

Democracy in Australia – Electoral donations and campaign finance

Current disclosure rules

In 2006, the Howard Government amended the Commonwealth Electoral Act 1918 to substantially weaken disclosure and source rules on donations to political parties. Disclosure is now necessary only for donations of more than \$10,900 annually. The limit was initially \$10,000 but rises each year with the CPI. State and territory and federal branches of the same party are treated as separate entities when receiving donations. Kenneth Mayer points out that a donor could provide more than \$90,000 a year while remaining anonymous, by dividing donations among branches of the same party.

Current foreign donations

Non-Australian individuals, businesses and even governments may donate to political parties, “purchasing access and influence far greater than that of ordinary (Australian) citizens”, writes Marian Sawyer. Sawyer also points out that other democratic countries ban corporate donations, those from foreign interests, or require shareholder approval for company donations while Australia does not.

2009 Amendments to the Commonwealth Electoral Act

The Rudd government has moved to tighten rules for the disclosure and source of political donations with amendments to the Commonwealth Electoral Act. These amendments would:

- reduce the donations disclosure threshold from \$10 900 (current rate, CPI-indexed) to \$1000 and remove CPI indexation;
- prohibit foreign and anonymous donations to registered political parties, candidates and members of Senate groups and also prevent the use of foreign and anonymous donations for political expenditure;
- limit the potential for ‘donation splitting’;
- introduce a claims system for electoral funding and tie funding to electoral expenditure;
- introduce a bi-annual disclosure framework in place of annual returns and reduce timeframes for election returns; and
- introduce new offences and increase penalties for a range of existing offences.

The first version of the bill, The Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2008, was defeated in the Senate in March 2009, with the Coalition and Family First senator Steve Fielding voting against the bill. Family First opposed the 2008 Bill on the basis that it did not limit electoral funding for political parties to \$10 million per party.

The Opposition also voted against the second version of the bill when it was introduced in to the lower house in March 2009. If the Australian Greens and independent Senator Nick Xenophon again vote with the government in the Senate, passage of the bill will depend on the vote of Senator Fielding.

International Practice

Canadian laws ban corporate spending on political donations and limits election spending. The limit on election advertising was challenged in the Canadian Supreme Court but the court upheld the restriction because it considered that freedom of expression was preserved by preventing wealthy voices from drowning out other voices.

The United Kingdom enforces prompt disclosure of political donations. All donations over 5,000 pounds must be

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disclosed quarterly, except during an election campaign when disclosures must be made weekly. This is far prompter than in Australia, when donations made in the lead up to the 2004 federal election were not made until well over a year after the election.

Sources

Electoral Reform Green Paper – Donations, Funding and Expenditure

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