New funding and disclosure laws

In the lead up to the 2018 State election, the Victorian Parliament made changes to the Electoral Act 2002 (the Act), including new funding and disclosure laws for Victoria.

The laws came into effect in two stages:

- stage one on 1 August 2018
- stage two on 25 November 2018, the day after election day.

The laws introduced new obligations for any person or entity that gives or receives political donations, including registered political parties, candidates, groups of candidates standing for the Legislative Council, elected members, associated entities, third party campaigners, nominated entities, as well as donors.

Stage one

From 1 August 2018, the Act banned anonymous donations over $1,000, all foreign donations, and allowed for each registered political party to nominate a ‘nominated entity’, which exempts it from the donation cap for donations to that registered political party.

Stage two

From 25 November 2018, the ongoing disclosure and reporting obligations came into force, as well as a variety of new administrative requirements. This included the requirement for prospective recipients of political donations to establish and maintain a ‘state campaign account’ for the purpose of managing political donations and expenditure.

Stage two also introduced a general cap for political donations from any one donor to any one recipient within an election period (the period between State general elections). The general cap includes aggregated donations within the election period, up to $4,000 for the 2018/19 financial year.
The Victorian Electoral Commission (VEC) launched the online disclosure system on 25 November 2018, where donors and recipients must disclose political donations of $1,000 or more within 21 days of giving or receiving the donation. The online disclosure system gives Victorians the opportunity to see reconciliation of political donations in real-time, introducing accountability and transparency to political funding in Victorian parliamentary elections.

**Stakeholder engagement**

In addition to broad messaging about the 2018 State election, the VEC commenced an extensive stakeholder engagement program specifically about Victoria’s new funding and disclosure laws. The program was designed to:

- educate stakeholders and the broader public about the new laws
- alert those with new obligations under the Act and reduce the risk of non-compliance
- explain the VEC’s role to administer the new laws
- respond promptly and consistently to funding and disclosure enquiries.

After a comprehensive stakeholder analysis, the VEC identified over 400 potential donors and recipients from across the community. Initial outreach efforts included:

- an extensive advertising campaign
- direct written communications with all registered political parties, independent MPs, and entities or groups that were identified as potentially qualifying as associated entities and/or third party campaigners
- information supplied in the *Candidate Handbook* issued to all candidates at the State election
- briefing sessions held for all stakeholders

- a suite of communication materials that were published to the VEC website and made available in printed form on request or as part of information kits.

**Public funding streams**

As part of the new funding and disclosure laws, the Act also reformed Victoria’s public funding entitlements and introduced three funding streams for eligible registered political parties and independent candidates:

- public funding entitlement
- administrative expenditure funding
- policy development funding.

Figure 17 provides a summary of public funding entitlements and payments as a result of the 2018 State election. Figure 18 provides a summary of advance public funding entitlements and payments made to date for the 2022 State election.

**The case for change:**

**The indexation requirement**

A comprehensive review of Victoria’s funding and disclosure laws is planned to follow the 2022 State election. In the meantime, the VEC notes that all caps, donation disclosure thresholds and funding amounts specified in Part 12 of the *Electoral Act 2002* are subject to an annual CPI indexation on 1 July each year. Although the *Electoral Act 2002* permits limited rounding, annual adjustments to these amounts risk contributing to non-compliance as a result of changing values that add ambiguity and complexity over time.

See Recommendation 10 on page 110.
The VEC has introduced a constructive compliance approach to its administration and enforcement of Victoria’s funding and disclosure laws. The Act includes significant penalties for non-compliance. Accordingly, it is essential that all donors and recipients of political donations familiarise themselves with their obligations. More information can be found on the VEC website.

### Forward plan for the 2022 State election

As the new funding and disclosure laws came into effect progressively during the 2018 State election, ongoing stakeholder engagement and outreach efforts are planned. All caps, bans, disclosure and reporting obligations will be in place for the 2022 State election.

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1. As at 30 June 2019
2. As at 30 June 2019

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<thead>
<tr>
<th>Recipient type</th>
<th>No. eligible</th>
<th>Entitlement amount</th>
<th>No. claimed to date</th>
<th>Entitlement amount claimed to date</th>
<th>Potential entitlement amount not claimed</th>
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<td>13</td>
<td>$10,755,483</td>
<td>$139,900</td>
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<td>$38,064</td>
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<tr>
<td>Combined</td>
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<td>$11,190,365</td>
<td>45</td>
<td>$11,012,401</td>
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</table>

Figure 17: Public funding entitlements for registered political parties and independent candidates from the 2018 State election.

<table>
<thead>
<tr>
<th>Recipient type</th>
<th>No. eligible</th>
<th>40% Entitlement amount</th>
<th>No. claimed to date</th>
<th>40% Entitlement amount claimed to date</th>
<th>Potential entitlement amount not claimed</th>
</tr>
</thead>
<tbody>
<tr>
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<td>$10,924,117 of possible $10,956,095</td>
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<tr>
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<td>$404,546</td>
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<td>$137,270 of possible $138,242</td>
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<tr>
<td>Combined</td>
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<td>$11,713,813</td>
<td>21</td>
<td>$11,061,387 of possible $11,094,377</td>
<td>$652,426</td>
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</tbody>
</table>

Figure 18: Advance public funding entitlements for registered political parties and independent candidates for the 2022 State election.
By the numbers:
Funding and disclosure

- **$1,000** cap on anonymous donations
- **$4,000** cap on donations in an election period from any one person
- **0** foreign donations allowed
- **138** email enquiries about the new funding and disclosure laws
- **14** registered political parties eligible for advance public funding for 2022
- **40** independent candidates eligible for advance public funding for 2022