

AUSTRALIAN ELECTORAL COMMISSION

FUNDING AND DISCLOSURE REPORT

FOLLOWING THE

FEDERAL ELECTION HELD ON

3 OCTOBER 1998

ISBN 0-642-70468-6

© Commonwealth of Australia 2000

This work is copyright. Apart from any use as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without prior written permission from the Commonwealth available from Ausinfo. Requests and inquiries concerning reproduction and rights should be addressed to the Manager, Legislative Services, Ausinfo, GPO Box 1920, Canberra ACT 2601.

Front cover design by the Spin Creative, Canberra

Report printed by Union Offset Printers, Canberra

CONTENTS

Part 1	Introduction	1
Part 2	Election Funding	3
Part 3	Election Disclosure Returns	
	<i>Candidates and Senate groups</i>	7
	<i>Third Parties</i>	8
	<i>Broadcasters and Publishers</i>	10
Part 4	Annual Disclosure Returns	
	<i>Political Parties</i>	12
	<i>Associated Entities</i>	13
	<i>Donors to Political Parties</i>	15
Part 5	The Greenfields Foundation	17
Part 6	Compliance Audits	24
Part 7	Party Registration	27
Part 8	Summary of Recommendations	32

Appendix 1	Summary of Recommendations made in the 1996 Report	35
Appendix 2	Election Funding Payments	38
Appendix 3	Third Parties	42
Appendix 4	Registered Political Parties	57

PART 1

INTRODUCTION

1.1 This report has been prepared by the Australian Electoral Commission (AEC) in accordance with subsection 17(2) of the *Commonwealth Electoral Act 1918* (the Act). It reviews the operation of the election funding and financial disclosure schemes at the 3 October 1998 federal election and the 21 November 1998 Newcastle supplementary election. As usual, the opportunity is also taken to review the related operations of the annual disclosure scheme, disclosure compliance audits of political parties and their associated entities, and party registration.

Legislative Amendments

1.2 Since the 2 March 1996 federal election, the *Electoral and Referendum Amendment Act 1998* received Royal Assent on 17 July 1998 and resulted in some important legislative changes. Amendments to the disclosure provisions of the Act were:

- the abolition of electoral expenditure returns by political parties;
- the abolition of the requirement for political parties and associated entities to disclose the details of expenditure in annual returns; and
- to allow political parties to lodge audited annual accounts in substitution for annual disclosure on an approved form, but only where those accounts are in a form approved by the Australian Electoral Commission (AEC).

Other amendments to the Act relevant to this report were to:

- enable the AEC to inspect the records of an organisation in order to determine whether it has an obligation of detailed disclosure as an associated entity; and
- allow a political party to object to the continued use of a too similar registered name and/or abbreviation by another party that obtained its registration on the basis of being related to the existing party, once that relationship is dissolved.

The 1996 Funding and Disclosure Report

1.3 The AEC draws attention to the recommendations it made in the Funding and Disclosure Report Following the Federal Election held on 2 March 1996 (the 1996 Report) and urges their consideration in conjunction with this report. Rather than reproduce large sections of the 1996 report, the AEC has included a list of the recommendations at Appendix 1 and suggests readers consult the 1996 report for detailed discussions of the issues. This report can be accessed at the AEC's web site: www.aec.gov.au.

1.4 The AEC has also discussed issues and made recommendations on disclosure and party registration matters to the Joint Standing Committee on Electoral Matters inquiring into

the 1998 federal elections that are relevant to issues discussed in this report. These are contained in submissions numbered 88 of 12 March 1999 and 176 of 4 May 1999 and can be viewed at the AEC's web site under 'Parliamentary Committees – Submissions and Reports'. The report of this inquiry is expected in early 2000.

Recommendations for further Legislative Change

1.5 The AEC's experience is that, since the inception of a national disclosure scheme more than 15 years ago, there has been an unwillingness by some to comply with disclosure; others have sought to circumvent its intent by applying the narrowest possible interpretation of the legislation. More recently there has been an increasing trend for some to misuse the party registration provisions. Wherever possible the AEC has sought to respond administratively to challenges in these areas, but there is a limit to how much can be achieved in this manner alone.

1.6 To adequately respond to these challenges and to prevent potential exploitation of loopholes in the legislation, there is a continuing need for greater legislative rigour. This unfortunately will necessitate the imposition of additional levels of procedure and detail into what started out as comparatively simple and straightforward processes. It will also demand greater intrusion by the AEC to ensure compliance. The AEC regrets these developments and is conscious of concerns about volunteers who make up a great bulk of sources for political party reporting but exploitation of the current more relaxed code leaves little alternative in our view.

1.7 In this report the AEC is again making a number of recommendations for further legislative change. Coupled with recommendations contained in the 1996 Report, these are seen as comprising the minimum changes necessary to respond to specific developments and maintain the efficacy of the funding, disclosure and party registration systems.

PART 2 ELECTION FUNDING

Qualifying for Funding Entitlements

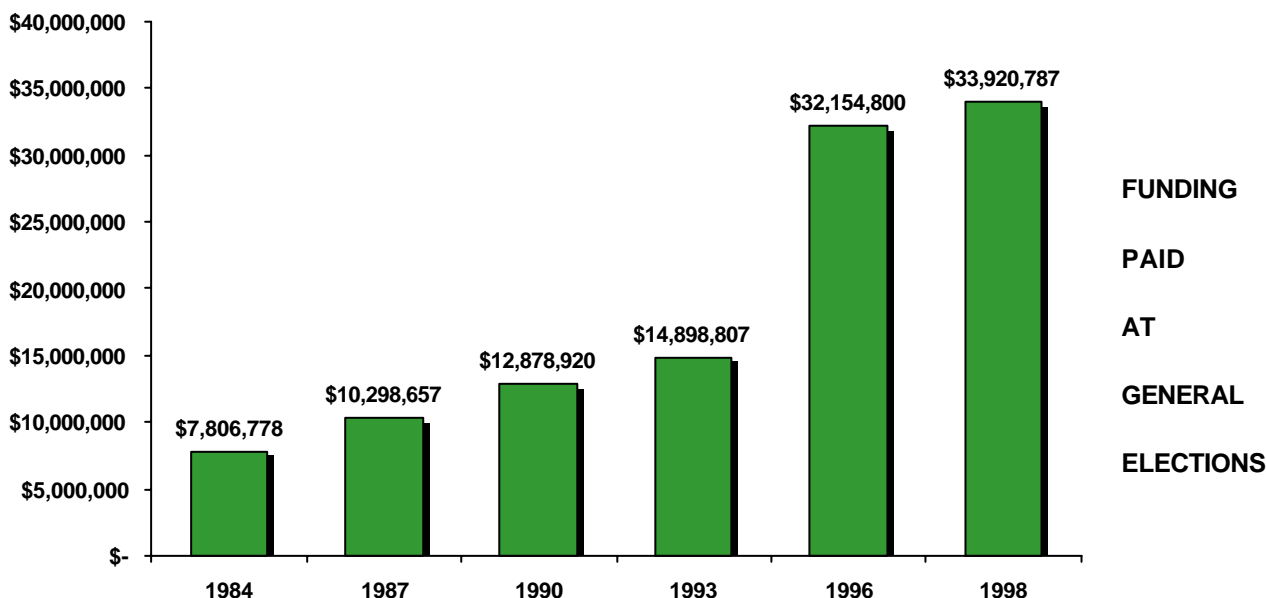
2.1 To be entitled to a payment of election funding, a candidate or Senate group must receive 4% or more of the formal first preference vote cast in the election contested. The entitlements of endorsed candidates and Senate groups are paid to the State/Territory branches of their political parties.

2.2 The Australian Democrats have appointed a Principal Agent to whom the AEC must pay all funding entitlements of the party. The Australian Labor Party has lodged agreements with the AEC which have a similar effect with the funding entitlements of all its State and Territory branches being paid to the agent of the National Secretariat.

Funding at this Election

2.3 The rate of election funding is indexed every six months to increases in the CPI. For the 3 October 1998 election and the Newcastle supplementary election the rate of election funding was 162.210 cents per vote. This compares to a rate of 157.594 cents at the 2 March 1996 federal election.

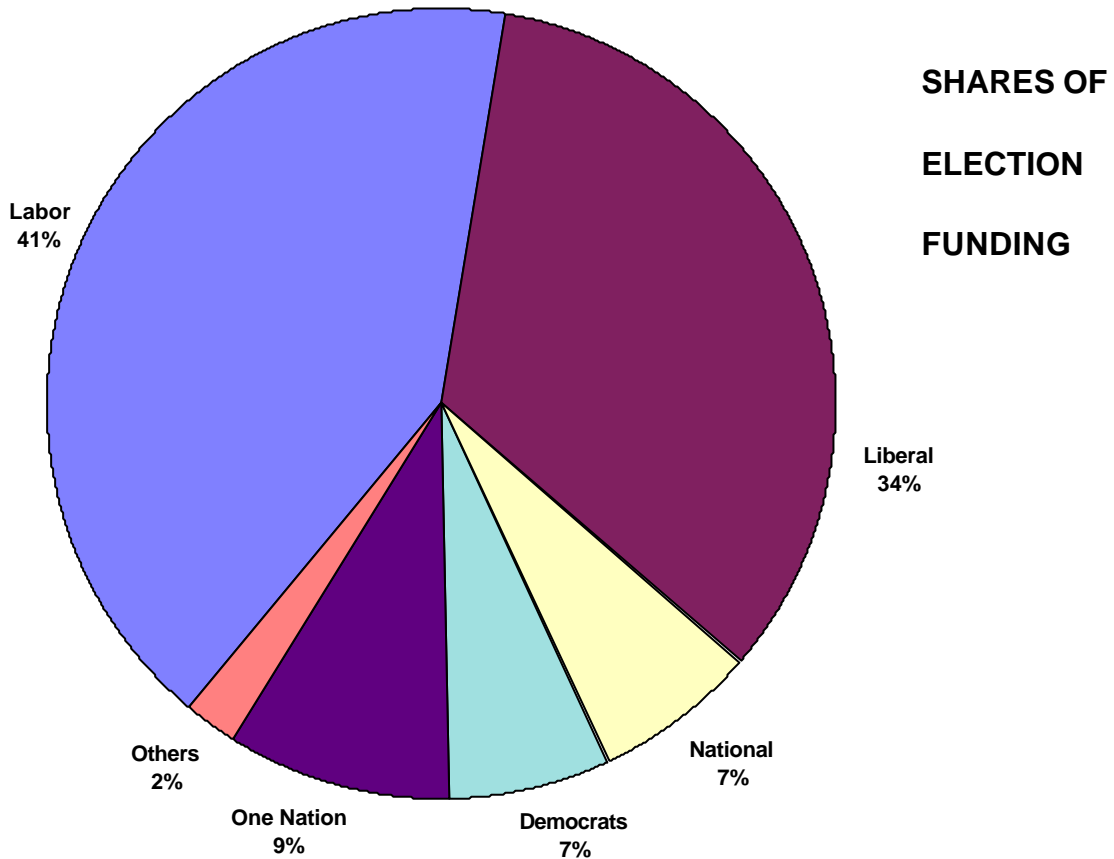
2.4 The amount of funding entitlement payable is calculated on the total number of first preference votes obtained by a candidate or Senate group. A total of \$33,920,787.43 in funding was paid following the 1998 federal and Newcastle supplementary elections.



