

Democracy in Australia – Electoral Donations and Campaign Finance

The Commonwealth Funding and Disclosure Scheme established under Part XX of the *Commonwealth Electoral Act 1918* deals with the public funding of federal election campaigns and the disclosure of detailed financial information. The disclosure scheme was introduced to increase overall transparency and inform the public about the financial dealings of political parties, candidates and others involved in the electoral process. The scheme requires participants in the electoral process to lodge annual election period financial disclosure returns with the Australian Electoral Commission (AEC). The disclosure returns are then made available for public inspection.

Australia does not have a strong history of banning or capping political donations to parties and candidates. Despite calls for uniform regulation, election funding and disclosure laws continue to vary widely between the Commonwealth, States and Territories. South Australia and Tasmania have no caps and in all other jurisdictions, anonymous donations are capped at various levels ranging from \$200 in the Northern Territory to \$12,800 at the Commonwealth level.

Donation disclosure rules were first introduced at the Commonwealth level in 1983. At that time all donations of \$1,000 or more were required to be disclosed. In 2006, the fixed disclosure threshold of \$1,000 was increased to \$10,000 and indexed annually based on the CPI. Currently, only donations of more than \$12,800 trigger disclosure obligations under Commonwealth legislation. Estimates indicate that while 80 per cent of the major parties' funding comes from private sources, only 25 per cent of private funding is disclosed as political donations under the Act are easy to disguise due to the definition in the Act of 'gift', which does not capture the full range of contributions received, e.g. membership fees, receipts from fundraising auctions, entry tickets to functions, raffle tickets and so on.

The Commonwealth's annual disclosure cycle has also been criticised on the basis that it leads to delayed

reporting of information in respect of elections. For example, annual returns for the 2010 - 11 financial year were due on 20 October 2011, but were not made public on the AEC website until 1 February 2012.

The *Commonwealth Electoral Amendment (Public Donations and Other Measures) Bill 2010*, which lapsed at the end of the Parliament in November 2013, sought to address these issues. It provided for a reduction in the disclosure threshold to \$1,000 and a reduction in time periods for lodging and disclosing.

NSW and Queensland

In contrast to the stalemate at the Commonwealth, political donations in NSW are expected to be overhauled in response to reporting exposed by the Independent Commission Against Corruption (ICAC). Following ICAC revelations, in June 2014, the NSW Government established an Expert Panel under the leadership of Dr Kerry Schott. This panel was to consider and report on long term reform of election funding and campaign finance laws in NSW.

The reforms proposed, and supported by the current government, and to be considered by the Joint Standing Committee on Electoral Matters, state that political parties will be prosecuted as legal entities if they breach election funding rules. Donations will be disclosed online in real time six months before an election. In addition, it is recommended that election spending by third party campaigners, e.g. business groups and unions, be cut in half and spending by 'close associates' of parties should be counted against the party's expenditure cap.

Noteworthy is the fact that Queensland recently increased its donation disclosure threshold from \$1,000 to \$12,800 in line with the threshold prescribed by the Commonwealth.

Useful sources

Accountability Round Table, Disclosure of Political Donations – David Solomon’s submission to the NSW Expert Panel

<http://www.accountabilityrt.org/disclosure-of-political-donations-david-solomons-submission-to-the-nsw-expert-panel/> - accessed 12 April 2015

Australian Electoral Commission, Financial Disclosure, 2 February 2015

http://www.aec.gov.au/Parties_and_Representatives/financial_disclosure/index.htm - accessed 17 March 2015

NSW Government, Premier and Cabinet, Panel of Experts – Political Donations, 27 May 2014

http://www.dpc.nsw.gov.au/announcements/panel_of_experts_-_political_donations - accessed 17 March 2015

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