



Dissenting report – The Hon. Bronwyn Bishop MP, The Hon. Alex Somlyay MP, Senator Scott Ryan, Mr Dan Tehan MP and Mr Darren Chester MP

# **Inquiry into the funding of political parties and election campaigns**

**Joint Standing Committee on Electoral  
Matters**

## **Dissenting Report**

**The Hon. Bronwyn Bishop MP**

**The Hon. Alex Somlyay MP**

**Senator Scott Ryan**

**Dan Tehan MP**

**Darren Chester MP**

**December 2011**

## Introduction

Coalition members of the Joint Standing Committee on Electoral Matters note most of the recommendations by the Committee are solely to serve the interests of the Australian Labor Party, the Greens and their backers such as GetUp. This is particularly evident in relation to the proposed lowering of the donation disclosure threshold from \$11,900 to \$1000, which will significantly impact the ability of individuals to give donations to political parties without the potential for intimidation and harassment.

The Coalition believes in participatory democracy and that individuals should be allowed to contribute to the political process, however, the proposed reduction in the disclosure threshold will greatly hamper the ability of individuals and firms to contribute. Neither the evidence heard by the inquiry, nor the submissions of the Labor Party, the Greens, GetUp or any other group have shown there to be any cause for concern of donations under the current threshold buying political influence. These groups have also failed to address the more obvious cause for concern where affiliation fees from unions directly buy votes on the Labor Party conference floor and a significant say in the preselection process. The hypocrisy of groups such as GetUp and political parties such as the Greens is also quite concerning, whilst both organisations claim that large political donations have the potential to corrupt the process, both organisations accepted individual donations over \$1 million during the 2010 Federal Election and did not declare them until well after the election campaign had finished.

There are also significant concerns about the Committee's recommendations relating to continuous disclosure and the redefining of the word "gift" to include attendance at political fundraisers. This move will add significant compliance costs for political parties, third parties and any individual attending a political fundraiser, but will not improve the public's confidence in the electoral system nor will it increase the ability of the AEC to prosecute cases of electoral fraud. In light of the Committee's recommendation that anonymous donations over \$50 are banned, small branches within political parties face further red tape in relation to community forums and small fundraisers.

The Coalition does have some concerns with the current system and the way that many organisations are circumventing electoral laws. This shows that the need for a dedicated fraud squad within the AEC is very much needed to increase compliance. The Coalition is particularly concerned about the evidence heard during the inquiry of the circumvention of electoral laws through the use of union credit cards. There was a significant amount of evidence heard at the inquiry about the then Labor candidate and now Federal Member for Dobell, Mr Craig Thomson, who allegedly spent thousands of dollars on his 2007 election campaign

on a Health Services Union credit card, which was allegedly not disclosed to the AEC. There was also significant cause for concern over organisations appearing to blatantly mislead the AEC on their electoral expenditure returns, notably the HSU East branch updating its expenditure and receipts on its 2009/10 returns by \$25 million.

The Coalition also has concern about current arrangements relating to groups which are claiming to be independent third parties whilst in reality are associated entities of political parties who actively coordinate campaign activities. This was evident by GetUp's acceptance of a donation of over \$1 million from the CFMEU, an associated entity of the Australian Labor Party, and coordinated its 2010 election advertising with the Labor Party, yet the whole time claimed to be an independent third party, despite one of their original directors being Bill Shorten, now a Minister in the Gillard Government.

Coalition members also note the issue about election campaigns being funded by tax deductible donations given to unions and special interest groups. At present, individuals are allowed to claim a deduction of up to \$1500 for donations to political parties or individual candidates, however, trade unions spend millions on election campaigns and receive much of their funding from tax deductible membership fees, not subject to the \$1500 cap. Similarly, groups such as the Australian Conservation Foundation and Greenpeace also receive tax deductible donations, and then spend money on political campaigning, putting them at a significant advantage over political parties whose donors have limited tax deductibility. The Coalition believes this issue should be examined further.

