

The role of the media in the public disclosure of electoral funding

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Australian political parties and the media have long had a symbiotic relationship. The parties rely on the media as their main channel to the public, and the media rely on the parties for an ongoing supply of news. Because of this, day-to-day reporting of political news is usually concentrated on whichever issue, party or individual politician is deemed 'newsworthy' by editors or news directors. This paper examines what role the media should play in ensuring a full and transparent disclosure of political party funding; whether this role is being fulfilled; and to what extent other factors, such as media ownership, influence the media.

Introduction: media and politics in context

The media in Australia comprise both broadcasting and print media. The former is divided into commercial and public sectors, while the latter is made up solely of commercial operatives: this paper will focus only on the print media in relation to reporting financial disclosure. Australian media ownership is concentrated in the hands of just a few corporate, and mostly foreign, media giants.¹ The relationship between the media barons and Australian political leaders stretches back to Keith Murdoch's influence on the Lyons government in the 1930s. John Henningham, former head of the Journalism Department at the University of Queensland, points out that the current patriarch of the Murdoch media dynasty has been more subtle than his father in his political involvement but his influence has been more far-reaching.² Murdoch's News Ltd now owns seven of the 12 major daily newspapers in Australia (Table 1). While media owners have attempted, often quite overtly such as in the case of Murdoch the senior, to influence politics, there have also been attempts by politicians and political parties to exert influence over the media. This

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¹ This includes former Australian, and now US citizen, Rupert Murdoch

² John Henningham, 'Media' in Henningham (ed) *Institutions in Australian Society*, Melbourne, Oxford University Press. 1995, p. 276

occurred, for example, in the early 1990s when Prime Minister Keating demanded a more ‘balanced’ coverage of his government in Conrad Black’s newspapers, in return for a greater stake in media ownership.³ This case simply underscores the importance ascribed by politicians and political parties to the power of the media in influencing public opinion.

The power of the media to influence public opinion is also recognised and acknowledged by the public. Sociologist Michael Pusey presents data indicating that for ‘middle Australia’ newspapers are the single most important influence on their political views.⁴ This being the case, it is hardly surprising that political parties and politicians wish to be represented in a positive light. In 2002, when the media attempted to report the situation in the refugee camps, the government, presumably fearing negative coverage and therefore a potential backlash from the public, intervened and restricted media access to the camps. This restriction resulted in Australia’s place in the World Press Freedom Rankings falling from twelfth in the world to fiftieth⁵, a fact which, unsurprisingly, went unreported in the popular press.

The *ideal* role of the media in a democracy is to report factually and truthfully on current events, in such a way as to make them accessible to the general population. The public needs accurate and current information if they are to hold governments accountable for their actions and inactions. This is why freedom of the press is so important to the achievement of democratic values. Unfortunately, in the modern corporate media jungle, the principal role of news companies is to turn a profit for shareholders. These two roles are not necessarily compatible, indeed, University of Queensland political scientist Ian Ward points out that ‘rather than to inform voters and to serve Australia’s democracy (the principal business of the media) is advertising’.⁶ While the power of the media in relation to politics is not in doubt, the particular question explored here is the extent to which Australian democracy is served by the media in reporting disclosure of party funding.

³ Senate Select Committee on Certain Aspects of Foreign Ownership Decisions in Relation to the Print Media, *Percentage Players: The 1991 and 1993 Fairfax Ownership Decisions*, Parliament of Australia, Canberra, 1994.

⁴ Michael Pusey, *The Experience of Middle Australia: The Dark Side of Economic Reform*, Port Melbourne, Cambridge University Press, 2003, p. 127.

⁵ Reporters sans Frontiers, ‘Second World Press Freedom Ranking’
http://www.rsf.org/article.php3?id_article=8247,2004.

