

LIBERAL PARTY OF AUSTRALIA

SUBMISSION TO JOINT STANDING COMMITTEE ON ELECTORAL MATTERS

**INQUIRY INTO THE FUNDING OF POLITICAL PARTIES AND ELECTION
CAMPAIGNS**

November 2011

Introduction

The Liberal Party welcomes further consideration by the Joint Standing Committee on Electoral Matters of the important issue of funding for political parties and election campaigns.

Australian democracy is best served if there is a legislative framework for political party funding that is fair to all parties, takes adequate account of the role of third parties and is not onerous for party administration.

Liberal Party position on changes to funding of Parties and Elections

The Liberal Party's approach to any proposed changes to funding and disclosure laws by the current Government have been expressed on a number of occasions in recent years and relevant extracts of those statements are attached. They include extracts from previous submissions by the Party to JSCEM as part of its inquiries into the 2007 and 2010 elections and extracts from the speech by the Federal Director to the National Press Club on 10 November 2010.

The Liberal Party however takes the opportunity of this submission to again restate its position on this important matter.

The Liberal Party is prepared to engage in substantive discussion with the Government about a package of reforms - including appropriate changes to funding and disclosure laws - that can achieve bi-partisan support. To be credible, however, any such proposals from the Government must not disadvantage or advantage any individual party and must seriously address the issue of the activities of third party and activist groups during election campaigns.

It is disappointing to us that after four years of Government Labor has not responded with practical and constructive proposals in this important area. The legislation Labor has brought to the Parliament has generally been piecemeal and calculated to damage the interests of the Liberal Party and the Coalition. It is not legislation which would introduce genuine reform.

Third Parties

To be creditable, any reform proposed by the Government must cover the funding and campaigning activities of third parties, including trade unions. The Liberal Party will not support legislation which does not address this important area.

To ensure a fair and sustainable package of reforms any changes to disclosure obligations on parties must also include adequate disclosure obligations on third parties. The Liberal Party would strongly oppose any legislation in the spirit of that hastily enacted by the Keneally Labor Government in New South Wales late in 2010. Those changes unfairly advantaged trade unions and made a mockery of genuine reform.

To emphasise the significance the Liberal Party gives this point, we repeat what we said in our submission to the inquiry into 2010 election:

“The importance of ensuring appropriate disclosure by third parties was further highlighted during the 2010 election campaign. It is clear the ACTU, unions and other left wing groups were fully integrated into Labor’s campaign as an analysis of television advertising during the campaign shows. The ACTU spent \$3.8 million on anti-Coalition advertising during the election campaign. GetUp! spent \$1.5 million on television advertising, assisted by union donations worth \$1 million. There was a period of ten days – a lifetime in a political campaign – in the first half of the election in which Labor did not advertise at all except for a minor buy in one State. But during this period, the ACTU and unions were on the air nationally attacking Tony Abbott and the Coalition.”

Administration and Compliance

The Liberal Party is committed to complying fully with the requirements of funding and disclosure legislation.

We would however restate our position that any changes to legislation should not add unnecessarily to the already considerable burdens placed on political parties by administrative and compliance requirements. Legislative change in some States in recent times has added significantly to the compliance burden for parties with no practical improvement in compliance.

Political parties are broad based organizations with large volunteer wings with limited resources. We would recommend discussion with the parties on the practical application of any proposed legislation before it is introduced. It is important to restate that this is in no way intended to reduce the existing compliance obligation on parties.

We also note recent changes to funding and disclosure laws in a number of states and the introduction of annualized administrative funding for parties in NSW and Queensland to assist in meeting the cost of the additional reporting and compliance obligations on parties. It would assist in simplifying the administration of political parties if any changes at the federal level were administered in a way which did not lead to unnecessary duplication and complexity in compliance obligations between State and Federal levels. In addition should any changes to funding and disclosure obligations proposed at the federal level further add to the reporting and compliance obligations on parties appropriate regular funding for administrative purposes would assist parties in meeting their increased compliance obligations.

Conclusion

The Liberal Party is prepared to engage in substantive discussion with the Government about changes to the funding of political parties and election campaigns provided any proposed legislative framework is fair to all parties, takes adequate account of the role of third parties and is not onerous for party administration.