2.5 The Act requires payment of at least 95% of election funding to be made as soon as possible after entitlements are calculated on the 20th day after polling day. For the 3 October 1998 election, cheques totalling \$31,103,228.82 were raised and sent out in the fourth week

after polling day. Final payments were made upon completion of the count of votes. Final entitlements were able to be calculated as at the 20th day after the Newcastle supplementary election and were immediately paid in full.

2.6 The following chart summarises the distribution of total funding paid. Appendix 2 provides full details of the election funding entitlements paid.



Labor Party	\$14,010,512.42
Liberal Party	\$11,488,881.15
National Party	\$2,321,589.02
Democrats	\$2,256,772.57
One Nation	\$3,061,502.87
Others	\$781,529.40
Total	\$33,920,787.43

Profiteering on Election Funding

2.7 Concerns have been raised in the Parliament and the media that at least one political party made a profit on the election funding paid to it at the 3 October 1998 election. The validity of such concerns is founded on the fact that the introduction of the election funding

scheme in 1983 was intended to assist candidates and political parties defray the direct costs incurred in a federal election campaign and that, in this instance, the party spent less on its campaign than it received in funding.

2.8 The funding scheme was not designed to subsidise ongoing administration costs or provide a financial base from which future election campaigns could be fought. It was introduced as a strict reimbursement scheme with the Act limiting the amount of funding payable to the lesser of the funding entitlement or expenditure proven to have been incurred directly on that campaign. In administering this scheme the AEC demanded original vouchers in support of claimed expenditure and, for example, would only accept claims for what were considered to be expenditures additional to the ongoing costs of maintaining and running a political party.

2.9 In 1995, so that it first applied for the 1996 election, election funding was changed from a reimbursement scheme to become an entitlement paid automatically by the AEC. This change did not alter the underlying principle that funding was provided to parties and candidates as a subsidy to their costs of contesting a particular federal election campaign, although that principle is not spelled out in the Act. The AEC's role now is to calculate and automatically pay the full funding entitlements in accordance with a timeframe laid down in the Act.

2.10 Submissions to the Joint Standing Committee on Electoral Matters (JSCEM) and some commentary in the media have suggested that this change to the way funding is paid is responsible for creating the opportunity for profiteering. Indeed, at the time of writing this report, the JSCEM has a recommendation before it to return funding to a reimbursement scheme as a means of eliminating the opportunity for profits being made.

2.11 The contention that the reintroduction of direct reimbursement of campaign expenses would prevent profiteering is mistaken. The opportunity for profiteering on funding existed, and most likely occurred, under the previous reimbursement scheme.

2.12 There are various means by which a party (or candidate or Senate group) could evidence legitimate campaign expenses even though those "expenses" did not amount to a true cost to the party of the campaign. At its simplest, a party could receive funding for campaign expenses incurred personally by its candidates but then not fully reimburse them for those expenditures. In other cases all that would be required is for a party to incur expenditure that otherwise would not have been incurred, which is then either not actually paid or which ends up being donated back to the party. (For example, instead of a printing firm offering a discount on the production of campaign material it might invoice the party at the full price and then donate some or all of its fee back to the party.) Either way the party has valid, documentary evidence of campaign expenditure that would qualify for reimbursement. Similarly, services which would otherwise have been received on a volunteer basis or for a nominal fee may be contracted for with the party or candidate. Such services might range from the campaign manager right through to polling day workers and even candidates themselves. Such contracts and expenses are added on to a claim for election funding as needed until a payment of the full funding entitlement is ensured. The contracts

are legally binding and clearly constitute claimable campaign expenditure but the contracts may never be paid out on, or some or all of the fee may later be donated back to the party. Either approach results in a profit to the party on its election funding.

2.13 A reimbursement scheme does not prevent profiteering on election funding. On previous experience, if a reimbursement scheme were to be reintroduced, it can be expected that full entitlements would nearly always be paid, as now occurs under the direct payment scheme. Also, reimbursement of expenditure would result in added administration and cost to the AEC and many claimants. In many instances it could be expected to result in sometimes lengthy delays in payments being made. The AEC, therefore, strongly opposes the reintroduction of an election funding scheme based on the reimbursement of proven campaign expenditure.

PART 3

ELECTION DISCLOSURE RETURNS

Disclosure of Donations and Expenditure by Candidates and Senate groups

Disclosure of Donations Received

3.1 All House of Representatives and Senate candidates along with jointly endorsed and unendorsed Senate groups must disclose election donations received. Where a candidate receives donations from a single person or organisation totalling \$200 or more, the candidate must disclose the name and address of that donor and the date and value of each donation received. Senate groups have the same disclosure obligation, however, the threshold at which detailed disclosure is required is set at \$1,000.

3.2 Candidates who had stood previously in a federal election (within 4 years for the House of Representatives and 7 years for the Senate), whether or not they were elected, must disclose donations received from the 31st day after the polling day in that prior election until the 30th day after polling day in this election. For other candidates the disclosure period commences from the date they announced their candidacy, which for endorsed candidates is usually the date of pre-selection. The disclosure period for Senate groups commences from the date of applying to be grouped on the ballot paper.

Disclosure of Electoral Expenditure

3.3 House of Representatives and ungrouped Senate candidates, as well as jointly endorsed and unendorsed Senate groups, must disclose expenditures incurred on campaign goods or services used from the issue of the writ until the close of polling. Disclosure is restricted to the following categories:

- i) broadcasting advertisements (including production costs);
- ii) publishing advertisements (including production costs);
- iii) displaying advertisements at a place of entertainment (including production costs);
- iv) campaign material where the name and address for the author is required (e.g. how-to-vote cards, pamphlets, posters);
- v) direct mailing; and
- vi) opinion polling or other research relating to the election.

Only totals of expenditure under each category are disclosed. No disclosure is required of the persons and organisations to whom those payments are made.

Receipt of Returns

3.4 Donations received and expenditure incurred by the campaign committees of endorsed candidates are deemed by the Act to be transactions of the party, not the candidate. This deeming provision, along with the centralised nature of much campaigning, sees most endorsed candidates submit 'nil' returns. (The disclosures of political parties which cover the 1998 federal election and the Newcastle supplementary election did not go on

public display until 1 February 2000.) The only problems usually encountered in obtaining returns by the due date of 15 weeks after polling day arise with some independent and smaller party candidates.

Disclosures by Third Parties

3.5 The term 'third party' refers to persons or organisations, who are under an obligation to lodge a disclosure return because of indirect involvement in a federal election. Third parties are separate from registered political parties, candidates, Senate groups, associated entities, broadcasters or publishers.

Disclosure of Donations Made

3.6 Third parties disclose donations totalling \$200 or more made to an individual candidate. This disclosure threshold parallels that for candidates when disclosing donations received. The apparent doubling up of disclosure of donations to candidates is necessary because of the donors' additional obligation to disclose the sources of their funds in certain circumstances (see paragraph 3.9 below).

3.7 However, there is an anomaly in the legislation in that disclosure is not required by donors to Senate groups that have either been jointly endorsed or are unendorsed. To ensure complete disclosure at elections, these donors should also be required to lodge donor returns and to disclose any donations they received that assisted them in making their donations. This would result in consistent treatment with donors to candidates.

Recommendation 1

Require disclosure by donors who have made donations of \$1,000 or more to Senate groups the members of which have not all been endorsed by the one registered political party and disclosure by those donors of any donations they received of \$1,000 or more which they used, in whole or in part, to incur expenditure for a political purpose.

Disclosure of Electoral Expenditure

3.8 Where third parties have incurred electoral expenditure totalling \$200 or more they are required to lodge a return. Disclosure is limited to the same time period and six categories of expenditure set out for candidates and Senate groups in paragraph 3.3 above. Most often these disclosures are required as a result of an organisation or lobby group undertaking an independent advertising campaign on an election issue during the disclosure period.

Disclosure of Donations Received

3.9 Third parties are also required to disclose donations totalling \$1,000 or more received from a single person or organisation which were then used to incur at least \$1,000 of 'expenditure for a political purpose'. Expenditure for a political purpose can be incurred

anytime from the 31st day after the previous federal election to 30 days after polling day for the current election and is defined as:

- i) broadcasting or publishing, by any means, matter which is intended or likely to affect voting in an election;
- ii) publicly expressing views, by any means, on an issue in an election;
- iii) making a donation to a branch of a registered political party;
- iv) making a donation to a candidate or Senate group; or
- v) making a donation to a person on the understanding that it will be used, in whole or in part, in funding any activities listed above.

Expenditure for a political purpose is not itself disclosed, although there is some overlap with other disclosures required by the Act. Its function is only as a trigger for the disclosure of donations received that were then used to incur such expenditure.

