



The Major Parties Lock Down Their Cartel

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On 7 September 2013, Australians voted for minor and micro party candidates in greater numbers than they had ever done before. This was particularly pronounced in Senate voting, where 23 per cent of the electorate opted to vote for candidates and parties other than the ‘big three’—the Coalition, Labor and the Greens.

The result of these voting patterns has been the election of a substantial number of crossbench senators. Three Palmer United Party senators, one Family First senator, one Australian Motoring Enthusiast Party (AMEP) senator and one Liberal Democratic Party senator took seats in the new senate from 1 July.

The result is overwhelmingly positive for the minor parties. But the major parties have reacted to the election result with hostility.



This is particularly pronounced with a number of the new crossbench senators whose primary votes were relatively small. The AMEP senator, Ricky Muir, received 67,000 votes in Victoria. This equates to just 0.5% of total votes cast. A senate quota is around 16% of the formal vote so AMEP didn't achieve electoral success on its own. But no party does.

Every party that wins seats in the senate is assisted by preference flows. At the 2013 federal election, the Liberal/National Coalition received 37.7 per cent of the primary vote. Without preferences, this would give the Coalition 15 seats in the Senate. But the Coalition ended up with 17 seats in total. The extra positions eventually won by the Coalition come from votes cast by people who preferred another party or parties ahead of the Coalition.

Some have suggested that the preference flows that fill quotas for candidates without enough primary support to make quota on their own make these results illegitimate. This is a mischaracterisation of senate proportional representation. And if it was true then the Coalition is exactly twice as bad as AMEP.

Others believe that the size of the ballot paper is a significant issue. In New South Wales, there were 110 individual candidates listed on the senate ballot paper. In Victoria, there were 97 candidates.

Following the election, the Joint Standing Committee on Electoral Matters launched the *Inquiry into the conduct of the 2013 Federal Election: Senate voting practices*.

Such an inquiry is conducted following every federal election. Members of the committee come from three parties: the Liberal Party of Australia (and Liberal National Party of Queensland), the Australian Labor Party, and the Australian Greens. The makeup of the committee is important because its recommendations, if followed, have the potential to vastly change Australia's democratic landscape for all political parties.

The committee considered a broad range of potential changes to the electoral system. Many of these were deeply undemocratic.

One of the most talked about possible reforms was the introduction of a primary vote threshold for the senate. This would require a candidate or party to receive a minimum percentage of primary votes before being allowed to harvest preferences at any subsequent stages of the count.

Many other countries have introduced thresholds. Germany and New Zealand both use a threshold of 5%, while other countries have implemented lower thresholds.

The effect of a threshold is to raise a very significant barrier to entry for independent, micro and minor parties. Many smaller parties swap preferences amongst themselves in order to compete with the established parties. This effect was pronounced in 2013 with the implementation of better strategies for preference harvesting than at previous elections, a very large number of micro parties on the ballot in some states and high voter disaffection leading to voters looking to parties other than the majors.

The threshold also gives a significant advantage to lesser-known candidates who run as major party candidates. Where the Coalition or ALP have won three positions in a state at any federal election it is rare for the third candidate to be well known. If that candidate was running as an independent, rather than as a member of a ticket it is unlikely they would be successful. So it is for independent and micro party candidates who may have more individual support than the last candidate on a ticket but don't have the benefit of achieving a threshold by virtue of running with a major party.

On 9 May 2014 the Electoral Matters Committee tabled its interim report. To the credit of the committee, the recommendations contained within the interim report are relatively modest.

Indeed, the first recommendation is an excellent reform that should be adopted by the government— optional preferential voting. This allows voters to decide for themselves whether to give preferences, at least beyond the number of candidates to be elected.

Optional preferential voting is the single greatest reform that could be made to resolve many of the issues surrounding the federal election in 2013. These issues have nothing to do with minor or micro party candidates being elected. The real issue is that under a full preferential voting system some voters are forced to preference candidates they simply don't agree with. Of course, full voluntary voting is preferable and would go one necessary step further.

It's not all good news though. The interim report also recommends 'stronger requirements for party registration'. The committee recommends increasing the minimum number of members required for registration of a political party from 500 to 1,500. Members must be bona fide and cannot be relied upon in the registration of more than one political party.

The proposal to increase member numbers is entirely arbitrary. The committee's discussion about why the current 500 member minimum is too low is wholly unsatisfactory.

There is no discussion as to why the required number of members should be increased to precisely 1,500, and not 2,000 or 10,000.

Access to the ballot should be made easier, not harder. The most important indicator for success should be voter support. The requirements of party membership, the ability to fundraise and others are distant secondary considerations. For the most part, abilities in these areas will gain expression through the political process anyway.

In *An Inquiry into the Nature and Causes of the Wealth of Nations*, Adam Smith famously said: 'People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices.'

Smith was talking about collusion between producers of goods and services. But his words are equally illuminating in the context of a discussion about the tendency of political parties to lock out competition and protect their own interests.



There's one very important difference though. Cartels break down over time. Economists explain the way this happens using the prisoners' dilemma—members of a cartel can either choose to cooperate or defect. And over the long term there will be defection.

It's hard to see why either of the major parties would defect from the political cartel that has been created in Australia. This is a super cartel—the members of the cartel themselves are the ones that set the rules of the game.

The Abbott government must have the integrity to resist the urge to lock out the minor and micro parties. A vibrant democracy needs new voices. Give the voters the opportunity to sing.