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The Secretary
Joint Standing Committee on Electoral Matters
Parliament House
Canberra ACT 2600

Dear Secretary

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

The current legislative regime on electoral funding and disclosure suffers from a number of problems, including as to its enforceability, scope and capacity to deal with systematic problems in the political and electoral process (such as the potential for corruption and undue influence). These problems are not atypical to Australia, and indeed similar issues have arisen over a long period in jurisdictions such as the United States.

In this submission we do not make detailed proposals for reform of this regime. Instead, we put forward the following issues that might be considered as part of such a process.

First, where a political party receives public money one consequence might be that parties should be required to be accountable to their members and the public and to have transparent processes for resolving matters such as pre-selections and disputes. The privilege of receiving public funding should lead to political parties adopting democratic and transparent internal mechanisms.

Second, the receipt of public money by a political party might lead to restrictions on how that money is spent and how political parties generally engage in political advertising. The earlier report of this Committee, *Who Pays the Piper Calls the Tune* (Report No 4 June 1989), identified problems with the rising cost of electronic advertising and the potential for corruption and negative other flow on effects. The public funding mechanism might provide that any party in receipt of public funding cannot engage in electronic advertising. Although the *Political Broadcasts and Political Disclosures Act 1991* (Cth) was struck down by the High Court in *Australian Capital Television Pty Ltd v Commonwealth* (1992) 177 CLR 106, the Court did not indicate that other schemes regulating electronic advertising will also be unconstitutional. So long as a scheme limiting such advertising did not unfairly benefit the established parties and

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did not exclude the contributions of third parties to the political process (such as other political interest groups), such new legislation may well be upheld by the High Court. In this regard, the State assistance to election contestants model used in New Zealand (*Broadcasting Act 1989* (NZ)) might be a useful guide.

Third, the current regime in being based on disclosure could be broadened to not only require disclosure but also to place limits on individual contributions to political parties. In addition, the campaign expenditure disclosure scheme is not sufficient and should be broadened as in other nations to require disclosure of the transactions themselves, not simply of the total expenditure amount. The current disclosure laws on both individuals and parties have not proved sufficient to restricting the scope for undue influence and the potential for corruption. Donation or spending limits are by no means perfect, but they have proved to be a potentially effective regulatory mechanism in other countries such as New Zealand and the United Kingdom.

Yours sincerely

George Williams

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