3.10 The different definitions for expenditure for a political purpose (which is not disclosed) and electoral expenditure (which is disclosed) create confusion for third parties and unnecessarily complicate the task of disclosure. The disclosure of donations received could be greatly simplified if it were matched to the disclosures already required by third parties of their election expenditures and donations made to candidates and Senate groups.

3.11 To ensure the true source of those donations is always disclosed, the requirement to disclose donations received where the electoral expenditure or donation made was indirect must be retained.

Recommendation 2

Amend the requirement for a third party to lodge a return of donations received to instances where those donations were used in whole or in part on electoral expenditure or donations made which are required to be disclosed by the third party for that same election.

Receipt of Returns

3.12 As third parties are identified, they are sent an explanatory handbook by the AEC along with copies of all three election disclosure returns to help make the process as easy as possible. While most third parties remain unaware of their disclosure responsibilities, once advised most cooperate by lodging their returns within the statutory deadline of 15 weeks after polling day. For the October federal election this deadline was 30 November 1998 and for the Newcastle supplementary election it was 18 January 1999.

3.13 The only complication is with third party donors as they are mostly identified from candidates' disclosure returns. Because candidates have the same lodgement date for their returns, when they lodge close to that deadline the AEC is unable to advise donors of their disclosure obligation in time for them to meet the statutory deadline leaving them, technically, in breach of the Act.

Disclosure of Electoral Advertisements by Broadcasters and Publishers

Disclosure

3.14 Broadcasters are required to disclose certain details of electoral advertisements placed with them over the period from the issue of the writ until the close of polling. Publishers must also disclose electoral advertisements but only where the total charged exceeded \$1,000. Details required to be disclosed for each advertisement include who placed the advertisement and on whose behalf, when and where it was broadcast or published, the charge and whether that charge was made in line with normal commercial rates.

Receipt of Returns

3.15 Broadcaster and publisher returns must be lodged within eight weeks following polling day. The deadline for lodgement of returns for the October federal election was 30 November 1998 and for the Newcastle supplementary election it was 18 January 1999.

3.16 The 1996 Report discussed the fact that broadcaster and publisher returns are rarely ever inspected once placed on the public record. Following the release of the 1998 election returns there was not one request to inspect these returns. The AEC likewise makes little use of the information contained in these returns.

3.17 The AEC sees no justification in the continuation of this administrative and financial imposition upon broadcasters and publishers. Just as the election disclosure requirement that originally existed for printers was found to be redundant and therefore abolished, the election and referendum disclosure obligations for broadcasters and publishers should also be repealed. Donations by broadcasters and publishers, including instances where favourable advertising rates were charged, would of course continue to be subject to the general disclosure requirements.

Recommendation 3

Abolish the requirement for broadcasters and publishers to lodge disclosure returns following an election or referendum.

PART 4

ANNUAL DISCLOSURE RETURNS

Political Parties

Disclosure

4.1 Political parties, on an annual, financial year basis, are required to lodge returns disclosing the totals of all their receipts, payments and debts. Detailed disclosure must also be made of persons and organisations for whom receipts or debts aggregate to \$1,500 or more. When preparing their disclosure returns all transactions by, or on behalf of, parties must be consolidated into these returns, including local branches and committees. No transactions are excluded from the returns, with even non-monetary, gifts-in-kind having to be disclosed.

4.2 The requirement for a political party (or an associated entity) to lodge an annual return is triggered by the end of a financial year on 30 June. But this trigger means that there is no provision for disclosure by a political party in the financial year that it is deregistered. This omission would appear to be a simple oversight in the legislation that should be corrected. Political parties and their associated entities should lodge final disclosure returns upon deregistration and/or cessation of operations.

Recommendation 4

The party agent or, in the absence of a registered party agent those persons who currently form or last formed the party's Executive Committee, be required to lodge an annual return within 16 weeks of the date of deregistration of the party covering the period from 1 July until the date of deregistration.

The financial controller of an associated entity should be required to lodge a return covering the period up to the deregistration of the political party that it was associated with, or the period up to when the associated entity ceases operations, as the case may be.

Record Keeping

4.3 The Act requires persons who make or obtain records which may contain information required to be disclosed in a return to the Commission, to retain those records for three years. Failure to retain such records is punishable by a fine of up to \$1,000. The Act does not, however, place any obligation upon persons to maintain financial records to a standard that allows them to fully comply with the disclosure requirements of the Act. There is no requirement for persons to initiate records, such as documenting donations received, or to obtain records, such as receipts for monies paid, or to keep a set of accounting records.

4.4 Allowing persons handling financial transactions to not make a record of those transactions weakens disclosure. To be fully effective the current obligation for persons to

retain records must be underpinned by a requirement to firstly initiate and obtain appropriate records which allow that person to fully comply with the disclosure provisions of the Act.

Recommendation 5

Persons who fail to make or maintain such records as enables them to comply with the disclosure provisions of the Act be subject to the same penalty provisions as apply to persons who fail to retain records.

Associated Entities

Disclosure

4.5 The Act defines an associated entity as being an organisation that either:

- (a) is controlled by one or more registered political parties; or
- (b) operates wholly or to a significant extent for the benefit of one or more registered political parties.

4.6 Organisations continue to ask whether they fall within the definition of associated entity. Some entities submit disclosure returns accompanied by a disclaimer that it is not to be interpreted as an acceptance of their legal responsibility to do so. These disagreements in interpretation between the AEC and some organisations are in part due to the imprecision in the Act's definition. In particular the terms 'controlled', 'to a significant extent' and 'benefit' need to be clarified, but without limiting their general meaning.

4.7 The *Electoral and Referendum Amendment Act 1999* has broadened the definition of associated entity from being one that 'operates wholly or mainly for the benefit of one or more registered political parties' to 'operates wholly or to a significant extent for the benefit of one or more registered political parties'. While the intent of this change seems to be to further prevent organisations from structuring their affairs to avoid disclosure as associated entities, the AEC is concerned that it adds yet further imprecision to the definition which ultimately may only be able to be resolved before the courts on a case by case basis. The AEC believes that the aims of the legislation can be better realised by clarifying the existing definition of associated entity to remove arguments over interpretation.

Recommendation 6

The definition of an associated entity be clarified by inserting the following interpretations into the Act:

- 'controlled' to include the right of a party to appoint a majority of directors or trustees;
- 'to a significant extent' to mean the receipt by a political party of more than 50% of the distributed funds, entitlements or benefits enjoyed and/or services provided by the associated entity in a financial year; and
- 'benefit' to include the receipt of favourable, non-commercial terms and instances where the party ultimately enjoys the benefit.

4.8 In its 1996 Report the AEC sought a new power to inspect relevant documentation of organisations for the purpose of ascertaining whether that organisation has an obligation to disclose as an associated entity. This power was granted to the AEC in July 1998 as part of the amendments included in *Electoral and Referendum Amendment Act 1998*. The AEC is conscious of the perceived intrusiveness of this provision, with the result that it has so far exercised this option sparingly. It remains the AEC's objective to act cooperatively wherever possible when administering the disclosure provisions of the Act and the simple existence of the inspection power assists the AEC in this regard.

Anonymous Donations

4.9 An 'anonymous donation' is a donation where either the name or the address of the person or organisation that made the donation is not known at the time the donation is received. It is illegal for political parties, Senate groups and candidates to receive anonymous donations that exceed set thresholds. It is not, however, illegal for associated entities to receive anonymous donations.

4.10 The anonymous donation provision is important to the goal of full disclosure by preventing the receipt of gifts from unknown and therefore undisclosed sources. The introduction of detailed annual disclosure by associated entities was also aimed at helping ensure full disclosure by preventing political parties channelling transactions through third parties with limited disclosure obligations. The current provisions, however, still allow an avoidance of disclosure of the source of funds to political parties by allowing associated entities to accept anonymous donations of any value and then pass them on to a party, candidate or Senate group.

4.11 This would appear to be an oversight in the legislation. The necessity to prohibit the receipt of anonymous donations by political parties is equalled by the necessity to prohibit their receipt by associated entities.

Recommendation 7

The prohibition on the receipt of an 'anonymous donation' be extended to associated entities on the same basis as for those made to registered political parties.

Donors to Political Parties

Disclosure

4.12 Donors to political parties must disclose donations totalling \$1,500 or more within a financial year made to the one political party. Once the \$1,500 threshold is reached, the amount and date of each separate donation must be disclosed along with the name and address of the recipient party.

Receipt of Returns

4.13 Donors are required to lodge their disclosure returns within 20 weeks following the end of the financial year on 30 June. This is the latest deadline for lodgement of an annual return, being four weeks later than for political parties and associated entities. The staggered deadline is intended to provide the AEC time in which to identify possible donors who have not already lodged returns from the listings of receipts disclosed by political parties and associated entities and then be able to give donors sufficient notice to allow them to meet their lodgement deadline. This is a tight schedule and in reality it is impossible in many cases for donors to be given adequate notice because most of the larger political parties rarely ever lodge their returns before their deadline of 16 weeks, and many are lodged late.

4.14 A complication remains in that party and associated entity disclosure returns do not separately identify donations from general receipts. This necessitates the AEC approaching persons without a disclosure obligation querying whether they have in fact made a donation.

Split Donations

4.15 The AEC continues to witness instances of apparent cases of donation splitting to avoid disclosure. Instead of a single large donation being made to a party, the donation is split into a number of donations each falling below the disclosure threshold of \$1,500. The donations can be split between family members and a family business and also across the various State and Territory branches of a party, each of which is treated as a separate party for disclosure purposes.

4.16 The Act already demands that related companies be treated as a single entity for disclosure purposes. The AEC does not believe that any such deeming provision is possible to overcome the scenarios outlined above. The only practical deterrent to donation splitting is to maintain a low disclosure threshold.

PART 5

THE GREENFIELDS FOUNDATION

5.1 The primary public concern over the effectiveness of the Act's disclosure provisions since the 1996 report has centred around The Greenfields Foundation (Greenfields). Greenfields is a trust to which the Federal Secretariat of the Liberal Party owed \$4,450,000 as at the 30th of June 1999. This amount had reduced from an original amount of \$4,750,000 in 1996 by three payments by the party, each of \$100,000. The debt was assigned to Greenfields by Mr Ron Walker following the party acknowledging an obligation to indemnify him for his payment in discharge of a guarantee over an existing debt of the party. The AEC has undertaken extensive inquiries into the transactions surrounding the debt owed to Greenfields.

