

**Submission
No 4**

**THE FINAL REPORT OF THE EXPERT PANEL –
POLITICAL DONATIONS AND THE GOVERNMENT’S
RESPONSE**

Organisation: Christian Democratic Party (CDP)
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Partially Confidential



CHRISTIAN DEMOCRATIC PARTY

**Response Submission:
Inquiry to the Enquiry into the Final Report of the Expert
Panel on Political Donations and the Government’s
Response**

October 2015

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EXECUTIVE SUMMARY

The Christian Democratic Party (CDP) supports in principle the Expert Panel Review and its findings (Recommendations).

The CDP does believe, however, that any model for full public funding of election campaigns must not further entrench the current Two-Major Party Governmental system which is the fundamental cause of the problems currently faced in NSW and the lack of real debate in the Chambers of the NSW Parliament which results from the subservience of many members of parliament to the interest groups that support and help them remain in office.

The overall position of the CDP is that any further regulatory and compliance impositions may not be in the best interest of the people of NSW. However, in the light of recent ICAC findings the need for increased emphasis on already existing compliance requirements would be both justified and timely especially in relation to newer and forthcoming minor political parties.

The CDP has earlier stated in previous submissions that it believes the most effective way forward is to actually limit the amount of expenditure at election time in conjunction with enhanced controls over Third-Party involvement.

The CDP also stated in an earlier submission that any proposed legislation must eliminate the ‘privatisation’ of the political process via large benefactor organisations and individuals outside the auspices of the Electoral Commission and the Election Funding Authority.

IN the context of the Final Report of the Expert Panel the CDP submits that the lion’s share of the recommendations would severely disadvantage the Christian Democratic Party (CDP) including existing minor parties and undemocratically advantage the major political parties and The Greens.

The Christian Democratic Party (CDP) submits the following comments and data on the Recommendations of the Expert Panel.

RESPONSE SUBMISSION

Recommendation 1.

The CDP agrees ‘In Principle’ with this recommendation on the basis that any *review* does not in its simplicity disadvantage the Christian Democratic Party (CDP).

Recommendation 2.

The CDP is of the view that this recommendation would inherently favour the major political parties and The Greens.

Recommendation 3.

The CDP agrees ‘In Principle’ with this recommendation and encourages regular reporting on Panels’ recommendations.

Recommendation 4.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 5.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 6.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 7.

The CDP agrees ‘In Principle’ with this recommendation but awaits the outcome of any legal decisions on the constitutional validity of such bans. The CDP also questions the ban on property developers in light of the caps already in existence.

Recommendation 8.

The CDP is of the view that the moral intention of the current caps on donations are inherently more applicable to the major political parties which are in government and/or capable of forming government as it is these parties which are likely to be tempted by political corruption.

The CDP has previously argued that the current donation cap of \$5000 favours the much larger and broader based political parties whereas the minor parties are by definition disadvantaged with the current cap of \$5000.

The CDP proposes that a Two Tier Cap be introduced allowing for minor parties with fewer parliamentary representatives to be have a higher cap. We propose the following tiers:

	Tier 1	Tier 2
Political Party Size	Minor Parties (less than 4 Parliamentary Members)	Major Parties (5 or more Parliamentary Members)
Donation Limits	\$20000	\$5000

The CDP also opposes and strongly objects to any restriction or quarantining of Membership Subscriptions for administration use only as this would by definition and operation severely discriminate against the minor political parties and hence limit our funding of elections.

Recommendation 9.

The CDP agrees ‘In Principle’ with this recommendation in conjunction with our response to Recommendation 8 above.

Recommendation 10.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 11.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 12.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 13.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 14.

The CDP has concerns with recommendations (a), (b) and (c) and prima facie does not support these recommendations for the following reasons:

- (a) This recommendation disadvantages the CDP and other minor parties and hence strongly supports the retention of the current 2015 entitlements.
- (b) Again the CDP strongly supports the retention of the current 2015 entitlements.
- (c) Again the CDP strongly supports the retention of the current 2015 entitlements.

Recommendation 15.

The CDP agrees ‘In Principle’ with this recommendation but stresses that the operation of the current arrangement causes a disadvantage to minor parties. If the pre-payment and/or balance is unable to be paid then Tier 1 parties should be exempted.

Recommendation 16.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 17.

The CDP agrees ‘In Principle’ with this recommendation and further clarification is welcome.

Recommendation 18.