The Coalition opposes the following Recommendations:

1, 3, 4, 6, 9, 24.

## The Disclosure Threshold

Coalition members of JSCEM do not agree with the reduction in the disclosure threshold, noting that it strongly increases compliance costs for political parties, third parties and individuals and will lead to potential intimidation of small donors. They further do not agree that reducing the address details for donors over \$1000 on the AEC website will reduce the potential for intimidation and harassment of individuals or businesses who choose to donate to a political party or candidate.

The Coalition notes the proposal by the Australian Greens to cap donations at \$1000, yet their conduct during the 2010 Federal Election campaign showed they were more than willing to go against their own policy when offered a \$1.6 million donation from Wotif founder, Graeme Wood. Brett Constable, the National Manager of the Australian Greens, noted that Greens leader Senator Bob Brown

was in discussion with Mr Wood at the time or making the donation when he was questioned by Senator Scott Ryan at the JSCEM hearing on 8 August 2011:

**“Senator RYAN:** *Thank you, Mr Constable. Senator Brown, I understand, was involved in discussions—and I am using as less inflammatory language as I can—with Mr Wood about the donation, was he not?*

**Mr Constable:** *At the time of making the donation?*

**Senator RYAN:** *Yes.*

**Mr Constable:** *Yes, in relation to—“<sup>1</sup>*

The Greens even chose not to disclose this information during the election campaign, at the request of Mr Wood. This was admitted to by Mr Constable at the hearing:

**“Senator RYAN:** *Whose decision was it not to disclose it prior to the election?*

**Mr Constable:** *That was really out of respect to the donor. Yes, we have an aim to improve the disclosure regime. We have an internal policy within the party which looks at how to review as best we can within the resources we have available the capacity of the donor and the alignment of the donor with the aims of the party, and then we have a rule about disclosing donations well in advance of what is currently required.”<sup>2</sup>*

Mr Wood’s motives for the donation have also been widely commented upon, he was quoted in the Australian Financial Review on 30 July 2011 stating that by donating to the Greens he would then not have to personally donate money to certain environmental causes:

*“Wood has certainly forged a unique path and his donation to the Greens is hardly typical of Australian corporate philanthropy, but it is not woolly do-gooding either. He saw the \$1.6 million donation as a defensive move that saved him many millions of dollars.*

*‘I was a bit concerned that if the Coalition got in a lot of my investments in environmental causes would have been down the plughole,’ he says. ‘It will hopefully save me a whole lot of money in fighting other environmental wars or battles.’”<sup>3</sup>*

This is potentially inconsistent with Mr Constable’s evidence to JSCEM when questioned by The Hon. Bronwyn Bishop MP where he claimed that Mr Wood’s donation didn’t exert any influence on the Greens:

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<sup>1</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 8 August 2011

<sup>2</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 8 August 2011

<sup>3</sup> Australian Financial Review, *What if I gave away all my money*, 30 July 2011

**“Mrs BRONWYN BISHOP:** *That is not what I asked. I said: could you tell me what influence he has exerted as a result of his donation? You, like others, assert that we have to restrain donations because they influence political parties. Could you tell me how Mr Wood has influenced your party and what gain he has had from that?*

**Mr Constable:** *I would say that he has not exerted any influence on the party.”<sup>4</sup>*

It is interesting to note, however, that Senator Bob Brown subsequently, on 16 June 2011 asked the Minister for Agriculture, Fisheries & Forestry the following question and supplementary question:

*“My question is also to the Minister for Agriculture, Fisheries and Forestry, Senator Ludwig, in his capacity as minister for forests. Yesterday the minister told the parliament that the government has not received any requests from Gunns for funding support in relation to the mill or its business structure. Can the minister give an assurance to the Senate that no money will be given to Gunns in relation to its mill or its business structure, including for severance payments for the hundreds of workers already facing the loss of their jobs or facing the loss of jobs in the future related to the forest agreement or otherwise?”*

