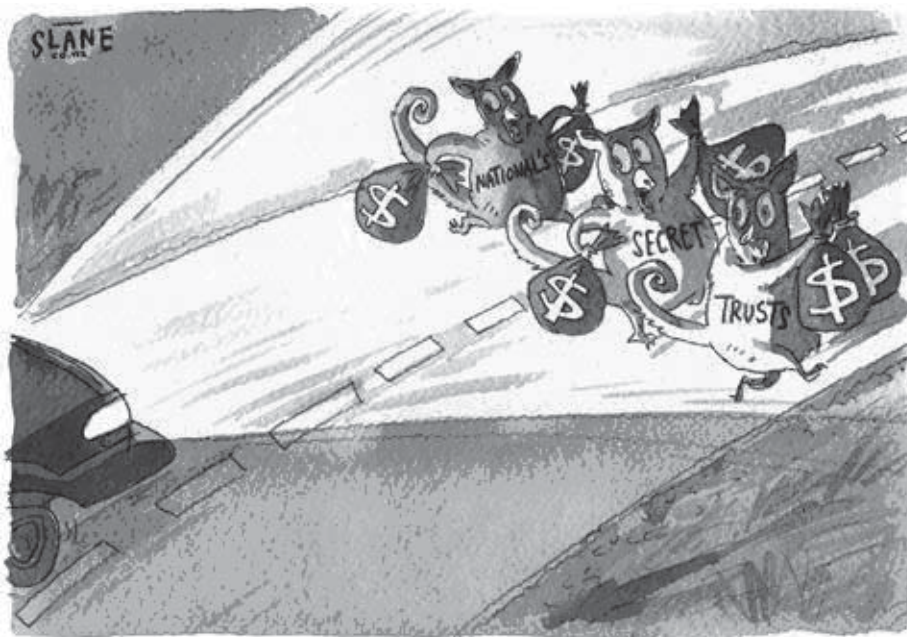


OPEN GOVERNMENT REPORT

Newsletter of the Coalition for Open Government.

Issue 1, May 2007



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Welcome to the new Coalition for Open Government

Twenty five years ago the last Coalition for Open Government played a leading role in achieving New Zealand's freedom of information laws. And now it's back. The Coalition has reformed in 2007 to work for openness and democracy in another important area, election finance laws.

Initial news reports about the Labour-led Government's election finance plans show why the Coalition for Open Government is needed. Instead of focussing on the importance of good laws for our democracy, and agreeing on the principles at stake, the issue descended quickly into political party squabbles and manoeuvring to ensure the new laws would not get in the way of party fundraising interests. In other words, the same sort of short sightedness that produced New Zealand's current weak election finance laws.

The message from this is simple. The public should not leave this issue to the politicians. The new Coalition for Open Government will be analysing the Government's proposals, monitoring the parliamentary machinations, producing our own proposals for the best possible election donation and spending laws and – most important – encouraging a wide range of New Zealanders to get behind the campaign for open and trustworthy election finance laws.

2007 is our chance to reduce the corrupting influence of big money in our election processes.

Please consider joining the Coalition in this important work - see page 4 for details.

Labour's draft law is controlling the sort of 'third-party' campaigning that the Exclusive Brethren church spent over a million on before the 2005 election.

Based on laws in other countries, Labour's proposal requires people planning Exclusive Brethren-style election campaigns to register in advance with the Chief

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Only two cheers for Labour's election funding proposals

THE GOOD NEWS IS that the Labour-led Government has started a long overdue rewrite of New Zealand's election donation and spending laws. Labour politicians have acknowledged the need for change and their initial proposals are definitely an improvement. But not enough.

While newspaper reports of the proposals show they are a step in the right direction, they are not strong enough yet to provide an open and trustworthy election processes. New Zealand should be adopting the best overseas models, not settling for half measures that have already proved ineffective in other countries.

Most New Zealanders do not realise that our current election finance laws are some of the worst in the developed world.

The 2005 election showed the country that we have a problem with anonymous donors, third-party election campaigning and poor control of party election spending. Controlling the corrupting

influence of big money in elections is a crucial issue for every country and we should not wait for bigger scandals before insisting on the best possible laws.

First the good news. Labour's proposals include eliminating large anonymous donations to parties and closing a current loophole that allows donors to hide their identities by siphoning donations through trusts.

It is a basic democratic safeguard to let the public know who is funding parties and election campaigns and

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draw its own conclusions about whether wealthy contributors are gaining too much influence. Labour's proposed law will specifically ban indirect donations that are channelled to a party through an intermediary. We strongly support this.

Another important element of

Coalition for Open Government, PO Box 2667, Wellington.

Web: www.cog.org.nz. Email: coalitionforopengovernment@gmail.com.

A theologian, All Black, writer and former Electoral Commission head back the campaign

We are pleased to introduce the Coalition for Open Government's four patrons.