Attachment to Liberal Party JSCEM Submission – November 2011

FUNDING AND DISCLOSURE

Previous Comments by Liberal Party of Australia

2008 Submission to JSCEM Inquiry into 2007 Election:-

Since the Government's Green Paper referring to political finance matters has not yet been published, we will not discuss these matters in detail in this submission. The Liberal Party will have comments to make on those matters in due course. We made the point, in our previous submission to the Committee on the tax deductibility of political donations issue, that these matters are interrelated and we saw no case for treating the tax deductibility question in isolation. We take a similar view of the bill that the Government introduced into the Senate on 15 May this year. We see no case for such a bill to be rushed through the Parliament without all the issues being fully considered by the Committee and by all stakeholders in light of whatever further proposals the Government wishes to put forward in its Green Paper. We see no public policy merit in any short-term arbitrary commencement date such as 1 July for the latest bill, and so we oppose any attempt at hasty consideration of the bill.

The actions of the trade union movement in intervening directly in the 2007 campaign highlight the importance of appropriate laws regarding the financing of political parties and campaigns. The Liberal Party welcomes a robust public discussion on this issue. We are open to considering changes which strengthen Australian democracy. We will reject clearly partisan or piecemeal proposals which limit the capacity of any political party to function and campaign effectively, particularly while in Opposition. An effective Opposition is central to a strong democracy and an ability to fundraise is critical to the ability of any Party to offer a strong alternative at election time.

2008 Evidence by Federal Director to JSCM Hearing:-

We believe the sensible approach is for the government to withdraw the current bills and wait until the green paper has been considered, so that the community and interested parties can contribute to potential changes in a comprehensive way. Should this occur, the Liberal Party is open to considering practical suggestions that improve the quality of Australian democracy and treat all political parties fairly. But, as indicated, it is our view that this can only be done in a comprehensive way following extensive debate in consideration of the green paper. In considering the need for further changes to our electoral system, the Liberal Party points to the fact that no problems have been identified with the changes legislated in the last parliament. Our current electoral system is working well, and the case for change has not been demonstrated. We caution against reversing reforms that have, in our view, improved the operation and effectiveness of the act. Nevertheless, we remain open to discussion with the government on proposals to further strengthen our electoral system.

I think, as a minimum, that the full level of disclosure that applies to the political parties should apply to any other group externally and should cover not just direct spending but also other inkind spending of any nature. I think that, if it persists, it is a matter that really does have to be looked at. If, for example, the government were of a view that there be a cap on spending or that there be a cap on donations, one option that would flow from that is that the only group that would be able to make donations would be individuals, not bodies—that is, incorporated bodies or groups such as trade unions. One of the principles we would take to any discussion about changes to or reform of the electoral system in this country is that, if there were to be limits placed on the capacity of small business, business organisations or other incorporated bodies or associations to take part or donate, that must equally apply to trade unions.

Federal Director at National Press Club November 2010:-

I indicated in my address to the Press Club after the 2007 election that the Coalition was willing to work with the Government on serious campaign expenditure and disclosure reform. It is regrettable Labor was unable to meet their commitment on this important issue in the last Parliament. I again indicate today that the Coalition is open to working with the Government on serious reform of campaign financing. A new regime will only survive over time if it has the support of both the major parties. Regrettably, the Bill introduced by the new Special Minister of State, for whom I have a high personal regard, does not seriously address long term campaign finance reform. The Coalition cannot and will not support a proposal that does not cover the activities of third party groups such as trade unions. In the 2007 and 2010 campaigns, union advertising was fully integrated into Labor's campaign. To exclude the contributions of the unions makes a farce of any so-called reform. Equally, the activities of other groups, such as Get Up, must also be included in any reform. Given Get Up's new found interest in funding reform I call on them today to voluntarily disclose all aspects of their funding and campaigning in the lead up to and during the recent campaign.

2011 Submission to JSCEM Inquiry into 2010 Election:-

The Liberal Party will support reform of our electoral laws that is fair to all participants in the electoral process. It is very disappointing to us that the Labor Government has so far failed to pursue such an approach.

As previously submitted to this Committee, the Liberal Party is prepared to engage in substantive discussion with the Government about a package of reforms - including appropriate changes to funding and disclosure laws - that can achieve bi-partisan support.