*“There are consultations in process and I am asking the minister about where those consultations are at. I ask the minister: is he aware of the highly-publicised sale by Gunns of its woodchip mill at Triabunna, the application by a consortium of loggers to buy that mill and an alternative application by Eco Resource Development to buy the mill? Will the minister ensure that no money from the forest agreement process flows to the logging entities.... I ask about that consortium: has the government had any discussions about that? Will the government ensure that no money goes, through the forest agreement or in any other way from the public purse, into facilitating the purchase of that Triabunna woodchip mill?”<sup>5</sup>*

Furthermore, Mr Constable himself noted in his evidence that it would be seen as hypocritical to accept a large donation at the same time as he was calling for donation caps, and acknowledged the donation by Mr Wood made a significant difference to their campaign:

*“I agree that it can be seen as hypocritical in terms of the direction we want to go, but it is the direction we want to go and we are not there yet, so we are constrained by the system we have. In order to be successful in election campaigns at the moment, you need a significant war chest. The \$1.6 million was a fantastic contribution to our campaign.”<sup>6</sup>*

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<sup>4</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 8 August 2011

<sup>5</sup> Senate Hansard, 16 June 2011

<sup>6</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 8 August 2011

The Coalition firmly believes it is disingenuous for the Greens to now call for donation caps, because they are worried about the perception of donors buying public influence, when they are more than willing to accept large donations, claiming that it does not buy any public influence.

The right of individuals to participate in the democratic process is a fundamental belief of the Liberal and National parties, and lowering the donations disclosure threshold will discourage many from actively participating. There has been no evidence during the funding inquiry that there is a particular problem with donations under \$11,900 buying political influence, which suggests that the move to lower the threshold is more on ideological grounds and to advantage both Labor and the Greens. In their submission, both parties called for the lowering of the threshold to \$1000, but both parties failed to show how lowering the threshold will improve confidence in the electoral donations system nor reduce the opportunity for influence to be bought by disclosing donations between these amounts.

Rather than focusing on donations under \$11,900 having the perception of buying influence, the Coalition is more concerned with affiliation fees from associated entities obtaining votes within political parties. The Labor Party and Greens members of JSCEM refused to discuss the issue of associated entities becoming entitled to votes on the ALP conference floor as a result of their affiliation fees. As a result of affiliation fees, trade unions are entitled to a block of votes in Labor preselections and executive elections. The Coalition believes that these affiliation fees, which are often hundreds of thousands of dollars, are far more cause for concern than donations under the \$11,900 threshold.

Coalition members of JSCEM are particularly concerned about the potential for intimidation if the donation threshold is lowered to \$1000, as is being proposed. In the 2004 Inquiry into the Federal Election campaign, Committee members noted comments by Warwick Parer in 1992 about the very real threats of intimidation for some people who choose to make political donations:

*“... donors must be protected against coercion and intimidation. Every time I have raised this, people have said to me, ‘It does not really exist. You are making it up’. Anyone with any experience of the world out there knows the nonsense involved in that...A businessman told me that if he gave a \$20 donation to the Liberal Party, in his honest opinion, the unions would ensure that \$200,000 worth of damage was done to his company. That is not a story that I am throwing around here for political purposes; it is a genuine belief held by people in society...A little old lady pensioner from far north Queensland sent me through the mail a donation of \$10 but she said specifically that she did not want a receipt because she did not want anyone to know she had given it to me in*

*case she was singled out for some sort of discrimination in the small country town from which she came.”<sup>7</sup>*

The Coalition believes that the current level of disclosure is appropriate because it strikes the right balance between a transparent system where major donors are identified whilst protecting those who wish to make a smaller donation to the candidate, political party or third party of their choice without the fear of intimidation.

In terms of the question of political donations buying influence, there are already some mechanisms in place to address this when there is seen to be some cause for concern. Where there are questions about conduct, matters can be referred to the House of Representatives or Senate Privileges Committee.