5.2 As the result of a compliance audit of the Federal Secretariat of the Liberal Party in 1998, the AEC required an amendment to be made to the party's 1996/97 annual disclosure return acknowledging the receipt of a sum from Mr Ron Walker. Correspondence with Mr Walker advised him that any persons or organisations from whom he had received donations which were used by him in making his payments totalling \$4,750,000 may have disclosure obligations under the Act (the Act deems that donations of \$1,500 or more made for the purpose of benefiting a registered political party are disclosable even where those donations were not made direct to the party). After follow-up inquiries, Mr Walker stated that he had not received any such donations.

5.3 The AEC also wrote to the trustees of Greenfields seeking associated entity disclosure returns. The trustees responded that their view was that Greenfields was not an associated entity, citing the objects of its trust deed that limited it to the purpose of making donations to charitable organisations with a further restriction that it could not make donations to political parties. Subsequent to these inquiries, the Act was amended giving the AEC the power to inspect the records of organisations for the purpose of determining whether, in its opinion, that organisation has a disclosure obligation as an associated entity. The AEC exercised this new power in relation to Greenfields and examined the records of the foundation.

5.4 The AEC formed the view that, notwithstanding the provisions of its trust deed, Greenfields was an associated entity. It was concluded that Greenfields was treating the Liberal Party in an uncommonly favourable manner in that it appeared that annual repayments of only \$100,000 on the original debt of \$4,750,000 had been demanded and that no interest had been charged or demanded. The AEC's view was that the trustee's lenient treatment of the Liberal Party in servicing the debt represented a benefit to the party.

5.5 The AEC wrote to Greenfields in September 1999 demanding lodgement of disclosure returns covering the 1996/97, 1997/98 and 1998/99 financial years. On 11 November the returns were lodged, although unsigned and under protest, with the trustees maintaining their view that Greenfields is not an associated entity. The AEC accepted the returns, although unsigned, as they were accompanied by a signed letter from Greenfields' financial controller which stated that they contained all the information that an associated entity would be required to disclose.

Implications for Disclosure

5.6 It is apparent that a person, or in certain circumstances a corporation, who wished to avoid full and open disclosure could do so by a series of transactions based on the Greenfields model. The AEC believes that such potential circumventions of the intention of the public disclosure provisions in the Act should be addressed legislatively as a matter of priority.

5.7 In its simplest form this type of arrangement might be structured as follows:

- first, a person (the guarantor) gives a personal guarantee to a financial institution over the debt of a political party;
- next, the guarantor at some later time pays out the guarantee with the result that the political party then becomes indebted to the guarantor in place of the financial institution; and
- the guarantor then legally assigns that debt to another person (the creditor) in the course of the same financial year in which the guarantee was paid.

5.8 In an example such as the above, the identity of the guarantor and the payment of the guarantee would not need to be disclosed in any return lodged with the AEC because:

- the giving of the guarantee is not, in terms of the Act, a gift to the party;
- the payment under the guarantee is not of itself a gift to the party as the guarantor has a right to reimbursement of that sum from the party;
- the party has not received any money from the guarantor (the financial institution is the recipient of the guarantor's money); and
- there is no debt outstanding from the party to the guarantor as at the end of the financial year.

5.9 Instead, only the creditor would be disclosed by the party as being owed the outstanding balance of the debt arising from the payment of the guarantee. Should the creditor not have any individual disclosure obligations, for instance as an associated entity, the identity of the guarantor - the real source of the funds - need not be disclosed anywhere.

5.10 To continue the scenario outlined above, even if the creditor were to forgive the debt owed to it by the political party, it is likely that no disclosure would be required of the gift to the creditor of the debt assigned by the guarantor despite the fact that the political party ultimately has been financially advantaged by arrangements initiated by the guarantor. The AEC believes that the identity of the guarantor in such circumstances is potentially as important to the public record as in the case of a donor to a political party, but under the current legislation that disclosure may not be required.

5.11 The issue of non-disclosure, however, is potentially deeper than just the suppression of the identity of the guarantor. It could be the case that the money used by the guarantor to pay the financial institution was provided by another person (the donor). Subsection 305B(2) of the Act deems that a person who makes a donation to another person with the intention of benefiting a political party is taken to have made that donation direct to that political party. In whatever circumstances the payment of a guarantee over the debt of a political party has taken place, that political party has benefited. The donor, who was the true source of the funds used to pay that guarantee, could have a disclosure responsibility under this deeming provision; however, disclosure cannot be guaranteed. It is most likely that, under this scenario, the donor would not know of their disclosure responsibility. This ignorance is compounded by the lack of any legal compulsion for the AEC to be notified of the transaction or of the donor's identity - the guarantor who received the donation has no obligation to disclose its receipt, and the political party which has been the beneficiary may not even know of the donation to the guarantor and therefore would not disclose it. Ultimately the AEC, which is tasked to administer disclosure in the interests of transparency in the political financing process, has no means of identifying the donor and obtaining a disclosure return.

5.12 The failure of the donor to lodge a disclosure return in these circumstances and the inability of the AEC to identify that donor and enforce their disclosure responsibility is a serious loophole open to exploitation, either intentionally or unintentionally. It is the opinion of the AEC that recent amendments to the Act effected by the *Electoral and Referendum Amendment Act 1999* do not fully address the loophole as outlined above, primarily because there remains no requirement for disclosure of the guarantor and therefore no link to the donor, the true source of the funds. That is to say, the AEC, and therefore the public, would still never know of the donor or the donation unless the donor knew of their disclosure responsibility and initiated their own compliance with the Act.

5.13 The AEC believes that the simplest and most effective way to close this loophole is for the Act to deem the payment of a guarantee to be a donation. This would complement the initiative of the *Electoral and Referendum Amendment Act 1999* for donors to political parties to disclose donations they have received. These changes would ensure that there is a complete trail of disclosure back to the true source of funds received by, or of benefit to, political parties - an essential precondition if the disclosure system is to be effective. While the payment of a guarantee is not identical to the making of a donation, the fact that a benefit is obtained by a political party in either instance is the critical issue and all benefits received by a political party that have a financial value should be disclosed if the intent of the Act is to be honoured.

Recommendation 8

The payment of a guarantee to be deemed to be a gift for the purposes of the disclosure provisions of the Commonwealth Electoral Act.

5.14 The amendment made to the Act by the *Electoral and Referendum Amendment Act 1999* required donors to political parties to disclose details of donations of \$1,000 or more they received in making their donations. The AEC believes that for clarity and consistency

this threshold should be set at the same level as for the disclosure of donations made to a political party, that is to say, at \$1,500.

5.15 Further, the amendment contains a potentially serious flaw in that it does not specify, as is done elsewhere in the disclosure provisions of the Act, that two or more donations from the same person are to be taken as the one donation. Such a provision is intended to prevent a person from evading disclosure by splitting their donation into a number of amounts each falling under the set threshold.

Recommendation 9

Raise the threshold at which donors to political parties are required to disclose gifts received and used by them, either in whole or in part, to fund their gifts to a registered political party from \$1,000 or more to \$1,500 or more to maintain a consistent value at which the Act deems disclosure necessary.

Recommendation 10

The threshold at which donors to political parties are required to disclose gifts received of \$1,000 or more (or \$1,500 or more if the above recommendation is accepted) to include two or more gifts from the same source which together exceed that threshold.

5.16 Whatever legislative scheme is adopted, there continues to be a question whether donors to political parties are making complete and accurate disclosures, especially in regard to the sources of funds they may have used in making their donations. Annual disclosures by political parties and associated entities are subject to routine compliance audits by the AEC as an independent assurance of their veracity. This audit function also covers 'prescribed persons' listed at Appendix 3. Prescribed persons include donors to candidates but, in an apparent oversight in amendments made to the Act by the *Commonwealth Electoral Amendment Act 1995*, no longer to donors to political parties.

5.17 The AEC recognises that the blanket auditing of donors to political parties would be intrusive and of little value in many cases. Such action is also likely to discourage the giving of donations. Nevertheless there is a strong public interest consideration in having the disclosure regime enhanced by making persons and organisations who make substantial donations to political parties open to compliance audits by the AEC. It is perhaps worth noting that donors to candidates and Senate groups, indeed all third parties at an election including those listed in this Report at Appendix 3, already are subject to compliance audits, but that the AEC has not seen the need to date to ever conduct such an audit.

Recommendation 11

Donors to political parties above a predetermined threshold be subject to compliance audits.

Disclosure of Contingent Liabilities

5.18 Expenses or debts that have not yet arisen but are contingent upon the occurrence of some other event, could nevertheless be as significant to a political party or an associated entity as an existing debt. Debts are disclosable because it is recognised that a creditor potentially is in a position of attempting to exert influence over a party that is carrying significant debt.

5.19 The giving of a guarantee over a party's debt is one example of a contingent liability. It does not of itself give rise to a debt and, therefore, there is no disclosure required currently of the existence of the guarantee. But even without a debt ever arising from the guarantee, its very existence is a matter of public interest.

5.20 The giving of a guarantee would not be required or given except where necessary for a party to maintain or extend its level of debt with a creditor. There is clearly a benefit being provided to the party in having its debt guaranteed. The rationale for the disclosure of donations is that the provision of a benefit to a party has the potential to come with 'strings attached' and that the public interest is served by having such transactions publicly disclosed. This rationale is equally applicable to an instance such as the giving of a guarantee.

5.21 Other contingent liabilities could also be used as leverage to 'strike a deal' with a political party. For instance, court action against a political party could be dropped after receiving some other favourable treatment, such as being awarded a large government contract. Again, without disclosure of the contingent liability there is no public transparency of any such transaction.

5.22 Contingent liabilities are no more likely to be successfully used to corruptly influence a political party than donations, but if donations and debts are required to be disclosed, there is an equivalent need to disclose contingent liabilities. Contingent liabilities, such as the giving of a guarantee over party debt, should be disclosed where the potential liability could exceed \$1,500.

