

SUPPLEMENTARY QUESTIONS

Question 1

- 1) In relation to the election campaigns fund, Mr Geoffrey Watson, Centre for Public Integrity, has previously stated that:

The rationale for the payments is to enhance democratic processes by encouraging wider participation, protecting potential candidates from the burden of necessary costs associated with the nomination process, and to assist in complying with the demands of a campaign. The payments are an important

component in redressing some of the incumbency advantage – it might not be entirely successful in that respect, but it can be monitored and redesigned better to achieve that. I also note the scheme is designed in a way so that it does not encourage patently frivolous nominations.

Do you agree with that statement and why. If not, why not?

Mr Geoffrey Watson identifies one of the two main rationales for public funding, with the other being that public funding (ostensibly) reduces the need for private funding, and therefore the negative effects of private funding. These negatives include that such funding can corrupt the political process and that chasing private funding consumes the time of parliamentarians and party officials that can otherwise be more productively spent.

Mr Watson also notes that the election campaigns fund might not be entirely successful and that it could be monitored and redesigned.

I agree, but would go further and argue that, overall, the design of the fund exacerbates incumbency advantages rather than redressing them:

- The threshold before parties and candidates receive funding means larger parties and some independent candidates receive relatively more funding per vote than smaller parties and other independent candidates. Because eligibility is binary, this means a small number of votes can mean the difference between significant funding and no funding.
- The provision of funding for both Legislative Assembly and Legislative Council campaigns results in parties being funded twice for winning over a voter once, something not possible for independent candidates and less feasible for minor parties.
- The use of a reimbursement model means that a new entrant that is a break-out success despite a cheap campaign is not given the funds to consolidate and expand, while major parties that reliably spend large sums can claim back their full entitlement.
- Measuring popular support based on votes at the previous election means new entrants are not eligible for the fund during their campaigns, regardless of how popular they are among the public.
- Parties can claim on behalf of their candidates, which means expensive campaigns that attract relatively few votes can be “offset” with cheap campaigns that attract many votes. The parties therefore claim their full entitlement even though many safe seats would have had cheap campaigns and many marginal seats would have attracted few votes relative to the amount spent on the campaign.

Of course, it is possible that the participation of some candidates and parties is encouraged by the election campaigns fund even if its net effect is to favour incumbents. Such candidates and parties would need to (a) start with private funding (since the election campaigns fund works on a reimbursement model) and (b) run in at least two elections. This excludes many potential candidates.

A public funding model that is open to those who have not run in an election before, like the democracy vouchers described in my submission, could better address incumbency advantages and encourage wider participation.

I agree too with Mr Watson that the scheme is designed to discourage patently frivolous nominations, by only providing payments to those who receive over 4% of the vote and by only reimbursing costs.

However, I would argue that the scheme is overly-attentive to that concern, and this comes at the expense of higher priorities like valuing every vote equally, providing a level playing field and enabling new entrants. The Coalition, Labor and Greens received about \$4.10 per vote at the last state election, compared to \$2.87 per vote for other candidates eligible for payment, \$0.91 per vote for One Nation, and even less for Legalise Cannabis and the Liberal Democratic Party. Other candidates and parties attracting over half a million Legislative Assembly and Legislative Council votes between them were not eligible for funding.

Question 2

- 2) Does it better assist with the promotion of transparency and confidence in electoral processes if (a) in lieu of running as candidates or advocating issues in their own name, electoral participants (individuals, organisations or interest groups) are permitted to provide uncapped funding to political candidates, in an unregulated expenditure environment - with low information awareness within the electorate for campaign funding sources **or** (b) electoral participants are permitted to provide capped campaign resources to political candidates in a regulated expenditure environment, whilst being permitted to campaign explicitly in their own right as third party campaigners.

Transparency is served by the prompt and comprehensive release of information – including political donations and other political revenue; expenditure; and the origin of electoral matter (which goes beyond just who authorised the ad). Transparency can be achieved whether funding of political candidates is capped or uncapped. Low information awareness for campaign funding sources is a product of the donation and electoral matter disclosure regimens, not donation and spending caps.

Confidence in electoral processes depends on many factors, including the electoral system, administration of elections, campaign finance laws, disclosures and political culture. Neither (a) nor (b) are inherently better – it depends on how the particular scenario is implemented. At the moment, disclosures in NSW are murky, and the “regulated expenditure environment” treats independent candidates and new parties unfairly. This will not improve confidence in electoral processes.

Question 3

- 3) Do you believe that restricting, or curtailing, the campaign activities or expenditure of like-minded third party campaigners, who reflect a groundswell of support on a particular issue, could potentially entrench incumbency advantages of political parties?

One of the difficulties with regulating third-party campaigners is that these groups run the gamut from “astroturfing” operations where grassroots support is illusory through to groups that represent authentic community concern, and may even be organised on democratic lines.

Campaigners – both genuine and inauthentic – can also be of any size. This makes it difficult to calibrate restrictions so they are suitable for all campaigners, whether the campaigner represents one person or hundreds of thousands of people.

Restricting or curtailing third-party campaigners risks silencing genuine public voices – including those who may not have an affiliated political party through which their political campaigning could be conducted.

On the other hand, if parties and candidates *are* curtailed (for example, through donation and spending caps) but third-party campaigners are *not*, then that could allow third-party campaigners to dominate advertising and leave parties and candidates dependent on campaigners (who have their own agendas not necessarily in line with those of party members or the community at large).