidate. We think it should be a directly proportionate allocation in terms of the vote they gain. If a candidate were the only effective candidate in an election, and that is not a realistic situation, but it is theoretically possible that while there are three or four parties contesting an election in the State one party could gain 100 per cent of the vote, and if it did, we say it should get 100 per cent of the public funds. That is just meant to lead into the argument about how the ratios work. It is a tautological statement that was meant to make that point clear. We did not intend to have another concealed ceiling, which that statement would otherwise mean.

1626. I can see that there is some cloud about that 100 per cent. In answer to a question from Mr Anderson you advocated getting a lot more people on the nomination form?—A. The question was put if the deposit provisions are eliminated would we see that it would be reasonable to require the number of signatures on a nomination form should be significantly higher, and I indicated it would be totally consistent in our view.

1627. In advocating that, do you see any increased difficulty in the candidate of any party in any electorate going round and obtaining 200 or 300 signatures, if that should be the number of signatures required commensurate with doing away with the deposit, which is a reasonable amount of money? Do you see any great difficulty in getting a large number of signatures on the nomination form and the electoral officer having to re-design his nomination form, and certainly increased staff to check all of the nominators on the form?—A. I see the administrative difficulties you raise. I suppose that is in essence why we did not make a submission one way or another on that question. I do not doubt it is a matter upon which the Committee will have to reach some judgment. In electorates where the population is widely dispersed, there could be significant difficulties. There could be difficulties in areas where the candidate support is widely spread or located in one part of his electorate where he would normally not be able to go. Electorates have different areas of reflection of opinion in them. We would not wish to make a very forthright statement that for the purpose of this activity the signatures be increased.

1628. Mr LANGE: I think you said your submission was formulated by the State executive. Was the party's general view of public funding prepared by your participatory democracy procedures?—A. It is like a lot of the policy areas where the matters are balloted and voted on. The view expressed is a general subscription to an approach. There are some specific details.

1629. I am talking about the general question?—A. The general question is that membership has supported public funding.

1630. How many people responded to your request?—A. I do not know the number of those who had the opportunity to enter the ballot; that is in the hands of the general secretary in Melbourne.

1631. Was it an Australia-wide survey of members?—A. Yes.

1632. How many members do you say you have nationality?—A. I think I said about 4 000.

1633. Did not you indicate that in New South Wales you had only 600 to 800 members?—A. In answering that question I said one should note that in New South Wales the relative membership is lower per capita than in some of the other States.

1634. So far as New South Wales is concerned, you might have 400 members in favour?—A. It is a majority of those that vote; I just would not know how many voted.

1635. Can you obtain for the Committee how many New South Wales members responded to the survey?—A. I do not think I can. It is in our national ballot office. They would know which members actually returned a vote, and they keep that for a limited period of time. I do not know how much difficulty I would have obtaining that for you.

1636. Can I ask that that information be obtained?—A. I will follow it up and see if I can obtain that for you.

1637. What proportion of your funds come from membership subscriptions?—A. As I indicated before, I do not have precise details of that. On my hearsay knowledge I would understand that membership subscriptions and member donations would account for close to 80 per cent or more of our funds.

1638. And members' donations, would there be a few donors to your knowledge who contribute heavily?—A. Some would contribute more heavily than others, but there would not be individuals, such as exist with other parties that one can think of, and the Australian Party is a case, where there are one or two large financial supporters. There would be some that contribute more than others and that would be in the records of the particular State.

1639. You mentioned that financial information is available to all members, but you have not inspected that information?—A. No. Most matters available for public inspection, company records and so on, are available for all people who wish to inspect them, but I have not inspected them.

1640. Does your party find fund raising activities difficult?—A. Yes, I suppose that is true. It is always difficult, but no more and no less than my experience with another political party indicated.

1641. Would the future of the Democrats as a force depend upon the introduction of public funding?—A. I do not think so, but it would certainly allow part of what we argue is desirable, namely, that the electorate would be able to receive more precise and clear information about the Democrats' position, as with any other party's position. This would be so if there were a means to provide a relatively small amount to at least get basic

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information communicated. As everyone knows, the difficulty of communicating detailed information to a large number of people is a costly exercise.

1642. Do you believe that the restriction on expenditure that you have advocated would favour small or minority parties?—A. No, because the ceilings are set very high. The only thing we think it would not favour is a situation of, what we call for want of a better word, undue influence. This relates to large resources put into campaigns by which candidates or parties are able to be exposed in the media. This could be carried out by a relatively small number of people with large resources. It would not restrict or help minor parties. The ceilings are very high. I cannot envisage any small party or independent candidate approximating by any degree that ceiling expenditure. It is not really meant to help them.

1643. Would such high ceilings lead to unnecessary and wasteful expenditure on campaigns?—A. No, because I believe that at times that expenditure has been exceeded and therefore that is more wasteful.

1644. Could you come back to the \$25 million you estimated for the last State elections. How was that arrived at?—A. I did not actually say the last State elections—I know the Chairman actually put the question that way, but I do not think that is what I said. I said, “A conservative estimate of total actual expenditure by all candidates and parties at present would amount to no less than \$25 million thus making the proposed public contribution between 10 per cent–13 per cent of total present outlays.”

1645. What did you mean by that?—A. I am not saying that the last election really did precisely come to \$25 million. Myself and the people I spoke to do not have enough information about other parties' expenditure patterns at the last election *per se*. Between us we have information on expenditure at different times of all parties. I think that is a true statement. It applies to one or another election over the past ten years. By projecting that into real monetary terms today, it certainly is not an exaggeration to say that it is quite conceivable—and based on typical expenditure patterns by parties in the past—a State election could entail expenditure of about \$25 million.

1646. Did you prepare details as to how it was to be made up, between media costs, postage costs and so on. The sum of \$25 million would involve a figure of \$250,000 per electorate?—A. That is right.

1647. Do you suggest that that is a realistic estimate?—A. Yes. If it is based on so much per electorate, it is a large amount.

1648. I put it to you that it is an excessive amount?—A. I think it is an excessive amount to be spent. However, in total contributions in kind from major sources, and taking into consideration free time and various other arrangements, it could well come to that amount.

1649. Could you provide the Committee with the basis for your estimate?—A. As I said before, I cannot submit the information as evidence.

1650. So there is no detailed background to support the proposition?—A. No. I can give you an idea of the approach taken to formulate those figures.

1651. I put it to you that it was an estimate without any real foundation?—A. No. It was founded by the means I have said. It was not founded by public reports. I would deny that. It is certainly far higher than the estimate put on expenditure by the academics for pluralists funding. I think that was about \$8 million.

1652. Your proposal for expenditure of funds suggests that government funding should be used for any legal purpose. Do you envisage it being used for administrative purposes?—A. Yes. The precise funds or receipts given to the party should not be followed through by detailed accounting procedures to see what has happened to the particular sum of money. It should go into the funds collectively received by a party—some of which it will use and have to disclose as expenditure for an election. Other funds that the party receives before, after and during an election go into their on-going cash flow situation. In effect it will be spent on elections, if one ignores all other contributions.

The funds that a party receives are part of an on-going process. We do not propose a mechanism such as I think was touched upon in one or other submissions that the Committee received. I am not sure, but I think that one submission suggested that there should be a means of accounting for expenditure on elections. We do not think, and would not support, detailed probing of and interrogation into transactions that parties engage in. They are tactically organizational measures and matters of their own concern. They should not be publicly canvassed. It would be absurd for everyone to be looking over another person's shoulder and examining the mechanisms within the other party.

1653. In your submission of 10th December, 1979, you mentioned that a proportion of funds were to be based on the actual votes gained by a candidate at the previous election. You state that a final credit or debit of funds should subsequently be made to each party. If a party polled fewer votes than was anticipated and the party overspent and was required to refund money but was not in a position to do so, how do you think that could be overcome?—A. In the same way as any debt can be overcome, by remedies taken to extract the money from persons. If not, people might ultimately find themselves being sent to gaol. People will not be mad enough to spend money that they do not have, knowing that they are not going to get it, and expect to get away scot-free. I think the Committee will make sure that such a thing does not happen.

1654. Do you see government funding as a means of increasing opportunities for small and minor parties to participate in our electoral system?—A. Yes. It may well generate an opportunity for them to do so.

1655. Provided that there is no threshold?—A. Provided that there is electoral support. If there is not, they will not be given any opportunity. It will reflect the society.

1656. You suggest that the A.B.C. should not provide free time for parties or candidates but it should charge for time given. Are you suggesting also that the A.B.C. should compete with commercial television stations in election coverage?—A. No. The context in which that statement was made was a recognition that the A.B.C. provides the only consistent and reliable means of communication to persons in remote regions of Australia. Because of that fact it would be necessary to provide a means by which media exposure and information could be got to people in these areas.

1657. You are saying that the A.B.C. should charge the political parties or candidates who use such facilities?—A. Yes. We think it would be the only reasonable way of assessing the matter. It may be that some other formula could be obtained. The present provisions about providing free time are very hazy and do not allow for apportionment of voting support. If a charge is made, it will be part of the contributions that come to the party and part of its expenditure. The party can make its own assessment whether it wishes to utilize that form of exposure or not.

It is interesting to note that when we did make this proposal, the more recent suggestions in the newspapers about the A.B.C. gaining income from various sources had not even been aired. Such a suggestion would be relatively consistent with some of the recent ideas about funding of the A.B.C. from other sources.

1658. Mr EGAN: You said that you had been a member of another political party before joining the Australian Democrats?—A. Yes.

1659. What party was that?—A. It was the Liberal Party of Australia.

1660. For how long were you a member?—A. About twenty-one years.

1661. What involvement did you have in the party?—A. I had a large involvement in it. I joined the party at the time I was a university student, in the University Liberal Club, which was an affiliate of the party. It was an independent organization, which had its own constitution. It was established before the Liberal Party. I occupied many offices in that organization, including that of vice-president. I was president of the University of New South Wales Liberal Club. I was a member of the State Council of the Liberal Party for approximately fifteen to seventeen years. I was chairman and secretary at one time or another of the majority of its policymaking committees. I was president of the Chatswood branch of the Liberal Party for about eight years. I was president of the Balmain branch of the Liberal Party and several years ago I was also a Liberal Party candidate for Balmain. I had a great deal to do with the planning and strategy of many election campaigns on behalf of the Liberal Party.

1662. At what level?—A. At all levels. It was particularly at local electorate levels in those various areas I have mentioned. I was a member of co-ordinating groups that provided electoral support and assistance for other electorates whose resources were not very large. I was on senate campaigns and on various referenda campaigns. On one occasion I sat on the committee that was concerned with disbursement of electoral funds from the central office to electorates. From my past experiences I know a little about the way some political organizations operate. I sympathize with them on the difficulties that they have. I suppose it could be said that I am an old campaigner.

1663. You have estimated the total expenditure by all candidates and parties would be an amount of no less than \$25 million. I take it that that estimate, to some extent, is based on your experiences within the Liberal Party?—A. Yes, to some extent it is. But in addition to that, it is based on information gained from discussions with colleagues who are in the Australian Democrats and who have been at various times members of the Labor Party, Country Party, the Australia Party, the Communist Party, the socialist workers group and so on. So they have been people involved in all parties. Quite a lot have been involved in trade union activities and know something about contributions to elections.

1664. Did your involvement in the Liberal Party include fund raising activities of the party or a knowledge of such activities?—A. No. I was never on fund raising activities. However, I knew something about the party's fund raising activities. The finance committee of the Liberal Party was structured in a special way, and I was not a member of it.

(The witness withdrew.)

(Luncheon adjournment.)

On resumption:

IAN DAVID IREDALE, of 4 Hovea Place, Grays Point, Lecturer in Economics at the University of New South Wales, affirmed and examined:

1665–6. CHAIRMAN: Did you receive a summons, issued under my hand, in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. Yes.

1667. We have a submission from you. Is it your wish that that submission be incorporated as part of your evidence?—A. Yes, it is.

Mr P. R. Leeds,
Clerk to the Joint Committee upon Public Funding of Election Campaigns,
Parliament House,
Sydney 2000.

Dear Sir,

Submission to The Inquiry Into Public Funding of Election Campaigns

1. (a) The Government establish a permanent State Election Campaign Committee to assume overall responsibility for the funding of State Parliamentary Elections.

(b) The Committee to comprise seven (7) members:

Five members of Parliament—in proportion to each party's present representation in both houses of Parliament.

Two members of the public—to be appointed by the Parliament.

2. The Committee to purchase and allocate all political advertising time and space on/in national regional (including ethnic) television, radio and newspapers. The total budget being determined by the government of the day.

3. (a) The Committee to allocate the time and space to each party/individual in proportion to that party's average representation in Parliament over the past decade.

(b) One-twentieth of the total budget to be set aside for new, small, non presently represented political parties. Such parties/individuals be required to lodge a \$5,000 deposit which would be forfeited should the party/individual fail to gain 5 per cent of the primary vote.

4. The content or substance of the advertising to be entirely the responsibility of the party/individual and the Committee to have no responsibility in this regard.

5. The Committee is not to intervene in any other form or mode of political advertising.

6. The Committee to establish a set of accounting standards to be adhered to by all parties and candidates seeking election. The accounting records to disclose all receipts and expenditures by that party and candidates and be subject to inspection and audit by the Committee if and when the Committee deems such inspection and audit necessary.

Yours faithfully,

IAN IREDALE.

1668. CHAIRMAN: Do you wish to add to it?—A. Yes, I have had some further thoughts and I should like the opportunity to expand on that submission. Having looked at the terms of reference, I felt that there was perhaps a prior question that had not been dealt with and that was to find a principle upon which to base the public funding of election campaigns. From an economists's point of

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view I would suggest that the principle in question is what we call the public good. To give another example of the public good that might help to make the concept clear, let us take the case of defence. This is something that is for the benefit of everybody. It is not something that individuals can buy in their own individual private capacity. It is something that is provided for everybody, by everybody, through a public funding—taxation—means. I see election campaigns as part of the political democratic process associated with the parliamentary process. It is something that is for the benefit of everybody, shared in by everybody and it should be financed equitably by everybody that receives benefit from it.

At present we have what is known as the free rider problem whereby certain groups of people and businesses are financing election campaigns and the great majority of members of the public, who make no contribution, draw upon the services provided—first, the general services of Parliament that their members provide and, second, the individual representations that their members make on their behalf. I feel that public funding of election campaigns would overcome this problem and distribute the cost burden of electing members a little more equitably.

It boils down to a process of employing people. There seems to be some public hostility to public funding of election campaigns. People are saying, "Why should we pay the cost of electing members?" Really, what they are paying for is an employment selection process. An alternative would be to set up a personnel committee to appoint people to Parliament, but if the individual's right to vote is taken away he will be the first one to scream about it. If members of the public want the right to vote as a means of selecting members for Parliament they should be prepared to pay the costs. Election campaigns are fairly expensive. If members of the public want the right to vote, they must realize that they do not get something for nothing. When it comes to the actual procedure for allocating resources from public funding, I suggest it is not so much a matter of allocating money to individuals or parties as a matter of allocating national media time and space. I would see public funding of election campaigns as extending only to the State or national level, covering time allocation on statewide or nation-wide television, radio and printed media. I would see it as in no way extending to campaigns at the individual, local level. I would suggest that at the local level, when it comes to the suburban newspaper, letter boxing or pamphlets and so on, that should be left entirely to the grass roots members and candidates and their branches and parties.

(Short adjournment.)

1669. WITNESS: To go back a little, I see the function of public funding of election campaigns to be one of allocating media time and space rather than money to parties. There is some public concern that public funding will mean massive amounts of taxpayers' money going into political campaigning. I am of the opposite opinion: funding elections in this manner will mean that it will be possible to keep down the amount spent on campaigning and outlaid by the Government, if it simply buys a certain amount of time and space in the media. Individual members ought to have some freedom and discretion to spend money in their own electorates by local means. I do not think that the committee should be directly involved in that, although if the practice gets out of hand and money that currently goes to fund a statewide campaign is spent at the individual level the purpose of public funding would be somewhat defeated.

I suggest that the committee be organized to run the functioning of public funding. I am reluctant to suggest the committee. We seem to have committees for almost everything. I cannot see any other way out of it. I would see the committee having members from all represented political parties in proportion to their membership in the Parliament, together with public representation; probably a 7-man committee with five parliamentarians and two members of the public. I see the role of the committee as setting a limit or allocation for media time and space and guidelines on political advertising. In the past there has been misrepresentation and misleading advertisements by political parties. That is outside the ambit of the Trade Practices Act. I see the committee setting some guidelines for ethical standards to try to improve the informative quality of political advertising.

I believe that the public would accept as a function of the committee that it be involved in the inspection and auditing of the books of political parties. I see that as a function of the committee, particularly where there appear to be anomalies in funds and spending in certain areas or particular problems arise. I see the committee as laying down guidelines on donations to political parties. I do not see it being involved in controlling election campaigns at local electorate levels unless there appear to be some grounds for involvement and then it ought to have some scope for investigating matters at the level of the individual electorate, if there appears to be any financial or other campaigning malpractice.

A real problem is how to allocate the funds, or the time and space set aside, across the various political parties and individuals. I suggest that a formula be adopted on the basis of the political party's historical proportion of representation. It may be necessary to go back ten years, as I suggest in the submission, or perhaps twenty years, to get a fairly accurate historical trend. If that is done I think it will be found that there is a fairly consistent balance of political persuasion or representation in New South Wales. It might be something like 45 per cent Labor Party, 35 per cent Liberal Party, 14 per cent Country Party and 6 per cent other groups. The allocation of funding by the committee ought to reflect this fairly natural inherent political balance. If there is a shift over the time, if people move in one direction or another, in due course that will show up in the averaging figures and will reflect changes in the political outlooks of people. I do not believe the formula ought to be such as to alter that inherent political balance.

Further, I suggest, on a completely different point, that an amendment should be made to the Constitution Act to entrench into the Constitution—I think it requires a referendum—the procedural method of public funding of election campaigns so that it cannot be changed, or dispensed with, if there is a change of government, at the whim of the Government. Once it is introduced the people ought to decide, by referendum, whether it will continue or not.

To anticipate some questions, it may be suggested that a party will want to engage in a mid-term campaign, which happens from time to time. I suggest that it would be up to the committee to decide whether it would allocate time and space for campaigning between elections. There is also the practice, not so much at State level but certainly at the national level, of the leader having time on television or radio and then the Opposition seeking a right of reply. A function of the committee could be that if a State leader seeks time to make a statement in the media on some matter of State importance the committee might then decide how much time should be allocated and allocate funds for that and also an equal right of reply by the Opposition.

Another problem is the problem confronting individuals. If funding goes to parties, what about the individual who is not a member of a party. I suggest that they would be excluded from this system because their campaigning is much at the local electorate level and they are not having a sort of overall State effect. I feel that they could fund their own campaigns at the local level, though they would come against some stronger opposition by the parties that were funded, in that funding flows through to the local level. It may be necessary to compensate the individual in some way. Basically I do not see individuals being part of the scheme or greatly prejudiced by not being part of the scheme. One way around that is to have individuals form minor parties and field candidates in a number of electorates. If that is done they ought to be regarded as minor parties and share in the funding. They are some further thoughts I had following my submission. That is all I wish to say at this stage.

1670. CHAIRMAN: In the scheme that you suggest do you see any need for a political party to register with this committee?—A. Yes, I see that as a fairly natural thing to do. There are only a small number of political parties so I do not see that as any major problem. It is not as though there are a few thousand parties.

1671. Would they register their name and rules or platform?—A. Yes, I think they ought to register their name, their constitution. Perhaps it is similar to companies under the Companies Act which must register their head office, management, board of directors or executive officers.

1672. You suggest that they are required to lodge a deposit of \$5,000 with the funding committee?—A. Yes.

1673. And that if they fail to receive five per cent of the vote they forfeit it?—A. If there is a move to funding of political campaigns there might be a lot of people who will have an axe to grind and think that they will start their run for Parliament. If there were another turbulent atmosphere like the political one of the early 1970's when we had more than 70 candidates running in one election, that is something that must be avoided. Only people who are serious and have a chance of gaining election ought to stand. This device would stop them from standing simply for the heck of it. A deposit should be involved.

1674. At what stage do you think the \$5,000 should be lodged?—A. I think that ought to be lodged when they nominate, or start their nomination as a candidate. An alternative would be that the major political parties would simply give a guarantee. Obviously, the three main parties are going to have candidates elected and they would get their deposit back. It is really to avoid the case of an individual who is running for the heck of it. If he is serious and reads his electorate correctly he will have his deposit refunded.

1675. The funds to be received would be in the form of media time?—A. Time and space, yes.

1676. How would that be apportioned among the various competing parties?—A. In proportion to their historical representation. So if Labor receives 45 per cent of the vote historically they ought to get 45 per cent of the time and space available in the media and if it is a Liberal-Country party coalition that jointly receives 48 per cent of the vote, that is the percentage they ought to get. Whether coalitions want to take it individually or in coalition would be up to them.

1677. You say one-twentieth of the time and space should be provided for parties not now represented in Parliament?—A. For minority parties. This would include parties that already have representation, or parties that have attempted to gain representation in office, or to emerging parties. It would be for minor parties that have representation or have been in existence, or are coming into existence. They ought to come within that twenty per cent for the six per cent of total funds.

1678. How do you apportion that one-twentieth between the minority parties, presuming there are parties that have contested previous elections and that new parties have been formed as a result of proposals?—A. Of course, that is one of the most difficult problems facing the committee. I do not have an answer to that. There may need to be some discretion on the part of the committee in that at any one election you will not know until just prior to the election—until nominations close—what the minority interests will be; there may be an Australian Democrat in Parliament at the moment and he may not run at the next election. Thus, he is releasing his share of the funds, if you like to put it that way.

1679. Surely his party would be nominating a candidate?—A. Assume there is a political party that goes out of existence; that would open up funds for somebody else. A new party might come into existence. The Committee will have to consider it with other minority interests. You cannot have a definite view about it because, at the one time, parties may be coming into and going out of existence.

1680. Do you have any idea how much time should be reserved on television, for instance?—A. Is this overall?

1681. Yes. For all parties?—A. Again I think we need to go back to the amount of time and space bought in previous State elections and also in federal campaigns. It has been more than adequate in the past. It would be a matter for the committee. I think that we have been more than adequately serviced with national advertising.

1682. Do you think it should be compulsory that parties now represented in Parliament should accept the scheme?—A. That is a difficult question. I would say that parties ought to represent the interests of the electorate. It concerns me that the electorate may not be prepared to accept this scheme. Probably, that is because they are somewhat ill-informed. If the scheme were put to the electorate in a rational and sensible manner I feel sure it would be accepted. It would be up to the parties supported by the electorate to go along with the scheme. I believe it is a major political reform in the interests of this State and of all parties. I believe that all parties should accept this scheme.

1683. Let us presume that a Government introduced the scheme and the Opposition said it would have no part of it. Should the law enacted require the Opposition to comply with the scheme?—A. If it is simply enacted as a normal Act of Parliament the support of the Opposition need not be necessary. However, to do it thoroughly, I believe it has to be entrenched in the Constitution. In that case I think it would be important that all political parties accept the scheme.

1684. Your scheme is a compulsory scheme?—A. Yes.

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1685. With no party having the right to opt out of it?—A. Yes, I think that would be the best way for it to operate.

1686. Do you think the parties should be enabled to spend funds to purchase additional time and space in the media?—A. No. Not on any media vehicle outside their own electorate or, as far as the State newspapers, radio and television are concerned. There ought to be no extra time bought by any political party.

1687. When you say outside the electorate, if there were a television channel in a country electorate could the candidates in that electorate use that television channel in addition to what may be purchased as a statewide means?—A. Yes, I would say that if the electorate is interested and if there is a TV channel in that electorate—particularly in the case of the Country Party—that is a fairly important local vehicle.

1688. You speak of it being only in that electorate. It is quite reasonable to assume that any television, radio or newspaper would be servicing more than one electorate?—A. What I am suggesting is that the promotion of political parties, as parties, ought to be the responsibility of the committee. But if an individual wants to promote himself there is no point in going outside his own electorate. If he has a promotional vehicle that operates in his electorate only, he ought to be allowed to use it. If there is a regional television channel operating across the electorate and also outside the electorate, then I think that is going beyond the ambit.

1689. Do you see a need for parties to disclose the sources of their income?—A. Yes. Apart from minor donations of \$5 or \$10 there ought to be a level at which donations ought to be disclosed, where parties should indicate the confidential channels by which the donations are made. At the present time no details are given of the donations or of other things like that.

1690. Do you think that the amount of spending by a party or a candidate should be restricted?—A. I would hope there could be some self-regulation here. Naturally it would vary from electorate to electorate. In some safe electorates there is probably very little spending now and would be very little spending in the future. In areas where there is more competition there is probably more spending. I would hope we do not find the money currently being spent at State level being channelled into individual electorates. If election spending in an individual electorate gets out of hand, the Committee ought to be empowered to step in and impose some guidelines.

1691. In your study of the subject have you found anything you could use to suggest to the Committee what the cost of an election campaign may be at the present time for all parties and candidates?—A. No, I have not. Are you looking for what it would cost the Government to fund it?

1692. What is spent at the moment—on the last State election, for instance?—A. No. I would only suggest there is probably between \$1 million and \$2 million spent by the major parties. It is hard to assess that sum because a lot of it is spent at the local level in ways that are just not accountable.

1693. Somebody this morning suggested the sum would be about \$25 million?—A. I think that would be quite excessive.

1694. You think it would be an exaggeration of the actual cost?—A. Yes, I think so. If you wanted to calculate the figure you could probably work on the basis of perhaps \$25,000 spent in each electorate. This would probably be a fairly reasonable thing. That would be plus the spending by the headquarters of the major parties, and they would probably have an accurate account of that.

1695. The amount of \$25,000 in 100 electorates would not come anywhere near \$25 million?—A. No. I am not in a position to collect these figures, but the Committee would be. I think you are looking at under \$5 million. There is concern in the way things are going at present because we are getting into an advertising race. We are getting into the soap powder category where one party is trying to sell itself in competition with the other and you get an escalation. The Committee can stop that.

1696. Some candidates would spend less than one-twentieth of the \$25,000?—A. In some electorates there is probably very little money spent. In the electorate of Broken Hill I think there was only a Labor candidate standing. If that is the case then presumably you would not have to spend much at all. But in another electorate where there are half a dozen candidates standing it would be different. Where the political persuasions are pretty balanced it would also be different.

1697. Your estimation of \$25,000 in an electorate is possibly excessive in itself?—A. If you worked on that figure it would be a fairly exaggerated figure.

1698. Mr EGAN: Are you aware of the media production costs rather than media space costs?—A. No. That is an additional problem that I have not taken into account. I suggest that the parties be free to decide and choose the substance of their political advertising. That would mean if you chose a fairly expensive graphic approach, as opposed to a more straightforward text approach and involved a lot of people in a TV commercial rather than a few, the costs could vary considerably. I do not know to what extent the Committee ought to pay those expenses. I think you could have it on the basis that the Committee would pay for the time and the space, plus making provision for the costs of making the advertisements, and the parties would have to fit into that so they might have some very expensive ones, a few cheap ones, and a few average ones.

1699. Mr CAVALIER: Have you been overseas to study at first hand any overseas countries that have public funding of election campaigns?—A. No.

1700. What then would be the basic source for the ideas you have put forward?—A. I am speaking primarily from the position of an economist rather than a political scientist. I have taken an interest in election campaigns in that one of my areas of expertise is in economic policy. All election campaigns are contested on the basis of economic issues, and I have an inherent interest in campaigns. I suppose that it is a combination of lecturing in economics—and here what is being done is allocating scarce resources, and that is what economics is all about.

1701. Do you believe that given a belief in parliamentary democracy, a tolerance for divergent political viewpoints and basic goodwill between the major political parties, that the introduction of public funding for election campaigns represents any threat to democracy in New South Wales?—A. No, in fact I think quite the opposite. I think it improves the standard or level or

the basis of democracy. If you are in a position to have tremendous access to resources, be they media, income, wealth or other things, you can put democracy somewhat at risk.

1702. Mrs GRUSOVIN: Do you really think it is a feasible proposition to have a committee such as you have suggested comprising five members of Parliament? It seems to me in your outline of what you would require this committee to do, that it would be a full-time job? —A. No, I would not see it as a full-time job, in that if we can also get to the situation of having elections once every three or four years, then it would be a fairly hectic time for the committee once every three or four years. Unfortunately that would then clash with the members' own campaigns.

1703. You do not feel that in the areas that you have allocated to this committee to take responsibility for, the purchase and allocation of political advertising space, that this would require a certain amount of expertise not held by all politicians?—A. I see the committee not so much being involved in the nitty-gritty of buying the media space and investigating branch books and so on; I see that being done by people employed by the committee. I see the committee as a board of directors.

1704. Do you see a large number of people being employed by the committee?—A. No, I do not see that. It certainly should not be a large bureaucratic operation.

1705. You would see this committee operate only from the time the writs were called?—A. Yes. I think the committee would have to set up a number of guidelines initially, so that when you set up the committee it may take a year or so to work out how the committee is going to work, who it is going to have working for it in the day-to-day functions of the committee. After that I see it running fairly automatically without a great deal of effort and involvement.

