

**ELECTORAL MATTERS COMMITTEE**

**Inquiry into voter participation and informal voting**

**Inquiry into political donations and disclosure**

Melbourne — 23 July 2008

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Mr C. Ingram, MP, member for Gippsland East.

**The CHAIR** — Welcome, Mr Ingram. I will not go through the rigmarole of introducing the committee to you; I am sure you know everyone here. The committee is hearing evidence today for two inquiries — the inquiry into political donations and disclosure, and the inquiry into voter participation and informal voting. Welcome to the public hearings of the Electoral Matters Committee inquiry into political donations and disclosure, and the inquiry into voter participation and informal voting. All evidence taken at this hearing is protected by parliamentary privilege, as provided by the Constitution Act 1975 and is further subject to the provisions of the Parliamentary Committees Act 2003, the Defamation Act 2005 and, where applicable, the provisions of reciprocal legislation in other Australian states and territories. I also wish to advise the witness that any comments that you make outside the hearings may not be afforded such privilege.

Craig, I take it that you have read the 'Guide to giving evidence at a public hearing' pamphlet. Can you please state your full name and business address.

**Mr INGRAM** — Yes. Craig Ingram, state member for Gippsland East, 143 Main Street, Bairnsdale, Victoria.

**The CHAIR** — Thank you. Your evidence will be taken down and become public evidence in due course. I now invite you to make a verbal submission. At the end of your submission we will ask questions of you. You will receive a copy of the transcript in about a fortnight. Typing errors may be corrected but not matters of substance.

**Mr INGRAM** — Thank you very much, Chairman and committee members. I have presented a submission to the inquiry. I am not going to go through that in much detail but would like to make some opening comments.

This is an issue that I have had a fair bit to do with and an interest in even before my time in politics. For the record, I have self-funded my last two political campaigns. I do not necessarily seek political donations even though I could. I believe there are some real ethical issues with members of Parliament approaching businesses for political donations because ultimately too often businesses believe they have a right to then call on those members for payback, if you like.

I have outlined in my submission a number of issues which have occurred over recent years. I am not going to name individual names but I am sure that members of the committee are well aware of some of those issues and issues similar to them. I believe our political system has got some major problems, particularly around the loopholes which allow probity lapses within the political system.

I made the comment in my submission that it is regarded as okay by MPs to vote on motions and bills in Parliament in return for personal pecuniary benefits, and I used the example of the National Party committee deal that was struck at the start of this Parliament with the government. It is regarded as okay to forget the ownership of shares and not declare them to Parliament and just fix the issue once you get caught. It is regarded as okay for ministers of the Crown to charge businesses or individuals for access at fundraising dinners, and I believe this is a major problem that has crept into our politics in recent years. It is within the rules for political parties to set up associated entities or secret slush funds, and we have seen a number of these. They pump millions of dollars into political campaigns and they are above the disclosure requirements.

The Australian Electoral Commission does not have the power to force those entities, even though they are clearly set up for the purpose of providing donations to one political party or sometimes other political parties, to declare that they are associated entities and thereby come under the slightly more disclosure rules that are applied to associated entities like the Cormack Foundation, Progressive Business and others, even though I still believe those rules are inadequate.

It is regarded okay for political parties to fund or deliberately run fake independent candidates to milk preferences or votes at elections. We have seen evidence of that in Gippsland. I think it was the 2002 election where, again, The Nationals actually ran or said they ran a number of candidates for the purpose of assisting them with preferences and votes. A letter was sent out to The Nationals supporters basically claiming the credit for this. That is apparently within the rules of the electoral commission. The Victorian Electoral Commission cannot do anything about that, but I believe it is totally against the spirit of the process that we are talking about in elections.

I include within this, and it is slightly outside your terms of reference but I believe it all ties in: it is regarded okay for MPs to pay for branch memberships, to basically control the votes within individual branches or within the party. This is not limited to one side of politics; both sides of politics do it. We have seen in Wentworth in New South Wales deliberate branch-stacking, if you like. This is rife through particularly those safe seats at both state and federal level. We have seen recent evidence of this in the by-election in Kororoit.