The Coalition opposes Recommendation 3, which recommends that donations to individual state branches be considered as one donation to a political party. This recommendation is not feasible when state divisions don't always have a direct federal counterpart, particularly in relation to the Liberal National Party in Queensland, the Country Liberal Party in the Northern Territory and the National Party in Western Australia. The Coalition believes that donations to individual state branches should be treated separately and does not believe the case has been made to change the current arrangement.

The Coalition further opposes Recommendation 6, which calls for disclosure to be introduced on a six monthly basis. This will add significant compliance costs to political parties, associated entities, third parties and the Australian Electoral Commission, which will be faced with a higher administration burden. Once again, the Coalition does not believe there is a problem with the current arrangement of annual disclosure and more attention should be paid to those organisations who file misleading statements, such as the HSU East Branch in 2009/2010 which increased its expenditure and receipts by nearly \$25,000,000 when amending its return.

## **Circumvention of Disclosure Laws**

Coalition members of JSCEM note that during the inquiry, concerns were raised about the potential for campaign expenditure disclosure obligations to be circumvented through the use of credit cards issued by trade unions.

This was particularly evident by news reports first aired in April 2009 which noted that the then Labor candidate, now Member for Dobell, Mr Craig Thomson MP, is alleged to have spent \$104,000 on election expenditure using his Health Services

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<sup>7</sup> JSCEM Report 2004 Federal Election, p. 332



Union Credit Card, as stated in Mark Davis's article in the Sydney Morning Herald on 9 April 2009 Doubts over disclosure of poll fund:

*"HEALTH Services Union officials believe union credit cards were used to spend at least \$104,000 on federal Labor MP Craig Thomson's political campaign for the Central Coast seat of Dobell before the 2007 election."*<sup>8</sup>

During the hearing on 21 September 2011, the Hon. Bronwyn Bishop MP, Shadow Special Minister of State, asked Mr Paul Pirani, Chief Legal Officer at the Australian Electoral Commission about the following expenditure and what the AEC did to investigate:

*"Going back to 8 May 2009, there was the article 'Commission not told of spending on MP's campaign', a report in the Sydney Morning Herald that showed allegations that the HSU spent \$53,000 on Mr Thomson's campaign for Dobell, which included—and this is very important—payments to The Entrance Print from May to November 2007 totalling \$12,647, which was made on Craig Thomson's MasterCard and paid for, as we know, by the HSU.....*

*It is in the Sydney Morning Herald and, in that article, it showed a payment for \$7,253.17 made to Australia Post in July 2007 by electronic transfer funds from the HSU SGE Credit Union account. In other words, the HSU directly paid the Australia Post bill during the election campaign for Mr Thomson. There was a Payment on Nova Radio for \$2,739 on Mr Thomson's union MasterCard on 12 October 2007. There was a payment to Central Coast Radio on 12 November 2007 for \$14,647.60 made by the HSU by electronic funds transfer. So the union directly paid that bill for the election campaign of Mr Thomson. \$7,900 was paid to Cumberland Newspapers in 2006 on an HSU national office Diners Club card. These are all payments that are made in respect of Mr Thomson's campaign, not disclosed."*<sup>9</sup>

Coalition members and senators believe it is imperative that any changes to donation laws look at the very real threat posed by certain organisations using credit cards to circumvent disclosure laws. During the previous JSCEM inquiry into the 2010 Federal Election campaign, the Coalition called for the establishment of a dedicated fraud unit within the AEC to investigate claims of fraudulent voting. The Coalition believes that this unit would also be an appropriate mechanism to deal with those who have circumvented electoral disclosure laws. Coalition members believe that the AEC's investigation into the allegations against Craig Thomson and the HSU relating to the 2007 election campaign was inadequate, meaning that the time limit for potential prosecutions was reached

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<sup>8</sup> *Doubts over Disclosure of Poll Fund.* Mark Davis, Sydney Morning Herald, 9 April 2009

<sup>9</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 14 September 2011

before the three year cut off date. To alleviate problems like this in the future, it is essential that a fraud unit is established in the AEC to investigate issues such as these.

