
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 39th and 40th 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

Introduction

- 1.1 Under the *Commonwealth Electoral Act 1918* (hereafter referred to as ‘the Electoral Act’), the Australian Electoral Commission (AEC) is required, as soon as practicable after a federal election, to provide a report on the operation of the funding and disclosure scheme for tabling in Parliament.
- 1.2 That scheme, which forms Part XX of the Electoral Act, was introduced for the 1984 Federal Election following recommendations made by the Joint Select Committee on Electoral Reform (JSCER) in its *First Report*.¹
- 1.3 The two fundamental elements of the scheme, as set out by that Committee, are:
 - public funding of election campaigns; and
 - disclosure of certain financial details by registered political parties, candidates and other persons and groups as set out in Part XX of the Electoral Act.
- 1.4 Today, under current legislation, the funding and disclosure scheme is characterised by the following features:
 - payment of election funding based on the number of first preference votes received once a threshold of 4% of first preference votes is obtained;

1 JSCER, *First Report*, September 1983, Chapters 9 and 10.

- political parties are required to lodge annual returns detailing the totals of all receipts, payments and debts. Details of those receipts and debts that reach a threshold of \$1,500 or more must also be disclosed;
- “associated entities” of political parties, being those “controlled by one or more registered political parties or operates wholly or to a significant extent for the benefit of one or more registered political parties”, are required to lodge returns;
- candidates and Senate groups are required to lodge election returns detailing the total of all donations received and certain categories of expenditure, and details of persons or organisations who donate \$200 or more to the same candidate, or \$1,000 or more to the same Senate group;
- persons who campaign, those who make donations to political parties or candidates or incur expenditure for the benefit of political parties or candidates, and third parties taking part in a campaign may also be required to lodge returns; and
- anonymous donations and anonymous loans are prohibited and may be forfeited to the Commonwealth.²

1.5 Since the original scheme was introduced, a number of changes have been made. Briefly, these include:

- minor changes have been made to the thresholds below which donations or expenditure need not be disclosed;
- candidates are no longer required to register for public funding and printers are no longer required to lodge returns;
- political parties are no longer required to lodge returns following an election, but instead, are required to lodge annual returns disclosing receipts, payments and debts;
- ‘associated entities’ now have similar reporting obligations to registered political parties;
- public funding is now paid as a grant in proportion to votes received, rather than as reimbursement of expenditure incurred. The amount of public funding for Senate votes was doubled to equal that for House of Representative votes (the rate was increased in 1995); and

2 AEC (Submission No. 11, 40th Parliament), pp. 6-7.

- compliance officers of the AEC are now empowered to investigate the accuracy of returns.³
- 1.6 In addition to these changes, the AEC has recommended further change in its submissions to JSCEM inquiries and its post-election Funding and Disclosure reports.⁴

Scope and conduct of the inquiry

- 1.7 The Committee has had a long history of examining the funding and disclosure regime. While the current inquiry originated in a reference in 2000, the Committee has also used its regular reports on the conduct of federal elections to make recommendations on specific aspects of the scheme.⁵

39th Parliament

- 1.8 The Committee's 1998 Federal Election report reviewed, and made recommendations on, the following aspects of the funding and disclosure scheme:
- disclosure thresholds;
 - electronic lodgement of annual returns;
 - technical or minor errors made in complying with s315(2) of the Electoral Act; and
 - annual returns by Commonwealth departments.
- 1.9 The Committee also made recommendations concerning the registration of political parties.⁶
- 1.10 On 29 June 2000, the Committee received a reference from the then Special Minister of State, Senator the Hon. Chris Ellison, to inquire into those recommendations of the AEC's 1996 and 1998 reports on funding and disclosure not currently incorporated in legislation or not previously examined by the Committee. The Committee was

3 AEC (Submission No. 11, 40th Parliament), p. 6.

4 AEC (Submission No. 1, 41st Parliament), p. 1.

5 See JSCEM, *The 1998 Federal Election*, pp. 123-140; JSCEM, *The 2001 Federal Election*, pp. 234-243; JSCEM, *The 2004 Federal Election*, pp. 311-344.

6 The guidelines for registration of political parties have implications for the funding and disclosure regime in that duly constituted and registered political parties may be attract public funding and may be subject to the disclosure provisions.

asked to report on the desirability of incorporating the remaining AEC funding and disclosure recommendations into existing legislation.⁷

- 1.11 The Committee adopted the reference on 15 August 2000 and the inquiry was advertised in all national papers on 9 and 12 September 2000.
- 1.12 In November 2000, the Committee decided to extend the reporting timetable for this inquiry until its inquiry into the *Integrity of the Electoral Roll* was completed.
- 1.13 The *Electoral Funding and Disclosure* inquiry recommenced and was readvertised in *The Weekend Australian* on 7 July 2001.
- 1.14 The Committee received 21 submissions to its inquiry and held three public hearings in Canberra.⁸
- 1.15 The Committee's reference lapsed when it ceased to exist at the dissolution of the House of Representatives on 8 October 2001.

40th Parliament

- 1.16 In the course of its inquiry into the conduct of 2001 Federal Election the Committee made further recommendations on the funding and disclosure scheme concerning, among other things, anonymous and overseas donations.⁹
- 1.17 On Thursday 4 March 2004 the Senate asked the Committee to inquire into and report on:
- (a) the matter relating to electoral funding and disclosure, which was adopted by the committee on 15 August 2000, 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) any submissions and evidence received by the committee in relation to that inquiry of 15 August 2000.

7 The AEC incorporated recommendations in its post-election *Funding and Disclosure Report* for the 1996, 1998 and 2001 Federal Elections, but not for that of 2004.

8 A list of these submissions is at Appendix A. Appendix B lists the public hearings and witnesses.

9 JSCEM, *The 2001 Federal Election*, Recommendations 32 and 33 (not supported by the Government).

- 1.18 The inquiry was advertised in *The Australian* on 17 March 2004 and members of the public were invited to make submissions.
- 1.19 The Committee wrote to all Members, Senators and political party secretariats inviting them to make submissions to the inquiry. The Committee also wrote to those people and organisations that made submissions to the previous inquiry.
- 1.20 The Committee received a further 13 submissions to the inquiry and held one public hearing in Canberra on 11 May 2004.¹⁰
- 1.21 The inquiry lapsed upon the dissolution of the 40th Parliament.

41st Parliament

- 1.22 The review was re-referred to the Committee by the Senate on Tuesday 30 November 2004 requesting that it inquire and report on the matter relating to electoral funding and disclosure in the same terms as those referred in the 40th Parliament (see page *xi*).
- 1.23 Since that referral, the Committee has received material and taken evidence relating to funding and disclosure arrangements in the course of its review of the 2004 Federal Election, and it made five recommendations to the Government about aspects of those arrangements. Chapter two of this report discusses these recommendations further.
- 1.24 On publication of its report on the 2004 Federal Election, the Committee resumed its consideration of evidence presented to it in the course of the 39th and 40th Parliaments addressing funding and disclosure.
- 1.25 While the Government has yet to respond formally to the Committee's report on the conduct of the 2004 Federal Election, on 8 December 2005, the Parliamentary Secretary to the Minister for Finance and Administration, the Hon. Dr Sharman Stone, introduced the Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005. Among other things, this Bill proposes to amend Part XX of the Electoral Act with respect to funding and disclosure.

¹⁰ Submissions to the inquiries of the 39th, 40th and 41st parliaments are listed at Appendix A; public hearings and witnesses at Appendix B.

Changes to the Funding and Disclosure Scheme

General principles of the scheme

- 2.1 In its report on the 2004 Federal Election, the Committee outlined a number of general principles that ought to underpin the funding and disclosure scheme, namely 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 AEC;
 - 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.

2.2 To achieve these principles, the Committee considered 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;
- 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, but have not, to date, found evidentiary support; and
- 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;

2.3 In line with these general principles, this chapter outlines proposed changes to the provisions of the *Commonwealth Electoral Act 1918* regulating the funding and disclosure scheme.

Payment of election funding

2.4 Currently, payment of election funding is based on the number of first preference votes received once a threshold of 4% of first preference votes is obtained. In acknowledging the potential for alleged 'profiteering' under the current system, the Committee suggested that some consideration be given to:

...raising the threshold at which public funding would be paid from the current 4% of the formal first-preference vote to, say, 5% of the formal first-preference vote. [The Committee] notes that a 5% threshold is about the current level of the informal vote.¹

2.5 Because public funding payments to Senate candidates are based on a larger number of voters than in a House of Representatives electorate, the Committee also suggested that different thresholds be applied to the Senate and the House of Representatives.²

1 JSCEM, *The 2004 Federal Election*, p. 327.

2 JSCEM, *The 2004 Federal Election*, pp. 327-328.

- 2.6 Ultimately, however, the Committee remains of the view that 'the scheme continues to meet its original objectives'.³

Disclosure thresholds

- 2.7 Political parties are required to lodge annual returns detailing the totals of all receipts, payments and debts. Under the current arrangements, details of those receipts and debts that reach a threshold of \$1,500 or more must also be disclosed. Candidates and Senate groups are required to lodge election returns detailing the total of all donations received and certain categories of expenditure, and details of persons or organisations who donate \$200 or more to the same candidate, or \$1,000 or more to the same Senate group.
- 2.8 In its review of the 2004 Federal Election the Committee recommended that:
- ...the disclosure threshold for political donations to candidates, political parties and associated entities be raised to amounts over \$10,000 for donors, candidates, political parties, and associated entities;⁴ and
- ...the threshold at which donors, candidates, Senate groups, political parties, and associated entities must disclose political donations should be indexed to the Consumer Price Index.⁵
- 2.9 The Government endorsed these recommendations and in December 2005, introduced the Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005 (hereafter referred to as 'the Bill'), which proposes, inter alia, to increase the threshold for disclosing gifts to parties and candidates from \$1,500 to amounts above \$10,000. The threshold will be CPI indexed.⁶ If enacted, the measures will have effect from the date of introduction of the Bill, that is, 8 December 2005.

