HOUSE OF REPRESENTATIVES

COMMONWEALTH ELECTORAL AMENDMENT (POLITICAL DONATIONS AND OTHER MEASURES) BILL 2010

Second Reading

SPEECH

Wednesday, 20 October 2010

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES
Mr GRAY (Brand—Special Minister of State and Special Minister of State for the Public Service and Integrity) (9.41 am)—I move:

That this bill be now read a second time.

I am pleased to present the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2010, implementing the government’s recent commitment to the Australian Greens and Independent members to seek immediate reform of donation, disclosure and funding laws for political parties and election campaigns. The bill aims to improve our system of political donations disclosure and election funding to help ensure that campaigning is fair and transparent.

The bill introduces six measures in three key areas: increasing the transparency of political donations disclosure; more frequent and timely reporting of political donations and expenditure; and reforming the public funding of elections.

The measures contained in the bill are not new. The government has pursued reform to election funding and political donations since its early days of office, with the first bill on these issues introduced in May 2008. The Joint Standing Committee on Electoral Matters delivered an advisory report on that bill in October 2008. In December 2008, the government tabled amendments to the bill in response to the Joint Standing Committee on Electoral Matters report. That bill was rejected by the Senate. In March 2009, the government introduced another bill, encompassing the government’s amendments. That second bill lapsed with the end of the 42nd Parliament. The bill that I am presenting today is in substantially the same form as that introduced in March 2009.

The measures contained in this bill increase transparency and add to administrative processes for political parties and candidates. It is not the intention of the government to burden parties and candidates, but to increase the transparency and integrity of the electoral system.

The six measures in this bill can be summarised as follows.

The first measure would set the donation disclosure threshold level to a flat rate of $1,000, lowering it from the current threshold of $11,500. This rate applies equally to all participants in the electoral process, including donors, registered political parties and candidates.

The second measure relates to anonymous donations. Under the Commonwealth Electoral Act, registered political parties, branches of parties, candidates, Senate groups and people acting on behalf of these categories can receive anonymous donations below an indexed threshold—currently $11,500. Anonymous donations above this amount are prohibited.

The bill extends this ban on anonymous donations to all anonymous donations except where the donation is $50 or less and has been received at a ‘general public activity’ (such as a fete where people may place money in a bucket) or at a ‘private event’ (such as a dinner, dance, or quiz night where people might donate small sums of money). These activities and events are defined in the bill and specified records must be kept in order for the anonymous donations to be retained.

The use of anonymous donations by third parties for political expenditure currently is not restricted under the Commonwealth Electoral Act. The bill will change this to prohibit the use of certain anonymous donations by third parties for political expenditure. The new prohibition applies to third parties which are required to lodge annual returns of their political expenditure above the current threshold of $11,500. The bill also changes this threshold to $1,000.

Political expenditure, which is defined under section 314AEB of the Commonwealth Electoral Act, includes expenditure on the public expression of views on a political party, a candidate or a member of the House of
Representatives or a senator; the public expression of views on an issue in an election; the publication of material that requires authorisation under the Electoral Act; the broadcast of political matter; and opinion polls or other research on people’s voting intentions.

Only anonymous donations of $50 or less which have been received by third parties at a general public activity or at a private event will be able to be used for political expenditure by entities required to lodge returns under section 314AEB of the Commonwealth Electoral Act.

The bill also provides for the Commonwealth to recover unlawful anonymous donations and an amount equal to the amount of unlawful political expenditure as a debt due to the Commonwealth.

Together, these two measures which reduce the disclosure threshold and limit anonymous donations enhance the transparency of political donations and the confidence that the public can have in the integrity of our political process. The government believes that the community has a right to know who is giving what to whom. We wish to end the secrecy around donations.

The third measure would ban foreign donations. This helps remove a perception that foreign donors could exert influence over the Australian political process.

The fourth measure would prevent donation splitting. Large donations may currently be hidden across state or territory branches of the same party, potentially circumventing the disclosure threshold. The bill would see separate divisions of a political party no longer treated as separate entities, for the purposes of disclosing donations.

The fifth measure would aim to increase public scrutiny of political donations and expenditure by making information available to the Australian public, more quickly, and more frequently. The bill reduces current timeframes for lodging returns from the existing 15-, 16- and 20-week periods, down to eight weeks. More frequent disclosure of political donations and expenditure will also occur. Where returns were previously required every 12 months, they will now need to be lodged once every six months.

The sixth measure would reform public funding of elections by ensuring that election funding is tied to genuine election expenditure. This measure will prevent candidates, or any political party, from making financial gain from the electoral public funding system. Public funding will continue to be paid to registered political parties, unendorsed candidates and unendorsed Senate groups who receive at least four per cent of the formal first preference votes at an election. Under the bill, they will receive the lesser amount of either the electoral expenditure that was actually incurred in an election period between the issuing of the writs and the end of polling day, or the amount awarded per vote. In a technical update from the 2009 bill, the amount awarded per vote has been indexed for inflation.

As these six reforms are a priority for the government, the commencement date for the bill would allow them to operate from 1 July 2011.

The government is committed to building a dialogue with the coalition, the Australian Greens and Independent members, to ensure that real progress can be made in reforming campaign financing.

More than ever, we should move Australia’s electoral laws and processes towards the world’s best practice, so that we can continue to be proud of the inclusive and transparent nature of our political process.

The measures in this bill provide an important, immediate step that can be taken to maintain the integrity of our electoral system. I look forward to constructive negotiations with the crossbenches and with the opposition in delivering future reforms to the system. I urge all members of parliament to show their support for these reforms and enhance the transparency of political funding and donations in Australia.

I commend the bill to the House.

Debate (on motion by Mr Andrews) adjourned.