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The Parliament of the Commonwealth of Australia

# Funding and Disclosure

**Inquiry into disclosure of donations to political parties and candidates**

Joint Standing Committee on Electoral Matters

February 2006  
Canberra

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## Foreword

Australia has a proud history of progressive reform in electoral matters where necessary, and funding and disclosure rules are no exception. When the system was first introduced in 1983, on the recommendations of this Committee's predecessor, it was understood that public funding would provide all political parties with an equitable basis to present their policies to the electorate and to contest elections on a level playing field. In this way, public funding contributes to a more informed electorate and a more robust representative democracy.

In this report, the Committee delineates the current funding and disclosure scheme's fundamental objectives. The Committee states that:

- funding should be provided to parties and candidates as a subsidy to their costs of contesting a particular federal 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 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 the Australian Electoral Commission;
- 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 and covered by the Electoral Act, should be the same in the interests of transparency and consistency.

In stating these objectives, the Committee also considers three avenues of reform to best achieve them.

In the first instance, the Committee argues that higher thresholds for the disclosure of political donations would encourage individuals, small businesses and other organisations to make donations to political parties and candidates.

Second, the Committee considers that proposals to ban certain types of contribution, or limit the amounts that may be donated often arise from the apprehension of a potential for corruption and undue influence. However, to date, the Committee has found no evidentiary support.

Finally, the Committee proposed that a higher tax deductibility level of donations to political parties and independent candidates would encourage more people to participate in the democratic process and decrease the parties' reliance on a smaller number of large donations.

On behalf of my colleagues, I would particularly like to thank the Committees of the 39<sup>th</sup> and 40<sup>th</sup> Parliaments and their staff who both contributed to this inquiry by taking submissions and hearing from witnesses. I also thank the Members and Senators of the current Parliament for their valuable time and assistance in preparing this report.

Peter Lindsay MP  
Chair



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## Membership of the Committee

**Chair**      Mr Peter Lindsay MP  
(from 13 February 2006)

Mr Tony Smith MP  
(to 7 February 2006)

**Deputy  
Chair**      Mr Michael Danby MP

**Members**      Mr Steven Ciobo MP

Mr Alan Griffin MP  
(from 6 September 2005)

Mr Daryl Melham MP  
(to 6 September 2005)

Ms Sophie Panopoulos MP

Senator George Brandis

Senator Kim Carr

Senator Michael Forshaw  
(to 9 November 2005)

Senator John Hogg  
(from 9 November 2005)

Senator Brett Mason

Senator Andrew Murray

## Committee Secretariat

Secretary	Stephen Boyd
Inquiry Secretary	Sonia Palmieri (from November 2005) Steve Dyer (to November 2005)
Administrative Officer	Natasha Petrovic



## Terms of reference

That the Joint Standing Committee on Electoral Matters inquire into and report, as soon as practicable on:

- a) the matter relating to electoral funding and disclosure, which was adopted by the committee in the 39th and 40th Parliaments, and any amendments to the Commonwealth Electoral Act necessary to improve disclosure of donations to political parties and candidates and the true source of those donations; and
- b) submissions and evidence received by the committee in relation to those inquiries in the 39th and 40th Parliaments.





## List of abbreviations

AEC	Australian Electoral Commission
JSCEM	Joint Standing Committee on Electoral Matters
JSCER	Joint Select Committee on Electoral Reform

