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## **Electoral Finance Bill - Questions and Answers**

### **What is the objective of the Electoral Finance Bill?**

The Bill will increase transparency and accountability in the electoral process, prevent the undue influence of wealth, and promote participation in parliamentary democracy.

### **Why is the Bill needed?**

Successive select committees, including the Justice and Electoral Committee that reported on 8 September last year, have recommended reviews of the electoral finance regime.

The 2005 General Election brought concerns about third party campaigning, donations, and election expenditure into sharp focus. Allegations were reported to the Police about breaches of electoral finance rules, including breaches of third party advertising rules and overspending on election broadcasts, but prosecutions did not proceed. The *Peters v Clarkson* election petition, although not upheld in court, raised questions about the interpretation of current law, for example, the treatment of dual-purpose advertisements.

### **What will the Bill do?**

The Bill amends the electoral finance regime in the following areas:

- Election expenses;
- Third party campaigning;
- Political donations;
- Compliance and enforcement; and
- Broadcasting of election programmes.

### **What are the key areas of reform in the Bill?**

#### ***Election Expenses***

The Bill makes a number of changes to the election expenditure provisions, in order to clarify them and make them simpler to apply. Some key proposals include:

- Dual purpose expenses – The Bill proposes that, where campaign advertisements include information about a candidate and a party, the cost should be apportioned between the two. This follows the decision in *Peters v Clarkson*, which highlighted gaps in this area.
- The Bill proposes that all expenditure, whether incurred by a party or a candidate, must go through a financial agent who is appointed expressly for this purpose.
- The Bill will extend the regulated period for election expenditure to operate from 1 January to polling day, where a general election is held in the year that Parliament is due to expire.
- The Bill will define the “reasonable market value” of materials used in campaigning, following the examination of this issue in *Peters v Clarkson*.

### ***Third party campaigning***

The Bill proposes a much stricter regime on electoral advertising or campaigning by third parties in the lead up to an election. Key features of this regime include:

- Third parties will be required to notify the Chief Electoral Officer of their involvement in election activities.
- There will be expenditure limits imposed on third parties, and they will be required to appoint a financial agent to authorise spending.
- Third parties will be subject to a \$500 limit on anonymous donations received to fund their election activities. For donations above that level, disclosure rules will require third parties to disclose the name and address of the donor in returns. This will include the contributors to a donation, where multiple parties contribute to a single donation.
- Third parties will also be subject to equivalent provisions imposed on candidates and parties for their electoral spending, including the requirement to file a return.

### ***Donations***

A key change to the donations regime is that all donations – whether to candidates, political parties, or third parties – will be required to go through a financial agent, who will be responsible for filing donations returns. This will create a more transparent regime. There are also proposals to close gaps in the definition of “donation”.

### **How does the Bill relate to the review of Parliamentary expenditure?**

The Electoral Finance Bill deals primarily with the financial regime that applies to political parties, candidates, and the New Zealand public in the run-up to an election.

As a separate exercise, the Government is reviewing the rules relating to Parliamentary expenditure. There is currently an interim definition of Parliamentary expenditure in force, which will expire on 31 December 2007. Legislation flowing from this latter review will be introduced later this year.

The Electoral Finance Bill needs to align with the review of Parliamentary expenditure, but the two reviews are separate.

### **Compliance and Enforcement**

The Bill increases penalties for corrupt and illegal practices, and extends time limits for the prosecution of electoral finance offences.

### **Independent review of aspects of electoral reform**

The Government is also proposing an independent review of aspects of electoral reform that cannot be implemented in time for the next general election, or that require further independent consideration. This will include consideration of such matters as the structure of the electoral agencies, state funding, and the broader question of political party funding, including the sources of donations and relevant thresholds.

### **What happens next?**

Once the Bill has had its first reading in Parliament it will be sent to select committee where the public will have the opportunity to make submissions.

Information on the Bill’s progress through the legislative process will be available on the Parliament website ([www.parliament.nz](http://www.parliament.nz)).