

**Submission
No 97**

INQUIRY INTO ELECTORAL AND POLITICAL PARTY FUNDING

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Submission to Public Inquiry into Political Donations From Kim Wagstaff

My concern with the current laws, which allow donations from corporations, is the fundamental injustice of a system that gives big donors more access to the Government than ordinary people. There is a public perception that large campaign donations may help to open doors. This perception is fuelled by comments such as those of John Thorpe of the Australian Hotels Association. In answer to a journalist's question: "Do you think they listen to you because you give good donations?", Thorpe said: "Look, democracy is not cheap. And your firm and your company-everybody's involved with assisting political parties because at this stage we need to keep these people in place to have the democracy we have today."

It seems highly likely that donations totalling more than \$500,000 from the Australian Hotels Association and another \$222,000 from the Registered Clubs Association to the NSW Labor Party led to the proliferation of poker machines in NSW pubs and clubs and the relaxation of proposed anti smoking laws. Equally likely is that more than \$193,000 paid by the Pharmacy Guild of Australia to the federal Liberal Party since 1998 explains why our friendly pharmacist enjoys anti-competitive protections that are not in the consumers best interests.

The trouble is we do not know how much is being spent to inform, persuade and cajole our decision makers. This leads to mistrust and a lack of confidence in our representatives' decisions.

And it is high time to curb one of the worst excesses of the current donations system, that of developer donations. Development issues are the subject of almost daily decisions by local councils and State governments, and those decisions directly and materially affect developers. The potential for donations to influence development processes and policies is more acute than in almost any other industry or sector. It is clear that until political donations are banned and the nexus between big business, developers and political parties is broken, inappropriate and unsustainable developments will continue to blight suburbs.

In the lead-up to the last State election, five of the top 10 donors to the ALP were developers. Likewise, four of the top 10 donors to the Liberal Party were developers. It is understood that developers are the only industry, apart from hotels and clubs, that gives more than \$1 million a year to political parties. As a whole, developers give twice as much as clubs and hotels. The size of some developer's donations is staggering. Over the past five years the big names like Australand, Leighton, Lend Lease, Meriton, Mirvac, Multiplex, Walker and Westfield have each given hundreds of thousands of dollars. Others have apparently included Cienna from Neutral Bay, Memo Corporation, Shimao Holdings from Hong Kong, and the Toga Group. Lend Lease has now at least admitted that such donations tarnish their image as a good corporate citizen and has stopped making donations.

Democracy - the idea of one vote, one value - is thwarted by these donations. While developers use their donations to gain access and influence, those affected by developments are left on the sidelines. I would like more community consultation and community input. Developer donations circumvent the community and drown out the voice of the people.

It is time we subjected the process to scrutiny, and judged the decisions of our governments knowing who has been in their ears.

My solution is a simple one. Ban political donations by corporations of any size. Only allow donations from individuals and make all these donations above say \$1,000 public at the time of the election. Fund political parties out of consolidated revenue proportionate to voter support.

Politicians would be freed from the pressure of soliciting donations and from the endless expectations of reward attached to donations. They will have more time to focus on solving problems. Policy could be decided on its merits, not on its appeal to those who have paid their dues. If these large political donations were banned politics may become a search for the public good, rather than a search for return on money invested. Confidence and trust in politicians would be returned and cynicism banished from the public's mind.