killing competition:
restricting access to political communication channels in australia

By Sally Young

Jürgen Habermas argued that power in a liberal democracy is maintained ‘less through coercion than by restricting access to political communication channels’.

In Australia, there are a number of ways access to political communication channels is restricted including through parliamentary entitlements, the public funding of election campaigns in a manner which disproportionately benefits the major parties, through unlimited political donations (which again benefit the major parties but particularly incumbents) and finally, through government advertising—now a massive ‘special’ advantage for incumbent governments. These factors not only limit competition and help to entrench incumbency, they also demonstrate how Australian politicians are no longer confining their election campaigning to the official election campaign period but are instead, stringing their campaigns throughout the election cycle and, increasingly, pushing the costs of this ‘permanent’ campaigning onto taxpayers.

Parliamentary entitlements

In the last few years, the Coalition Government has made a number of changes to parliamentary entitlements. Taken separately, these changes appear to be only minor and of little consequence. They are, after all, concerned with printing and postal entitlements—hardly the most weighty of matters. But taken together and put in the context of modern election campaigns, these changes demonstrate a major shift in campaign practice.

Parliamentarians receive a number of support services to help them perform their duties. These include support staff, office accommodation and equipment, postage and printing costs, electorate allowances, travel allowance and travel entitlements including car transport, a private plated vehicle and domestic air travel. Over the years, generous travel entitlements have raised the most eyebrows with the term ‘junket’ increasingly bandied about. While somewhat less glamorous, politicians’ printing entitlements are now also coming under scrutiny.

In 2001, a National Audit Office report on parliamentarians’ entitlements was leaked just a few months before the federal election. The leak was very selective—only one member’s spending was exposed. Bob Horne, the Labor Member for Paterson was revealed to have spent $219,004 on printing in 1999-2000. ($219,000 can buy over one million full-colour A4 brochures). Horne was characterised in the media as ‘Bob the Printer’. He lost his seat at the 2001 election.

Shortly after the revelation of Horne’s spending, the Audit Office report concluded that the ‘uncapped nature’ of many parliamentary entitlements left them open to abuse. In response, the Prime Minister initiated a cap on printing entitlements. While this may have seemed a step in the right direction, it actually only encouraged greater spending than ever before.

The 2001 Audit Office report showed that 113 out of 147 parliamentarians spent less than $50,000 on printing. But the new cap that the Government placed on spending was $125,000 per annum. So the new cap effectively encouraged MPs to spend double what they normally would on printing.

Since the new cap was set (just before the 2001 election) MPs have taken up the offer with great enthusiasm. Figures released by the Department of Finance and Administration in 2002 show that four MPs spent more than $300,000 on printing in the lead up to the federal election. Thirteen MPs spent more than $200,000 and thirty-two spent more than $100,000. In practice, the new printing limits had worked to normalise high spending. What was considered unacceptable when Bob Horne did it less than six months ago (that is, spending more than $200,000 on printing), had now been exceeded by at least seventeen other MPs.

When the Department of Finance and Administration released the new spending figures in 2002, they refused to name any of the high spending MPs. But documents recently obtained by the Herald-Sun under
the Freedom of Information Act, showed that Liberal Party members were the most extravagant spenders. All of the four members who spent more than $300,000 were from the Liberal Party. Barry Hasse, a Liberal member from Western Australia, was the top spender. He spent more than $416,000 on his printing and stationery needs. Bronwyn Bishop, who has one of the safest Liberal seats in the country, spent $216,000. Given that only ten years ago, $5200 was the average spent by MPs on printing and stationary, these amounts are significant.

Generally, the media has paid little attention to the printing entitlement changes. They have probably been viewed, in isolation, as fairly trivial regulatory changes to parliamentary entitlements. The Herald-Sun was one of the few outlets to note the high spending and framed the story as just further evidence that politicians are corrupt, greedy abusers of the public purse. While ethics and political conduct may be one element of the change to entitlements, the potential for it to entrench incumbency and thereby pervert the political process, is a serious aspect which has been ignored.

Changes to printing entitlements are just one element of a pattern of changes which the Federal Government has made to allow incumbents greater public spending on their local campaigns. Just prior to the election in 2001, the Government arranged for an expensive refit of electorate offices. New equipment given to parliamentarians included new laptops, palm pilots, colour laser printers, scanners, label printers and new software including web page authoring software. All of this equipment increased sitting members capacity to campaign by giving them the ability to design, print and post more glossy and eye-catching pamphlets, postcards and letters.

Also in 2001, the Government effectively increased the amount of Communications Allowance which is provided to MPs for delivery of their letters, newsletters and even Internet material. The Allowance was previously set at $25,000 for a House of Representatives electorate of less than 50,000 kms but the Government changed the rules so that MPs can now call forward up to twenty-five per cent of their next years’ entitlement—giving them an extra $6250 during an election year.

