



# Cabinet

CAB Min (07) 8/5

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

Minister of Justice

**Copies to:**

- Prime Minister
- Deputy Prime Minister
- Minister of Finance
- Attorney-General
- Hon Jim Anderton
- Minister of Broadcasting
- Minister of State Services
- Minister of Police
- Hon Pete Hodgson
- Hon David Parker
- Hon Clayton Cosgrove
- Legislation Coordinator
- Chief Parliamentary Counsel
- Secretary, CBC

### Review of the Electoral Finance Regime

On 12 March 2007, following reference from the Cabinet Business Committee, Cabinet:

#### Background

- 1 noted that amendments to the Electoral Act 1993 and Broadcasting Act 1989 are needed to increase transparency and accountability in the electoral process, prevent the undue influence of wealth, and to promote participation in parliamentary democracy;

#### Political donations

*Extend the definition of donation*

- 2 agreed to extend the definition of "donation" to include:
  - 2.1 the provision of over-valued goods and services by the party or candidate;
  - 2.2 money lent to a party or candidate otherwise than on commercial terms;

*Complaints jurisdiction re election programmes*

- 46 **agreed** not to change the complaints jurisdiction at this time and retain the status quo (Broadcasting Standards Authority has jurisdiction);

*Prohibition on third parties broadcasting of election programmes*

- 47 **agreed** to retain the current ban on third parties broadcasting election programmes;

*Political appointments to the Electoral Commission*

- 48 **agreed** not to change the current requirements for representation and retain the status quo (two political representatives);

**State funding**

- 49 **agreed** to retain the broadcasting allocation, the current allocation criteria and the ban on parties and candidates spending their own money on broadcasting;

- 50 **agreed** to additional post-election State funding for parties based on voter support, comprised of an annual payment to parties based on party votes received at the last election at the rate of:

50.1 \$2.00 per vote for each party vote a party received, up to 20 per cent of the total party vote;

50.2 \$1.00 per vote thereafter, to a total cap of 30 per cent;

- 51 **agreed** that the amounts referred to in the above paragraph should automatically be indexed to consumer price index movement;

- 52 **agreed** that the additional State funding:

52.1 will only be available for registered political parties, and will cease for the remainder of the electoral cycle upon deregistration of a party;

52.2 will not be available to candidates, including independent candidates;

52.3 will be administered by the Electoral Commission;

52.4 will be contingent on filing returns and making an application;



# Cabinet

CAB Min (07) 16/8

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Minister of Finance  
Attorney-General  
Hon Jim Anderton  
Minister of Broadcasting  
(MCH)  
Minister of State Services  
Minister of Police  
Hon Pete Hodgson  
Hon David Parker  
Hon Clayton Cosgrove  
Legislation Coordinator  
Chief Parliamentary Counsel  
Secretary, POL

### **Electoral (Finance, Expenditure and Advertising) Bill**

On 14 May 2007, Cabinet:

#### **Background**

- 1 noted that on 12 March 2007, Cabinet agreed to amendments to the Electoral Act 1993 and the Broadcasting Act 1989, to increase transparency and accountability in the electoral process, prevent the undue influence of wealth, and promote participation in parliamentary democracy [CAB Min (07) 8/5];
- 2 noted that the submission under CAB (07) 184 makes some new proposals on electoral finance reform, including revisions to some proposals agreed by Cabinet on 12 March 2007;

#### **New policy proposals**

##### *Definition of election expenditure*

- 3 noted that the Electoral Act 1993 currently explicitly excludes any activity undertaken by a candidate in his or her capacity as a member of Parliament from the definition of "election activity";
- 4 noted that it is therefore important that any expenditure incurred by a member of Parliament from funds appropriated for "parliamentary purposes" is similarly excluded

16 noted that on 12 March 2007, Cabinet agreed that New Zealanders who are living overseas and are entitled to vote in a New Zealand election should be allowed to donate campaign funds on the same basis as those who are resident in New Zealand [CAB Min (07) 8/5 paragraph 4];

17 rescinded the decision referred to in paragraph 16 above;

18 noted that on 12 March 2007, Cabinet agreed that donations from all other overseas-originated sources should be prohibited [CAB Min (07) 8/5 paragraph 5];

19 rescinded the decision referred to in paragraph 18 above;

#### *State funding*

20 noted that on 12 March 2007, Cabinet agreed to additional post-election State funding for parties based on voter support [CAB Min (07) 8/5 paragraphs 50 - 52];

21 rescinded the decisions referred to in paragraph 20 above;

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

22 agreed that a number of aspects of electoral reform warrant further consideration, including:

22.1 the structure of the electoral agencies;

22.2 State funding for political parties;

22.3 the broader question of party funding, including the sources of donations to parties from overseas, and the thresholds that apply to donations, including anonymous donations;

23 agreed to an independent review to consider the issues in paragraph 22 above, reporting back by December 2008;