3 JSCEM, *The 2004 Federal Election*, p. 325.

4 JSCEM, *The 2004 Federal Election*, Recommendation 49. This recommendation addressed an issue raised by the AEC (Submission No. 11, 40th Parliament), p. 31, AEC Recommendation 21.

5 JSCEM, *The 2004 Federal Election*, Recommendation 50.

6 See proposed subsections 305A(1), (1A), (2), (2A) and (3). The Explanatory Memorandum also notes that 'Where the threshold amount is amended due to CPI increases, the threshold amount will be rounded to the nearest \$100, where amounts below \$50 will be rounded down to the nearest \$100...' p. 2.

- 2.10 In its latest submission to the Committee, the AEC noted 'that the proposed increase in the disclosure threshold will be likely to affect the volume of disclosure information reported' because:

The proposed increase ... gives rise to a reporting obligation for parties, associated entities and donors against two different financial limits for the 2005-06 financial year. Disclosure returns based on the old thresholds must be lodged for the period 1 July to 7 December 2005, and returns based on the new thresholds apply subsequent to that date.⁷

Associated entities

- 2.11 An 'associated entity' is defined in subsection 287(1) of the Electoral Act as an entity controlled by, or operating 'wholly or to a significant extent for the benefit of, one or more registered political parties.' Under the current regime, associated entities are required to lodge annual returns under section 314AEA of the Electoral Act detailing:

- all amounts received and total amount paid in a financial year;
- total debts outstanding as at 30 June; and
- where required, sources of capital deposits.⁸

- 2.12 In the past, various concerns have been expressed in relation to associated entities. Concern has arisen with the definition of an associated entity and, specifically, what constitutes an associated entity. There has also been some allegation that certain 'associated entities' have failed to lodge annual returns with the AEC⁹ and that the disclosure provisions for associated entities, including the declaration of funding sources, require improvement.¹⁰

- 2.13 The Bill currently before the House of Representatives seeks to extend the definition of an 'associated entity' to apply to entities that are members of a political party and those that have voting rights in political parties, such as trade unions. If enacted, the provisions of the Bill would require that, for each entity, the annual returns provide:

- the total of all receipts and payments of the entity for the financial year, and the total of all debts as at 30 June;

7 AEC (Submission No. 1, 41st Parliament), p. 1.

8 AEC, *Electoral Pocketbook 2005*, pp. 86-87.

9 JSCEM, *The 1998 Federal Election*, p. 132.

10 JSCEM, *The 2001 Federal Election*, p. 236.

- the names and addresses of those people or organisations from whom more than \$10,000 was received during the financial year;
- the names and addresses of those people or organisations to whom more than \$10,000 was owed at the end of the financial year; and
- the names and addresses of those people or organisations that contributed capital to the entity, and the amount of their contribution, in the situation where the entity made a payment to the benefit of a party out of funds generated from the capital deposit.¹¹

Third parties

- 2.14 In its review of the 2004 Federal Election, the Committee noted that some discrepancy existed in the financial reporting requirements of third parties compared to those of other entities, such as registered political parties and associated entities. The Committee therefore recommended that third parties be treated in the same way as political parties, associated entities and donors.¹²
- 2.15 If passed, the Bill will see new sections 314AEB and 314AEC inserted into the Electoral Act requiring third parties to furnish annual returns (as distinct from the election returns they previously provided) relating:
- the amounts spent on certain categories of political expenditure (for example, political advertising, production of electoral matter and opinion polling); and
 - the names and addresses of those people or organisations from whom donations totalling more than \$10,000 were received which were used in whole or in part to incur political expenditure of more than \$10,000, with the dates the donations were received.¹³
- 2.16 In addressing the administrative issues associated with implementing these provisions, the AEC noted that:

The introduction of third party annual returns of expenditure for a political purpose will require disclosure of expenditure by persons or organisations that are involved in political

11 AEC (Submission No. 1, 41st Parliament), Appendix B.

12 JSCem, *The 2004 Federal Election*, Recommendation 53. This recommendation addressed an issue raised by the AEC (Submission No. 11, 40th Parliament), p. 31, AEC Recommendation 21; p. 33, AEC Recommendation 28.

13 AEC (Submission No. 1, 41st Parliament), Appendix B.

commentary. Whilst in the short term this new requirement is expected to present some awareness issues, the AEC intends to mount a comprehensive awareness campaign and will monitor media advertising and related activities.¹⁴

Party registration

2.17 In the course of its work, the Committee has systematically received submissions expressing some apprehension that the current requirements for a group to register as a political party are not stringent enough and potentially could be abused.¹⁵

2.18 The Bill seeks to allay these concerns by proposing a scheme of deregistration and re-registration of political parties. All parties, excepting parliamentary parties and parties with past representation in the Federal Parliament, would automatically be de-registered six months after Royal Assent. Those de-registered parties would be required to re-apply, complying with current requirements in the Electoral Act, including the existing naming provisions. The \$500 application fee would not extend to those parties re-applying.¹⁶

2.19 In its submission to the Committee, the AEC noted that the effect of these amendments:

...is to ensure that all registered political parties, other than those who are or have been represented in Parliament, meet the current naming requirements of the Act. The re-registration process is likely to affect about 20 registered non-parliamentary parties, who must prove current compliance with the registration rules.¹⁷

Electoral returns of broadcasters and publishers

2.20 Sections 310 and 311 of the Electoral Act detail the provisions requiring broadcasters and publishers, respectively, to lodge returns with the AEC. These returns disclose details of pre-election advertising, including the identity of the advertiser, the authority for the advertisement, the times it was broadcast or published and the amount charged.

14 AEC (Submission No. 1, 41st Parliament), p. 1.

15 See, for example, JSCEM reports on the 1996, 1998, 2001 and 2004 federal election reports.

16 Explanatory Memorandum, Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005, p. 2.

17 AEC (Submission No. 1, 41st Parliament), p. 1.

- 2.21 The Bill proposes to repeal these sections of the Electoral Act. It has been suggested that this proposal has been made for reasons of administrative efficiency.¹⁸

Taxation arrangements for donations

- 2.22 Currently, taxpayers may only claim a maximum tax deduction of \$100 for their total donations to political parties registered under Part XI of the Electoral Act.¹⁹ On the understanding that tax deductibility for political donations would encourage more donations from individuals and small businesses, the Committee recommended, in its report on the 2004 Federal Election, that:

- the *Income Tax Assessment Act 1997* be amended to increase the tax deduction for a contribution to a political party, whether from an individual or a corporation, to an inflation-indexed \$2,000 per year;²⁰ and
- the *Income Tax Assessment Act 1997* be amended to provide that donations to an independent candidate, whether from an individual or a corporation, are tax deductible in the same manner and to the same level as donations to registered political parties.²¹

- 2.23 The Bill endorses the sentiments of these recommendations, but proposes to amend the *Income Tax Assessment Act 1997* to increase the level of tax-deductibility, whether from an individual or corporation, to political parties and independent candidates from \$100 to \$1,500 in any income year.²²

18 In his Bills Digest on the Electoral and Referendum Amendment (Electoral Integrity and Other Measures Bill) 2005, Jerome Davidson notes that 'no explanation is offered in the Explanatory Memorandum but when a previous attempt was made to repeal these requirements the rationale offered was that: "These provisions place an administrative burden on publishing and broadcasting businesses ..."', p. 8.

19 Explanatory Memorandum, Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005, p. 4.

20 JSCEM, *The 2004 Federal Election*, Recommendation 51.

21 JSCEM, *The 2004 Federal Election*, Recommendation 52.

22 Explanatory Memorandum, Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005, p. 2.

Conclusion

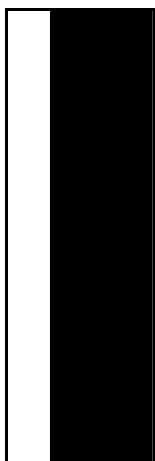
2.24 The Committee's report on the 2004 Federal Election noted that Australia has rejected an interventionist approach to regulation of campaign finance matters and concluded that:

the evidence suggests that, after 20 years, Australia's funding and disclosure scheme is achieving its major goals.²³

2.25 In its subsequent re-examination of the submissions specifically addressing funding and disclosure, the Committee did not find the need to add to the recommendations that it made in its report on the 2004 Federal Election.

Peter Lindsay MP
Chair
27 February 2006

23 JSCEM, *The 2004 Federal Election*, p. 337.



Dissenting Report—Mr Michael Danby MP, Mr Alan Griffin MP, Senator Kim Carr & Senator John Hogg, Australian Labor Party

The guiding principle for the Australian Labor Party (ALP) in dealing with the regulation of electoral funding and disclosure is that there must be a complete and meaningful trail of disclosure back to the true source of funds received by, or of benefit to, political parties. This is an essential precondition if the disclosure system is to be effective.