## Changing the definition of 'gift'

The Coalition opposes Recommendation 4, which is the changing of the definition of 'gift' to include fundraising activities. This will significantly hamper the ability of individuals to participate in the political process, will cause increased compliance costs for political parties and third parties and will not achieve any net benefit to the current electoral funding arrangement. This is particularly apparent when this redefinition is coupled with Recommendation 11 that anonymous donations over \$50 be banned.

As participatory democracy is one of the Coalition's fundamental beliefs, any move which discourages individuals from becoming involved is very concerning. Individuals attend fundraising events for a number of reasons, be it for informal policy discussions or to get more information about the political process. Attendees at fundraisers aren't always politically active and would be uncomfortable to hear attending a lunch to hear a guest speaker costing \$50 would be considered a political 'gift', potentially giving them a reporting obligation as a result. This does not encourage participation in Australia's political system and will discourage many individuals from becoming involved.

The Coalition is also concerned about increased compliance costs for political parties, associated entities and third parties who will all face significant increases in their regulatory burden as a result of these changes. Under this new system, anyone spending more than \$50 in a single year is expected to have their details kept by a political party to ensure they don't go over the new \$1000 disclosure threshold. To expect parties to keep detailed records of expenditure at "fundraisers", which often raise little money, by each individual in attendance will not increase public confidence in the electoral system but will add a significant layer of bureaucracy. This will also affect registered third party campaigners and all their associated branches who conduct similar small activities, be they community organisations, student bodies or farmer's groups.

For this reason, the Coalition also opposes Recommendation 9 which will mean political parties have to keep records of every individual who has given them any donation nationwide to ensure they don't go over the \$1000 disclosure threshold. The Coalition believes that changing the definition of "gift" will not add any public confidence to the electoral system, but will instead discourage involvement amongst individuals and add an unreasonable compliance burden to political parties, third parties and associated entities.

## Tax deductibility and the inconsistency of public 'funding'

Since the introduction of public funding prior to the 1984 election, it has usually been discussed in the context of the direct payments to political parties from the Commonwealth, however, this omits an element of the funding arrangements that can have an impact both on the cost to the taxpayer and the effective total amount of money available to participants in the political process – the tax treatment of donations.

Canada allows for donations to a capped amount to be treated as a tax credit, as opposed to a deduction against taxable income. This obviously has an impact on the cost of making a donation of an amount under that cap, as does any tax deductibility of donations, albeit to a lesser extent than a tax credit – as the total cost of the donation in after tax income is reduced.

There has been insufficient consideration in Australia of the impact of the tax treatment of donations to political participants. This is not surprising given there are beneficiaries of the current regime who have little interest in addressing this imbalance. The current limit on the tax deductibility of donations is \$1500 for individuals. Donations over this amount to political parties are not tax deductible, nor are donations from businesses.

However, funds can be donated to organisations that have Deductible Gift Recipient status. These organisations include some that actively participate in the political process and effectively campaign on issues. Some of these, such as the Australian Conservation Foundation and the World Wildlife Fund, become directly involved in election campaigns although they do not endorse candidates in a formal sense.

Given the political leanings and priorities of some of these organisations, it is entirely possible for a donation to be given to them that facilitates a prominent campaign on a particular issue during an election period. Yet, if such a donation is above the tax deductible threshold for donations to political parties, it would be treated differently in tax terms. In that sense, the 'cost' of making a donation of a specific amount would be different, depending on to whom it was made – even though it might be directed towards running a very similar campaign in highlighting a particular issue.

This inconsistency is of increasing concern given the increased role played by third parties in election campaigns. This inconsistency is compounded by the tax status of the trade union movement. Union membership fees are tax deductible. This effectively makes the pool of funds unions draw from for affiliation fees and political campaigns tax-free. This in itself is a blinding inconsistency, as a member or supporter of the Labor Party or Greens may effectively take advantage of a

second tax-free donation threshold not available to those not members of unions affiliated to Labor or supportive of the Greens.

