

**Submission  
No 129**

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

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# **NSW Parliamentary Inquiry Electoral and Political Party Funding Submission by the Waverley Greens**

Electoral funding and disclosure in Australia is fundamentally broken and needs urgent reform. A vicious cycle has emerged where the demand for ever more expensive campaign methods has led to destruction of public debate while fostering a climate of money politics as parties court the providers of the donations considered necessary to compete. While Waverley Greens believe reform needs to take place at all levels throughout Australia, NSW has been a leader in the past and should lead again.

Large amounts of money flow into the coffers of the major political parties each year. Access to ministers and other members of government is openly traded in an effort to secure this money. Access is power. Donors are also open about their reasons for participation in this influence game. The impression is reinforced that those who make large donations to political parties purchase influence over government decisions with resulting benefits to the donors. This impression is caustic to democratic politics, reducing the participation of citizens in the parties and the political process generally.

We believe there are three key areas of concern in electoral funding. First is the issue of transparency of the sources of monies contributed to political parties and candidates. Second is the use of government advertising for party political purposes. Third, major changes are needed to the way elections are funded and the amount of expenditure allowed in campaign.

## **Transparency**

### **NSW State Elections**

The NSW Election Funding Authority (EFA) requires all political parties contesting a NSW state election to submit a return showing contributions and expenditure during the four years between elections. Candidates also must submit a return showing donations and expenditure – the time period for their reporting differs depending on whether or not they contested the previous election.

While the disclosure thresholds for parties, groups and candidates are appropriate in NSW in sharp contrast to recently increased federal disclosure thresholds, the reporting period is totally inappropriate.

Political contributions and money from fundraising events should be disclosed at least every year for the first three years after NSW state elections. In the final year leading up to an election, disclosure of donations over \$1500 to a political party, over \$1,000 to a group and over \$200 to each individual candidate should be made quarterly. The final disclosure should be no later than one week prior to the election.

There should prompt and transparent disclosure of all donations on a public register, including a website, maintained by the Election Funding Authority. All contributions to a party, group or candidate must be available to the public before an election, not afterward. Voters cannot make an informed vote without knowing who may be bankrolling parties, groups and candidates.

The current practice of releasing this data to the public many months after the state election is totally unacceptable. The last election was in March 2007. However, it was only in December 2007 that members of the public could go to the EFA's office to go through the returns page by page while a member of the organisation has to sit and watch that nothing is removed from the folders. The latter is understandable, but a waste of resources.

The law needs to be changed so that donations and expenditure data are placed on the EFA web site immediately. In the 21<sup>st</sup> Century new electronic methods of data reporting means this would be a reasonable step to take.

Finally there is a loophole available to companies and individual to hide their donations to individual candidates' campaigns in state elections which must be closed.

Many candidates have State Electoral Councils (SEC) that receive money for the candidates' campaign. Each candidate must report the amount of money they receive from their SEC, but they are not required to report the source of that money. For example, a property developer could give a candidate's SEC \$5,000 and the public would not know the candidate is receiving money from that developer. The head office of the party would have to report the developer's donation in their return, but it would be grouped with all the money the party received and not revealed by electorate.

Money given to each SEC must clearly be identified by donor's name in the candidate's return.

### **Local Government Elections**

The reporting of contributions and expenditure in local government elections is especially inadequate. Currently these data are released to the public months after the elections. The only way people can see the data at that point is either to go to the NSW EFA and inspect them there after ringing for an appointment, or to request the data from each individual council.

The receipt of donations by those who become councillors, or by their parties or groups is of ongoing importance during the day-to-day decision making of councils. This is particularly the case for development matters, due to the conflict of scale between donation amounts and the value of many development projects.

Access to information about the money contributed to councillors' campaigns should be available to the electorate prior to the casting of votes. It should be placed on the EFA web site and each council's web site no later than one week prior to the election. It should be readily accessible by the public for the entire council term and beyond.

We strongly believe there should be public funding for local government elections. Further, it should be only available to those candidates who do not accept money from corporations, unions and lobby groups, either directly or through their parties or groups.