1706. Mr McPHERSON: First and foremost, from your comments I assume that you are fairly indifferent about whether there should be opportunity for independent candidates or new parties to be funded. Did you intend that?—A. I was not intending to cover all the terms of reference in detail. That is one area where I do not believe that I have any expertise to contribute. My views simply are that there is an historical situation where the Labor, Liberal and Country parties are well and long established political parties. There is always about five per cent or so of the vote that goes to minority parties, which come and go with time—the Australia Party, the Workers Party, the Democrats and so on. They rise and fall. As I said, I think that they generally represent about five per cent of the vote. Funds ought to go to those parties. It is a fairly volatile area. You cannot say too much about them in advance, because they are here one day and gone the next.

1707. You used the phrase, "all groups or individuals who really have a chance". Following on what you have just said, do you foresee that the Committee perhaps would have the responsibility of deciding whether anyone really had a chance? Who do you think would decide? —A. In other words, deciding whether an individual ought to share in this funding?

1708. I am looking at the public reaction aspect, where any sort of suspicion of the system might permit the levelling of the accusation of being unfair?—A. If an individual is willing to put up some deposit—and I suggest

\$5,000, because the Committee would have to make a firm decision on that—that would be a fair thing. The deposit would change with inflation and other factors. It may be \$10,000. But if a person demonstrated to the Committee that he is sincere, the Committee might suggest other guidelines. If a person sets up a political party with offices, has an executive and is running more than one candidate, and can demonstrate to the Committee that he is genuine and has a fair chance of obtaining, say, 5 per cent of the primary vote or of being elected, then that person ought to be allowed to participate.

1709. You are putting more emphasis on the genuineness of the candidate and/or the new party rather than whether that candidate or party has a chance or not? —A. If they are not genuine but have a chance, yes, that is O.K. Of course, they would be required to put up deposits and so on, and that would knock out those persons who were stupid about the whole process.

1710. Dealing with the aspect of who should be eligible and who should not be eligible, in your submission you refer to a party's average representation in Parliament over the past decade. You say, "1/20th of the total budget to be set aside for new, small, non presently represented political parties". Would you agree that instead of the provisions of paragraph (b) there could be some such post election system of funding, depending on the number of votes actually gained at the election?—A. Yes. That is a bit awkward because if media time and space is being allocated, it has to be done before the election. If the results of the election turn out differently from expected, and someone is given space and does not win—and the reverse situation occurs where someone is not given space and wins—I do not know how the Committee would tackle that problem.

1711. Do you agree that there could be a system of reimbursement for moneys spent for candidates or parties who obtain the required number of votes?—A. Yes. I can see a situation whereby an individual candidate for some reason or other does not qualify for funding by the Committee and runs his own campaign of election. If he has kept books of accounts, and is elected, I think that the Committee should have power to pay him so much towards his campaign in lieu of participation in the funding processes prior to the election.

1712. Mr LANGE: Are you a member of any political party?—A. Yes, I am.

1713. Which party?—A. The Labor Party.

1714. You suggested a five per cent threshold for participation in the scheme. Do you believe that should apply to both Legislative Council and Legislative Assembly seats? —A. I think that the Legislative Council is a little different. If one looks at the sort of balance there between the major parties, the figure historically may not be much different. The problem is with the change in the method of voting for the upper House. I do not think we have had long enough to work it out. It will be some time before we are able to work out what sort of a balance there is. I suspect that there will probably be less independents and minor parties in the Council. So therefore that figure may be lower. It will be difficult to tell until a few more elections are held.

1715. Do you believe that the deposit of \$5,000 will eliminate many small independents and perhaps minor parties? Is that your intention?—A. No. I think that it is healthy to have minor parties. What that does is to

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guarantee their existence. Under the present system minor parties are being squeezed out because of the race by the major parties to spend money on the national media. Minor parties are not in the race today.

1716. Why would you not have a smaller deposit?—

A. If it is a minor party, say the Australian Democrats, a \$5,000 deposit would not be particularly difficult for them to raise. For an individual it may be a little difficult. But you run into the problem that if you make a deposit too low, a lot of people are running in the election just for the heck of it.

1717. You suggested that the basis for apportioning government funds should be the last decade of results obtained. Do you see this as eliminating any excessively high or excessively low votes that parties or persons may incur?—A. On further thought, I would amend that so that the average ought to be taken over a 20-year period. I suspect that in New South Wales there is probably a political swing every ten years or so. A 20-year period should give a pretty accurate figure.

1718. If it were to be based on just the last elections, you think that it could produce an inequitable distribution of funds?—A. Yes, it definitely would.

1719. You are suggesting that the committee to be set up by the Parliament should purchase and allocate all political advertising. Would you leave it to the discretion of that committee to determine which forms of the media—and the particular television stations or newspapers—from which space was to be acquired?—A. Yes, I would see that as the function of the committee. Of course the committee would be in a position to receive submissions from the various media operators and from members of Parliament, so that if members said, "We want more time on television or more time on radio or more space in the press and we want it in this newspaper or that newspaper", it would be up to the committee to make a decision.

1720. In replying to a question about disclosure you suggested that it would be better to avoid any type of patronage that might result from donations. Would not the committee you suggest be able to extend political patronage to a particular newspaper group in return for its support?—A. The committee has a balanced representation.

1721. But a majority of Government members?—A. I suggested that the balance of the committee reflect the historical political balance, plus—

1722. In your submission you said five members of Parliament, in proportion to each party's present representation in both Houses.—A. In that case I agree that there would be an imbalance there.

1723. So the Government members would be able to determine possibly a disproportionate expenditure in favour of, for example, the Packer group or the Murdoch group of the media?—A. Except that there are also two members of the public on the committee.

1724. Who would be appointed by the Government?—A. Probably, yes. Certainly if you want to you can build bias into it, but I would hope that—

1725. Would it not be better to have a completely independent body to determine such matters if they were part of any scheme?—A. That would be an alternative,

but as I have said I would see the committee mainly as the board of directors or the management group and there would be a working group below them.

1726. Policy would be determined by the committee?

—A. By the board, yes.

1727. The committee would have an overriding say in the apportionment and purchase of advertising time?—

A. But even if you have an outside independent group, if they are appointed by the Government they can be equally or more biased.

1728. But if they were drawn from the public service one would hope for a greater degree of independence, would not one?—A. I should hope so, yes. I should like to see the whole thing become part of the Constitution Act. In that case I am willing to amend that part of the submission so that the committee will be more representative.

1729. So you would see that there would be opportunities for political bias that would be undesirable in any such government funding scheme?—A. Yes. I do not think it would be in the interests of the present Government to have a biased committee, because it would go against them when they were in Opposition. I should hope that the scheme could be instituted. I understand your point and I should be quite willing to amend that part of the submission so that the committee was not able to institute any political bias.

1730. Would you think that a majority of Opposition members on the committee may be fairer?—A. No. I would simply see that as giving opportunity for bias in the opposite direction.

1731. So either way, any inherent bias in such committee would probably detract from the effectiveness of any scheme?—A. Probably, but I do not know that it necessarily would. There is the opportunity for bias, but whether it would actually eventuate I do not know. I do not know whether there would be a great deal of playing off of one media group against another.

1732. The advertising times and the allocation of them you would see as being public information?—A. Yes—in other words, that the advertising ought to be informative?

1733. No. I am saying that the apportionment of the expenditure between different types of media and different publishing groups should be made public?—A. Yes, I think so.

1734. Mr CLOUGH: You mentioned that you are on the staff of the University of New South Wales?—A. Yes.

1735. I presume you are with the Faculty of Commerce?—A. I used to be. I have now moved over to the Department of General Studies.

1736. You are a lecturer in economics?—A. That is right.

1737. On the basis that the content or substance of the advertising be the responsibility of the party or the individual candidate, if a committee of the type you suggested were established and it were required to work to

a budget, would not the committee be able indirectly—though perhaps not intentionally—to place constraints on parties if it had the authority to purchase and allocate advertising time and space?—A. I think the committee would place constraints on parties, but I should hope that this would operate equitably across all parties. The committee would place an overall constraint on the amount of election advertising.

1738. In paragraph 5 of your submission you say the committee is not to intervene in any other form or mode of political advertising. Do you envisage that public funding ought not to be the only method of funding election campaigns; in other words, that parties should be able to raise additional income and engage in other expenditure? If so, is that not contrary to what you are suggesting?—A. No. I am saying that the committee ought to concern itself with public funding at the State or national level, but at the individual level I believe individuals and parties ought to have some freedom or discretion in raising political funds.

1739. You were there referring to the individual at the electorate level?—A. That is so.

1740. Paragraph 5, strictly speaking, is dealing with the statewide level?—A. Yes.

1741. In answer to a question you said that there could be less money spent by the Government after the introduction of public funding. I did not quite understand that. It seemed to indicate that you believe governments now spend money on behalf of political parties. Assume that there were public funding and an upper limit on total expenditure. How would you deal with a government that spends government funds on disguised propaganda in advertisements purporting to inform the public on a certain issue?—A. I guess what you are talking about is where the Premier—

1742. To be more explicit, one sees in the daily newspapers large government advertisements which, to the experienced eye, are purely supporting the policy and platform of a particular party.—A. For example, where the Premier opens Senior Citizens' Week?

1743. That is a good example. Another example is Carnivale and the Festival of Sydney, the advertisements for which are disguised propaganda. Why should the Government set up a committee to administer public funding, to contain and constrain and make things more equitable, when in effect the government of the day is breaching the scheme all the time, using taxpayers' funds and spending millions of dollars which are only a drop in the bucket compared with what a public funding scheme will eventually cost?—A. In answer to that I would say, first,

that it is outside the direct issue of public funding of campaigns. As you said, it is disguised political publicity, so it is not of immediate concern to the committee. If you want to bring it within this inquiry, I suggest that the committee could perhaps set guidelines or restrictions to cover that indirect advertising or make it more equitable and allow the Opposition parties, if they are doing something, to get some credit for it. If it is Senior Citizens' Week and members of the Government and the Opposition are both there at the opening, they should both get publicity.

1744. I am not referring to the opening of some activity. I am referring to the constant spurge of expensive advertising in the press throughout the State on an issue that is not only promoting the subject but is also clearly advancing the cause of the government of the day.—A. The Government is elected to do things. The advertising is showing what it is doing. The Opposition does not have the same sort of power to do things. People are constantly asking what the Government is doing, indicating that the advertising does not seem to be doing what it is intended to do. I mentioned that the committee could authorize mid-term campaigning. Presumably it would be possible for the committee to sanction a certain amount of this disguised advertising or restrict the amount or balance it up more equitably.

1745. In paragraph 6 of your submission you refer to accounting standards to be adhered to by all parties and candidates seeking election. You suggest that the accounting records should disclose all receipts and expenditures by parties and candidates and be subject to inspection and audit by the committee if and when the committee deems such inspection and audit necessary. Do you suggest that if there were such a committee there should be a permanent independent auditor distinct from the committee and that the committee should have the power of inspection?—A. I think it would be in the public interest for candidates or the parties that they represent to keep records that are subject to an independent audit and if they are not audited at least that they keep accounts that would be capable of being audited if necessary. I suggest there should be an improvement in the accountability and accounting of political parties. I do not say that the books ought to be audited independently or ought necessarily to be audited by the committee, but they ought to be in such a form that if there is any complaint, objection or challenge, the committee can go in and look at the books and do an audit.

1746. The committee would have the ordinary powers of inspection?—A. Yes.

(The witness withdrew.)

(The Committee adjourned.)

(The Committee met at 10.20 a.m.)

Present:

Mr E. N. QUINN (Chairman)

Legislative Council

The Hon. D. M. GRUSOVIN
The Hon. W. L. LANGE

Legislative Assembly

Mr P. T. ANDERSON
Mr R. M. CAVALIER, B.A.(Hons)
Mr J. A. CLOUGH
Mr M. R. EGAN, B.A.
Mr T. A. FISCHER

WILLIAM CHARLES WENTWORTH, Retired, living at 176 Prince Alfred Parade, Newport, New South Wales, sworn and examined:

1747. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. Indeed I have.

1748. We received a submission from you. Is it your wish that that submission be included as part of your sworn evidence?—A. If the Committee so desires, yes.

Suggested Procedure re Candidates' Election Expenses

Attached are draft proposals for the public funding of certain election expenses of candidates for the Legislative Assembly and Council.

Basically the proposal is that, up to a certain limit, money spent by a candidate should be refundable to him in proportion to the support he receives at the Poll. This would assist genuine candidates, without encouraging the irresponsible.

Election expenditures should be defined so as to include subscriptions to a central campaign fund conducted by a group or party. In some such way the proper functions of established parties could be preserved, without impeding the initiatives of innovators.

The question of whether or not there should be an upper limit to expenditure over and above the limits or refund has been left open.

The suggested limits for refund has been arbitrarily set at \$10,000 per candidate for the Assembly and \$5,000 for the Council, with an additional \$25,000 per group at Council elections. At this level the cost of the proposal should be less than \$2,500,000 per election.

If it were thought desirable, arrangements might be added under which moneys could be advanced to nominated candidates under acceptable guarantee.

W. C. WENTWORTH.

31st January, 1980.

Legislative Assembly

- (1) The limit of refundable expenditure should be \$10,000 for each candidate.
- (2) Election expenses of a candidate should be money paid for the election campaign, including money paid to a group or party with which the candidate is connected, which money has been used for group advertising or other electoral expenses during the campaign.
- (3) Within four weeks after polling day the candidate and any group or party should be entitled to submit a verified statement of bona fide expenses not exceeding \$10,000 to

the Returning Officer. The Returning Officer may make inquiries and may reject part of the claim. Any such rejection should be appealable in a Court.

- (4) A refund should be made to the candidate of a proportion of his electoral expenses as accepted. This proportion should be the proportion which the candidate's votes at the conclusion of the count or at his elimination bears to the number of votes required to elect him. (The successful candidate would receive the total of his accepted expenses up to \$10,000.)
- (5) Two or three candidate might elect to run as a team, in which case their votes would be deemed to be aggregated and divided equally.
- (6) Consideration might be given to amending the Electoral Act to provide that all counts should be continued until only two candidates remain.

Legislative Council

- (1) The limit of refundable expenditure for such candidate should be \$5,000, provided that for each group there should be an additional \$25,000. An independent candidate should be entitled to \$30,000 in all.
- (2) There should be no limitation on the number of candidates entitled to group.
- (3) Otherwise the proportions should be the same as for Assembly candidates.

APPENDIX

Cost of Proposal

For the Assembly—90 seats

Cost of proposal for each electorate would depend upon—

- (1) Number of candidates nominating.
- (2) The extent to which each candidate spent up to the limit of \$10,000.
- (3) The split of votes between candidates.
- (4) Whether or not all candidates were eliminated before the conclusion of the count.

Theoretically, maximum cost, assuming that each candidate spent to the limit, that the split of votes was the most expensive possible and that all candidates were eliminated before the conclusion of the count would be—

2 candidates	\$20,000
3 candidates	\$26,667
4 candidates	\$31,667
5 candidates	\$35,667
6 candidates	\$39,000

In practice, these figures would not be approached, as may be seen by applying the proposal to the last N.S.W. Elections, making realistic assumptions about the expenditure incurred by each candidate. An estimate of \$22,000 per electorate—say \$2,000,000 for 90 electorates—would be sufficient.

For the Council—say 15 seats

Candidates endorsed by major parties could be expected to spend up to the limit \$25,000 for the team plus \$5,000 per candidate). Of the remaining candidates certainly not more than one could expect to have a significant part of a quota before elimination. Allow a significant outlay of \$150,000 for six groups or parties, of which say \$120,000 would be refundable. A further \$180,000 refund to other candidates should be sufficient—say \$300,000 in all.

1749. CHAIRMAN: Do you wish to add to, or elaborate upon it?—A. There are matters I would like to raise in parallel, but at the present time, on the particular subject of that submission, no.

1750. Will you tell us a little about yourself? You were formerly a member of Parliament?—A. Yes. I was a member of the federal Parliament from 1949 to 1977. I have been a Minister in the federal Parliament. I also have had some experience of the State Parliament because at one stage I was personal assistant to Sir Henry Manning who was then leading for the Government in the Legislative Council here. Subsequently, I joined the staff of Sir Bertram Stevens and became economic adviser to the Treasury under Sir Bertram. In that capacity I had a fair knowledge of the goings on at the Loan Council. I was responsible for drafting some of the definitive Loan Council documents that still exist. Therefore, I have had some experience outside Parliament. I have also had 28 years in Parliament.

1751. As a member of Parliament you would be aware of the problems of conducting election campaigns and raising finance, is that correct?—A. Yes. I have participated personally in what I suppose to be eight or nine campaigns, although I have not counted them.

1752. You support the theory that public funds could be made available to assist in paying campaign expenses?—A. On the whole, yes. I have some reservations in regard to it but, on balance, I think the answer to that question would be, yes.

1753. From your submission it was not clear but I believe you intend that the winner in an election may have election expenses paid up to a given figure?—A. I thought I had made that clear. I hope so.

1754. That was my reading of your submission. You will agree that is what you actually meant?—A. Yes.

1755. The point which is not clear to me is whether you consider he must account entirely for that money?—A. I have never suggested that he should account for the refundable money, but he should account for any money which is refunded. I have suggested an arbitrary limit. I have taken the figure of \$10,000 for a Legislative Assembly election. As I have said, that is an arbitrary figure. I am not suggesting that he should have any refund for his expenses in excess of that selected figure, but I would suggest that up to that selected figure he should have a complete refund. Of course, any refund made should be subject to proper accountability.

1756. It should be subject to proper accountability?—A. Yes.

1757. You mentioned a figure of \$10,000; do you consider that that would be the reasonable cost of a candidate in most electorates?—A. I consider that to be a reasonable minimum cost. Of course, in a blue ribbon electorate, whether for one side of the House or the other, in such

an electorate with an assured majority the expenditure might well be less. But for anything like a contestable seat I would think that that would be the minimum for a campaign. At the present time I am not suggesting that it should be a maximum. I have left open the question as to whether or not there should be a maximum, but I will address my mind to that if you wish.

1758. In a blue ribbon seat do you consider that the cost of an election could actually be much lower than the figure you suggested?—A. Certainly for the incumbent candidate, yes.

1759. In that case do you anticipate that that particular candidate should be entitled to approval of part of the moneys, which he may be able to have reimbursed to him, forwarded to the head office of the party for the general election propaganda?—A. That was in my mind, yes. You will notice that in the submission I have made to the Committee I have suggested that obviously the central body of a party must have expenses. It seems to me not unreasonable that in the party's blue ribbon seats the candidates who are not using their allocation of funds may put them towards the general propaganda purposes of the party. In this matter I think you must preserve some balance. If our system is to continue the governing party must have an established position, whether it be on either side of the House, but that position should not be one which is unassailable. It should have a certain degree of preference which gives that party cohesion and makes the system workable, but it should not have an unassailable position.

The opening for the independent to come in is important. I might suggest that the Committee take notice of the current position in the United States of America where you have two extremely well-established political parties. I do not say that it will happen, but at the present time there is talk of a substantial possibility that an independent candidate might be making a credible run for the presidency. This is something which I think must be allowable because of the possible emergence of a situation like that, as may well be the case in America today where there is dissatisfaction with both of the established parties. On the other hand you would not wish to have the system of chaos in which the position of the established parties was entirely eroded. It is a most difficult question and one of finding a balance between the two principles.

1760. So that every candidate who is a member of a political party could say, "I have spent on my actual campaign \$1,000, and the remaining \$9,000 can go to my party head office to pay for the television and general propaganda costs."?—A. Yes.

1761. You feel no problems about that at all?—A. You will notice that I have suggested that the party should be accountable for the expenditure if it wants a refund. I am not suggesting, and I do not think it would be right to do so, that such money should be made available between elections for maintenance of the party; rather I think that it should be made available to the party for its campaign in a current election.

1762. You have divided it into two parts, one amount for the Assembly and another amount for the Council?—A. Yes.

1763. Are you saying that \$10,000 should be allowed for a Legislative Assembly seat but only \$5,000 for a Legislative Council seat?—A. Yes. But it has a most important rider. For the whole group, or for an individual candidate, there should also be a further \$25,000. You

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will notice the rider in that. This is an attempt to give, in the context of a statewide election which is in the nature of an election for the Council also, some ability for the independent candidate or a small group to make a reasonable show. I have endeavoured to weigh the proposal in that respect.

1764. In a council election with fifteen to be elected, under the proportional system how many do you see forming a group, ten or more?—A. I had not thought we should have any absolute limit on that. I suppose it is a matter for the parties on the one hand and for independent candidates outside the party, on the other hand, to make such decision.

1765. For every additional candidate there is another \$5,000?—A. Yes.

1766. So there could be twenty or thirty?—A. Yes, but not many of them would get their \$5,000 back. On the mechanism of refund that I have suggested, in the nature of things those people who are no-hoper candidates would get back only a token amount.

1767. Let us look at the major parties in that election?—A. They would get their money back, or most of it.

1768. If a major party put up ten candidates in its group at \$5,000, that is \$50,000, plus \$25,000 for the group, \$75,000 would be the maximum they could receive?—A. Yes, but I think with the major parties there are limits to the number of candidates they want to put up for various reasons associated with the ballot paper. They would not like to put up a large number of candidates, much larger than the maximum number of seats they can hope to get.

1769. I am suggesting the most they would put up would be ten. With a group of ten, under your system they would be eligible for no more than \$75,000?—A. That is correct but remember a Council election is invariably—and I stand open to correction on this—concurrent with an Assembly election. A party propaganda running for one would also be running concurrently for the other.

1770. The money required to be put forward for the council election would be forthcoming through the Assembly funding?—A. I think in part it might. I am not suggesting there should not be other funds beside the refundable money employed in the election campaign. I am only suggesting there should be some refundable moneys on which a limit should be put. I refrain from making any suggestion about the total limit on expenditure.

1771. Do you think there should be a limit on the amount of money a candidate or a group of candidates may spend?—A. This is a difficult question. I am inclined to think, and I would not like it to be put more strongly, that the answer to the question should be, no. The reason for that is one of realism. The nature of political campaigning has changed dramatically in this century because of the predominance of the influence of the media, not in saying things about candidates but in not saying things about candidates, ignoring them. I can remember when the political rally and the political meeting in the individual electorates for the candidates—not for the leaders—was a substantial thing. It is not so any longer, because the mass circulation papers have taken the role of filtering the political views that come through.

But much more important, radio and television have superseded the meeting. You cannot get the public interested in meetings now.

If there is a local question about the local sewerage or a park you can get a meeting together, but on a political question only the leaders get reasonable meetings now. This is because the public has decided to take its political views from the papers, the radio and television. This means, in point of fact, that the media are now able to filter politics in a way that they never have been before. Under those circumstances it may well be that the only way of getting across a viewpoint which may be important, and may be substantial, could be by the expenditure of a fairly substantial sum of money.

The kinds of restrictions that we thought desirable in the nineteenth century may no longer be desirable today, because of the predominant position of the media. I cite particularly television and radio in respect of the filtering of political news. It is not what is printed very often that is important; what is important is what is not printed, or what is not put over the television.

1772. You do not think there should be a limit?—A. I can see arguments on the other side. I have tried to express an opinion on balance. I have been hedging a little. On the whole I would be inclined to answer your question, no, there should not be a limit, and that is because of the changed circumstances of the way in which it is now possible for candidates to approach the voting public.

1773. Do you think it is reasonable that people should be permitted to contribute to a candidate's campaign expenses?—A. Yes.

1774. Do you think there should be any limit on the amount anybody may contribute?—A. I would think not. Co-ordinate with that, there might be the subsidiary question as to whether contributions should be made public.

1775. That is my next question and you may answer both if you wish?—A. I am inclined to say, yes, they should be made public, but I am a little hesitant. It seems to me these are all questions that have to be decided on balance. You cannot say this is definitely this and that is definitely that. The questions you pose seem to me to be all questions that have to be decided on balance, because there are pros and cons to all of them.

1776. Mr LANGE: You said initially, in reply to a question from the Chairman, that you had some reservations about the proposal for public funding. Could you advise us of those reservations?—A. It is said by many people that the political parties and the political candidates should be standing on their own feet and not expecting help from the States. On the whole I reject that view, but I can see force in the argument on the other side.

1777. You stood as an Independent for the Senate?—A. Yes.

1778. What difference did you find in campaigning as an Independent and campaigning as a member of a political party?—A. Entirely different. In a Senate campaign you cannot approach your individual electors. It is no use holding a meeting in Bondi, Orange or anywhere else. You are only speaking to such a small part of your electorate. Therefore the only thing that you can hope to do is to get some kind of attention through the

public press, through the national press. If you are dealing with a local electorate you can hope to get something in the *Manly Daily*, or a newspaper in whatever area you seek to represent. That does not help much in a Senate election.

1779. In your view it would be more difficult to stand as an Independent candidate for the Senate or any other seat than as an endorsed party candidate?—A. Not just more difficult, but it is so much more difficult. It is quite a different question. Either because you are known you will get votes, or because people do not know you they will not vote for you.

1780. Your proposal seems to be heavily weighted in favour of endorsed candidates rather than Independent candidates?—A. I would not have said that. If you are speaking of the Council, where the electorate is comparable to the electorate of a Senate seat, then I have in this proposal for the \$25,000 rider given a deal of weight to the question of the individual and the Independent. I cannot see how you could hope to do more. It certainly gives much more opportunity than it does now. It is not suggested that the \$25,000 plus the \$5,000 should be the limit on what an Independent candidate can spend. I have suggested there should be limit on what should be refunded.

1781. You have suggested that the \$25,000 additional for Legislative Council elections is only per group?—A. I am sorry if I said that; apparently I did not make it clear. I said an Independent candidate should be entitled to \$30,000 in all.

1782. On the front page it says, "\$5,000 for the Council, with an additional \$25,000 per group". What do you mean per group?—A. An Independent is his own group. The sentence is quite correct. An Independent candidate should be entitled to \$30,000. I have said that.

1783. You have no similar proposal for additional contributions for independent candidates standing for the Legislative Assembly?—A. That is so, because I felt in that case, where the electorate is fairly confined and where you do have a chance of approaching the limiting group of your electorate, the refundable \$10,000 goes a fairly long way. I wish to make a supplementary submission that one has to be careful not to encourage the entry of irresponsible candidates because not only does that waste money but also confuses the ballot paper and confuses the whole of the election process. The responsible candidate has to have a proper chance to approach the electorate, but the irresponsible candidate should not be unduly helped. In the nature of things, there must be some conflict between those two proposals, and I have tried to suggest a compromise solution. I have not suggested that the independent candidate should be restricted to the \$10,000. What I have suggested is that the refundable amount be restricted to \$10,000.

1784. What would be your definition of an election campaign? What would you see as the period in which refundable expenses occur?—A. Again I have spoken of refundable expenses only. I am not suggesting people should not spend money on campaigns before writs are issued, but for the present I would say between the issue of the writ and the date of polling.

1785. What sort of expenditure do you believe should be refundable?—A. Expenditure directly connected with the campaign, whether it be expended by the candidate himself in his own electorate or by the party which supports him.

1786. Therefore advertising, travelling and accommodation for candidates would be included?—A. Yes. Traveling and accommodation are fairly minor components. It would not concern me if such smaller amounts, which are difficult to account for, are left out of it. I think of it in terms of advertising, party literature and of course organization on the polling day. Anybody who has had experience of an election would know the importance of polling day organization and the importance, especially in Australia, of having a how-to-vote card put into the hands of the voter.

1787. You say it should not cover maintenance expenses incurred by parties' headquarters?—A. Between elections. I think it is unfair to ask the taxpayer to carry that expenditure.

1788. Are you basing your support for your proposal on the introduction of funding in oversea countries?—A. The word basing is rather strong. It would be untrue to say that I had entirely studied what has happened overseas. I know that in general it is done to a large extent, but if you were to ask me details of how, where and to what extent it is done, I could not tell you. My views are strengthened by what I know about practices overseas.

1789. In many countries where it has been introduced, voting is voluntary and not compulsory?—A. Yes. I am not clear as to what countries other than Australia have compulsory voting. On the whole I am in favour of the compulsory vote. I do not think the question of voluntary voting is relevant to the question we are discussing.

1790. What sort of system would you see being introduced to check expenditure incurred by candidates or parties to qualify for the refundable government contribution?—A. I would expect the returning officer in the electorate or the returning officer for the State to audit expenses in the normal way. One is not talking about all expenses; one is talking about refundable expenses. I would expect proper substantiation of any claim—whatever the auditor reasonably required. I reiterate that for the irresponsible or maverick candidate the amount of refund is likely to be very small because the proportion of votes he would get would be very small. For example, if a candidate needs 10 000 votes to be elected but has polled only 500 at the time he is eliminated from the count, he should get only his electorate expenses multiplied by the fraction of 500 over 10 000, which is not very much.

1791. Would you see it being a government auditor who would carry out the assessment?—A. I would think an auditor probably appointed by the returning officer with the concurrence of the chief returning officer.

