

Will Labor be an ally in cleaning up political donations?

Senator Andrew Murray

Carmen Lawrence has opened the way for Labor to support a clean up of political donations. In an address to the Sydney Institute on 17 August, Dr Lawrence claimed that substantial political donations are leading to Australia becoming a 'corporate democracy' whereby the number of shares purchased in a political party determines the amount of influence the donor can exercise. While acknowledging the extensive debate about big money in US politics, she claims "there appears to be a conspiracy of silence on the issues among Australian politicians."

An odd statement given the publication of the Joint House report into the 1998 election as recently as June, which included a strong Minority Report on this issue from the Democrats. Plus an article by Marilyn Rock and I in the latest edition of the *Australian Quarterly*, entitled 'the Dangerous Art of Giving'.

That said, higher political standards and better political governance are to be supported wherever they are proposed.

The fight to close loopholes in the laws governing donations to political parties has been going on for at least two decades, with genuine effect. But there is still much to be done. Carmen Lawrence joins the Democrats on at least some of their calls for the full and transparent disclosure of donations by foundations, trusts and clubs, and for the full approval of donations or fees by members of organisations such as unions or shareholders in companies.

Until now, that has been an accountability cry that has mostly gone unanswered. It had been assumed that Labor would never agree to such reforms.

In our article in the latest *Australian Quarterly* magazine we warned that "as long as there continues to be inadequate transparency over the funding of political parties, there will be justified disquiet over the perceived overt and covert links between donations and policies".

The great shame is that ordinary citizens no longer trust political parties: they do not trust the process nor do they believe the promises.

A situation exists whereby governments tend to be formed according to the party with the best bagman. For instance, funding disclosure returns by the major parties between 1992 and 1998 reveals a six year average of just over \$9.5 million going to the ALP and close on \$13 million going to the Coalition parties, a total average of just on \$22.5 million.

Political donations disclosure laws are not sufficient protection against corruption unless accompanied by much stronger political party regulation. Currently, there are only minimal requirements for registering a political party. Moreover, the internal rules and procedures of political parties are entirely self regulated. In effect, this means that political parties are much less regulated than corporations, associations and unions - a dangerous state of affairs.

As political parties are extensively and intimately involved in public life in every way, this lack of regulation is not in the public interest. Considering political parties are now publicly funded, the public has a right to know the ways in which political parties receive and spend public and private funds. Political governance requires them to be open to scrutiny and publicly accountable.

A new financing model is required to reconnect all the Australian citizenry to the electoral process.

The Democrats have recommended that political donations be banned unless they are below \$1500, and that the monies normally received from private donations be replaced by public funding at the federal *and* state level for both administrative and electoral expenses. If that were not to happen, and a mixture of public funding and private donations be retained as at present, at least the political donations system should be made absolutely transparent.

Should much greater transparency and much better political party regulation not occur, the notion of the corrupting influence of money and policy direction will continue. The warning from a very senior member of the Labor party should not go unheeded.

(643 words)