Recommendation 12

Contingent debts be treated identically to current debts for disclosure purposes.

PART 6

COMPLIANCE AUDITS

Audit Coverage

6.1 Compliance audits were introduced to coincide with the commencement of the requirement for political parties to lodge annual disclosure returns from the 1992/93 financial year onwards. When annual disclosures were extended in 1995 to require detailed returns to also be lodged for associated entities, compliance audits were similarly extended to cover associated entities. The AEC has since responded to this increase in workload by doubling the resources available to four auditor positions.

6.2 Following the completion of the first audit cycle, the AEC has moved to a risk-based approach in planning subsequent audit coverage. Major 'risk' elements that the AEC takes into account include the total value of parties' transactions as well as parliamentary representation and the results of previous audits.

6.3 The risk assessments do not reflect parties' compliance with disclosure but, rather, are designed to allow the AEC to most efficiently undertake its audit responsibilities by focussing on those areas of greatest importance. This will, naturally, see the larger branches of the larger parties being audited more regularly than smaller parties. All parties will continue to be audited at least once in a three year cycle. The extent of coverage for individual parties, however, will be tailored according to the perceived risk associated with their disclosure responsibilities.

Scope of Audits

6.4 The AEC's objective is to have all annual disclosure returns ready to be released for public inspection each 1st of February. The integrity of these disclosures upon their public release, however, is reliant upon the diligence and competence of those who have lodged the returns. The limited resources of the AEC to conduct compliance audits and the fact that many political parties take the opportunity for a Christmas wind down means the AEC is not in a position to verify disclosures before their public release.

6.5 The purpose of compliance audits is to assess whether the annual disclosure returns lodged by political parties and associated entities are complete and accurate records. Compliance audits are routine and their scope is limited under the legislation. These audits are not able to become 'fishing expeditions' extending beyond the records that support the transactions required to be disclosed. To mount more detailed investigations, the AEC is required to operate under a separate provision of the Act and, must have reasonable grounds for believing that there may have been a contravention of the disclosure provisions of the Act. The AEC is not entitled by the Act to mount investigations simply on the basis of suspicion or hearsay allegations.

Conduct of Audits

6.6 The AEC overwhelmingly encounters cooperation from party and associated entity office holders, employees and volunteers when conducting its audits. Most parties and entities have now experienced at least one AEC audit and are familiar and comfortable with how they are conducted.

6.7 At the conclusion of each audit a report is presented to the party or associated entity and discussed with them. These reports canvass the observations of the audit team and advise of any amendments or corrective action that is necessary to ensure compliance with the disclosure provisions of the Act. These reports and the supporting working papers contain information that is not required by the Act to be disclosed and placed in the public arena. For this reason they are treated as being strictly confidential between the AEC and the party or entity and the AEC does not publicly release their contents.

6.8 Overall parties are more competently meeting their disclosure responsibilities than when the AEC last reported. Even so, a major concern remains in that political parties in particular are not always according sufficient priority to the task of disclosure. Most often this results in numbers of decentralised party units (such as local branches and campaign committees) not reporting their finances to the party's agent. This results in them not being incorporated into the return lodged for the party. In some cases individual party units may have receipts of tens of thousands of dollars which means that material disclosures are sometimes not being included in the returns lodged by parties. The lack of priority can also sometimes mean that the party's own central accounts are not always accurately reflected in the disclosure return.

6.9 Naturally, disclosure may not always be seen as a core function by a political party but it nevertheless must be seen as a core responsibility. Disclosure equals financial accountability to the Australian public and given the level of financial assistance provided to parties through public funding, that accountability is vital.

6.10 Political parties continue to voice concerns over the imposition placed upon volunteers, particularly party unit treasurers, by disclosure and audit. The AEC observes, however, that this concern is rarely backed up by any significant effort by the parties in supporting their volunteers by way of providing basic bookkeeping guidelines or training. Compliance with the Act demands only the simplest recording of cash in, cash out and debts and does not require bookkeeping knowledge or experience. The AEC estimates that financial disclosure reporting responsibilities could be discharged by a treasurer of all but the largest party unit in a matter of minutes even where only the barest records are maintained. The public responsibility accepted by party volunteers when taking on the role of treasurer is perhaps intimidating to some, but it is not onerous.

6.11 Some parties have expressed the worry that a consequence of these demands may be that volunteers will be discouraged from taking on positions of treasurer. While sympathetic should such a situation ever result, the AEC cannot see that any less can be expected from party treasurers if disclosure is to be effective. Taxpayers, whose taxes

contributed almost \$34 million in public funding at the 1998 elections, have a right to expect no less.

PART 7

PARTY REGISTRATION

Political Parties registered for the 1998 Federal Election

7.1 Seventy-seven political parties were registered for the 1998 federal and Newcastle supplementary elections. This number of parties may seem surprisingly high but is largely due to the fact that many parties choose to separately register each of their State and Territory branches even though this is not necessary under the Act. A full listing of parties registered for the elections appears at Appendix 4.

Registration of Political Parties

7.2 The legislation and administration governing registrations of political parties at State and federal levels have in recent times come under sharp scrutiny. Concerns have, in particular, been prompted by the large number of small parties registered for the 1999 New South Wales upper house election which resulted in a 'tablecloth sized' ballot paper and by the deregistration of Pauline Hanson's One Nation by the Electoral Commission Queensland after a finding by Justice Atkinson of the Queensland Supreme Court. These concerns, while not directed at the federal system, have some resonance.

7.3 Federal registration carries more benefits than just the entitlement to have the party name or abbreviation printed beside candidates' names on ballot papers. The agent of a registered party becomes the payee for the election funding entitlements of its candidates and groups. Further, a registered party is entitled to receive printed and electronic copies of the Commonwealth Electoral Roll. Clearly, private roll information should be protected from persons and entities not entitled to it.

7.4 The Act requires, amongst other things, that to be federally registered a political party must have either:

- a) at least one member who is a member of a Federal or State Parliament or a Territory legislature; or
- b) 500 members who are entitled to enrolment on the Commonwealth electoral roll.

Parties are recognised respectively as Parliamentary and Non-Parliamentary parties under the Act. The rights and entitlements of Parliamentary and Non-Parliamentary parties are largely identical, but the Act does specify some slight differences in administrative operations, such as deregistration.

Review of the Register of Political Parties

7.5 The AEC seeks to undertake periodic reviews of the continued eligibility of political parties to federal registration. These reviews are an administrative initiative and are not expressly authorised by the Act. As a result, some parties have questioned the AEC's authority to conduct these reviews.

7.6 The AEC believes that reviewing the Register of Political Parties is the sole effective means of ensuring that only entitled political parties remain registered and enjoy the benefits of federal registration. To guarantee the integrity of the Register of Political Parties, the AEC believes that reviews of the continued eligibility of political parties to registration should be underpinned by express legislative authority.

Recommendation 13

The Australian Electoral Commission be given express legislative authority to:

- **conduct reviews of the continuing eligibility of registered political parties;**
- **specify the documentation it requires parties to produce in support of their application for registration and their continued right to remain registered; and**
- **deregister a political party if it fails to produce the documentation requested by the Australian Electoral Commission in support of its continuing right to remain registered.**

Membership of Political Parties

7.7 As mentioned above, in order to be eligible to be counted among the 500 members of a Non-Parliamentary political party for registration purposes, the Act requires that a party member be entitled to enrolment on the Commonwealth electoral roll. Apart from this specific requirement, the Act does not define, or place any preconditions or restrictions upon being, a member of a political party. The terms and conditions of membership are governed entirely by the rules of individual parties.

7.8 While 500 members are needed to register a Non-Parliamentary party, any three can deregister their party. In either instance it is critical that the AEC be able to establish a person's standing as a member beyond any doubt. But many of the less established parties have deficient rules governing their membership which undermines the AEC's ability to establish with certainty a person's status as a party member.

7.9 The AEC believes that the Act should set the following further requirements for party membership under the Act for registration purposes:

- the person has been accepted as a member according to the party's written rules;
- a period of not more than 12 months has elapsed from the date the person joined or last renewed their party membership; and
- the person has paid a minimum annual membership fee of at least \$5.00 in respect of that period.

7.10 Just as the current registration condition on membership does not preclude parties from having members who are non-citizens, these additional rules would not prevent parties from offering memberships that do not meet these requirements. Other classes of membership that do not conform to these rules, such as life memberships, would still be

allowable under parties' own rules but simply could not be counted for federal registration purposes.

Recommendation 14

The definition of a member of a political party be expanded to include the requirements for a person to have:

- **been formally accepted as a member according to the party's written rules;**
- **joined the party or renewed their membership within the previous 12 months; and**
- **paid a minimum annual membership fee of \$5.00.**

Parliamentary Political Parties

7.11 The membership criterion is effectively the legislative control that prevents unlimited numbers of parties being registered. Its intention is to ensure that parties demonstrate a level of support within the community, but a Member of Parliament acting alone can short circuit this condition by the option of registering a Parliamentary party. There have been recent cases of independents being elected to the New South Wales State upper house primarily on preferences, having received a relatively minor first preference vote. An MP elected with few first preference votes is nevertheless entitled to register a political party with no other members other than him/herself, but it must be questioned whether that MP, and therefore that party, enjoys the level of community support envisaged by the registration provisions of the Act. Even where the MP may have demonstrated direct electoral and community support, it does not necessarily follow that that support is automatically transferred to the new party. Similarly, the electoral support can be questioned of an MP elected with the endorsement of a registered party who then later resigns or is expelled from that party. Again, such an MP is free to register a political party without any demonstrated support for the party from the community. Rather, the reverse can be the case - the registration of a party is used as the genesis for building public support.

7.12 The entitlement of an MP to automatically register a political party allows manipulation of the registration procedures. There is at present no restriction on the number of political parties of which an MP may be a member. In the past this has allowed MPs to register, or assist the registration of, more than one political party. Such parties are entitled to registration regardless of the level of community support they might have. This provision also affords an MP the opportunity to reserve another party name simply by registering a 'shelf' party, without having to show that there is any intention of the party being operative. Such manipulation of the registration system also comes at a cost to the taxpayer of around \$8,000 to \$10,000 for each application.

