Panel of Experts – Political Donations

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Capping funding of State election campaigns would restrict and distort political discussion. It is perverse to be concerned about the volume of political advertising, no matter how much of a waste of money it may seem to be, while remaining unconcerned about the volume of advertising on inconsequential things like soft drink.

Capping political donations by individuals and groups would be complex, would encourage wealthy individuals to run as candidates rather than support like-minded candidates, and would otherwise restrict the political expression of the wealthy, on whom the bulk of the tax burden is imposed. This would reinforce the tendency for democracies to adopt policies that are increasingly redistributional.

Forcing the funding of State election campaigns to come exclusively from taxpayers would reinforce the existing problem of people being forced to fund a party that they loathe. It would also add to calls to regulate political parties given their receipt of taxpayer funds. Such regulation would amount to the Government regulating its opponents.

The most effective ways to remove the corrosive influence of political donations in New South Wales are to:

1. Minimise government intervention in the economy, so the government’s opportunities to influence outcomes that favour particular entities are limited.

2. To the extent that government decisions are required, separate them from partisan influence by involving a group of politicians, not necessarily all from the same party.

3. Nominate honest candidates.

There is nothing about property developers, or indeed any other occupational or business group, that is inherently corrupt. Moreover, without property developers, few of us would have anywhere to live.

The problem of corruption arises from the fact that so many decisions affecting the profitability of property development are made by politicians, typically Ministers. So long as that remains the case, the need to find ways to enlist political support will remain.

Where decisions affecting businesses must be made by politicians, responsibility should be shared. It is much harder to influence a decision when it is made by a group of people.

Regarding the transparency of donations, there is nothing about the NSW approach to transparency to recommend it. The 14 pages of declarations are absurd (and time consuming for a small party) while failing to achieve any worthwhile benefit that is not achieved by the much simpler federal system.
Ultimately, the onus should also be on political parties to select incorruptible candidates, bearing in mind that the public has an opportunity at elections to pass judgement on them.

**Minor party funding**

The current regime of partial public funding of political parties is grossly unfair to minor parties and independents. Increasing the quantum of funding while maintaining the same arrangement for the distribution of those funds would be even more unfair.

The Liberal Democratic Party strongly prefers to raise and spend its own funds without restriction, and recommends an end to all public funding of political activities.

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