The ALP committee members do not believe that the amendments canvassed in the Majority report (essentially those of the Government's Electoral and Referendum Amendment [Electoral Integrity and Other Measures] Bill 2005) will uphold this guiding principle. In fact, it is more likely that the proposed changes will erode the primary objectives of the scheme first established by the Joint Select Committee on Electoral Reform under the Hawke Labor Government in 1983.

This is not surprising. Even in 1983, as Senator Robert Ray noted, it was clear that the Liberal Party was opposed to meaningful reform of electoral funding and disclosure in Australia:

It is interesting that legislation requiring donations to political parties be disclosed has aroused such opposition from the Liberal Party. The Liberals have always taken the attitude that donations are a private matter. I believe that the public has a right to know who is donating to political parties.¹

1 Senate, *Debates*, Commonwealth Electoral Legislation Amendment Bill 1983: Second Reading Debate, 30 November 1983, p. 3044.

This Dissent focuses on six aspects of the current funding and disclosure scheme, on which the ALP has repeatedly made recommendations, namely:

- thresholds at which donations must be disclosed;
- tax deductibility of donations;
- disclosure of 'donations' given at fundraising events and anonymous donations;
- overseas donations;
- enhanced obligations and audit compliance of donation receivers; and
- the powers of the Australian Electoral Commission (AEC) in managing the scheme.

Disclosure thresholds

Increases in disclosure thresholds in Australia have only ever been advocated, for very different reasons, by two groups: the AEC and the Liberal Party of Australia.

The AEC's recommendations have been made on the premise of 'consistency': raising the threshold at which donors to political parties are required to disclose gifts received and used by them either from \$1,000 or more, to \$1,500 or more, would 'maintain a consistent value at which the Act deems disclosure necessary'.

The Liberal Party, on the other hand, has recommended higher disclosure on the argument that these would in no way unduly influence political parties:

We urge that a further attempt be made to legislate for lifting the thresholds to at least \$3,000. In fact, we remain of the view, as put by us to this Committee in the past, that it would be reasonable to lift the thresholds to \$10,000. It is not realistic in 2005 to think that donations below this level could raise any question of undue influence.²

On this recommendation alone, the Government has introduced legislation to amend the Electoral Act (Electoral and Referendum Amendment [Electoral Integrity and Other Measures] Bill 2005), raising the threshold of donation disclosure – not to \$3,000, but to above \$10,000.

The underlying object of the Government's proposed changes is to make it easier for corporate donors to give money to the Liberal Party without having to disclose it. Since the State and Territory divisions of the Liberal Party are legally separate entities, this would mean that a person could make 8 separate donations of \$10,000 without having to provide a return to the AEC.

2 Liberal Party of Australia (Submission No. 95 to 2004 Federal Election Inquiry), p. 1.

The Liberal Party has also justified this increase on the basis that the current threshold of \$1,500 discourages 'small business' and 'ordinary individuals' from donating. It is more the case, however, that the Liberal Party believes that the current threshold disadvantages their donors, and ultimately, their donations.³

We are firmly opposed to any change in the current disclosure regime, and reject the weak arguments presented by the Coalition Government for change. We reject as misleading the view that nearly 90% of donations received in 2003-04, as asserted by Brian Loughnane during the JSCEM inquiry into the 2004 Federal Election, would be disclosed if the threshold were raised to \$10,000.⁴

Mr Loughnane appears to have arrived at these figures by calculating the proportion of the total monetary value of donations to be disclosed under the proposed regime, rather than the total number of receipts that will be removed from public scrutiny. The ALP committee members believe that for the electoral system to be transparent, the public need to see who has contributed to a party's funding, and not just those who donated the largest amounts. The current \$1,500 threshold helps ensure this level of transparency. Had the Government's planned changes been in place in 2004-05, roughly 80% of receipts for the approximately \$143 million received by the major parties could have escaped public scrutiny.

If the current donors in the last round of AEC disclosure contributed a similar amount to the Liberal Party of Australia, and its state branches, then millions would go undisclosed. Raising the disclosure threshold to above \$10 000 would allow large amounts of money to flow, without scrutiny, from the existing donor base of the Liberal Party.

The ALP committee members also reject the Government's proposal to index the disclosure limit to the Consumer Price Index. This would see the amount increasing each at around 2-2.5% a year. This is a fundamental break with the traditional way the disclosure of political donations has been regulated, and an annual measure could lead to confusion from donors as to whether their donations fall within, or outside, the disclosure limit.

It may be that it is not possible to influence government decisions with a donation of \$10,000 – although it may be more possible with a donation of \$80,000 where a donor makes 8 separate donations of \$10,000 to each branch of the Liberal Party without having to file a return. But that is not the point. The point is that the public has a right to know, within reason, the sources of funding for political parties. We reject any change which makes it easier for individuals or corporations

3 See 'PM pushed on donation rules', *Sunday Age*, 3 April 2005, p. 5. See also Liberal Party (Submission No. 95 to 2004 Federal Election Inquiry, Submission No. 10 to Funding and Disclosure Inquiry, 40th Parliament, Submission No. 10 to Funding and Disclosure Inquiry, 39th Parliament).

4 Mr B Loughnane (Liberal Party) *Transcript of Evidence*, 8 August 2005, p. 26.

to make large donations to political parties in secret.

Recommendation 1

That any proposal by the Government to increase disclosure thresholds to above \$10,000 be rejected, and that the existing regime of disclosure thresholds, as set out in the *Commonwealth Electoral Act 1918*, be retained.

Tax deductibility

It is also Liberal Party policy to increase the tax deductibility of political donations. They submitted that:

The present limit of \$100 for tax deductibility for political donations is quite inadequate. A significant increase in that amount needs to be made.⁵

In stark contrast, the ALP Platform, as amended at the January 2004 National Conference is that 'Labor will abolish the tax-deductibility of political donations.'⁶

The Government's Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005 proposes to increase the tax-deductibility of political donations from \$100 to \$1,500, extend the regime to allow corporations to claim a deduction and include donations made to independent candidates.

The Government's proposal is an unjustified attempt to transfer private political donations into a taxpayer subsidy. According to the Government's own figures set out in the Explanatory Memorandum to the Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005, this would cost Australian taxpayers an estimated \$22 million over 4 years.⁷

The ALP committee members support public funding for the electoral process which is transparent and reflects the votes gained by political parties. We believe that a general tax-deductibility clause as outlined by the Majority will encourage individuals and other entities to make extensive political contributions, in secret, and at taxpayer expense.

5 Liberal Party (Submission No. 95 to the 2004 Federal Election Inquiry), p. 3.

6 ALP, 2004, *National Platform and Constitution 2004*, p. 272.

7 Explanatory Memorandum, *Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005*, p. 3.

As Tham and Orr submitted:

The problem with tax deduction regimes are that they are disproportionately attractive to high-income earners who benefit most from deductibility and least of an incentive to pensioners etc.⁸

Recommendation 2

That proposals by the Government to increase the tax-deductibility of political donations from \$100 to \$1,500 and extend the regime to corporations and donations made to independent candidates, be rejected.

Fundraising bodies and trusts

Currently, a further loophole exists in the Electoral Act allowing donors at fundraising events the discretion to disclose. As the AEC explained in evidence to the Committee:

There does seem to be an expectation in the community that when one pays money at a fundraising event the payment should be disclosed because the purpose of attending the fundraising event is to benefit the party. Currently, with the definition of ‘gift’ in the legislation, it would not necessarily be disclosed. It would depend on what was in the mind of the person who made the payment about whether they had gotten their money’s worth from attending that function.⁹

To avoid this ‘discretionary power’, the AEC has consistently recommended that all payments made at fundraising events be deemed ‘donations’, and therefore required to be disclosed.

By way of example, the ALP previously highlighted the activities of a fundraising body known as the Millennium Forum, launched by John Howard on 30 November 1999. Its stated purpose is ‘to administer a sponsorship for a political party’ – that party being the Liberal Party. The Millennium Forum has a Chairman, sponsors, regular functions and a clear common purpose. It raises huge

8 Tham and Orr (Submission No. 5 to Funding and Disclosure Inquiry, 40th parliament), pp. 30-31 [fn 82].

9 Ms K. Mitchell (AEC), *Transcript of Evidence*, 11 May 2004, pp. EM22-23.

amounts of money for the Liberal Party, yet it has never been mentioned in one return by the Liberal Party to the AEC. The Millennium Forum's exact relationship with the Liberal Party needs to be clarified, as does the flow of money from their 'sponsors'.¹⁰

The ALP committee members strongly support a tightening of the laws governing donations to make sure all fundraising bodies that are assisting political parties fully and promptly disclose the source of their donations. Fundraising organisations working for political parties should be obliged to disclose in full and such disclosure should be mandatory for all parties.

Recommendation 3

That funds raised on behalf of candidates or registered parties by commercial or other organisations be treated as if those funds are directly donated to the party and that the fundraising entity have disclosure obligations for all those funds.