It is regarded as okay for a federal minister to establish an organisation and raise hundreds and thousands of dollars to be spent on discrediting political opponents. There have been a number of references to other actions where federal members of Parliament have funded minor parties, basically given donations to minor parties, for state elections. You have to ask why those donations occurred. Why in that case did the ALP provide money to a Democrat candidate in a state election? The only argument you could make is that is actually greasing the wheels to make sure that preferences are delivered at a federal election.

It is regarded to be okay for a sitting member to run fundraisers in the name of a range of charities. We have seen that in the Victorian context where the Keilor Golf Social Club and other entities raised large amounts of money through raffles and other purposes which were clearly deceitful in the sense of what that money was for.

The people buying those raffle tickets or spending money on bingo thought it was going to other causes, but it was not going to that cause, and that is unethical. The problem with our system is there are too many grey areas and too many loopholes which allow, if you like, the mud of corruption to stick on those members — and the vast majority of members and donations are legitimate and are proper donations. As a member of Parliament, I self-fund my campaigns, but because I spend money — and I do not spend anywhere near as much on my campaigns as the major parties; The Nationals and the Liberal Party probably spent \$300 000 against me at the last campaign — clearly when you self-fund your campaign, you cannot afford to spend that much money. But when you have that type of money thrown against you, and basically the parties have to go and collect that money from somewhere, there are real questions about it.

When I run a successful campaign and run TV ads and other things, people say, ‘Where did you get your money from?’, and I admit that as an Independent I do not have basically any disclosure requirements at the moment. I do not believe that is just. At the last state election I put all the donations that I received — about \$1500 worth — on my website for the public to see. I did that because I had made a number of comments about this over a number of years. People were basically saying, ‘You receive money from these organisations’. You can stand up and say, ‘No, I don’t’, but because there are loopholes and because there is an ability for political parties and candidates to avoid the disclosure requirement, the mud sticks on everyone, and I believe that is the problem. If we want to keep our political system above board, we need to make sure there is full and open disclosure.

I have made comments in my submission that the Parliament of Victoria has had a number of opportunities to fix the problem, particularly with the associated entities, and in 2002 the government introduced the public funding and probity of election changes. To get that legislation through the upper house 40 pages of the bill were cut out. A deal was struck with the Liberal Party to get the votes in the upper house. Those disclosure requirements would have brought the Victorian Electoral Act basically to the highest level of accountability of any state system, but because those provisions were cut out, there are now even more loopholes and gaps within our system in Victoria. The Parliament has had a number of chances since then when the government has had control of both houses in the last Parliament to reintroduce those provisions and it has not done so. I believe a lot of the blame needs to be squarely laid back on the state government to fix this system.

Why is this a problem? We have seen the state Parliament introduce some fairly significant changes in relation to local government and really lift the accountability requirements and donation requirements for local government, yet we do not do the same thing. There is a lot more public debate about projects — and I use the example of particularly development opportunities. There are a lot of controversial developments that go on within our communities. We have seen in local government a lot of criticism levelled about some of those projects where it is often suggested that there is corruption involved in those developments, that basically donations are made to facilitate that process through local government. There have been inquiries established in the upper house of the Victorian Parliament about issues at Frankston, and this is a common issue around the state.

It is my view that we need to make sure that there are the same provisions at a state level because there are ways around that. The community is less accepting of some of these developments as being legitimate and, as members of Parliament, if we go out and support a project — it may be a good project — even though there is no linkage or

no donation, the allegation can be clearly made to members of Parliament, and you cannot disassociate yourself from that, so I have made a number of recommendations. I could speak for a fair while on this, but I know we have limited time. In my view there need to be a number of changes.

As I said, the Victorian act needs to be amended to fix those full disclosure requirements for candidates at state elections. We need to make those disclosure requirements more timely, particularly after elections. It is my view that there needs to be a set time after a state election. The current requirements for disclosure at the federal level are delayed too long after an election, and I believe that needs to be quicker. The associated entities need to be fully disclosed at a Victorian level, and I think also the follow through at the federal level. The VEC needs to be given the powers and resources to fully investigate the funding of parties through third parties and associated entities. Clearly some of that probably should not be fully public, particularly when it is the private affairs of individuals, but they should have the ability to investigate them and basically report on those investigations, if necessary.

