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## Australia's New Campaign Finance Laws Tip the Scale Toward Major Parties

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Australia's electoral system is set for a significant transformation, with the *Electoral Legislation Amendment (Electoral Reform) Act 2025 (Cth)* ushering in sweeping changes to campaign financing. Taking effect mid-2026, the law introduces donation caps, spending limits, expanded public funding, and tighter disclosure requirements. Supporters argue it enhances integrity; critics say it consolidates power within the two major parties and limits fair competition.

The current system, largely unchanged since 1983, allowed unlimited donations (with foreign donors banned) and required annual disclosure only for gifts over nearly \$17,000. The reforms mark a shift to a more controlled framework, bringing in a cap of \$90 million on total campaign spending by political parties, \$11.25 million for third-party campaigners, and \$800,000 for independents. For the first time, federal electioneering donations will also be capped—\$50,000 per donation, though a donor can legally contribute nearly \$450,000 across different state divisions of the same party annually.

To compensate for donation limits, public funding per vote will rise from about \$3.50 to \$5.00. New “administrative funding” will grant \$30,000 per year per House MP and \$15,000 per Senator, injecting consistent taxpayer funding into party operations. Based on its 2025 win, Labor stands to receive over \$64 million over a term, while minor parties like One Nation will receive significantly less. The scheme favors large, established parties with broad parliamentary presence.

Disclosure rules are tightening, too. Contributions above \$5,000 per year must now be reported, bringing more visibility, though critics point out the new threshold still allows donors to anonymously give nearly \$45,000 annually by spreading it across party divisions. The reforms aim for near “real-time” reporting, a welcome improvement over the previous system’s long delays.

However, legal and constitutional challenges loom. Mining magnate and political candidate Clive Palmer has promised a High Court challenge. Independents argue that electorate-level spending caps unfairly disadvantage non-party candidates. Yet recent rulings, such as *Babet v Commonwealth of Australia* (2025), suggest the Court will likely uphold the reforms, having moved away from enforcing political equality as a constitutional right.

The process behind the legislation has drawn serious concern. Critics, including MPs like Kate Chaney and independent watchdogs such as the Centre for Public Integrity, decried the rushed passage and backroom deals between Labor and the Coalition. A 241-page bill pushed through with minimal debate raises questions about transparency, ironically, in a bill intended to promote it.

While the reforms introduce overdue modernizations, their complexity and generous limits still allow big donors and major parties to dominate. As ever, it is smaller players, grassroots movements, and independent voices that stand to lose most in a system increasingly built for those already in power.

