

Joint Standing Committee on Electoral Matters
Submission No. 8
Date Received 8/09/04
Secretary

Mr Russell Chafer
Secretary
Joint Standing Committee on Electoral Matters
Parliament House
CANBERRA ACT 2600

Dear Mr Chafer

Thank you for your letter of 17 March 2004 advising the JSCEM had reconstituted its inquiry into electoral funding and disclosure. The Australian Labor Party welcomes the opportunity to provide further input to the Committee's inquiry.

As I stated in Labor's August 2001 submission, our guiding principle in dealing with the regulation of political donations is *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.

Labor believes there is an overwhelming public benefit in having reasonable controls on, and proper transparency of, political donations. Without a credible funding and disclosure regime there will continue to be a perception that secret donations buy government policy.

Nothing has happened since August 2001 to alter Labor's approach. In fact, continued avoidance by the Liberal and National parties of the requirements of Part XX of the *Commonwealth Electoral Act 1918* have confirmed our conviction that fundamental reforms are needed to tighten and strengthen the Act.

The Committee should examine the following examples of how the Liberal and National parties flout the provisions of the Act and avoid disclosure:

1. The Cormack Foundation donates more than \$1 million every year to the Liberal Party, yet proper details of the source of the Cormack Foundation's income are not available. The Cormack Foundation's \$1.8 million gift to the Liberal Party in 2002/2003 was the largest amount given to any Party. The details of the true source of this donation are secret.
2. The companies Pilliwinks Pty Ltd and Doogary Pty Ltd provided massive amounts to the Victorian Branch of the National Party, namely \$95,955 and

\$661,455 respectively in 2002/03 (see Australian Financial Review, 20 March 2004). Despite the requirements of the Act, and despite both should declare as associated entities of the National Party, neither has ever provided a donor or associated entity return to the AEC.

3. The companies Bunori Ply 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.
4. The trust fund "Australians for Honest Politics" was established to undermine Pauline Hanson's One Nation Party, yet Mr Tony Abbott has failed to disclose the donors to the trust fund.
5. The Greenfields Foundation still refuses to accept the AEC's ruling that it is an associated entity of the Liberal Party. It does not submit signed associated entity returns to the AEC, despite this being an offence under the Act.
6. The Liberal Party's and Greenfields Foundation's contempt for the Act is underlined by Mr Ron Walker's admission he "did not give very much of my personal money to the Liberal Party"¹. Mr Walker had earlier assured the AEC during its investigation of the Greenfields Foundation he *had personally* put in the money to cover the Liberal Party's \$4.75m debt to the National Australia Bank. The Liberal Party established Greenfields as the vehicle for secret political donations. Mr Walker's admission makes it clear the Liberal Party is hiding the identity of a massive donor/s.

Labor believes the current disclosure regime is weak in the face of such determined avoidance. To address this, Labor's January 2004 National Conference amended the Australian Labor Party's Platform to state

"Labor will introduce measures to ensure:

- All fundraising bodies and trusts assisting political parties, politicians or candidates fully and promptly disclose their accounts and the source of their income.
- The definition of 'associated entity'¹ in the Act more accurately reflects the activities of political parties.
- Political party annual returns are accompanied by a report from an accredited auditor.
- The Australian Electoral Commission has the power and resources to ensure compliance with disclosure laws, including the power to fully audit organisations or people it suspects have not disclosed gifts or other resources given to political parties, politicians or candidates."

¹ ABC radio's AM program, Monday 18/11/02

We appreciate these changes may necessitate an overhaul of Part XX, 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 overdue.

The Australian Labor Party 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.

Yours sincerely

A handwritten signature in dark ink, appearing to read "Tim Gartrell". The signature is written in a cursive, slightly slanted style.

Tim Gartrell
National Secretary

t April 2004