The payment of political party memberships by cash should be outlawed. We have the ability nowadays to do direct debits through bank accounts, and I think the VEC should be given the power to investigate some of the activities of political parties as well to ensure that, if you like, the political system is considered above board. I have made a number of other comments within my submission. A lot of what I have said is not new. A lot of what I have said in my submission is not new. You only have to read some of the commentary by the ACCC over a number of years which have clearly outlined that there are some really serious problems with the probity of political donations and associated entities. And all political parties have at times attempted to avoid the full meaning, if you like, or the reasons behind the provisions that are contained in the acts to avoid that disclosure.

We have to seriously question why a company or an individual would avoid, or not like, their political donations to be disclosed, because clearly businesses are not in business for philanthropic reasons; they make donations for a reason. Do they think it is to improve the democratic process? I think most of the time, not. They donate to both sides of politics, and the reason they donate to both sides of politics is because they believe that will give them a better ability to influence legislation, policy or decisions that government makes. I believe there should be a cap on the amount that candidates spend at elections to even up the political system, so that we limit the need for political parties to actually go out and seek donations.

**Mr O'BRIEN** — Thank you for your submission. I have always had this view that this is one of the little secrets of political parties. This idea of people getting access to ministers at fundraising dinners is one of the big jokes, because any individual, any non-government organisation, any business has got a legitimate reason to have a word to a minister or a shadow minister. In my experience, you pick up the phone, you call their office, you say, 'Can I see the person? This is the issue'. You do not discuss business at a 200-person dinner. You pick up the phone and you say, 'This is an issue, I need to discuss it with you. Can I please see the minister?' or, 'Can I please see the shadow minister?'. I am wondering what you think is objectionable about parties, or fundraising organisations attached to parties, holding dinners where they raise funds when ministers or shadow ministers attend. What is objectionable about that?

**Mr INGRAM** — In my view it is the way that it is sold, and often it is sold as access to ministers. I do not disagree that if a business or an individual has a serious issue with government, they normally do and they should have that access. But I think what has happened in more recent years is that there have been more limitations put on access because of time constraints and so on. Clearly businesses believe it is in their interests to attend fundraisers and pay large amounts of money to sit at a table with a minister. I would seriously question why that is a legitimate activity. But I do agree that any business or any individual that has a need to see a minister should have access to that minister, and they should not think that the only way to do it is to pay for access to a dinner table.

We have seen a number of occasions where for issues like budget briefings for business, there are, if you like, limited opportunities for businesses to attend those type of things and there is a pay-as-you-go to hear the Treasurer issue the budget speech. I think there are some issues around this, and this is something that has developed more in recent years, but it is the way it is being sold that is probably the issue, that it is actually paying to see a minister, and that is the problem. I do not think there should be a fee to come and talk to or listen to a minister.

**The CHAIR** — My understanding is that for individuals funding their own campaign the limit is \$5000. Is that correct?

**Mr INGRAM** — No.

**The CHAIR** — That is not right? That might be the party political but not for Independents.

**Mr INGRAM** — There are no limits on how much you can spend during your campaign.

**The CHAIR** — No, on personal expenditure.

**Mr INGRAM** — On personal expenditure?

**The CHAIR** — No, sorry — an individual candidate, himself or herself, contributing.

**Mr INGRAM** — No, not for candidates in an election because \$5000 would not buy you a mail-out.

**The CHAIR** — I thought there was; we need to get that checked. My next question was whether you thought this limit was okay. There is a figure of \$5000, but we will need to get that checked, so I will move on.

During your first term obviously you had more leverage with the government. Have your offers from corporations or whatever interest groups contribute to your campaign diminished since your first term?

**Mr INGRAM** — I suppose as an individual I have problems with the concept of political donations. If someone came to me and said, 'Here is an amount of money' — and the largest donation in the last two campaigns has been \$200; most of the donations to my campaign are from people who believe I am doing a good job, and put \$20 or \$50 in as a donation and, as I said, in the last campaign that total was about \$1500 — I deliberately do not go out and seek donations from businesses. I could do that but I believe that there are ethical issues around it.

