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The Secretary  
Joint Standing Committee on Electoral Matters  
Parliament House  
Canberra ACT 2000

By email: [jscem@aph.gov.au](mailto:jscem@aph.gov.au)

Sir/Madam

I make this submission to your committee regarding the Inquiry into the 2007 Election. My document will include submission relating to the following terms of reference:

- i) the level of donations, income and expenditure received by political parties*
- ii) the extent to which political fundraising and expenditure by third parties is conducted in concert with registered political parties*
- iii) the appropriateness of current level of public funding provided for political parties and candidates.*
- iv) The relationship between campaign expenditure and public funding*

In short, my responses (in order) regarding the above terms of reference will be

- i) banning of all 'political activities' by those who are not political parties or independent candidates*
- ii) allowing fundraising by third parties but banning expenditure of the funds raised except by those parties/candidates*
- iii) limiting the 'electoral funding' to direct re-imbusement of actual expenditure incurred in contesting the election and a re-imbusement of lost salary/wages (to certain limits). Furthermore, amending the Electoral Act to allow re-imbusement of electoral expenses incurred at any time, not just after the dissolution of parliament.*

I do not intend my submission to be political argument. However examples relating to the 'conduct' of the major political parties will be included for ease of reference.

Should any aspect of my submission require clarification, or should you require more information, please contact me via the above email address or by phoning 0413 828827.

Thanking you

Trevor Targett  
Enc.

- i) *the level of donations, income and expenditure received by political parties, associated entities and third parties*

I have no comment to make regarding the level of donations or income received by political parties or ‘associated entities’.

However, the 2007 Federal Election saw examples – on both sides – of associated entities campaigning for and/or on behalf of the respective political allies. Namely, the union movement overwhelming bombardment of all media campaigning against ‘Workchoices’ and the occasional advertisements from business groups campaigning against a Labor/Union Government.

Prior to the election, protests were heard from the (then) Opposition and minor parties regarding the (then) Government’s expenditure on its ‘policies’ and services that were offered to the public. The protests related to the use of taxpayer funds to promote the party.

Such protests were without any basis. I believe that it is a Government’s inherent duty to advertise the services it does (or does not) offer to the public. I also believe that it is a Government’s responsibility to advise and educate where necessary.

However I do not believe a political party can sit back and allow a proxy campaign organised and funded by either a third party or an associated entity, like we saw in 2007. There are several reasons for my belief in this matter:

- a) those third parties are not accountable for the messages they spread – if you believed the union movements campaign against workchoices, everyone was being forced to work for ‘third world’ wages, and being summarily dismissed.
- b) the party that they represent could be subject to conflict of interest claims – like we saw the then Government accusing the Labor party of being too heavily run by the union movement.
- c) The party that wins the election could ‘distance’ themselves from the campaign messages of the third party by claiming it wasn’t really their (the party’s) message at all.

If anything is to be learnt from the 2007 Federal Election, it’s that it wasn’t Labor that won Government. It was the union movement’s campaign that won Labor Government. As a result, the Labor party gained approximately \$24 million in AEC funding for very little expenditure. What the party does with those funds is up to them – but given the Special Minister for State has criticised ‘serial candidates’ for reaping the benefits of the AEC’s ‘per vote’ funding, I find the Government’s encouragement (or at least an active discouragement) of the union movement’s campaigning on their behalf hypocritical.

While Parliament (at all levels) is dominated by two main parties, any changes under the Committee’s terms of reference should also be considerate of the impact any changes would have on minor parties and independent candidates.

These candidates typically do not have the backing of large organisations, and therefore it is them, and usually only them, that fund their own campaigns, and indeed spread their own messages.

I would suggest a total ban on political campaigning – except by those actually contesting the election/s.

*ii) the extent to which political fundraising and expenditure by third parties is conducted in concert with registered political parties*

This term of reference should have again included the minor parties and independent candidates.

Prior to her election to the House of Representatives, Pauline Hanson was an independent candidate. Whether or not you agree with her views is not an issue for this submission.