Anonymous donations

From both an administrative and a political perspective, anonymous donations have proved difficult and confusing. For this reason, the AEC has made recommendations relating to the:

- definition of 'anonymous' (as identified at the time of disclosure, rather than the time of receipt);
- thresholds of anonymous donations (that the threshold for recovering anonymous donations be the same as the disclosure thresholds, and that the cumulative thresholds outlawing the acceptance of anonymous donations apply irrespective of the source of the gift); and
- disclosure provisions relating to associated entities (that these be the same as those relating to political parties, Senate groups and candidates).

The ALP has stated its support for all of these recommendations, but is particularly concerned that the last has not been accepted and implemented by the Government.

10 See ALP (Submission No. 16 to Funding and Disclosure Inquiry, 39th Parliament), p. 4.

There is a significant public interest in the publication of the donors to political parties, yet that public interest is considerably affected by the confusion over whether parties are fully disclosing all donations. Because the provisions relating to anonymous donations received by political parties, Senate groups and candidates do not currently extend to associated entities, a number of entities have successfully escaped the disclosure scheme.¹¹

Changes contained in the Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005 do nothing to address these issues – in fact the Bill increases the threshold at which political parties can receive anonymous donations from \$1,000 to \$10,000 or less and completely fails to address the existing loophole which allows associated entities to receive anonymous donations.

The ALP has previously raised the following examples of non-disclosure:

- The Greenfields Foundation was found to be an associated entity of the Liberal Party, yet it still refuses to provide the AEC with full Donor Returns, submitting unsigned returns in defiance of the AEC's finding. As such, the true donors of the \$4.6 million (effectively to the Liberal Party) remain hidden.¹²
- The Citizens Electoral Council (CEC) received over \$1 million in donations in 2000-01, yet declared that it had received only \$106,899 in donations of over \$1,500. That is, the CEC received \$958,613 from as yet undisclosed sources. The ALP is concerned that the CEC may not be fully disclosing donations or other support it receives that is valued at over \$1,500.¹³
- In 2002-03 the companies Piliwinks Pty Ltd and Doogary Pty Ltd provided massive amounts to the Victorian branch of the National Party of \$95,955 and \$661,455 respectively and did not provide a return to the AEC.¹⁴ In 2004-05, both companies once again donated \$30,521.59 and \$374,750.00 respectively to the Victorian branch of the National Party without providing a return to the AEC. Despite the requirements of the Electoral Act, and despite the fact that both companies should declare as associated entities of the National Party, neither provided a donor or an associated entity return to the AEC in 2002-03 or 2004-05.¹⁵

11 See AEC, *Funding and Disclosure Report following the Federal Election held on 3 October 1998*, p. 13.

12 ALP (Submission No. 136 to 2004 Federal Election Inquiry), p. 5.

13 ALP (Submission No. 136 to 2004 Federal Election Inquiry), p. 5.

14 See *Australian Financial Review*, 20 March 2004.

15 ALP (Submission No. 8 to Funding and Disclosure Inquiry, 40th Parliament), pp. 1-2; AEC, Annual Returns 2004-05, National Party of Australia, Victorian branch, <http://fadar.aec.gov.au/>, accessed 17 March 2006.

- The companies Bunori Pty Ltd and Liberal Properties Ltd are associated entities of the Liberal Party (NSW Division). According to ASIC, the NSW Division of the Liberal Party is their ultimate holding company although it is not a registered company. There are a number of interest-free multi-million-dollar 'intercompany' loans between the NSW Division and its associated entities, none of which are properly disclosed or linked to a financial institution. This arrangement is far from transparent and is suggestive of another Greenfields Foundation-style arrangement.¹⁶

In its 1998 Funding and Disclosure report, the AEC remarked that the current scheme:

...would appear to be an oversight in the legislation. The necessity to prohibit the receipt of anonymous donations by political parties is equalled by the necessity to prohibit their receipt by associated entities.¹⁷

The ALP committee members therefore recommend that associated entities be required to disclose and source all of its donations, and that political parties and individual candidates continue to be required to maintain a record of the sources of their donations above \$1,000 and \$200 respectively.

In the past, the ALP has supported the idea that the threshold for anonymous donations should be the same as the disclosure threshold. However, these statements were made assuming a \$1,500 threshold. In light of the Government's proposal to increase the disclosure threshold to \$10,000 or less, the ALP committee members do not support this proposal.

Recommendation 4

That the prohibition on the receipt of 'anonymous donations' is extended to associated entities.

Recommendation 5

That unless the current disclosure threshold of \$1,500 is retained, the thresholds above which political parties and individual candidates cannot receive anonymous donations remain at \$200 for individual candidates and \$1,000 for political parties.

16 ALP (Submission No. 8 to Funding and Disclosure Inquiry, 40th Parliament), p. 2.

17 See AEC, *Funding and Disclosure Report following the Federal Election held on 3 October 1998*, p. 13.

The other provision relating to anonymous donations which, in the ALP committee members' view, requires substantial amendment concerns penalties.

Under the Electoral Act the penalty for accepting anonymous donations is a sum equivalent to the sum received, and is forfeited to the Commonwealth.

The ALP has consistently argued that the current penalty is only a moderate deterrent at very best. The penalty does no more than return the party to the financial position that it would have been in had it observed the law in the first place. In other words, there is nothing to be lost by accepting money that the Electoral Act deems to be illegal. The penalty should contain some element of punishment for breaking the law if it is to operate as a deterrent. In line with the previous recommendation, the rules should be extended to cover anonymous donations received by associated entities.

Recommendation 6

That the amount to be forfeited to the Commonwealth where a sum deemed to be illegal under the disclosure provisions has been received (such as an anonymous donation), be increased to double the value of the sum received.

It is noteworthy that this recommendation was endorsed by the Committee when it considered the 2001 Federal Election, a recommendation that the Government later did not support.¹⁸

Donations from overseas

Currently, there are no restrictions placed upon political parties on the source of donations. Australia allows political donations to be received from overseas sources, although they appear to be relatively rare. Nevertheless, donations sourced from overseas can pose problems for disclosure.

Australian law generally has limited jurisdiction outside our shores and hence the trail of disclosure can be broken once it heads overseas. If the overseas based person or organisation that makes a donation to the political party were not the original source of those funds, there would be no legally enforceable trail of disclosure back to the true donor, nor would any penalty provisions be able to be enforced against persons or organisations domiciled overseas.

¹⁸ See Government Response to the JSCEM 2001 Federal Election Report, tabled 16 October 2003, p. 13. The Government noted that 'there was nothing to suggest that the penalties currently in place are ineffective.'

In 2004-05 Kingson Investments Ltd, which resides in China, donated almost \$50,000 to the NSW branch of the Liberal Party. This group has not filed a return with the AEC, and the AEC has no way of ensuring the group complies with Australian law given it is based overseas.¹⁹

Also of concern is the fact that the Federal Liberal Party received a \$1 million donation from Lord Michael Ashcroft of the United Kingdom. While Lord Ashcroft filed a return with the AEC in 2004-05, there is no way the AEC could effectively investigate the authenticity of the information provided in that return had it wished to do so, given that Lord Ashcroft lists a foreign address on his return.

We note that the AEC has previously supported a tightening of the law to address the issue, recognising that overseas donations provide 'an obvious and easily exploitable vehicle for hiding the identity of donors through arrangements that narrowly observe the letter of the Australian law with a view to avoiding the intention of full public disclosure.'²⁰

The ALP committee members believe that this threat must be addressed by urgent amendment to the Electoral Act. We believe that the Joint Standing Committee on Electoral Matters should fully canvass the issue, and produce constructive commentary on possible regulation of the area. We agree with the AEC that there are two options open to the Federal Government. First, that overseas donations be banned entirely or secondly, that they be re-payable if their true source is not adequately disclosed or the entity fails a compliance audit. The ALP committee members believe that there may be a strong case for investigating tighter disclosure laws in the first instance, and banning donations if this is demonstrated to have failed.

These concerns are particularly pressing given the size of the donations received by the Liberal Party from overseas in 2004-05.

Recommendation 7

That donations received from outside Australia either be prohibited or forfeited to the Commonwealth where the true original source of that donation is not disclosed through the lodgement of disclosure returns by those foreign persons and/or organisations.

19 AEC, Annual Returns 2004-05, Liberal Party of Australia, NSW Division, <http://fadar.aec.gov.au/>, accessed 17 March 2006.

20 AEC (Submission No. 11 to Funding and Disclosure Inquiry, 40th Parliament), p. 25.

Recommendation 8

That debts and loans sourced from outside Australia or owed to an entity outside Australia either be prohibited, or forfeited to the Commonwealth where the true original source is not fully disclosed by the political party or associated entity.

Enhanced obligations and powers to audit

There is a strong public interest argument that disclosure returns of political parties (and associated entities) should carry some guarantee they are free from errors and omissions at the time that they are made public. Requiring parties to submit disclosure returns certified by a registered auditor would address this concern and its feasibility should be investigated.

It would also be in the public interest to have the disclosure regime enhanced by making persons and organisations that make substantial donations to political parties open to compliance audits by the AEC.

This was first advocated by the AEC in its 1998 Funding and Disclosure Report (see Recommendation 11) and is supported by the ALP committee members.

Recommendation 9

That donors giving more than \$25,000 to political parties be subjected to compliance audits by the AEC.

