

Inquiry into the 2007 Federal Election

Summary:

- 1 Critique of current arrangements in funding political parties and candidates
- 2 Business corporations influence major party policies
- 3 Democracy for sale
- 4 Reform of election campaign funding
- 5 The funding of elections in Canada
- 6 Democratic participation by electors in Australia

Critique of current arrangements in funding political parties and candidates

Most of the funds which finance the campaigns of the major political parties, Liberal and Labor, are donated by business corporations. The Labor Party also receives large donations from Trade Unions and their associated entities. The remaining funds come from individuals or reserves built up from government grants to political parties in proportion to the votes they received in previous elections.

The minor parties, The Greens, the Nationals and the Australian Democrats, in the main rely on funding from the latter source and also from donations by individuals. No donations from corporations are accepted by The Greens.

This funding of electioneering by political parties undermines democracy. It blatantly favours the interests of the business corporations to the detriment of the concerns held by the majority of the electors. As a result of this inequity in the amounts of funds provided by vested interests the major political parties dominate the air waves and the print media with their advertisements. The minor parties cannot compete in communicating their policies to the electors who largely remain in ignorance of the policies they advocate.

Federal Government funding of elections depends on candidates polling more than 4% of the vote with a flat amount being awarded for every vote in excess of that percentage. The benefit that the major parties receive is excessive and undermines the principle of a level playing field.

Business corporations influence major party policies

One method used by major parties to raise funds is particularly pernicious: it is the selling or raffling of access to Ministers or shadow Ministers. Ease of access

to Ministers provided to lobbyists of business corporations which donate substantial amounts of money to the major political parties produce policy results which favour these business interests.

Democracy for sale

Elizabeth Farrelly (SMH 16/4/08/) comments on The Greens' research since 2002 which "catalogues donations to all parties at both state and national level by industry, year, recipient and donor". Dr Norman Thompson, who conducted this research for The Greens, discovered that "only about half of the donations are reported" to the NSW and Australian electoral commissions and "often by only one side". In effect such actions breached the electoral laws governing donations and went undetected and unpunished. Furthermore, Dr Thompson's research showed the frequency with which large donations by individual corporations were followed by actions from government which favoured the corporation's interests, thus giving, to say the least, the appearance of democracy for sale.

Reform of election campaign funding

The previous analysis of election campaign funding points to the necessity of infusing the principle of political equality and popular control of government at all levels. All political parties should be able to compete on a level playing field. This must necessitate the total elimination of donations from business corporations and their agencies. If this in turn leads to calls for similar elimination of donations from trade unions, so be it. A further requirement would be a cap on donations by private individuals.

The funding of elections in Canada

In Canada the political rules for financing elections have been changing significantly since the Election Expenses Act of 1974 when limits were imposed on how much parties and candidates could spend on election campaigns. When compared with the Australian attempt to regulate the funding of election campaigns Canada's provisions to infuse democracy into the process of regulation are monumental. The key provisions of Bill c-2, 2006, testify to their achievements.

- . Only citizens and permanent residents of Canada can make donations to registered political parties
- . Donations are capped at \$1000 (indexed for inflation) per calendar year to each of the following:
 - *any registered political party
 - *each independent candidate for a particular election
 - *the contestants of a particular leadership contest
- . Cash contributions to registered political entities limited to \$20
- . Corporations, trade unions, associations and groups may no longer make political contributions

. Candidates cannot accept any gift (other than contributions to their campaign) that might be seen to influence them as eventual members of parliament although they may accept a gift from a relative.

Democratic participation by the electors

If Australia were able to legislate in a way similar to Canada it would result in a surge of democratic participation in the electoral process. Electioneering by advertising in the media would be minimal and participation by the citizenry would be enhanced through the expansion of attendance at public meetings in which all candidates would feel obliged to attend.. Door knocking by candidates and their supporters would encourage electors to convey their priorities directly to candidates and to subject them to careful scrutiny. More citizens might be encouraged to stand in elections as independents or representatives of minor parties if the electoral process were reformed.

The ability of political parties and candidates to use the weapons of propaganda to scare citizens into supporting them via television, radio and print media advertising would no longer be the threat to democracy that it is today. Citizens would be encouraged to become involved in the political process rather than being easy prey of misrepresentation. Instead of being alienated from politics citizens would be much more inclined to take an active interest in democracy.

Mervyn Murchie
Ph (02) 92122027
204/50 Murray Street
Pymont NSW 2009