Lloyd Geering ONZ, PCNZM, CBE is Emeritus Professor of Religious Studies at Victoria University of Wellington, where he taught for many years and was foundation professor in the Department.



Patricia Grace is an award-winning writer of novels, short stories, and children's books. She was awarded the Queen's Service Order in 1988.



Anton Oliver is an All Black and Highlanders rugby player, from Dunedin. He made his provincial debut in 1993, and was All Black captain in 2001.



Dr Paul Harris is a former Chief Executive of New Zealand's Electoral Commission. He retired in 2004 after serving as Chief Executive since the Commission's inception in 1994.

Members of the re-formed Coalition For Open Government include Shane Cave, Shaunnagh Dorsett, Graeme Edgeler, Rachael Ennor, Kevin Hackwell, Nicky Hager, Sam Huggard and Steven Price.

Our key proposals

1. Ban anonymous donations

Parties should have to record who is giving them money. There should be no anonymous donations above \$20.

Parties should have to disclose the identities and donations of anyone (or any organisation) who gives more than \$200 in a year. It should be an offence to donate money via another person or a trust.

Parties should have to disclose their donations leading up to the election, so voters know who is giving money when they vote.

2. Limit the size of large donations

No person or organisation should be allowed to give more than \$5000 a year in political donations (including a maximum of \$1000 for any one candidate).

3. Control third-party election campaigning

People and organisations wanting to spend money to influence the election publicly should register their intentions,

disclose their identities and, like parties, have their spending limited to a reasonable cap.

When people and groups donate money to third parties to help fund election advertising, both the third party and the donor should be required to declare donations above \$200 to the electoral authorities.

It should be an offence to donate money via another person and for third parties to collude to circumvent the spending limits.

4. Enforce the laws effectively

Political parties should be liable for breaches of electoral laws.

The fines and jail terms for corrupt and illegal practices should be increased significantly: for example, the maximum penalty for corrupt practices should be \$1 million for parties and 7 years' jail for individuals.

Parties should have to declare more of their election-related expenses – including money spent on issue advertisements, polling, and political strategists. And those expenses should

be included in the parties' spending caps.

There should be one independent Crown agency to oversee, monitor and enforce all election laws.

5. Make all public funding of elections fairer and more transparent

Any increase in public funding should only follow much tighter donation and disclosure limits.

Public funding should be linked to a party's level of popular support and be designed to encourage greater democratic engagement.

The unfair election broadcasting rules should be abolished.

Any increase to current levels of public funding of political parties and electioneering should be transparent.

Parliamentary spending should be rigorously checked to ensure it is not being used for electioneering.

JOIN THE DEBATE! Do you agree with our proposals? How can they be made better? Write to us at PO Box 2667 or post a comment on our website cog.org.nz

Only two cheers on election donations and spending (cont'd from page 1)



Electoral Officer and declare their spending after the election in the same way that parties do now.

The draft law imposes spending limits on third parties in the same way that parties have spending limits now. It sets a national maximum of \$60,000 and no more than \$2,000 per electorate for any individual or group wanting to run a publicity campaign during an election campaign. We support the direction of these proposals as well.

But it is only two cheers. Election finance laws are like tax laws – if they are not strong enough then big donors will simply find ways to go around them. For example, Labour's proposal is not to ban all anonymous donations, but only to ban anonymous donations above \$5,000. The reason this will not work was demonstrated graphically by a wealthy ACT Party donor during the 1996 elections.

The law in 1996 and today is that any donation or series of donations in a calendar year up to \$10,000 does not have to be declared, making it in effect anonymous.

Election finance laws are like tax laws – if they are not strong enough then big donors will simply find ways to go around them.

The party does not have to say that it received the donation or include it on its donation declarations.

The ACT Party donor asked his lawyers Buddle Findlay to arrange a way that he could donate over \$100,000 without the donation having to be declared. The lawyers simply broke the donation up into twelve donations of just under \$10,000 each, which were forwarded to ACT as coming from various members of the donor's family and staff of the law firm. The scheme would have stayed secret except that it was leaked to a newspaper in 2001.

Under Labour's new proposals there would be slightly more inconvenience (they would have to break the donations into \$5,000 portions), but a similar problem remains. A series of \$4,999 donations could be sent anonymously to a party and the party would not even

have to tell the electoral authorities they had arrived.

Or we could have the United States situation of power brokers (such as industry lobby groups) arranging \$4,999 a head fundraising events to raise money to a party. The party would be well aware that this or that lobby or company had raised hundreds of thousands of dollars in a night, but not a single donation would need to be declared and only the party would know to whom they were indebted.

We know about this problem now. Why pass a new law that does not solve it? There is a simple solution (one of the Coalition's Key Points on page 2). New Zealand should follow the Canadian example and insist that every donation of \$20 or greater has to be recorded by parties and that every donor giving \$200 or more in one year must be publicly declared.