1792. To undertake an assessment of whether or not expenditure qualified, it would be necessary for the auditor to examine the financial records of political parties?—A. Only the records submitted. If one is claiming, one does not have to include everything that has been expended; one only puts in vouchers for the amount claimed.

1793. Do you see anything undesirable about the present system whereby there is heavy reliance, for example, by the Labor Party on contributions from the trade union movement?—A. I have always worried about the association of any party with an organization outside that has a legal or semi-legal status.

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1794. Mr CAVALIER: Mr Chairman, might I take a point of order. Mr Richardson, the General Secretary of the Australian Labor Party, New South Wales branch, categorically stated that the Australian Labor Party did not depend very much any more on trade unions for election campaign funds though it did for administrative finance purposes. Therefore the bone of the question of Mr Lange and the answer of Mr Wentworth was based on an incorrect premise.

1795. Mr LANGE: I am entitled to ask a question which I regard as being relevant, and Mr Wentworth as a witness is entitled to answer it.

1796. CHAIRMAN: I shall allow the witness to answer the question. However, it does impugn as being factual certain matters which are in issue. In future members might eliminate any factual or supposedly factual statements when proposing questions.

1797. WITNESS: Sir, I take the point that you are making. I am not endeavouring to canvass the facts; I was asked what I thought. It is extremely undesirable that any political party should declare its alliance with organizations that have a semi-legal or legal status. For example, trade unions are recognized in law and have certain rights about employment which they are able to exercise.

1798. CHAIRMAN: As has the Employers' Federation?—A. Yes, but the Employers' Federation does not have the same position in law, although again it is a matter of degree rather than a black and white situation. I have been and am seriously disturbed about this. I am not prepared to embark on a long discussion, and I am not certain you would consider it relevant.

1799. Mr LANGE: One proposal put to the Committee is that the amount of government funding should in the first instance be based on the results of the previous election. Do you believe that that is desirable because of the probability that that would assist incumbents rather than other candidates?—A. It would be entirely undesirable, but possible, to base refundability for current election on past elections. That process is clumsy and would invalidate a great deal of the merits of any refundability proposal. I would be against looking at the last election. I would look rather at the current election. When we are talking about a different matter, the recognizing of parties in the current Parliament, one has to go to past elections. But for current elections, I would entirely reject any proposal to look at the last election.

1800. Do you believe there may be alternatives to simply refunding expenditure to parties, for example, additional free media time?—A. Yes. There are certainly such proposals. On the whole I think the parties probably look after themselves fairly well—certainly established parties can. Any proposal to allot media time for a current election must be based on the position of the parties in the past election, and it is to that extent defective.

If we are talking about refundability of expenditure to the parties depending upon their results in current elections, I would be much more with you. But if we are talking about an allocation of free time to existing parties, that is in point of fact freezing the result of past elections, and I think that is reprehensible. Just as I have stated a belief that I do not believe that the States should refund the maintenance expenses of political parties between elections, I would feel that the allocation of free time on a party basis is not entirely desirable.

I would think that for a Council election, which is statewide, there is no remedy. For an Assembly election, which is confined to a smaller group, there may be some kind of remedy—which I believe is used in Great Britain among other places—by allowing free circulation through the post of a pamphlet from the candidate. For example, each candidate has 500 words in which to put his case to his electors and to send that pamphlet to every elector. I am not certain it would be well read, but one cannot do everything. One could not do that in the case of Council elections because the electorate is so large that nobody knows the candidates; but if it were done for an Assembly election, it would be practicable.

I put this in parallel although it was not directly in the question: it seems to me that we have to find a way to screen out to some extent the nominations of irresponsible candidates but at the same time not to screen out the nominations of responsible candidates though they be not affiliated with an established party, or not entirely in communion with it. There is, I think, one mechanism that we might use in this regard—not for the Council seats but for the Assembly seats. We have not been putting sufficient emphasis on the mechanism of nomination. If you were to use the mechanism of nomination as a means of screening out the irresponsible you might be able to get the best of both worlds. For example, suppose that nomination for an Assembly seat required fifty signatures of local electors and each signatory were to sign a declaration saying that he contributed \$10 from his own pocket to the returning officer or to the fund and if in a local paper on nomination day or shortly afterwards you were to publish the names of all nominators and their addresses so that they would be known, that might screen out the irresponsible without screening out the responsible and desirable candidates. Further consideration might be given, perhaps along the line I have suggested or some similar kind of line, to using the mechanism of nomination as a means of getting out the irresponsible candidates. If there is a responsible candidate who is worth thinking about he can get fifty nominators from the electors who will sign the declaration that from their own funds they have put in \$5 or \$10 or whatever figure may be suggested, to sign the nomination form. The proper candidate would find no difficulty in getting his nomination paper signed. The irresponsible candidate might be rather up against it. Some would get through, of course, but if you were to keep the numbers of candidates down to a reasonable figure—and I can see the necessity of having the established parties, to provide stability for the political machine—if you were to do that it would be possible also to say that a pamphlet would be put out free for every elector, with 500 words from every nominated candidate—let the candidate choose the words. That would be a start. I do not know that it would make the democratic process more meaningful because one would despair a little about the ability to get pamphlets read, but at any rate it would provide an escape mechanism. At least you could say that you are doing as much as you can to make the democratic process meaningful. If the voters do not want that, we cannot help it, you are giving a chance. I feel it is always important to give a chance, even if the chance is not taken.

1801. You said that you favour, on balance, disclosure of contributions to political parties. Do you believe that sort of proposal could be enforced?—A. That is one of the reasons why I think, on balance. I am only thinking of it on balance. I realize the great difficulty of getting any meaningful enforcement. It is possible to get around that in so many ways. Maybe you are right; maybe it is not worthwhile proposing it, but as I have said, I have not tried to express any definite view on this one.

1802. You agree that it would be easy to channel donations through front organizations and have the donation from that organization and not the original donor?—A. I have seen that happen in the past. I am sure it has happened with every political party. I have raised it in the federal House against the Australian Labor Party. I have heard the Australian Labor Party raise it in the federal House against the federal Liberal Party. I am sure both are correct.

1803. What would be the benefits of disclosure if it could be so readily avoided?—A. If it could be so readily avoided there would be no benefits. I have tried to hedge on this.

1804. Mrs GRUSOVIN: I had wanted to deal with disclosure and the fact that you showed some hesitancy, but Mr Lange has pursued that aspect?—A. Some hesitancy is an understatement—hedging.

1805. Do you feel that because of the difficulty of establishing where donations come from originally, one should just give up in despair, or do you feel that it is of such importance that one should look further into the matter of disclosure in the light of the fact that the election of people to public office is a public affair and should be open to the greatest scrutiny by the public?—A. I started by saying that I thought the circumstances had changed because of the news media now being almost absolutely in charge of who knows anything about anything. This is perhaps the fault of the voters because they do not want to meet their candidates—they used to. I can remember when I was in political campaigns in the thirties and the climate was entirely different, people wanted to meet their candidates and to know something about them or against them or for them, but that is not so now. I imagine that all members of the Committee have had meetings at which they have tried to meet their electors—have given a feast but nobody came. People are not now interested, they would much rather go home and watch it on television.

1806. Do you think that they really are interested in knowing who supports the candidate that is put before them? I am getting back to the question of disclosure?—A. Yes, that is why I think it might be so helpful to use more the mechanism of nomination and to publish entirely the names of the nominators. If you knew that Mr A was supported by fifty or one hundred people who had signed and put in \$5 or \$10 that would help. If you had fifty people in a State electorate you would select your nominators in a way in which every one of them had a local circle, and try to spread them over the electorate so that although you do not know the candidate, you know Mr Smith who signed the nomination paper, because he lives only three or four streets away from you. It seems to me that that is a mechanism which is rather under-used.

1807. I can see the merits of having people sign a nomination form but you really would not expect them to make a contribution at the same time?—A. I would expect a nominal contribution, not a big contribution—perhaps \$5 or \$10.

1808. You would not want to feel you were precluding disadvantaged people such as pensioners?—A. There are few people who cannot rake up \$5 or \$10.

1809. Getting back to the question of donations to political organizations, do you see the need at some point where some ceiling should be set or disclosure should be

made?—A. I do not see a need. I can see some advantage and some disadvantage. On the whole it is probably fundamental to enforce reasonably proper disclosure but if the position is that you cannot enforce proper disclosure, it might be better not to pretend you have done something.

1810. Mr CLOUGH: It seems that you support no upper limit over and above the limits of refund?—A. On the whole, yes. I would not have come to that conclusion if I had been looking at the position fifty years ago when we did not have television and radio. In this new position where there is no other way of breaking through you may have to relax your limits. I can see disadvantages in that but on the whole I think probably the advantages are greater.

1811. Would it be fair to assume that your approach to the issue is intended to afford to political candidates and their parties some financial amelioration in respect of the present day cost of campaigns, rather than to place constraints on them?—A. Yes, that was what I directed my memorandum to. I was careful to say in it that I had not turned my mind—I had left open the question whether or not there should be an upper limit to expenditure over and above the limits of refund. The Committee is asking me quite proper questions in this regard but they are not questions I was considering when I wrote this, originally.

1812. You have intimated that you are not sure whether there should be a disclosure of contributions to election expenses. Do you believe that compulsory disclosure of the source of donations to a political party is an infringement of privacy and civil liberties?—A. I do not think so, on the whole. After all, you are concerned with a public process and when you are in the public domain I do not suppose you should be ashamed of what you are doing. No, the question of privacy seems to have been pursued without any real examination of the philosophical background. I would not consider it a necessary infringement of privacy but I am moved by what was said a moment ago as to the difficulty of finding any way of giving an accurate account of where the donation actually comes from, so probably the question is academic.

1813. Emphasis has been placed by you and other members of the Committee on the fact that one seeking office is involved in a public affair. Is it not true that there must be some delineation up to the point of election? Certainly someone seeking to be elected to Parliament or some other public office is involved in a public affair but up to that point is it not possible that matters of corruption, felony, theft, matters of a criminal nature, might be revealed? Would you not think that up to a certain point in seeking election, the matter of reaching the electorate is a private matter?—A. Certainly we want to preserve the secrecy of the ballot. This is a most fundamental Australian principle. People should not be compelled to disclose whether they voted for A or B. If it were felt that if A were elected he might want to penalize those who voted for B, or reward unduly those who voted for himself, that situation should be avoided. If memory serves me correctly, the principle of secret ballots was first introduced in South Australia. From there it spread not only within Australia but throughout the world. Certainly, the secrecy of the ballot should be preserved. But that is different from saying that those who want to stress their political views should be compelled to refrain from stressing them. After all, if you go to a public meeting and express your political views on behalf of a political candidate or against him, as you have every right, that is quite allowable. One may go to a meeting on behalf of Mr Clough and say, "I support Mr Clough." If you say

Witness—W. C. Wentworth, 28 May, 1980

you refrain from supporting Mr Clough financially, that is your affair. You are putting me in a difficult corner in this matter.

1814. It has been suggested in many places that a disclosure would protect the recipient, or the donee, from possible demands by a donor. In your experience as a long-term parliamentarian do you agree there are donors but that donees repeatedly decline to accept their directions or coercion or even encouragement for further donations? Do you agree there is very little evidence to suggest that donees in fact have reacted to a point of action as a result of donations received from donors to political parties?—A. I wish I could answer that question, yes. I cannot. I am not thinking so much of the rich man protecting his interests and so on, but I am thinking of something which has become terribly important in the context of elections outside Australia. Perhaps at this stage it is not so important here. I speak of the effect of big foreign money. I am referring in particular to communist money which may affect the result of elections. One case that comes to mind occurred in France in 1939 and 1940. One knows it is happening in a number of other countries now. One suspects it can be happening elsewhere.

1815. Mr CAVALIER: Would you please say what happened in France in 1939 and 1940?—A. In 1939, in France, the communist party got hold of a large section of the electorate as a result of foreign communist funds. It was quite an appalling performance. There was big communist money used there. I am not so concerned that the very rich man would be able to bribe political parties and so on, for from my own experience I find that is much exaggerated. What does happen is that interested parties hold positions on certain views, with both the Labor Party and the Liberal Party. This applies to both sides. It is not big business that I am really worried about now. I am worried about really big foreign money. That is really worrying me.

1816. CHAIRMAN: I do not think we should be delving too deeply into this. A witness is able to express a point of view. This witness has said he can see great danger in big foreign money going to political parties.

1817. Mr CLOUGH: With some emphasis you referred to irresponsible candidates. Do you not believe that a screening out of allegedly suspect candidates would be an invasion of privacy?—A. The answer to that is, yes. That is why I tried to suggest a mechanism which is not amenable to those who could be suspect. Let us be practical. We are living in the real world. If one said that without penalty everyone who wished to nominate for a seat could do so, one might get hundreds of people putting their names forward. Someone could put his name forward for a commercial purpose, a real estate purpose, an advertising purpose or something like that. There must be some way of screening out the irresponsible. One must try and do it with a mechanism which is as little as possible amenable to the objection that you may get some responsible person in the net. One needs a mechanism that lets the responsible person through. I have suggested to the Committee that perhaps a further examination of the nomination procedure might provide a screen which would keep the irresponsible out without in any way preventing the responsible people from properly putting forward their point of view. After all, democracy has the presupposition that there are differences of opinion among voters, that we do not all think exactly the same. It is probably undesirable that we should all think exactly the same.

1818. Mr ANDERSON: How does your proposal op-

erate with regard to by-elections, or where candidates are unopposed. How do you operate your scheme in those situations?—A. If a candidate is unopposed, no scheme needs to operate.

1819. In terms of providing election funds for the operation of your scheme these would have to be provided before knowing how many seats were to be contested?—A. Yes. I think the differences are fairly small. I have tried to give some sort of costing of this at the end, but it is a maximum theoretical costing and nothing like that would be approached. There would be some occasions on which you would get two candidates and one who wins in one electorate will get a full refund whereas one who nearly won would get nearly the whole refund. In most cases it would be like that. If there is a multiplicity of candidates most would be eliminated at the bottom level so there would not be much refunding.

1820. What about by-elections?—A. I do not think there is any need to consider any different principle for a by-election.

1821. From your vast experience, which you detailed earlier, would you not agree that campaigns for elections start well before the issue of the writ?—A. Yes.

1822. And that the next campaign starts the day after the last election?—A. I am afraid that is so.

1823. Mr FISCHER: You made reference earlier to your stated worry about large-scale foreign finance coming into Australia and being used in various elections. Is one of those examples you have in mind that of the alleged Iraqi funds which came to the union of plumbers in Victoria?—A. I did not have that specific example in mind but I agree that that would be relevant. I say that without having checked that fact myself. I rely on general information for that.

1824. Without canvassing all that has been raised by you this morning, you made repeated reference to the possibility of a pamphlet being printed for each candidate, having about 500 words in it. That is in line with the section of the Constitution referring to federal referenda. It is also a very expensive process. In this decade of the 1980's do you not feel that if you are to advocate that step you must also advocate an equal time period on radio and television for which a candidate would supply the wording in order to use the media which today totally dominate the so-called swinging voter. Do you not feel this is so, rather than that the printed media should be used for that exercise?—A. What you suggest is undoubtedly desirable but I think it is impracticable. I have made this suggestion not in regard to elections which are statewide, like that of the Council or of the upper houses of review, but only in regard to elections which are local. A local election would involve a seat in the Assembly. I do not think it is practical to give everyone a certain amount of time on radio which goes far outside one's electorate, and for that matter the same applies to television. If you have ninety seats for the Assembly you will have an average of three candidates for each seat. A fair average figure in that case would be 270 candidates. To get 270 political addresses of any meaningful length on radio or television would be certainly desirable but unfortunately entirely impractical within the confines of an election campaign.

1825. A possible exception to that would be Broken Hill where the radio and television stations remain entirely within that State electorate. There are other situa-

tions with radio stations being entirely within a particular electorate, but nevertheless you accept the desirability? —A. Yes, especially with the majority of electorates where the population is in the confined areas; I do not think you can make an exception of Broken Hill.

1826. In terms of your refunding proposal and the evidence you have given today for State elections of the lower House, would you believe that expenditure just over the border in Victoria, to get to New South Wales, because that is where the media comes from, should also be considered in the proposal for eligibility of refunds—for example I refer to the candidate for Albury?—A. That is a question I had not thought of and my inclination would be to say, no, and that is just for the sake of tidiness. I have not considered the question and I suppose it depends a little on the particular circumstances of those border electorates. I am not saying there should be no expenditure outside these refundable limits. What I am saying is within these limits the expenditure should be refundable. On the whole, the answer to your question, for the sake of tidiness, should be, no.

1827. Mr CAVALIER: Are you a member of a political party?—A. At the moment, no.

1828. Are you at all worried your system of public funding may further increase the advantages to the winner of a given contest?—A. Its impact should be in the opposite direction.

1829. You are not concerned that the likely practical consequences of your scheme is to in fact advantage the winner?—A. The winner is advantaged in the fact that he is elected to Parliament. If he is properly nominated and if the campaign has got to the voters as much as is practicable, then he is the man you want to advantage. I do not see why a person should be penalized for going into Parliament.

1830. You do not see any desirability to equalize the competition between the incumbent and the challenger? —A. For the current election I have equalized the contest. For past elections the answer is, no, because the winner of the past election is the person who should be advantaged, not at the current election but in the time after the past election and up to the current election. He is in Parliament. If he has had the temerity to stand for

Parliament and has found his judgment of himself vindicated by the electors of his constituency, then good luck to him.

1831. What would your answer be to the objection that your scheme is one that is designed to encourage fund raising rather than vote gathering?—A. I do not think it is in question. It does not encourage fund raising. I am not suggesting fund raising does not occur; I am not even suggesting it should not occur.

1832. Given that a candidate in a certain electorate does not spend as much as the maximum permissible under your scheme, and therefore would not attract the support funds, under your system is not the likely consequence to be that candidates will be encouraged to raise funds for the express purpose of getting them back by way of the refund scheme?—A. They cannot get them back by way of the refund scheme unless they get votes. If you can get votes by fund raising, then I say good luck to you again. You are putting before electors something that the electors want. All any practical process should be doing in an election is to try and see that the candidates' views, whatever they are, are as thoroughly as possible put before the electors. If the electors prefer Mr A to Mr B, that is for the electors to say. The service you can do to the electors is to see that they get the maximum information about Mr A and Mr B and their policies before they cast their votes. This is what they are trying to do.

1833. Do you believe that given our political system, tolerance, mutual goodwill between the parties, and a belief in parliamentary democracy, that the public funding of election campaigns constitutes in any way a threat to democracy?—A. If the funding is done properly I do not think it constitutes a threat, but rather the opposite. I think the proper use of a mechanism like this will favour the maintenance, or the establishment, of true democracy. What we are trying to do, surely, is to see that the voters know as much as possible about the candidates and their policies before they cast their votes. That is not democracy, but it is the mechanism which is necessary for the best operation of true democracy.

(The witness withdrew.)

(The Committee adjourned.)

(The Committee met at 10.00 a.m.)

Present:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

The Hon. DEIRDRE GRUSOVIN

The Hon. H. J. McPHERSON

Legislative Assembly

Mr P. T. ANDERSON

The Hon. J. C. BRUXNER

Mr R. M. CAVALIER, B.A.(Hons)

Mr J. A. CLOUGH

Mr M. R. EGAN, B.A.

GORDON ALEC SIMPSON, Director of the Institute of Public Affairs of New South Wales, sworn and examined:

1834. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act of 1901?—A. I did.

1835. We have received a submission from your Institute. Is it your wish that the submission be included as part of your sworn evidence?—A. Yes, it is, Mr Chairman. It reads as follows:

INSTITUTE OF PUBLIC AFFAIRS (N.S.W.)

18th January, 1980.

The Chairman,
N.S.W. Parliamentary Select Committee on Public Funding of Political Parties,

Parliament House,
Macquarie Street,
Sydney 2000.

Sir,

Please find enclosed a paper entitled "Public Funding of Election Campaigns" prepared by the Institute's Director, Mr Alec Simpson, which forms the basis of our submission to your Committee.

It is one of the Institute's key objects to research and disseminate the facts of matters that are of public interest and concern. Thus the paper concentrates on putting the case "for" and "against" in respect of public funding, rather than taking a particular stance.

Since the paper was prepared there has been some debate on the issue, both in Parliament and in the press, arising out of which there appears to be some confusion developing in many people's minds.

The Select Committee's terms of reference include a request that it has regard to the questions of compulsory disclosure of contributions; also compulsory disclosure of, and restrictions on electoral expenditure.

It is the Institute's view that such considerations, important though they are, are quite separate and distinct from the issue of public funding of campaigns.

It is quite feasible and possible to introduce a system providing for compulsory disclosure of contributions and campaign expenditure, and restrictions on the latter, WITHOUT making any provision for public funding.

Of course, the reverse is not the case: If provision is made for public funding, it is axiomatic that the other provisions must accompany it.

However, early debate reveals that the case in favour of public funding is resting heavily on the need for disclosure and

limitations on donations and expenditure. As indicated above, support for the latter does not justify support for the former.

The aim of the paper is to provide a reasoned and balanced exposition of the merits and de-merits of public funding. However, you will note that two recommendations are made on the final page.

In regard to the second, it is the Institute's view that consideration might be given to allocating broadcasting time to the parties involved in an election. The other provision in force in the United Kingdom might also be looked at, viz.: Each candidate may send through the post, free of charge, one communication to every elector on the register. *In our view, there should be no cash payments of public money to the candidates or parties.*

We draw particular attention to the statement at the foot of page 7—that the issue needs to, and should, be widely debated within the community before legislative action is taken.

We are concerned, therefore, with the brief period that has been allowed for the making of submissions to your Committee, a period which also embraces the Christmas/New Year holiday break.

This does not indicate a desire by the Government to encourage the level of community debate that is needed. In order that the community be involved in this matter, which is one that goes to the very heart of the fundamental concept of parliamentary democracy, we strongly urge that the recommendations of your Committee are made the subject of a REFERENDUM at the time of the next State election, and before legislative action is taken to implement them.

A representative of the Institute will be available to give evidence, if required.

Yours faithfully,

J. H. VALDER, President.

PUBLIC FUNDING OF ELECTION CAMPAIGNS

Introduction

When the Committee on "Financial Aid to Political Parties" in the United Kingdom reported in 1976, it did not present a unanimous report. Those in favour of state aid asserted that:

"Effective political parties are the crux of democratic government. Without them democracy withers and decays. Their role is all pervasive. They provide the men and women, and the policies for all levels of government—from the parish council to the European Parliament. The parties in opposition have the responsibility of scrutinizing and checking all the actions of the executive. Parties are the people's watchdog, the guardian of our liberties. At election times it is they who run the campaigns and whose job it is to give the voters a clear-cut choice between different men and different measures. At all times they are the vital link between the government and the governed. Their function is to maximise the participation of

the people in decision-making at all levels of government. In short they are the mainspring of all the processes of democracy. If parties fail, whether from lack of resources or vision, democracy itself will fail."

On the other hand, a significant minority report did not agree, saying:

"Our dissent is partly explained by the fact that our conception of the nature and role of political parties differs, perhaps fundamentally, from that of our colleagues. There may well be, as they argue, a "minimum level of activity and efficiency" for parties, below which they cannot fall without hampering the working of democracy, but we do not consider that it is possible to determine what that level may be, or whether it would be the same for all parties, or to measure the parties' shortfall, or to calculate the resources they require. Indeed, we think it mistaken and possibly dangerous to suggest that any work can be required of a political party—by the State, by Parliament or by anyone other than its members. We accept the importance of the survival of political parties—though not necessarily the present ones—if our existing system of parliamentary government is to continue in its current form. But we do not believe that political parties represent more than one among the several pillars which support our parliamentary democracy. It is the commitment of the electorate to parliamentary democracy, and its willingness to work it, which ultimately sustains the system; the parties are part of the expression of that commitment and that willingness. We therefore cannot accept the majority's view that the parties are the "mainspring of all the processes of democracy". But even if they were, our approach has been that the injection of large sums of state money into our essentially voluntary system of party politics is so grave a departure from historical practice as to represent, in itself, a threat to that system. We believe that such a risk could only be justified if it could be shown that parliamentary democracy was in danger because of the imminent bankruptcy of the major political parties. We do not consider that the evidence placed before the Committee suggests that this position either exists now or is likely to exist in the near future."

Therein lies the crux of the matter, just as much in Australia as in the U.K. Putting aside all other considerations of methods and forms, if one believes that effective political parties in Australia are the crux of democratic government, and are on the point of failing through lack of resources, then the only question to be considered is "how" the resources should be provided.

If, however, one believes that political parties are no more than one of the pillars supporting parliamentary democracy, and that any departure from their essentially voluntary nature is, in itself, a threat to that democratic system, then a great deal of evidence will be required to justify such a change.

Areas of Public Funding

There are three distinct areas for which public funds can be allocated to political parties:

- (a) Assistance to the parties to enable them to carry out their parliamentary work, particularly that given to the non-government parties.
- (b) Assistance to the parties outside Parliament, i.e., for research, political education and electorate work, tasks which go on at all times.
- (c) Assistance to mount and finance election campaigns.

In view of the fact that the N.S.W. Premier's announcement in March, 1979, related to election campaigns, only that area of public funding in (c) above is being considered here. It should be noted that much of the "overseas experience" quoted in support of government aid relates to those areas of assistance described in (a) and (b) above.

The Case for Government Aid

The issue was launched into the public arena by the Premier of N.S.W. Addressing the Labor Party's State Council in March, 1979, he said: "the mammoth cost of modern election campaigns challenges both the party system and democracy itself", and announced that an inquiry would be set up to make recommendations on the level of finance to be provided, and other related matters.

He claimed that the growing costs of modern campaigns are "an open invitation to corruption" and cited the U.S.A., West Germany and the Scandinavian countries as precedents for public funding.

Thus the case for government aid is based on the following factors:

- (a) Elections are now so expensive that the parties are no longer able to mount effective campaigns without financially crippling themselves.

- (b) Elections should not be "bought" by the party with the greatest amount of funds.
- (c) Private funding of political parties is conducive to potentially corrupt practices.
- (d) The experience in other countries is favourable.

The Case Against State Aid

- (a) The basic point made in the introductory paragraphs above that the injection of substantial sums of public money into an essentially voluntary system of party politics is, in itself, a threat to that system.
- (b) Severe financial restraints are currently being imposed on public and private expenditures, both of which are feeling the effects of inflation. Is there any justification for cushioning the political parties from these effects?
- (c) Should taxpayers be compelled to finance political parties with which they have no sympathy? Furthermore, should extremist parties be publicly supported—yet to devise a system which deliberately excludes these parties would probably constitute a very doubtful democratic practice.
- (d) Political parties have always been short of funds and will always claim to need more money to do their job. Is there any assurance that the provision of public money will rectify this situation?
- (e) Direct state aid would tend to weaken the links between political parties and their grass roots supporters.
- (f) Public money for political parties cannot be regarded as "neutral". It is probably but a small step from the provision of state funds to a situation where direct demands are made on party organizations for changes in their rules and practices.
- (g) Cynicism about politics and politicians is already at a very high level. Voting substantial sums of public money to the parties would only deepen this cynicism further.
- (h) In order not to bolster established parties at the expense of new, developing and emerging groups, there is a high risk of over-compensation whereby these groups are provided with an artificial and continuing stimulus once they have passed "the qualifying threshold".

Comparison with "Overseas Experience"

It can often be misleading to quote the systems that are in force in other countries and so extrapolate their application to Australia; some examples of this follow.

- (a) *Compulsory Voting and Registration of Voters.* Australia has a system of compulsory voting which does not apply in any of the other countries whose public funding arrangements are usually quoted. There is no doubt that those countries incur a considerable part of their total election expenditure on persuading electors to vote at all. Furthermore, in the U.S.A. for example, even the task is left to the parties of encouraging individuals to register for voting, a process often done through expensive publicity drives by the parties.
- (b) In the U.S.A. the Presidential election only was funded for the first time in 1976; although there has been considerable pressure from some Congressmen for funding to be extended to elections for the Senate and House of Representatives, this has not yet been adopted, and does not look like being so in the foreseeable future.
- (c) The Presidential election in the U.S.A. is *not* funded from public funds, but from a Presidential Election Campaign Fund which was established in 1971. Citizens are given the opportunity of indicating in their annual tax forms that they wish \$1 to be appropriated to the fund (it was estimated that the tax check-off scheme produced \$96 million in the four years to 1976).
- (d) In the United Kingdom, the appointment of a Committee to consider financial aid to political parties (which led to a quite small allocation of funds to finance elections) was precipitated by the impending direct elections to a European Parliament and elections for new Assemblies in Scotland and Wales (the latter have not yet occurred because the required referenda were defeated)—all of which placed a heavy additional financial load on the parties and candidates over and above what they had traditionally borne.
- (e) There are two countries that might be regarded as good exponents of, and a good advertisement for, state subsidies: West Germany and Sweden. In Germany, however (and it should be noted that their law expressly forbids political contributions by trade unions, and also requires Members of Parliament to contribute a proportion of

Witness—G. A. Simpson, 29 July, 1980

their salaries to party funds!) it is likely that one of the underlying reasons for introducing state aid was to reinforce and make more secure their system of parliamentary democracy of which they had had such a brief experience since World War II.