Waverley Greens have moved several motions in support of this stance at Waverley Council, in particular the motion below which was unanimously supported by Waverley's councillors including representatives of the Labor and Liberal parties:

*Minutes of Waverley Council meeting 20 Feb 2007*

0702.10.3

Developer Donations (A03/1389)

MOTION / UNANIMOUS DECISION (Copeland -GRN / Kanak - GRN)

That:

1. Council calls on the lemma NSW Labor government to amend the Local Government Act to ban all donations to political parties and individuals before the 2008 Local Government elections and provide for public funding for candidates.
2. The Mayor immediately writes to the Minister for Local Government, the NSW Premier and the Prime Minister advising them of Council's position and requesting their support.

3. The Mayor writes to the Presidents of the Local Government & Shires Associations of NSW, advising them of Council's support for the position adopted at the 2006 Local Government conference regarding political donations (see resolution 137 from Manly Council following) and of the LGSA's calls for reform of the legislation governing developer donations.

THE MOTION WAS PUT AND DECLARED CARRIED UNANIMOUSLY ON A SHOW OF HANDS 10/0.

### **Planning law**

Considering the damage donations from property developers has had on perception of the impartiality of the political process in NSW, special measures are needed to cover this category of donation.

The Election Funding Act 1981 and the Environmental Planning and Assessment Act 1979 should be amended to require persons and companies submitting development applications to councils or the Minister for Planning to declare all political donations they have made to councillors, their campaigns, their parties or to the Minister or his or her party or campaigns.

### **Government Advertising**

There has been a large increase in advertising of policy positions by governments at both the state and federal levels. Waverley Greens believe that much of this advertising goes beyond any reasonable need to inform the population and is essentially for the political advantage of the political party in power. The increase in both amount and political content shows that the main purpose is to provide unfair assistance at election time.

In order to reduce unnecessary advertising and increase public confidence in the political process, Waverley Greens believes that an independent committee should be set up to scrutinize all government advertising campaigns.

The committee overseeing government advertising should ensure that all advertising is for important public education purposes and not for any political gain. The committee should be empowered to deny public funding for material it considers to not meet these criteria.

### **Electoral Funding and Expenditure Reforms Throughout Australia**

We call on the committee to recommend the federal government convene a national summit to explore all issues of electoral funding and expenditure in elections in Australia. This summit should be composed of members of the public, academics working on electoral policy issues, and representatives of all political parties.

The issues the summit should cover include the feasibility of capping election spending, banning all donations except those by individuals, capping donations from individuals and banning donations from individuals who are not permanent residents or citizens of Australia.

Most countries do not allow non residents to donate to political campaigns. We believe the Australia practice of allowing foreign donations to be a grave mistake. It is inappropriate for individuals and companies with no allegiance to our country to donate up to \$1 million dollars to an Australian political party as has happened in the past.

The spending on electoral campaigns in our country is quickly moving toward the American system of a search for ever greater sums of money in order to stand a chance of winning an election. The best estimates of the amount of money that will be spent in the upcoming USA election for the presidency is US\$1 billion. Do we want our country to move in such a direction?

Canada reformed their electoral laws in 2000 capping both the amount an individual or company could contribute to political parties and candidates, as well as capping the amount

that can be spent in elections. This reform was so positive that the law was changed effective in 2007. Now only individuals can donate money, with no donations allowed from companies, unions or lobby organisations.

We believe such reforms in Australia would lead to more focused messages going out to the public during election campaigns, less opportunities for the wealthy and powerful to have a greater say in the governmental policies and laws passed by our governments and a greater respect among the public for our governments and politicians.

## **Waverley Greens**

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### ***Summary of contained recommendations:***

- 1) Require information about donations to be disclosed in a more timely way and in most cases prior to the elections for which the donations are directed.
- 2) All disclosure to be made immediately available on Election Funding Authority website.
- 3) Donations through related entities such as party electorate conferences to be included in candidate disclosures.
- 4) Disclosure of donations to councillors to be available through the EFA and council website throughout the term of the councillor.
- 5) Public funding be extended to local government elections, but only available to candidates who have not received donations from corporate entities, lobby groups etc, either directly or through their parties or groups.
- 6) Political donations to be disclosed by applicants (and related entities) as part of development applications.
- 7) Government advertising to be independently assessed and publication refused for material which provides partisan advantage.
- 8) Call for national political donations summit to consider Australia wide reform of electoral funding and donations legislation.