

Greenpeace Aotearoa submission on changes to political donation rules in the Electoral Act

INTRODUCTION

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INTRODUCTION

“In all regions of the world there is a deeply worrying trend of money in politics drowning out the voices of ordinary citizens.”¹

- The International Institute for Democracy and Electoral Assistance (**IDEA**)

Greenpeace Aotearoa welcomes the opportunity to submit on the proposed changes to the political donation settings. We are deeply concerned about the influence wealthy companies and rich individuals can exert on our political system via the current political donation rules.

Every New Zealander deserves to have a say in how our country is governed, regardless of how much money they have. Big business and rich individuals should not be allowed greater access to political power and influence simply because they have more money than others. We should all be able to trust that in Aotearoa our leaders will act in the best interests of the people and the environment on which we depend, not in the best interests of companies or rich individuals that have donated to them. And voters have a right to know who is funding political parties when they go to the polling booths.

But as it stands, the rules on political donations do not ensure that these democratic principles are built into our political system in Aotearoa. Currently wealthy companies and rich individuals can exert influence over political parties and important decisions they make about Aotearoa through making large, at times undisclosed, political donations. These corporate and anonymous political donations are fundamentally corrosive to our democracy.

IDEA is an intergovernmental organisation that works to strengthen democratic institutions and processes worldwide. They state: “For a democracy to be healthy, it must revolve, first and foremost, around the citizen. And for a democracy to be sustainable, it requires transparent, accountable and inclusive political parties that can channel the demands of the people and truly represent them.”²

¹ <https://www.idea.int/sites/default/files/publications/funding-of-political-parties-and-election-campaigns.pdf>

² International Institute for Democracy and Electoral Assistance, 2014. “Funding of Political Parties and Election Campaigns A Handbook on Political Finance” pp. VI. Accessed 10/1/22 at idea.int

It has never been more important than right now to strengthen our democratic system and reduce the influence of money from big business and rich individuals on our political leaders. Most of our native fish, birds and other wildlife are on the brink of extinction. The pollution of our rivers, lakes and drinking water is at an all-time high.³ There is less than a decade left for political leaders to make the policy decisions that will slash emissions and allow us to escape the worst impacts of the climate crisis. Without urgent political action we risk losing the very things on which we depend for our survival, like clean water, sufficient food, and safety from extreme events like wildfires, storms and floods.⁴

Decisions our leaders make about the climate and biodiversity crises must not be influenced by political donations from the very polluting and extractive companies driving these crises.

Greenpeace is calling for a ban on corporate donations, a ban on anonymous donations above \$100, and a cap on the amount any one individual can donate to a political party or candidate.

KEY RECOMMENDATIONS

Greenpeace Aotearoa supports

1. A ban on all corporate donations to political parties and candidates.
2. A ban on anonymous donations above \$100.
3. A cap on the amount an individual donor can donate
4. Greenpeace Aotearoa also supports the following changes that have been proposed:
 - a. Introducing requirements for parties and candidates to disclose more details about in-kind donations
 - b. Introducing a requirement on political parties to publicly disclose financial statements
 - c. Introducing a requirement to publicly report on candidate loans.

Greenpeace Aotearoa opposes

5. Removing the requirement for parties to publicly disclose, within 10 days, the amount donated, and identity of the donor, in cases where the donor has donated over \$30,000 within the previous 12 months.

³ MFE and Stats NZ, 2019. "New Zealand's Environmental Reporting Series: Environment Aotearoa 2019." Wellington: Ministry for the Environment.

⁴ Intergovernmental Panel on Climate Change, 2018. Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C.

Ban all corporate donations

"There's no need for anyone other than New Zealanders to donate to our political parties or seek to influence our elections." ⁵

- Justice Minister Andrew Little, 2019.

Greenpeace agrees with this principle stated by the labour-led Government in 2019 when it moved to ban foreign donations. However, the current rules are at direct odds with this principle because corporate political donations are still allowed.

Corporations are not New Zealanders. They are businesses that have a profit motive and a vested interest in protecting their bottom lines. In a healthy democracy companies should not be able to buy political influence. We should all be able to trust that our leaders are acting in the best interests of the people of Aotearoa, not the best interests of big business.

IDEA states that "donations seen as an investment by corporate interests have been reported from virtually all regions."⁶ Researchers have found that larger polluters tend to be larger political contributors, suggesting that such corporations may be seeking to manage the political risk caused by their operations⁷

When companies give political donations it greatly undermines trust and confidence in our political system and creates an uneven playing field in our democracy. Voters can no longer be sure that elected parties will then act in the best interests of the people of Aotearoa or whether they will instead act in the best interest of their wealthy backers.