The substantial support for political parties provided in Sweden is symptomatic of what is a highly state-subsidized, socialized country and it is interesting to note that public funding there arose out of a crisis in the newspaper industry, which is closely linked with and partly owned by the political parties. A Royal Commission in the 1960's recommended the payment of a subsidy to the newspaper industry via the political parties.

These few examples indicate that the proposal as it might apply in Australia should be judged solely on conditions and circumstances applying here, with perhaps no more than a passing reference to systems applying elsewhere.

State Aid—Will it Cure or Exacerbate the Problem?

The community would probably agree that elections should not be "bought" by the party with access to the most funds, but is there any evidence that this happens? For example, it is unlikely that the A.L.P. spent more than the Coalition parties when it won government in N.S.W. in 1976, or in 1978 when it enjoyed a "runaway" victory.

It follows then, that an effective campaign need not be a financially crippling one for any party or group. In fact, many people would probably believe that parties advertise too much during election campaigns both in the print and electronic media.

The case for state aid is on firmer ground in asserting that private funding is conducive to potentially corrupt practices. People would see a danger in parties having to rely on the huge contributions from big corporations and trade unions. But will public funding eliminate the dangers?

It is probably axiomatic that provision for state aid would be accompanied by requirements compelling the public disclosure of the source of party funds, and by legislation imposing limits on both the level of private contributions that may be made, and on the amounts that may be expended by the parties in election campaigns; i.e., more bureaucracy; more regulatory control. In fact, in the U.S.A. a whole new bureaucratic department (the Federal Election Commission) has been set up to handle just such controls, and it seems likely that the alarming extent of the controls needed to regulate this area has deterred the Americans from extending public funding to cover Congressional elections as well as the Presidential election.

The extent of controls that would be required is indicated by considering the question of indirect support for the parties. The American experience in 1976 was that the labour unions were able successfully and legally to use their union publications to get across the political message to their members, and members' families, without coming under the limits of election law; it was estimated that this "loophole" was worth many millions of dollars to the Democrat ticket.

On the other side of the political centre, it would be no great problem to set up "front organizations" which would receive money from the corporate sector and disburse it on behalf of the favoured party.

True, these loopholes could be blocked but it would require detailed legislation, extra bureaucrats, and more controls. Once a trade union is circumscribed in its freedom to publish material in its own literature, and once wholly legal organizations are denied the right to acquire and disburse funds as they see fit, then some very precious freedoms are in jeopardy.

In short, a truly loophole-free set of regulations might well destroy the very system that the regulations are designed to preserve.

Frequency of Elections

It may not be realized that the taxpayer already foots a very substantial and escalating bill for the official, non-party costs of an election. For instance, the 1977 Federal election cost the taxpayer over \$9 million (the 1972 election was under \$2 million), and the 1977 Federal referenda a further \$8.7 million (under \$3 million for those in 1974).

Surely a first and sensible method of reducing the costs, to both taxpayer and party supporter, would be to reduce the number of elections throughout Australia by extending the life of Parliaments, a measure which has wide backing in both major parties.

Public cynicism towards the claim that election campaigns are crippling the parties is heightened when Parliaments are not even permitted to run the relatively short term of three years, but are dissolved up to eighteen months ahead of time, as has occurred recently in Tasmania and South Australia,

and at Federal level in 1977 a full twelve months ahead of time.

With the public funding of campaigns, governments will surely be even less circumscribed than they are now in calling an early election, not having their party's financial situation to consider.

Conclusions

Developing a view on the question of public funding of election campaigns requires the community to consider just what position within the democratic process should be occupied by political parties.

Thus it is an issue that needs to, and should, be widely debated within the community before legislative action is taken.

The *Herald's* poll (14th May) showed that 75 per cent of Australians believe that the parties should raise the funds themselves. This would constitute an instinctive "gut" reaction to a straight question.

Nevertheless, many people would be concerned at the potential for malpractice and abuse in the present laissez-faire arrangements whereby such a significant part of party funds originate from the areas of trade unions and corporations.

However, the points made above against State aid are strong and compelling ones which cannot be lightly brushed aside.

The bureaucratic controls that would be required to regulate effectively the whole area of limitations and constraints on campaign funding constitute a major disincentive to their implementation; but, more than that, there would be a distinct and ominous movement towards increasing State control and reducing our precious freedoms.

Recommendations

The aim of this paper has been to provide a reasoned and balanced exposition of the merits and de-merits of publicly funding elections campaigns. It is to be hoped that it will be the community who is given the opportunity to decide.

However, the Institute makes two recommendations that are relevant to the question:

- (i) The matter of the frequency of elections in Australia (as discussed above) should be given consideration before any decisions are taken in relation to public funding. It will probably heighten the public's cynicism of politics and politicians to appropriate taxpayers' funds to finance the multiplicity and frequency of elections that presently occurs in Australia.
- (ii) There is probably too much advertising through the electronic media during election campaigns, and it is the cost of this form of advertising that is the major expense incurred by parties. The alleged problem of "crippling expenses" could be resolved by adopting the United Kingdom practice of allocating broadcasting time to the parties, and where radio broadcasts are free of charge, and television broadcasts are charged at a minimal rate; all other expenses would then be well within the means of parties to finance themselves.

G. A. SIMPSON,

7th September, 1979.

1836. Do you wish to add to or elaborate upon that submission?—A. I would like to elaborate upon it by making a statement to the Committee in view of the fact that that statement was rendered six months ago. As the covering letter says, it consists of a paper that I prepared, I think, in September of last year and it therefore did not relate directly to the terms of reference of this Committee, which had not been formed at that stage. This was done because the period for the submission being over the December–January period, it was as much as I could do to put that paper in. I should therefore like to make a verbal statement to the Committee.

1837. You may continue with your verbal statement?—A. First, I might briefly say what is the background of the Institute of Public Affairs and myself. The institute has been in existence since 1943. I have been involved with it for the past two years. The President of the

institute is Mr John Valder, who has held that position for the past twelve months.

The key object of the institute, which was established only a few months ago at a special meeting, is to further public education by promoting awareness and debate in matters of community interest while maintaining impartiality and independence. We believe that public funding, which is the transfer of public money to political parties and candidates, is very much a matter of community interest and concern. It is therefore a matter of regret, we feel, that the New South Wales Government has seen fit to omit the first stage in any move towards public funding, which is whether it is required at all. Instead, it is moving directly to how it might be implemented. I shall not dwell on this point because I have no doubt that the Committee will be recommending to the Government that the proposals it comes up with will be put to the people before legislation is brought down.

Members may recall that there was an IPA feature in the *Sydney Morning Herald* in November last year on this subject. I show you a copy of that. It is called "Paying the Piper". The feature was in fact a somewhat abbreviated version of a longer paper that forms the body of the institute's submission. That paper is not in the form we would have liked the submission to be, but it was prepared to meet the Committee's original deadline for submissions of 25th January, 1980. However, we believe that the paper before you is objective in that it puts the pros and cons and highlights the difficulties and pitfalls of any public funding scheme. Although, because of the circumscribed terms of reference, the Committee is not really concerned with such arguments, we do believe that a number of points in the paper, if considered, will enable the Committee to come to a fair, equitable and workable system for public funding which may be acceptable to the people of New South Wales. I shall now refer to that submission. I have spare copies of it if members require them. It is headed "Public Funding of Election Campaigns".

1838. Members of the Committee will perhaps be asking you questions about it after you have made your verbal submission?—A. Page 1 of that paper puts the case for and against as set out in the Houghton report in the United Kingdom. Having decided to move to the implementation of public funding, the Committee will not be overconcerned with that. However, if it is to make recommendations on the manner in which a system involving public funding of campaigns for elections to the New South Wales Parliament can operate, and how it can most equitably divide available public funds between competing parties and individuals—and I have read that because that verbatim is part of your terms of reference—the Committee will wish to be aware of, and where appropriate take cognizance of, the philosophical objections raised by those not in favour of public funding so that they can be taken into account in formulating its recommendations. I am referring to the second quotation under the heading "Introduction".

Those not in favour talk about the nature and role of political parties and assert that it is "dangerous to suggest that any work can be required of a political party—by the State, by Parliament or by anyone other than its members". They further state, "It is the commitment of the electorate to parliamentary democracy, and its willingness to work it, which ultimately sustains the system". They warn about the injection of large sums of State money into this voluntary system being a threat to that system.

In considering term 2 (d), the extent of public commitment—the Committee would, I believe, be acting

prudently by not ignoring those fears. There is mention there, too, of accepting the importance of the survival of political parties, though not necessarily the present ones. Here, too, is a point that I recommend for the Committee's attention: it is essential that any formula arrived at does not have the effect of entrenching more firmly than is already so, for various reasons, the existing major parties. Those are broad considerations, but they should be kept very much in mind during the Committee's deliberations. There has been a tendency since the matter became one for some debate to blur the issue. This has happened in at least two ways: I will return to the second later, but the first one is this. The areas of public funding are set out in the submission.

There are three distinct areas for supporting political parties: (i) assistance to Parliamentarians to carry out their Parliamentary task, particularly that afforded to non-government parties; (ii) assistance outside Parliament: research, political education, etc.; and (iii) election campaign assistance. We believe that there is a need to look sympathetically at areas (i) and (ii) but your terms refer specifically to public funding of campaigns for elections to Parliament. Clearly we should only be considering area (iii). I sat in on only one of the occasions on which the academics for pluralist funding were being heard, and it therefore came as a surprise to me that their statement devoted considerable time to the other areas, particularly (ii), and that this was accepted by you as coming within your terms of reference.

I now turn to overseas experience, which is dealt with in the IPA submission. I shall not go through all that is written therein, but we believe it justifies the remark that any proposals you may put forward should be judged solely on conditions and circumstances applying in New South Wales, with only a cursory reference to what happens elsewhere. Much of overseas funding is in respect of the two areas of support just discussed. That is specifically the case with Holland and Austria. I refer to something about which the academics for pluralist funding made great play. They said that the principle of public funding is widely accepted in many countries. We submit that it is acceptable only because it is there and there is nothing the public can do about it.

I confidently predict that if, or should I say when, the present State Government introduces funding, an alternative government, when it takes office, will not abolish it; most likely it will step it up. What does the New South Wales public do then? They have to accept it in the same way as their brethren in Europe have had to do. You will note from our remarks about the United States of America that there, for the presidential elections, it is a voluntary check-off system on tax returns. It is not public funding, but only the public administration of voluntary funding. Why has it not been extended to congressional elections? In December 1979 the *Congressional Digest* had 14 pages of argument—seven 'for', and seven 'against'. The Committee may have this document because I am sure it would like to take note of the arguments put forward on both sides after some years' experience at presidential level of so-called public funding.

I now direct your attention to perhaps the most crucial paragraph in the paper, which is: "A truly loophole-free set of regulations might well destroy the very system that the regulations are designed to preserve." When the Committee comes to formulate its recommendations, one of the basic considerations will be: Does one go for as near to a watertight set of regulations as one can get or does one settle for as little regulation as possible? If one settles for closing up the loopholes, first of all it is going to be

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difficult to legislate for that. Human nature is very perverse; it has a way of circumventing the law when it really wants to.

Let us look at a couple of real life scenarios. A trade-union or a large public company wants to support particular parties, or candidates, or issues which only a certain party has embraced, and does so in its own literature. Is this a campaign expense? Is it subject to the laws of limitations on donations and/or expenditure? If you say yes, such advertising must be brought within the ambit of the law, those organizations are then effectively prevented from expressing their views. What, then, about freedom of speech, action and association? And what if I, as a private citizen, decide to splurge my savings on a full-page advertisement in a metropolitan newspaper? Is this attributable as an expense of the candidate/party that I express support for? What about the bureaucracy to handle it all? It might start small, but will it remain small? In trying to block all the loopholes it might well tend to destroy the very democratic system it is designed to preserve.

After contemplating this problem, you may well decide, as the academics have done, that you will recommend block grants with no strings. What happens then? The perverse human beings I spoke about will, in no time, jump right through the gaping loopholes. This will be a challenge to the Committee. It will have to be considered closely and carefully. The Institute has some reservations regarding even your ability to come up with a credible and workable scheme. I am still effectively addressing myself to items 2 (a) and 2 (d) of your terms of reference.

1839. CHAIRMAN: I interrupt you here. You appear to me to be reading a submission rather than making a verbal statement. Is that the fact?—A. It is the fact. I prepared a statement because I feared that there were many amplifications I needed to make to the submission because of the fact it did not relate to your terms of reference, having been written before the Committee was formed. I thought the quickest way was to have a pre-prepared statement rather than to speak in an *ad hoc* way.

1840. It would have been much quicker if you had forwarded a copy of your additional remarks to the Committee. You would no doubt be aware that submissions closed on 31st May?—A. As far as I was originally aware, submissions closed on 25th January.

1841. That was the initial closing date, but it was extended to May?—A. I am sorry. In fact, I prepared this submission only in the last few days when I received information from the secretary of the Committee that I might be called to the hearings of the Committee. I had had no intimation up till then that I would be called. I was preparing this as late as last weekend. I am two-thirds through the submission.

1842. Please carry on?—A. I want to refer to the first recommendation in the IPA paper. Before doing so let me just add again that the institute is concerned more with problems, options and considerations than with the detail of any possible scheme. However, Mr Cavalier spoke in the House debate on the motion regarding the cynicism of people towards politics and politicians and he tabled some quite appalling figures on this in the United States of America. We believe a similar attitude exists in Australia, and we also believe that to appropriate taxpayers' funds to finance the all too frequent elections in Australia will heighten the cynicism. Federal and New South Wales leaders of the major parties are in favour of longer terms for Parliament, and we recommend that you take this into your considerations. I said in my opening that we recommended a referendum be taken of the Committee's

eventual findings, but if the Committee does not do this it would certainly be prudent to at least test the temperature of the water first. This could be done by adopting the American tax check-off scheme, which has provided the funds for their so-called public funding for the 1976 and current presidential campaigns.

We are sure the New South Wales taxpayer would voluntarily tick off to contribute a dollar or two to uphold political democracy in this State. The Government can then move confidently into funding directly from public funds, knowing it has the taxpayers' general support. However, if the taxpayer does not tick off the box in sufficient numbers, then perhaps it should be carefully considered whether he should be compulsorily mulcted.

I move to the second tentative recommendation in the paper of the Institute of Public Affairs—the recommendations are tentative only because we are confining ourselves to principles. Because of the basic dichotomy discussed earlier—whether a tight scheme with bureaucratic control on the one hand or a loose scheme riddled with loopholes on the other—the institute believes there should be no cash payments of public money to the candidates or parties in respect of election campaigns.

However, if you believe that campaign expenses are crippling and that this could lead to inefficiency or failure in the political parties, leading in turn to failure of democracy—and here I am quoting from the pro-State aiders on the Houghton Committee—then we recommend you look at the arrangements existing currently in the United Kingdom whereby broadcasting time in television and radio is allocated to the parties and where, we understand, the radio time is free of charge and the television time is charged at a nominal rate.

We believe this arrangement would please not only the electors, who probably consider they are subjected to too much electronic media advertising anyway during campaigns, but it would eliminate the major campaign expense of the parties. We do not have any precise figures, but are given to understand that some 60 to 65 per cent of campaign expenses are incurred on electronic media advertising. Remove that major expense, and the residue is no longer a crippling burden. The whole alleged problem of campaign expenses falls into perspective.

The cost of the allocation of radio and television time would be paid directly by public funds to the commercial companies, but the parties themselves would not see the money. Clearly the threshold of support to qualify for an allocation of time on television and radio would be higher than the suggested figure of 2 per cent for any public support at all. To fill the gap for minor parties and individual candidates, you may be attracted to looking at the other United Kingdom provision, namely, that each of such candidates for lower House seats may send through the post, free of charge, one communication to every elector on the roll. This would be an effective way for any budding John Hattons to get their message round the electorate. This would be a valuable concession, worth over \$6,000 to each qualified candidate. This is possibly acceptable to encourage what the academics call policy dissemination by minor parties and independents. Of course, if such candidates do not reach the threshold of votes—2 per cent or whatever—they would have to foot the bill themselves. This would be an effective method of deterring again what the academics have called rat-bags, extremists and no-hopers. Again we emphasize that under this possible arrangement no cash is handed over to the qualifying candidates.

We stress that we are dealing here only with public funding of election campaigns. Financial support for parliamentarians, particularly those not in government, and support for political education and research by the

parties are separate matters not for consideration at this time. There may be a case for such support, in which case it would enable the parties to conserve more of their precious resources for fighting campaigns. If so, all to the good, but we recommend that the principle remains inviolate, that there shall be no direct cash payments to candidates and parties for election campaigns.

I have dealt at some length with items 2 (a) and (d) in your terms and rather more briefly with item 2 (e). The Committee will be pleased to know that I will be brief about items 2 (b) and (c). We do not propose to make any detailed proposals, or even comments, about the question of disclosure of and limitation on donations and party expenditure. We do not have the resources, nor the available time, to research those matters adequately. However, such public support as has been shown for public funding has usually emanated from a fear regarding the effects of large donations and heavy expenditures. We want to make this point clear. If one has a system of public funding it is axiomatic that it should be accompanied by limitation requirements. Failure to do so will mean that the level of public funding will be added to an increasing level of donations and expenditures and the so-called crippling expenses will be further increased even though they may cease to be crippling. This, we believe, is a weakness in the submission given wide publicity that came from the Academics for Pluralist Funding. But the reverse situation is not true.

It is quite feasible to have provision for limitations and disclosures without having public funding. I referred earlier to blurring of the issue in two ways. This is the second. If considered necessary, a government may introduce legislation regarding limitations and disclosures, but public funding need not go hand in hand with it. Maybe it will be so that, as a result of such legislation, the total funds available to a party may be less than they otherwise would be. But if the suggestion is taken up regarding electronic media advertising, and something like 60 per cent or so of present expenditures are no longer required because of it, those parties will surely be better placed financially.

Before drawing together the conclusions of the Institute of Public Affairs, may I draw the Committee's attention to an article in the *Journal of the Parliaments of the Commonwealth*. I do not know if the Committee would have seen this, but I believe it is widely distributed among parliamentarians. There was a recent article by a gentleman from Nuffield College, Oxford, and I felt it pertinent to draw the attention of the Committee to it. In it one will read that the Houghton report in the United Kingdom did not even get to the point of being debated on the floor of the House of Commons. Reasons given for the report's demise included the fact that the Labour Party itself was not wholly behind it; the failure to obtain some measure of agreement among all parties; the press was against it and conducted a campaign against public funding and whipped up feeling on two fronts: That the public should not have to pay compulsorily what they were not willing to give voluntarily, and that it was difficult to justify such expenditure in time of restraint. The writer of this article concluded that the most important lesson to be learnt from the events discussed was that if parties are to receive sizeable grants from public funds, the public should be convinced that the parties deserve the money. The Institute of Public Affairs believes that the situation outlined is very much the situation here and that therefore any moves toward public funding should be cautious ones.

A point emerged in the article that was new to me, namely, that the United Kingdom Parliament did provide financial support for research and education, and support

for Opposition parties in the Parliament, which we were talking about earlier. They provided for that back in 1974, at least twelve months before the Houghton Committee was convened. They have had that provision for a number of years. The author of the article described it as a "concrete achievement which is now well established".

I will now draw together the conclusions. First, if you decide that the question of assistance to parliamentarians, particularly that afforded to non-government parties, and assistance for education and research is within your terms of reference, the introduction of such support has considerable merit. Second, that any assistance given in respect of election campaigns should be confined to the allocation—probably free of charge—of broadcasting time on radio, and television, and that those parties and candidates not eligible for the broadcasting concession might be granted the free mailing provision described. Third, apart from these provisions in kind, there should be no cash payments of public money at present to candidates or parties in respect of election campaigns. Fourth, the third recommendation might be reviewed if and when constitutional changes have been effected to reduce the frequency and multiplicity of elections that presently occurs. Fifth, that the people, through a referendum, be asked to endorse any proposals which involve any direct, or further indirect, public funding of election campaigns.

1843. Much of your submission and statement was concerned with the question of whether funding should or should not be introduced. The Committee would be paying most of its attention to what type of system might be introduced. The decision on whether it should be introduced could be made by the Government and Parliament, and possibly later by the people. Can you make any suggestion along the main lines of the terms of reference as to what might be done by way of assistance within those that you have enumerated in your statement?—A. I do not think there is anything further to add to my statement, namely, that the assistance should be in kind through provision of free media time or the provision of the free mailing to the minor party and Independent candidates. Beyond that, and possibly any other assistance in kind that the Committee may consider appropriate, there should be no cash payments to parties or candidates in regard to election expenses.

In the statement I read to you the institute lent support to the idea of direct financial support for members of Parliament to carry out their duties, particularly Opposition members, and also for the purpose of research and education. This is a direct payment that we consider is appropriate and it will have the effect of releasing more funds for the campaign expenses of the parties. We believe we are not being pedantic in separating them in this way. Most people that support political parties would like to support them in their campaign expenses and not for their year in and year out running expenses.

1844. Would you believe those two items you have mentioned are within the terms of reference of this Committee?—A. As the terms of reference are listed there, I do not believe they are. It talked about the introduction of a system involving public funding of campaigns for election to the Parliament of New South Wales. I suppose people can give various definitions of what is a campaign. The majority of people would think a campaign is that which starts when the Parliament is dissolved and one goes into the fray and it is not something that goes on all the time.

1845. Would your view be that those two matters, which you say we might consider, are within our terms of reference?—A. As the terms of reference are written, I

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believe that they are not. I hope they will not stand in the way of the Committee. If it wanted to recommend on those two areas of support, it could perhaps move to get the terms of reference amended to provide for that.

1846. You have mentioned the American system several times. Are you aware that the system in the United States of America is for funding at more than one level, and at State level?—A. At State level, yes, but not at federal level.

1847. We are a State and naturally people are looking at what happens at the State level. Are you aware of what happens at the State level in the United States of America?—A. I have read a lot. I get a lot of American material sent to me. I agree that there might be public funding there at State level. We only make the point that it has been widely put about that America has public funding *per se*, but in fact at federal level it certainly does not have it. It does not have it for congregational elections.

1848. We are a State. Should the States fund the campaigns of their legislators. Do you agree or disagree with that as a principle?—A. With the States in the United States?

1849. That the States should do it?—A. In America?

1850. Would you agree or disagree with the principle of funding legislators?—A. I do not disagree with it. We would agree with the sort of provisions that I have set out, the provisions in kind, and also direct provision for parliamentary support on educational research, but not direct provision of funds for election campaigns.

1851. Do you disagree with what some of the States in the United States of America do by way of funding campaigns for their legislators?—A. As I said in the formal submission, I do not think that we should slavishly follow what any overseas country does. In America, as in most other countries, there is optional voting, which we do not have here.

1852. I am aware of that. Would you agree or disagree with the principle adopted in some States of the United States of America for funding campaigns for some legislators?—A. If they are directly funding legislators, I would disagree in principle.

1853. Is that irrespective of how the money is raised?—A. No. If it is provided in kind—and I do not know whether they do that in the way that I have suggested—I support it.

1854. There is a difference between the way money is raised and the way it is provided to the individual or the party. You have mentioned a check-off system that has been used. Irrespective of how the Government obtains money from the people, you do not think that it should be given as cash. That is the point I am trying to clear up?—A. As I said in my oral submission, it could be possible to test the temperature of the water with the people of New South Wales. If you decide to go for direct public funding of campaigns—do it through the tax check-off system—this provides an almost direct referendum for the people. Do this for the next campaign and perhaps for the one after that, and if it appears to be successful, perhaps one can move towards direct public funding.

1855. The opinion I am trying to get from you relates to a State—or perhaps more than one State—in the United

States of America, where candidates for the Legislature are funded by the State. Do you agree or disagree with the principle of giving that State or States money or assistance in kind? They get money for their campaigns in a manner similar to money given to a presidential candidate. Do you disagree with that as a principle, irrespective of the way in which the money is raised by the State?—A. There are two considerations there. If the money is voluntarily given by a tax check-off system, I would agree in principle. If it is money taken directly from public funds without getting the consent of the people—and for all I know, they do—I would not agree with it in principle.

1856. If money or assistance is given for a New South Wales State candidate you believe that there should be a limitation placed upon the amount that the candidate or the party could spend; is that correct?—A. As you would remember, when I gave my statement I said I was not really offering any evidence on limitation on donations and expenditures. I did not want to do this, because I have not been able to adequately research the matter. The only reference I made to it was that these considerations of limitations on expenditures and donations are a separate issue from public funding.

1857. My recollection is that in your oral statement you mentioned limitation on spending?—A. Yes, I did.

1858. I want to know whether you believe that spending should be limited if aid is given? Do you recall that statement or not?—A. If aid is given, in our view there must be limitations on expenditure because otherwise that aid, in practice, will be only added to the normal expenditures. Therefore it will increase. Campaign expenses will escalate generally, even more than they have in recent years. I believe it is axiomatic that you have to have a limitation on expenditures.

1859. How do you think we should determine what is a fair limitation?—A. Again, I said at several stages in the written submission and the oral submission that the institute does not wish to be involved in any detail of possible schemes. Frankly, we do not have the figures of what sort of expenditures are involved in election campaigns by any of the parties, and so forth. It would be quite wrong for us to come out with any off-the-cuff statement.

1860. You cannot suggest a means by which we could arrive at a fair limitation?—A. I would go along again with the Houghton report. I do not want you to think that I am a great exponent of it, although I have quoted it a lot. But if public funding had been introduced in the United Kingdom after the Houghton report, the sort of figure that was bandied round was about 20 per cent of a party's expenditure. That would be provided by public funds. If one adopted a similar figure here, one would have some idea of what sort of limitations on expenditure would have to prevail.

1861. The 20 per cent that you mentioned is not to do with the limitation on spending?—A. No.

1862. They were referring to 20 per cent of the party's expenses?—A. Yes.

1863. That went a bit further than the campaign expenses?—A. Yes.

1864. I am looking at a way that this Committee may arrive at a fair and equitable means of saying, "This will be the limit on spending by a candidate or party". Can

you help us?—A. Let us say that a political party at the last election had spent \$1 million—we shall take that figure for ease of calculation—and the Committee considered that that was reasonable. That is a hypothetical figure only. If the 20 per cent figure mooted by the Houghton committee were adopted, the Government would for future elections provide \$200,000 of that \$1 million. Of course, there would have to be an inflation factor built into that figure. At present there is a 10 per cent increase each year. So next time the figure of \$1 million would become \$1.3 million—three years later; and 20 per cent of that would be \$260,000, something like that. But to get public support at that level, they would have to keep within those limits of expenditure, establish a datum from the figures of the last election.

1865. If we could arrive at a fair and equitable means of determining the limit, do you think that it should be indexed to the cost of living?—A. I do not see any way round having to index it, otherwise it will become quite inadequate within a few years.

1866. Do you think that the spending limits should be vigorously enforced if we determine a spending limit?—A. The spending limits of the parties?

1867. And the candidates?—A. If you are going to establish any rule or regulation, it has to be enforced, hasn't it?

1868. Do you believe it should be enforced vigorously?—A. Yes, if you do this. This is basically why, in our view, the assistance should be limited to assistance in kind and not financial assistance. In my view, once you get into direct financial assistance for election campaigns you have to have limitations on expenditure, otherwise the whole thing just escalates. If you have limitations on expenditure, you have to enforce them. Then you are straight away starting to build up bureaucracy. I suggest that has been one of the main reasons that America at federal level has not extended it to elections. It mainly emanates from limitation on donations, expenditure, rather than financial assistance.

1869. I am trying to ascertain what you were endeavouring to tell me in your reply that mentioned assistance in kind. Were you suggesting that if there is assistance in kind, you do not need a limitation on spending, but that if there is assistance by way of cash you do?—A. The assistance in kind that has been mentioned by us was twofold: namely, that media time might be paid for. That clearly will be limited, because the Government will not pay an open-ended cheque for as much media time as the party wants. If I may state what has happened in the United Kingdom, media time is allocated to the parties not just at election time but throughout each year. Each party is allowed a quota of time on television, that and no more. That is an arrangement that might be followed here. Again, if you adopt our second suggestion—which we thought was worth looking at—those candidates who would not qualify for radio and television time, the independents and so forth, and who were allowed free-mailing to their electors—

1870. I want you to tell me whether a system of aid involves assistance in kind only, and whether there should be a limit on expenditure by the candidate or the party? I am aware that in the United Kingdom no one may purchase time on television or radio for political purposes. That is not electoral law, but that is the ordinary law?—A. Yes.

1871. In any system in this State that gave assistance in kind only, should there be a limitation in spending to go hand-in-hand with it?—A. No.

1872. Do you think that the names of persons who make donations to political parties should be disclosed?—A. You are insisting on questioning me on matters on which we said that we did not wish to offer any evidence. That is one of them.

1873. If you wish to decline to answer, I shall not go any further on that.—A. Yes, I would decline to answer that, except to say that one would have to take careful note of what has happened in America in recent years as a result of this question of disclosure of contributions.