7.13 The AEC can see no justification for the Act continuing with the presumption that a political party that has an MP as a member necessarily enjoys community support equivalent to 500 members. Indeed, the current situation is open to exploitation not only of the registration provisions of the Act but also of the electoral process through registration of multiple parties.

Recommendation 15

Consideration be given to amending the provision for a political party qualifying for registration on the basis of having one or more members who are members of a Federal or State parliament or a Territory legislature as an alternative to having 500 members, to either:

- **remove the option from the Act altogether;**
- **restrict Members of Parliament to only be able to lend their name to a single political party for registration purposes; or**
- **restrict this option to only members of the Federal Parliament.**

Constitutions of Political Parties

7.14 Parties are free to organise themselves according to the constitutions upon which they are founded. The AEC's observation, however, is that while the major, established parties have detailed rules governing their operations many smaller parties have few if any meaningful rules. For instance, the procedures for accepting persons into a party as members or for terminating those memberships are often absent or indeterminate, as are procedures for installing and removing party office bearers.

7.15 While the Act should not impose itself unnecessarily on the internal structure and operations of political parties, some deficiencies in a party's constitution can undermine the administration of the party registration provisions of the Act. While political parties should be allowed to organise their own affairs, clearly there is an obligation for them to meet minimum requirements of legislation such as the Commonwealth Electoral Act. Unlike what currently applies to federally registered political parties, unincorporated associations, for example, have model rules which they can be required to follow. The Act should provide the AEC with the power to set standard rules which would supplant deficient rules.

Recommendation 16

The Act provide the Australian Electoral Commission with the power to set standard, minimum rules which would apply to registered political parties where the party's own constitution is silent or unclear.

PART 8

SUMMARY OF RECOMMENDATIONS

Recommendation 1

Require disclosure by donors who have made donations of \$1,000 or more to Senate groups the members of which have not all been endorsed by the one registered political party and disclosure by those donors of any donations they received of \$1,000 or more which they used, in whole or in part, to incur expenditure for a political purpose.

Recommendation 2

Amend the requirement for a third party to lodge a return of donations received to instances where those donations were used in whole or in part on electoral expenditure or donations made which are required to be disclosed by the third party for that same election.

Recommendation 3

Abolish the requirement for broadcasters and publishers to lodge disclosure returns following an election or referendum.

Recommendation 4

The party agent or, in the absence of a registered party agent those persons who currently form or last formed the party's Executive Committee, be required to lodge an annual return within 16 weeks of the date of deregistration of the party covering the period from 1 July until the date of deregistration.

The financial controller of an associated entity should be required to lodge a return covering the period up to the deregistration of the political party that it was associated with, or the period up to when the associated entity ceases operations, as the case may be.

Recommendation 5

Persons who fail to make or maintain such records as enables them to comply with the disclosure provisions of the Act be subject to the same penalty provisions as apply to persons who fail to retain records.

Recommendation 6

The definition of an associated entity be clarified by inserting the following interpretations into the Act:

- 'controlled' to include the right of a party to appoint a majority of directors or trustees;
- 'to a significant extent' to mean the receipt by a political party of more than 50% of the distributed funds, entitlements or benefits enjoyed and/or services provided by the associated entity in a financial year; and

- 'benefit' to include the receipt of favourable, non-commercial terms and instances where the party ultimately enjoys the benefit.

Recommendation 7

The prohibition on the receipt of an 'anonymous donation' be extended to associated entities on the same basis as for those made to registered political parties.

Recommendation 8

The payment of a guarantee to be deemed to be a gift for the purposes of the disclosure provisions of the Commonwealth Electoral Act.

Recommendation 9

Raise the threshold at which donors to political parties are required to disclose gifts received and used by them, either in whole or in part, to fund their gifts to a registered political party from \$1,000 or more to \$1,500 or more to maintain a consistent value at which the Act deems disclosure necessary.

Recommendation 10

The threshold at which donors to political parties are required to disclose gifts received of \$1,000 or more (or \$1,500 or more if the above recommendation is accepted) to include two or more gifts from the same source which together exceed that threshold.

Recommendation 11

Donors to political parties above a predetermined threshold be subject to compliance audits.

Recommendation 12

Contingent debts be treated identically to current debts for disclosure purposes.

Recommendation 13

The Australian Electoral Commission be given express legislative authority to:

- conduct reviews of the continuing eligibility of registered political parties;
- specify the documentation it requires parties to produce in support of their application for registration and their continued right to remain registered; and
- deregister a political party if it fails to produce the documentation requested by the AEC in support of its continuing right to remain registered.

Recommendation 14

The definition of a member of a political party be expanded to include the requirements for a person to have:

- been formally accepted as a member according to the party's written rules;
- joined the party or renewed their membership within the previous 12 months; and
- paid a minimum annual membership fee of \$5.00.

Recommendation 15

Consideration be given to amending the provision for a political party qualifying for registration on the basis of having one or more members who are members of a Federal or State parliament or a Territory legislature as an alternative to having 500 members, to either:

- remove the option from the Act altogether;
- restrict Members of Parliament to only be able to lend their name to a single political party for registration purposes; or
- restrict this option to only members of the Federal Parliament.

Recommendation 16

The Act provide the Australian Electoral Commission with the power to set standard, minimum rules which would apply to registered political parties where the party's own constitution is silent or unclear.

**APPENDIX 1: SUMMARY OF RECOMMENDATIONS
MADE IN THE 1996 REPORT**

Recommendation 1

Payments of election funding must be made in the registered name of the particular party or branch.

Recommendation 2

Candidates and Senate groups be allowed to appoint agents up to 6:00 pm on polling eve.

Recommendation 3

The threshold for disclosure of donations to candidates be raised to \$1,000.

Recommendation 4

The threshold for disclosure of electoral expenditure by third parties be raised to \$1,000.00.

Recommendation 5

In their annual returns, political parties be required to identify donations separately from other receipts.

Recommendation 6

Political party annual returns be accompanied by a report from an accredited auditor.

Recommendation 7

The failure by the agent of a political party to lodge a disclosure return within 12 months of its due date be grounds for de-registration of that party.

Recommendation 8

The threshold for recovering 'anonymous donations' to registered political parties, candidates and Senate groups be the same as the disclosure thresholds.

Recommendation 9

The definition of an 'anonymous donation' be revised from the name or address not being known at the time of receipt to not being known at the time of disclosure.

Recommendation 10 *

The Australian Electoral Commission be empowered to serve a notice upon officers of an organisation for the purpose of ascertaining whether that organisation has an obligation to disclose as an associated entity. An organisation be provided with the right to appeal against a notice served upon it for the purpose of ascertaining whether that organisation has an obligation to disclose as an associated entity.

Recommendation 11 **

That a Member of Parliament only be able to lend his/her name to a single political party for registration purposes.

Recommendation 12

That a person can only hold one appointment as a Registered Officer at any one time.

Recommendation 13

A fee of \$500 to accompany an application for the registration of a political party and an application to change either the registered name or abbreviation of a political party.

Recommendation 14

The registered abbreviation of a political party should be restricted to either an acronym of, or a shortened version of, the party's registered name.

Recommendation 15 **

The procedures for the de-registration of a party originally registered as a parliamentary party and the review of that decision be the same as currently exist for a non-parliamentary party.

Recommendation 16

Require that the secretary of the party be one of the three party members to submit an application for the de-registration of a non-parliamentary party.

Recommendation 17

All de-registration decisions of the Australian Electoral Commission should be included as reviewable decisions under the Commonwealth Electoral Act.

Recommendation 18

The suspension of all party registration activity during the period of the issue of a writ be amended so that only the Australian Electoral Commission's decision with regard to the

registration, de-registration and changes to the Register of Political Parties other than to Registered Officer and Deputy Registered Officer details, is suspended.

* *Recommendation 10 was incorporated into the legislation in 1998.*

** *May be redundant if recommendation 15 in this Report is accepted.*

APPENDIX 2: ELECTION FUNDING PAYMENTS

To qualify for election funding a candidate or Senate group must win at least 4% of the formal first preference votes cast in that Division/State. The entitlement is then calculated on the total number of votes won. At both the 3 October 1998 federal election and the Newcastle supplementary election held on 21 November 1998 the funding rate was \$1.6221 per vote.

3 OCTOBER 1998 FEDERAL ELECTION

	House	Senate	Total
Australian Labor Party			
New South Wales	\$2,364,340.52	\$2,356,197.58	\$4,720,538.10
Victoria	\$2,045,936.89	\$1,870,443.51	\$3,916,380.40
Queensland	\$1,167,495.12	\$1,061,862.35	\$2,229,357.47
Western Australia	\$612,415.74	\$598,357.00	\$1,210,772.74
South Australia	\$517,883.00	\$491,981.31	\$1,009,864.31
Tasmania	\$243,937.89	\$208,240.33	\$452,178.22
ACT	\$159,919.59	\$136,040.66	\$295,960.25
Northern Territory	\$62,400.56	\$62,059.92	\$124,460.48
Total			\$13,959,511.97
Liberal Party of Australia			
New South Wales	\$1,835,479.14	\$1,487,533.83	\$3,323,012.97
Victoria	\$1,709,677.18	\$1,414,866.41	\$3,124,543.59
Queensland	\$997,839.68	\$925,716.25	\$1,923,555.93
Western Australia	\$645,329.78	\$663,030.13	\$1,308,359.91
South Australia	\$631,616.54	\$622,297.58	\$1,253,914.12
Tasmania	\$190,397.23	\$169,133.12	\$359,530.35
ACT	\$96,391.67	\$99,572.61	\$195,964.28
Total			\$11,488,881.15
National Party of Australia			
New South Wales	\$475,479.68	\$743,766.91	\$1,219,246.59
Victoria	\$121,505.02	\$331,882.24	\$453,387.26
Queensland	\$323,097.99	\$309,271.21	\$632,369.20
Western Australia	\$16,585.97	\$0.00	\$16,585.97
Total			\$2,321,589.02
Northern Territory Country Liberal Party			
Northern Territory	\$58,418.31	\$58,497.79	\$116,916.10