Corporate political donations must be banned and there is already precedent for this. The Ministry of Justice states that when it comes to restricting or banning certain types of donations, including corporate donations "there is precedent and merit for these types of restrictions as they restrict the influence of vested interest".⁸ Globally there is certainly precedent. As of 2012, around 36 countries had a ban on corporate donations.⁹

In the absence of a ban, large corporate political donations are occurring here in Aotearoa. In the lead up to the 2017 election, Talley's, one of Aotearoa's largest fishing companies, was the second biggest donor to election campaigns¹⁰.

"An RNZ investigation revealed that the managing director and company made donations totaling tens of thousands of dollars to the New Zealand First Foundation, which was found to have been bankrolling the New Zealand First Party... The foundation received \$26,950 from seafood giant Talley's and from managing director Sir Peter Talley between 2017 and 2019. It received the money from Talley's in four amounts - all of which were below the threshold for public disclosure. As well as donating to the

⁵ <https://www.beehive.govt.nz/release/government-ban-foreign-donations>

⁶ International Institute for Democracy and Electoral Assistance, 2014. "Funding of Political Parties and Election Campaigns A Handbook on Political Finance" pp. V. Accessed 10/1/22 at idea.int

⁷ Cho, C. H., Pattern, D. M., & Roberts, R. W. 2006. "Corporate political strategy: An examination of the relation between political expenditures, environmental performance, and environmental disclosure." *Journal of Business Ethics*, 67(2), 139-154.

⁸ Ministry of Justice, 2021. "Package of potential changes to political donation settings prior to the 2023 General Election" Proactive release V5 of briefing paper. Accessed at <https://consultations.justice.govt.nz/>

⁹ International Institute for Democracy and Electoral Assistance, 2012. "Political Finance Regulations Around the World An Overview of the International IDEA Database" Accessed 10/1/22 at idea.int

¹⁰ <https://www.nbr.co.nz/analysis/chance-change-talley-s>

foundation, Talley's made a \$10,000 candidate donation to NZ First Cabinet Minister Shane Jones in 2017 and another \$2000 donation to fellow NZ First MP Fletcher Tabuteau. Talley's donated a total of \$40,000 to eight other candidates during the 2017 election campaign - seven from the National Party and one from Labour - giving each of them \$5000."¹¹

While we are not suggesting there is a direct connection between Talley's political finance activities in 2017-2019 and the fisheries management decisions that were made by the Government, we are deeply concerned about the impact corporate donations like these may have on our democratic process.

Furthermore, by continuing to allow corporate donations the Government has created a significant loophole in the ban on foreign donations announced in 2019. As experts have pointed out, a donation from a company registered in New Zealand is not currently considered a foreign donation, even if that company is wholly owned by people outside New Zealand.¹²

Greenpeace strongly recommends the Government ban all corporate donations to political parties and candidates. While we appreciate this will take work and require additional anti-avoidance rules, we believe the issue must be prioritised. Given the urgency of a robust political response to the climate and biodiversity crises, the influence of vested interests in our political system must be heavily restricted immediately. Greenpeace urges the Government to ban corporate donations before the 2023 election.

Ban anonymous donations over \$100

"Banning anonymous donations (similar to the existing ban on overseas donations) could be a significant and principled shift towards transparency".

- Ministry of Justice, 2021¹³

Greenpeace agrees with this statement made by the Ministry of Justice in their briefing on the package of potential changes to political donation settings. Greenpeace urges the Government to lower the public disclosure threshold for identifying donors to \$100 for both political parties and candidates.

The Government's own stated intention with this package of proposed rule changes is to "improve the overall transparency and openness of political funding."¹⁴ Allowing large anonymous donations to continue is at direct odds with transparency and openness.

Voters have a right to know who is funding political parties when they go to the polling booths. If a political party or a candidate has received donations from a company or a rich individual, voters need to know, so that they can assess the potential motivations of those they are voting for. Large anonymous donations are fundamentally harmful to our democracy. They erode public trust and confidence in the system.

¹¹ <https://www.rnz.co.nz/news/in-depth/410299/concerns-over-secret-fisheries-donations-to-nz-first-foundation>

¹² <https://www.theguardian.com/world/2019/dec/03/new-zealand-bans-foreign-political-donations-amid-interference-concerns>

¹³ Ministry of Justice, 2021. "Package of potential changes to political donation settings prior to the 2023 General Election" Proactive release V5 of briefing paper. Accessed at <https://consultations.justice.govt.nz/>

¹⁴ Ministry of Justice, 2021. "Possible changes to political donation rules in the Electoral Act. Factsheet" Accessed 10/1/22 at consultations.justice.govt.nz

According to IDEA - “It is common for money in politics to operate behind closed doors and involve shadowy practices. The exact amounts and origins of donations to political parties or candidates are often unknown. This creates a system that is open to abuse by big business... which contributes money in return for influence.”¹⁵ As a result many Governments around the world have implemented bans or caps on anonymous donations.¹⁶

Additionally, the current threshold for public disclosure is set so high that it facilitates the splitting up of large donations in order to remain anonymous and this is eroding public confidence in our political system. This is evident in the several recent charges made by the Serious Fraud Office in relation to political party donations. The charges relate to splitting large donations up into amounts that sit below the threshold for public disclosure thereby concealing the full amount of the donation and the identity of the actual donors to several political parties.¹⁷ These were not small sums of money but were to the tune of tens of thousands of dollars. Greenpeace argues that setting the threshold at \$100 is low enough to discourage this kind of donation splitting.

