



ACCOUNTABILITY
ROUND TABLE

Submission to Electoral Review Expert Panel

Supplementary consultation

Electoral Review Expert Panel (Victoria) 2023 supplementary consultation

This submission addresses the Panel's supplementary consultation on:

- what minimum party administration requirements should apply to major political parties to qualify for public funding;
- what minimum threshold should be used to determine the major political parties to which the requirements would apply.

Limits of this supplementary consultation: it does not refer to matters covered in earlier stages of this Review, such as:

Public funding whereby candidates and political parties (contesting Victorian elections) are eligible for public funding paid at \$6.33 per Legislative Assembly vote and \$3.16 per Legislative Council vote for 2021–22, up from \$1.668 per vote (as of 31 October 2015, the last by-election for which the rate was published) where the candidate or party received more than four per cent of the first preference vote or are elected.

Candidates and parties are required to submit a statement to the Victorian Electoral Commissioner as to the amount of electoral expenditure incurred in relation to the election and public funding is only payable up to the amount of election expenditure (Damon Muller 2022 *Politics and Public Administration Election funding and disclosure in Australian jurisdictions: a quick guide*. Parliamentary Library < [Election funding and disclosure in Australian jurisdictions: a quick guide – Parliament of Australia \(aph.gov.au\)](#) >).

Introduction

The Panel's Discussion Paper¹ indicates that -

- administrative expenditure funding is available to Registered Political Parties (RPPs) with elected members and independent MPs to support administration expenses and compliance with political finance laws, and
- policy development funding aims to assist new and/or small RPPs and is available to eligible RPPs who do not receive public funding or administrative expenditure funding (Discussion Paper 2023).

Less obvious is the distinction between resources applied to the discharge of the responsibilities of a parliamentarian and those applied as a candidate seeking election or re-election.

- The parliamentarian elected to a public office as a trustee is bound by the common law Public Trust Principle to put the public interest ahead of other interests. Once sworn-in, the parliamentary and/or Executive Government resources made available should not be used other than in the public interest.
- The candidate is a private individual who may be a member of a political party – a private organisation. If elected, he or she is proscribed from holding any public office

¹ Electoral Review Expert Panel 2023 *Discussion Paper* < <https://www.vic.gov.au/electoral-review-expert-panel-discussion-paper> >

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other than parliamentarian and must resign before being sworn-in.² Thereafter, public resources made available to them should be used only for public purposes. For example, a strict interpretation of the principle could proscribe the use of an electorate office (provided by Parliament) as a party candidate's campaign office.

The Panel's Discussion Paper asks whether the current arrangements for electoral funding for parties and candidates at the Victorian State Government level (including amounts, how they are calculated, and the types of funding) are fit for purpose, proportionate, and appropriate. Matters for consideration could include but are not limited to:

- the level of funding and eligibility criteria applied to different political participants in Victoria
- the operation of funding payments
- whether any consequential changes would be required to the electoral funding provisions if changes to the current Victorian political finance scheme occurred (e.g., expenditure caps).

These are addressed in relation to each type of funding, alphabetically.

Administrative funding (Victoria)

The administrative funding is paid quarterly to parties based on their representation in Parliament and cannot be used for electoral expenditure or paid into a state campaign account. The rate is \$210,870 annually for independents and for the first candidate elected in a party, \$73,790 for the second candidate and \$36,910 for the third through 45th candidates. Recipients must provide a return, accompanied by an audit certificate, to the VEC annually stating whether they have incurred expenses more or less than the claimable amount, and if less repay the difference (Muller 2022).

Policy development funding (Victoria)

Policy development funding is available to registered political parties who are not eligible for either public funding or administrative funding, and is payable annually to the amount of \$1.05 per vote or \$26,350, whichever is greater. In order to claim the funding a party must submit an audited statement to the VEC that it has incurred spending to the eligible amount (Muller 2022).

Public funding (Victoria)

Public funding whereby candidates and political parties are eligible for public funding paid at \$6.33 per Legislative Assembly vote and \$3.16 per Legislative Council vote for 2021–22 where the candidate or party received more than four per cent of the first preference vote or was elected.

² This applies to election to the Victorian Parliament. Candidates for the Commonwealth Parliament must resign from public office before nominating.

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Table 1. Comments on current funding					
Type of Funding	Feature	Candidate (independent)	Small RPP - ineligible (i.e., received Policy Development or Public funding)	Small RPP - eligible	Major RPP
Administrative Expenditure Funding (related to no. of MPs)	amounts	Sliding scale; origin unexplained; indexed		Unexplained sliding scale; indexed	Unexplained sliding scale; indexed
	how calculated	Origin unexplained; indexed		Origin unexplained; indexed	Origin unexplained; indexed
	fit for purpose	Yes		Yes	
	proportionate appropriate	Yes		Yes	
Policy Development Funding	amounts	Not available	Not unreasonable		Ineligible (>4%)
	how calculated	Not available	Not unreasonable		Ineligible (>4%)
	fit for purpose	Not available	Not unreasonable		Ineligible (>4%)
	proportionate	Not available	Not unreasonable		Ineligible (>4%)
	appropriate	Not available	Not unreasonable		Ineligible (>4%)
Public Funding	amounts	Extraordinarily generous	Extraordinarily generous		Extraordinarily generous
	how calculated	Unexplained; origin unexplained; indexed	Unexplained; origin unexplained; indexed		Unexplained; origin unexplained; indexed
	fit for purpose	Unnecessarily exceeds amounts required for effective political communication.	Unnecessarily exceeds amounts required for effective political communication.		Unnecessarily exceeds amounts required for effective political communication.
	proportionate	Disproportionate compared with prior actual expenditure	Disproportionate compared with prior actual expenditure		Disproportionate compared with prior actual expenditure
	appropriate	Inappropriately generous (\$6.33/vote); could be adjusted to say, \$3/LA vote, \$1.50/LC vote.	Inappropriately generous (\$6.33/vote); could be adjusted to say, \$3/LA vote, \$1.50/LC vote.		Inappropriately generous (\$6.33/vote); could be adjusted to say, \$3/LA vote, \$1.50/LC vote.

