



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**PROOF**

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

**Second Reading**

**SPEECH**

**Wednesday, 17 November 2010**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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## SPEECH

<p><b>Date</b> Wednesday, 17 November 2010</p> <p><b>Page</b> 19</p> <p><b>Questioner</b></p> <p><b>Speaker</b> Sidebottom, Sid, MP</p>	<p><b>Source</b> House</p> <p><b>Proof</b> Yes</p> <p><b>Responder</b></p> <p><b>Question No.</b></p>
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**Mr SIDEBOTTOM** (Braddon) (11.09 am)—It is a pleasure to follow the member for Melbourne Ports, who has been a passionate advocate of political reform in this place. I know he was pleased that those people so unjustly unable to be on the electoral rolls have now got that opportunity, and I thank him for his fine work on behalf of the Australian community. I rise to speak again in support of the bill. While some may discount its importance, the integrity of the funding of our electoral system is something that cannot be understated. Indeed, it is a fundamental part of restoring the trust of the people of Australia in our electoral system, something I believe was undermined when the former government increased the levels of donations and failed to tighten the loopholes that exist. This lack of action allows more questions over where the money was actually coming from. The bill is about taking the Australian system of electoral funding to best-practice levels and making sure people, lobby groups and corporations cannot dance around the regulations to achieve their own aims and seek to influence the system just from the sheer depth of their pockets. I am pleased therefore to support the Commonwealth Electoral Amendment (Political Donations and Other Measures) Bill 2010 seeking to reform foundation, disclosure and funding laws for political parties and election campaigns.

Simply, the bill aims to improve our system of political donations disclosure and election funding to help ensure that campaigning is fair and transparent. How does it seek to do this? Essentially the bill introduces six measures in three key areas. The first is increasing the transparency of political donations disclosure; the second is more frequent and timely reporting of political donations and expenditure; and the third is reforming the public funding of elections. The measures contained in the bill are not new. They are in fact in response to the Labor government's 2007 commitment to act on these matters.

A first bill on these issues was introduced in May 2008. The Joint Standing Committee on Electoral Matters delivered an advisory report on that bill in October 2008. In December of that year, the government tabled amendments to the bill in response to this report. Unfortunately, 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 before us is substantially in the same form as that introduced in March 2009 and on which I spoke in this place on 16 March. The measures contained in this bill increase transparency and add to administrative processes for political parties and candidates. As Special Minister of State Gray pointed out in his second reading speech on this bill, 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 involve the following characteristics. The first is to 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 deals with anonymous donations. For the record, 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, which is currently \$11,500. Anonymous donations above this amount are prohibited. Fundamentally, 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.

Historically, the use of anonymous donations by third parties for political expenditure has not been restricted under the Commonwealth Electoral Act. This bill seeks to 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 would also change 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, 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 would be able to be used for political expenditure by entities required to lodge returns under section 314AEB of the Commonwealth Electoral Act. The bill would also provide 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 aim to reduce the disclosure threshold and limit anonymous donations, would enhance the transparency of political donations and the public's confidence 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 would help to remove a perception that foreign donors could exert influence over the Australian political process. The fourth measure would prevent donation splitting. Currently, large donations may be hidden across state or territory branches of the same party, potentially circumventing the disclosure threshold. Under this bill, separate divisions of a political party would no longer be treated as separate entities for the purposes of disclosing donations.

The fifth measure aims to increase public scrutiny of political donations and expenditure by making information available to the Australian public more frequently and more quickly. The bill would reduce time frames for lodging returns from the existing 15-, 16- and 20-week periods down to eight weeks. More frequent disclosure of political donations and expenditure would also occur. Whereas returns have been required every 12 months, they would need to be lodged once every six months.

The sixth measure seeks to reform public funding of elections by ensuring that election funding is tied to genuine election expenditure. This measure would prevent candidates, or any political party, from making financial gain from the electoral public funding system. Public funding would 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 would 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, which I mentioned earlier, the amount awarded per vote would be indexed for inflation. The commencement date for the bill would allow these features to operate from 1 July 2011.

The measures in this bill provide an important, immediate step that can be taken to maintain the integrity of our electoral system—something more widely commented upon by the member for Melbourne Ports, the previous speaker. While some on the other side discount its importance, the integrity of the funding of our electoral system cannot be underestimated. This legislation is a fundamental part of restoring the trust of the Australian people in our electoral system, which was undermined when the former government increased the levels of donations and failed to tighten the loopholes that exist. As the Special Minister of State mentioned in his second reading speech, this bill is about taking the Australian system of electoral funding to best practice and making sure that people, lobby groups and corporations cannot dance around the regulations. I commend the bill to this House.