

29 February 2016

Committee Secretary  
Joint Standing Committee on Electoral Matters  
PO Box 6021  
Parliament House  
Canberra ACT 2600

via email: em@aph.gov.au

Dear Sir/Madam

### **Commonwealth Electoral Amendment Bill 2016**

The Australian Institute of Company Directors (AICD) welcomes the opportunity to make this submission in response to the Joint Standing Committee on Electoral Matters inquiry into the Commonwealth Electoral Amendment Bill 2016 (the Bill).

The AICD is committed to excellence in governance. We make a positive impact on society and the economy through governance education, director development and advocacy. Our membership of more than 37,000 includes directors and senior leaders from business, government and the not-for-profit sectors.

We have a strong interest in the governance of the nation and believe the current Senate voting arrangements allow for gaming that does not reflect the will of the people. As such the AICD strongly supports the changes to Senate voting practices proposed in the Bill.

Australian directors operate according to laws and practices that change regularly to adapt to the needs of stakeholders and the community. In contrast, our governments operate within a political system that was designed more than a hundred years ago and has changed little since. The machinery of government needs to adapt to the expectations of modern Australia.

Significant reforms are needed to combat the excessive short-termism in national policy-making and political processes and to boost confidence in federal democratic systems<sup>1</sup>.

Reforms to address the inconsistent and undemocratic outcomes produced by the current Senate voting and preference model are a vital step in improving the governance of the nation. Ensuring that the Senate voting system delivers results more closely aligned with the will of voters will strengthen confidence in its role and representation.

The AICD endorses the Bill and urges its urgent passage to deliver on these outcomes.

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<sup>1</sup> Other priorities for the AICD include measures to address the impact of short and variable federal parliamentary terms and lack of clarity in the Council of Australian Government's agenda, not canvassed in this submission.

We recognise and respect the role of the Senate as the house of review and its role of state representation in Australia's federal system. It is important that reforms to the election process of the Senate do not diminish the Senate's ability to provide its important check on the government of the day. A strong Senate contributes to accountability at a national level.

The inadequacies in the current Senate voting system are well-known and were examined in detail in the Joint Committee's Interim Report on the Conduct of the 2013 Elections: Senate Voting (May 2014). That report, with the endorsement of all parties, presented a strong case for reform. The Joint Committee's substantive recommendations of abolishing group voting tickets and introducing above the line optional preferential voting are adopted in this Bill.

We concur with the Joint Committee's view of the problems highlighted by the 2013 result:

"The 2013 federal election will long be remembered as a time when our system of Senate voting let voters down. Combined with pliable and porous party registration rules, the system of voting for a single party above the line and delegating the distribution of preferences to that party, delivered, in some cases, outcomes that distorted the will of the voter."<sup>2</sup>

Fundamental to our democracy is the principle that voter intentions at the ballot box should be reflected in the make-up of our parliament. The outcomes of the current Senate election model are clearly failing to deliver on this objective, as demonstrated in the 2013 election results. It is difficult to argue, for example, that Victorian voters would expect a candidate with just over 17,000 votes to be elected over a candidate who received almost 390,000 votes.

By allowing partial optional preferential voting above the line, abolishing group voting tickets, and introducing measures to limit the risk of voting error<sup>3</sup>, the Bill would:

- Return the power over preference allocations to voters from parties;
- Improve the value of primary voting intention over preference allocation;
- Remove the capacity for preference gaming between micro-parties, where preference flows do not reflect the intent of voters;
- Assist in controlling the size of senate ballot papers, through discouraging micro-parties with very small electoral support from nominating; and
- Reduce inadvertent errors by improving ballot paper clarity (instructions on voting options, optional inclusion of party logos) and increasing allowable mistakes.

If passed, the Bill will deliver a more robust, transparent and accountable voting model for the Senate. It will help restore public confidence in Senate voting and enhance the Senate's ability to perform its important functions.

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<sup>2</sup> Joint Standing Committee into Electoral Matters *Interim report on the inquiry into the conduct of the 2013 Federal Election: Senate voting practices* 9 May 2014, page v

<sup>3</sup> While we note that the Joint Committee's 2014 proposal for below the line optional preferential voting is not included in the Bill the AICD does not consider this a reason for delay on the substantive and overdue reforms set out above. Passage of the Bill would not preclude consideration of further electoral reform over time.



Critics of the Bill have argued that the changes unfairly benefit the Coalition, making it easier for a Coalition government to gain a majority in both houses. The AICD notes analysis by election analyst Antony Green and others demonstrating that this claim does not stand up to scrutiny<sup>4</sup>.

Diversity in candidates and parties is an important feature of a strong democracy. The AICD is confident that the reforms as proposed will maintain the opportunity for minor parties and independents to be elected to Senate positions while limiting the scope for micro parties with very minimal electoral support to be elected based on complex preference swaps.

The process of a government needing to persuade the people and the Senate of its proposed reforms is a good one. But electoral mandates must be respected, along with the need for parliaments to respond adequately to matters before them.

The uncertainty caused by the election of minor parties who receive a very small number of votes undermines confidence of business leaders. In 2015 the AICD's *Director Sentiment Index*<sup>5</sup> found that directors rated "Balance of Power Issues in the Senate" as the third biggest economic challenge facing Australia.

We suggest that the election of micro parties has led to an increase in short-term decision making and a policy focus that undermines the quality of public policy debate in Australia. The 2015 Director Sentiment Index found that 83% of directors rated the quality of public policy debate in Australia as "poor" or "very poor".

While the changes recommended in the Bill do not fully solve the issues of short-termism impacting Australian politics, they represent a significant advance and would contribute to restoring public confidence in our democratic systems.

The AICD supports the Bill and recommends its urgent passage.

We hope that these comments are of assistance to the Committee. Should the Committee have any further questions please contact the AICD's General Manager Advocacy, Louise Petschler, on (02) 8248 6600 or [lpetschler@aicd.com.au](mailto:lpetschler@aicd.com.au).

Yours sincerely



**JOHN BROGDEN**  
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<sup>4</sup> ABC Elections Blog, 2016. available at: <http://blogs.abc.net.au/antonygreen/2016/02/would-electoral-reform-deliver-the-coalition-a-senate-majority-at-a-double-dissolution.html>.

<sup>5</sup> AICD *Director Sentiment Index*, 2015. Available at: <http://www.companydirectors.com.au/director-resource-centre/research-reports/director-sentiment-index>