



Require timely disclosure of political donations

Party: Australian Greens

Summary of proposal:

The proposal would place a cap on political donations at \$1,000 per year and require all registered political parties, state branches of political parties, individual political candidates, or associated entities to declare all (cumulative) political donations.

The proposal is ongoing and would start from 1 July 2023.

Costing overview

The proposal would be expected to decrease the fiscal and underlying cash balances by about \$83.2 million over the 2022-23 Budget forward estimates period. This impact entirely reflects an increase in departmental expenses required primarily for compliance and auditing.

The proposal would have an ongoing impact beyond the 2022-23 Budget forward estimates period. A breakdown of the financial implications (including separate public debt interest (PDI) tables) over the period to 2032-33 is provided at Attachment A.

The financial implications of the proposal are highly uncertain and are very sensitive to information and communication technology (ICT) costs and the number of staff required for compliance activities.

There may be revenue that arises from financial penalties from non-disclosure of donations. However, there is significant uncertainty around what the level of non-compliance would be and how often the Australian Electoral Commission (AEC) would pursue these matters through legal action. As such, this impact has not been costed.

Table 1: Financial implications (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	Total to 2025-26
Fiscal balance	-47.0	-11.8	-12.4	-12.0	-83.2
Underlying cash balance	-47.0	-11.8	-12.4	-12.0	-83.2

(a) A positive number represents an increase in the relevant budget balance; a negative number represents a decrease.

(b) PDI impacts are not included in the totals.

Key assumptions

The Parliamentary Budget Office (PBO) has made the following assumptions in costing this proposal.

- The AEC would need to replace the ICT system it currently uses for financial disclosures with a completely new system and there would be ongoing ICT costs.
- The ICT, education and outreach costs would occur in the year before the proposal starts.

- Education and outreach costs would be ongoing, with the AEC receiving supplementary funding for election years.
- Compliance and auditing costs would grow in line with the wage cost index 3 (WCI3) and the efficiency dividend.

Methodology

ICT costs have been estimated based on historical ICT budget measures but are highly uncertain.

- The AEC would require an entirely new ICT system for financial disclosures as it is unlikely that the upgrades necessary to carry out a higher volume of disclosures and more timely reporting of disclosures could be made on the existing infrastructure.
- The PBO expects that ICT costs would be greater than Queensland Government spending on upgrading the Electoral Commission of Queensland's ICT system to handle disclosure of political donations (scaled up for Australia's population) but less than Australian Government spending on the GovPass Program.
- The PBO has not factored in an ICT Investment Approval Process (IIAP) to this costing.
 - If an IIAP was required for this proposal, it would be likely to take longer to implement, and would include additional costs for the first and second pass approvals.
 - More information about an IIAP can be found on the Digital Transformation Agency website.¹

Education, outreach, compliance auditing costs have been estimated separately and are based on information provided by the Department of Finance on the AEC's expenses related to political donations. There is uncertainty around the number of people needed to ensure disclosures are compliant with the legislation, given the significant lowering of the donation threshold. If more (or fewer) people are required compared to what has been assumed, the cost of compliance could be readily scaled up (or down).

Financial implications were rounded consistent with the PBO's rounding rules as outlined on the PBO Costings and budget information webpage.²

Data sources

Information on the AEC's expenses related to political donations was provided by the Department of Finance.

Economic parameters used in the model were provided by the Department of Finance and the Treasury as at *Pre-election Economic and Fiscal Outlook 2022*.

Australian Government (2019) [Budget Measures Budget Paper No.2 2019-20](#), Australian Government, accessed 21 February 2022.

Queensland Government (2016) [Capital Statement Budget Paper No.3 Queensland Budget 2016-17](#), Queensland Government, accessed 17 February 2022.

Wood D, Griffiths K and Crowley T (2022) [More than half of funding for the major parties remains secret - and this is how they want it](#), Grattan Institute, accessed 23 February 2022.

¹ <https://www.dta.gov.au/help-and-advice/digital-and-ict-investments/ict-investment-approval-process>

² https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Costings_and_budget_information

Attachment A – Require timely disclosure of political donations – financial implications

Table A1: Require timely disclosure of political donations – Fiscal and underlying cash balances (\$m)^(a)

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
Expenses													
<i>Departmental</i>													
<i>Departmental expenses</i>	-47.0	-11.8	-12.4	-12.0	-12.0	-12.6	-12.1	-12.2	-12.8	-12.3	-12.4	-83.2	-169.6
Total – expenses	-47.0	-11.8	-12.4	-12.0	-12.0	-12.6	-12.1	-12.2	-12.8	-12.3	-12.4	-83.2	-169.6
Total (excluding PDI)	-47.0	-11.8	-12.4	-12.0	-12.0	-12.6	-12.1	-12.2	-12.8	-12.3	-12.4	-83.2	-169.6

(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

Table A2: Require timely disclosure of political donations – Memorandum item: Public Debt Interest (PDI) impacts – Fiscal and underlying cash balances (\$m)^{(a)(b)}

	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	Total to 2025-26	Total to 2032-33
<i>Fiscal balance</i>	-0.5	-1.2	-1.5	-1.8	-2.2	-2.5	-2.9	-3.4	-3.9	-4.4	-5.4	-5.0	-29.7
<i>Underlying cash balance</i>	-0.5	-1.1	-1.5	-1.8	-2.1	-2.5	-2.9	-3.3	-3.8	-4.4	-5.3	-4.9	-29.2

(a) As this table is presented as a memorandum item, these figures are not reflected in the totals in the table above. This is consistent with the approach taken in the budget where the budget impact of most measures is presented excluding the impact on PDI. If the reader would like a complete picture of the total aggregate, then these figures would need to be added to the figures above. For further information on government borrowing and financing please refer to the PBO's online budget glossary³.

(b) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A negative number for the fiscal balance indicates a decrease in revenue or an increase in expenses or net capital investment in accrual terms. A positive number for the underlying cash balance indicates an increase in receipts or a decrease in payments or net capital investment in cash terms. A negative number for the underlying cash balance indicates a decrease in receipts or an increase in payments or net capital investment in cash terms.

³ [Online budget glossary – Parliament of Australia \(aph.gov.au\)](https://aph.gov.au)