All of these changes signal a new emphasis on permanent local campaigning. In a 2001 address to the National Press Club following the election, the Liberal Party federal director and campaign manager, Lynton Crosby stated that: ‘the real [election] campaign these days...does not take place on TV, on the radio or even in newspapers — it is the local activity on the ground that really counts — letters to voters, postcards, newsletters, telephone canvassing, door knocking...’ The major parties are so enamoured with these types of activities—particularly, the letters, postcards and newsletters—that they continue to use them long after the election is won.

The significance of this type of campaigning activity relates to the nature of modern campaigns in Australia. Here, modern election campaigns are really media campaigns. Most Australian voters never have any direct contact with politicians or their Member of Parliament. Instead they rely on information gleaned from newspapers, radio and television. But increasingly, they do not even have to look this far. Just by opening their letterbox, voters can now receive a stream of direct-mail letters, newsletters, fridge magnets and even Christmas cards from their local MP. This is especially true if they happen to live in a marginal seat.

Changes to parliamentary entitlements have made it much easier for incumbents to perform this sort of local campaigning at taxpayer expense.

If we add up the parliamentary benefits that have been mentioned—printing, post and communications allowances—we can see that incumbent Members of the House of Representatives are provided with over $200,000 in public funding to campaign—and this does not even include their parliamentary salaries (minimum $95,600 for a backbencher), their travel allowances, car transport, the significant value of their electorate staff (MPs are entitled to three electorate
staff), office equipment (Members are given four computers, two printers, a photocopier, fax, laptop, a machine for folding and stuffing envelopes and a letter franking machine as well as the 2001 office refit which provided them with new equipment outlined above) and other communication equipment (three phones at Parliament House, four in the electorate office, two mobiles and a telecard). Nor does it include the money Members can raise privately through donations and fundraisers, or the public funding they receive to reimburse them for election campaigning expenses.

Public funding of election campaigns

In Australia, our system of public funding of election campaigns came about as a direct result of the parties’ high spending on election campaigns and particularly, their high spending on political advertising—especially television advertising—which has become one of the most important channels of political communication. In 1984, the ALP and Liberal parties spent $12 million on their campaigns, including $5.7 million on television and radio broadcasting. However, they were having difficulty financing these large advertising campaigns because of a shortfall in donations. In response, the Hawke government introduced public funding of election campaigns. Under this scheme, taxpayer funding is used to reimburse candidates for their campaigning expenses.

To qualify for public election funding, a candidate must obtain four per cent or more of the first preference vote. The entitlement is then calculated on the total number of votes won with the number of first preference votes obtained multiplied by the rate of payment. The current rate of payment is $1.79 per first preference vote. This method for calculating public funding clearly favours the major parties with the ALP and Liberal-National Party receiving up to eighty-eight per cent of all public funding. After the 2001 election, these parties received over $32 million between them. This represented eighty-four per cent of the total public funding allocated which left only sixteen per cent (or $6 million) for all other candidates including smaller parties and independent candidates.

In theory, the public funding of election campaigns has a number of possible advantages. It can help to secure greater equality between citizens, promote freedom of speech by increasing the range of persons who have the opportunity to meaningfully exercise that freedom, relieve politicians from the burden of fundraising and prevent corruption. However, there are some significant problems with the public funding system in Australia. The first has already been alluded
to. Because the formula for allocating funding is based on past success, it favours the established major parties. New parties and independents therefore do not have equitable access to political communication channels (such as expensive televised political advertising) and they therefore, start with a considerable handicap.

Another major problem is that although public funding legislation was supposed to address the high costs of campaigning, it did nothing to limit those costs. For example, it set no legislative restrictions upon either the volume of political advertising or the amount that the parties could spend purchasing political advertising which is by far, their most expensive campaign activity.

The rate of public funding is automatically indexed every six months to increases in the CPI. Between 1984 and 1993, these automatic increases were resulting in a rise of about $2 million each election cycle. But in 1995, the Labor government introduced legislation to raise the rate of public funding. The effect of this was dramatic—the amount of public funding rose by $17 million between the 1993 and 1996 elections. Demonstrating again the links between public funding and expensive televised political advertising, this rise allowed the major parties to increase their spending on television advertising by $5.8 million (or thirty-eight per cent).18 Because there are no limits on the amount the parties may spend on their campaigns or on political advertising, the parties have no incentive to cap their spending. And, because public funding rates can be increased by legislation, there is no reason why Australian politicians will not legislate again to increase the rate of public funding so that they may spend more.