What is of issue though was (and still is) were claims that Pauline Hanson received the ‘support’ (including fundraising) by extremist groups such as ‘white supremacists’. Whether or not this is true is not relevant.

What is relevant is, similar to the issues raised with third party campaigning, is that anyone can, at present, raise funds for a political candidate. Whether that person is aware of the fundraising is irrelevant – the funds can be donated and the message espoused by the groups doing the fundraising denied after the fact. Either way, the candidate can deny all knowledge.

I would suggest that fundraising be continued. However such fundraising only be allowed by way of the candidate (or party representative) being present at the fundraising activity or, for independent or candidates of minor parties, with written approval. This way, the party/candidate has expressly approved the activity and, more importantly, it does not cut off vital campaign contributions directed to those that truly need them.

Like third party expenditure though, any funds raised should be donated to the relevant party/candidate, who then decides how the funds should be spent. This way it is the candidate/party that controls the expenditure and can declare the expenditure to the AEC (as currently required).

*iii) the appropriateness of current level of public funding provided for political parties and candidates.*

Let us not do away with public funding of campaign expenditure. To do so would be to attack democracy – only the rich or those affiliated with the major parties would be able to afford to contest an election.

To be fair, let's see how eliminating public funding would have effected the Labor party. If public funding was limited to ‘actual expenditure’, how much would have Labor received? I would hazard a guess that the amount received would have been but a slight fraction of the total amount spent on Labor’s behalf given that most of the

campaigning advertising (the biggest expense) was conducted by the union movement.

‘Funding for votes’, or put another way, funding received depending on the number of votes received does need an overhaul. It is absurd that a candidate can truly campaign once, then use the resultant ‘name recognition’ to raise sufficient votes to receive over \$200,000 in funding in subsequent elections. Given that there is 3 – 4 years between elections, this effectively results in a \$50,000 - \$66,000 per annum salary. During the 2007 election, I do not recall seeing a single Pauline Hanson advertisement. I didn’t know she (or her party) was running until I saw her name on the Senate Ballot Paper.

Nor, as exemplified above, is it appropriate for the major political parties be paid ‘for votes’ along the same rules as Pauline Hanson (and others) when their expenditure was far less than the total expenditure incurred on their behalf. While it is easy to criticise Ms Hanson for sitting back and collecting the public funding, the same could be said for Labor at the most recent election, given the disparity between their campaigning and the campaigning done on their behalf.

Both are certainly most inappropriate. However, unless the definition of ‘campaign expenditure’ is widened (see below), some recompense for both the effort and expenditure should be included.

Let’s keep tax deductibility for campaign donations. To outlaw this would be to severely curtail an independent candidate’s ability to raise funds.

An independent candidate traditionally campaigns on the back of being a voice for the little person – families, individuals, small business. While large organisations can donate from their after tax profits (and still make large contributions), the ‘little people’ cannot.

For the purposes of accountability, and reducing conflicts of interest and or straight fraud (as alleged as having being committed by the TWU), limit tax deductibility to individuals. This will benefit all by

- a) reducing the perceived influence of large organisations over their preferred political parties
- b) will allow the members/employees of those organisations to opt in or opt out of the political system by making their own contributions (or not), and ensuring the money they provide to those organisations are used for the purpose they intend. Eg not all union members support the Labor party, but all unions (who generate their income from the employees – well at least that’s what is supposed to occur!) are affiliated with the Labor Party.
- c) Organisations do not vote – yet they are the biggest contributors of campaign donations. It is the individual that votes and if parties and candidates have to source donations from individuals, it will encourage further dialogue between the candidates and the electorate. For example, I’m not going to handover my hard earned unless the candidate gives me good enough reasons.

I have heard fears that if tax deductible contributions are limited to individuals, then large organisations will provide the funds to those individuals to donate, thus in effect, it is still the large organisation making the donation. However, by assuming individuals will opt in/out of making a donation to begin with, they can simply refuse the organisation's offer. Further, such a tactic would come unstuck – the missing amount would have to be accounted for to either shareholders and/or the tax office.

iv) *The relationship between campaign expenditure and public funding*

I am considering running for a QLD Senate seat at the next Federal Election. As an independent and not a millionaire, I've had to research what this will cost me, and what (if any) reimbursement I might expect.

