

**Submission
No 29**

INQUIRY INTO PUBLIC FUNDING OF ELECTION CAMPAIGNS

Organisation:

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Date Received: 2/02/2010



PARLIAMENT OF NEW SOUTH WALES
LEGISLATIVE ASSEMBLY

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Inquiry into public funding of election campaigns
Tuesday February 2, 2010
Submission by Peter Besseling MP
Independent Member for Port Macquarie

I am pleased to take this opportunity to put forward some suggestions through this submission process to the Joint Standing Committee on Electoral Matters and to have those suggestions recorded as a matter of public record.

It should also be noted that issues surrounding the regulation of political donations and expenditures are an extremely important matter for the entire voting community and input into this process should come from all political interest groups and should be above partisan politics. It is with this in mind that I would like to express my dismay that there are no members of the Joint Standing Committee on Electoral Matters that represent the views of those outside of political parties. All evidence presented before this committee is considered in light of its member's experience within a political party system and changes to our current system need to take into account the effect upon all political representatives. The input and consideration of a non-aligned committee member would prove to be a valuable asset to the committee and to any determination or recommendation that may be proposed as a result of the evidence presented before it.

The submission that I make today is based on my own personal beliefs on how best to increase the levels of public disclosure in our electoral system based on the guiding principles of transparency and accountability - principles that are often applied to individuals when dealing with our state's public and private institutions but are often sacrificed when individuals look for the same courtesy in return, as in the difficulties associated with Freedom of Information requests. Through a transparent process, individual voters can make their political choices based on the full range of information available to them prior to their vote being cast at the ballot box and in doing so, make their choice based on how the available candidates or political parties reflect their own personal beliefs and ideals.

Another guiding principle of paramount importance is equity. A system should not discriminate against a group or individual, confer neither benefit nor disadvantage and should encourage equal participation from all members of our communities. There are currently different reporting processes in place for candidates seeking election, where public reporting procedures vary depending on whether or not a candidate belongs to a political party. This discrepancy between public political disclosures needs to be rectified so that each candidate has the same reporting obligations, so that voters have access to consistent, comparable data on which they can base their political support, and exercise their political freedom to vote accordingly.

With these guiding principles and the committee's terms of reference in mind, I present the following suggestions for the consideration of the Standing Committee.

1. Introduce a cap on political expenditure

Political expenditure can be more broadly separated into Campaign expenditure and Operational expenditure. Campaign expenditure is self-explanatory, and includes any monies that are used for the purposes of campaigning for an upcoming election, which more specifically in the case of the NSW electoral system, would be all expenditure that occurs within the 6 months prior to a general election.

Operational expenditure would include all monies allocated to "non election" operations of individuals or political parties and would follow the current system of 6 monthly declarations that are in place for political donations.

By election campaign expenditure declarations would be required for all expenditure between the previous 6 monthly operational expenditure declaration and the actual by-election. It would have the same reporting obligations as Campaign expenditure.

The capped expenditure amount for both operational and campaign expenditure should be set by an extension of the Joint Standing Committee on Electoral Matters that includes a non-political party representative and should occur in consultation with the broader community.

I note the following issues in relation to political expenditure, raised by Dr Anne Twomey in her report titled **The reform of political donations, expenditure and funding** where Dr Twomey states:

Expenditure limits applied to political parties and candidates have a direct effect on their capacity to communicate with the electorate. Accordingly, any such law must be very carefully balanced in order to be held constitutionally valid. The most contentious area is the imposition of expenditure limits on third parties. If no such limits are imposed on third parties, the effectiveness of limits imposed on political parties or candidates will be undermined by third party electoral campaigning. If limits are imposed on third parties, there is a high risk of constitutional invalidity. Practical issues must also be considered, such as the periods for which expenditure limits apply, the types of expenditure to which they apply and the level at which they ought to be set. Expenditure limits may also need to be considered as part of an entire scheme, involving limits on donations and funding.

It has been recognised in the past that a political "arms race" is not in the best interests of our political process and certainly not in the best interests of encouraging new players, whether they be political parties or individuals, to actively participate in politics and to put themselves forward as candidates for election. Whilst acknowledging the issues surrounding any proposed cap on political expenditure, this should not preclude us from investigating some form of spending restriction that encourages and protects broader participation in our democratic processes.

2. Introduce a cap on political donations

The need for political donation reform has long been argued within the community, where the public perception seems to be that if you reduce the amount of money that is donated to politicians, then you reduce the influence that donors have over them.

Again, donations can be separated into campaign and operational donations, with a limit set for each 6 monthly reporting period.

As with the proposed cap on political expenditure, limits should be set by an extension of the Joint Standing Committee on Electoral Matters that includes a non-political party representative and should occur in consultation with the broader community.

3. Timing and detail of expenditure and donation declarations

As previously discussed, operational expenditure and donations should be reported every 6 months and include the details of all individuals and companies that have either donated or accepted money for goods and services. Relevant company detail that allows the public to determine company activities and to identify the company directors, should be included in all donation reporting obligations to allow for complete transparency and negate the need for costly company searches.

Both campaign donations and expenditure should be declared **1 week prior** to an election, whether a general election or by-election, in order for voters to have all financial information available to them prior to that election. No donations or expenditure can occur within the final week of an election unless it has already been declared. The current system is unfair on our constituents who cast their votes and do so without prior knowledge of information that has the potential to change their voting decision.

4. Consistent obligations for all members of parliament and political candidates

Currently, the reporting obligations for candidates and members within political parties are different to those who stand as Independent candidates. Political party candidates often have no political donations or expenditure to declare following elections, as all monies are channelled through their political parties. This means that unless there is a by-election where the funds can be directly attributed to one campaign, there is no public accountability for how much a party received or spent in any individual electorate on their election campaign. Any non-party candidate must declare exactly how much was received and spent, which is attributed completely to an individual campaign.

The amount of money spent on individual election campaigns is of extreme interest to the general public and often will influence a person's voting intentions. This should occur not only prior to the election (as discussed in point 3) but expenditure should be attributed directly to each individual campaign, on an electorate-by-electorate basis. This would mean that each candidate, in each electorate across the state, would have the same reporting obligations that would show how much was spent on their campaign for that electorate. This should occur regardless of whether a person is a member of a political party or not.

5. Public funding model

There should always be an element of public funding of political campaigns to encourage broad participation in our democracy by those wishing to do so. The current model of funding candidates who achieve over 4% of the primary vote in the legislative Assembly elections in our state certainly encourages not only active participation by also competition for all candidates to give their best efforts. Private donations should also form part of any funding model as a safeguard for the political freedom of expression that is a foundation of our democracy. Any form of public funding model would be reliant on what other reforms to the existing election funding model were to take place, such as those that I have mentioned previously. It is difficult to put forward suggested models without looking at the broader reforms in their entirety and would be a matter for further consideration in that respect.

I would like to once again thank the committee for the opportunity to present some discussion topics for consideration and wish them every success in moving forward with recommendations that make our political system more equitable, more transparent and more accountable.

Our political system should not be dominated only by those with access to large amounts of cash, lest political influence be vested in a minority and the emphasis on fundraising becomes the driving force behind political machinations at the expense of policy development and broad community representation. I believe there to be broad political support for reform and look forward to continuing to play a part in achieving that goal.