This is exacerbated by the significance of funds flowing from the union movement – not only to the ALP, but to the Greens and third party groups such as GetUp! There is no rationale for why funding and donations to some political participants should be treated differently by the tax system than others. Given the possibility that the difference in such tax treatment can dramatically impact either the 'cost' of making a donation or the amount of funds that flow between associated or otherwise linked entities, Coalition members and senators believe this is a matter that requires attention.

Coalition members of the committee are not proposing a specific measure at this stage, merely pointing out that this is a glaring inconsistency that needs to be considered in any proposed reform. We also note that neither the Government nor the Greens have taken up suggestions to specifically undertake such consideration as part of this inquiry. In essence, this is akin to a 'malapportionment' of the financial arrangements regarding political participants – as some players have benefits available to them that are not available to others.

Any moves to further this imbalance by banning donations from companies but not doing so from other bodies corporate or entities (such as trade unions) would take this effective financial malapportionment further along the path to a financial gerrymander.

## Membership and Donations

This inquiry provided an opportunity for those opposed to donations from companies to make their case. Coalition Members and Senators do not believe that any case for change to the current arrangements was made. We strongly disagree with the slurs and assertions that somehow the current arrangements are somehow lacking in public legitimacy because of donations by companies. No serious, unbiased evidence was presented to support this – merely accusations by those with well-known and predetermined perspectives or an interest in a particular regulatory outcome.

Furthermore, the agenda of many of those advocating such a move is obvious through a key omission – the lack of commitment to addressing the tax inequalities outlined above and, in some cases, a refusal to address the most longstanding and significant relationship between entities and politics, that which exists between the ALP and the trade union movement.

To those who argue that somehow a donation from a body corporate is not appropriate, a necessary consequence must be to express some concern about the very real and official constitutional role of certain bodies corporate in the Labor

Party. While not conceded by the Coalition, the idea that somehow a corporate donation can lead to the perception of influence but that the very real and formal voting role of another type of entity within a political party is not a problem is nothing short of completely hypocritical. To argue that a donation can buy influence and that this is a concern, but that having a formal voting role is somehow not of concern illustrates the profound inconsistency of this attitude.

The excuse occasionally offered up for this is to distinguish between individual membership, such as that of the Liberal Party, and group or corporate membership, as is represented by the affiliation of unions to the ALP. To consider banning donations from companies on the grounds of potential or perceived influence while not addressing the formal, constitutional and voting role of entities in particular political parties is nothing short of hypocritical and betrays the agenda of some of the proponents of such.

If donations from other than natural persons to political parties are a concern, then the formal voting rights of entities in political parties of entities that are not natural persons must also logically be at least of a similar level of concern, if not more so, due to the actual fact that such links have formal power, not just allegations of influence. This inconsistency is of course further exacerbated by the refusal to consider union affiliation fees in a similar context to corporate donations.

If donations are only to be made by individuals, then there is no logical, consistent or fair position that would simultaneously allow entities to be members (including the payment of membership or affiliation fees). Coalition members and senators do not propose any action in this regard. We simply note that proposals to change the laws regarding corporate donations need to consider the financial and other formal relationships at a membership level as well or any such changes will profoundly lack legitimacy.

### **Third Parties**

The Coalition acknowledges that there are a large number of third parties who campaign in elections based on a number of issues, but is concerned about situations where third parties receive money from political parties or their associated entities and continue to claim they are independent. The actions of GetUp are particularly concerning, where they admitted to receiving a \$1 million donation from the CFMEU during a public hearing for this inquiry. In reality, GetUp receives significant donations from the trade union movement, most of whom are affiliated with the Australian Labor Party.

The conduct of GetUp during the Committee's inquiry was very disappointing, the National Director Simon Sheikh failed to appear before the Committee on 2 November 2011 and instead sent the Deputy Director, Sam McLean, to act on the organisation's behalf. This was after GetUp cancelled a hearing on Wednesday 12 October 2011 because they were allegedly travelling to India, when in fact they were in Canberra spruiking the carbon tax, which had just passed the House of Representatives.