Increase the AEC's powers and resources

The ALP is proud to have been the principal driver behind the establishment of an independent statutory authority governing Australia's electoral system. Yet it is clear that the AEC requires further authoritative powers and commensurate funding if it is to adequately meet the needs of a more comprehensive, transparent and accountable funding and disclosure scheme. It is ALP Platform that the AEC be empowered with such resources.

Recommendation 10

That the AEC be given the power to audit and/or investigate organisations it reasonably suspects have not disclosed gifts or other resources they have given to political parties or candidates.

Recommendation 11

That the AEC's resources be increased so it can properly enforce the rules governing funding and disclosure.

Conclusion

The ALP committee members appreciate these recommendations would, if enacted, necessitate an overhaul of Part XX of the *Commonwealth Electoral Act 1918*, however the scale of the problem dictates strong and targeted reforms are necessary to maintain the integrity of the democratic process.

The perception money can buy public policy is highly corrosive to democratic government.

Reform of Part XX of the Commonwealth Electoral Act is now long overdue. The changes proposed in the Government's Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005 will make the disclosure scheme less transparent and allow political parties to receive large donations without adequate public scrutiny.

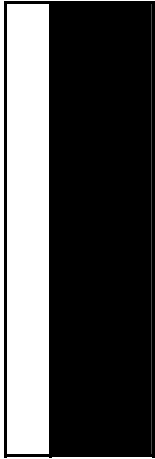
The ALP remains strongly committed to ensuring there is a complete and meaningful trail of disclosure back to the true source of funds received by, or of benefit to, political parties.

Mr Michael Danby MP

Senator Kim Carr

Mr Alan Griffin MP

Senator John Hogg



Dissenting Report—Senator Andrew Murray, Australian Democrats

Major parties' resistance to change

The Australian Democrats have a long history of activism for greater accountability, transparency and disclosure in political finances.¹ We have raised funding and disclosure issues at length in our Minority Reports on the JSCEM reports into the 1996, 1998, 2001 and 2004 federal elections.

Despite this consistent effort, however, progress in achieving greater accountability in political funding and disclosure has been slow. In many ways, the major political parties have thwarted meaningful change and today, under Coalition control, Senate scrutiny has become less effective.

The few funding and disclosure amendments that have gone through since the disclosure scheme was first introduced in 1984, under the Hawke Labor Government, have not closed the loopholes.

In light of this strong resistance to change, we make no apology for repeating our concerns with the current funding and disclosure scheme.

Diluting pluralist democracy

Two major trends mark the last ten years:

- a very large increase in the benefits of incumbency paid for by taxpayers, disproportionately benefiting the major parties as a result; and

¹ A useful reference to our views is 'the dangerous art of giving', *Australian Quarterly*, June-July 2000 Senator Andrew Murray and Marilyn Rock.

- a funding arms race, that while it appears to presently benefit the major parties, is of growing concern to many in those parties.

These developments do not add to the strength and stability of our pluralist democracy. Indeed, the aims of a comprehensive disclosure regime should be to:

- prevent, or at least discourage, corrupt illegal or improper conduct;
- stop politicians being or being perceived to be beholden to wealthy and powerful organisations, interest groups or individuals; and
- protect politicians from pressure being brought to bear on them by 'secret' donors.

In some quarters, resistance to funding reforms is still argued on privacy grounds; that the privacy and commercial confidentiality of donors must be respected.

For those of us who cherish democratic ideals, it is difficult to accept that secrecy is valued more than openness; that political donations are valued over grassroots political involvement; that political equality is a furphy; and that incumbency and influence is what really matters.

This reveals a wide gulf between a central tenet of pluralist theory and its practice. This is the notion that of the multiplicity of groups in society, no one interest group dominates; that political power is somehow fluid and can be accessed by all groups.

However, every time electoral commissions release the annual returns of political parties, the real picture emerges: that of the close nexus between big corporate unions, big corporate business and big corporate politics; of those with independent or corporate wealth purchasing political capital and media political support.

The domination of the rich has become so blatant that although some politicians feel quite uncomfortable about it, no federal, state or territory government or opposition seeks to end it.

Democrats' funding and disclosure principles

Disclosure proposals can be seen from two perspectives – improving present principles, or establishing new principles. The first should in theory be easiest, but in practice it is not so. For instance, while it is a present principle that the source of donations should be known, there remains great resistance to ensuring that donations from clubs, trusts, foundations, fund-raisers and overseas are publicly sourced.

The Democrats' principal recommendations for reform either build on those already in place or introduce new principles.

Those Democrat recommendations that build on those disclosure principles already in place are:

- that the existing loophole allowing donations made to separate federal, state and territory divisions of the same political party, at values just below the disclosure level, be closed;
- that professional fundraising be subject to the same disclosure rules applying to donations;
- that political parties receiving donations from trusts or foundations be subject to additional disclosure requirements; and,
- that political parties receiving donations from clubs be obliged to return these funds unless full disclosure of the true donor's identities are made.

Those Democrat recommendations that introduce new principles of disclosure into electoral law are:

- that the media or any media entity be prohibited from donating in cash or kind to the electoral or campaign funding of a political party;
- that all electoral and campaign funding be subject to a financial cap, indexed to inflation and controlled by the Australian Electoral Commission (AEC);
- that cash or in kind donations to a political party or its candidates be capped at \$100,000 per annum;
- that large donations (e.g. of over \$10,000) be disclosed regularly (e.g. quarterly) and made public immediately;
- that donations from overseas individuals or entities be banned;
- that donations with 'strings attached' be prohibited;
- that shareholders and members of registered organisations such as trade unions be required to approve donation policies; and
- that the funding and disclosure provisions apply to other elections administered by the AEC.

If ever accepted, these proposals would establish a comprehensive disclosure scheme. They also need to be accompanied by significant improvements in political governance and accountability.²

The rest of this dissenting report details these proposals for change.

2 See Senator Andrew Murray, Supplementary Remarks to the JSCEM Report of the *Inquiry into the Conduct of the 2004 Federal Election and Matters related Thereto*, September 2005, pp. 387-394.

The role of the media

The value of funding disclosure rests on the premise of the availability of and accessibility to documentation for public scrutiny. This is the role of the media as governmental scrutineer.

Comprehensive public scrutiny can only be achieved if issues such as political donations are covered by the mass media, and if the media campaign for greater integrity.

To this end, Joo-Cheong Tham and Graeme Orr submitted that:

...funding disclosure schemes still serve to put the public, assuming a virile media, on notice of the risk of corruption and undue influence. If armed with such information, independent journalists (and indeed in a truly competitive electoral system, rival parties) will vigorously 'shine a bright light and poke around with a long stick', then there will be a useful antidote against corruption and undue influence. In the context of lazy journalism and lax political morality, however, the information disclosed by the disclosure scheme will by and large be meaningless.³

However, this interrelationship between disclosure by the media to the public is potentially undermined according to a 2004 report by the Democratic Audit of Australia.⁴ The Audit report notes that the symbiotic relationship the media maintains with government may lead in some cases to reluctance to fully cover political donations for fear of a backlash in government access. They say the result could be reduced public pressure on the government due to lack of scrutiny by the media regarding funding sources and consequentially, reduced transparency.

There have been suggestions by a member of the House of Representatives that members of the media should be required to declare all conflicts of interest that may reflect on their reporting of political matters.

These fears become more important if media concentration accelerates as a result of changed government policies. It is vital that any potential perception of political influence over the media, or vice versa, is avoided.

For this reason, the Democrats' first recommendation is that:

3 Mr J-C. Tham and Dr Graeme Wood (Submission No. 5 to Funding and Disclosure Inquiry, 40th Parliament), p. 22.

4 Tennant-Wood, R. 2004, 'The role of the media in the public disclosure of electoral funding', Democratic Audit of Australia, December 2004.

Recommendation 1

No media company or related entity or individual acting in the interests of a media company may donate in cash or kind to the electoral or campaign funding of a political party.

Uncontrolled campaign funding

We believe that democracy is best served by keeping the cost of political party management and campaigns at reasonable and affordable levels. Although in any democracy some political parties and candidates will always have more money than others, money and the exercise of influence should not be inevitably connected.

One step forward in setting a limit on expenditure is to set a limit on donations – to apply a cap, or ceiling. Indeed, such limitations do apply in other democratic systems around the world. The cost of campaigning in Australia, however, is growing exponentially and constitutes a barrier to entry.

Numerous submissions to the Committee's inquiries into funding and disclosure and its inquiries into federal elections have called for the imposition of restraints.⁵ There appears to be significant cross-party support for such reform with commentators including Liberal Members Mr Malcolm Turnbull MP and Mr Christopher Pyne MP, the Greens Bob Brown MP and academics Dr Young, Professor Williams and Mr Mercurio, and Mr Tham and Dr Orr. The ALP's supplementary report also alluded to concerns about the level and control of campaign funding.