1874. Will you explain to the Committee what has happened in America in recent years in that regard?—A. It is my view that this question of enemies' lists and so forth grew up after the disclosure of donations in America. I know the disclosure of donations and so forth sounds very democratic, but from my reading of American experience it would be quite dangerous to adopt. Beyond that I do not wish to say anything for, as I said earlier, we have not really researched these matters sufficiently to give adequate evidence on them.

1875. Are you referring to donations made in the primaries, rather than in the campaign itself?—A. No, not specifically the primaries.

1876. You are referring to the presidential campaign?—A. Yes, I am referring to the laws that insist in America on disclosure of donations.

1877. To the presidential campaign or to some other campaign?—A. The limitations on donations and the declaration of names of people apply across the board for all federal elections in America. Even though they have not got public funding they have these disclosure requirements, do they not?

1878. I understand that no donations are permitted to a presidential campaign.—A. No private donations. They are if the candidate does not take funding.

1879. I think it is extremely unlikely that Mr Reagan or Mr Carter will refuse to take the \$30 million.—A. I think it is, but Mr Connolly did not take any in his primary campaign.

1880. I asked about primaries. They can take them in primaries?—A. Yes.

1881. Mr BRUXNER: On several occasions you referred to the definition of an election campaign. Would you tell the Committee your definition of an election campaign?—A. I believe an election campaign starts the day that Parliament is dissolved and the Premier or Prime Minister announces the date of the election.

1882. And the expenditure under the heading of campaign funds would be only that which is incurred over that restricted period?—A. Yes.

1883. You said also in both your written and verbal submissions that the situation in Australia, and in particular in New South Wales, was different from the situation in some other countries because of our compulsory voting procedures. Do you believe compulsory voting is a distinct bar to the implementation of public funding in this

State?—A. I would not describe it as a bar necessarily, but it is an important factor to be taken into account, for in those countries that have voluntary voting—and that means most of them; we are in a very small minority—in most countries I would say that a major part of their funding effort is devoted to getting people to the polls and not too much to how they vote when they get there. I would not say it is a bar to public funding, but in making these comparisons with European and North American countries I believe one must bear in mind that they do not have compulsory voting in America and the parties even have to involve themselves in the registration of voters, getting them to enrol. Those factors must be taken into account.

1884. If New South Wales were to proceed to the implementation of any system of public funding, would you prefer a recommendation to be made at that time that voting cease to be compulsory?—A. No, I do not think the two things quite go together. This is a personal view: I am strongly in favour of optional voting rather than compulsory voting but I could not, in all sincerity, say that the two should be coupled together in this context.

1885. You referred to the tax check-off system in the United States of America. You would realize, of course, that it would be impossible for New South Wales to enter upon this system alone as we have no State income tax form; the only form in existence at the moment is a federal form and if the federal Parliament did not proceed to a system of public funding there would be no means whereby New South Wales could ascertain from its electors whether they wanted a deduction from their tax payment for election funding purposes. Would you concede that that would make it virtually impossible for this State or any other State to introduce that system?—A. I do not see that it should be impossible provided that the federal Government of the day were willing to make provision on the tax form, applicable only to New South Wales, for the tax check-off system. After all, we live in the computer era. It should not be difficult to extract how much New South Wales taxpayers have ticked off in the box and make that sum of money available to New South Wales for the purpose. It is just a little administrative problem, I suppose, but, given willingness on all sides, I would not consider it impossible.

1886. Do you really think any federal Government would have the willingness to provide such a form?—A. I think they should.

1887. Mr McPHERSON: Following on the question about the tax check-off, would you agree that your suggestion about a free mailing account and free telephone account comes in the same category in that it is also a federal matter? I can see difficulty in getting reduced telephone accounts or mail accounts unless the State Government made money available to pay the telephone accounts or mail accounts. Is that what you were suggesting? You mentioned it several times as an avenue of funding.—A. I did not say anything about telephone accounts. On the mailing question, yes, the Government would provide funds but it would settle the account with the postal authorities. The money would not go to the candidate himself.

1888. Do you envisage a special telephone number for the duration of the campaign?—A. Why a telephone number?

1889. A telephone account.—A. I did not say anything about telephones for members. I merely said mailing.

1890. I am sorry—a mailing account.—A. If there is an independent candidate in a certain electorate in which there are 30 000 people, then in principle he is entitled to \$6,600 worth of mailing. He puts in a bill for something approaching that and is paid for it. It is not the object of the Institute of Public Affairs to put forward hard and fast proposals. I do not think we are in a position to do so. I am trying to suggest avenues that the Committee might look at for providing assistance in kind. We feel that the assistance should be only in kind.

1891. You suggested a tax check-off.—A. I am not suggesting tax check-off and assistance in kind, all going together. What we are saying is if the Committee in its wisdom decides that it wants direct public funding for elections, why not start off by trying the tax check-off system which is a way of getting an indirect referendum of the people as to whether they accept the idea or not. If it works well and you get a 50 per cent response from it, you say all right, it is generally accepted. Maybe instead of having the administrative machinery of having the tax check-off system, if enough people have approved of it in principle, now we can go to direct public funding. It is a way of checking the people out.

1892. I am interested in the implications of your first conclusion though at this stage I do not know that the question of assistance to parliamentarians comes within the terms of reference of the Committee. In that conclusion you are suggesting that additional funds, over and above the parliamentary salary and allowance to members be made available to members of the non-government party to conduct a campaign. Am I right?—A. Not to conduct a campaign, no—to carry out their work throughout their 3-year period. Not for a campaign, no.

1893. Do you contend that members of the Opposition parties are underpaid?—A. Do you mean in the form of their remuneration?

1894. Many things are involved. There are salaries, telephone accounts, postal accounts and electoral expenses. Many avenues of finance are available to a member of Parliament, whether Government or Opposition. I am not speaking of Ministers. In what you say in conclusion number one do you contend that parliamentarians, particularly in non-government parties, are underpaid for their work?—A. I do not know about being underpaid for I do not know the details of either parliamentary remuneration or what parliamentarians get in kind and in the way of services and so on. I am saying that the institute feels that the Committee should be sympathetic towards these two avenues of funding in order that parliamentarians, whether they be Government or Opposition members—but mainly backbenchers—should be given whatever assistance is required, if any, in case you think that they get enough already, in order to carry out their duties effectively. If you think they get enough already, that is covered, but I suspect that many backbenchers—particularly on the Opposition side—would say that their facilities for carrying out their job are not adequate at present. I think they should be made adequate. Secondly, the question of research and education is important and, as I said in the verbal submission, it should be looked at sympathetically.

1895. I was interested in your suggestion of financial assistance to the non-government parties. In the answer you have just given you have placed the emphasis on backbenchers rather than non-government members. That places a slightly different complexion on your suggestion, but you are suggesting that backbenches need assistance

and I do not necessarily agree that they do. In your first conclusion you emphasize assistance to members of the non-government parties and that there is considerable merit in financial assistance to members of those parties. If the Committee adopted your first recommendation that money be made available to members of Parliament, would the electorate think that it was less desirable than direct funding of election campaigns?—A. I think the recommended system would be far better. My first recommendation would need to be sold to the public; it should not be thrust upon people. If my recommended system were explained adequately, people would find it more acceptable than direct public funding. I do not necessarily envisage a direct hand-out to members of Parliament; it may be a question of providing them with additional assistance.

1896. If a large number of backbenchers were given funds with which to conduct their election campaigns, do you think the public would accept it?—A. No, and I am not suggesting that. I am not talking about giving parliamentarians assistance before an election campaign; I am referring to giving them assistance to help them carry out their duties during the parliamentary term.

1897. Are you saying that members are not paid enough?—A. No. I do not have the information that would enable me to know what assistance members get. I think the scheme I have suggested has considerable merit.

1898. Mrs GRUSOVIN: In your submission you say that the case for government aid is based on four factors?—A. The four factors I have set out in the submission constitute the case for government aid. The first of those factors is that elections are now so expensive that the parties are no longer able to mount effective campaigns without financially crippling themselves. I do not have a lot of evidence on this. The parties are reluctant to give us much information on it. I believe that we are reaching the point where the cost of advertising results in every party being significantly in debt after an election campaign. Television advertising is expensive. The second factor is that elections should not be bought by the party with the greatest amount of funds. I support that although there is not much evidence that they are bought.

The third factor is that private funding of political parties is conducive to potentially corrupt practices. That statement is true although there is not evidence that this is so. The next factor is that experience in other countries is favourable. I have said already that we should not make too close a comparison with what happens overseas.

1899. Do you agree that countries that have introduced public funding have not gone back on their decision?—A. Do you think they would do so? I said in my submission that if and when public funding is introduced in New South Wales, presumably in the life of this Government, no subsequent government will abolish the system.

1900. That might be due to the fact that the system works so well?—A. I do not know about that. The system would never be abolished.

1901. Do you think that disclosure of donations to political parties would make election campaign funding more open to the public?—A. That always sounds good in principle but one wonders whether it works in practice. I told the Chairman that evidence in the United

States of America suggests that it was only since compulsory disclosure was introduced that we started hearing about enemies' lists and similar things. If information about funds given by companies or trade unions were made public, one wonders what use would be made of it. It sounds democratic in principle but it has certain problems.

1902. Do you think that full disclosure rather than limitations would be a better proposition, in other words, no limitation on funding but full disclosure of it?—A. With a system of public funding one must put some limitations on expenditure. If that were not so, the sum involved in public funding would tend to be added to the expenditure of the parties. The result would be an increase in the sum spent in election campaigns, and that is not desirable.

1903. You see limitations being more important than disclosure?—A. Limitations of expenditure are important if you are going to move towards introducing some form of direct public funding. I prefer not to comment on disclosure. I have not been able to research that issue adequately. One should be cautious about considering that system. Although it sounds democratic on the surface, it could lead to potentially dangerous situations.

1904. Sometimes the sum spent by party machines on media advertising bears little relevance to the benefits received by individual candidates, who generally works locally, through the mail or the suburban press. What do you think should be done about assisting individual candidates who are members of major parties?—A. Free mailing applies to all candidates in the United Kingdom. If the Committee recommended free mailing, it would have to decide whether it should be granted to all candidates, and that would be expensive. In this context the Committee may decide that all candidates should have free mailing. On the other hand, it may recommend that only candidates from minor parties or independents should get that help. Even individual candidates, who are members of major political parties, must benefit from their parties' television advertising.

1905. My question referred mainly to candidates in isolated areas?—A. The Committee would have to consider whether assistance would be given to independent candidates as well as members of the major political parties.

1906. Mr EGAN: Are you a member of any political party?—A. No.

1907. Have you ever been a member of a political party?—A. Yes.

1908. Which political party?—A. If it is of relevance, the Liberal Party. I resigned on taking up my position with the Institute of Public Affairs.

1909. Did you prepare this submission?—A. Yes.

1910. Was it endorsed by the institute?—A. Yes.

1911. Does the institute have an executive?—A. It has a management committee of six. Normally I place material before that committee for approval.

1912. The management committee endorse the submission?—A. Yes.

1913. Who are the members of that management committee?—A. Mr Valder is president. The committee

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has five other members, a Mr McLelland, Mr Cree, Mr Dean, Mr Campbell and Mr Anderson.

1914. Are any of those persons members of political parties?—A. I think I can honestly say that none of them is. You would be aware, or you could easily find out, that Mr Dean was a federal Liberal member, but he retired from federal politics in 1964.

1915. What are the occupations of the other gentlemen?—A. Mr Valder is a stockbroker. Mr McLelland and Mr Dean and Mr Cree are all retired.

1916. What were their occupations?

1917. Mr BRUXNER: I would lodge an objection to this line of questioning. Why should Mr Simpson be subjected to it? The Committee has a submission from a recognized public organization; surely it does not have to cross-examine Mr Simpson about former and future occupations of its members. That information must be irrelevant.

1918. Mr EGAN: On the point of order. I think it has a great deal of relevance. Most other organizations that have made submissions to the Committee and have given evidence are organizations about which we have a fair amount of knowledge. The Institute of Public Affairs is not an organization about which I know a great deal. Therefore it would assist me and perhaps other members of the Committee, in assessing the Institute's standing and the value of its submission, to know something about that organization and the people who constitute it. I believe this is relevant to our task.

1919. CHAIRMAN: Mr Egan is adopting a procedure introduced into the Committee by the Hon. W. L. Lange when previous witnesses were being examined. I dislike the procedure, but as I have permitted it before I shall allow Mr Egan to proceed, provided the questions are brief.—A. I am quite happy to answer such questions, as the institute has nothing to hide. Mr McLelland is a retired company executive. Mr Dean is a retired parliamentarian. I think the last job he had was Consul-General in San Francisco. But he has been fully retired for the past five years or so. Mr Cree is a retired executive of a mining company, but I have forgotten which one. Mr Anderson is a young man, and he is an executive of the company of Edwards Dunlop & Company. Mr J. G. Campbell is a personnel man at C.S.R. We make provision for the management committee to rotate every three years.

1920. Mr EGAN: The management committee is selected by the members of the institute?—A. Yes.

1921. How many financial members does the institute have?—A. Until early this year the institute did not have ordinary members, and indeed the Institute of Public Affairs, in Melbourne, the original one, did not and does not have members as such. Both institutes had a council. This institute had a council of about forty people, but as from 30th April this year, when we had a special meeting and adopted a completely new constitution and rules—a copy of which I shall leave with the Committee if it desires—we have been open to membership. Although I have not had time to promote the membership, in the last three months or so we have taken in about sixty members.

1922. The current management committee was not elected by ordinary members; it was elected by the council?—A. It is elected by what is now called the committee.

1923. What does the committee consist of?—A. The committee is actually responsible for the organization and administration of the association. That is a committee of twenty. That committee of twenty delegates its day-to-day or week-to-week responsibilities to the management committee, which consists of six members.

1924. Where does it derive its authority from?—A. From the annual meeting of members.

1925. The document the Committee received today mentions that the key object of the institute is to further public education by promoting awareness and debate in matters of community interest whilst maintaining impartiality and independence. It is true, is it not, that the institute does advocate views on matters?—A. We try as far as possible not to put views on matters but rather try to put the arguments of a case, or put the pros and cons on issues, rather than coming out with recommendations. Obviously this is an ideal that one cannot always maintain as sometimes it would be almost sterile not to put some views which emanated out of what you have written. But by and large we are trying, particularly under the present management, to stick very much to that object that we have set ourselves.

1926. In fact on this issue the institute has expressed a view?—A. I do not know that it has really expressed a view. In my original submission I tried very much to put the pros and cons of the matter. It has only concluded with two very tentative recommendations, one regarding the length of parliaments and one on payment of media time. I think you will agree that the submission is trying to put the pros and cons. We believe it is balanced and objective.

1927. During your evidence you quoted from the journal the view that people should not have to pay compulsorily what they would not give voluntarily. Were you quoting that view with approval?—A. No. I was quoting that the writer in that Commonwealth Parliamentary journal was giving reasons why he felt that the Houghton Report had not gone through in the United Kingdom, and among the reasons he gave was one that the press were off-side in the matter, and that the press had conducted a campaign on two particular fronts, one of which was that people should not be obliged to pay compulsorily what they would not give voluntarily. I was quoting the reasons given by that writer for the Houghton Report recommendations not going ahead in the United Kingdom.

1928. Would you tell the Committee what criteria you would adopt for determining what matters should be determined by referendum and what matters should not?—A. Yes. I would be the first to agree that referenda should be used sparingly. There is nothing worse than when referenda become normal procedure. A referendum should be held in exceptional cases. The institute believes that exceptional circumstances apply in this case, if only because this whole question of public funding of election campaigns is not just an issue of whether a party should receive \$X million a year of public finance; it is a matter that any consideration of which goes right to the heart of the democratic process, right to the heart of what the community believes is the status and the function of a political party in the community.

It is a very basic subject that arises when one starts considering public finance, that is, are political parties quasi-public organizations. The institute does not believe so. Many people do not believe they are. I think public funding to some extent is assuming that they are quasi-public organizations. So such basic considerations come

up in this matter of public funding that I do believe that there should be some form of referendum directly on the method of finding out what the public thinks about it.

1929. From your evidence this morning I still cannot ascertain the reason for your making a distinction between assistance in kind and assistance in cash?—A. You cannot?

1930. No?—A. The institute thinks it is a bad principle that the public funds in cash should be handed over to the political parties. Once you start handing over cash, to begin with you have to build up a bureaucracy to audit and monitor it, and so forth, whereas if you feel that the parties do need some assistance, because the expenses of conducting campaigns and so forth are getting out of hand, then we suggest the Committee should look more at the question of provision in kind, such as the provision of media time, free mailing and so forth. There is no substantial monitoring or auditing process required there.

1931. What sort of auditing process do you think would be required if cash assistance were made available?—A. If one is not very careful it could become quite a massive sort of auditing, monitoring and bureaucratic exercise. That is one lesson we should learn from the United States. They are bureaucracy prone over there. They have really let bureaucracy loose on the question of campaign financing. If we are not very careful the same thing will happen here. On the other hand the British—and I am not giving openhanded support to the British, but I think as the mother of parliaments they have some way of knowing how far one can go on these new sorts of concepts, such as public funding—have a media time provision, rationed of course, and a free mailing provision. But at the present time they have fallen short of going for public funding. I think in time they will. But they are taking it slowly. If there is one message that comes through everything I have said or written to the Committee it is the word "caution", not to move too quickly and to carry the people with you.

1932. You mentioned earlier that a major part of the bureaucracy that has built up in the United States in policing of election financing laws relates to the need to police provisions about disclosure and limitations. Have you any idea of the extent of the apparatus needed in the United States to police the actual giving of assistance to political parties and to independents?—A. I do not have any great knowledge of that. I have read a lot of American material about it. One thing I read that has stuck in my mind is that there was an article about George Bush's campaign headquarters when he was running in the primaries. His headquarters occupied three floors, only one of which was devoted to actually running his campaign. The other two floors were devoted to meeting the requirements of federal election campaign laws, which I thought was quite staggering.

1933. From where did that information come?—A. From an American journal. I do not think I brought it with me. It may have been a similar thing to this. This is the Congressional Digest. I could provide you with that if you wish to see it. That was quite staggering. I am provided with any of the material on this. I do not have the actual one with me, but I can send you a copy of it.

1934. You mentioned the enemies list, which I take it is associated with former President Nixon, arose from disclosure provisions. What evidence do you have that

that was the case?—A. I would not wish to make a great point on it, but in my reading—and I have a file about this thick on this American stuff—and I read in there the suggestion that a lot of the Watergate troubles probably arose only out of the question of campaign funds disclosures.

1935. Would you be aware those provisions did not apply before the enemies list was drawn up?—A. I would query that.

1936. You mentioned in relation to the case for Government aid outlined on page 3 of your original submission, that there was no evidence for items (b) and (c), one relating to the argument that elections can be bought and the other relating to the argument that private funding of political parties is conducive to potentially corrupt practices. During your evidence you made the point that human nature is perverse. You made reference to the enemies list in the United States of America. What leads you to think that perverse human nature does not apply also in relation to private funding of political parties at the moment?—A. In what respect?

1937. I think you were saying earlier that human nature being as it is, there would be all sorts of attempts to evade any law introduced concerning disclosure or limitations?—A. Yes.

1938. During your evidence you referred to the enemies list. If you have that view of human nature, you would come also to the view that it is likely that some people would be prone to engage in corrupt practices in raising private political party funds?—A. I do not quite know what you are getting at there. In answer to your colleague's question I said as a statement that it could be conducive to potentially corrupt practices. I believe there is no evidence that in this country it has led to corrupt practices.

1939. It did in the United States of America; would you agree with that?—A. There is some evidence it did in the United States. The cure for it probably led to even more.

1940. What abuses have been found since the introduction of disclosure in the United States of America?—A. If all and sundry know exactly who gives what to any political party, can you be sure in what way they might use that information.

1941. Would you agree that at the moment political parties know who do not contribute to them?—A. They would know who do not.

1942. In what way would that alter the situation. That information is already available to the parties?—A. Only to the party concerned.

1943. Who are you suggesting would be able to bring undue pressure on them?—A. What about those who would know who has given to either political party?

1944. Parties know who has given to them?—A. Only the parties themselves know.

1945. Are you not suggesting a possible enemies list and are you suggesting that would be used by the parties or the public?—A. I am not suggesting who it would be used by, but it is evident that it could be used. We have a greater degree of confrontation politics in this country than they do in the United States. In the light

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of that, it is probably more likely here than in the United States that disclosure provisions might be used for ill purposes.

1946. Mr ANDERSON: It has been suggested in other submissions that funds should be made available to individual electorates and candidates. If such a provision were introduced, would you agree that the auditing of any public funds within those local areas could be done by a local firm of auditors and paid for by the candidates or the party and that any breach ultimately detected in the guidelines could result in that organization or candidate being rendered ineligible for future funding. Would not that be a safeguard?—A. That would be a safeguard if it is provided only at individual electorate level.

1947. In your submission of 18th January on page 4 in paragraph (e) you say, "Direct State aid would tend to weaken the links between political parties and their grass roots supporters". I do not quite understand how you come to that conclusion?—A. I should say, first of all, that it is not the Institute of Public Affairs coming to that conclusion. This is a good illustration of what I said in answer to a question from Mr Egan, who was suggesting that the institute puts recommendations. We have set out what we think from what we heard at that time is the case for Government aid. This is a good example of what we want to try and do in our work, to try and put these pros and cons.

Referring to your question, it is not us saying that necessarily; it is us quoting those who have expressed a view against State aid, and that is one of the reasons they give. I suppose what is meant in the submission is that at the moment the political parties are dependent upon their grass roots supporters for fund raising and if they are not dependent on them for funds, or at all, it weakens the links.

1948. Whether they are dependent upon them for fund raising or not, they are also dependent upon them for their jobs. In our parties it is the grass roots people who elect these people to these positions. I do not follow how anybody can come to that conclusion. It is one that has been made to this Committee before. My view is it shows a great political lack of understanding of human beings. I wondered on what basis it has been put. With regard to both documents you presented, and I refer to the concept of limitations, we have had much evidence about the difficulties of quantifying in kind assistance. Does not your statement about limitations leave the way open for front organizations, of which we have seen some evidence in the past few years?—A. Limitations on what?

1949. On expenditure?—A. What statement of mine are you referring to?

1950. In dealing with disclosure as against limitations you tend to put the case for limitation as against disclosure, if that is fairly putting it. While you have raised great difficulties about disclosure provisions, the difficulties about limitations are even greater?—A. In both the paper and the verbal submission today I am not trying to favour one thing or another. I am trying to put up problems, factors and issues. What I have said is if you decide to go for direct public funding—which you will gather from what I have said we hope you will not—then some control on overall expenditure must go with it; if you do not, that public funding support is merely going to be added to what the parties already expend. Instead of expending \$X million on an election they are going to be spending \$X million plus whatever public funding there

is. That is one of the reasons why we would prefer you not to go to direct public funding. One thing leads to another. Direct public funding leads to limitations of expenditure, and limitation of expenditure leads to monitoring bureaucratic control. It is not a case of favouring limitations rather than disclosure. On disclosure I am really offering no evidence at all, except to say that if you do go for any provision for disclosure—and there is nothing in either of these papers to suggest you should not—one asks that you beware of the pitfalls of doing so. There is evidence from other countries that there are pitfalls.

1951. I am suggesting to you that the pitfalls that exist about disclosure are not as great as the pitfalls with regard to trying to set limitations on expenditure?—A. And if one accepts that, and I think you are probably right, then that surely is an argument, that if you have direct public funding, you have to have limitations on expenditure.

1952. I do not think so?—A. Well, it follows.

1953. I take up the disclosure question. In your first document you have raised the cynicism about politics and politicians. I put it to you that the best way to remove this public cynicism about politics generally is to have disclosure provisions?—A. There is more to the public cynicism of politics than that.

1954. I agree, but do you not agree also this would go some way to overcoming that cynicism. We have all heard the stories about who funds whom and in what sums. You say there is no evidence of the overseas experience happening here, but that is not the view I have encountered among members of the general public, and I would assume you have too?—A. What you are asking me is?

1955. I am suggesting to you that disclosure is something that goes some way to removing that public cynicism?—A. I would say, yes, perhaps some small way, but there is far more to it than that. There is nothing in what we have written or what I have said this morning which says we are against any public disclosure, except we ask you to move cautiously on it and beware of the pitfalls. Basically it is one of your terms of reference on which I have not been able to do much research work.

1956. Would you agree that the public has a right to know who is funding whom in the political scene. They are paying for the political process, for parliaments and for various bodies. Are they not entitled to know who is funding those people?—A. In my view they do not have an entitlement or right to know, no.

1957. I return to the difficulties confronting candidates or members in their electorate? You rightly make the point that the major cost to parties is the electronic media. I suggest that in the majority of electorates in New South Wales the major problem facing candidates, be they sitting members or not, is the cost of press advertising. If you have a four column advertisement, one is looking at a figure 167 centimetres a page, or if it is seven columns it will be 280. I think the starting point cost for column centimetres is \$3. The costs in the local situation are mainly press advertising, except in rural areas. Would you agree with that?—A. Yes.

1958. In your statement and submissions you dealt with the overall party problems that are caused by the electronic media. Have you anything to offer the Committee

about the difficulties faced by candidates in the cost of press advertising in local campaigning?—A. Yes. Earlier this morning the Chairman asked me a question whether if this provision in kind were met—such as we had suggested was worth looking at—would I recommend any limit on expenditure. I said no. He commented that he could not see the logic of that. This is an opportunity for me to say why. If the party at headquarters level does not have this “crippling” expense of television advertising, the party is in a better position to fund those candidates in the field than they are now. I see the problem, which is a very real one, that you have outlined. The party would be in a position to fund candidates more directly in the field than at present if they did not have to fund these “crippling” media bills.

1959. Assuming that there is funding of some sort, would you not agree that it would be a more equitable system for a local organization to look at the difficulties and make submissions to the body controlling funding, rather than look to the party. For example, in my present seat I have available the use of twelve local newspapers and in the seat I shall be contesting there are two local newspapers. It is very difficult to equate the cost for press advertising for say Mr Bruxner as against the cost I shall face in my next election campaign. How do you overcome those difficulties in your concept of the transference of costs to parties, having overcome the electronic media problem?—A. Surely that is an administrative problem for the parties. You are saying that a candidate in one electorate deserves more financial support than a candidate in another electorate.

1960. Is it a matter for parties to determine public funding or is it a matter for the body administering public funding to say how much should be spent in local areas or what regard should be had to the problem?—A. This question gets down to the particular more than I would like. I think it is very much a matter for the parties to decide how much is to be spent in various electorates. Who is the person who you are talking about?

1961. I am speaking about anyone administering public funding?—A. This huge bureaucratic electoral committee that you are going to set up.

1962. You are assuming that?—A. The thing you pose is surely a matter for the party to decide—how to distribute funds.

1963. In your submission you mention what happens in the United Kingdom, where each candidate for the lower House seats may send through the post, free of charge, one communication to every elector on the roll. You further say that this would be a very valuable concession, worth over \$6,000 to each qualified candidate. Based on our rate for postage and the fact that electorates are comprised of 30 000 people, my calculation is that that cost is about \$2.6 million?—A. \$2.6 million for what?

1964. For the whole State?—A. How many people?

1965. An electorate of 30 000 people. Assuming one mailing and not where there are three or four candidates, as you usually have, that is 22 cents multiplied by ninety-nine electorates. It has been pointed out that we do not control the post office, the telephone exchange, the electronic media or other bodies. That is the responsibility of the federal Government. There is a provision for householder mailing with Australia Post, which currently is 6 cents I think. It would be a relatively simple matter to ascertain the number of households in an electorate. In

an electorate of 30 000 people, at best it would be 15 000 households. Having that in mind, would you agree with the proposition that each candidate be entitled to submit to whoever is running the operation, a document, pamphlet or brochure, whatever, setting out who the candidate is and what he stands for. This information is put together and mailed out to a household. The cost for each electorate would be \$900 for public funding. The total cost throughout the State would be \$90,000. This would cover every candidate and every electorate. That cost is against the cost of \$2.6 million in England, which you have mentioned—and multiplied by the number of candidates. Have you any comment on that?—A. First of all, this point arose from an earlier question about mailing. If you read the wording there in the submission, I only envisaged this mailing being used by the minor party and individual candidates and not by the major party candidates. Of course, in the United Kingdom all candidates have a mailing like that. If the Committee were to decide to go for some free mailing system of this sort, obviously it would then look further at it to see whether the cost for all candidates to have a free mailing was too much. I think it probably is too much. Therefore, that led to my suggestion in the submission that the major parties get their public funding support from the television and radio concession.

The minor parties and government candidates, who will get nothing through the television and radio concession, would be compensated. Only they would be compensated by having this free mailing through the post. On that basis it would not cost \$2.6 million but somewhat less. In this submission I am trying to put a line of thinking to you. What Mr Anderson suggested would obviously be much cheaper, the household mailing or something like that, for all candidates. But we were addressing ourselves in this submission to what the academics had discussed at some length about policy dissemination by minor parties and individuals. There is a case for them to be given some assistance in kind to get their point of view across. I hope you understand that under my suggestion the real ratbags who say, “I will be in that because I will be getting the mailing paid for” would have to pay for it if they did not pick up the threshold number of votes. This will make independent candidates think again about whether they really have a case to put up. If they do not reach the threshold of 2 per cent, they would not even get the mailing paid for.