As I understand it, I would be eligible for one of two amounts from the AEC, these being

- a) \$2.10 per vote should I receive at least 4% of '1<sup>st</sup> preference' votes, or
- b) Should I not receive 4% of the primary vote, I would receive a reimbursement of my campaign expenses incurred between the issuing of the election writs, and the close of polling (usually only 6 – 8 weeks).

Currently funding received from a previous election should not be used to fund a future election. Guess what – we all know it does? Given that political parties are not for profit, they cannot retain surplus funds. So how is it then they continue to function, pay wages etc, between elections?

The electoral funding rules, as they currently apply, hit me with a double whammy. By law, I must resign my employment prior to formally nominating myself as a candidate, meaning I will lose whatever wages I would receive between the date I nominate and the close of the election (though as I public servant, I am eligible for reinstatement should I be unsuccessful).

So what does an independent candidate on an average wage do to pay the bills and fund a campaign? Live off savings? Remember, I am an average public servant – not a member of the Senior Executive Service nor receiving a 6 or 7 figure package in private industry. Then, on the off chance I am elected, what do I do to pay the bills between election week and the day I am on Parliament's payroll (which as I understand it, wouldn't be until the following July and if we use the 2007 election as an example, that's a wait of 7 months).

This is why I am in favour of retaining, in some form, the 'funds for votes'. However let's combine the two current practices. That is, if you are unsuccessful, you receive reimbursement of campaign expenses and lost salary should you be forced to resign your employment. As a further redundancy, limit the reimbursement of lost wages to a pro-rated maximum of \$100,000 per annum.

If you are successful, you receive the 'funding for votes' calculated on wages lost up to the time you are on Parliaments payroll (again limited to a salary of \$100,000 per annum), plus the reimbursement of expenses incurred during the campaign.

This would not cost the public purse as much as it may seem. For example, if I choose to claim my campaign expenses as a tax deduction, any reimbursement must be declared as income. The same has always applied to 'compensation' or 'reimbursement' of wages. Thus, at least 30% (sometimes more) would be given back at tax time anyway!).

If you are unsuccessful in your candidacy, let's keep the current reimbursement of campaign expenses. However the time for expenses to be eligible needs to be widened. Again using my self as an example, I need to keep working full time in order to pay the bills and while I can claim a tax deductions for campaign expenses incurred now, it is only a rebate of 30%...meaning I am still 70% out of pocket.

As a 1<sup>st</sup> time and an independent candidate, without name recognition or party backing, I need to start campaigning now (and have done so). However, according to the AEC, I will not be reimbursed for those expenses as the writs for the next election have not issued.

In 2006-2007 we all saw the 'Clayton's' election campaign. Both parties campaigned heavily for 12 months before the election was actually called. With their funding they were able to – how is an independent or minor party supposed to compete with those resources? Put simply, they can't. That said, survey's conducted after the 2007 election suggest a massive 70% would have voted for neither Labor nor Liberal if they had a viable alternative. By allowing the major parties to dominate the political landscape, and by not offering realistic (but genuine needs based) assistance to minor candidates you are in fact suppressing the will of 80% of the voters.

## **Summary of Submission**

- a) limit political advertising and campaigning to candidates or the political parties – thus banning campaigning/advertising by associated entities and third parties.
- b) allow fundraising by associated entities/third parties but prohibit expenditure of funds raised by those other than the political party/candidate
- c) abolish ‘funds for votes’ and limit funding to re-imburement of lost salary/wages to \$100,000 pa (pro rata) and provided only to those who successfully contest an election (whether as an independent or a candidate of a political party)
- d) limit political donations to individuals, but continue the tax deductibility of those donations
- e) provide reimbursement of electoral expenses to independent candidates/members of minor parties for expenses incurred up to 18 months prior to the election.