There is always a risk, and it is how that is conveyed. There are individuals out there who believe that if they put an amount of money into a person's political campaign, they own them. I would prefer not to get myself into that situation, so if someone came to me and said, 'Here is \$1000 for your campaign', I would say, 'Go and spend it on something more worthy', simply because I would not want to feel obliged.

If they have got a good project, I would prefer to support it. The problem is that there are no clear disclosure requirements, and I use the issue of the timber industry. If I come out in my electorate and strongly support the timber industry, some environmentalists in my electorate will come out and say, 'The only reason you're doing this is that your campaigns are bankrolled by the timber industry'. I say, 'No, they're not, and here are my donations to prove it', but because there are that many loopholes, it is hard to defend that.

**Mr SCOTT** — You are raising concerns about donations as a concept as a whole, but without some form of private or public funding externally, would you concede that elections would simply become the province of those who are independently wealthy and that if you do not have some form of funding outside of individual resources, the electorate office becomes the province of only those who have the personal means to fund it?

**Mr INGRAM** — Good question. I am probably in a slightly different position to a lot of members of Parliament, as I have other outside income. That is something that I can probably do more than many other candidates. I believe if you are going to limit the amount of donations, you really need to put a cap on the amount of expenditure. To do that, you need to have the public announcement type of advertising to replace TV advertising or a large portion of TV advertising.

Let me make this very clear: this is only going to get worse as we go forward, because it is very clear that many of our campaigns are moving away from some of the real grassroots, local street corner and shaking hands type of campaigns, and they are more about having the large splash TV advertising and the negative campaign and then trying to get the positive message out. It is all very manicured, if you like. This is only going to get more and more expensive as we go on, and we need to deal with it in some way and put a limit on how much we spend, and then we need to replace that with maybe the public funding of public announcements which say, 'These are the policies of particular candidates or parties'. I think it is something that needs to be addressed.

I do agree that the last thing we want is Parliament being a place that you can only become a member of if you are independently wealthy. I think that would be a grave mistake, because I think everyone should have the right to run and have an equal opportunity to contest elections. Under the current system the political donations are really being channelled into the major parties, because clearly businesses believe they can influence the two major parties by providing political donations. They do not necessarily provide the same level of donations to other minor parties unless they are tied to them or they support them in other ways.

So really the only people who can run for Parliament are people who are associated with the two major parties. And let us not forget that the two major parties have less members now than they would have had a decade ago, so less and less people will have the capacity to influence policy at a state and federal level if we continue down the road of getting the best government that money can buy, which I think is what we are getting now.

**The CHAIR** — Craig, you were a pretty influential person during the first term of this Labor government. Did you have donors knocking on your door? You would have been more powerful than most Labor backbenchers and probably some ministers as well.

**Mr INGRAM** — No, because I think I made it fairly clear that it was not something that I was interested in. I make the point that at that time the three Independents could have gone down the path of the fundraiser dinners, if you like, and we probably would have got people to pay large amounts of money. I had people suggesting we should do that, but the three of us basically said, ‘No, that is not how we operate’. We could have gone down that path and basically bankrolled our campaigns much more easily, but, like I said, it is an ethical thing, and I think that is a problem. There are too many examples of where these things become unstuck. Look at the example of the Manildra Flour Mills donations. Were they legitimate donations? Yes.

When a company donates that type of money — and the type of money they donated was hundreds of thousands of dollars to all sides of politics, and soon after that policies changed and, if you like, funding was given from government to those organisations — there are problems. I would be very uncomfortable if someone came to me and said, ‘Here’s some money. And, by the way, I wouldn’t mind your support on this project’, because I believe that is corruption.

**The CHAIR** — Thank you.

**Ms BROAD** — Thanks for your submission, Craig. There are three matters that I would like to ask you to elaborate on. Firstly, in relation to your recommendation about providing the VEC with powers and resources to investigate, I would like to ask you to elaborate on to what end you want those powers and resources to operate. You have mentioned reporting, but presumably in advocating for extra powers and resources to the VEC there is some action beyond reporting that you have in mind, so if you could elaborate on that, that would be helpful.