1966. I was not looking so much at the cost, even though there is a substantial difference, but was looking more at the concept of democracy whereby people qualified to contest an election under the electoral provisions are entitled to participate. If all candidates in an election were able to send their brochure in the one envelope to every householder in an electorate, surely that would be a good thing for democracy. Although the ratbags, the extremists and no-hopers would be included, everyone would be given an opportunity to get point of view across to the voters. Is not that a good goal to be trying to achieve?—A. Yes. I see nothing wrong with that goal.

1967. CHAIRMAN: The academics suggested to us that donations of \$100 or more should be disclosed and the name of the donor disclosed also. For instance, in Germany they are required to disclose donations of 20 000 Deutschmarks or over, which is about A\$10,000. Do you think that anyone could buy a political party for \$100?—A. Certainly not.

1968. What about \$10,000?—A. If \$10,000 were given to an individual candidate, it might be possible.

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But if it is given to one of the major parties, I would think not.

1969. If disclosures were required, you feel that the German system, so far as the party is concerned, for the provision of \$10,000 would be fair or reasonable for limitation?—A. Yes—from the question of disclosure.

1970. I am not asking you to agree with the principle of disclosure at this stage.—A. If anything, that might be a bit on the generous side. I might put it back to about \$5,000.

1971. Would you do the same for a candidate?—A. Actually, it would have to be a bit less for a candidate.

1972. Do you think \$100?—A. No. Just off the top of my head, it would be more like \$1,000 or \$2,000 for a candidate.

1973. Do you think it would be possible to buy a political party for \$2 million?—A. It depends what you mean by "buy a political party".

1974. Getting something done that otherwise would not be done for a particular purpose. I am not talking about direct and absolute control necessarily, but a person getting his own way when he needs it?—A. Any individual or organization that was willing to give \$2 million for an election campaign must have an ulterior motive for doing so.

1975. I come now to the matter of the enemies' list in the United States. Earlier you were not certain whether that was before or after the disclosure provisions; is that a correct interpretation of your view?—A. My recollection is that disclosure provisions were certainly in force in time for the 1972 election over there, but I am open to correction on that matter. Of course, the whole business of Watergate and the fallout from it occurred, as you know, after the 1972 election. I am not certain when they were introduced over there.

1976. Mr CAVALIER: Watergate occurred during the campaign.

1977. CHAIRMAN: I am aware of Watergate.

1978. I am not certain of the date on which disclosure was required but certainly it has been amended since Watergate—if it did apply prior to then?—A. Yes.

1979. Are you aware that during that campaign one oil company gave \$2 million to the campaign of a presidential candidate?—A. I am not, but I would not be surprised.

1980. And that donation, among others, was one of the reasons that limitations and certain disclosure provisions were introduced or tightened up in the United States of America. You would not be aware of that?—A. I am quite convinced—or assured from what I have read—that some limitations and disclosures on donations in America were required because the sums of money involved in presidential election campaigns are out of this world by our standards.

1981. Would the enemies' list be individuals or companies?—A. I do not know but I think it does not really matter. If it were a company it would be easy enough to relate this to names.

1982. Mr CAVALIER: You are aware that most of the people on it were not politicians or were not even politically involved? It included footballers for instance?—A. No, they would not be politicians, obviously.

1983. It did include politicians.—A. Some.

1984. Just paranoid frenzy; nothing to do with the political process.—A. Yes.

1985. CHAIRMAN: Do you feel that an enemies' list may be introduced in New South Wales if disclosure is required?—A. No, I do not want to say that I fear an enemies' list might be introduced here. All I said in answer to earlier questions was that I think the question of disclosure and limitations of contributions and expenditures needs to be looked at. I am prepared to say that—and the institute would back me on this—whatever recommendations the Committee comes up with, please move cautiously on it for we believe there are pitfalls in it and it may well end up exacerbating rather than improving the situation.

1986. Do you think that corporations should be permitted to contribute to a political party?—A. Yes.

1987. Do you think that government contractors should be permitted to contribute to a political party?—A. I think so, yes.

1988. You see nothing sinister in this?—A. But how are you going to stop them?

1989. I am looking at principles. Your institute is very much concerned with looking at principles.—A. Yes. There are a lot of things in life that are perhaps not desirable. It is probably not desirable that a government contractor should support a political party financially, but unfortunately sometimes the cure is worse than the evil thereof and if you start laying down too many rules and regulations about who may do what and who may give what and so forth, you start—we believe—encroaching upon basic freedoms and that sort of thing. It may be that the Committee can steer a middle course but, as I have said several times, one has to do the whole thing very cautiously.

1990. So it would be all right for a Government contractor to donate \$2 million to the Labor Party for the next State election campaign and the people should not know about it?—A. You ask me a question about \$2 million. I said that in America the situation was such that something needed to be done. I do not think that any political contributions in this country have reached anywhere near the \$2 million level. But we shall never know unless they are disclosed.

(The witness withdrew.)

(Luncheon adjournment.)

JOHN FRANCIS HUGH WRIGHT, 30 Kooloona Crescent, West Pymble, Retired, makes affirmation:

1991. CHAIRMAN: What was your former occupation?—A. I have been a practising scientist.

1992. You have heard read the terms of reference and Legislative Assembly Standing Order 362; did you receive

a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act of 1901?

—A. Yes.

1993. The Committee has received a submission from your society; do you wish it to be included as part of your sworn evidence?—A. Yes. It reads:

Submission to the Joint Committee of the Legislative Council and Legislative Assembly Upon Public Funding of Election Campaigns

1. The Proportional Representation Society of Australia is an independent body which has as its main aim the adoption of proportional representation in all elected bodies, especially Parliaments and local government bodies. It is not associated with any political party but welcomes as members people who subscribe to its aim, irrespective of their political views. We believe that the most effective way of achieving proportional representation is through the use of the quota-preferential method of election, with fully optional preferential voting. This is the only method that complies fully with the requirements for elections set out in Article 21 of the Universal Declaration of Human Rights.

2. Our concern for electoral justice leads us to be interested particularly in methods of election but we recognize that other factors can have major effects on the results of elections. We therefore consider it appropriate that the society should comment on the matters that the Committee is studying.

3. We suggest that there are two basic principles that should apply to the consideration of public funding in relation to elections. These are:

- (a) that the principal justification for any use of public funds in this connection is the need for voters to be adequately informed about candidates, parties, and policies; and
- (b) that, in order that voters should have adequate access to information about all candidates, and that each candidate should be fairly treated, any funds or services provided at public cost should be made equally available to all candidates.

4. Our comments on the specific items set out in the terms of reference of the Committee are as follows:

- (a) The manner in which such a system could most equitably divide available funds between competing parties and individuals;

As indicated above, we consider that funds and services provided at public cost should be equally available to all candidates, irrespective of party affiliation.

- (b) Whether there should be compulsory disclosure of, and restrictions on, electoral expenditure whether public or private in respect of political parties and individuals;

We consider it unlikely that legislation relating to disclosure of and restrictions on electoral expenditure could be made fully effective. Any such legislation, if introduced, should provide for severe penalties for failure to comply or for the provision of incorrect or misleading information.

- (c) Whether there should be compulsory disclosure of contributions and gifts to political parties and individuals;

The comments under (b) apply.

- (d) The extent of public commitment suitable for the operation of any such scheme as the Committee might advise be established;

It is possible that the needs of the situation could be met adequately by provision to all voters in each electoral area, at public cost, of information concerning the candidates in that area. The information could be provided within a specified format by the candidates themselves, and again, it would be necessary to provide penalties for the provision of incorrect or misleading information. It might be appropriate to experiment with an arrangement of this kind before any more liberal funding is contemplated.

- (e) The right of new political parties, small parties, parties of special interests and independent candidates to participate in any scheme of election campaign funding and expenditure;

As indicated above, we consider that, in order to ensure fair treatment of voters and candidates, funds and services should be made available equally to all candidates. Any tendency for such an arrangement to encourage frivolous candidature could be discouraged by requiring that each nomination should

be supported and signed by a specified number of persons qualified to vote in the area concerned.

- (f) Such other matters as the Committee believes relevant to the generality of its task.

We urge strongly that in all consideration of this question, the rights of voters to have fair elections and to be adequately informed should be considered as being of first importance.

5. We should be glad to amplify or further explain any of the points dealt with in this submission.

21st January, 1980.

1994. Do you wish to add to your submission?—A. I think it states most of what the society wished to put before the Committee. Our primary concern is with representation of voters. We have set out as our basic reference in this regard the material contained in Article 21 of the Universal Declaration of Human Rights. That article refers to the right of everyone to take part in government directly or through freely chosen representatives. The article refers also to the need or essentiality for the authority of government to be based on the will of the people. Although our stated aim is to promote the use of the quota-preferential method of proportional representation, our basic concern is with electoral justice. The society felt it had an obligation to make a submission to this Committee on behalf of the voters who it felt stood some chance of being lost in any public discussion as reported in the news media. For that reason we put forward these relatively few points.

1995. Tell the Committee something about your organization?—A. It is a small organization based at 143 Lawson Street, Redfern. Its membership in New South Wales is probably about fifty. I table a document setting out the basic nature of the organization, which is not connected with any political party. As far as I know, members of the society cover a wide range of political opinions on matters other than this question of electoral justice.

Exhibit

Exhibit A—Abovementioned document setting out nature of Proportional Representation Society of Australia.

1996. Paragraph 4 of your submission states that any aid in the way of funds and services should be equally available to all candidates, irrespective of party affiliation?—A. Yes.

1997. Does that mean irrespective of electoral support?—A. Yes. This derives from the proposition set out in paragraph number 3, which states that the only justification we can see for the use of public funds for electoral campaigns is on the basis that voters have a need to be informed about candidates, policies, parties and other relevant issues. The society believes that the voter has as much right to be informed about each candidate as about any other candidate. Therefore, whatever is done in the way of using taxpayers' funds should apply uniformly to all candidates, irrespective of past, present or future performance.

1998. And it should be uniform in terms of the sum given to each candidate?—A. Yes.

1999. Irrespective of his electoral or campaign expenditure?—A. Yes.

2000. Even in the case of a candidate who spends nothing?—A. Yes, I think I would say that.

2001. If a candidate has no campaign expenditure, he should still get his share of public funds?—A. Yes, I think we would go as far as that.

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2002. Do you think that is logical or reasonable?—A. That candidate's name appears on the ballot paper and every voter has the opportunity of supporting him or her. For that reason the voter needs to know as much about him or her as any other candidate.

2003. Under such a system, do you agree that more than a hundred candidates could nominate for an election?—A. We have made a note about the possibility of frivolous candidates. There is certainly an element of risk but we believe that possibility could be controlled effectively if there were requirements for some substantial demonstration of support for a candidate, at the time of nomination, in the form of signatures from a substantial number of qualified voters.

2004. You say that a candidate who spends nothing on a campaign should take his share of the money in the pool?—A. That is a hypothetical question. I doubt whether you will ever get a candidate who will spend nothing. The answer is yes.

2005. Many candidates spend next to nothing on a campaign?—A. I agree with that.

2006. Your society believes that system would be acceptable to the people of New South Wales?—A. We suggest that, as a first step in this process, information relating to candidates should be provided to voters in each electoral area, at public expense; this information to be provided by the candidates, with safeguards in relation to misleading or false information so that if that part of the proposal were adopted, the voters would hear something about all candidates.

2007. Would the aid you envisage be in money or in kind?—A. We are not enthusiastic about the idea of making large sums of public money available to candidates, whether individuals or members of political parties. We suggest that, as a first step before any large-scale expenditure is contemplated, this other approach should be given a trial. We are not entirely opposed to the idea of public funds being made available to candidates but we are not enthusiastic about it.

2008. Do you think that donations by members of the public should be disclosed?—A. Yes, but we have serious doubts about the possibility of effectively policing any such provision.

2009. Did you nominate any sum that you suggest should be disclosed?—A. No.

2010. Do you think the sum of \$100 is reasonable?—A. Yes.

2011. Do you think it is too low?—A. No, I think it is a reasonable cut-off figure.

2012. Would you agree that the cost of policing such a provision would be higher if the cut-off figure were comparatively low?—A. Yes. That is probably a fairly low figure but I do not think it is unreasonable.

2013. Do you think you could "buy" a candidate for a \$100?—A. Not these days.

2014. Or \$500?—A. I am not in the business of buying candidates. I have no idea what would tempt a candidate.

2015. Why do you think contributions to candidates ought to be disclosed?—A. Once again I approach this from the point of view of the voter. From his point of view, no candidate should have a built-in or unfair advantage over another candidate in presenting his case to the voters, and if some candidates have available to them large sums from some source or another it is desirable that voters should know about that.

2016. Do you think \$10,000 is a large sum?—A. It sounds large to me, yes.

2017. Do you think that anyone who gives \$10,000 to a candidate or party would want something in return?—A. This must vary from case to case. There could well be public spirited persons who would think nothing of giving a donation of \$10,000, but others would think quite a lot about it.

2018. Would you apply the same reasoning to \$1 million?—A. Yes. But I think it is unlikely that someone would give \$1 million without expecting some return.

2019. If someone were to give \$1 million to a political party perhaps he would expect a return and perhaps the public interest would be served by compelling that person to disclose that contribution?—A. I think it would be in the public interest to compel them to disclose.

2020. Do you think a government contractor, who might expect something in return, should be compelled to disclose a contribution?—A. Yes.

2021. Do you think that would in the public interest?—A. Yes.

2022. Would that be your view whether it was a government contractor or someone else?—A. Yes.

2023. But you cannot come to a figure other than the initial \$100, which you think would be fair and reasonable?—A. No. I would stay with that.

2024. Would you not go up to \$1,000 or \$5,000?—A. Obviously the sort of money that will make a difference in the result of an election is more likely to be in thousands than in hundreds and it would not be catastrophic if the limit were as high as \$1,000. But I think it would be not unreasonable if it were lower.

2025. Do you think new political parties should be given the same rights as existing parties?—A. Yes.

2026. They should share exactly in any support by way of State funds?—A. Yes.

2027. And be subject to the limitations placed on them by State funds?—A. Yes.

2028. Do you think expenditure should be limited?—A. That is a difficult question. Our committee discussed this at some length and did not reach a conclusion, so I think perhaps my answer is that we do not have an opinion on that point.

2029. Do you see problems in limiting expenditure?—A. Yes.

2030. What types of problems did your society discuss?—A. The questions of donations and of limits to expenditure are related. The main problem really is of

policing what it classified as expenditure relating to the candidature of a particular person, how to sort out general party expenditure and expenditure in a particular electoral district and questions of those sorts.

2031. Are you aware what it costs the United States to police presidential funding?—A. No, I am not.

2032. It costs \$8 million a year. Of course, the policing commission does other jobs at the same time. It has an expenditure of \$60 million over four years?—A. Yes.

2033. It could become quite expensive if limits are placed upon it and those limits have to be policed too closely?—A. Yes.

2034. Have you anything to suggest for the Committee's consideration that is not dealt with in your written or oral submissions?—A. Nothing, I think, beyond what is set out in the submission. I think that embodies our thinking on the subject.

2035. Mr ANDERSON: In regard to paragraph 3 (b) of your submission, I still do not quite understand what your definition of fairly treated is. Could you elaborate?—A. Of course this relates to 3 (a), in which we set out the need for voters to be adequately informed. A corollary to that is that each candidate should have the same opportunity as any other candidate to present his message to the voters. That is essentially what is meant by fairly treated, that each candidate should have equal opportunity to present his message.

2036. Do you feel that there should be some limitation on the type of message that may be conveyed? As an example, a candidate might say, "You should vote for me because I give the best deals on used cars in the whole of New South Wales." Of course, this would be flagrant advertising for other purposes. That is a problem that I envisage will occur with your system of fair treatment. Could you take that matter any further?—A. At the present time, as far as I know, apart from fairly vague provisions in electoral legislation, there is no limitation on what can be said in election campaigning. I do not think there is anything to stop persons selling used cars from campaigning in that way. Obviously, it should not be encouraged. But that is a problem with our governmental system.

2037. If one were to adopt your concept of equal opportunity to inform the voter about what each candidate is about, should there be some regulation about what is allowed to be put out?—A. I think it would be terribly dangerous if we had such legislation and I cannot see how it could be regulated satisfactorily.

2038. You refer to discouraging frivolous candidates by requiring a specific number of votes. How many votes do you think a candidate should be required to get to be eligible for funds?—A. We have not put a figure on that and it is a matter, if it is to be adopted, that needs some thought. It probably should be a specific percentage of the voters in the electoral area. Obviously there would be a different case for the Legislative Assembly as opposed to the Legislative Council, but I would suggest that it should require a candidate to get something of the order of a thousand signatures.

2039. If I were to put to you that the average size of a State electorate is roughly 34 000 votes, 1 per cent of that figure would be 300 voters. You have suggested a figure of 1 000. Assume the election goes for a period

of four or five weeks and there are only a couple of weeks from the calling of elections to the closure of nominations. Do you believe it would be possible for a candidate to obtain something like 1 000 signatures on a nomination form in a couple of weeks?—A. If a candidate left it for a couple of weeks to get his figures, he would be in trouble. I would think he would contemplate the election before that and get people prepared to sign his nomination form.

2040. Take the situation in November 1975. Even the most farsighted candidate from one political party would not have been seeking the required signatures on his nomination form?—A. In those circumstances, which I think you will agree are unusual, a candidate who really worked for those couple of weeks could get the signatures.

2041. In terms of equality in getting the message across to the voters, do you not believe that the independent candidate would be spending all of his time trying to get the required signatures while a major party candidate would have persons busily getting signatures for him, therefore impairing somewhat the concept of equality?—A. Yes. I wish I could think of a good answer to that question. I think the independent is at a disadvantage at the best of times compared with organized party systems. It seems obvious to me that there is a need for some control of frivolous candidature and this seems the most feasible scheme available. I think we are all aware of the difficulties of the independent.

2042. Mr BRUXNER: Mr Wright, you are not in favour of any funds being paid to political parties, is that correct?—A. We are unenthusiastic about it. We have not finally said we would not approve of it in any circumstances. We are a little alarmed when we hear reports of proposals to spend several million dollars per election. We think that is excessive.

2043. When you say you are unenthusiastic, I take it you really are saying no?—A. We would prefer to see elections conducted without large expenditure of public funds, yes.

2044. Therefore you would be opposed to a concept of making public funds available over a long period rather than a direct payment at the time of the election?—A. I think I would comment on that by saying that if funds are made available it would seem sensible that they should be made available over a period rather than at the time of elections.

2045. But you want to make them available to the candidate and not the party?—A. I think this would be a matter for internal management within the parties. If funds were made available to the candidates they could be pooled or shared or dealt with as the party saw fit in the case of the endorsed candidates.

2046. In your written submission and in your answers you have said that payment should be made in equal proportions to each candidate?—A. Yes.

2047. You have just said you are unenthusiastic about making payments to parties?—A. Yes.

2048. Now you are saying it is the parties that should divide that money among its candidates. Which way do you want it. You have given two different answers to the same question?—A. In the first instance the funds, if any, should be made available to the candidates. I should be surprised if the candidates were allowed by

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their parties to have completely free reign in using the funds.

2049. In other words you are prepared to make the funds available to the political parties?—A. I do not think there is any way of stopping it. If funds are in the hands of the candidate and he is under some obligation to the party as the result of his endorsement, I do not think we can control what happens to them from that point on.

2050. You have made no mention of any sum of money—and the sum I am going to mention is hypothetical only—but let us say that the system is brought into operation and the people controlling the system have announced that each candidate will receive \$5,000 from this public fund. Are you suggesting that instead of me receiving \$5,000 as a candidate, if I am affiliated to a political party that money would first be sent to the party?—A. No. I think the money, if any, should be made available to the candidate. I should be surprised if the parties within their internal management arrangements did not exercise some control over the expenditure of the money.

2051. Once I have received that \$5,000 how would you expect anyone to control my use of it?—A. I am not very familiar with the conditions relating to endorsement of candidates by the various parties. I am sure the parties would expect to have some say as to how money made available to party endorsed candidates was spent.

2052. Do you think that would go to the extent I could be forced to return some of the money to the party and it might be used elsewhere?—A. I do not know enough about the internal arrangements of parties to comment on that.

2053. Do you not think that is a distinct weakness in your argument that the money be paid out individually?—A. Yes, but I cannot think of a better way to do it.

2054. In your statement you mention that you consider it unlikely that legislation relating to disclosure could be made fully effective; why do you say that?—A. It is just an inherently different area to police. We are dealing with transactions not necessarily made public. We are relying on individuals or representatives of bodies to disclose certain pieces of information. If they failed to do so, it may be hard to trace that failure.

2055. Admitting that it would be quite hard, do you not think it futile to bring in regulations for disclosure?—A. We spent some time discussing this question and did not reach a firm conclusion. In the interests of the voter it is desirable no candidate, or group of candidates, should have a financial advantage over others in presenting their case to the voting public. There are these real difficulties about policing this. Whether it is desirable to have a law that cannot be effectively policed is a pretty open question.

2056. If your system operated and payments were made equally to each candidate, would you also insist that each candidate not be allowed to receive or expend any other funds?—A. We have not expressed a view on that point. I would have to admit that our thinking on that is incomplete. My personal opinion is there probably should be some limit, but, once again, the policing problem is difficult.

2057. If you could not police it you would surely agree that a candidate might go out and raise a considerable amount of money from private sources, to which you would add his public \$5,000, which I mentioned, and do you not think that is defeating the very purpose of equality inherent in your whole submission?—A. If that could happen, yes, I think it would be.

2058. You mentioned this money should be available to everybody and in order to have a bona fide candidate he should be required to have a number of supporters for his nomination, and you mentioned it might even be a thousand. Are you aware that at present any candidate may nominate for election with the support of only six signatories to that nomination?—A. Yes.

2059. Do you not think you are penalizing the very candidate you claim to have in mind. At present the independent, the little fellow who does not belong to a big powerful party, can nominate for Parliament with the support of six signatories resident in that electorate. You are now going to force him to get another 994 people in order to qualify under your system of equality?—A. Yes. This figure of a thousand is by no means final so far as we are concerned. I am inclined to think an independent who could not in normal circumstances raise something of the order of a thousand signatures would have little chance of election and would hardly be regarded as a serious candidate.

2060. You would not want public funds paid out under the existing system to all candidates even though they have nominated under the terms of the Act?—A. We have not actually said that. If I were personally offered a choice between doing away with this requirement for the increased number of signatures and stopping funds to a candidate, I would settle for a lesser number of signatures.

2061. But not as low as six?—A. If we are really concerned about frivolous candidates, something substantially greater than that is needed.

2062. CHAIRMAN: You believe in proportional representation and one House in New South Wales is elected under a system of proportional representation, which may or may not be the one you agree with?—A. Essentially it is a good system.

2063. You are suggesting that funds should go to candidates, not to parties?—A. Yes.

2064. If the upper House candidates are to be supported by the State and given a system of grouping as they are, do you still see the funds going to the individual candidates within the group?—A. The answer I gave to Mr Bruxner's question really applies here. The funds in the first place we would see as going to the candidates, but there could well be internal rules within parties relating to the expenditure of those funds on behalf of the individual candidates, or on behalf of the party as a whole.

2065. Forget the party for the moment. You think they should go to the candidates in the group?—A. Yes.

2066. If there are ten of them, they get a sum multiplied by ten for the group?—A. Yes.

2067. Which one of the ten controls it, or do they each get their share?—A. So far as we would see it, the

funds from the Treasury would go to the individual candidates and what happened to them after that would be for them to decide, presumably in consultation with their parties.

2068. With their group?—A. Yes, their group.

2069. There could be group Independents, or in theory they could all be Independents?—A. Yes.

2070. You think they should each receive an individual amount and spend it as they individually determine?—A. If they are free individuals as candidates, but, as I said, I should be surprised if they were given complete freedom.

2071. We are looking at your theory and your theory is they receive an individual amount each?—A. Yes.

2072. And spend it as they will?—A. Yes.

2073. In reply to me earlier you said if they decided not to spend it they still received it?—A. I am sorry, I think I misunderstood your earlier question. I was assuming when you talked of candidates spending money you were talking of spending nothing from their own resources.

2074. I said spending nothing?—A. I am sorry, I misunderstood the question. I would expect the more workable way to apply any such arrangement would be for the candidate to be reimbursed for expenditure up to a specified maximum.

2075. So he is going to be reimbursed?—A. I would think that would be the most feasible way to do it.

2076. Everybody has the same specified maximum?—A. Yes.

2077. Does he have to prove how much he has spent?—A. I would say so, yes.

2078. So we still come down to all these checks?—A. Yes.

2079. The things you were saying your system was avoiding?—A. Yes, I am afraid that is true.

2080. He would have to prove how much he had spent before you gave him anything?—A. Yes. That should not be difficult.

2081. Does not this create a problem for your theories of equality where an individual on that statewide campaign must spend the money, prove he spent it, and then apply for a refund. Do you think he could necessarily obtain credit for that?—A. No, that could be a problem. I am really speaking off the top of my head now because we had not thought in as much detail as this. This is what I refer to as nuts and bolts. The other way round would be to make the funds available and provide for a return of unexpended funds.

2082. I am not trying to confuse you, but I am trying to determine the thinking of your society on this question. Ultimately we may have to recommend a scheme for both Houses of Parliament?—A. We had not got beyond the point, which is really a point or principle, that whatever funds or other assistance, which may be assistance in kind in the way of publicity and so on, is made available to candidates, it should be made available equally to all candidates. We got to that point of principle and not beyond that.

2083. Would you agree the cost of an upper House election would be far in excess of an election for the lower House?—A. Yes.

2084. In your discussions did you determine any proportion between the two Houses?—A. No, we did not discuss that point.

2085. Did your discussions take you to establishing a limit for each House and dividing it between the number of candidates?—A. No.

2086. Or the number of groups or electorates?—A. No, we did not discuss that.

2087. Mr CLOUGH: You have indicated that basic information might be provided by the candidate himself. I presume that that would be as good a place for it to come from as any?—A. Yes.

2088. Are you envisaging that the information be printed at government expense and mailed to each voter, such as is done when referenda are held and the yes/no case has been prepared for each side and printed and posted to each elector at government expense?—A. Yes, basically that is what I was thinking of.

2089. You are thinking of the referendum type of distribution?—A. Yes.

2090. Reference was made to the figure of 1 000 persons. You suggested that there should be at least 1 000 signatures supporting a person or candidate or group?—A. Candidate.

2091. Before they would be acknowledged or recognized?—A. We suggest a specified number for each candidate, so that the group would need to get that number, multiplied by the number in the group.

2092. That number would entitle a person to qualify for admission to the distribution pool?—A. Yes.

2093. What is your occupation in civil life?—A. Until about a year ago I was a scientist in the CSIRO. I have since retired.

(The witness withdrew.)

(The Committee adjourned.)

(The Committee met at 10.00 a.m.)

Present:

Mr E. N. QUINN, M.P. (in the Chair)

Legislative Council

The Hon. DEIRDRE GRUSOVIN

The Hon. H. J. McPHERSON

Legislative Assembly

Mr P. T. ANDERSON

The Hon. J. C. BRUXNER

Mr R. M. CAVALIER B.A.(Hons).

KENNETH JOHN PALMER, Solicitor, residing at 20 David Street, Mosman, sworn and examined:

2094. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act of 1901?—A. Yes.

2095. We have received a submission from your organization. Is it your wish that the submission be included as part of your sworn evidence?—A. I would so wish.

SUBMISSION BY THE CONSTITUTIONAL ASSOCIATION OF AUSTRALIA TO THE JOINT COMMITTEE OF THE LEGISLATIVE COUNCIL AND LEGISLATIVE ASSEMBLY UPON PUBLIC FUNDING OF ELECTION CAMPAIGNS

This submission is based on our own research and on discussions with the following:

Mr Stephen Loosley—Acting General Secretary, Australian Labor Party.

Miss Connie Harmey—Research officer, Liberal Party of Australia (N.S.W. Division).

Miss Jenny Gardiner—Research officer, National Country Party.

Data was obtained from each of the three political parties listed, and from the Australian Democratic Party.

The Constitutional Association's primary submission is that it is opposed to the introduction of any system involving public funding of campaigns for elections to the Parliament of New South Wales. It also noted from reading the Parliamentary Debates in the Legislative Assembly on Tuesday, 20th November, 1979, page 3278, that the Premier has stated that he favours public funding by State Grants to parties and candidates limited to purposes of research, policy formulation, publicity and communications. For the reasons given in this submission, the Constitutional Association is opposed also to public funding limited to these purposes.