In their submission to the JSCEM inquiry on the 2004 federal election, Tham and Orr stressed the importance of combining improved disclosure laws with donation caps and expenditure limits, since 'disclosure on its own is a weak

5 See Mr J-C. Tham and Dr Orr (Submission No. 5 to Funding and Disclosure Inquiry, 40th Parliament); Mr P. Andren, MP (Submission No. 9 to Funding and Disclosure Inquiry, 40th Parliament); Professor G. Williams and Mr B. Mercurio (Submission No. 48 to 2004 Federal Election Inquiry); Senator B Brown (Submission No. 39 to 2004 Federal Election Inquiry); Mr E. Jones (Submission No. 89 to 2004 Federal Election Inquiry); Democratic Audit of Australia (Submission No. 97 to 2004 Federal Election Inquiry); Australian Labor Party (Submissions Nos. 136 and 201 to 2004 Federal Election Inquiry); Dr S. Young (Submission No. 145 to 2004 Federal Election Inquiry); Mr J-C. Tham and Dr Orr (Submission Nos 160 and 199 to 2004 Federal Election Inquiry); Mr M. Turnbull, MP (Submission No. 196 to 2004 Federal Election Inquiry).

regulatory mechanism, and probably merely 'normalises' corporate donations.'⁶ Tham and Orr suggest improving disclosure laws to include:

- payments from fundraisers, party conferences and similar events be classified as gifts and that all parties be required to submit gift reports which include the status of all donors; and
- removing delays in the timing of disclosure, by potentially requiring quarterly disclosure statements and even weekly statements during an election period.

For these improvements to be effective, donation caps that limit actual or perceived undue influence by individuals or corporations would also need to be implemented.

Limiting the level of funding for election campaigns is also an issue raised by Professor Williams and Mr Mercurio, to the extent that increased costs of campaigning heavily favours major parties.⁷ As Williams and Mercurio state, unrestricted campaign expenditure which is heavily concentrated on advertising has the effect of crowding out minor party voices and is further evidence of a lack of equity in the current system.

In their 'Political Donations' Issue sheet for the 2004 federal election, the Democrats recommended that a cap or ceiling of \$100,000 be imposed on any donation made to political parties, independents or candidates. While this is higher than the caps recommended by others, the Democrats took the view that the new principle of a cap, to even be considered, would need to be at a high level.

Despite the support for placing limitations on funding from both international models and from domestic commentary, there is no recommendation forthcoming from the JSCEM to this end. In contrast, the Democrats do propose a legislated amendment that places an indexed cap on electoral and campaign funding, with the amount to be set and controlled by the AEC:

Recommendation 2

All electoral and campaign funding is subject to a financial cap, indexed to inflation and controlled by the AEC. Section 294 of the *Commonwealth Electoral Act 1918* should be amended to this end.

6 Mr J-C. Tham and Dr G. Orr (Submission Nos 160 and 199 to 2004 Federal Election Inquiry).

7 Professor G. Williams and Mr B. Mercurio (Submission No. 48 to 2004 Federal Election Inquiry).

Recommendation 3

No entity or individual may donate more than \$100,000 per annum (in cash or kind) to political parties, independents or candidates, or to any person or entity on the understanding that it will be passed on to political parties, independents or candidates.

Ultimately, minimising or limiting the public perception of corruptibility associated with political donations requires a good donations policy that should forbid a political party from receiving inordinately large donations. Of concern is the Government's intention to increase threshold values before disclosure requirements apply. The Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005 currently before Parliament will increase the threshold from \$1,500 to \$10,000. The current threshold for disclosure of donations is a generous individual sum.

Donation splitting

A further problem is the allegation that significant sums have and can be donated without disclosure. For instance, nine separate cheques for \$1,499 can be made to the separate federal, state and territory divisions of the same political party, totalling \$13,491.⁸ Under the Government's proposed disclosure scheme, the same principle could be used to write nine separate cheques for \$9,999 for the separate federal, state and territory divisions of the same political party, totalling \$89,991.

In its 1998 Funding and Disclosure Report, the AEC elaborated on the practice of donation splitting:

The AEC continues to witness instances of apparent cases of donation splitting to avoid disclosure ... The donations can be split between family members and a family business and also across the various State and Territory branches of a party, each of which is treated as a separate party for disclosure purposes.

The Act already demands that related companies be treated as a single entity for disclosure purposes. The AEC does not believe that any such deeming provision is possible to overcome the

8 The Australian Electoral Commission's (AEC) 2004 Funding and Disclosure Report noted a number of issues raised in the media following the federal election, including 'the alleged shortcomings of the disclosure scheme (e.g. ... the scheme allows donations to be split between party branches etc)', AEC, 2004, *Funding and Disclosure Report Federal Election 2004*, p. 14. See also Mr P. Andren, MP (Submission No. 9 to Funding and Disclosure Inquiry, 40th Parliament).

scenarios outlined above. The only practical deterrent to donation splitting is to maintain a low disclosure threshold.⁹

The Democrats agree that raising the disclosure level from \$1,500 to \$10,000 will exacerbate the problem of donation splitting and recommend instead that:

Recommendation 4

The donations loophole be closed, that allows nine separate cheques to be written at a value just below the disclosure level, made out to the separate federal, state and territory divisions of the same political party .

Hidden funds

It is essential that Australia has a comprehensive regulatory system that legally requires the publication of explicit details of the true sources of donations to political parties, and the destinations of their expenditure. The objectives of such a regime are to prevent, or at least discourage, corrupt, illegal or improper conduct in electing representatives, in the formulation or execution of public policy, and helping protect politicians from the undue influence of donors.

Some political parties, in seeking to preserve the secrecy surrounding some of their funding, claim that confidentiality is essential for donors who do not wish to be publicly identified with a particular party. But the privacy considerations for donors, although in some cases perhaps understandable, must be made subordinate to the wider public interest of an open and accountable system of government. Further, if donors have no intention of influencing policy directions of political parties, they would not be dissuaded by such a transparent scheme. As Tham and Orr state, 'transparency is viewed as a method of deterring corruption and undue influence directly, or, indirectly, by discouraging large amounts of private funding.'¹⁰

Submissions referred to the timeliness of reporting as a key factor in facilitating this level of transparency.¹¹ In Tham and Orr's words, 'there needs to be timely disclosure so that citizens are equipped with the relevant information prior to

9 AEC, 1998, *Funding and Disclosure Report Following the Federal Election held on 3 October 1998*, p. 14.

10 Mr J-C Tham and Dr G Orr (Submission Nos 160 and 199 to 2004 Federal Election Inquiry).

11 See in particular, Mr J-C Tham and Dr G Orr (Submission No. 5 to Funding and Disclosure Inquiry, 40th Parliament); Dr S. Young (Submission No. 145 to 2004 Federal Election Inquiry); and Democratic Audit of Australia (Submission No. 97 to 2004 Federal Election Inquiry).

casting their vote.’¹² Agreeing with this, Dr Young submitted that there was a need for ‘rolling updates of who is donating rather than having to wait 12 to 18 months after donations are made.’¹³

The Democrats agree with these submissions about the need for both frequent and timely reporting, particularly with regard to those donations which might feasibly have the greater influence, that is, large donations.

One concern has recently arisen as a result of very large individual donations for the 2004 election campaign, including the \$1 million from Lord Ashcroft of the United Kingdom to the Liberal Party, and those around the time of the campaign, including ones of \$200,000 and \$120,000 from ACT clubs to the Labor Party.

If a large donation or gift in kind affected a constituency or general election result improperly, you would never know in time for any challenge to the Court of Disputed Returns because donations are only disclosed after the end of the following financial year end. People wanting to challenge an election result because it was allegedly improperly influenced by a donation have only 45 days after polling to get their action started in the Court of Disputed Returns.

Recommendation 5

In addition to the existing disclosure requirements applying to Political Parties, Independents and Candidates, any donation of over \$10 000 to a political party should be disclosed within a short period (at least quarterly) to the Electoral Commission who should publish it on their website so that it can be made public straight away, rather than leaving it until an annual return.

As noted by various submissions to the inquiries, three main sources of funds have essentially been hidden from the disclosure regime currently in operation, namely those derived from fundraising, those from trusts and foundations, and those from clubs.¹⁴

Mr Andren, MP illustrates the mechanism by which fundraising can be excluded from the disclosure regime:

12 Mr J-C Tham and Dr G Orr (Submission No. 5 to Funding and Disclosure Inquiry, 40th Parliament), p. 17.

13 Dr S. Young (Submission No. 145 to 2004 Federal Election Inquiry), p. 5.

14 See Dr S. Young (Submission No. 145 to 2004 Federal Election Inquiry); Australian Labor Party (Submission No. 136 to 2004 Federal Election Inquiry, and Submission No. 8 to Funding and Disclosure Inquiry, 40th Parliament); Mr P. Andren, MP (Submission No. 9 to Funding and Disclosure Inquiry, 40th Parliament).

...where a person attends an event, at a ticket-price above \$1500, and gains access to senior government ministers, that person may feel this access benefits their business, and is therefore a purchase of services rather than a donation, and therefore no return needs to be lodged.¹⁵

For this reason, the AEC noted in evidence to the Committee that:

...the concept of 'donor returns' should become 'payment made returns'. If people are expecting to see [fundraising tickets, for example] declared in returns, wipe out the idea of whether people have to think about whether they have got their money's worth. All they have to think about is whether they paid money and therefore whether they have to put in a return. It makes it a much simpler concept to deal with.¹⁶

In other words, the AEC recommends 'that all payments at fundraising events be deemed by the Electoral Act to be donations or be required to be disclosed anyway.'¹⁷ The Democrats support this recommendation:

Recommendation 6

Additional disclosure requirements should apply to Political Parties, Independents and Candidates so that professional fundraising is subject to the same disclosure rules that apply in the *Commonwealth Electoral Act 1918* to donations.