In the hearing on 2 November, GetUp admitted that its claims of hundreds of thousands of members were wildly exaggerated when questioned by The Hon. Bronwyn Bishop MP:

**Mrs BRONWYN BISHOP:** *Mr McLean, you say that you have four hundred and forty something thousand members. Is that what you claim?*

**Mr McLean:** *I think our website currently say we have some 600,000 members.*

**Mrs BRONWYN BISHOP:** *What is your claim? How many members do you claim?*

**Mr McLean:** *From memory, our website currently claims in the order of 600,000. It is on our home page.*

**Mrs BRONWYN BISHOP:** *I want to go right to that. In your constitution you have a very strict regime of what a member is. They have to apply and be accepted by the board, and they can be in two categories: voting and non-voting. How many voting members do you have that have been accepted by the board?*

**Mr McLean:** *I would have to take that on notice to give you an accurate answer, but suffice to say that it would be less than a dozen.<sup>10</sup>*

GetUp further admitted at this hearing that everyone who clicks on their website is counted as a "member" by them, when in reality they only have 12 voting members:

**"Mrs BRONWYN BISHOP:** *You say you've got 600,000 members, which is up from 430,000, which is the claim I saw last. Do you count everyone who clicks on your website?*

**Mr McLean:** *Yes, we count people who take action through GetUp! and then continue to do so and don't opt out.*

**Mrs BRONWYN BISHOP:** *So anyone who clicks on your website is counted?*

**Mr McLean:** *They can be, yes.*

**Mrs BRONWYN BISHOP:** *So if I clicked on it tomorrow you would count me?*

**Mr McLean:** *Yes, if you elected—*

**Mrs BRONWYN BISHOP:** *That's outrageous."<sup>11</sup>*

<sup>10</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 2 November 2011

<sup>11</sup> Hansard, Joint Standing Committee of Electoral Matters hearing, Canberra, 2 November 2011

With GetUp admitting that it has less than 12 members having a real say, it must also be noted that GetUp's constitution specifies a number of its directors must come from a trade union background. Like the Greens alleged commitment to donation caps, GetUp's claims of being an independent organisation are disingenuous.

There is clearly a need for third parties who act in a manner such to disclose their partisan connections. The Coalition believes that when "independent third parties" who receive large donations from associated entities of political parties cease to be independent and by continuing to push the "independent" label are severely misleading the public as to what their aims and objectives really are.

## Summary

The Coalition does not believe that the Labor, Greens and Independent members of the Committee have successfully argued their case for changes to the current donations system. The Coalition does have concerns with some aspects of the current system, particularly in relation to third parties classifying themselves as "independent" whilst at the same time receiving large donations from political parties or their associated entities; which was highlighted by GetUp's acceptance of a \$1 million donation from the CFMEU to run ads attacking Tony Abbott. The Coalition is also concerned with the current arrangements relating to tax deductibility of donations, noting that many organisations, including unions, are running or contributing to election campaigns through funds generated from tax deductible receipts.

The Coalition strongly disagrees with a number of the recommendations of this Committee, noting that they pose a significant threat to participatory democracy, where individuals have the right to have their say in a free and open system, free from intimidation. As such, the Coalition opposes:

- Changing the donation disclosure threshold; it should remain at its current level of \$11,900, which is indexed.
- Donations to 'related political parties' being treated as a donation to the same party.
- Altering the definition of "gift" to include attendance at fundraisers.
- Moving to six monthly disclosure for political parties.
- Investigating options to introduce a system of expenditure caps.

Furthermore, the Coalition reiterates its call for a special fraud unit within the AEC to investigate and prepare briefs for prosecution where there has been a potential breach of the electoral disclosure laws. The Coalition believes the challenges with the electoral donations system at the moment are primarily related to the enforcement of the current arrangements and believes that the proposed changes by Labor and the Greens will not increase public confidence in the system.

**The Hon. Bronwyn Bishop MP**

**The Hon. Alex Somlyay MP**  
**Deputy Chair**

**Senator Scott Ryan**

**Dan Tehan MP**

**Darren Chester MP**