Australian Democrats

New South Wales	\$149,520.31	\$447,553.61	\$597,073.92
Victoria	\$269,254.00	\$453,873.31	\$723,127.31
Queensland	\$80,021.44	\$253,775.92	\$333,797.36
Western Australia	\$42,771.53	\$110,456.90	\$153,228.43
South Australia	\$152,323.30	\$190,789.78	\$343,113.08
Tasmania	\$4,871.17	\$0.00	\$4,871.17
ACT	\$23,348.51	\$53,258.41	\$76,606.92
Northern Territory	\$7,555.74	\$8,303.53	\$15,859.27
Total			\$2,247,677.46

Pauline Hanson's One Nation

New South Wales	\$499,462.43	\$585,592.70	\$1,085,055.13
Victoria	\$129,589.57	\$189,863.56	\$319,453.13
Queensland	\$463,893.02	\$482,156.25	\$946,049.27
Western Australia	\$152,110.81	\$178,907.90	\$331,018.71
South Australia	\$147,242.88	\$149,087.21	\$296,330.09
Tasmania	\$8,915.06	\$0.00	\$8,915.06
ACT	\$16,050.68	\$15,606.22	\$31,656.90
Northern Territory	\$12,005.16	\$14,042.52	\$26,047.68
Total			\$3,044,525.97

Australian Greens

New South Wales	\$46,260.67	\$0.00	\$46,260.67
Victoria	\$24,681.87	\$0.00	\$24,681.87
Queensland	\$6,202.91	\$0.00	\$6,202.91
Tasmania	\$27,723.31	\$29,043.70	\$56,767.01
ACT	\$7,090.20	\$0.00	\$7,090.20
Northern Territory	\$0.00	\$6,864.73	\$6,864.73
Total			\$147,867.39

The Greens (WA)

Western Australia	\$73,086.96	\$99,050.29	\$172,137.25
-------------------	-------------	-------------	--------------

Australia First Party

Western Australia	\$25,280.43	\$0.00	\$25,280.43
-------------------	-------------	--------	-------------

Australian Shooters Party

Victoria	\$8,554.96	\$0.00	\$8,554.96
----------	------------	--------	------------

Christian Democratic Party (Fred Nile Group)

New South Wales	\$5,339.95	\$0.00	\$5,339.95
-----------------	------------	--------	------------

Progressive Labour Party

Victoria	\$5,054.46	\$0.00	\$5,054.46
----------	------------	--------	------------

Tasmanian Independent Senator Brian Harradine Group			
Tasmania	\$0.00	\$39,342.41	\$39,342.41
Unity – Say No to Hanson			
New South Wales	\$48,692.20	\$0.00	\$48,692.20
Peter James ANDREN			
Calare (NSW)	\$47,887.64	N/A	\$47,887.64
Anthony Robert George BECK			
Barker (SA)	\$6,464.07	N/A	\$6,464.07
Barry Thomas CUNNINGHAM			
McMillan (Vic)	\$6,163.98	N/A	\$6,163.98
Robert James Keith ELLIS			
Mackellar (NSW)	\$7,670.91	N/A	\$7,670.91
Paul Anthony FILING			
Moore (WA)	\$23,908.13	N/A	\$23,908.13
Philip NITSCHKE			
Menzies (Vic)	\$11,100.03	N/A	\$11,100.03
Graham John NUTTALL			
New England (NSW)	\$10,060.26	N/A-	\$10,060.26
Allan Charles ROCHER			
Curtin (WA)	\$22,587.74	N/A	\$22,587.74
Margaret Anne SCOTT			
Oxley (Qld)	\$4,952.27	N/A	\$4,952.27
Anthony Charles SMITH			
Dickson (Qld)	\$10,697.75	N/A	\$10,697.75
Douglas Harry TREASURE			
Gippsland (Vic)	\$6,611.68	N/A	\$6,611.68
Robert Ian WILSON			
Parkes (NSW)	\$14,042.52	N/A	\$14,042.52
Paul John ZAMMIT			
Lowe (NSW)	\$18,978.57	N/A	\$18,978.57

Federal election sub-total **\$33,822,496.27**

21 NOVEMBER 1998 NEWCASTLE SUPPLEMENTARY ELECTION

Australian Labor Party	\$51,000.45
Australian Democrats	\$9,095.11
Pauline Hanson's One Nation	\$16,976.90
Australian Greens	\$9,675.83
Harry Criticos	\$4,408.87
Ivan Joseph Welsh	\$7,134.00

Supplementary election sub-total **\$98,291.16**

TOTAL ELECTION FUNDING PAID **\$33,920,787.43**

APPENDIX 3: THIRD PARTIES

The following listings show those organisations and persons who, in the opinion of the AEC, were required to lodge third party returns of donations made, electoral expenditure and donations received following the 3 October 1998 federal election. This listing is included in this report pursuant to subsection 17(2A) of the *Commonwealth Electoral Act 1918*.

Donations Made

A & SR Tingay Pty Ltd
A C McGrath Pty Ltd
A Hankin & Co Pty Ltd
ACTU Qld Branch
Air Boss
Alan Smith Consulting
Amalg Resources NL
Amalgamated Prospectors & Leaseholders Association of WA
Amalgamated Prospectors and Leaseholders Association Inc
Andren, Patricia R
Animal Liberation Inc
Atkins, Alfred King
Australian Chicken
Australian Chinese Newspapers P/L T/A Australian Chinese Daily
Australian Croatian Cardinal Stepinac Assoc. Inc
Australian Reform Party Macedon Ranges Branch
Australian World Traders
Avo Electronic Systems Pty Ltd
B G Lykke Pty Ltd
Bain, Tom
Baker, Christine Dawn
Balgarnie, Robert N
Bardsley, John
Barnes, Lindsay

Barrett Funerals Pty Ltd
Barrington Partners
Bartlett, T G H
Bata, Peter
Bedford, Muriel Joan
Bellevue Hotel
Benders Busway P/L
Bennett, Denis
Bennett, E
Bennett, Gerald S
Benussi, G & L
Betrola Investments Pty Ltd
Bloomfield, Noelene
Bracey, David
Bradshaw, B E
Brady, T J & L C
Bremner, Gabriela
Brian Linaker Family Trust
Brown, Leonard R
Brown, Robert Frederick
Bulter, Dunhill Madden
Bunbury City Motors
Bush, Christine Mary
Cameron Brae Pty Ltd
Campbell, Bruce Gordon
Canberra Southern Cross Club Ltd
Carhill, Peter A
Carr, Ron & Barb
Carrington, G J & J P
Carslake, Bentley
Chaney, Frederick Michael

Chinatown Promotions & Public Relations Pty Ltd
Christian Promotions & Public Relations Pty Ltd
Christian, H
CMS Const Pty Ltd
Coachman Hotel Motel
Cock, Robert Malcolm
Cole, Kathryn
Communications Electrical Plumbing Union
Communist Party of Australia Central Committee
Construction Forestry Mining Energy Union
Crane, Lyell R F
Curnow, Jill
Curtayne, HC
Densford Pty Ltd
Derby Takeaways
Deveson, Jack Poole
Devlin, Francis
Don Hodge Group Pty Ltd
Donnelly, Victor Michael
Dormal Pty Ltd
Douglas, Mavis W
Doyle, Peter
Doyle, Peter
Dunford, Ronald Maurice
Dungey, Joanne
Dyson, Jane Anne
Efficiency Displays Pty Ltd
Elliott, John
Evesson, Justine
Expectation Pty Ltd
Eykamp, Roy

Farlaste Pty Ltd
Ferguson, A S
Fieldhouse, John Charles
Finkelstein Hickmott Pty Ltd
Finlayson, M J
Fisher, Graeme Michael
Fleetwood Gin Ports
Ford, Frank
Forsyth, John P. L
Fountain, Lily
Fowler, Judith A
Freeman, Turner
Freemantle Kaleeya Hospital
Fy, Sun Sun
Garlick, Peter E
Gauld, Sybil
Gemini Home Designs Pty Ltd
Geological Services Pty Ltd
Giacci Bros Pty Ltd
Gilbert, John Anthony
Goddard, Maxwell Wesley
Golan, Jack
Goldberger, Berta
Goldon, Michael
Goldsmith, W T
Goryachev, Carmel
Gowans, David
Grant, James Henry
Greek Labor Consultative Committee of NSW
Green, Allan Victor
Green, D J & S I

Grieve, James
Griffin, H C
Grimm, Dennis
Grosse, John Edward
Gunston, Douglas G
H & M Wholesalers
Hamilton, Robyn
Harmer, Wendy
Harry, John Raymond
Hart, Michael James
Hasbek Pty Limited
Hatcher, A E
Hawker Britton Pty Ltd
Henry, Michael
Hewitt, Andrew Lenox
Highway Construction Pty Ltd
Hill, Richard
Hobday, G R
Hodge, Alan Frank
Holland, Sir John
Humanist Society of QLD Inc
Hunt, Ronald Alexander
Hunter Valley Cinemas
Hurcum, Kaye
Hurry Last Days Pty Ltd
Hussain, Dr Munir
Hvac Limited
Image Print Townsville Pty Limited
Industrial Staff Union
International Airline Crewing Pty Ltd
Iskandar, Sam

IVIC Pty Ltd
Iwankiw, G J
Jackson, Gordon Maxwell
Jacobs, Ann
Jamfig Pty Ltd
Jeffrey, Tom
Jennings Print
Jimaldra P/L
John Connolly & Partners
John Lindquist T/A East Victoria Park Pharmacy
Johnson Marthey Ltd
Jokona Pty Ltd
Jones, Bantleman
Jones, Doug
Jones, J.W.E & P.R
Joyce Corporation Ltd
Kalgoorlie Power Systems
Kari - Ghossayn Pty Ltd
Keegan, David
Keenan, Kevin Neil
Kehrer, Jonathan George
Kelly, Lawrence B
Kelly, Lawrence Borthwick
Kendall, WTC & KN
Kennedy, Doug
Kevin Higgins Used Plant and Machinery Sales Pty Ltd
Kidman, Antony
King, Raymond Douglas
Kingsley, Elizabeth Anne
Kingstyle Holdings Pty Ltd
Kinny, Simon J

