

**Supplementary  
Submission  
No 107a**

## **INQUIRY INTO ELECTORAL AND POLITICAL PARTY FUNDING**

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# **Australian Labor Party NSW Branch**

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## **Supplementary Submission:**

# **Proposals on Electoral and Political Party Funding Reform**

Prepared in response to the NSW Legislative Council, Select  
Committee on Electoral and Political Party Funding Discussion  
Paper, November 2007

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Prepared by the NSW ALP General Secretary Karl Bitar

## **INTRODUCTION**

This Supplementary Submission by NSW Labor advocates a ban on all private donations to political parties in favour of a system of full public funding. This overhaul of the existing system of funding and disclosure would help restore the public's faith in political decision making.

The Premier has asked me to initiate discussions with other Parties to progress this.

Such a fundamental change to our system should have bipartisan support and I welcome the Submission of people in the opposition such as Mike Baird who have also advocated full public funding.

As stated in NSW Labor's original Submission, it is important to recognise that a perfect system of funding and disclosure does not exist but introducing full public funding would give NSW one of the best and most transparent systems in the nation and the world.

## **THE SYSTEM NEEDS FUNDAMENTAL REFORM**

Under Premier Neville Wran in 1981, the NSW Parliament was the first Australian jurisdiction to introduce a public funding and disclosure scheme for election campaigns and political donations.

By introducing partial public funding, the Wran Government aimed to reduce the reliance by political parties on private funding sources. While this legislation went some way to achieving this important objective at the time, over the last 27 years the reliance of political parties on private donations has sky rocketed.

The rise of private donations to political parties has been well documented in the media. It is now estimated that private donations account for approximately 60 to 70 per cent of the income for major Parties. This change in income for political parties from traditional methods, such as membership fees and affiliation fees, to private or corporate funding has accelerated in recent years.

The rise in private donations over the last 20 years has added to a perception that these donations are not for altruistic reasons, but as a means of influencing the political process.

Under the current system, it is an unfortunate reality that Party Officials and MPs must dedicate a considerable amount of their time to fundraising efforts. This is time which could be better spent promoting progressive policies and advocating on behalf of constituents.

## **Full Public Funding of Registered Political Parties and Independent MPs**

Public funding of political parties is an essential aspect of the democratic process.

As the 2007 NSW Legislative Council Inquiry into Political Party Funding notes:

*“Public funding supports the democratic process by recognising that parties and candidates should have sufficient funds to be able to participate in elections. It is also a means of ensuring a level of equality between election participants, so that candidates are not simply elected because they have the most money to spend on their campaigns. A further rationale is to minimise the danger of electoral funds being obtained from inappropriate sources.” (Discussion Paper 2007:2)*

While our current system of partial public funding with regulated disclosure of private donations is better than most systems around the world, only a system of full public funding would alleviate concerns of political donations subverting the political decision-making process.

### **Bipartisan support needed**

There should be bipartisan support for such a clean and transparent system. While the major Parties may lose income in the short term as a result of such a system being introduced, I have no doubt that in the long run our Parties, our MPs and our democracy will benefit from a restoration of the public's faith.

### **Spending caps are not enforceable**

While some of the Submissions advocate spending caps the overwhelming view and international experience is that any such caps would not be enforceable.

Mr Colin Hughes in his Submission writes:

*The fixing of maximum amounts for expenditure merely brings additional players into the campaign to spend sums of money over and above what the parties, groups and candidates may spend. It would be a return to a system that was more honoured in the breach than in the observance...” Submission by Mr Colin Hughes to the Select Committee*

Even the NSW Nationals agree that a limit on expenditure would be difficult to control.

*“1. Limit on expenditure would be difficult to control. Again this situation would likely see the emergence of PAC’s which would allow political parties or candidates to circumvent expenditure requirements. The expenditure on election campaigns would become more difficult to track, or reign in, as more people and organisations would become involved in raising and spending money on election campaigns.” (Submission by NSW Nationals to the Select Committee)*

## **Conclusion**

Overseas experience demonstrates that it is impossible to have a perfect system of funding and disclosure which advocates a mix of public and private funding for political parties. Reforms to tighten some loopholes inevitably lead not new ones.

Instead of recommending reforms which simply tinker at the edges of the current system, the Select Committee has an historic opportunity to endorse a new system of political funding which bans private contributions and restores public faith in our democracy.

I have no doubt that eventually every jurisdiction in Australia will adopt a system of full public funding. NSW should lead the way and set the example for the others to follow.