

# Submission to the inquiry into the funding of political parties and election campaigns

To:

Mr Stephen Boyd, Secretary  
Joint Standing Committee on Electoral Matters  
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From:

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## ASH Australia

Action on Smoking and Health Australia is a national health organisation committed to reducing deaths, disease and disabilities caused by tobacco products and the misleading and deceptive conduct of the tobacco industry. Founded in 1994, ASH is funded by the Cancer Council Australia and the Heart Foundation.

The ASH Board is chaired by Associate Professor Matthew Peters, a Thoracic Physician at Concord Hospital, and includes experts from the Cancer Council Australia, Heart Foundation, Sydney University and the Royal Australasian College of Physicians.

Anne Jones OAM, Chief Executive Officer since 1994, is a policy adviser on tobacco control in Australia, and in the Asia-Pacific region for the International Union on Tuberculosis and Lung Disease on behalf of the Bloomberg Initiative to reduce the tobacco epidemic worldwide. She was awarded an Order of Australia Medal in 2010 for services to community health.

ASH is a member of several national coalitions aiming to reduce tobacco diseases, including the Protecting Children from Tobacco coalition of 42 organisations and the SmokeFree Australia workplace coalition of 11 organisations.

## Introduction

We thank the Joint Standing Committee on Electoral Matters for the opportunity to make a submission on electoral funding reform.

We believe there is a strong need for reform and have previously written to the Prime Minister and Special Minister of State, made submissions to the Federal Green Papers in 2008 and 2009, and made submissions to state reviews of these matters. We welcome recent statements by major parties that there is a need for reform and that the Joint Committee wants to build on the work that has already been completed.

We refer to the inquiry's Terms of Reference:

*That the Joint Standing Committee on Electoral Matters inquire into and report by 30 September 2011 on options to improve the system for the funding of political parties and election campaigns, with particular reference to:*

- (a) issues raised in the Government's Electoral Reform Green Paper - Donations, Funding and Expenditure, released in December 2008;*
- (b) the role of third parties in the electoral process;*
- (c) the transparency and accountability of the funding regime;*
- (d) limiting the escalating cost of elections;*
- (e) any relevant measures at the state and territory level and implications for the Commonwealth; and*
- (f) the international practices for the funding of political parties and election campaigns, including in Canada, the United Kingdom, New Zealand and the United States of America.*

ASH, along with many other organisations and individuals are concerned that the current Australian political financing system creates substantial inequities in influence between people and between parties and is a threat to the quality of our democracy.

Political donations and benefits, including gifts, services and donations at fund raising events, continue to be accepted by politicians, candidates, political parties and election campaigns. These "gifts" have contributed to a loss of trust in our political system and a public perception that governmental decisions are skewed towards wealthy interests and against independent evidence and wider community opinion.

While other countries including New Zealand, Canada, Germany and the United Kingdom have acted to reform electoral funding, Australia has lagged behind in recent years. Rather than improving the transparency and accountability of the funding regime, political donations and their associated conflicts of interest have been made more secret with a tenfold increase in the disclosure limit for donations. This limit has now risen to over \$11,500; and such limits can be bypassed when donations are dispersed across state branches. Meanwhile election costs continue to escalate and parties and their leaders are devoting more and more time to the fundraising "arms race".

## Tobacco industry donations

We have particular concerns about political donations from the tobacco industry for the following reasons:

1. Tobacco is Australia's largest single cause of preventable early deaths and chronic diseases, with an annual death toll of 15,000 and associated costs of \$31b a year.
2. The Australian Government as one of over 170 Parties to the WHO Framework Convention on Tobacco Control (FCTC) has international legal obligations to protect health policies from interference by the tobacco industry (Article 5.3). According to Article 5.3 Guideline (4.11)<sup>i</sup> "Taking into account national law and constitutional principles, Parties should have effective measures to prohibit contributions from the tobacco industry or any entity working to further its interests to political parties, candidates or campaigns, or to require full disclosure of such contributions."
3. Tobacco-related political donations are controversial and contributing to a growing lack of trust in political processes. A search of AEC data<sup>ii</sup> on political donations to federal parties alone, from 1998-2010 under donor category "tobacco", shows that there were 62 donations totalling \$1,355,140. Even this may not be the full extent of donations because:
  - donors can hide behind associated entities or front groups;
  - donations under \$11,500 are 'secret' due to the current disclosure limit; and
  - political parties are not required to report on identities of corporations attending party fundraising events.
4. A recent survey of 85,000 international respondents found that the tobacco industry ranks lowest for reputation amongst all major industry categories – well behind any others. The survey (including an Australian sample of 5611 people) conducted by the independent Reputation Institute and AMR Australia in 2011 reported that the worst performing category was Tobacco<sup>iii</sup>.
5. Community attitudes have become consistently more negative towards the tobacco industry because it has shown itself prepared to resort to misleading and deceptive tactics. Tobacco may be a legal product, but so are other regulated products - such as methadone, guns and brothels – and by community standards these are not regarded as suitable or ethical sources of donations to political parties.
6. The tobacco industry is able to make donations through third party organisations and gain influence by supporting and attending political fundraising events. The industry donates funds and gives benefits to parties with the aim of gaining influence and favourable treatment in the legislative process. This type of political bargaining is a significant barrier to the creation of a transparent and democratic political system.
7. Action to reform political funding at state and territory levels has been slow with the exception of:
  - NSW, where election funding and disclosure reforms<sup>iv</sup> in 2010 included the introduction of a ban on donations from tobacco industry entities and placing caps on donations and expenditure by political parties; and
  - Queensland, where the role of the Integrity Commissioner was strengthened by making the Commissioner an officer of Parliament with the ability to provide advice to all MPs and creating an obligation to raise public awareness of ethics and integrity issues.