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Table 2. Recommended Reforms					
Type of Funding	Feature	Candidate (independent)	Small RPP - ineligible (i.e., received Policy Development or Public funding)	Small RPP - eligible	Major RPP
Administrative Expenditure Funding	amounts	Maintain current rate, indexed		Maintain current rate, indexed	Maintain current rate, indexed
	how calculated	Index to independently surveyed comparable marketing costs		Index to independently surveyed comparable marketing costs	Index to independently surveyed comparable marketing costs
	fit for purpose	Review and publish fitness for purpose as revealed by audited returns of expenditure		Review and publish fitness for purpose as revealed by audited returns of expenditure	Review and publish fitness for purpose as revealed by audited returns of expenditure
	proportionate	Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs		Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs	Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs
	appropriate	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.		Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.
Policy Development Funding	amounts	Maintain current rate, indexed		Maintain current rate, indexed	Maintain current rate, indexed
	how calculated	Index to independently surveyed comparable costs		Index to independently surveyed comparable costs	Index to independently surveyed comparable costs

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Table 2. Recommended Reforms					
Type of Funding	Feature	Candidate (independent)	Small RPP - ineligible (i.e., received Policy Development or Public funding)	Small RPP - eligible	Major RPP
	fit for purpose proportionate appropriate	Review and publish fitness for purpose as revealed by audited returns of expenditure Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Review and publish fitness for purpose as revealed by audited returns of expenditure Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Review and publish fitness for purpose as revealed by audited returns of expenditure Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.
Public Funding	amounts how calculated	Adjust amounts for 2026 elections to say, \$3/LA vote, \$3/LC vote, indexed. Index to independently surveyed comparable marketing costs	Adjust amounts for 2026 elections to say, \$3/LA vote, \$3/LC vote, indexed. Index to independently surveyed comparable marketing costs	Adjust amounts for 2026 elections to say, \$3/LA vote, \$3/LC vote, indexed. Index to independently surveyed comparable marketing costs	Adjust amounts for 2026 elections to say, \$3/LA vote, \$1.50/LC vote, indexed. Index to independently surveyed comparable marketing costs

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Table 2. Recommended Reforms					
Type of Funding	Feature	Candidate (independent)	Small RPP - ineligible (i.e., received Policy Development or Public funding)	Small RPP - eligible	Major RPP
	fit for purpose	Citizen jury recommendations to be basis of adjusting public funding to amounts required for effective political communication.	Citizen jury recommendations to be basis of adjusting public funding to amounts required for effective political communication.	Citizen jury recommendations to be basis of adjusting public funding to amounts required for effective political communication.	Citizen jury recommendations to be basis of adjusting public funding to amounts required for effective political communication.
	proportionate	Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs	Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs	Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs	Review and publish comparison of audited returns of expenditure with independently surveyed comparable marketing costs
	appropriate	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.	Conduct a citizens' jury during each election campaign to assess the appropriateness of its funding and other regulated features, and report and recommend reforms.

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A. Minimum party administration requirements (i.e., what minimum party administration requirements should apply to major political parties to qualify for public funding)

- The requirements should avoid the risk of anti-democratic effects leading to a political oligopoly comprised of major parties, which restricts the emergence of new entrants, e.g., new parties and independent candidates. Accordingly, the minimum requirements provided for party administration should reflect those for a Member of the Legislative Assembly. The requirements may commence on 1 January in the election year and must apply from the day on which the Parliament is dissolved nominations close and in the case of a casual vacancy, on the date on which the casual vacancy arises. The requirement may include but not be limited to:
 - Rental of an office / shop front; utility services electricity, water, sewerage, internet fit-out; furniture; information technology equipment
 - Executive /office manager (= experienced electorate officer ~\$40/hour); staff equivalent to those in electorate offices (*but not staff at Parliament*); candidate and staff training (equivalent to that provided for a first-term Member of the Legislative Assembly)
 - a website administered by or on behalf of the RRP
 - Capacity to receive, transmit and disclose funds (includes public funds, donations/gifts, campaign expenditure, etc.) electronically
 - Travel and accommodation expenses (within the electorate, equivalent to that provided for a backbench MP)

The current electoral funding for parties and candidates (as outlined in the Discussion Paper) provides for

- extraordinarily generous public funding (subject to 4% threshold)
- administrative funding that is exceptional by international standards but otherwise not unreasonable
- policy development funding that is modest and exceptional by international standards but otherwise not unreasonable

B. Minimum threshold

The threshold must be so low as to allow for the emergence of new, democratic political movements that have the potential to successfully challenge incumbent parties and, so as to reduce risks of the latter forming oligarchies. Such a threshold could correspond with a similar limit for public funding i.e., zero percent (0%).

Recommendations

- Minimum party administration requirements should include:
 - Executive /office manager (equivalent to an experienced electorate officer ~\$40/hour); candidate and staff training (equivalent to that provided by VEC for candidates &/or Legislative Assembly for first-term Members)
 - a website administered by or on behalf of the RRP
 - Capacity to receive, transmit and disclose funds (includes public funds, donations/gifts, campaign expenditure, etc.) electronically
- Minimum threshold to be used to determine the major political parties to which the requirements would apply:
 - zero percent (0%) i.e., the same threshold should apply for eligibility for public funding.