Australia’s public funding system ensures that following an election campaign, each of the two major Australian political parties receive millions to reimburse them for their campaign costs. But the generous public funding system in Australia does not preclude candidates from also raising funding from private sources. Australian parties can still raise unlimited amounts through political donations. So although public funding may in theory, mean the major parties are less beholden to private donors, in practice, the nexus with wealthy donors remains crucial to them.

The parties also raise up to $20 million a year through private donations. The incumbency effect suggests that governing parties are given more donations than their opponents. This is because donors correctly assume that incumbents are in a far better position to fulfil any quid pro quos.

### Political donations

The two major Australian political parties receive up to $60 million each year from private sources including through the advent of their own business enterprises.17 Labor’s business enterprises—such as John Curtin House Ltd, Canberra Labor Club Ltd and Labor Holdings Pty Ltd—have rendered the Labor Party fairly independent of its traditional reliance on union donations. In 1999/2000, these three entities alone listed receipts of over $48 million.18 The Liberal Party has traditionally attracted a large amount of income (up to two thirds) from corporate donations.19 But it also has its own businesses such as John McEwen House Pty Ltd and the Liberal Clubs as well as companies that act as trusts such as the Greenfields Foundation and The Free Enterprise Foundation.

The parties also raise up to $20 million a year through private donations.20 The incumbency effect suggests that governing parties are given more donations than their opponents. This is because donors correctly assume that incumbents are in a far better position to fulfil any quid pro quos. These funds enable the major parties—but particularly the incumbent government—to create massive war-chests which most new challengers and minor parties will lack unless they have their own sources of private wealth (such as billionaire Ross Perot in his bid for the US Presidency in 1992). Denying challengers access to political communication channels encourages a system where competition is based on money rather than merit because the only challengers who can compete are those who have their own private wealth.

Companies and individuals donate money to political parties for a number of reasons. Among these may be a desire for access to decision makers, a sense of
civic duty, desire for status among their peers or a desire to be appointed to boards of government agencies as a result of their donation. Many are seeking access and goodwill. They want government officials to use their power to favour them in any future dealing. This means that incumbent office holders are almost always advantaged by the flow of private money. This incumbency advantage makes elections less open, competitive and fair.

There is also a danger that those who give money will in fact purchase special privileges or quid pro quos. One of the most notable recent examples of a perceived quid pro quo arrangement occurred in Victoria in 1999. In October 1999, a $100,000 donation from Kerry Packer was donated to the Victorian branch of the ALP two days before the crucial Frankston by-election and two weeks after a meeting ‘between Labor leader Steve Bracks and Packer lobbyist Graham Richardson which included discussion of Labor’s troubled history with Crown Casino, controlled by the Packer family’. The opposition and the media suggested the donation was linked to the Victorian ALP’s later decision (when in government) not to hold a royal commission into the tendering of the Crown Casino licence. The Herald-Sun for example, drew a direct link when it stated that; ‘Labor had pledged to hold a royal commission... and Mr Hulls had called for a “full” casino inquiry in 1998...’ [but] A month after the Packer company made its $100,000 donation to the ALP, the State Government ruled out a royal commission.

Government advertising: The winner takes all

Parliamentary entitlements are available to all MPs but obviously, because of the major parties’ dominance of Parliament, they do better in this regard than minor parties or independents. Because of the formula used to calculate public funding of election campaigns, the major parties benefit the most and take over 80 per cent of the funding available. In the market for political donations, both major parties receive millions in political donations although incumbent governments are likely to receive more. But there is one other crucial avenue of political communication which is open only to governments—government advertising.

Government advertising has become, in the modern era, one of the greatest benefits of incumbency. The ability for the government of the day to run ‘public information campaigns’ on all manner of topics is a
major political communication resource which, in recent years, has been sorely abused. Both federal and state governments have used their incumbency advantage to fund massive, publicly-funded 'government information' campaigns.

In 1999, the federal government was ranked ninth out of the top 50 advertisers in Australia. It was below big commercial advertisers such as Telstra, Coles-Myer, Unilever Australia, Nestle, Woolworths, Toyota and McDonalds. In that year, the federal government spent $60 million—less than half Telstra spent on advertising. But by 2000, the federal government was the top spending advertiser in the country. It spent over $160 million. In 2001, the federal government was still on top, exceeding nearest big advertiser Coles-Myer by $30 million.

At the federal level, high spending on government advertising was set in motion with the 'Unchain My Heart' tax reform advertising campaign funded by the Coalition government in 2000 just prior to the introduction of the GST. Estimates of the cost of this campaign varied from $151 million to $500 million although the first estimate seems to be more likely. In the six months prior to the 2001 election, the federal government also spent nearly $80 million on various public interest campaigns which were criticised as thinly disguised advertising. Later campaigns have included a massive advertising campaign on private health insurance, as well as advertising on teenage drug use and most recently, anti-terrorism. These government advertising campaigns have ensured the federal government remains the highest spending advertiser in Australia.