Reform at a federal level should follow the patterns of various state reform actions to ensure that the federal political funding process keeps up with the advances being made at state level.
8. The current Joint Standing Committee Inquiry and the Commonwealth Electoral Amendment (Tobacco Industry Donations) Bill 2011 provide an important opportunity for parties to reach agreement on much-needed reforms.

## Recommendations

Our priority is to ensure legislative action to end the acceptance of tobacco-related donations (including direct and indirect money, gifts, services or other in-kind benefits). As we are also concerned about the exploitation of loopholes and grey areas, we recommend broader reforms to improve transparency and accountability as follows:

1. Measures to increase the transparency of the source of donations and other considerations (i.e. any provision of money, property or services,<sup>v</sup> including contributions to fund-raising events), including:
  - prompt and transparent reports at least quarterly and in the month before an election, to a public website maintained by election funding authorities;
  - requirements for party committees or related fundraising bodies to have the same responsibilities as registered political parties in accepting and reporting donations; and
  - requirement that all funding disclosures be accompanied by accredited auditor's report.
2. A limit on single or cumulative donations/considerations of \$1,000 per donor per year.
3. A total ban on political donations/considerations from organisations, including private and publicly traded corporations and trade unions.
4. A total ban on donations/considerations from individuals or entities not resident or registered in Australia.
5. Caps on total electoral spending by all political parties and all candidates; and tighter controls over "independent" spending by supporters of parties and candidates.
6. An independent committee to monitor government advertising campaigns and to ensure that public funds be spent in the public interest.
7. Monitoring of public information campaigns from parties and members to ensure that allocated funds are disbursed throughout the electoral cycle rather than in the pre-election period.
8. All initiatives in relation to public funding be matched by audit, so that funding is spent for electoral purposes – to prevent the emergence of "for profit" candidates for office.
9. These initiatives be matched with suitable, increased penalties for breaching political funding laws, and adequate funding for electoral funding authorities to enforce these laws.

## Conclusion

We all seek a more equitable democratic system for Australia. Political donations compromise this aim by acting as an incentive to political parties to focus on business interests at a cost to population health. Best-practice reforms need to be adopted in all jurisdictions, with leadership at Federal level to ensure greater harmonisation and consistency, incorporating democratic principles of fairness, integrity and transparency.



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Chairman, ASH Australia



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Chief Executive Officer, ASH Australia

<sup>i</sup> [www.who.int/fctc/guidelines/article\\_5\\_3/en/index.html](http://www.who.int/fctc/guidelines/article_5_3/en/index.html)

<sup>ii</sup> [www.aec.gov.au/Parties\\_and\\_Representatives/financial\\_disclosure/index.htm](http://www.aec.gov.au/Parties_and_Representatives/financial_disclosure/index.htm)

<sup>iii</sup> Reputation Institute and 2011 Global Industry Survey – see ACOSH media release 15/6/11 at [www.highbeam.com/doc/1G1-146978527.html](http://www.highbeam.com/doc/1G1-146978527.html)

<sup>iv</sup> [www.parliament.nsw.gov.au/prod/parlment/nswbills.nsf/0/A552A04E447EA2B6CA2577CA001C5535](http://www.parliament.nsw.gov.au/prod/parlment/nswbills.nsf/0/A552A04E447EA2B6CA2577CA001C5535)

<sup>v</sup> This should include provision of personnel assistance – for example, BAT Australasia paid for an employee to work for the Liberal Party WA during an election campaign in February 2005. *West Australian* 13/6/06, partly reproduced at [www.highbeam.com/doc/1G1-146978527.html](http://www.highbeam.com/doc/1G1-146978527.html)