



ELECTORAL COMMISSION
QUEENSLAND

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IN RESPONSE PLEASE QUOTE

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Mr Adem Somyurek
Chair
Electoral Matters Committee
Parliament House, Spring Street
Melbourne VIC 3002

Dear Mr Somyurek,

I refer to your letter dated 6 June 2008 inviting submissions to the Electoral Matters Committee on whether the Parliament of Victoria should legislate to create a funding and disclosure system. The following background information may assist.

In its 2006 Inquiry into disclosure of donations to political parties and candidates, the Federal Parliament's Joint Standing Committee on Electoral Matters enunciated the following objectives in support of the maintenance and operation of funding and disclosure schemes:

- Funding should be provided to parties and candidates as a subsidy to their costs of contesting a particular election campaign, and not a means by which to fund on-going administrative costs or to provide a financial base from which to fight future elections;
- A level playing field should operate between political parties and independent candidates;
- High degrees of transparency in donations to political parties and independent candidates should reduce the potential for undue influence and corruption in the political system;
- Disclosure provisions should not impose a cumbersome administrative burden (and unnecessary duplication) on donors, participants in the electoral process, and electoral commissions;
- The onus for the identification of the source of political donations should be on candidates and political parties, not donors; and
- Financial reporting arrangements for all entities involved in the political process should be the same in the interests of transparency and consistency.

While different views may prevail as to how these principles should be translated into practice, the principles themselves, in my view, provide a useful justification for the establishment of funding and disclosure systems and an appropriate benchmark for assessing the efficiency of such schemes.



The Queensland disclosure scheme

Queensland laws currently require political parties to disclose:

- Total receipts by or on behalf of the parties
- Total expenses paid by or on behalf of the party
- The total of all outstanding debts incurred as the end of the reporting period

When disclosure requirements were first introduced, Commonwealth and Queensland law commonly required the disclosure by political parties of political donations amounting to \$1500 or more. In December 2005, however, legislative amendments increased the Commonwealth disclosure threshold to 'amounts of more than \$10,000'.

In my view, the increase in the disclosure threshold to \$10,000 was excessive and contrary to the principle of transparency. The current Queensland limit is \$1,500, above which the name and address of the donor must be disclosed. I note that the present federal government proposes to reduce the Commonwealth disclosure threshold to \$1,000. An amount in the vicinity of \$1,000 - \$1,500 appears to be around the correct mark. Should the Parliament of Victoria decide to introduce a disclosure scheme, there would be benefits if the disclosure threshold were the same as for the Commonwealth, to avoid unduly cumbersome administrative burdens for political parties which operate at both federal and state levels, as well as avoiding confusion for individual donors.

Public Funding

It may be helpful to reflect briefly on the rationale underlying the introduction of public funding in Australia. Public funding was first introduced with two main aims:

- To facilitate electoral participation by assisting parties and candidates to meet the cost of campaigning; and
- To reduce reliance on private donations (and thus minimise the likelihood of political donations being made with "strings attached").

All of the public funding schemes that now exist across Australia were originally purely reimbursement schemes, under which parties or independent candidates were paid in accordance with election expenditure up to the level of their entitlement. (Payment could not exceed the level of receipted expenditure). The emphasis on assisting with campaign expenditure is further evidenced by the fact that the original funding rate was determined with reference to postage rates, that is, the cost of disseminating campaign literature to individual voters.

Queensland and most other jurisdictions with public funding schemes have kept them on a reimbursement basis, but in 1995 amendments to the Commonwealth Electoral Act removed this requirement. Commonwealth funding is now paid at a prescribed rate per vote irrespective of how much parties or independent candidates actually spend on their campaigns. This has left open the possibility that candidates can in fact "make a profit" from their campaign. Political parties may also be tempted to set unspent funding aside in a "war chest" reserved for a future election. Both possibilities are inconsistent with the fundamental principles enunciated by the JSCEM in 2006. These principles would appear to be best served through schemes which operate on a purely reimbursement basis.

A National Funding and Disclosure Regime

Your letter inviting submissions makes reference to the Green Paper being prepared by the Australian Government, the first part of which is looking at funding and disclosure issues.

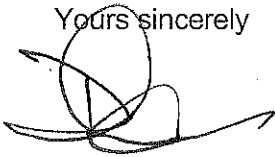
Currently, most, but not all, States and Territories have in place funding and disclosure schemes. Where election funding and disclosure systems do exist, the administrative burden on electoral participants would be greatly reduced through the implementation of uniform legislation. By way of example, the relevant legislation could include:

- A threshold of 4% of formal first preference votes to qualify for public funding;
- Such funding to be paid on a reimbursement only basis;
- Each registered political party to lodge a single annual disclosure return for both State and Commonwealth purposes;
- Uniform party registration requirements;
- An across the board prohibition on overseas donations;
- A single annual return for donors of \$1000 or more;
- Disclosure of receipts and expenditure and debts on a per-election basis; and
- A single annual disclosure return for 'associated entities'.

Uniform provisions could also be enacted to cover areas such as disclosure of 'third party advertising' and broadcaster and publisher returns. Uniformity could be achieved through complementary State, Territory and Commonwealth legislation.

I trust that this information is of assistance to the Committee.

Yours sincerely

A handwritten signature in black ink, appearing to be 'David Kerslake', written over a circular scribble.

David Kerslake
Electoral Commissioner