Greenpeace also opposes the proposal to “remove the requirement for parties to publicly disclose, within 10 days, the amount donated, and identity of the donor, in cases where the donor has donated over \$30,000 within the previous 12 months.” As noted in this submission Greenpeace recommends a ban on anonymous donations above \$100 and a cap on the amount any individual donor can give at around \$10,000. However, if these changes are not made, then at the very least, prompt disclosure of large donations must remain a requirement.

Furthermore, the Government has in theory banned foreign donations in 2019, but in practice has failed to do so. The Government’s own advice points out, by allowing anonymous donations there is no way to be sure that this ban is being adhered to. Prior to the ban on foreign donations, Ministry of Justice officials stated, in their briefing paper on the issue, that: “Lowering the threshold or banning overseas donations without also amending the threshold for anonymous donations may undermine the intent of the change.”¹⁸ This issue is also raised by IDEA, who state that “it is unclear how a ban on foreign funding can be enforced if anonymous donations are allowed.”¹⁹

We should be able to trust that our elections are safe from foreign interference. Our elections and our democracy should be by and for the people of Aotearoa. By allowing anonymous donations to continue, the Government has kept the loophole open for foreign donations and is thereby risking foreign interference in our elections.

Greenpeace does not believe the anonymity of donors to political parties should continue to be prioritised over and above the need for transparency in our political system, the right for voters to know who is funding political parties, and the need to reduce the risk of foreign interference in our elections. However, Greenpeace does support allowing anonymous donations up to \$100, because smaller donations are unlikely to create

¹⁵ International Institute for Democracy and Electoral Assistance, 2014. “Funding of Political Parties and Election Campaigns A Handbook on Political Finance” pp. V. Accessed 10/1/22 at idea.int

¹⁶ Ibid. pp21

¹⁷ <https://www.rnz.co.nz/news/on-the-inside/442589/sfo-charges-an-indictment-on-political-parties-not-the-system>

¹⁸ Ministry of Justice, 2019 “Impact Summary: Mitigating foreign interference through party and candidate donations”. Pp. 6 Accessed 10/1/22 at justice.govt.nz

¹⁹ International Institute for Democracy and Electoral Assistance, 2012. “Political Finance Regulations Around the World An Overview of the International IDEA Database” pp. 13. Accessed 10/1/22 at idea.int

improper influence on political parties. This will also allow the tradition of small fundraising activities like bake sales and passing the hat around to continue.

Cap the amount an individual donor can donate

*It is not fair "if some in the community use their relative wealth to exercise disproportionate influence in determining who is to govern and what policies are to be pursued"*²⁰

- The 1986 Royal Commission on the Electoral System

We should all be able to trust that our leaders are acting in the best interests of the people of Aotearoa, not in the best interests of those with the biggest bank accounts.

IDEA states that "if large corporations and rich individuals are able to buy greater influence through large campaign donations, then citizens can lose faith in, or be marginalized from, the political process."²¹

Right now, the complete absence of a cap on the amount that an individual, or company, can donate is undermining the integrity and fairness of our political system. Greenpeace Aotearoa recommends that the total amount any one donor can give in a calendar year to a political party is capped. This will help to restrict the influence money has on our political system. Greenpeace recommends this cap should be set around the order of \$10,000.

IDEA states that "sufficient access to funding that is provided with no strings attached is crucial to the overall vibrancy of an electoral and democratic system."²² The Royal commission on electoral system points out that political parties do need sufficient resources to develop and communicate policies to voters.²³

In order to ensure parties have sufficient resources to carry out their role in an MMP system, Greenpeace recommends a mixed funding model where political parties receive some money from donors and some state funding.

ENDS

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²⁰ Royal Commission on the Electoral System, 1986. "Report of the Royal Commission on the Electoral System 1986, Chapter 8: Political Finance." pp. 183 Accessed at elections.nz

²¹ International Institute for Democracy and Electoral Assistance, 2014. "Funding of Political Parties and Election Campaigns A Handbook on Political Finance" pp. iii. Accessed 10/1/22 at idea.int

²² Ibid pp1.

²³ Royal Commission on the Electoral System, 1986. "Report of the Royal Commission on the Electoral System 1986, Chapter 8: Political Finance." Accessed at elections.nz