

Disclosure of Political Donations

AUSTRALIAN DEMOCRATS ACTION PLAN
POLITICAL DONATIONS
ELECTORAL MATTERS & PUBLIC ADMINISTRATION

History shows that power, politics and money are inevitably linked. Ever since the first political donation changed hands, money has been used to influence electoral and policy outcomes. The perception of huge and sometimes dubious donations by corporations, organisations and unions attempting to do business with both state and federal governments has facilitated media criticism and public cynicism. Although reform measures have been enacted since the early 1980s, it is essential further measures be taken to ensure that nothing short of full and open disclosure is required. Political parties must provide explicit details of the true sources of their donations and the destinations of their expenditures. This is essential for public confidence in our political system.

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

Senator Andrew Murray
Spokesperson on
Electoral Matters & Public
Administration

Our Action Plan

Continue our long-standing campaign to have a comprehensive disclosure regime implemented and as included in Senator Murray's Electoral (Greater Fairness of Electoral Processes) Amendment Bill 2007. Proposals include:

- banning of donations with 'strings attached';
- reducing the disclosure threshold from \$10,000 to less than \$1,000;
- placing a financial cap on all electoral and campaign funding;
- closing the loophole that allows multiple donations to be made to the separate federal, state and territory divisions of the same political party;
- prohibiting foreign donations unless made by Australians living off-shore; and
- ensuring there is full identity disclosure for donations received from third party entities (clubs, trusts and foundations).

Disclosure Rules

In 1984, the Hawke Labor Government introduced the first funding and disclosure regime under the *Commonwealth Electoral Act*, ostensibly to eliminate the link between money and the taint of corruption. Also introduced in the same year, was public funding for federal elections, largely to minimise the problems associated with the corrupting influence of private political donations. However, evidence indicates that this funding has merely provided an extra pool of money for political parties to draw on.



Other ACTION PLANS are available online at
www.democrats.org.au

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Despite a few amendments to tighten the disclosure regime since its introduction, lawyers and politicians have continued to discover ways to circumvent or ignore disclosure measures, a practice made easier when the Howard Government used its Senate numbers last year to pass unamended the dubiously titled Electoral Integrity and Other Measures Bill 2006.

The integrity of our democracy is put at risk with this bad Bill, as it further weakened accountability measures and raised the disclosure threshold from \$1,500 to \$10,000. Aggregating donations to Federal, State and Territory branches of political parties, companies and individuals will now be able to make multiple and concealed donations of up to \$90,000. This can only lead to more secrecy and hidden influence and does nothing to address the worrying perception of the moneyed buying access or policy favours.

Closing the 'third party' entity loophole

One of the key screening devices for hiding the true source of political donations is the use of trusts, foundations and clubs for professional fundraising. Political parties that receive donations from these entities must be obliged to return the monies unless the following is fully disclosed:

- the ultimate control of the trust, foundation or club;
- the identities of the beneficiaries of the trust 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; and
- details of any relationships with other entities and the percentage distribution of income within the trust, foundation or club.

Shareholders and Political Donations

The right of all shareholders to ask questions and demand accountability about political donations is fundamental to proper corporate governance principles. Although some companies disclose the size and recipients of political donations in their annual reports, there is no legal requirement to do so. The same requirement should be made of unions and other organisations.

To date, both the Coalition Government and the Labor Party have voted against Democrat amendments requiring company shareholders and union members to approve the political donations policies of companies and unions.

As long as the 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.



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