

The Secretary
Joint Standing Committee on Electoral Matters
Department of the House of Representatives
PO Box 6021
Parliament House
CANBERRA ACT 2600

Dear Secretary

Inquiry into the 2007 Federal Election

I wish to make a submission to the Committee's inquiry into the 2007 Federal election, and, in particular, to query the lawfulness of donations made to political parties by public companies.

As disclosures made to the Australian Electoral Commission for 2006/07 indicate, considerable amounts of money are provided to political parties by public companies. For example, the Westfield Group alone provided in excess of \$580,000, split between the major parties. There are three possible motivations for such donations:

- to express the personal political preferences of those in charge of company funds;
- to purchase access to, and influence over, whichever party holds office following an election (for the purpose of encouraging decisions beneficial to the company);
or
- because the managers and boards of companies simply have a deep commitment to democracy and wish to help fund it.

The first motivation, if correct, would be quite outrageous. It ought to be no more acceptable than a manager dipping into company funds to purchase a mink coat for his mistress. The second would clearly be attempted corruption. Of course, it is very difficult to establish, beyond reasonable doubt, that corruption is the motivation or that decisions taken by a Government are corruptly influenced by donations received. Public perception, however, is very important and the lingering suspicion of corrupt motives and practices does no good to faith in the democratic process.

The third possible motivation is the idealistic one of the three. If one were to believe that public companies make political donations out of a public-spirited desire to help fund democracy, then perhaps an independent body should be identified (such as the Australian Electoral Commission) to receive the donations. The funds could then be distributed to all candidates, or their parties, in proportion to the number of votes they receive. *The monetary value of donations from public companies under such an arrangement would be highly informative about the purity of the motives.* In any

case, one could still legitimately argue that the managers have a perfect right to donate their own funds but no right to donate anyone else's without their explicit permission.

So long as corruption is not the motivation, individuals should be entitled to make whatever donations they wish with their own money, but there is no legitimate reason why the managers of public companies should be allowed such wide discretion with shareholders' funds. Somehow, public company managers have come to believe they are entitled to use company money for political purposes and to direct funds, in amounts they alone determine, to the parties of their choice. They need to be thoroughly disabused of that notion. Whatever the motivation, the act of company managers appropriating shareholders' funds, without their approval, for purposes other than company business deserves to be characterised as theft. If the practice is not specifically disallowed under current law then the law is in serious need of repair.

Yours faithfully

Paul McMahon