⁶ Ward, I., ‘Media Power’ in Summers, Woodward and Parkin (eds) *Government, Politics, Power and Policy in Australia*, 7th Edn, Sydney, Longman, 2002, p.401

Table 1: Ownership of national and capital city daily newspapers

News Ltd (Murdoch)	<i>The Australian</i> (National)
	<i>Daily Telegraph</i> (Sydney)
	<i>Herald Sun</i> (Melbourne)
	<i>Courier-Mail</i> (Brisbane)
	<i>Advertiser</i> (Adelaide)
	<i>Mercury</i> (Hobart)
	<i>Northern Territory News</i> (Darwin)
Fairfax	<i>Australian Financial Review</i> (National)
	<i>Sydney Morning Herald</i> (Sydney)
	<i>Age</i> (Melbourne)
Other	<i>West Australian</i> (Perth)
	<i>Canberra Times</i> (Canberra)

Source: Henningham, *Institutions in Australian Society*.

Reporting funding disclosure

Corporate and private funding of political parties, particularly the two major parties, is an increasingly important component of the parties' income. While the minor parties are still heavily reliant on public electoral funding for their campaigns, in 2002-03 the Liberal Party and the ALP received totals of \$3 073 714 and \$1 372 708⁷ respectively from corporate and private sources, representing 85 per cent and 38 per cent of their total income for the period. Under the provisions of Part XX of the *Commonwealth Electoral Act 1918*, the parties must disclose the source of each amount received over \$1500. The funding and disclosure scheme was introduced in 1984. The Australian Electoral Commission (AEC) releases the figures for the previous financial year each February, and these are available on the AEC website, however, it is in the public interest that these figures are accessible to as wide a range of the public as possible. With just under half Australian households

⁷ These figures do not include amounts received by the parties under the threshold amount of \$1500.

connected to the internet⁸, without the media playing the vital role of a channel to the public, there is something less than real transparency and accountability. Internationally, perception of the corruption of political parties is regarded as the key challenge for democracy. In Australia as well, almost half the voters incline to the view that it is the preferences of the ‘big interests’ that determine policy, not the preferences of voters.⁹

This paper covers the period from January 2001 to August 2004. During this period there were four disclosures of funding by the Australian Electoral Commission in each February 2001-04. Table 2 (see end of paper, p. 11) shows the frequency of newspaper articles on the subject of political party and election funding. The newspapers recording the consistently highest number of articles relating to funding and disclosure during the study period were the three Fairfax papers: the *Sydney Morning Herald* and *Age*, and the national daily, the *Australian Financial Review*; and the Murdoch national daily, *The Australian*.

The independent Perth daily, the *West Australian*, recorded a total of 20 articles on the subject of political funding, however, 11 of those articles appeared in November 2003. These articles were all part of a campaign mounted by the newspaper to defeat the introduction of public funding for political parties in Western Australia. The campaign, which used the emotive (for British migrants) term ‘poll tax’ to refer to public funding, was so successful that it also derailed the introduction of public funding in the Northern Territory. Consequently in both these jurisdictions party competition remains skewed in favour of parties that can attract corporate largess.¹⁰ The *West Australian* has not given consistent attention to disclosure of corporate donations to political parties.

The Murdoch daily tabloids in Sydney and Melbourne, the *Daily Telegraph* (Sydney) and the *Herald Sun* (Melbourne) both rated relatively poorly in terms of numbers of articles printed. This is significant given that these two papers have the highest circulation numbers of Australian newspapers.¹¹ Of the 12 national and capital city daily newspapers, those with the lowest reporting of financial disclosure and electoral funding were the *Northern Territory News* (Darwin) with no articles, the *Advertiser* (Adelaide) with five, the *Daily*

⁸ Australian Bureau of Statistics, <http://www.abs.gov.au/Ausstats/abs@.nsf/0/719f24637e758005ca2568f600016a98?OpenDocument>.

⁹ Australian Election Study 2001, Australian Social Science Data Archive, ANU.

¹⁰ See Marian Sawer, ‘They do things differently there...Democracy in Western Australia’, Democratic Audit of Australia, November 2003 <http://democratic.audit.anu.edu.au/>.

Telegraph with six and the *Mercury* (Hobart) and *Herald Sun* with seven each. Brisbane's *Courier-Mail* recorded nine articles. It should be noted that neither South Australia nor Tasmania have disclosure provisions in their Electoral Acts and this was also true in the Northern Territory up until 2004.

The most articles for any one month were in August 2003, with a total of 27 articles appearing in 10 newspapers. The issue covered exclusively by these articles, first raised in June 2003, was the alleged link between the Prime Minister and the Manildra Group, which led to allegations that the Prime Minister and the Director of the Manildra Group had met privately prior to Cabinet's decision to favour Manildra in the government's ethanol policy. The Prime Minister subsequently denied these allegations in parliament. The 17 articles that appeared in eight separate newspapers in February 2004 coincided with the release of the AEC funding and disclosure figures for the previous year, which revealed the actual increase in funding for the Liberal Party from the Manildra Group. The February 2004 articles also covered the issue of parties receiving donations from tobacco companies. This issue was first raised in December 2003 in the *West Australian* regarding tobacco company donations to the state branch of the ALP, and was followed up in January 2004 on a national scale. In February, the ALP publicly rejected tobacco company donations, calling on the Liberal Party to do likewise.

There was an increase in articles regarding party funding in the months preceding and including the 2001 federal election. While the most recent month for this study, August 2004, was also the month the 2004 federal election was called, only three articles on funding were recorded with six in the preceding month. Given the 2001 figures, however, it is reasonable to expect a higher occurrence for September and October. It is also possible that previously reported issues such as the Manildra donations or those from tobacco companies or James Hardie Industries might be revisited during the election campaign.

Most consistent and frequent reporting on the issue of party funding has appeared in *The Australian* and the *Australian Financial Review*. Both national dailies, the former has a broad readership and the latter has a relatively low circulation and a targeted readership in the business and finance sector. One conclusion that might be drawn from the consistent

¹¹ Henningham, 'Media', 1995, p. 262.

reporting on this issue in the *AFR* is an assumption that only those readers with an interest in business and finance would be interested in the financial support of political parties. Conversely, there may be an editorial assumption that people with little interest in, or knowledge of, business and finance would have no interest in knowing who and what are financially backing political parties and to what extent. With the exception of single issues that have specific policy and political implications, such as the Manildra donation, it is only during the brief period of election campaigns, when political reporting increases across all media, that the issue of funding is broadly raised as part of that increased attention to political parties. The internal dealings of the parties remain otherwise largely unaddressed in the public forum.

Implications of media disclosure of funding

Media organisations are consistent and major contributors to the two major political parties. In the years 1998-2003, the ALP received \$710 494 from media organisations, while the Liberal Party received \$620 178. These donations were mainly from the broadcasting arm of the media. The point remains, however, that commercial media organisations are supporting political parties to a degree that may raise questions regarding their financial as well as their political motives. Several media organisations have consistently provided financial support to both major political parties—although in varying amounts—notably, the Network Ten television station, and Kerry Packer’s Nine Network and Publishing and Broadcasting Ltd (PBL). PBL also donated a total of \$54 700 to the Australian Democrats in the last election year (2001-02). Murdoch’s News Ltd and Foxtel have mainly supported the Liberal Party.

Increasingly, corporate interest in political parties is indicated by financial support. While the concept of ‘buying influence’ may be accepted in relation to some parts of the private sector (buying influence as contrasted with making gifts is exempted from public disclosure under the Commonwealth Electoral Act), it remains questionable whether the general public would so readily accept the practice from the supposedly objective media. Further, given that it is the responsibility of the media to report the facts, how might political patronage influence such facts? In the light of the media-political party symbiosis and the media’s sometimes selective reporting of funding and disclosure, it might be reasonable to

postulate that it is not in the party's best interests to have their financial backers made public.

In the wake of the James Hardie asbestos issue, the ALP announced it would redirect all funds received from James Hardie to the victims of asbestosis. The ALP also called on the Liberal Party to do likewise. In the financial disclosures for the last election year (2001-02) James Hardie donated \$40 000 to both the ALP and the Liberal Party, and a further \$15 000 to the Australian Democrats. While the ALP, almost certainly with an electoral ulterior motive, made their position in relation to funding from James Hardie quite clear, and forced the issue on the Liberal Party, the Democrats receipt of money from the same source went unreported and unannounced. Members of the public, unless they have personally visited the AEC website to see which parties received money from James Hardie, have not been informed of the extent of the company's financial support for political parties. Given that the Democrats hold the balance of power in the Senate, it is not unreasonable to assume a strong political motivation for James Hardie's financial support of the minor party. The Democrats' repeated calls in the Senate for greater transparency and tighter controls in the matter of party funding makes their acceptance of the James Hardie donation all the more mystifying.

Union backing for the ALP still amounts to a considerable slice of the party's total funding—almost 12 per cent of the ALP's income in the last election year (2001-02). However, the ALP has downplayed the links between the party and the union movement in an attempt to sway the business sector towards their economic policies, and to counteract the Liberal Party's charges of union control. While corporate/private and public funding far exceed union funding for the ALP, the party may not perceive it to be in their best political interest for their link with the union movement to be reinforced in the public arena through media disclosure of substantial financial backing from the unions.

Similarly, the Democrats and Greens may not see it as beneficial to their political positions to have media disclosure of their funding from unions. When conducting research regarding the somewhat perplexing donation to the Greens from the Construction, Forestry, Mining and (CFMEU), the initial reaction from the party was a defensive block, followed, some days later, by a phone call from the office of one of the Greens MLCs in NSW to explain that the donation was from the construction branch of the union, pointing out the long

history between the green movement and the construction industry through the BLF Green Bans of the 1970s, and stressing that receiving the donation did not indicate any change in the Greens' position on the logging industry. It would appear that there are some sensitivities relating to union donations that the parties are not entirely prepared to have publicised.

Given the commercial imperatives of the print media, and the perceived disengagement of the public in relation to politics, the approach of the media in reporting funding and disclosure may be more a matter of printing the stories that will sell papers rather than those which might ensure a more balanced coverage of the issue. This, of course, once again raises the question of the primary role of the press and its accountability. Distrust of journalists and the media is at an all-time low. In 2002, Morgan Polls published their findings on ethics and honesty in professions and found that only 9 per cent of those polled regard newspaper journalists as honest—marginally more than trust estate agents and car salesmen.¹² The same poll found that only 16 per cent trusted federal MPs. While most journalists would consider this a grossly unfair assessment of their integrity, it underlines a public sentiment that regards the institution of the media as largely (91 per cent according to the Morgan figures) dishonest and journalists, by association, as the individual faces of the media. Valerie Alia, Co-Research Director of the Institute of Communication Ethics in the UK, indicates that in a social climate where the public is increasingly regarded as passive consumers of media, advertising and government policy, the triangular relationship, real or perceived, between government, the media and business, is a major factor in determining what issues are brought to public attention and in what way:

The implied assumption of media owners and managers is that consumers are only indirectly consumers of mass media—via their consumption of advertisers' products, services and media interventions.¹³

It may be, then, that editorial decisions, are being made on the basis of advertisers' choices or potential advertisers, and that these may not align with a wish to have full and public disclosure via the mass media of political party funding. This would certainly explain the

¹² Roy Morgan Research Centre, 2002. 'Health Professionals Continue to be Considered Most Ethical and Honest', <http://oldwww.roymorgan.com/polls/2002/3581/>.

¹³ Valerie Alia, *Media Ethics and Social Change*, Edinburgh, Edinburgh University Press, 2004, p. 2

lack of coverage given on the issue in the advertisement-intensive and mass circulation tabloid papers as opposed to the more directly targeted *Australian Financial Review*. Alia further notes the commercial focus of the print media in the light of ‘rampant’ staff cuts.¹⁴ Fewer journalists on staff inevitably results in fewer original stories being written and a greater reliance for copy on the press releases coming from ministerial offices and government departments. In this way, governments can rely on the media to run material prepared by ministerial staff as news. The *ménage a trois* of government-media-business has no vested interest in reporting political party or electoral funding disclosure.

Conclusion: Is Australian democracy served by financial disclosure reporting?

Freedom of the press, as noted earlier in this paper, is a keystone to democracy. The symbiosis between government and the media is not a novel concept. Daniel Defoe, in the early 1700s, reproduced government ‘spin’ as factual journalism in his publication, *The Review*, in return for his liberty from incarceration for writing political satire. Purely in terms of the issue of funding, are the Australian media simply reproducing political party ‘spin’ in return for political favours, or are they restricted by political party patronage in the extent to which party funding can be reported? Alternatively, are editorial assumptions being made that the readership isn’t interested in political issues beyond what can be presented as a consumer item? While it is problematic to attempt a media analysis on the basis of what is not reported, it is nonetheless relevant that such questions should be raised. The populist campaign against public funding run by the *West Australian* could be one example of the latter. It included headlines such as, ‘State’s voting plan: you pay’, ‘Want a bill killed? The West is best’, and ‘Snouts in the trough’, appealing to and reinforcing public distrust of politicians and government.

By contrast, the *Sydney Morning Herald* was instrumental in exposing the extent of corporate funding through a series of investigative reports in 2001¹⁵. The investigation continued and included, in 2003, the ‘cash for visas’ affair, which revealed the then Immigration Minister, Philip Ruddock had received funding for his 2001 election campaign

¹⁴ Ibid.

¹⁵ Pilita Clark and Emiliya Mychasuk exposed the corporate funding behind both major parties in articles in the *Sydney Morning Herald* on 12th and 13th June 2001

from a wealthy Lebanese businessman, apparently in return for residency visas for Lebanese immigrants. It was also revealed that both Ruddock and his opposite number, Senator Nick Bolkus, had received donations from a Philippines businessman, Dante Tan seeking residency in Australia. This issue, which also ran in the *Australian*, appealed to national insecurities about immigration and queue-jumping, as well as the perennial distrust of politicians. While certainly populist in its thrust, the reports represent a conclusive and non-partisan exposure of the extent to which politicians will go to obtain funding, although it does not necessarily say a lot about the parties the politicians represent.

The total combined income of the five major¹⁶ Australian political parties for the last election year (2001-02) was \$141 514 377. Of this, approximately 35 per cent was from private or corporate sources and a further 32 per cent was public funding. The balance was largely from trade union or party-affiliated sources. Much of the \$50million paid into party coffers from private sources in that one election year is from companies that advertise in the popular press and mass media. It could be argued that the mass media have a financial incentive not to run headline stories on the political donations of companies that buy advertising space from them.

The public, as consumers of both the media and the products or services advertised, have a right to be fully informed through the press of the extent of corporate funding of political parties and to be told which companies are funding which parties. Otherwise the suspicion remains that the principle of political equality is being undermined by the political influence of party funders.

¹⁶ ALP, Liberal Party, Nationals, Australian Democrats, Australian Greens.

Table 2: Newspaper coverage of political party and election funding

	<i>AFR</i>	<i>Aust- ralian</i>	<i>SMH</i>	<i>Daily Tele</i>	<i>The Age</i>	<i>Herald Sun</i>	<i>Courier Mail</i>	<i>Adver- tiser</i>	<i>Mer- cury</i>	<i>West Aust'n</i>	<i>Canb Times</i>	<i>NT News</i>	<i>Total</i>
2004													
Jan		2			1		1	1		2	1		8
Feb	3	4	3	1	2		2		1		1		17
Mar	2	1	1										4
Apr													0
May				1					1				2
Jun	1												1
Jul	2		1				2		1				6
Aug				1		1			1				3
													41
2003													
Jan			1										1
Feb	1	4	1			1		1	1				9
Mar													0
Apr				1									1
May													0
Jun	2	1	2		3								8
Jul											1		1
Aug	3	6	3	2	4	1	1	1		1	5		27
Sep		1	1				1						3
Oct		1							1	2			4
Nov		1	1							11			13
Dec										1			1
													68
2002													
Jan	1												1
Feb			3		1		1						5
Mar					3	1							4
Apr	1										1		2
May					1	2							3
Jun	1		1								1		3
Jul									1	1			2
Aug	1	1											2
Sep	1		1							1	1		4
Oct													0
Nov			1			1							2
Dec													0
													28
2001													
Jan													0
Feb	1												1
Mar		1											1
Apr													0
May													0
Jun	1		2								1		4
Jul	1												1
Aug	1	1			1		1			1	1		6
Sep	1	1			1						1		4
Oct	1	3									1		5
Nov	2	2			1			1					6
Dec					1			1					2
													30
Total	27	30	22	6	19	7	9	5	7	20	15	0	167

Source: ParlInfo Web Version: <http://parlinfoweb.aph.gov.au/piweb/>