The CDP cannot support this recommendation regarding the reinstatement of the model prior to the pre-2014 amendments.

The CDP is of the view that the current Administrative Funding received by the CDP is already insufficient to meet the current compliance and other costs. [*See Appendix ‘A’ attached detailing non-election expenses incurred by the CDP over the past two financial years. This Attachment is Confidential and Not for Publication*]. If the Expert Panel’s recommendations are adopted, the resulting increased financial and administrative burden emanating from the proposed increased compliance requirements, not to mention the penalties, would mean the CDP having to find funds to meet the costs of compliance. The CDP considers that an increase in Administrative Funding would be more appropriate along the lines of our proposed Tier system of funding.

The Expert Panel’s reference to “governance, accountability, transparency, and candidate education...” opens the door for Legislative Council Members to also be entitled to the \$50,000 pa payment currently paid to Legislative Assembly Members. The proposed Tier system of funding could also apply here.

Recommendation 19.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 20.

The CDP agrees ‘In Principle’ with this recommendation and clarification is welcome.

Recommendation 21.

The CDP agrees ‘In Principle’ with recommendations (a), (b) and (c).

Recommendation 22.

The CDP agrees ‘In Principle’ with this recommendation and any streamlining is welcome.

Recommendation 23.

The CDP agrees ‘In Principle’ with this recommendation but argues that any increased cost of implementing an ‘on-line’ system should be supported by additional ‘system implementation’ funding.

Recommendation 24.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 25.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 26.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 28.

The CDP agrees ‘In Principle’ with recommendations (a) and (b).

Recommendation 29.

The CDP does not support this recommendation.

The CDP finds this recommendation impractical from a timing viewpoint. A longer period would be more workable and consistent with current requirements for accountability.

Recommendation 30.

The CDP agrees ‘In Principle’ with recommendations (a) and (b).

Recommendation 31.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 32.

The CDP agrees ‘In Principle’ with this recommendations (a), (b) and (c).

Recommendation 33.

The CDP does not support recommendations (a) or (b).

The CDP is of the view that whilst ‘governance’ and ‘accountability’ standards are part of good corporate governance, allowances need to be made for political parties that do not have the resources of the larger political parties and/or the staffing levels found in government where ‘governance’ and ‘accountability’ is better able to be managed. Consider the implications for a ‘One-Person’ party where ‘governance’ and ‘accountability’ may be in conflict. Funding of minor parties should not solely be predicated on this requirement.

Recommendation 34.

The CDP does not support recommendations (a), (b) or (c).

The CDP agrees with the Government’s view that “parties are best placed to determine whether a nominated officer is of sufficient seniority, control and decision-making authority to be responsible for the party’s compliance with the Act.”

The CDP does not believe that the NSWEC should have any veto over how the party’s Executive is structured and/or what qualifications, skills, or experience they hold.

This provision is akin to for example APRA approving if the directors of financial institutions are of ‘sufficient seniority’.

Recommendation 35.

The CDP does not support recommendations (a) or (b).

There are already regulatory provisions in place (e.g. NSW Department of Fair Trading, ASIC) without the need to codify this in the Act. This is mere duplication of existing safeguards.

Recommendation 36.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 37.

The CDP does not support recommendation (b).

If the auditing task is shifted to the NSW Auditor General away from the NSWEC how does that remove double-auditing as the CDP is already audited under existing NSW and other regulatory requirements (e.g. NSW Department of Fair Trading, ASIC)?

Recommendation 38.

The CDP does not support recommendations (a) and (b).

The CDP is of the view (see our response to Recommendation 37 above) that recommendation (b) is contrary to the Expert Panel’s Recommendation 37. Moreover, Australian Accounting Standards (AAS) are highly contestable by some accounting bodies and depending on the

Auditor(s) used by political parties, who may be in disagreement with certain AAS requirements, may mean that a political party’s funding is jeopardised.

Recommendation 39.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 40.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 41.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 42.

The CDP agrees ‘In Principle’ with this recommendation.

The CDP is of the view that further clarification on recommendation is required regarding referral only by the Premier.

Recommendation 43.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 44.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 45.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 46.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 47.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 48.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 49.

The CDP agrees ‘In Principle’ with this recommendation.

Recommendation 50.

The CDP agrees ‘In Principle’ with this recommendation.

Attached:

Attachment A – **Confidential: Not for Publication**

-End-

Submitted by:



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NSW State Director
Christian Democratic Party (CDP)