



Monday, 9 October 2017

Committee Secretary  
Select Committee into the Political Influence of Donations  
Parliament House  
Canberra ACT 2600

Submitted online

Dear Secretary

### **Inquiry into the Political Influence of Donations**

Thank you for the opportunity to make a submission to this inquiry.

On 17 August 2017, the Senate established the Select Committee into the Political Influence of Donations to inquire into and report on the following matters:

- a. the level of influence that political donations exert over the public policy decisions of political parties, Members of Parliament and Government administration;**

There is increasing public concern that corporate political donations can undermine democratic processes and influence public policy ‘by inducing political participants to pursue policies and actions that are favourable to the donors’ [Lu, Shailer & Wilson 2016]. According to one public enquiry, Australia’s current political donation regime is among the least tightly regulated when compared to other high income countries [Electoral Matters Committee, 2009].

Political actors declare the importance of allowing a broad range of groups and organisations having access to them when policy is being constructed. However, our current research into corporate political activity has shown an overwhelming consensus that industry have both the resources and persons available to gain inequitable access to politicians and decision makers. From our key informant interviews it was acknowledged by one respondent that ‘there’s no doubt that if someone makes a significant donation to your campaign or to your political party then you tend to look fondly towards them. I wouldn’t put it any higher than that, but if you know that they are a regular donor then you’ll obviously meet with them. Now, that doesn’t mean that’s to the exclusion of those who have a counter point of view.

The real politics of it is that if there's someone who can cause you pain and maybe even cause you to lose an election, you keep them close' *Ex-politician*.

Funding campaigns by MPs is necessary in the current electoral structure, but, 'it's very difficult because the way it's structured at the moment MPs have got to fund campaigns and you've got to find your donations wherever you think you can legitimately and decently do that. But it's very hard to know where to actually draw the line. I mean personally I suppose, on balance, I would prefer to see no industry of any kind funding for election campaigns in a way because I think it has the potential ... it has the potential to distort, but I can't give you specific examples of that' *ex-politician*.

One way of eliminating both the time spent and the risks associated with political donations is to increase public funding.

**b. the motivations and reasons why entities give donations to political parties and political candidates;**

We have a particular concern for donations from dangerous consumptions industries, such as tobacco, alcohol and gambling, and their influence on the development of public health policies. One key informant spoke about the timing of political donations, 'so we saw the New South Wales clubs, the registered clubs' movement, clubs New South Wales donate a large amount of money... and that was at a time when he and the then opposition were formulating their attitudes towards pokie machine reforms like mandatory pre-commitment'. *Journalist*

These industries promote their economic interests at the expense of population health and wellbeing [Mialon et al., 2016]. According to Leong et al. [2013] donations could be used to win subsidies or contracts, influence legislation, or otherwise affect decision-making. One recent analysis showed that delays by government in implementing alcohol warning labels was likely due in large part to alcohol industry lobbying [Mathews, Thorn & Giorgi, 2013].

Industry's driving motivation is to influence the political process in order to improve profits [Aggarwal, Meschke & Wang, 2012], and political donations are effective at influencing government policy that assist this goal [Industry Insights [www.industryinsight.info](http://www.industryinsight.info); Smith, Savell & Gilmore, 2013]. As a consequence of influence, public policy does not always reflect the best evidence-based practice. Interventions known *not* to work (e.g. non-evidence-based and poorly funded education, or personal responsibility themes) come into effect, and interventions that are evidence-based (e.g. advertising restrictions, price increases, availability restrictions) are not implemented [Caswell & Thamarangsi, 2009].

**c. the use of shell companies, trusts and other vehicles to obscure the original source of political donations;**

The political donations laws need to be tightened to avoid exploitation of loop holes. 'Publicly they've got to disclose any political donations, but they will disguise that as hard as they can. So, you might find the AHA makes a donation... but they can also

send 85% of that to various hotels who also make a donation without reference to the AHA, but with them pulling the strings. The AHA sending a cheque and forwarding it on, although I can't say that's the case but some of the hotels were making donations that were staggering' *ex-politician*.

**d. how to improve the integrity of political decision-making through our political donations regime and the public funding of elections:**

1. Allow donations only from those who are on the electoral roll/individuals
2. Cap donations at A\$1,000.00 per donor per year
3. Real time, easily publically accessible disclosure of all political donations with persistent archiving of donation records.
4. Compulsory spending limits on all political parties
5. Increase in public funding of elections
6. Ban on all 'hazardous' contributions
7. Public incentives for individual public contributions
8. Easily, publically accessible disclosure of political spending
9. Banning associated entities
10. Strong, independent enforcement agency
11. Corporations, trade unions and other groups be required to publicize in their annual reports to shareholders and members the amounts contributed to parties, candidates and other political purposes.

**e. Any other related matters.**

On 15 October 2015, the Senate referred an inquiry into political donations to the Joint Standing Committee on Electoral Matters. There was no government response to this report and recommendations. Accordingly, the Committee wrote to the Special Minister of State to seek a Government Response on the 2011 report. This inquiry lapsed when the Joint Standing Committee on Electoral Matters ceased to exist at the dissolution of the Senate and the House of Representatives on Monday 9 May 2016. I refer you to the following Australian government publications (Schott, Tink & Watkins 2014; Australian Government 2008)

We would hope that this time there would be serious consideration of the inquiries recommendations and that there would be changes made to the current Australian laze faire political donations laws.

We have also submitted a presentation that was presented to the World Congress on Public Health in 2017 on corporate political activity as well as some relevant academic papers.

Yours sincerely

Professor Peter Miller  
On behalf of the Centre for Drug, Alcohol and Addiction Research (CEDAAR)  
Deakin University

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