

Fixing weak laws on political donations

Money has too much influence on Australian politics. Wealthy individuals and corporations can spend vast sums promoting their interests and buying access to politicians without the Australian public even knowing.

The Australia Institute has proposed four reforms that would reduce the influence of big money while securing transparency and diversity in our democracy.

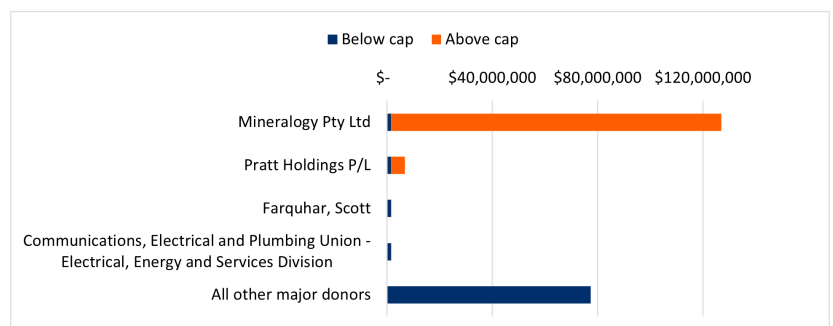
Require disclosure of funding sources

Australia's federal electoral transparency laws are inadequate. Political parties and candidates currently disclose their total funding and spending, but they only have to provide details of individual donors for donations exceeding about \$17,000. This means big payments slip under the radar—including payments in exchange for privileged access to politicians (“cash-for-access”), which can cost as little as \$2,000.

The few payments that are disclosed are only published once a year, well after the election is over. Donation disclosures laws could be strengthened, including by:

- Requiring disclosure of all political contributions by corporations and of all cash-for-access payments
- Lowering the disclosure threshold to \$5,000 or lower
- Real-time publication of donation disclosures, updated weekly during an election campaign.

Figure 1: Effect of a 2% mega-donor cap on major donors



Source: Browne, B. & Walters, B. (2023) *Securing transparency and diversity in political finance*, <https://australiainstitute.org.au/report/securing-transparency-and-diversity-in-political-finance/>



Image: Australian Electoral Commission/Flickr/CC BY-ND 2.0

Reveal who is lobbying politicians—and what they are lobbying about

Currently, lobbyists can meet federal ministers in secret—allowing them to say one thing to politicians, and another to their company’s shareholders and stakeholders. And since the documents those lobbyists give ministers and senior public servants are also secret, no one can fact-check what these lobbyists are telling the government.

Lobbying activities should be made more transparent, including by publishing ministerial diaries to disclose meetings with lobbyists (as is done in NSW and Queensland) and requiring the disclosure of any documents provided by lobbyists to ministers and senior public servants.

Introduce a “mega-donor” cap

Vested interests and very wealthy people can spend considerable amounts of money on Australian elections, out of proportion with their public support. At the last election, Clive Palmer’s mining company Mineralogy broke records by donating \$117 million to the United Australia Party.

A mega-donor cap would limit the amount of money that a single donor can donate over an election cycle. The cap could be set at 2% of total public funding at the previous election.

Had such a cap been in place before the 2022 federal election, it would have affected just four major donors (out of a total of 735)—but it would have reduced the value of major donor donations from over \$200 million to about \$83 million (See Figure 1.)

Use democracy vouchers

Australia already spends tens of millions of dollars on public funding for political parties, with the major parties alone receiving \$57 million after the 2022 federal election. However, because this public funding is paid out after the election, it is not usable by new political parties and independent candidates facing their first election.

An alternative model, called “democracy vouchers”, would put decisions about how parties and candidates are funded in the hands of voters. Under this system, voters are sent vouchers worth a certain amount of public funding, which they can send to the candidate or party of their choice. For example, a voter with four \$25 vouchers could send them all to one candidate or split them among candidates and parties.

This alternative form of public funding would reduce the influence of money while catering to new entrants with genuine public support.

Want to learn more? Check out our website: australiainstitute.org.au/report/securing-transparency-and-diversity-in-political-finance/

Or simply scan this QR code:

