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**DARK MONEY IN AUSTRALIAN POLITICS**

**AN OPEN LETTER TO**

**2022 FEDERAL ELECTION**

**CLIMATE 200 CANDIDATES**

**FROM MICHAEL YABSLEY**

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Dear Climate 200 Candidate

When he addressed the National Press Club on 16 February this year, Climate 200 founder, Simon Holmes à Court placed integrity in politics, including reform of political fundraising at the top of the national agenda. And rightly so. He rated integrity in politics as second only to climate change, when viewed through the eyes of Climate 200.

He also joined forces with American academic and one-time Democratic presidential hopeful, Professor Lawrence Lessig from Harvard Law School, by invoking the words of acclaimed American author and philosopher Henry Thoreau.

Thoreau said; “There are a thousand hacking at the branches of evil to one who is striking at the root…”

While Simon’s intentions may be good, when it comes to money in politics, the truth is Climate 200 is one of a thousand hacking at the branches of evil.

Complete reform of this broken system is required. Reforms, such as real time disclosure, as important as they are do not go to the heart of the problem, or as Thoreau would say, the root of the evil. In fact, real time disclosure and many other proposed reforms are window dressing, to give the appearance that meaningful reforms are being made.

**The real problem is big money and the perceptions that surround it. The problem is not how much and when it is given, but the fact that it is given at all.**

Why Simon Holmes à Court cannot see this is baffling, initially at least. The problem for Climate 200 is that it is in danger of catching the big party virus of reliance on big money. There is simply no getting around the fact that Climate 200, funded partly by Simon, is fielding 20 or more candidates in the imminent Federal election. Climate 200 is showing all the signs of relying on and showcasing big money rather than working out how to get it out of Australian politics.

There is a multitude of measures that can make the existing system better. But the only way to fix the system properly –is to strike at the root of the problem by **mandating low-value-high-volume fundraising.**

This is the way scores of major charities connect with large numbers of small donors rather than small numbers of large donors. This not only provides essential income, but it democratises the organisations involved. It puts them in touch with a large number of real people, and creates an atmosphere of community within and beyond the organisation.

I am writing to you as a Climate 200 candidate about a problem that is as urgent as it is important – the problem of money in politics. This matter is vexed, longstanding, complex and serious.

Political fundraising and the way it is conducted in Australia is eating away at the heart of our democracy and taking us closer to the Americanisation of Australian politics.

Simon Holmes à Court frequently reminds us that Climate 200 is not a political party. I am contacting you, relying on the key point that candidates supported by Climate 200 are totally free to determine their own policy positions. However, I do note that there is an expectation according to Simon that candidates supported by Climate 200 will support Climate 200 “values”.

There is a solution to Australia’s money in politics crisis. *“Dark Money – A Plan to Reform Political Fundraising and Election Funding in Australia”* embraces and details that solution.

**The centrepiece of Dark Money is a 10-Point Reform Plan designed to get big money out of politics in Australia.**

In my opinion it is inconceivable that the Dark Money 10-point plan would be out of step with the values of Climate 200, but that is not for me to decide. The 10-point plan should go to the heart of your integrity and political fundraising reform related values.

I want our dialogue to be candid. On that basis it has to be said that some of the fundraising practices of Climate 200 are alarming. They put the movement in the same fundraising boat as the major parties.

This malaise is not limited to the major parties. Other parties and many unaligned candidates have also defended the prevailing culture of money in politics. The rhythm of this view is linked to when members of parliament get elected. If they are not brought into line by a party machine, they discover for themselves that raising a small number of large donations is easier than raising large numbers of small donations.

There is also gravitas associated with support from the top end of town, as Climate 200 has readily identified.

Political life in Australia is littered with money driven deals, where the colour of the money is somewhere between white and black. Often it is dark money.

What Climate 200 has showcased about its own fundraising revolves around million dollar-plus budgets in the seats that have been targeted, raised amongst mainly well-heeled supporters. If that is not the case, Climate 200 should sack those responsible for your fundraising publicity. Boasting about cutting a $500,000 matching deal with one of Australia’s wealthiest families to support political candidates is not a good look.

You’ve got to be suspicious that this is the one area of policy and administration where there has been no dissent for 40 years amongst the warring free spirits and ideological enemies that inhabit the Australian political landscape.

My hope is that Climate 200 will not blend into this landscape. My hope is that by Climate 200 engaging with the *Dark Money* 10-point plan, we can stop this happening in the name of integrity and transparency.

By any measure Climate 200 has sought to benefit from flawed fundraising laws rather than lead by example. When Simon Holmes à Court said; “one of the biggest challenges is fundraising” and that Climate 200 would not disadvantage itself relative to others, he comprehensively left the door open to a brand of “do as I say, not as I do” politics. We are left baffled by this kind of opaque transparency from Climate 200.

Climate 200 candidates, if they follow what is being done in the electorates I am following closely, run the risk of squandering their integrity legacy before they even get to be sworn in, should they be elected.

Alarmingly, the unprecedented unity ticket that has supported the fundraising status quo for decades just happens to be about the distribution of whopping amounts of private and public money that benefit all the parties, and in most cases individual candidates.

Until Malcolm Turnbull donated $1.75million to the Liberal Party in 2016 the largest single donation given in Australian political history was by Wotif founder Graeme Wood of $1.6million to the Greens in 2010.

The record tells us there are very few saints in this game, and the double speaking angels should get the attention they deserve.

Today it’s taxpayer money through so called public funding that provides the river of gold that pays senior party officials large salaries and has all but replaced the need for parties to have members at all.

At the National Press Club Simon Holmes à Court said; “Politics is a multi-billion-dollar game, where the winners write the rules,” describing political parties as “goliaths that rig the game”.

He’s correct.

The problem is that across the political spectrum, certainly since disclosure laws were introduced commencing in the late 1970’s, all political players have been winners on the fundraising gravy train. Everyone has had a go at writing the rules, generally with much mutual benefit. Political conflict has been basically confined to matters of detail, such as the quantum and timing of changed thresholds. This ‘hacking at the branches’ has conveniently taken attention away from the failure to address the root of the problem.

Based on actions and appearances to date Climate 200 is shaping up as the next in line to co-author the money in politics rules that give us the tainted system we have today.

Extraordinarily, the response to Simon Holmes à Court address at the National Press Club was borderline hostile, reflected in the bevy of media questions immediately following his address. “Disingenuous” was one word used to describe part of what he had to offer. Slippery is closer to the mark. But that’s a term used for more seasoned players in the rough and tumble world of real politics. Welcome to the rough and tumble of real politics, Simon.

Frankly, Simon Holmes à Court’s account of two things did not pass muster; meaningful commitment to fundraising reform and whether or not Climate 200 is a party.

The questions at the NPC in February were not from angry Liberal supporters from Wentworth, Kooyong, or Curtain. This was the Canberra Press Gallery – hard-nosed, forensic and with a finely tuned bullshit detector, asking the questions.

Failure to understand the origins of the money in politics problem, as appears to be the case with Simon Holmes à Court, means guaranteed failure to provide a credible solution. Or, does Simon, like other politicos understand the problem, but like them, is unwilling to take the hit to the bottom line necessitated by having to comply with higher standards and a more demanding fundraising model of chasing small donations?

Seeing Climate 200 fundraising on the ground challenges fundamentally that the organisation understands the depth, longevity, and complexity of the money in politics malaise in Australia.

When it comes to political fundraising, I am a poacher turned gamekeeper. I have been Federal Treasurer of the Liberal Party and Treasurer of the Liberal Party in NSW, as well as founder and chair the Millennium Forum, which was established within the Party specifically to raise money from the corporate sector and high net worth individuals.

I also founded a national government relations firm, which operates to this day on a bi-partisan basis.

I know the money in politics scene inside out. And I know it casts a long, dark shadow over the integrity of the democratic system.

I ask that you accept on face value the fact that while I remain a committed member of the Liberal Party, I reserve the right to criticise its track record on money in politics, and to advocate for reform. I also reserve the right to criticise other parties or organisations that fall short when it comes to money in politics practices.

Crikey political editor Bernard Keane said recently;

*“Michael Yabsley’s proposals are excellent and would, I believe, go a very long way to addressing the toxic role of donations in politics by removing corporate donations and forcing political parties back to the community for funding. They’re the most democratic reform proposals I’ve ever seen on donations”.*

Bernard Keane, Political Editor – Crikey, Speech to Australian Democracy Network, 3 May 2022

The ABC in its two-episode series last year titled *Big Deal,* lifted the lid on many important aspects of the dark side of political fundraising and election funding.

Across the political spectrum there are no more uncomfortable home truths than those associated with the grubby subject of money, whether that money comes from the private or public purse.

In *Dark Money* I also reveal how public funding, or what I prefer to call taxpayer funding in Australia has been debauched. Subject to an independent enquiry I have no doubt that public funding practices would be revealed as comprehensively flawed through decades of malpractice.

Public funding as it operates is part of the trust deficit problem in Australia, not part of the solution.

We live in an age of crowd funding, not public funding.

If you are elected at the 21 May federal election, your voice in Parliament could be critical to reforming money in politics, and its advancement. The major parties will never take this cause on without external pressure. It’s a gravy train that suits both sides of politics and most other political players as well. Frankly, the train needs to be de-railed by a combination of new voices like yours and old voices like mine and many others – people who have seen the system at close range and do not like what they have seen.

**The only way to kill off this disease is by rendering so insignificant the amount of money that can be lawfully donated that it could never be considered an inducement that affects policy, commercial transactions, preference deals or any other goings on that characterise the often byzantine, sometimes nefarious world of politics.**

That is the centre-piece of the Dark Money reform proposal.

Frankly I do not know candidate-by-candidate and seat-by-seat, the fundraising and election campaign funding practices of Climate 200 and its candidates. I do know that fundraising practices vary from candidate to candidate and seat to seat, as they do within and between parties and other independents.

Clearly, I have taken a close interest in what Climate 200 founder Simon Holmes à Court has had to say about integrity in politics issues, including political fundraising. Simon’s role is confusing as he insists that he does not play a leadership or decision-making role in an organisation that in his words; “…has no hierarchy, no leader, no head office and no coordinated policy platforms”. Simon says the organisation relies on; “spontaneous outcomes and an entirely individual set of responses”.

What we have seen from Climate 200 generally and amongst Climate 200 candidates in seats like Warringah, Wentworth, North Sydney, Kooyong and Goldstein suggests otherwise.

I have seen enough firsthand to say that while some Climate 200 candidates are on board with the key money in politics reforms, I have spelt out in the *Dark Money* 10-point plan, others including the Climate 200 founder have already caught a strain of the big party virus – a liking for big money and showcasing high profile donors. This underlines a major trait in fundraising, where many givers and receivers like to be part of the ‘rubbing shoulders’ scene’ At least some of Climate 200’s fundraising proves this is a hard habit to break.

Whatever the motives, big money fundraising is underpinned by a certain sense of entitlement.

Don’t get me wrong, I’m all for rubbing shoulders, providing the price for the privilege is capped at $200. *Dark Money* is all about getting big money out of the equation.

A key part of the *Dark Money* campaign is to illustrate that the low-value-high-volume fundraising model will allow political parties and candidates to meet their financial requirements, as it does for so many charities. Again, this will put political parties in touch with a large number of small donors rather than a small number of large donors. This proposition is no long shot.

Think about this. **If just 2% of the 17 million Australians eligible to vote donated $200 the income to political parties of their choice $68million would be collected**– about the same amount ripped off unwitting taxpayers in public funding at the last Federal election. These are the numbers the political class do not want you to hear.

Put another way, in a federal electorate with an enrolment of 105,000 **if 2% of voters donated $200 that would raise $420,000.** Is anyone going to seriously argue that is not enough? Or do we now say $2million campaigns, as we are seeing increasingly, is the new normal?

There are many glitzy, expensive campaigns around. A lot of plastic. A lot of paper. A lot of things that add to our carbon footprint. Just look at Wentworth – and yes, Climate 200 is doing more than its share to add to the glitz. Campaigns are looking more American, thanks to Climate 200.

Late last year Simon Holmes à Court gave a very bad answer to a very good question from Peter FitzSimons who simply asked; “Is the list of donors to Climate 200 publicly available?” The profoundly disappointing and inadequate answer was; “We will abide by all the rules of the Australian Electoral Commission assiduously and list all those who contribute above the disclosure limit.”

This is the stock answer that has been used for decades to justify what parties and candidates want to do, rather than what they should do. These are the rules that as Simon Holmes à Court has learnt with lightning speed, benefits all the players who can raise big, dark money – including independents in well off electorates.

If you are thinking that those who advocate most about integrity will receive greater scrutiny, you are correct. It looks to me, that in the time between the answer given by Simon Holmes à Court to Peter FitzSimons in December and his appearance at the National Press Club in February, the Canberra Press Gallery had done their own audit of Climate 200’s inconvenient truths. This includes Zali Stegall’s jaw dropping, self-described “rookies mistake” over the bundling up of a $100,000 donation from a major coal investor. Disingenuous to say the least.

Frankly, I see a greater opportunity for reform by convincing a cohort of new candidates and the organisation that is supporting them, than the major political parties whose bread has been buttered the same way for decades.

What some of the Climate 200 candidates are doing does not pass muster when it comes to getting big money out of politics. For you, the inescapable truth is that the public profile of Climate 200 fundraising has little to distinguish itself from what the major parties and most of the other parties have done seamlessly since contemporary fundraising records were kept.

The danger is you will squander that opportunity because what you are doing does not align with what you say should happen. For your integrity message to have credibility it’s not enough to just say ‘we are doing what the Australian Electoral Commission requires’. Again, that has been the defence of the major parties for decades.

I am mindful that for some Climate 200 candidates these are inconvenient home truths – but home truths they are.

Reasonably you will ask; ’Am I writing to the major parties at this stage in the political cycle in the way I am writing to you’?

No, I am not. That will happen after the election. I could not let the election come and go, without pointing out the wrinkles and warts on what Climate 200 is doing.

The 10-point Dark Money reform plan is, I believe, beyond the grasp of most in the major parties, simply because big money is so entrenched in the way major parties operate.

That said, there is encouraging support for the Dark Money 10-point reform plan amongst many former members of parliament from across the political spectrum and across jurisdictions around Australia. They are joined by many Australians of note who loathe the omnipresence of money in politics. They are prepared to stand up and be counted.

The real test is not what serving or former MPs or leading Australians think. The real test is what the electorate thinks about money in politics. The truth is money in politics accounts for a significant part of the trust deficit in Australia today.

The 10-Point Plan was launched in Sydney in November 2021. I have written extensively on the subject in a range of publications. I urge you to consider the plan and would be happy to discuss it further with you at any stage.

I would welcome all aspects of the 10-point plan being put to a citizen’s jury, along the lines of the kind advocated by New Democracy.

This is moral relativism with a price tag. The price tag is public trust and the integrity of our democratic system. That’s a big price to pay. It’s too much and it’s time we stopped. While ever the political fundraising process allows things to be done *for* money and *because* of money it will remain tainted and compromised.

History tells us that basically enduring change happens in one of two ways. Governments either lead or follow. Governments follow when enough people in the community stand up and be counted about something that demands change. Matters as diverse as the environment to institutionalised child sexual abuse to smoking and women’s rights are examples of change that has happened under pressure.

The process of change is helped if the calls for reform are evidence based. There is no shortage of evidence about the role of money in politics in Australia, although much of the evidence is muted because political interests across the political spectrum have collaborated to keep things as they are.

With money in politics as with other major reforms Australia can become a global exemplar rather than be an also ran.

From the values that Climate 200 claims it does not make sense that you would seek to reform the vexed issue of money in politics by ‘hacking at the branches’.

The low-value-high-volume way of fundraising can not only generate sufficient income for political organisations. At the same time this simple fundraising structure can democratise and empower large numbers of people to participate in their organisation of choice.

This is something than can be worked on collaboratively.

Money in politics is not the only thing that explains the trust deficit that relates to public life in Australia today. But fixing this one defined matter would be a good start.

I would welcome the opportunity to meet with you during the campaign, or any time after it, whether you are elected or not.

Kind regards



Michael Yabsley

Please find attached links to;

* *Dark Money*,
* the updated 10 Point Plan
* my resume.