Consequently, we do not support the approach taken by the Government in pushing ahead with the introduction of the Commonwealth Electoral Act (Political Donations and Other Measures) Bill, which sets out to disadvantage the Coalition parties. Reform to our electoral laws should be considered comprehensively and taking all aspects of possible changes into account. The Government should therefore drop its current bill and engage in genuine discussion about developing laws that are fair to all participants in the political process.

Any reasonable outcome designed to achieve broad consensus must ensure that the issue of third party activity in election campaigns is adequately dealt with and, in particular, that trade unions are treated in a manner similar to other third parties. The Liberal Party notes with great concern the desperate last minute changes to the State electoral laws in NSW by the Keneally Government which had the effect of advantaging trade unions. Such changes make a mockery of genuine electoral reform and any attempt to replicate them at the national level would undermine achieving the consensus needed for genuine long-term reform.

The importance of ensuring appropriate disclosure by third parties was further highlighted during the 2010 election campaign. It is clear the ACTU, unions and other left wing groups were fully integrated into Labor's campaign as an analysis of television advertising during the campaign shows. The ACTU spent \$3.8 million on anti-Coalition advertising during the election campaign. GetUp! spent \$1.5 million on television advertising, assisted by union donations worth \$1 million. There was a period of ten days – a lifetime in a political campaign – in the first half of the election in which Labor did not advertise at all except for a minor buy in one State. But during this period, the ACTU and unions were on the air nationally attacking Tony Abbott and the Coalition.

The Liberal Party supports JSCEM requiring the ACTU, other major union advertisers and GetUp! to appear before it to be questioned on their activities during the 2010 campaign.

2011 Evidence by Federal Director to JSCM Inquiry:-

For a number of years the government has been discussing its intention to review the funding and disclosure arrangements for political parties. To date there is little clear indication of the specific detail of any government proposal, but I would like to take the opportunity of again stating publicly the position of the Liberal Party in relation to any proposals to change the funding and disclosure of political parties. The Liberal Party is open to genuine discussions with the government and other parties on future arrangements for funding parties and the disclosure of donations. To be viable over the longer term, any proposed changes must have wide support across the political spectrum and not be designed to benefit one party over another. The Liberal Party is prepared to engage in substantive discussion with the government about a package of reforms, including appropriate changes to funding and disclosure laws, that can achieve bipartisan support. Consequently, we do not support the approach taken by the government in pushing ahead with the introduction of the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill. Reform to our electoral laws should be considered comprehensively and take account of all possible changes under discussion. If the government is serious about substantive change it should drop its current bill and engage in genuine discussions about developing laws that are fair to all participants in the political process.

There is one particular threshold issue central to the credibility of any changes which I would like to refer to. Any reasonable outcome designed to achieve broad consensus must ensure that the issue of third-party activity in election campaigns is adequately dealt with and, in particular, that trade unions are not excluded in any way from third-party requirements. The Liberal Party notes with great concern the desperate last-minute changes to the New South Wales state electoral laws late last year by the Keneally government which had the effect of advantaging trade unions. Such changes make a mockery of genuine electoral reform, and any attempt to replicate them at the national level would undermine achieving the consensus needed for genuine long-term reform.

The importance of ensuring any proposed legislative changes cover third parties was clearly demonstrated by the activities of trade unions during the 2010 election. It is clear that the ACTU, unions and other left-wing groups were fully integrated into Labor's campaign. This is shown by a simple analysis of television advertising during the campaign. The ACTU spent \$3.8 million on anti-coalition advertising during the election campaign. GetUp! spent \$1.5 million on television advertising, of which \$1 million came from union donations. The Liberal Party believes it is critical that this committee requests the ACTU, other major unions and GetUp! to appear before it is to be questioned on their activities during the 2010 campaign. I should also add that I support strongly the committee reviewing the issue of the tax deductibility of donations to third parties who in turn may then engage in political campaigning or themselves donate to political parties.

Recent changes to funding and disclosure laws in a number of states have highlighted the growing complexity of compliance by political parties with changed arrangements. I want to be very clear that the Liberal Party complies fully with both the spirit and intent of funding and disclosure laws. We are, however, concerned with significantly increasing compliance arrangements which are being put in place at both the federal and state level. Political parties do not have the resources of the Public Service and are built on large volunteer organisations. Should changes to funding and disclosure be introduced at the federal level at some point in the near future, we request that the AEC and other relevant instrumentalities fully consult well in advance with all political parties on the practical application of compliance requirements.