One of the key screening devices for hiding the true source of donations is the use of Trusts. As a consequence, the Democrats continue to recommend strong disclosure provisions for trusts that provide electoral donations. The AEC has dealt with some of these matters in Recommendations 6-8 of its 1998 Funding and Disclosure report concerning associated entities. The Labor Party has given in-

15 Mr P. Andren, MP (Submission No. 9 to Funding and Disclosure Inquiry, 40th Parliament). See also AEC (Submission No. 11 to the Funding and Disclosure Inquiry, 40th Parliament), pp. 8-9.

16 Ms Kathy Mitchell (AEC), *Transcript of Evidence*, 11 May 2004, p. EM21.

17 AEC (Submission Nos 7 and 15 to the Funding and Disclosure Inquiry, 39th Parliament). It is noteworthy that the AEC later prioritised this recommendation highly following questions from the Committee in May 2004. Mr Joo-Cheong Tham and Dr Graeme Orr note in their submission that a drawback of this scheme is that it would leave the onus of disclosure on the 'contributor' (that is, the donor) rather than the fund raiser (that is, the party); see Submission No. 5 to Funding and Disclosure Inquiry, 40th Parliament, p. 13.

principle support to some of the AEC's recommendations,¹⁸ which the Democrats welcome. More recently, the Labor Party has also suggested increasing powers to audit disclosure returns of political parties.¹⁹ This is a sensible and practical solution to a troubling problem and has the support of the Democrats.

Recommendation 7

Additional disclosure requirements to apply to political parties that receive donations from trusts or foundations. They should be obliged to return the money unless the following is fully disclosed:

- a declaration of beneficial interests in and ultimate control of the trust estate or foundation, including the trustees;
- a declaration of the identities of the beneficiaries of the trust estate or foundation, including in the case of individuals, their countries of residence and, in the case of beneficiaries who are not individuals, their countries of incorporation or registration, as the case may be;
- details of any relationships with other entities;
- the percentage distribution of income within the trust or foundation; and
- any changes during the donations year in relation to the information provided above.

Another key screening device for hiding the true source of donations are certain 'clubs'. Such clubs are simply devices for aggregating large donations, so that the true identity of big donors is not disclosed to the public.

Recommendation 8

Political parties that receive donations from clubs (greater than those standard low amounts generally permitted as not needing disclosure) should be obliged to return these funds unless full disclosure of the true donor's identities are made.

18 'Electoral Report Vindicates ALP Greenfields Concerns', Media Release, 2 June 2000; See also Australian Labor Party (Submission No. 8 to Funding and Disclosure Inquiry, 40th Parliament), p. 2.

19 Australian Labor Party (Submission No. 8 to Funding and Disclosure Inquiry, 40th Parliament), p. 2.

Overseas donations

The AEC comprehensively canvassed the issue of overseas donations in its 1996 Funding and Disclosure Report. Since then, it has consistently repeated its recommendation:

that donations received from outside Australia be either prohibited, or forfeited to the Commonwealth where the true original source of that donation is not disclosed through the lodgement of disclosure returns by those foreign persons and/or organisations.

While the AEC asserted that an outright ban ‘would have negligible impact upon the donation receipts of political parties or candidates’, it submitted that the option of making overseas donations conditional upon full disclosure, including by the overseas entity or entities, ‘would place an obligation upon overseas donors to comply with Australian disclosure laws ... without resolving the problem of trying to track and prosecute donors who are overseas.’²⁰

In 2004-05 there was the massive and alarming \$1 million donation the Liberal Party received from British billionaire, Lord Michael Ashcroft. As the largest single donation from an individual in Australian political history, we are right to ask just what did this donation actually buy – friendship and gratitude, or access and influence? Not even very rich people part with a million dollars easily. In fact, this donation would have been illegal in Britain because of that country’s ban on foreign donations.

In the last seven years, foreign donations totalling \$2 million have come in from the Channel Islands, New Zealand, Sweden the Philippines, Great Britain, Lichtenstein, Germany, China, Hong Kong, the USA, Japan, India, Fiji and Taiwan.

Table 1 also indicates that the distribution of overseas donations to Australian political parties is skewed towards the major parties and the Liberal Party in particular (see also Attachment A for a detailed list of party funds from overseas).

Table 1. **Funds from overseas sources, 1998-99 to 2004-05 (party totals)**

Party	Amount (\$)
Liberal Party	1 557 804
Australian Labor Party	229 779
The Greens	170 564
Citizens Electoral Council	7 110
Australian Democrats	2 200
Total	1 967 457

Source *Donors or associated entity returns, and party returns, on AEC website, 1998/99 to 2004/05*

20 AEC (Submission No. 11 to Funding and Disclosure Inquiry, 40th Parliament), p. 27.

It is not acceptable to allow any foreign influence in our domestic politics.

We have no problems with donations from Australian individuals living offshore, and they should be permitted to continue.

There is some precedent for banning overseas donations. Canada, New Zealand, the USA and the United Kingdom all ban foreign donations to domestic political parties.

Yet despite the AEC's concerns and the precedent set in other countries, the JSCEM has not attended to the contentious issue regarding the question of political parties receiving large amounts of money from foreign sources – both entities and individuals.²¹

In fact, in 2004, the major parties rejected the Democrat-sponsored amendment to the Commonwealth Electoral Amendment (Representation in the House of Representatives) Bill 2004 intended to prohibit foreign donations, but allow those made by Australians living abroad.

The fundamental principle of Australian electoral funding law is that the AEC must be able to verify the nature and source of significant political donations. Offshore based foundations, trusts or clubs or individuals funded from tax havens making political donations to Australian political parties are a real danger, because those who are behind those entities are often hidden and beyond the reach of Australian law. Although foreign entities with shareholders or members are more transparent, none of these entities are capable of being audited by the AEC. By banning donations from overseas entities and closing the loophole, this problem is significantly mitigated.

Recommendation 9

Donations from overseas entities must be banned outright. Donations from Australian individuals living offshore should be permitted.

21 The Australian Labor Party recently stated its opposition to overseas donations, see Submissions Nos 136 and 201 to the 2004 Federal Election Inquiry.

Conflicts of interest

In most cases, donors appear to make donations to political parties for broadly altruistic purposes, in that the donor supports the party and its policies, and is willing to donate to ensure the party's candidates and policies are represented in Parliament. Nevertheless, there is a perception (and probably a reality), that some donors specifically tie large donations to the pursuit of specific policies they want achieved in their self-interest. This is corruption.

The Democrats have therefore consistently argued against donations with 'strings attached'. In considering this proposal, the AEC submitted that while certain enforcement difficulties could arise:

...there may still be value in having a broad anti-avoidance clause if it deters donations with 'strings attached'. Obviously the definition of that concept - eg access, favours - should be clear in any legislation.²²

Recommendation 10

The *Commonwealth Electoral Act 1918* should specifically prohibit donations that have 'strings attached.'

The practice of companies making political donations without shareholder approval and without disclosing donations in annual reports must end.²³ So must the practice of unions making political donations without member approval. It is neither democratic nor is it ethical. Shareholders of companies and members of registered organisations (or any other organisational body such as mutuals) should be given the right either to approve a political donations policy, to be carried out by the board or management body, or the right to approve political donations proposals at the annual general meeting. This will require amendments to the relevant acts rather than to the Electoral Act.

22 AEC (Submission No. 199 to the 2004 Federal Election Inquiry), p. 8.

23 See Mr M. Doyle (Submission No. 6 to Funding and Disclosure Inquiry, 40th Parliament), p. 2.

Recommendation 11

The Corporations and Workplace laws be amended so that either:

- a) Shareholders of companies and members of registered organisations (or any other organisational body such as mutuals) must approve a political donations policy at least once every three years; or in the alternative**
- b) Shareholders of companies and members of registered organisations (or any other organisational body such as mutuals) must approve political donations proposals at the annual general meeting.**

Under the Registered Organisations schedule of the Workplace Relations Act, elections are conducted under the auspices of the AEC. It would seem self evident, in the public interest and for the same reasons, that the same provisions governing disclosure of donations for political organisations should apply to industrial or other organisations for whom the AEC conducts elections.

Controversy sometimes attends union elections. Trade unions are an important institution in Australian society and union elections have become far more expensive to campaign in today than ever before. Many people and organisations contribute to union election campaigns. As for political elections the public and members of those unions in particular should have the right to know the source of any campaign donations above a minimal amount.

Recommendation 12

Where the AEC conducts elections for registered and other organisations, the same provisions governing disclosure of donations for political organisations should apply.

The Government's proposed changes

On 8 December 2005, the Coalition Government introduced the Electoral and Referendum Amendment (Electoral Integrity and Other Measures) Bill 2005. The Democrats consider the changes proposed in this Bill to be in the wrong direction. The Coalition Government's intention to raise the threshold for disclosure from \$1,500 to \$10,000 can only lead to even more secrecy and hidden influence.

Moreover, the Coalition's plans to increase the tax-deductibility of individual donations to an indexed \$1,500 is offensive, as the Government is proposing to give political parties a better tax deductibility deal than it gives to community organisations.

The quest to attract more and more money just keeps growing. Even though the public funding of elections was introduced to address problems of corruption and unfair competition, large private donations continue to grease the wheels. That is why donation caps must be applied to limit the escalating cost of modern democracy.