The Association bases its submission on the following reasons:

- (1) The injection of large sums of State money into our essentially *voluntary* system of party politics is so grave a departure from historical practice as to represent, in itself, a threat to that system.
- (2) There is no evidence justifying a recommendation in favour of State Aid in present circumstances.
- (3) If political parties cannot engender sufficient enthusiasm in the community to ensure adequate private funding, it can fairly be argued that their resultant decline in political fortune is in accordance with the community's desires.

Review of Arguments Presented for the Proposal of Public Funding

The four major arguments which are usually put forward to justify the proposition that (a) party political activities, and (b) the conduct of election campaigns should be publicly funded are as follows:

- (1) That "effective political parties are the crux of democratic government. Without them democracy withers and decays. Their role is all pervasive . . . If parties fail whether from lack of resources of vision, democracy itself will fail" (Vide U.K. Report of the Committee on Financial Aid to Political Parties—Chairman, the Rt. Hon. Lord Houghton of Sowerby C.H. Present to Parliament by Command of Her Majesty in August, 1976 Cmnd 6601).
- (2) That the provision of public funding will eliminate the corruption or the temptation to corruption caused by the inevitable political indebtedness of a candidate or member of Parliament to a substantial donor of campaign funds. Hence Parliament and election are removed from being tainted by members representing special interests at the expense of the national interest.
- (3) That public funding will remove the reliance by political parties on either special interest groups or large private donors.
- (4) That Parliamentary democracy is not highly esteemed, because the political parties are not respected. Therefore some measure of external regulation of Parliamentary activities will restore faith in the parliamentary system.

After consideration of the major arguments, the Constitutional Association found that none is convincing.

The Majority Report of the Houghton Committee argued that without a strong party system there can be no democracy, and without public funding there can be no strong party system and hence, democracy is at risk, but produced no evidence to support this general hypothesis. The Constitutional Association prefers the opposite view expressed in the Minority Report of the Houghton Committee as follows: "We accept the importance of the survival of political parties—though not necessarily the present ones—if our existing system of parliamentary government is to continue in its current form. But we do not believe that political parties represent more than one among the several pillars which support our parliamentary democracy . . . Our approach has been that the injection of large amounts of state money into our essentially voluntary system of party politics is so grave a departure from historical practice as to represent, in itself, a threat to that system. We believe that such a risk could only be justified if it could be shown that parliamentary democracy was in danger because of the imminent bankruptcy of the major political parties. We do not consider that this position either exists now or is likely to exist in the near future."

The Constitutional Association of Australia respectfully accepts and adopts these convincing arguments expressed in the Minority Report of the Houghton Committee.

In the view of the Constitutional Association the argument that donations from private sources to candidates are likely to corrupt and deprave and in some way enslave an elected candidate to represent a particular interest, has not been substantiated. The Premier argued that "the fact is that the growing and crippling cost of modern campaigns are an open invitation to corruption". This particular argument is contemptuous of the integrity of candidates for public office, and further takes very little account of the fact that Australian political life has been to a large extent free of scandal concerning election donations buying influence. Moreover even if public

funding were introduced it is reasonable to surmise that any interested party seeking to corrupt a member of Parliament would still be able to devise a method of so doing.

There is no evidence available to support the theory that public funding will remove the reliance of parties upon large private donors or special interest groups. It is submitted that the N.S.W. Government's objective in this respect could only be achieved through the outright banning of all collateral advertising, and donations from all private sources and associations and corporations to political parties. This step would grossly interfere with the freedom of expression and would also be quite impossible to police and enforce.

The argument that State aid to political parties will restore Parliament and politics to public esteem appears to be based upon false premises, such as that given public funding a myriad of problems will be overcome, including the problems of attracting better candidates for office, better providing for research, communications, policy formulation and general community education in political matters, and better community involvement in parties and the political process in general. Yet, there is no evidence that any thing of this nature is likely to happen. Experience in countries such as the U.S. suggests that public funding combined with the holding of an elective office encourages inflexibility rather than the political dynamism.

Mr K. J. Palmer, Vice President of the Association, will be pleased to elaborate on the Constitutional Association's submission in evidence before the joint committee, and may be contacted at Messrs Abbott, Tout, Creer & Wilkinson, M.L.C. Centre, Martin Place, Sydney. Telephone 231 8509.

2096. Do you wish to add to or elaborate upon that submission?—A. Yes. If the Committee would permit me, I should like to make five submissions of general principle. I make the first with some trepidation. I know that it is possibly not strictly within the terms of reference but it is one which the Constitutional Association of Australia would regard as so fundamental as to affect the six terms of reference. The first is that voluntary organizations in politics are a fundamental basis for democracy. The emphasis of course is on voluntary. Second, that public funding will favour existing parties and tend to stifle free politics. Third, the administration of such funds will be difficult and may attract extensive litigation. Fourth, people interested in politics must, to put it in the vernacular, put their money where their mouth is. In other words, if they wish to support political parties, they must subscribe all their own funds to their parties.

If I may interpolate at this stage on something that stems from my training in the rostrum clubs, which have always forbidden speeches or debate on the subject of sex, politics and religion, for obvious reasons. The fifth submission is that it would seem to me equally proper to say that there should be no public funding in matters of sex, politics or religion. Those general principles are the chief amplifications of the submissions placed before the Committee by the Constitutional Association. We derive support from the only published work that seems to have a great deal of relevance to the matter before the Committee; that is the report of the Houghton Committee, which I have no doubt you have been made aware of already. We favour a minority report of four of a total committee of twelve, whose report was presented in London in August, 1976.

The notes I made of that minority report are fairly brief. There were four points, as I derive them: one, the weight of evidence—that is the evidence before that committee of the House of Commons—does not justify a recommendation in favour of State aid to political parties in the present circumstances—those are the circumstances obtaining in the United Kingdom in 1976. It would be our submission that similar circumstances apply in the State of New South Wales today. Second, the injection of large sums of State money into our essentially voluntary system of political parties is so grave a departure from historical practice as to represent in itself a threat to that system. Third, direct State aid would breach the established constitutional practice that organization for political ends is a strictly voluntary activity. The fourth point is that

the experience of European countries confirms that State aid once started never diminishes and almost always increases.

To round these submissions off it seems to me and to the association I represent that those matters must have effect upon the recommendations to be made by the Committee in respect of the equitable division of available public funds, if any, between competing parties and individuals. We have considerable doubt about the ability of the system—no matter how it is devised—to have real or just or equitable application to individuals. They seem to be in the big ring, where they do not belong, as between political parties with an extensive organization and a long political history.

With respect to the disclosure of electoral expenditure, the association's view is that there would need to be disclosure as part of a systematic auditing of expenditure of public funds in this respect, as in respect of any other activity. We would not see any particular distinction to be made about this application of public funds.

We consider term of reference C to involve necessarily a breach of the voluntary system. It would be a major intrusion upon the voluntary system of support of political parties by members of the public. We would oppose that. As to the extent of public commitment mentioned in term of reference D, we would not support any public commitment in the sense that, in respect of term of reference B, we would turn to and rely upon the normal systems of public auditing of the expenditure of public moneys. Similarly, we would not want any interference with that in respect of the operation of the scheme.

The rights of new political parties, small parties and individuals to participate we see as revealing a fundamental problem. The terms of reference must take the Committee to the fundamental problem of converting a system of voluntary support for political parties and political campaigns to a system which involved public funding and therefore a departure from a voluntary system. We believe that the problems raised there might well be found to be insoluble, not capable of rationalization in such a manner as to be practicable.

We would hope that under term of reference F those matters that we have put on general principle as might benefit the constitutional association and the constitutional principles as we see them might be squeezed in. The association has bidden me to thank the Committee and you, Mr Chairman, for the opportunity to put our views to the Committee.

2097. What is the constitutional association?—A. The Constitutional Association of Australia, to give it its full title, has to be distinguished from a number of other bodies. There is the constitutional league of which Mr Ahern, a former member of the Legislative Council, was a member. We are a company incorporated in the Australian Capital Territory. It is a non-profitmaking body. It is sworn to an impartial view of the political scene from a constitutional viewpoint.

Our prime activity in recent years has been to conduct monthly or bi-monthly luncheons in Sydney to which a variety of speakers of all political persuasions have been invited from time to time. We have been addressed by Mr Lionel Bowen, Senator Mason, Mr Justice Sir Frank Kitto, who is of course the chairman of the press council on questions of political freedom. Going back some years, the late Sir Leslie Herron addressed the Constitutional Association at a time when jury trials of motor vehicle personal accident cases were not quite abolished but made no longer a general principle. In those circumstances we

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endeavour to provide a public forum in respect of issues which we believe affect the ongoing health of our constitutions, federal and State.

2098. Are you an office bearer of the association?—
A. I am one of two vice-presidents of the association.

2099. How many members does the association have?
—A. It has approximately 200 members.

2100. Has the association discussed at a meeting this particular subject?—A. We have not had a meeting of the whole of the body of members on this subject but the executive committee, which comprises ten or twelve of us, has met on a number of occasions in respect of it and did commission a young male researcher to prepare material for the submissions.

We did a little research on our own part. I personally went through the Houghton report. Then at a series of meetings, these submissions which have been put in writing to the Committee, were prepared by the executive. A number of experienced members were concerned. The Hon. P. S. M. Philips, who was chairman, and who is a member of the Legislative Council, is a member of some political experience. Mr John Maddison, a member of the executive, was able to provide some guidance. Others of us have been longstanding members of the association. Messrs Hall and King are members of the association. Dr Harold Felix Bell, economic adviser to the A.M.P. Society, was able to contribute with a background of experience of thirty years.

2101. Your submission makes it quite clear that you are opposed to the principle of public funding?—A. That is so, in so far as it is inconsistent with voluntary support of politics.

2102. You favour voluntary contributions to parties, and you leave it there?—A. Yes.

2103. You are opposed to disclosure of the name of the donor or the amount given?—A. Yes. That would infringe what we would regard as important principles of privacy of the individual. We are one of only a few independent bodies—and the Institute of Public Affairs is another—actively attempting to interest the public. Our view is that the legislators have provided enormous assistance in the development of this country and are continuing to do so. Much of the good work done in Parliament is totally unknown. It is not that the details are not known; there is a total ignorance of much of the legislation and much of the work done by Parliament. If public funds are to be made available we would like them to be made available to us to enable us to encourage every individual to take an interest in political life instead of complaining bitterly that major corporations and other bodies are swamping them and preventing them from doing something that is available to them.

2104. The Committee is examining the possibility of funding election campaigns?—A. Right.

2105. Not necessarily political party activities?—A. Right.

2106. People do make donations to political parties and to candidates for their election campaigns?—A. So I believe.

2107. You think that under no circumstances should such donations be disclosed?—A. I would think that

such disclosure would be an infringement of the privacy of an individual and of the corporation.

2108. Do you think that corporations should be permitted to donate moneys to political parties and candidates?—A. I do.

2109. Without a limit?—A. Without a limit.

2110. Should the shareholders of such corporations be informed?—A. The great skill that is utilized in auditing such a company must reveal somewhere that expenditure. If the directors of the company were to deceive shareholders or to hide such facts from them, I would regard that as a gross breach of their duties, and a gross dereliction of their duties.

2111. The Houghton report, which you have apparently studied closely, suggested that large donations be disclosed?—A. In our view the difficulty is that it is a question of degree. What is large? What is large for B.H.P. may be peanuts for C.R.A. I suppose, particularly if a mining company has some large venture in view. We see nothing wrong with major corporations assisting with funds. I personally do not believe that they do control development or politics or government activity in this country. We think that is a natural manifestation of human affairs. We see no distinction to be made there. We think there would be considerable difficulty in setting a ceiling.

2112. You just mentioned a mining company. Do you think that a mining company should be permitted to donate moneys, in small or large quantities, to political parties?—A. Yes.

2113. And that the name of the donor and amount should be kept secret?—A. Yes.

2114. Should they support a political party to the extent of \$1 million or double that, would they not expect something in return?—A. I do not have any doubt about that at all. I see nothing wrong with that. I see nothing wrong with a donation to a political party having strings attached. It would seem to me fundamental that any donation has strings attached. If I were to adopt the opinion of any socialist party and if I subscribe \$10 as an individual, surely I am thereby asserting that I wish that money to be devoted to the socialization and nationalization of the means of production, distribution and exchange.

It would seem to me that does not differ in quality from the subscription of \$1 million by a mining company that has said if it donates the money it expects certain mining leases to be granted to it. I subscribe to the general principle that all parties shall be equal before the law, and in that I take the greatest in the land to the least. Historically the Marquis of Bath conducts an empire, as does the Duke of Westminster. Their power has been reduced and if the Duke is sitting by me he has no more political power than I have. He may be a member of the House of Lords. Our principles here in Australia seem to be more important than the question whether \$1 million donation to a political party produced favour or disfavour for the particular donor party.

I should add what a good friend told me yesterday, he having been the treasurer of a certain political party's campaign in a particular area. He pointed out that unlimited funds were available to him at the time, but his candidate still failed to receive the necessary majority. That was a case that is not without its point for this Committee. That was the campaign by Mr Edward St

John after his having become disaffected with the Liberal Party. There you have the individual with large support and yet he failed.

2115. It would be the view of your association that donations, no matter how large or what strings are attached to them, should not be disclosed, they should be kept secret?—A. That is so, and they should be treated on precisely the same basis as the individual's donation of whatever amount he might personally donate to the party.

2116. On disclosure of expenditure, you think that should be done through an audited statement?—A. Only the disclosure of expenditure of public funds. I am assuming for the purpose of my answer that there is a system of public funding of election campaigns and public funds are made available in that campaign and not exclusively public funds, and therefore my suggestion of close audit by the Auditor-General would be limited to the public funds involved.

2117. For what purpose?—A. For simple accountability of the Government to the people.

2118. To ensure that all the funds have been expended in a fit and proper manner?—A. Yes, on an equitable and just basis. I revert to my principle of equality of all persons, parties and corporations before the law. If the law says there shall be public funding of election campaigns, then it is important that it be a matter of public record that such funds have been expended in a manner that is just and equitable.

2119. Mrs GRUSOVIN: Would you regard the election of a government as a public act?—A. Yes, most definitely.

2120. I was interested in that because in speaking about donations and disclosure you regarded disclosure as an infringement of the privacy of the individual and corporation. I wondered how you tied that in with the election of a government?—A. It would not be possible to suggest the act of voting in the ballot-box, which is the ultimate result, is anything other than a totally secret and private matter. Great efforts are made in the conduct of elections to ensure that that occurs. Having had a son wearing a southern cross hat tossed out of the ballot room, I am aware of the privacy and the absence of public nature of the actual balloting, which is the object of the campaign.

2121. You have spoken about donations from corporations and individuals. Under the present system you do not feel that individual politicians are subjected to corruption or pressures through donations being offered, nor so much to the candidate himself but to the party?—A. I would hesitate to say anything from a matter of practical experience because never have I been present to see bribes offered to any person. I must confess I would not suffer any such nonsense in my presence. I am possibly ignorant in that area. At the same time, drawing on the acquaintances I have had with Members of Parliament in both houses in New South Wales over a period of twenty-five years, I am confident that every member of both Houses of this Parliament would resist any such pressures. The people who sacrifice their own private lives to lead a public life undoubtedly have exceptional qualities. I have a sincere and deep admiration for them. I should be reluctant to believe the scandals that are rumoured and the allegations made—generally, I suspect, by people who are as ignorant as I am of what really takes place in these circumstances.

2122. I suppose it depends on where one draws the line between strings being pulled and corruption starting?—A. I should think that corruption was clearly identifiable. In my view corruption would be involved in the payment of funds to a Minister of the Crown in consideration of his making a decision that was otherwise unsupportable in the public interest, contrary to the public interest—and it is almost impossible to say as a question of degree, but I would say, gave an unconscionable advantage to the donor as against his competitors and other persons involved.

It is difficult to pinpoint these things. That is why I have been so bold as to suggest people who make these statements or generate such rumours are largely ignorant. If I might give an illustration of what I believe pinpoints these difficulties. You have in the municipality of Willoughby one retail giant who wants to be there and another who is there and in the middle of that the council sells to one of the giants its municipal depot, which is a prime site. Is that advancing the interests of one at the expense of the other? Is that an act of corruption? There is apparently no evidence that the aldermen have been concerned with it. In those circumstances it would be possible to advance theoretical argument that an applicant for the development of the site that is being sold by the council might properly say, "There was no corruption involved in my subscribing to the election campaign of a group of aldermen who supported the development."

2123. So long as it was offered openly on the market and the highest price was accepted?—A. That is right. If the value were right, I would say there was no corruption.

2124. In circumstances like that the market value would be the top value, would it not. If you wanted to be very careful and show there was no corruption involved, or no favouritism, the market value would be the top value?—A. I would agree; you have to offer the property at public auction.

2125. How do you distinguish between moneys offered to a Minister of the Crown in a situation of corruption—a backbencher does not qualify because he is not in such an influential position—for some favour or decision being made that would not be the expected decision, as opposed to a major company paying into a political party the sum of \$2 million with strings attached, as you have said?—A. I put it on this basis: we are all taught at the law school the separation of the powers of the Legislature, the executive and the judiciary. I was careful in saying it was a payment to a Minister of the Crown that I was using as an illustration, because it is his position as a member of the executive government that leads to the possibility of corruption. I have the greatest confidence in Ministers of the Crown and one reason is Ministers of this State are kept so busy they would not have time to deal with any person proffering corruption. They are adequately salaried and are persons of undoubted probity. I say that with sincerity.

A company should use its funds only to advance its financial interests, which is its duty to its shareholders. If \$2 million is paid to a political party because that party is environmentally conscious and prepared to advance the interests of the corporation in whatever area it may be, then that is indistinguishable from the \$10 contribution of a private individual for his annual subscription to the party. We cannot make a distinction. That is our prime point. To make a distinction between those two is to violate the freedom of the individual in this country. We regard that as most important and quite central to our submissions.

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2126. Mr ANDERSON: Are you or have you ever been a member of any political party and, if so, of which?—A. I have been a member of the Liberal Party, New South Wales division. When it was formed we lived at Collaroy and my father sent me round with leaflets. I am a member of that party because I am bitterly opposed to the nationalization of the means of production, distribution and exchange. You see, when I was at the university I did a little bit of economics too. I am opposed to that. And having my forbears here since 1826 I am totally wedded to the principles of the freedom of the individual and the encouragement of equalities in the egalitarian tradition which I believe to be truly Australian.

2127. You said that from time to time allegations are made about alleged corruption and so on. I assume you would agree that there is a great deal of public cynicism about politics and politicians?—A. The only way I can answer that is to say that I believe also we are very poorly served by the media and that many of our citizens have no ideas on the subjects mentioned but have only the indoctrination—and I would think that that is to some degree weak—of the media. The media generate these attitudes and in the past it has been plainly demonstrated. If I might elaborate on that, this is one of the reasons why I am not worried about the \$2 million donation that Mrs Grusovin was raising. That sum will be mopped up by the television companies and the public relations consultants. They are the only people who will gain. In my opinion these campaigns are not always successful. You can pour your \$10 million or \$20 million into the maw of a public relations consultant and still the *vox populi*—the voice of the public—is heard. Mr Rupert Murdoch had to retire from one electoral campaign pretty badly beaten about the ears. That was a campaign in which he did not succeed.

2128. Mr CAVALIER: Which election campaign was that?—A. I have forgotten which of the plethora of federal elections we had in about 1975 or 1976 it was, but I remember in one case the party that the Murdoch press supported did not win and Mr Murdoch had to retire defeated on that occasion. I could check and find when it was.

2129. Mr ANDERSON: Nevertheless, irrespective of whose fault it is, there is a degree of cynicism in the general community about politics and I suggest to you that public funding coupled with disclosure provisions goes a long way to removing part of that cynicism.—A. With respect, there is said to be general cynicism among the public. In my experience I have not found that and I move fairly widely among people. I think the best test of a man's real views is when he is in trouble. Then he goes generally to his lawyer and when he finds his lawyer is inadequate the first person he will go to—and I often suggest it myself—is his member. I am sure members of Parliament will have much more experience of that than I. If it is a municipal matter he will go to the alderman. My impression of those of my clients who have done so is that they approach a member of Parliament or a member of a municipal council with considerably more respect than they approach their legal advisers.

2130. Towards the end of your submission you say, "Australian political life has been to a large extent free of scandal concerning election donations buying influence". Would not that be because there have been no disclosure provisions that are designed to ensure that such things do not happen?—A. I do not think it is quite logical to suggest that because there has been no investigation there has probably been a theft. I think it is a *non sequitur*. I do not think it follows. I can see what you are suggesting and that of course is a possibility. But even if it were

true that influence had been brought, what is the distinction to be made between the corporation, which can only act through its human agents, and the individual? I frequently brief Mr O'Keefe, Q.C. Last night he suppressed me entirely on some questions of whether the views from my home should be preserved. I have found that to be a common experience, that one could be said to appear to have brought influence by his relationship. I think that to draw or attempt to draw inferences from the relationship between corporations and political persons is really impossible.

2131. I am still somewhat confused about how you equate a \$10 party membership with a \$2 million donation.—A. It is simply a matter of commonplace freedom. Freedom is largely preserved for idealistic productions and pious burlblings from various sources, but if you look to our ordinary political life you will see that we are blessed with enormous freedoms. I constantly have occasion to remind my clients of their freedoms. People are ignorant of their freedoms. Widows come to us and say, "When are they coming?", meaning when will the valuers from the stamp duties office arrive and have them empty their pockets and everything else. These widows have to be informed that there is a procedure and there is a return to be made. Nobody at all is coming to inspect them. That is a difficulty that our association is trying to meet and I think we are meeting it similarly in this case if we can ensure that every party—and by that I mean every person, individual, corporation and other entity within the community, including funny, old-fashioned associations like ours—everyone should be equal before the law and equal before the law relating to elections and to electoral campaigns by politicians and by political parties. Everybody should be free. To take it to the extreme, would it not be an injustice if I were to be free, if I could raise the funds, to make substantial donations to a political party but—and I am trying to think of a fairly neutral, benign corporation—that the Church of England was not to be permitted to make donations to political parties? I am quite sure it does not because it does not have enough funds to do it. Suppose it did and it was not permitted to do that. Would that be an unwarranted use of influence? Would the fact that a large body with great assets made donations be something which was corrupt or should lead to disqualification?

I cannot sufficiently impress the Committee with the belief of our association in that equality before the law. We see that as a very important principle. Even though there may be—as I believe you are suggesting—a possibility of corruption arising from large corporations making donations, and we do not deny that possibility: we were not born under a bush and we savour what you are suggesting, but we say that so precious is the fundamental freedom before the law and the equality before the law of all parties that you cannot, faced with that high-minded wish to suppress corruption, even try to interfere with that freedom. If the freedom is there, it is our belief that it has been there so long and it has worked so well that the community and the Constitution will not suffer by its preservation for these purposes.

2132. Mr CAVALIER: I want to get this perfectly clear. You are suggesting that there is no difference in quality—I think that was the word you used—between someone walking off the street in Gladesville and putting \$10 in cash into a campaign for the funds of the Australian Labor Party or the Australian Democrats or the Liberal Party and getting a receipt and walking out, and the captains of a major corporation putting in \$1 million to one or more political parties for a given end?—A. There is good authority in the Bible in the parable of the widow's mite. It was all that she had. The \$10 may be all

that the individual has free. The corporation is going to have great difficulties. I wonder whether the members of the Committee have ever faced an audit at the end of the year or seen the number of safeguards that are taken to look at what corporations spend. Tucking away \$2 million would not be possible, in my opinion.

2133. You are aware that in the United States of America, the citadel of capitalism, corporate donations are expressly forbidden by law?—A. I accept your statement without question, but I should like to say that I will never cease, nor will the association that I represent cease, to fight against the introduction into the Constitution of this country of anything of the wretched American model. They, of course, do not subscribe to the separation of powers as espoused by Mr A. V. Dicey. They have an elected judiciary, for instance, which is anathema to us. The American model, in whatever form you produce it, is anathema to us, for the American Constitution has wandered as far away from us as the Yankee accent is from our normal speech.

2134. I do not wish to enter into a debate about the separation of powers versus the Westminster system.—A. Versus the American system, with respect.

2135. I would put to you that the American system is based on separation of powers and that the Westminster system no longer has an effective separation of powers, but that is not the point. Do you believe that when a large corporation gives \$1 million—maybe even-handedly—to both major political parties to bring about a given end the public has a right to know about it?—A. I would adhere to our view that that is private for the corporation—as private as it is for the individual—but of course it is obvious that the legal requirements of disclosure within the company to its shareholders of its members remains as important as any. In that area might I point out to the Committee with respect that there are now large numbers of companies limited by guarantee not having share capital but with enormous assets and enormous turnover. These are the registered clubs of this State which since 1972 have been incorporated either as co-operatives or as companies limited by guarantee, not having share capital. Their donations would fall into the same category. One knows the might of the St George Leagues Club and the Revesby Workers Club.

2136. I understand the clubs are prohibited by law from making donations to a political party.—A. That is strictly not so. I think I can say that the memorandum and articles of association of many of the companies provide for donations. It is well known that the clubs support their football clubs and other things. They are quite worthy and quite appropriate.

2137. You see some sort of safeguard for the shareholders in the balance sheet. We are all realists. Is it not the easiest thing in the world to bury a donation to a political party in the one-line entry subscriptions and donations in the balance sheet, which is all that the public or the shareholders ever have a right to see?—A. I do not think it is easy to bury it—without dishonesty, that is. In my opinion 98 per cent of corporations are honest and the same goes for the directors.

Further, if it is \$2 million appearing in a balance sheet of a corporation under the heading "subscriptions and donations", every shareholder who takes the trouble to attend the annual general meeting will have a full right to question that and to obtain particulars. It would be a cause for immediate litigation if he were denied a full breakdown of every cent.

2138. What if there is a major public issue involving considerable discussion at every level of public life, in the media and widespread in the community? A consortium of uranium mining companies may decide to contribute \$1 million each to the major political parties for what they regard as a desirable end, to lawfully mine and export uranium. Against that point of view there may be comparatively impoverished, if not totally impoverished, environmental and health groups capable of putting together a budget of no more than five figures. Do you think that the public would have no right to know that in the course of the major debate and major election campaigns one interested group has taken the trouble to finance a party for its particular purposes?—A. It would seem to me that such a right of disclosure would be justified upon the grounds that the normal machinery of government would fall down and fail to operate effectively in front of such a donation. But such are the checks and balances in our system, as I see them, that the mere election of a number of persons to a party's majority in a House will not necessarily produce a result. If one looks at the political machinery of parliamentary activities involved there is a need for reports—generally from experts and from the public—to be produced to lay foundation for legislation, such as is done by committees of inquiry, as is this Committee. Is it possible to envisage that the full effect of the corrupt \$2 million should go through these long and tortuous channels and provide an unjust, inequitable and improper result? I cannot believe it.

I have a great faith in democracy as practised in this State today. I do not believe the cynical meanderings of the press, the television and authors of learned articles. Fundamentally our system is good. It has developed well by comparison with the system of either the United Kingdom or the United States of America. I know the importance of being Australian. We have little to fear of things along the lines suggested by Mr Cavalier. I do not think we have the opportunity for corruption in this form. The freedom of a body of shareholders to get together and elect directors who side with a particular party or vote for it is a freedom with which the Legislature should not interfere. That is a fundamental freedom.

2139. I have asked several other witnesses this question. Given a belief in parliamentary democracy, which you affirmed your faith in many times today, basic goodwill between the political parties and a continuing belief in the multiparty system, do you believe that public funding of election campaigns is in any way a danger to parliamentary democracy?—A. Yes, I do.

2140. Why?—A. On the grounds that we have set out in our submission; that it is a departure from fundamental principles. Politics have been voluntary since the signing of the Magna Carta.

2141. Do you believe that although private funds secretly given cannot have the effect of corrupting the political system, that public funds—with the public's knowing where those funds have gone and have been spent—can have the effect of corrupting the political system?—A. That is not what I said, I said that it departs from the fundamental principle of the voluntary involvement in politics. This is treasured by many. For instance, my master solicitor proudly told me that when he went to the ballot box he could put a cross on the paper because that was the minimum involvement. He felt that it was a desirable freedom that he should have a minimum involvement in politics. I think he was misguided, but I would fight for his freedom to do that in the same way as I would fight for the freedom for every person in this State, whether a shareholder in B.H.P. or C.S.R., to have a

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freedom totally untrammelled in his approach to the ballot box.

If these corporations are stupid enough to put \$2 million or \$3 million into the hands of Mr Packer's television audiences with the hope of influencing them, I have no fear for democracy in those circumstances. I do not fear corruption because I do not believe that even the vast forces of the media can fool all of the people all of the time.

2142. Mr BRUXNER: Earlier in your evidence you mentioned that if there were a system of public funding in operation, the administration of such a system could attract extensive litigation. Would you elaborate upon the type of challenge that you envisage?—A. The basis of the challenge undoubtedly would be along the lines suggested with regard to the corporations, namely, that the State has the organizations—and I suppose a commission would have to take the responsibility for the public funding. I would imagine that there would be statements of claim issued, either in the Administrative Law Division of the Supreme Court or in the Equity Division of the Supreme Court, seeking declaration to the effect that, for instance, the funds having been inequitably distributed an election had taken place of such and such members or such and such a Minister, whose favour might be counted upon to support certain campaign principles.