Government advertising is also being taken up with enthusiasm by state governments. The NSW government, ranked 50 out of the top 50 advertisers in 2000, was the 7th highest spending advertiser in Australia by 2001 out-spending big national advertisers such as Holden, Unilever and McDonalds. In Victoria, in the days and weeks immediately prior to the 2002 state election, the ALP State Government ran a lengthy series of ads promoting their efforts in increasing police numbers and claiming improvements to the health and education systems. Government advertising has become perhaps the clearest current example of incumbents using public resources for election campaigning activities.

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The implications

Politicians are no longer confining their electioneering solely to the formal election campaign period which occurs, on average in Australia, every 2.3 years. Instead, modern campaigning practices have created the sense of a 'permanent campaign' whereby politicians begin preparing for their next campaign almost immediately as the last campaign is finished. Part of this shift has been to increasingly use incumbency advantages to aid re-election prospects.

Structural factors in our political system which restrict competitors' access to political communication channels are of concern. Such restrictions prevent full freedom of speech and the ability for people to exercise that freedom in a meaningful way. They prevent more voices from being heard, make our elections less competitive and our political system less open.

If we look to the US we can see a worrying potential future. In the US, incumbents almost never lose elections—up to ninety-eight per cent of members of the House of Representatives are re-elected. This kind of system is obviously potentially corrupting. It has dire implications for accountability, for representation and for the party system. It stifles the possibility of rotation of office, of new ideas and innovative policy. One of the main factors which is considered to be a factor in entrenching incumbency in the US is the increased resources of incumbent members—especially their use of 'franking' or free postage.

Incumbents already enjoy advantages such as name recognition, a history of past services to constituents, experience, and seniority in office. They also enjoy government benefits such as professional services, travel
allowances, substantial funding for staff, office space, and generous salaries. All of these make it difficult for challengers to be effective against them. However, the single biggest problem facing challengers in a media-dependent system like ours, is to get sufficient financing to disseminate their messages through expensive advertising campaigns.

Now that incumbents can increasingly use their public entitlements to send unsolicited mail, newsletters and other types of promotional material, challengers are put at an extreme disadvantage. This is because direct mail has become one of the most valuable tools in an election campaign. In 2001, aside from the supposedly ‘non-political’ mail that MPs could, under the current rules, legitimately send through their parliamentary offices, the major parties also spent about half their own campaign budgets (that is, their own money) on direct mail. Unlike mail sent by parliamentarians through their offices, this party-funded direct mail was identified as political advertising.

An internal campaign manual produced by the ALP in 1998, described direct mail as ‘a powerful political weapon’ because it creates ‘an air of intimacy, interest and action’, allows ‘a unique edge to be put on the campaign by “personally” addressing and “personally” signing letters to an individual’ and allows candidates to target voters (eg. by gender or neighbourhood) and hit them with messages targeted specifically to their interests.

Direct mail has experienced phenomenal grown in Australia in the last few years. In 1996, Labor spent just under $2 million on direct mail while the Coalition spent just under $3 million. In 2001, the parties spent around $15 million each. The parties have increased their spending by 400 per cent in the last five years because they consider direct mail to be an effective method for political persuasion. And, because of the high priority they now attach to direct mail as a political communication method, the parties are loathe to confine it only to election campaigns. Using publicly-funded mail, newsletters and other types of promotional material whilst in office (and particularly just prior to an election campaign) gives incumbents a massive advantage.

However, Australian MPs should note that in the US there was eventually a major backlash against abuse of ‘the frank’ (free postage). In the late 1980s, American media reports criticising incumbent perks ‘grew more common and emphatic’. Franked mass mailings were increasingly ‘portrayed as little more than taxpayer financed campaign literature’. In response, in 1991, the US Congress placed limits on spending and began to make franking expenditures public. As a result, after almost two decades of continuous growth (and spending of up to $A800 million on postage), franking expenditures abruptly declined. The public exposure of their activities and members’ concerns about possible public reaction, curtailed their use of that particular infamous incumbency advantage. Nevertheless, other advantages (such as inadequate campaign finance laws), mean entrenched incumbency is still a major problem in the US.

There is always a danger that incumbents will use regulations to make it difficult for other candidates and parties to compete. Australian politicians already enjoy a major incumbency advantage. In the past fifty years, only three Federal elections have resulted in a change of government: 1972, 1983 and 1996. If we do not want to see Members of Parliament using taxpayers’ money to shore up their reelection chances, we need to carefully monitor changes to parliamentary entitlements, the structure of our campaign financing system and the use of government advertising. Political communication resources are a precious resource and, as with elections in general, they need to be free and fair, open to all, highly competitive, honest and ethical.
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