The ever-escalating costs associated with running US-style election campaigns, as well as the organisational facets of political life, means more and more finance is required, in ways that can threaten the integrity of our democracy.

As long as this powerful mix of business, unions, money and politics remains loosely regulated, Australian democracy will continue to be undermined. Corruption is already a problem. It must not become systemic.

Back in 1989, on his retirement, the then Commonwealth Electoral Commissioner, Dr Colin Hughes, remarked that the integrity of the electoral system was *'teetering on a knife edge in a climate of political corruption.'*

Sadly, it has got worse. The controversy over political finance continues. Corruption exists, the moneyed buying access or policy favours, or rewarding policy stances; or even in local government apparently, rewarding politicians who approve development applications.

We must continue to hope that vital funding accountability measures will be introduced. That can only happen with sustained public pressure.

Politicians and political parties must be protected from the undue influence and patronage of donors. Without that the integrity of our democracy is at risk.

Attachment A

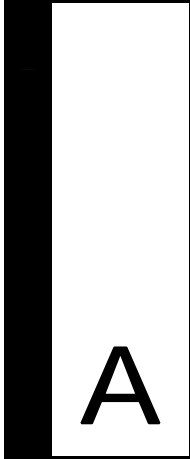
Table 1 Party funds from overseas sources

Year	From	To	Amount (\$)
1998/99	W.S Cairns Guernsey, UK	Liberal Party, WA Division	5 000
1998/99	Michael Esdaile West Auckland, NZ	Citizens Electoral Council of Australia	5 250
1998/99	Todizo Pty Ltd (no address, but a major shareholder in a NZ company)	Liberal Party, NSW Division	2 000
1999/00	Green Forum Foundation Stockholm, Sweden	Australian Greens	19 438
1999/00	B. Salizar Manila, Philippines	ALP, NSW Branch	25 000
1999/00	UK Conservative Party 32 Smith Square, London, UK	Liberal Party, National Secretariat	5 950
2000/01	Fondation du Sauve Vaduz, Liechtenstein	Australian Greens, National	9 780
2000/01	Heinrich Boll Foundation Berlin, Germany	Green Institute, Tasmania	99 622
2000/01	International Democrat Union 32 Smith Square, Westminster, UK (same address as UK Conservatives)	Liberal Party, National Secretariat	3 301
2000/01	NZ National Party Wellington, NZ	Parakeelia Pty Ltd (same address as Liberal Party's National Secretariat)	166 975
2000/01	Swedish Green Forum Foundation Harnosand, Sweden	Australian Greens, National	20 413
2001/02	David Argyle Sichuan Province, China	Liberal Party, Qld Division	2 000
2001/02	Chen Kang Hong Kong	ALP, Qld Branch	9 586
2001/02	Flextronics San Jose, California, USA	Liberal Party, Qld Division	2 000
2001/02	Lucent Technology Hong Kong	Australian Democrats, National	2 200
2001/02	J. Mackay Gill	Liberal Party, Vic Division	1 948

New York, NY, USA			
2001/02	Green Forum Foundation Harnosand, Sweden	Australian Greens, National	18 453
2001/02	Alastair Walton Hong Kong	ALP, SA Branch	10 000
2001/02	Zhang Ziaojing Hong Kong (same address as Chen Kang, above)	ALP, Qld Branch	9 769
2002/03	Michael Esdaile West Auckland, NZ	Citizens Electoral Council, National (8 donations)	1 860
2002/03	Hatco Corporation New Jersey, USA	ALP, NSW	17 674
2002/03	Icon Productions LLC Santa Monica, USA	Liberal Party, NSW	8 359
2002/03	Dr Kazumasa Ikoma Hyogo, Japan	Liberal Party, Vic	14 000
2002/03	NZ National Party Wellington, NZ	Parakeelia Pty Ltd (same address as Liberal Party's National Secretariat)	43 742
2002/03	Shimao Holdings Co Ltd Hong Kong	ALP, NSW Branch	100 000
2002/03	United States Greens Washington, DC, USA	Australian Greens, National	2 858
2003/04	Paul Anderson, Charlotte, NC, USA	500 Club (same address as Liberal Party, Vic)	1 650
2003/04	Beijing Austchina Technology, Beijing, China	ALP, NSW	5 000
2003/04	Government of India Tourism Office, Sydney	Liberal Party, Qld	2 000
2003/04	Richard Hains, London, UK	Liberal, NSW	25 000
2003/04	Leader of the Opposition, Wellington, NZ	Parakeelia Pty Ltd	39 324
2003/04	NZ National Party, Wellington, NZ	Parakeelia Pty Ltd	43 333
2003/04	Vomo Island Resort, Fiji	ALP, NSW	5 000
2004/05	Lord Michael Ashcroft, KCMG House of Lords, London	Liberal Party, National	1 000 000
2004/05	Beijing Austchina Technology, Beijing, China	ALP, NSW	8 750
2004/05	Betfair-Tse (International) Ltd, London, UK	ALP, NSW ALP, Victoria Liberal Party, National Liberal Party, NSW	5 000 5 000 5 000 5 000
2004/05	Christmas Island Club, Christmas Island	ALP, NT	10 000
2004/05	Mr Timothy Dattels, Walnut Street, San Francisco, USA	Liberal Party, NSW	7 059
2004/05	Mr Timothy Dattels, Sacramento Street, San Francisco, USA	Liberal Party, NSW	7 104
2004/05	Kingson Investment Ltd, Guangzhou, China	Liberal Party, NSW	49 981
2004/05	Kingson Investment Ltd,	Liberal Party, NSW	19 981

E. Kowloon, China			
2004/05	Leader of the Opposition, Wellington, NZ	Parakeelia Pty Ltd	36 666
2004/05	NZ National Party, Wellington, NZ	Parakeelia Pty Ltd	39 999
2004/05	Skycity Darwin, Auckland, NZ	NT CLP	10 000
2004/05	Mr G Stevens, California, USA	Liberal Party, NSW	2 682
2004/05	TSE International Ltd, London, UK (miskeyed in returns as TSA)	ALP, National	5 000
		Liberal Party, SA	5 000
		Liberal Party, NSW	2 750
2004/05	Yu-Hueu, Dr Chang, Taipei, Taiwan	ALP, Qld	12 000
2004/05	D & M Yun Klein, Hong Kong	ALP, WA	2 000

Source Australian Electoral Commission, Funding and Disclosure Records, On-line records for 1998-99 to 2002-03



Appendix A

Submissions to the inquiry

39th Parliament

No.	Received from
1.	Mr David Jackson
2.	The Hon Tony Abbott MP
3.	Mr Andrew Coward
4.	Mr Chris Morris
5.	The National Party of Australia
6.	G Lloyd-Smith
7.	Australian Electoral Commission
8.	Cancer Foundation of Western Australia and the National Heart Foundation (WA Division)
9.	The Federation of Australian Radio Broadcasters Limited
10.	The Liberal Party of Australia
11.	The Australian Democrats
12.	Mr Marshall Wilson

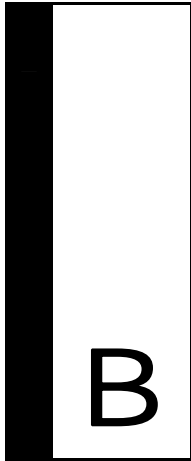
13. Confidential
14. Mr Richard Sutton
15. Australian Electoral Commission
16. The Australian Labor Party
17. Mr Terry Sharples
18. Progressive Labor Party
19. Women into Politics
20. Mr Marshall Wilson
21. Mr Graeme Orr

40th Parliament

- | No. | Received from |
|------------|---|
| 1. | Mr David Jackson |
| 2. | Ms Judith Maher |
| 3. | The Cancer Council of Western Australia |
| 4. | Centre of Public Law, University of New South Wales |
| 5. | Mr Graeme Orr and Mr Joo-Cheong Tham |
| 6. | Mr Michael Doyle |
| 7. | Commercial Radio Australia |
| 8. | The Australian Labor Party |
| 9. | Mr Peter Andren MP |
| 10. | The Liberal Party of Australia |
| 11. | Australian Electoral Commission |
| 12. | South Australian Heads of Churches Gambling Taskforce |
| 13. | Australian Electoral Commission |

41st Parliament

1. Australian Electoral Commission



Appendix B

Public hearings and witnesses

39th Parliament

Tuesday, 21 August 2001 - Canberra

Australian Democrats

Senator Andrew Murray

Tuesday, 18 September 2001 - Canberra

Liberal Party of Australia

Mr Lynton Crosby, Federal Director

Mr Bruce Edwards, Manager - Parliamentary and Policy

Australian Labor Party

Mr Geoff Walsh, National Secretary

Mr Timothy Gartrell, Assistant National Secretary

Tuesday, 25 September 2001 - Canberra

Australian Electoral Commission

Mr Andy Becker, Electoral Commissioner

Mr Tim Pickering, Acting Deputy Electoral Commissioner

Ms Barbara Davis, Acting First Assistant Commissioner

Mr Bradley Edgman, Director

Ms Kathy Mitchell, Director - Funding and Disclosure

40th Parliament

Tuesday, 11 May 2004 - Canberra

Australian Electoral Commission

Mr Andy Becker, Electoral Commissioner

Mr Doug Orr, Assistant Commissioner - Elections

Ms Kathy Mitchell, Director - Funding and Disclosure