

Political party funding. Legislation should regulate donations.

When President Zuma announced the massive infrastructure push in his state of the nation address, Zwelenzima Vavi, COSATU secretary-general, was quick with both praise and caution. The caution concerned what he termed the 'hyenas'. Here Vavi was referring to the predatory nature of many of the recent tender processes run by government, often plagued by corruption, nepotism and cronyism. Minister of Economic Development, Ebrahim Patel also suggested 'integrity pacts' to combat corruption in massive state-led infrastructure projects. So, the toxic influence of money on the political process is both complex and far-reaching. And President Zuma's infrastructure drive has again, inadvertently, cast the spot-light on the corrosive impact of money on the political process and the vested interests which may inform decisions which are meant to be made in the public interest.

Over a number of years, the ANC's own fund-raising arm, Chancellor House has come under fire for bidding for government contracts. Chancellor House, former secretary-general, Kgalema Motlanthe has admitted is a 'front company' used by the ruling party to raise money. We know that Chancellor House has benefited, via its stake in Hitachi Africa from the contracts to supply boilers to the new Medupi and Khusile power stations. Calls for the ANC to exit the deal came to naught in 2010 as it appears that there is no unanimity within the party on how to deal with the thorny issue. ANC Treasurer-general, Matthews Phosa repeatedly stated at the time that the ANC ought to have exited the deal while Chancellor House, chair, Popo Molefe seemed less than keen. Jacob Zuma as president of the ANC did not enter the fray. So, while the ANC weighs its options, it is clear that the problem is both multi-faceted and complex.

Political parties have the right to raise money but they need to be transparent about their sources of funding. At present, in South Africa, there is no legislation governing the receipt of private funding by political parties. This lack of regulation represents a serious gap in the otherwise sound anti-corruption framework that has been put in place since 1994.

But while the private financing of political life may be necessary and even desirable it also presents a problem if left unregulated. Secret donations from private sources, such as wealthy individuals or large corporations, have the potential to exert undue influence on the political system, secretly drowning out the voices of the poor and further excluding the marginalised from political influence, as well as potentially undermining numerous constitutionally enshrined rights.

So, what is the solution, if any? There seem to be three main dimensions to the solution. First, the demand side: political parties need money to operate. There is no doubt that strong democracies require healthy political parties. In turn, political parties require resources to sustain and operate a basic party structure, to contest elections and to contribute to policy debate. It is therefore unrealistic to suggest an outright ban on private donations. However, limits on expenditure may be desirable. Many donors are tired of seeing their donations spent on the 'poster arms race' that precedes every election. They would rather see their money being spent on creating real capacity within political parties. In the Netherlands, for instance, half the public funding must go towards policy institutes attached to each party.

Second, there is the supply side. Corporate donors in particular are increasingly vexed by the choice – or paucity of choices – they face. Some have fled from the scene, concerned that the funding environment is a minefield in which their reputations can only be harmed. Others have taken the opposite view, pumping secret donations to the ruling party to oil the tender wheels. In between, a small minority of parties have



taken the open road, declaring their donations, but invariably making them on the basis of the current proportional representation within the National Assembly. This approach naturally favours the ANC, and begs the question whether it is the best way to support multi-party democracy. Does it not simply serve to entrench the status quo? The case for an intermediate body, through which to filter political donations more creatively, is also attracting interest.

The third dimension is the public one: there is already substantial public funding of political parties, and has been ever since the 1997 Public Funding of Represented Political Parties Act was passed – more than R70 million in the current financial year. There have been gentle calls for an increase in this figure from across the political spectrum. Some believe that it will result in less dependence on either corporate or dodgy donors. Minority parties hope that it will increase the overall envelope and therefore heighten their ability to compete. While there is a respectable case for increasing public funding, as a result of the various scandals related to the funding of political parties it is hard to imagine that the taxpayer would have much appetite for increased public funding in the continued absence of broader framework of regulation and governance.

Seven years ago, Idasa decided against appealing the decision of the Cape High Court that political parties are entirely private associations whose sources of funding are not subject to disclosure in terms of the Promotion of Access to Information Act, 2000. We did so on the basis of the ruling by the court that legislation initiated in Parliament, rather than litigation, was a more appropriate mechanism to address the issue of regulating political donations. Idasa also took the ANC at its word when it stated in court papers that it was committed to the initiation and passage of such legislation in Parliament.

Subsequent to that, at the ANC's Polokwane conference in 2007 it resolved to 'champion the introduction of a comprehensive system of public funding of representative political parties ... as part of strengthening the tenets of our new democracy. This should include putting in place an effective regulatory architecture for private funding of political parties... The incoming NEC must urgently develop guidelines and policy on public and private funding, including how to regulate investment vehicles.'

Thus far the ruling party has shown very little appetite for introducing legislation in Parliament. Despite the Independent Democrats' Lance Greyling leading a brave charge, Parliament as an institution has shown itself to be deaf to his requests for a debate on the issue. Furthermore, Greyling's requests for an ad hoc committee have also fallen on deaf ears despite there being precedent for Parliament setting up ad hoc committees on for example the question of 'service delivery protests' and indeed on the Protection of State Information Bill, recently. Years ago, the Democratic Alliance has submitted a private members' bill which tries to tackle a few of the challenges of regulation, though its focus is far too narrow.

The ANC under Jacob Zuma promised that it would do things differently. If it is serious about curbing the corrosive impact of money on our political system, it would start by introducing legislation in Parliament which regulates private funding to political parties. While legislation alone can never be a panacea for all ills, unless a start is made to creating an environment for transparency in political party fund-raising, we will have no guarantee that the public interest has not been eclipsed by the interests of political parties eagerly lining their coffers.

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