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IDEASROOM

How to drop big money from NZ politics

We have what could be a singular window of opportunity to crack down on political donations and strengthen our democracy, writes Simon Chapple

Money in politics has become a bit of a weeping sore in New Zealand public life. The problems have been confined to neither a single party nor a single

part of the ideological spectrum.

In 2020 alone, New Zealand has had Serious Fraud Office (SFO) investigations into political donations to Labour Party-aligned mayors Lianne Dalziel and

Phil Goff, an SFO investigation of allegations the New Zealand First Foundation managed a slush fund for the Winston Peters-led party, and ex-National

MP Jami-Lee Ross up as one of four men facing criminal charges over two $100,000 donations to the National Party that were allegedly split into smaller

amounts to avoid public disclosure of the donor’s identity.

We don’t know what else has been going on that we don’t see publicly, but a well-worn phrase about tips and icebergs probably comes to the mind of many

in a cynical public.

That the public is indeed deeply distrustful about the funding of political parties, and has been so for some time, is starkly clear. Trust surveys undertaken

by Te Herenga Waka—Victoria University of Wellington’s Institute for Governance and Policy Studies (IGPS) between 2016 and 2020 indicate about 75 percent

of New Zealanders regularly report not much, or little or no trust in the way political parties are funded. Equally, our 2020 survey indicated only 6 percent

of New Zealanders had trust in political parties as an institution, little more than the 4 percent enjoyed (that might not quite be the right verb) by

bloggers and online commentators.

That’s an important pillar of our democracy in clear major crisis.

The Panglossian line run by some (I’ve heard this from former politicians, for example) is that all these investigations into breaches of the Electoral

Act simply show the overall electoral law and its enforcement system is a well-oiled and effective machine and we should collectively pat ourselves on

our backs. But that’s akin to drawing the conclusion a high number of murder investigations indicates it is wonderful we have a law against murder the

police so clearly enforce.

Some might also argue, compared with other jurisdictions, there is not much money involved in New Zealand politics. It is true that, for example, by the

standards of the recent United States elections, where at current exchange rates the extraordinary sum of about NZ$20 billon was spent, the involvement

of money is much lower. To some degree, however, that merely means influence-peddling is just cheaper - there is a suggestion, for example, in the published

transcripts of Jami-Lee Ross’s conversations with then-leader of the National Party, Simon Bridges, that a deft party donation of $100,000 may generate

enough leverage to help vault a would-be MP into a decent list position in a major party.

And even if it is provisionally accepted for argument’s sake that there is not much money involved in New Zealand politics, that it is not currently a

major problem and the public’s considerable and ongoing systemic distrust can be discounted and ignored, it is clear the stable door is wide open, and

the money horse is free to bolt. Should that money horse bolt, it will be exceedingly difficult to corral, given the momentum and ability to warp democratic

processes possessed by well-heeled vested interests. Imagine, for example, how much harder it would be to rein down big money in US politics.

Following the general election, with the recently-signed Labour-Green cooperation deal containing a joint commitment to “building and maintaining public

confidence in the integrity of Parliament and our democracy” and to consider the issue of

electoral finance law,

now is a golden opportunity for well-considered and informed efforts to change electoral law to minimise the impact of money on New Zealand representative

politics.

We live in a representative democracy and hold to the overarching principle adult citizens and residents have an equal right to participate in that democracy.

Unequally distributed big dollars shouldn’t have the right to tilt the democratic playing field. Consequently, we need to follow the Irish example and

put a low maximum cap on annual political party donations and place a low threshold for the public disclosure of the identity of donors. In addition, we

should only allow individuals, not institutions like companies, trust or unions, to make donations, creating transparency about from who resources are

arising.

The 2020 IGPS trust survey indicated fewer than 5 percent of New Zealanders considered themselves a member of a political party. By legislating big money

out of politics via the low maximum donations cap, parties will be forced to shift their resource-raising activities from schmoozing the big prizes of

a few well-heeled donors - lots of money, raised from the few - to energetically engaging with many more ordinary New Zealand voters to obtain their mites

of financial support - small amounts of money, from the many.

Expanding their membership bases would be an obvious strategy and also contribute to restoring trust in political parties as they became broader, more

representative institutions within the community. Equally, political party volunteers’ time is a resource that is an obvious substitute for big money.

By eliminating the big donations, parties would be forced once again to work toward mass membership so they can access members’ time as a resource to pursue

political office. And time, after all, is a resource equally distributed across the community - we all have 24 hours a day.

The next three years are a wonderful and perhaps singular window of opportunity to get it right and strengthen our democracy.

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