It would seem to me that the difficulty of administration is between existing parties and *ad hoc* parties formed for the purposes of the particular election. With a particular group—and there could be a uranium mining group formed into a political party—the difficulty would be of administering just and equitably between them—large, small or medium sized institution—and an individual. It would be beyond the wisdom of Solomon to devise a scheme that would be just and equitable and not be challenged.

Those comments are based on my readings of the Houghton report. It was given full treatment and no clear-cut and acceptable system was ever put into practice. As far as I am aware, no government in the United Kingdom since 1976 has been able to devise a system, and none of them has acted on the Houghton report—other than apparently to sit on it.

2143. You are aware that the terms of reference of this Committee refer to devising a system of public funding for election campaigns as such?—A. Yes, I am.

2144. Would you be willing to give us your definition of an election campaign?—A. I am of the opinion that 99 per cent of the activity of a political party is dedicated to election campaigns. It is obvious that the matter envisages the concentrated campaign immediately prior to elections. It is a well-known fact that the campaign starts as soon as the previous election is over. My experience has been that until a concentrated campaign begins there is a great lapse in political enthusiasm on the part of members of the party, as distinct from the political wing of the party and the few dedicated souls who cannot help themselves and who are the backbone of the party.

I believe that the average fringe members of a party—who are the vast majority of members—are busily watching the football, going sailing or pursuing their business interests and leaving very little time for their political activity between election campaigns. So I see the distinction sought to be made between public funding of election campaigns and the all-up funding of political parties to be of minor significance.

2145. If funds were made available by the State, you see it as being almost impossible to differentiate between the expenditure of the normal party operations over the full 3-year period and the intensive few weeks of the campaign proper?—A. Exactly. That is so.

2146. Given that we have a system of public funding, can you see that that would have any effect on either the individual or the corporation still wanting to make donations to members?—A. None at all. I suggest there would be every good reason for it to continue.

2147. Particularly if the donations were made for a specific purpose, even with the sinister overtones that some of my colleagues have suggested this morning?—A. Yes.

2148. You have said that you are a member of the Liberal Party. Do you hold, or have you held, office in the Liberal Party?—A. No. I have never held office.

2149. As a member of that party, has it ever come to your knowledge that a donation even remotely approaching \$2 million has been paid to the Liberal Party?—A. I must confess that I am totally ignorant. I have never been a member of the State Council or any body so lofty in the hierarchy; nor has any member of the party ever divulged that to me. I do not think I am really a very good party member.

2150. But do you think it quite likely that as a long-serving member of the party somewhere along the line you would have heard whether someone had given your party \$2 million?—A. No. I am afraid they would not tell me.

2151. Do you really believe that a donation of that size could be kept secret from the members of the party?—A. I would not go so far as to say that. All I say is that on election day I trot up and hand out a few how-to-vote cards if asked to do so by the local organizers. I assume that the printing of those pamphlets and other material in the campaign has been financed. Knowing the exiguous means of myself and of most of my friends after the Taxation Commissioner has dealt with us, I would have thought that the source of funds was mainly in the corporate area rather than the individual area. However, large numbers of annual subscriptions are paid, but very little use is made of party facilities by a majority of party members. I would not suggest that I knew the real source of existing funds for political campaigns.

2152. So you would have no idea of the political campaign costs of the Liberal Party?—A. None whatever.

2153. You state in your submission that the association you represent regards any State injection of funds as a departure from historical practice. Before such a step is taken, would your association expect that a referendum should be held in New South Wales?—A. Yes, we would, undoubtedly, because we regard the voluntary nature and the political activities of the individual as sacrosanct and fundamental, and because it would be a fundamental departure from historical practice we have made the submission. If the question of public funding of elections were still open to debate, it should be put to the people of New South Wales in a referendum.

2154. CHAIRMAN: Do you believe the Houghton report is a good report?—A. I am not really in a position to say that. It is well presented and appears to have been

thorough. I think the minority might have been the more effective members in the sense that there was a professor in a particular area who would have had special knowledge, and the minority of members were more specialist than the majority of the committee which proposed public funding.

2155. Do you believe that the system of government in the United Kingdom is a very good system?—A. Yes. I certainly think it is a lot better today than it was 100 years ago for instance. I think its evolution has been a fine record of sound commonsense in providing a democratic right. It is very difficult these days to convince people that the single ballot slip of one person is going to have the slightest effect on the major issue of who governs, whether the conservative or the radical, and yet I believe that that is the fundamental basis of it. Somebody has yet to prove that it is not.

2156. Do you think the party system operating in the United Kingdom is quite good?—A. Yes. If one has read Anthony Trollope's Palliser novels of the corruption that took place in the time of Parnell and rotten boroughs and the system which kept the franchise away from individual persons, one would see that those have all been improved upon by the system in the United Kingdom. I wish to emphasize that I believe in our system. I think that the Australian system—the federal system of the Commonwealth of Australia, and especially the version that we have whereby the States retain the residual powers—is the best. I should not want to live under the Canadian system where the provinces have a larger say and the dominion the residue. I am delighted that this State reserves the right to go to London on a matter of great importance, to the Privy Council.

2157. I was more looking at the system of parties and elections to form a parliament?—A. I am in favour of it. From the little I know, the minority groups such as the Scots and the Welsh are able to sway the parliament. The fundamental principles, which have their origin in Magna Carta are continued and there is a universal franchise without consideration of race, creed or colour, and as far as I am able to say since 1976, there is no public funding of electoral campaigns. So that the might of the British Government is not available either to the Conservatives under Mrs Thatcher or the Labour Party and the Liberal Party under the banner of Mr Callaghan. Neither is able to sway people.

2158. There is quite a bit of indirect public involvement, as is instanced by the delivery by Telecom of election materials?—A. Yes. But once again I would say that political activity of the individual and his organizations is of top priority. I would wish to see postal authorities doing everything they can to assist all political parties equally.

2159. In the United Kingdom corporations are required by law to disclose any contributions by them to political parties?—A. I prefer the Australian model. There was an article in the *Australian Quarterly*, the journal of the Institute of Political Science, some years ago. It was written by an expatriate Australian serving with the International Labor Organization. He wrote an article entitled "The Importance of Being Australian". He pointed out that our doctors, engineers and dentists are in so many ways superior to those in the United Kingdom and the United States and that it was time we ceased to pay so much respect to our forbears and our origin in regarding them as superior. I believe that our model is superior to that operating at Westminster.

(The witness withdrew.)

BRIAN FRANCIS BUCKLEY, 26 Charles Street, Killara, Accountant, affirmed and examined:

2160. CHAIRMAN: Did you receive a summons issued under my hand in accordance with the provisions of the Parliamentary Evidence Act, 1901?—A. I did.

2161. We have received a submission from your organization. Is it your wish that that submission be included as part of your evidence?—A. It is. That submission reads:

S. 12.

REPUBLICAN ASSOCIATION

Joint Committee

Public Funding of Election Campaigns, N.S.W.

Sirs,

The Republican Association is strongly of the view that public funding must eventually occur—when it does, all candidates must be entitled to an equal share.

Expenditure by individuals, and organizations for and on behalf of those individuals standing as candidates—must be strictly limited by law and enforced, such as recently occurred in Tasmania. We urge yes to 2 (b) and 2 (c).

No doubt some individuals not serious about standing may abuse this system—this can be minimized by raising the deposit to \$200 per seat—Upper or Lower House.

Any attempt by the legislature to give preference to present parties based on their current holdings, would be met by ourselves and others initiating court action.

To resist discrimination towards other than the established, political parties, we consider any such discriminatory action as unconstitutional.

The system we envisage is limiting funds to two candidates only from any one organization competing in any one electorate—i.e. we foresee multiple candidates in a Lower House seat.

In respect to Upper House voting, we recommend no organization should receive funding for more than four candidates.

It would of course be necessary to ensure that the organization's name is above every candidate's name on the ballot paper.

We note from the terms of reference that individuals and small organizations rights will be properly considered.

Again, you should be warned that failure to accommodate 2 (e) will result in litigation.

Regards,

B. F. BUCKLEY, Director.

PUBLIC FUNDS TO FIGHT ELECTIONS

Sir. In recent letters to the Herald there has been no shortage of objections to the N.S.W. Government's proposal for public funding of election campaigns.

All fail to deal with the fundamental justification for public funding—the public's right to be properly aware of the different positions adopted by competing political groups.

Majority rule is a charade if the public is deprived of the opportunity to make informed choices. In such a situation the public's decisions cannot meaningfully be described as an expression of its will.

It is essential that all political parties are afforded a fair opportunity to put their case, irrespective of the wealth and generosity of their supporters.

Public subsidies to political parties should not be viewed as something which simply benefits the parties. It is the price we pay to make the party contest fairer and to make electors better able to judge political questions.

JOHN CARSON,

Stanley Road, Epping.

December 2.

2162. Do you wish to add to or elaborate upon that submission?—A. I should like to elaborate on it. The submission was very small. The Republican Association was trying to get across that we are in favour of public funding. There is good reason for wanting public funding. The minority parties and minority groups have a hard job getting access to the media. Even when we do there are people that control the media who decide what will

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or will not be communicated to the public at large. This becomes a problem.

I shall evidence a situation where the *Sunday Telegraph* held an opinion poll on whether Australia should be a republic. This goes back about two months. It was overwhelmingly received and something like 76 per cent were in favour of Australia being a republic. It was a minimum type poll that was open to manipulation, because someone could pick up the telephone five or six times to record a vote. It was registered in our favour.

Because that occurred, the people at the *Sunday Telegraph* decided that something funny must have occurred and that they would not print the results or talk about it. We took up the matter with the *Sunday Telegraph* and said, "You have a duty to the public to report everything that occurred. You have not given the public the result, irrespective of what your interpretation is." They said, "We can decide what we will print and what we will not print." That is the problem we are up against. We are up against people deciding what will or what will not be communicated to the public.

We have a limit on the finances and resources upon which we can call to put our view across. You may or may not be aware that at the moment those who are in favour of Australia becoming a republic run at 46 to 48 per cent. You do not hear much about the republican point of view.

2163. We are not inquiring into whether you become a republican, but we are looking at the question of public funding of election campaigns?—A. I shall come to that, Mr Chairman, but the problem is because the situation is as it is we cannot get our message across. There are many in the community who support us, but we do not have the facilities to get our message across to them. If this is the case—

I refer the submission made by the Institute of Public Affairs where it refers to the yes case, which I support, and it asks the question:

Public funding of parties is a way to improve party performances in such areas; to provide for more equal opportunity; and to strengthen public confidence by ensuring that it can be seen that parties have no scandals to hide, no strings attached.

Finally, the case for wide and free competition of ideas should be emphasized. Currently the barriers seem too high for the entry of new ideas and new groups into the arena of public debate.

That is an area I stress. We are having one devil of a job getting our message across. We see the idea of public funding as a way of trying to put our message across. While handing out money can be very risky, there are pros and cons in proceeding with giving money to parties. You do not want to encourage small groups to proliferate, but I do not want you not to give others the opportunity that they should have. As a base start I see the funding by parties and groups that stand, but rather than Parliament hand out cash I see an ability for the Parliament to decide to support the distribution of campaign literature through the mail-box.

The previous witness was asked a question on mail-box distribution, and if the yes and no case was put up to everybody and paid for by the Parliament, that would be one way of getting the message across to the public at large. It has been shown that many people do not read what is put in the letterbox. It gives those who have a

message to put across to the community the opportunity to have something read. The only other alternative is that one advertises in the daily press. Those costs are astronomical, but we shall continue to do that and we do not want that right removed. Every facility should be made available to allow us to put a viewpoint across.

If you deny groups, other than the main frame groups that we shall call the two party system in Australia, the opportunity to put their message across, you get to the situation that if one cannot work within the so-called democratic system that we have, then one is forced to consider the other alternatives. The alternative is going out and causing disruption, violence, whatever, to get the message across. I am a firm believer in the orderly process. I shall never encourage violence. I shall use every facility to get my message across. If one is continually restricted from putting a message across, one is forced to consider the other alternative.

It is said that with the 2-party system, the Liberal and Labor Parties, after distribution of preferences they cater for the majority of the community. I wish to dispel that myth. There is a vast number of people in the middle and it is something like 60 to 70 per cent of the electorate not covered by either the left or the right. You might say the voting pattern shows they make a decision one way or the other, but that is because they are forced to and because there is no option on the voting paper. Given the optional preference, there would be a vast difference in the voting pattern and probably many more floating voters.

If one accepts that premise, you would find one needs to think of a way to improve the system. We all have the right to work within the system. We all have a right to be heard. There is no such thing in Australia as a Bill of Rights. It could be said we do not have a right when it comes to the point. We cannot rely on the courts to support us. So far as democracy goes, it is recognized that one has a right to be seen and to be heard and to have free meetings. That is basically the case I want to make.

As I said in my submission, if we find, when you people come down with a decision, that a recommendation is the funding will be so and so forth and it will be based on the standing party's previous performance at the previous elections, and that means the minor parties and other groups will be excluded, then we take the view that we shall have no hesitation in seeking a court decision as to the legitimacy of that parliamentary decision. You cannot start giving preference to individual groups in this community, no matter how much support you think they have. The minute you do that you introduce the word discrimination. Parliament is not supposed to be here to discriminate in favour of or against any groups in the community. Parliament is supposed to rule generally in favour of the majority of the community. Therefore, we categorically state that we would set in motion a legal appeal, given that decision.

Obviously elections would be held but it would be when the distribution of funds occurred that we would take legal action and there would be no distribution of funds until the court had resolved the matter. We would hope we would not have to come to that, for most of the people we have spoken to about the matter seem quite reasonable. Obviously from the terms of reference some of those inputs have been considered, but if they are not considered when the matter comes to the vote and the Act and the issue is decided by the Parliament, then we are participants and we should like to feel we are given equal and every opportunity.

2164. Could you tell us what the Republican Association is?—A. Yes. The Republican Association is an

independent, non-partisan organization whose objective is the attainment of Australia as an independent constitutional, democratic republic with its own elected head of State.

2165. How many members are there in the association?—A. We have about 100 in New South Wales, with throughout Australia the sister organizations 1 000 strong.

2166. Are you an office-bearer in the association?—A. I am the president of the New South Wales branch of the Republican Association.

2167. How big is your executive?—A. The executive is eight people.

2168. Can you tell us who they are?—A. Yes. Do you want to know the names?

2169. Yes.—A. The secretary is Leo Bourne. Tanya Dagleish is our public relations and social secretary. The others are variable. As required they come to the fore. They are mainly *ad hoc* committees and so forth.

2170. Has the executive or a full meeting of your association examined your submission?—A. They have.

2171. Was it the executive only?—A. Yes.

2172. Do they agree with it?—A. They do.

2173. In your submission you say that expenditure by individuals and organizations on election campaigns should be limited?—A. Yes.

2174. Have you any idea what the limit should be?—A. I take the view that election spending does not occur just prior to an election. As members of the Committee probably know, it occurs in the lead-up period and sometimes it occurs a long while before the campaign. There cannot be a restriction on that but it can be recorded and spending on behalf of candidates and candidate spending should be recorded at the end of an election period. Any money spent on behalf of the party should also be recorded. I can cite an instance when I was the treasurer of the Warringah federal conference of the Liberal Party some years ago and I spent a lot of time in the Liberal Party in the Mosman area. As the treasurer I knew what type of funds came into the party and how they were distributed, what funds came out of head office and what funds went to the national campaign. Those funds go into a trust fund and therefore are not open to public disclosure, which I think Mr Bruxner asked the previous witness about. Those funds are not recorded and nobody knows what type of funds go into these things. I believe that if the Parliament decides that all funds spent on electioneering must be disclosed, those funds also should be disclosed.

2175. I wish to deal with one question at a time. The question was about limitation of spending.—A. Yes. I shall come back to that point. I believe there should be a limit on the amount of a candidate's expenditure.

2176. The question was how should the limit be determined?—A. Again that is a topic that is open to considerable interpretation, how to determine it. One would think this way, that every candidate should be given an amount for the electorate for which he is standing, whether it be a State electorate or the Senate or the Legislative

Council. How does one determine that amount? You cannot answer that question until you decide what type of funding comes within that determination.

2177. We are not referring to funding. We are referring to expenditure.—A. You misunderstood me, Mr Chairman.

2178. The question is how should we determine the limitation on expenditure by a candidate or a political party or anyone on their behalf?—A. I think you misunderstood my use of the word funding. I mean funding by the individual, not by the Parliament. I really do not know. I have some ideas on it but I do not know how it would work in practice. It is an area that is very hard to control.

2179. Can you suggest a system? Are we going to say arbitrarily that the limitation is \$1,000 or \$10,000? Can you suggest any way in which we can say what the fair limit is?—A. What I see is a fair limit is to look at what has been spent in the past by individuals as an indicator and then maybe sit down and decide some arbitrary limit. But again, as we know, costs are rising all the time and you might have to put a rise and fall clause into the determination. It is a difficult subject to touch. That is why I have reservations about the whole system.

2180. There is no reservation in your written submission. You say you believe it must be strictly limited by law and enforced, such as recently occurred in Tasmania?—A. Yes. What I am saying there is that if the rule provides a limit then that limit must be enforced.

2181. But you have no idea how to arrive at a limit?—A. No, except based on past experience.

2182. The experience in Tasmania would be that the limit was far too low?—A. Yes, it was far too low, and one could aim to have it far too high. But the moment you start allowing for an unlimited ceiling at the top or quite a considerable ceiling, you allow for a lot of variable factors to enter into it. I believe there should be a reasonable limit. Reasonable is a word that is open to interpretation.

2183. If public funds are made available and the candidate has a reasonable limit placed upon him, should the funds be equal to that reasonable limit or less than it?—A. No, I would say if there was to be public funding that that public funding should be an equal amount for every person standing and it is not necessarily tied into what that person may personally spend.

2184. So the amount would be equal for every candidate in every electorate?—A. Yes.

2185. Nobody would know the number of candidates until nominations closed, would they?—A. That is correct.

2186. So the amount of money that each candidate would get or the total amount in the fund would not be known until that stage?—A. Correct.

2187. Under your system do you envisage a given amount being made available and then divided equally among the candidates or an amount being set for each candidate and the Treasury finding that amount of money?—A. I suggest the amount for each candidate should be decided prior to the calling of nominations and those funds

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should be drawn from the Treasury. In other words, the Parliamentary Appropriations Act would be increased by that amount as required.

2188. But you would not know the amount until afterwards?—A. You would not know the full amount of the funds until the nominations have closed, but at least you would set the amount that would be granted to a candidate.

2189. So every candidate in every electorate would receive the same amount of money?—A. Yes.

2190. Irrespective of whether he gets 50 per cent of the vote or 80 per cent of the vote or no votes at all?—A. Yes.

2191. Do you not realize that this could result in a vast number of candidates who have no chance at all of winning?—A. It could very well do that. I say that based on the 1974 double dissolution Senate election when we had 74 candidates. It could very well bring that out in another election. You might describe these people as frivolous because they did not think they had a chance, but who is to decide whether they were frivolous.

2192. You are envisaging each candidate getting perhaps \$1,000?—A. I would say that is probably a very good figure to pull out of the hat.

2193. You do not think it would be higher than \$1,000?—A. I do not think so.

2194. So every candidate who nominated for my electorate, for instance, would get \$1,000?—A. Yes.

2195. Suppose that one hundred of them decide that here is a chance to get \$1,000, so they nominate?—A. Well, it is one thing to suggest that may happen. I do not think it will happen. But, yes, one must provide for that occurring.

2196. Would the candidate have to prove that he spent the \$1,000?—A. Yes. I think it is necessary, if one is to get a gift—call it what you like—one must be held accountable for it.

2197. So you would envisage a system of checks and cross-checks to see that the public fund is not defrauded?—A. Yes. If I may add to that, I do not think it is necessary to start setting up a big electoral commission and a massive bureaucracy to police that. It should be sufficient for the individual to put in a statutory declaration at the end of the term setting out how he spent the \$1,000.

2198. We are looking at vast sums of public money. An amount of \$1,000 to each of one hundred candidates would mean \$100,000 in one electorate and there would be candidates for election to the Legislative Council to be considered in addition and the Treasury would not know until nominations closed how much money it was up for.—A. Based on my experience as an accountant I would be quite happy to sit down and do an estimate budget for you as to what one can expect to turn out.

2199. I should hope it would be reasonably accurate. Do you think it would be possible to do that under the system you are proposing?—A. I would certainly make provision for it and I would be over-optimistic in making that provision to provide for just such a contingency, should it occur.

2200. Does your association believe that donations to political parties or candidates and the names of donors should be made public?—A. Yes. You now come into a very touchy area. People in political parties who make donations do not want to have their donation of funds recorded. On the other hand, if they are not recorded there is an opportunity for slush funds to be piped through. Mr Bruxner asked a question about the mythical figure of \$2 million. As an accountant I have kept the books of a number of companies. I have seen donations made to certain parties and I know what they have amounted to. If they have been made before this time, that is fine, because that is what the system has been. If a donation is over and above a certain amount, it should be recorded. If a firm makes a donation it should be on notice. In one way or another they are indirectly affecting the final result. Imagine the situation at the moment. I shall talk about the Liberal Party, which I happen to know about. I was a member but am not a member now. At the moment they are desperate for funds, as undoubtedly is the Labor Party. They are ringing up people and sending out notices.

Many people are not renewing membership in a party because they see nothing in it for them. I am talking about the fringe group, which the previous witness spoke about. They do not really get involved. They are not getting a return for their money, so many people do not see a reason to want to belong to a party any more. Only a few at the top, the hierarchy and those members who are active are making decisions. The rank and file members do not actively participate in the decision making of the party. Some may doubt that, but I have done research on the matter. We really have no democracy process in Australia. It is necessary than donations, particularly sizeable ones, made to parties must be declared.

2201. What amount would you start at, \$100, \$500 or \$1,000 as being a reasonable figure where the name of the donor should be declared?—A. I think \$1,000 upwards is a reasonable figure to start at.

2202. You think that a figure below \$1,000 is quite all right for disclosure not to be made?—A. Below \$1,000 the situation could be that someone might be in a particular electorate and might like to help the candidate along. As you know with your party and the Liberal Party, a party could be flush with funds and could help someone who is not flush. In other words, in a blue ribbon area more money may be collected to subsidize an electorate where a Labor candidate was standing. This could be in an attempt to put the message across as best one could. Bearing that in mind, I think that one has to allow for people to make a donation that might be worthwhile but not sizeable enough to be able to necessarily influence the course of events or to buy favours or whatever terms are put on such an action.

2203. I take it that your association would object to a threshold number of votes that must be obtained for a candidate to participate in public funding?—A. We would for this reason: I shall come back to what I said before. There are limitations on our ability to get our message across, that is the Republican Association. Given that ability to put our message across, we would be willing to accept the fact that there should be a threshold limit. But until some facility is made available to us to be able to do that, it would be wrong in principle to put restrictions on.

I return to the point that I made originally. Because of the way the media is run and the restrictions put on us, how would we be able to let people know who we were and what we were about. Certainly the Parliament can

decide that party affiliation can be put at the top of the group—if it is the M.L.C., or beside a person's name on an M.L.A. candidacy. That is one way of advertising in the electorate who a person is and what he represents.

2204. Do you think that the deposit payable by a candidate is too high or too low?—A. No. Basically at the moment—and I am speaking from memory—it is \$100 for the M.L.A. and \$200 for the M.L.C. I think that is quite reasonable. To a degree it discourages the frivolous and yet allows those who feel they have a cause or reason to run the opportunity to do so.

2205. Do you think the quota to have the deposit refunded is too high or too low?—A. I feel that it is far too high, having lost my deposit many times.

2206. Do you think it is fair that if public funds are given towards a campaign, they should be given to those who lose their deposit?—A. Yes. In saying that, one could say that no person should be denied the return of the deposit. Everyone should be entitled to that at least. That could be taken into consideration in the funding.

2207. What is the point of having a deposit?—A. In some ways it goes to offset the expenses of running an election. As you know, that never works out. It could be to discourage the frivolous to a degree, and also to generally try to subsidize the paperwork involved in running elections.

2208. If everyone were to get the deposit back, why pay it? You would only be adding to bureaucracy?—A. Certainly. But I think it shows good faith on behalf of the candidates in that they are willing to outlay it. It is the old story of general subsidizing, whether education or anything else. If you give someone something for nothing, he is quite likely to pull out of an education course very early because there is no reason to want to continue to do so. Someone might nominate, knowing he will get the deposit back and will say he will do it for the heck of it.

2209. Your logic confuses us?—A. It is not so much a matter of logic as what you see being put into practice. Politics is not necessarily logic anyway. One, therefore, has to provide for all contingencies.

2210. Mr McPHERSON: In your submission you say, "Any attempt by the Legislature to give preference to present parties based on their current holdings, would be met by ourselves and others initiating court action". I presume that is not in any way intended to intimidate the Committee?—A. No, not at all. I think I qualified that in my lead-in speech. We suggested that if we were not satisfied, we would have no hesitancy in asking the court to consider whether it was constitutional, and for it not to discriminate against groups of any sort.

2211. What would you term being satisfied?—A. The only way I would be satisfied is that I believe that if one is going to give public funding, it has to be made available in all the terms of reference yet to be decided.

2212. In answer to a question from the Chairman you said you believed that every person who wished to nominate as a candidate for election to the Parliament of New South Wales automatically should become eligible to participate in funds for an election campaign?—A. I did.

2213. Do you think it would be reasonable to require that each candidate should get a certain number of votes or receive a certain amount of support throughout the community?—A. Yes, on one condition. I refer to the point that I made earlier. If in the public funding process the Government—if you want to call it that—paid for the distribution of campaign material once only for every household on behalf of every candidate, party or group, the basis for public funding could be made on the number of votes obtained in that election. But that is my only qualification.

2214. If a scheme is adopted, do you think that your qualification or your requirements could be met by the candidate on his acquiring a certain percentage of votes, submitting his expenses and being reimbursed? Does that sort of system comply with your requirements?—A. You are asking me whether the candidate should be reimbursed according to the votes cast, but after presentation of the expenditure.

2215. Not according to the votes cast. I am suggesting that he be reimbursed to the same extent by way of expenses as any other candidate, but to qualify for reimbursement he should have to get a percentage of the vote in a particular election?—A. Yes, I think that is a reasonable interpretation.

2216. In that event, what do you think would be a reasonable percentage of the vote that a candidate should get?—A. Again, here is the touchy area. On a normal basis, one should be able to attain about 5 per cent of the final vote, that is after distribution of preferences. That should be the lowest ceiling for becoming eligible for a refund.

2217. You are saying that every candidate or any candidate within an election who gets 5 per cent of the formal votes cast of the final tally should be eligible for reimbursement of electoral expenses?—A. Yes, based on the eligibility for that 5 per cent and then a *pro rata* reimbursement of what was spent. I am not asking for a full reimbursement, otherwise you have to set thresholds and so forth, but I am asking for a *pro rata* percentage reimbursement of what was spent.

2218. The fact that I said "reimbursed" does not mean it envisages 100 per cent reimbursement at this stage?—A. No.

2219. The Committee will have to recommend to the Government whether there will be a scheme, how it will work and how it will work in each electorate and how much will be available?—A. Yes.

2220. Mr BRUXNER: Would you agree that if your system were of an equal payment to each candidate came into operation, the candidates should be allowed access to funds raised privately?—A. Yes, as long as those funds raised privately were disclosed. I am not talking about funds raised within the party, but donations made.

2221. You said you thought it would be reasonable to give each candidate \$1,000?—A. Yes.

2222. They would have to account for that expenditure?—A. Yes. If the Committee recommends and the Government finally accepts, I see the \$1,000 being the distribution of the campaign material for that once round the mail boxes.

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2223. That could comprise part of the \$1,000?—A. I am not saying to give \$1,000 cash in advance to spend. That would have to be justified later.

2224. You are suggesting that assistance to the limit of \$1,000, whether it be in cash or in kind, be provided to each candidate?—A. I am.

2225. And for it to be accounted for?—A. Yes.

2226. Now you are suggesting that each candidate could also spend more of his own money, provided that was also accounted for both at its source and for the purposes of the expenditure?—A. Yes.

2227. Do you think that any candidate, whether he represents your association or some other party, can get the message that you are so earnestly seeking to get across for the \$1,000?—A. I suggest that having provided the facility—and that has been done in the past with the yes/no case at referendum—enabling him at least to let

the community know what he is saying and what he is putting forward, it goes part of the way towards achieving that. If I want to manipulate people to encourage them to come my way, I should be willing to pay for that. The subsidy of \$1,000 for a *pro rata* part of it is to enable a candidate to get the message across, which the ownership groups in our community prevent at this time.

2228. You do not mind how much other candidates spend as long as each candidate starts with equal access to the first \$1,000?—A. Yes, but again with one reservation: that full disclosure be made on what is spent for and on behalf of any candidate.

2229. Without any limit, provided it is disclosed?—A. Yes, without any limit.

(The witness withdrew.)

(The Committee adjourned.)