

## SECOND READING SPEECH

### ELECTORAL AMENDMENT (ELECTORAL EXPENDITURE AND POLITICAL DONATIONS) BILL 2013

The *Electoral Act 2004* provides for the holding of elections to elect person to the Tasmanian Parliament and regulates the conduct of those elections.

Part 6 of the *Electoral Act* currently provides rules and limits in respect of Legislative Council elections, including a prohibition of political party spending.

In 2012 a Consultation Paper was released asking for public feedback on reforms in this area. The paper received 14 submissions. Respondents were generally in favour of caps on spending and disclosure of donations.

This Bill amends the *Electoral Act*. Some key features of the Bill are:

- to set a limit of \$75,000 per candidate on individual expenditure for House of Assembly elections
- to set a cap on party expenditure of \$750,000 for House of Assembly elections;
- to provide for the Electoral Commission to determine the form of the Register on which all political donations to parties, candidates and elected members are to be recorded and determine a form to provide for disclosure within 14 days ('immediate disclosure') of one-off or accumulated political donations from a single source to a total of \$1500 or more within a financial year; and verify the information provided in the 'immediate disclosure' and the Register, and correct it if necessary;
- to prohibit anonymous donations to individuals and parties over a total of \$1500; and
- provides for offences and penalties

Tasmania has one of the fairest and most representative electoral systems in the world. Strengthening trust in democracy is a priority for this Government. The effective regulation of political funding and expenditure is important in ensuring the fairness of our electoral system and the proper functioning of our democratic system of government. Moreover, transparency in political financing arguably protects against any actual or perceived impact that electoral donations may have on political decision making.

Fair, competitive and effective parliamentary elections are characterised by all candidates and parties being able to adequately promote themselves and to communicate their policies to the voting public. However, the capacity to effectively communicate with the electorate comes at a significant financial cost to candidates and political parties. The greater the electoral spending, the greater potential a candidate or party has to communicate with voters, influence their voting behaviour and affect electoral outcomes.

Ideally, our electoral laws operate so as to ensure that the wealth of electoral candidates does not have a disproportionate effect on the candidates' prospects of success in parliamentary elections. Furthermore, given the role of electoral funding in optimising a candidate's chances of being elected, disclosure of the sources of donations to candidates and parties might be regarded as important so that voters are able to make their own assessments.

In order to ensure that our electoral system continues to meet the expectations of Tasmanians, this Government has consulted with the Tasmanian community and now brings forward reforms to effect consultation results.

At present, there are no restrictions on who can donate to a candidate or a party and how much they can donate. There is

also no requirement that candidates report donations they receive over the course of their campaign.

However, the Commonwealth Electoral Act 1918 requires the disclosure of political donations. The three political parties represented in the Tasmanian Parliament are required to report under this law. These reporting requirements capture state election campaign donations, provided they are made to one of Tasmania's three main parties and provided the donation is not made directly to the candidate.

Registered parties must complete an Annual Financial Disclosure Return and submit it to the Australian Electoral Commission by 20 October each year. The Returns are made publicly available on the first working day in February the following year. This meant that, for the March 2010 election, the disclosure returns were not made public until Tuesday 1 February 2011.

The Commonwealth, New South Wales, Queensland, Western Australia, the Australian Capital Territory and the Northern Territory all require some form of disclosure of political donations. In New South Wales, Queensland and the ACT the disclosure threshold is \$1,000.

Both New South Wales and Queensland have caps on electoral expenditure. The Commonwealth, New South Wales, Queensland Western Australia the ACT and the Northern Territory all either require electoral expenditure returns to be lodged or electoral expenditure to be disclosed. In the ACT candidates are only required to disclose electoral expenditure over \$1,000, whereas in the Northern Territory the threshold is \$200.

Further work has been done on the matter of electoral funding by the Commonwealth Parliament's Joint Standing Committee on Electoral Matters which handed a report on the Funding of

Political Parties and Election Campaigns. This Bill also picks up on some of those recommendations.

At present, there is a limit on how much a candidate for a Legislative Council election can spend, which is currently \$14,000 and increases by \$500 per year. Political parties are not permitted to spend on behalf of a candidate for the Legislative Council.

After a Legislative Council election has been held, all candidates must lodge an expenditure return with the Tasmanian Electoral Commission. In this document, candidates need to declare what they spent, but not where the donations came from. There are penalties for exceeding the cap, or for failing to lodge a return. In the case of the elected candidate, a breach of these laws may result in their election being declared void.

A limit on individual spending applied to all Tasmanian elections until the early 1980's and operated without dispute for a number of decades. However, as a result of a dispute as to breaches of the Act in the 1979 election, the result in Dennison was declared invalid. The cap was removed after this.

Concerns have emerged over recent elections that high spending candidates are able to use their personal wealth to saturate electorates and gain election by means of their spending power. Caps on donations and a new requirement for real-time disclosure of donations should alleviate these concerns.

I commend the Bill to the House.