FUNDING AND DISCLOSURE IN THE ACT

ACT Electoral Commission

Phillip Green
Andrew Moyes
Introduction

- Objectives
- History
- Current arrangements
- Comparison of Australian schemes
- Improvements to the ACT scheme
- Other issues
  - Public funding
  - Regulating donations and expenditure
  - Enforcement
- Other considerations
Objectives

- Parties and candidates can present policies through provision of public funding
- Disclosure of sources of, and reduction of party reliance on, private funding to prevent corruption and undue influence
- Transparency in finances of political participants by informing electorate of sources of political funding
History

- 1989 and 1992 elections conducted using Commonwealth provisions
- ACT scheme from 1994 based on Commonwealth scheme
- Various amendments since to simplify and/or keep in step with Commonwealth
- Commonwealth changes in 2006 led to breaking nexus with ACT
Current ACT Arrangements - Public Funding

- Direct entitlement scheme
- Must receive 4% of formal votes
- Payment = formal votes x prescribed amount
- Prescribed amount adjusted each 6 months by ↑ in CPI
- 2008 election = 144.722 cents
- Currently = 153.551 cents
Current ACT Arrangements - Disclosure

- Disclosure thresholds generally $1000
- Election returns
  - Parties – electoral expenditure
  - Candidates – gifts received, electoral expenditure
  - Broadcasters & publishers – advertisements
  - Other participants – gifts received, electoral expenditure
Current ACT Arrangements - Disclosure (cont)

- Election returns due
  - Broadcasters & publishers – 8 weeks after polling day
  - All others – 15 weeks after polling day

- Election returns made public
  - 25 weeks after polling day (early April of next year)
Current ACT Arrangements - Disclosure

➤ Annual returns

- Parties and MLAs
  - Total amounts received
  - Details of givers of $1000 or more, but ignore amounts < $1000
  - Total amounts paid
  - Total debts
Current ACT Arrangements - Disclosure (cont)

- Annual returns
  - Associated entities
    - Total amounts received
    - Details of givers of all amounts, except if a membership fee of < $50, or reasonable payments for food or drink, or income from gaming
    - Details of all who deposited capital
    - Total debt
    - Details of all to whom $1000 or more is owed
Current ACT Arrangements - Disclosure (cont)

- Annual returns
  - Donors to parties, MLAs, associated entities
    - Details of who is given gift of $1000 or more
    - Details of who gives gift to donor of $1000 or more, where it is used to make a gift
Current ACT Arrangements - Disclosure (cont)

- Annual returns due
  - All except donors – 16 weeks after end of financial year
  - Donors – 20 weeks after end of financial year, except in election year, when it is 24 weeks

- Annual returns made public
  - beginning of February of next year
Comparing ACT, Commonwealth and State/Territory schemes

- **South Australia**
  - No funding or disclosure scheme

- **Victoria**
  - Funding by reimbursement
  - No disclosure scheme, but parties must submit copy of Commonwealth returns
  - Donations > $50,000 per f/y from casino & gambling licensees to parties prohibited
Comparing ACT, Commonwealth and State/Territory schemes (cont)

Tasmania

- No funding or disclosure scheme
- Candidates in Legislative Council elections must disclose all expenditure and provide receipts for items > $20
- Election expenditure for Legislative Council candidates capped (2008 = $11,500)
- Parties prohibited from incurring expenditure on Legislative Council elections
Comparing ACT, Commonwealth and State/Territory schemes (cont)

- Commonwealth and other States and the NT
  - Refer to separate handout
Improvements 1

- Parties do not need to take account of amounts of < $1000 to determine if a donor has given a party $1000 or more
  - Potentially donors can give significantly more than $1000 and details not be disclosed
  - May only be detected through detailed audit of party accounts
Improvements 2

- Gifts versus receipts
  - Definition of gift
  - Fundraisers such as dinners, “meet the Minister” events
  - Level of disclosed receipts compared to total sum of receipts – issue of transparency
  - Should all sources of party income be disclosed (as per associated entities), including its purpose?
Improvements 3

- Is there a need for donor returns?
  - Disclosure requirements met if all details of receipts are in party returns
  - Audits of party accounts to ensure disclosure complete and accurate
Improvements 4

- Anonymous donations
  - If individually under $1000 they can be retained by a party, MLA or associated entity
    - Potential loophole if many donations of under $1000 made by same person
    - Solution may be to prohibit anonymous donations once a total of $1000 reached
  - No current threshold on anonymous donations received by a third party
    - Apply same provision as that for parties, MLAs and associated entities
Improvements 5

- Lodgement and public display of returns
  - Current scheme very drawn-out
    - Bring forward deadlines for lodgement and display
    - Lodgement and display determined from date of receipt
Public Funding

- **Direct and indirect**
  - Latter a policy issue

- **Reimbursement or direct entitlement**
  - Reimbursement
    - Labour intensive especially for smaller parties and independents, and the Commission
    - Funding rarely exceeds expenditure
  - Direct entitlement
    - Simple formula based on electorate support
Regulating political donations and expenditure

- Policy considerations
- Legal considerations
  - Constitutional issues
  - Enforceability
- Practical considerations
  - Third party campaigning
  - Consistency with the Commonwealth
Enforcement

- Donors not lodging returns is most common area of non-compliance
  - Time between making donation and deadline for returns
  - Party returns don’t distinguish between donations and other receipts
  - If already disclosed in party return has disclosure objective been met?

- Tightening of laws will require additional funding for enforcement
Other considerations

- Commonwealth Green Paper: Donations, Funding and expenditure
- Commonwealth Electoral Amendment (Political Donations and Others Measures) Bill 2009
- Relationship between Commonwealth and ACT schemes
  - Impact of different thresholds
Questions?