Klimpsch, Geoffrey
Kuhn, Olav
Kwok, Hatton
Lang, Alastair C
Lavel, Peter J
Ledger, Ross
Lehmann, A & AR
Leppington Pastoral Co Pty Ltd
Leung, Stewart
Lewis, Raymond Phillip
Ludden, Brian Arthur
Lung, David
Lung, David
Lusk, John
M G Kailis Exports Pty Ltd
MacArthur Marble and Granite Pty Ltd
Maguire Glass And Aluminium
Maloney, C G
Mansson, Harry
Marshall, CD & YS
Mason, Joan
Masters, Josephine
Mathews, Susan
May, David
McCulloch, Ian A
Medich, Ron & Roy
Medisan Pathology & Radiology Pty Ltd
Melvyn, Brian
Milvess P/L ATF Banovich Services Trust
Minehan, Donald Patrick
Mir Bros Developments P/L

Money, Catherine A
Morris, Kevin
Morrison, Teresa & Henry
Motor Trades Electoral Action Committee
Mulholland, Brian William
Mundaring Marksmen Association Inc.
National Union of Workers
Newcastle & Hunter Valley Pharmacists Association
North Whitfords Estates Pty Ltd
O'Connor, Robert K
O'Connor, Rory
Olden, Malcolm Roy
Ollquist, Ross
Ovedoff, Rhona
P R Stark & T V Harris
Parramore, Mrs Jenny
Paulownia Farm Forestry Management Pty Ltd
Perkins Bros Builders
Pharmacy Guild of Australia - ACT Branch
Pharmacy Guild of Australia (NSW Branch)
Powell, Alys Anne
Pradella, Cesare
Praetorium Pty Ltd
Presord Pty Ltd
Price, Lorna
Prime Television (Northern) Pty Ltd
Queensland Nurses Union of Employees
Racecourse Totalizators Pty Ltd
Radford, Wendy
Rase, Phillip Freeman
Regency Artists Pty Ltd

Rice, Heather Isabel
Richards, V
Richardson, Graham Frederick
Rigg, Wesley D
Rinehart, G H
Riseleys Transport
Robert McClelland Barton Electorate ALP
Robinson, E
Robinson, Fred
Robinson, Leonzio
Robson, Graeme S
Rothman, Stephen
Rowe, Peter
Rowens
Sanderson Bros
Saquita Pty Ltd
Scott, Joy & Murray
Scungio, Antonio
Sebimuo Pty Ltd
Shank, L J
Simons, Dorothy
Simpson, E P T
Smith, Lesley
Smith, Linda
Stewart, Maureen
Stone, Elton John
Stowell, Geoffrey Burgoyne
Stronach, Keith Spencer
Struber, Charles
Stuart, Elizabeth H
Sutherland District Trade Union Club Ltd

Swales, Penelope
Swift, David
Tacca, Paul
Taiwanese Association of Australia Melbourne Chapter
Tan, Ven
Teac Australia Pty Ltd
Temperature Controls Pty Ltd
Textile Clothing & Footwear Union of Australia (NSW Branch)
The Australia Party
The Maritime Union of Australia - SA Branch
The Mark Bryant Family Trust
Thomson, Syd
Today & Tomorrow Pty Ltd
Townsend, Charles
Trelawney Pastoral Company
Triton, C R
Van, George
Vaste Developments
Vaughan, Richard John
Voluntary Euthanasia Society of NSW
Voluntary Euthanasia Society of Qld (Sunshine Coast Branch)
Voluntary Euthanasia Society of Qld. Cairns Branch
Voluntary Euthanasia Society of Queensland Inc
Voluntary Euthanasia Society of Victoria Inc
Votrubic, Milan
W H Bailey & Sons Pty Ltd
Walker, K
Walker, Karen
Warczak, Michael
Ware, Jane Webb
Warock, Sherrard John & Marie Louise

Warren's Motor Village Pty Ltd
Weate, John
Welsh, A
Westcoast Christian Outreach Centre
Western Media Promotions & Tours
Western Wool marketing
Whelan, Maurice
Whelan, Paul
Wild & Woolley P/L
Wilson, Grace
Women of the Waterfront (Newcastle)
Wong, James
Woodroffe, David C
Woods, Peter
Woollard, Keith
Wu, Simon
Wyatt, Cedric
Youatt, Jean Beatrice
Young, J R
Youngs Earthmoving

Electoral Expenditure

AFAO
Alysoun Ryves / Foreshore 2000 Woolwich
Anti - Uranium, Coalition of WA (Fremantle Group)
Auchterlonie, D
Australian Antique Dealers Association
Australian Council of State School Organisations
Australian Education Union
Australian Education Union

Australian Health Insurance Assoc.
Australian National University
Australian Nursing Federation
Australian Vice Chancellors Committee
Australian Workers Union
Australians for Native Title and Reconciliation - ACT
Bigot, Godfrey
CEPU (Communications Division)
Chamber of Commerce & Industry - WA
Coalition of Sporting Shooters
Community and Public Sector Union
Defenders of Native Title
Donald Steel and Associates
Elders Real Estate
Family Law Practitioners Association of Tasmania
Finance Sector Union
Flinders University Students Association
Friends of the ABC
Goedhart, Mr & Mrs
Health Services Union
Heathorn, Laurie B
Hon R M Hallam MLC
Human Life International Australia Inc
Hunter Valley Alliance of Gun Owners
IMMER (No 196) Pty Ltd
Impy, Michael
Labor Council of NSW
Local Government Association - QLD
Maritime Union Of Australia Northern Territory Branch
National Tertiary Education Union - NSW
NORANT

NSW Teachers Federation
People of the South West Working for Reconciliation
Pork Council of Australia Limited
Right to Life Australia (VIC)
Save Our City Inc
Single Income Family's for Taxation Equality
Society for Peace, Unity and Human Rights for Sri Lanka Inc.
South Australian Independent Schools Board Inc.
Sporting Shooters Association - Mudgee
Sporting Shooters Association (SA)
Sporting Shooters Association Griffith
Sporting Shooters Association of Australia (NSW) Armidale Branch
Sporting Shooters Association of Australia - Bathurst Branch
Sporting Shooters Association of Australia (NSW) Inc
Sporting Shooters Association of Australia Albury/Wodonga Branch
State Schools Teachers' Union of WA (Inc)
South Tas Economic Development Board/Tas Football League
Tasmanian Trades & Labour Council
Tasmanian Automobile Chamber of Commerce
Taxpayers' Association of NSW
The Taxpayers Association of New South Wales
The University of Western Australia
Trades and Labor Council (WA)
United Trades and Labour Council
University Of Western Australia
WA Council State Schools
WA Forest Alliance
Walker, A D
West Wylong Teachers Association
Western Sydney Alliance
Young, Russell

Donations Received

Donald Steel and Associates

Local Government Association - QLD

Tasmanian Automobile Chamber of Commerce

**APPENDIX 4: POLITICAL PARTIES REGISTERED
AT THE TIME OF THE
3 OCTOBER 1998 FEDERAL ELECTION
AND THE
21 NOVEMBER 1998 NEWCASTLE SUPPLEMENTARY ELECTION**

A Better Future For Our Children
Abolish Child Support/Family Court Party
Advance Australia Party
Australia First Party
Australia's Indigenous Peoples Party
Australian Bill of Rights Group
Australian Democrats
Australian Greens
Australian Greens SA
Australian Labor Party (ALP)
Australian Labor Party (N.S.W. Branch)
Australian Labor Party (Victorian Branch)
Australian Labor Party (State of Queensland)
Australian Labor Party (Western Australian Branch)
Australian Labor Party (South Australian Branch)
Australian Labor Party (Tasmanian Branch)
Australian Labor Party (ACT Branch)
Australian Labor Party (Northern Territory) Branch
Australian Reform Party
Australian Shooters Party
Australian Women's Party
Australians Against Further Immigration
Christian Democratic Party (Fred Nile Group)
Christian Democratic Party (Fred Nile Group) (NSW)
Christian Democratic Party (Fred Nile Group) (Vic)
Christian Democratic Party (Fred Nile Group) (Qld)

Christian Democratic Party (Fred Nile Group) (WA)
Christian Democratic Party (Fred Nile Group) (SA)
Christian Democratic Party (Fred Nile Group) (Tas)
Christian Democratic Party (Fred Nile Group) (ACT)
Christian Democratic Party (Fred Nile Group) (NT)
Citizens Electoral Council of Australia
CTA Child Protection(Elaine Nile) Party
Common Cause – No Aircraft Noise
Democratic Labor Party (DLP) of Australia
Democratic Socialist Electoral League
Family Law Reform Party
Independent EFF
Liberal Party of Australia
Liberal Party of Australia, NSW Division
Liberal Party of Australia (Victorian Division)
Liberal Party of Australia - Queensland Division
Liberal Party (W.A. Division) Inc.
Liberal Party of Australia (S.A. Division)
Liberal Party of Australia - Tasmanian Division
Liberal Party of Australia - ACT Division
National Party of Australia
National Party of Australia - N.S.W.
National Party of Australia - Victoria
National Party of Australia (Queensland)
National Party of Australia (WA) Inc
National Party of Australia (S.A.) Inc
Natural Law Party
Northern Territory Country Liberal Party
Nuclear Disarmament Party of Australia
One Australia Party
Pauline Hanson's One Nation

Pensioner and CIR Alliance
Progressive Labour Party
Queensland First
Queensland Greens
Rebuild Australia Party
Reclaim Australia: Reduce Immigration
Republican Party of Australia
Socialist Equality Party
Tasmania First Party
Tasmanian Greens
Tasmanian Independent Senator Brian Harradine Group
Taxi Operators Political Service (Oceania)
The ACT Greens
The Australian Greens - Victoria
The Australian Recreation and Fishing Party
The Greens (WA) Inc
The Greens NSW
The Seniors
The Territory Green Party
Unity – Say No to Hanson