**Mr INGRAM** — Okay, I will do that now. Basically what I am advocating is exactly what Rob Hulls put in the original bill in 2002 — and it was Labor Party policy in 1999 at the election — which was to give the VEC powers to investigate predominantly associated entities but also other actions. For example, I do not fall under the Australian Electoral Commission funding and disclosure requirements because I am a state candidate. As long as I only operate at a state campaign, I do not come under the federal disclosure and investigative powers. There are a number of other operatives, and in New South Wales there are sister parties, if you like — minor parties — which operate one at a federal level and one at a state level. There are different disclosure and investigative powers under those, yet they operate, if you like, as one, but with separate powers. I am talking about the Shooters Party in New South Wales.

My view is that where organisations or individuals or entities or parties only operate at a state level, the VEC should have an opportunity to investigate those issues, because otherwise they do not fall under the commonwealth act. Basically what I am advocating is for the government to implement what it promised to do in 1999 and what was contained in the changes to the Electoral Act when it brought in public funding. The sweetener for public funding was, ‘We will bring in public funding, but to offset it we will bring in the strongest set of disclosure requirements’.

Rob Hulls at the time waxed lyrical in the lower house in his second-reading speech about how good this would be for Victoria and how these probity increases would improve the democratic processes in Victoria. Two weeks later he cut 40 pages of the bill which contained all those probity and disclosure requirements. All I am saying is the ALP should implement its policy and implement what it promised to do in that bill.

**Ms BROAD** — The second matter was in relation to your proposal to outlaw payments in cash to political parties. Can you elaborate on the reasons for that?

**Mr INGRAM** — That is in relation to branch memberships. The reason I believe that is important is that, in my view, if we use your party as an example, where branch stacking occurs, they might be legitimate people. They sign a membership form and because the funds for those branch memberships can continue to be paid by

cash, there is no way of really knowing whether — and they are paid on an annual basis — that money could be raised for legitimate reasons or non-legitimate reasons. It might be the individuals putting the money up each year, but too often it appears that that money is not coming from those individual pockets; they are just names on branch memberships. I think both sides have issues along the same lines, and my view is if you outlawed the payment of branch memberships by cash so that they had to be either personal cheque or direct debit — and direct debit is probably better nowadays — that would discourage those people.

If you had to sign a form that said, ‘I am going to be a member, and I am going to give my vote to such-and-such, ongoing’, if they had to then also approve a direct debit from their bank account, if they were not legitimate, they would not approve it. If any of those people who are undertaking this type of activity believed they could use the same account, that would be easily checked up and accounted for. It is really about tidying up to make sure that branch memberships are legitimate. I am not a member of a political party, so I suppose I am speaking from the outside, but I see this as one of those issues that taints all members of Parliament every time it comes up.

We know these things occur, and some of them go back over decades, but every time they come up they discredit all members of Parliament, when most members of Parliament are hardworking and are working for their constituents. Every time this comes up it is just another scandal involving a member of Parliament. It brings us all down to the same level. My view is it is up to the political parties to fix it to make sure that all the members on their books are legitimate members, are paying their own money to be members, and are not being paid for by someone else who just wants the numbers.

**Ms BROAD** — My last matter is in relation to candidates funding their own campaigns. You have been very public about the approach that you have taken to this yourself. In some jurisdictions there are limits, just as we are considering limits on income and expenditure on the part of candidates and political parties. With that in mind, do you think there should be any limits on candidates, given that you have acknowledged that candidates are in different positions to be able to do that, and if so, what would you think would be a reasonable amount? I am assuming that the other side of the equation, which you have also mentioned, limits on expenditure, would also be part of any such restrictions.