These stricter rules will make secret financial arrangements between parties and wealthy individuals and lobbies much harder.

Would this stop people giving donations? Not according to the experience of other countries. People get used to it. But it will make parties think twice about accepting donations from people or groups they are embarrassed about being associated with publicly. That is a good thing.

If anonymous donations are banned, one option for big donors is simply to shift their money into third-party election campaigning. The \$100,000 donors can either spend the money on advertisements themselves or, if they want to remain anonymous, give it to an organisation promoting policies that reinforce the messages of their party of choice during the election campaign.

Labour's proposals go some way towards making third-party advertising more open and placing limits on the amount each person or organisation can spend. But, like the donation laws, they do not go far enough to be effective.

First, anonymous donors will remain anonymous if they can simply give their money to another person or organisation to use on third-party election advertising. New Zealand should follow the example of other countries and require both donors and third-parties to declare any donations above a certain sum that are

intended to fund third-party election advertising.

Second, a law is needed that makes it an offence for third-parties to collude. This is to make sure that, for example, the Exclusive Brethren could not repeat their 2005 pamphlet campaign with a dozen individuals each registering as a third party and sharing out pamphletting of the country.

There are various other important improvements needed to the Labour proposals as well. But at least the process of improving the law is underway.

Under Labour's new proposals, a party could be well aware that a company had raised hundreds of thousands of dollars, but not a single donation would need to be declared.

The Coalition for Open Government will be producing specific policy proposals in the coming weeks covering other aspects of the draft legislation.

In the near future the Government's draft legislation will be introduced to Parliament. That is when the really important work begins. The more people who send in submissions on the bill, visit their MPs, write letters to the editor and talk about the issues with the friends, the better the final law will be.

The Coalition will be there monitoring the Parliamentary processes, publicising alternative proposals and helping build the public campaign. Be part of it. Our combined efforts can achieve open and trustworthy election finance laws for New Zealand.



Keep up to date, get involved

Websites

www.cog.org.nz. Our website is updated regularly, and be sure to check in for CogBLOG - our regular blog on the election funding debate. You can register for electronic updates via the website

Other blogs discussing electoral funding:

<http://www.kiwiblog.co.nz/>

http://jtc.blogs.com/just_left/

<http://norightturn.blogspot.com/>

<http://liberation.typepad.com/liberation/>

Get involved

We welcome your feedback. Email us: coalitionforopengovernment@gmail.com or write to us at COG, PO Box 2667, Wellington.

Visit the website regularly for more information, and to comment on the Coalition's proposals.

We welcome donations to support the work of the Coalition, see the form below or visit the website.

Register for updates – email us.

Writing a submission

If you belong to an organisation that might have a view on election donation and spending laws, you might want to start thinking about a submission to the Justice and Electoral Select Committee now.

Legislation hasn't been tabled yet, but keep an eye on the Coalition's website and register for electronic updates for information on legislation as it is released.

They were warned...

Dr Paul Harris was at the launch of the re-formed COG:

“Dr Harris said in his former role he repeatedly told politicians the rules needed changing.

“(We warned) there were problems that were one day

going to come back and bite the electoral process in New Zealand and sadly that has proved to be the case.”

“I think the need for change in these areas is certainly clear. There can be no debate about that.” (NZPA)

Press Clippings

Coalition for Open Government's Steven Price says New Zealand's current election finance rules are some of the worst in the developed world. He says they need to be strengthened to provide New Zealand with a world-class, incorruptible electoral system. – *Newstalk ZB*

Newly reformed Coalition for Open Government said that any increase in public funding for electioneering should be matched by tighter donation and disclosure limits. – *NZPA*

As COG spokesman Steven Price put it: “In many ways the politicians are absolutely the worst people to be making these laws because they tend to design them in their own interests rather than

necessarily in the interests of democracy” – *Vernon Small, DomPost/Press*

This week, (the Coalition for Open Government) said at least one person in the Labour Party should have been convicted for a corrupt practice and probably imprisoned for their 2005 overspending, and someone in National should have been fined for their GST error. – *Matthew Hooton, Star-Times*

Join Us!

This is a once-in-a-generation opportunity to reduce the influence of big and anonymous money in our elections. The next few months will make the difference. You can help by talking about the issue to friends, writing letters to the editor, writing a submission on the legislation, raising the issue in groups you belong to and joining the Coalition for Open Government campaign.

I want to do something about it!

Please send me COG publications and action ideas (including how to write a submission on the legislation)

Name; address and/or email:

The following people might be interested too (names and contacts)

I have special skills/contacts to offer the campaign

I can help to oil the wheels

I enclose a donation of _____ (Post to Coalition for Open Government, PO Box 2667, Wellington)

I have deposited a donation of _____ in Kiwibank bank account 38-9006-0395884-00, acc name 'Coalition For Open Government'.

To be consistent with our principles, the Coalition for Open Government will disclose all donations over \$200, which fortunately is something to be proud of!