**Mr INGRAM** — If you are going to implement caps on expenditure or limits on personal expenditure, it needs to be fair for everyone. I use as an example, and it could sound like sour grapes because I do not get the same deal as I get more scrutiny than other members, that the current rules are such that I cannot run a raffle. As an Independent candidate or member I cannot run a raffle to raise funds. I could set up one of George Seitz’s lovely little slush funds as an East Gippsland environment group or something and run a raffle or a trust and feed that money into my campaign, but that is not a legitimate activity. I cannot set up a raffle and stand on the street corners in Bairnsdale, yet the Greens, the Citizens Electoral Council, Family First or any other political party which is registered can, because they are deemed a legitimate entity to run a raffle for political purposes. As an Independent candidate or member I cannot run a raffle.

Whatever you do, you need to make sure that it is fair and just for everyone. I am not saying I should be able to run a raffle. That is fine. But it should be fair for everyone. If I cannot run one, the political parties should not be able to run one. If I have a cap on how much money I can spend, so should the political parties. It should be fair so that everyone gets the same crack at the process. I was elected here because clearly my constituents think I am the best candidate, or have in the past couple of elections, but we have also run very good campaigns. Because we have not had the money that some of our opponents have had, we have had to run effective campaigns, use the resources wisely and get out there and do some of the hard yards.

We saw that the amount of money spent in the federal by-election was exorbitant; the expenditure was above and beyond what the average person would expect. I think most people get sick and tired of receiving all the junk mail and seeing all the political advertising. There needs to be a clear arrangement so that everyone has the same ability to spend. That expenditure could be limited and maybe offset with some type of public statement available to each of the candidates, particularly in country areas. It would probably be harder in some of the metropolitan areas because the information is digested in a different way. There really need to be some changes, otherwise we will continue to have this spiral of expenditure. It has to be even for everyone.

**Ms CAMPBELL** — I was not aware you that you were not allowed as an Independent to do things like conduct raffles. I presume that also means barbecues or trivia nights et cetera. Could you outline what an Independent is not allowed to do versus what political parties can do?

**The CHAIR** — That raffle, that is a recent development, isn't it?

**Mr INGRAM** — No. I only found out about this because I had what I thought was a very good idea for a raffle. My parents produce Wagyu beef, and we were going to run a couple of sides of Wagyu beef as a raffle and do it at one of the local field days. I thought that we had better make sure we did this properly and got the appropriate checks. I had never run one before. We went through to register the raffle and do it properly and legally to make sure we were not criticised for doing the wrong thing, if you like. I had a look at the guidelines, and under the legislation it is clear that as an Independent candidate I cannot do it. I do not want this to seem like sour grapes.

**Ms CAMPBELL** — It is not coming over as sour grapes.

**Mr INGRAM** — The system is designed by the political parties. They set the system up for themselves. There is a range of differences in how Independents are treated in comparison to major parties in the system, but I think that is probably the most obvious one that has come up.

**Ms CAMPBELL** — Are you allowed to do trivia nights, barbecues?

**Mr INGRAM** — I am allowed to fundraise. My comment is that there is really no disclosure requirement because I only run at a state level; there is no disclosure requirement on that fundraising. I could raise a fair amount of money and it would be free of any disclosure requirements. There is no reason why it I could not run the 'Come and meet the candidate and pay for the privilege'. We could run the fun nights but we would have to be very careful about issues like raffles and make sure that we were not breaching the requirements under consumer affairs. The section is very clear. A political party is deemed to be the same as a charity. I would have to declare myself as a charity to run a raffle, and I am not a charity.

**The CHAIR** — But there are some raffles that you can run; the ones you do not have to register.

**Mr INGRAM** — No. You are not allowed to run a raffle. Only certain entities can run raffles without registering. They have to be charities, sports clubs or a registered political party. I am not any of those. I could set up a registered political party and do it but I am an Independent, I am not a registered political party. It is a loophole. I attempted to see what changes could be made, and there are issues around this. It could also be rorted by those who have no intention of running as an Independent candidate. I use it as an example to explain the discrepancies in some of the rules.

**Ms CAMPBELL** — Have you got a comment on the limit that should apply in a by-election? Should it be the same as in a general election?

**Mr INGRAM** — In my view, yes.

**Ms CAMPBELL** — Okay, thank you.

**The CHAIR** — Thank you very much for your time.

**Witness withdrew.**