24 agreed that the terms of reference and membership for the review should be considered by the Cabinet Policy Committee by the end of June 2007;

#### **Financial implications**

25 noted that on 12 March 2007, Cabinet noted the indicative costs of the reform package, which included the implications of State funding for political parties [CAB Min (07) 8/5 paragraph 53];

26 noted that, as a consequence of the decision in paragraph 21 above, the indicative cost of the reforms will be \$3.19 million less for 2008/09 and outyears than the indicative costs referred to in paragraph 25;

#### **Legislative implications**

27 noted that the Bill holds a priority 2 on the 2007 legislation programme (must be passed in 2007);

### State funding

The following table shows the amounts that each party would receive if there is a single payment of State funding for the first year the legislation is in force, based on the results of the 2005 General Election.

|                                      |                  |
|--------------------------------------|------------------|
| Labour                               | 1,143,095        |
| National                             | 1,143,095        |
| NZ First                             | 260,230          |
| Green                                | 241,042          |
| Maori                                | 96,526           |
| United Future                        | 121,720          |
| ACT                                  | 68,938           |
| Progressive                          | 52,882           |
| Destiny                              | 28,420           |
| Aotearoa Legalise Cannabis           | 11,496           |
| Christian Heritage                   | 5,642            |
| Alliance                             | 3,282            |
| New Zealand Family Rights Protection | 2,356            |
| Democrats for Social Credit          | 2,158            |
| Libertarianz                         | 1,892            |
| Direct Democracy                     | 1,564            |
| 99 MP                                | 1,202            |
| OneNZ                                | 956              |
| The Republic of New Zealand          | 688              |
| <b>TOTAL (\$)</b>                    | <b>3,187,184</b> |

RELEASED UNDER THE OFFICIAL INFORMATION ACT



Office of Hon Mark Burton, M.P. for Taupo

Minister of Justice  
Minister of Local Government  
Minister in Charge of Treaty of Waitangi Negotiations  
Minister Responsible for the Law Commission  
Deputy Leader of the House

3.6

26 MAR 2007

Hon Dr Michael Cullen, Attorney-General  
Hon Annette King, Minister of Police  
Hon Ruth Dyson, Associate Minister of Social Development and Employment  
Hon Rick Barker, Minister for Courts, Minister of Civil Defence  
Hon Damien O'Connor, Minister of Corrections  
Hon Clayton Cosgrove, Associate Minister of Justice  
Hon Mita Rinui, Associate Minister of Corrections, Associate Minister in Charge of Treaty of Waitangi Negotiations

Dear Ministers

**Administration of Electoral Finance Reforms and State Funding of Political Parties Bid**

As you are aware, Cabinet has recently agreed to policy proposals implementing the results of the review of the electoral finance regime. Cabinet noted the indicative costings of implementing these changes to the regime and agreed the funding be a charge against the "Other" allocation in Budget 2007 (CAB Min (07) 8/5 refers).

Following on from Cabinet's decision, I intend to seek approval of this funding through this year's Budget process. In the normal course of events, I would have preferred to consult more extensively with you on the attached Budget proposal. The time pressures involved in developing these policy and legislative proposals have not allowed for this.

If the electoral finance reforms are to be implemented in time for the 2008 General Election, the necessary funding must be included in Budget 2007. That means the attached Budget proposal must be lodged with the Treasury by 30 March 2007 so it can be included in the Budget recommendations for Cabinet consideration.

Accordingly, I have asked my officials to send the attached Budget proposal to the Treasury. A copy is attached for your information.

You will note that the bid is composed of several different elements. The requests for additional funding are for:

- The Chief Electoral Office for the administration of the new third party regime, and the changes to the candidate regime;
- The Electoral Commission for the changes to the party regime; and
- State funding of political parties.

As I have noted, this funding is essential to implement key aspects of the reform of the electoral finance regime before the next general election.

Yours sincerely



Hon Mark Burton  
Minister of Justice

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**Vote:** Justice

**Co-Votes:**

**Title:** Administration of Electoral Finance Reforms and State Funding of Political Parties

**Brief Description:**

This proposal seeks funding for the new electoral finance regime to be implemented by the Electoral (Finance, Expenditure, and Advertising) Bill.

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

- Political donations
- Election expenses
- Third party advertising
- Compliance and enforcement.

The Bill also amends the broadcasting regime for election programmes, and provides for additional post-election State funding for parties based on voter support.

The proposal requests additional funding for the Chief Electoral Office for the administration of the new third party regime and the changes to the candidate regime. The proposal also seeks additional funding for the Electoral Commission for the changes to the party regime. Additional funding is also required for the State funding of political parties.

The policy proposals have been approved by Cabinet (CAB Min (07) 8/5 refers). Cabinet noted the indicative costings and agreed that the funding shall be a charge against the "Other" allocation in Budget 2007.

The proposals to amend the electoral finance regime are designed to address problems identified by the courts and others in order to maintain public and political confidence in the administration of our parliamentary elections, and the continued functioning of our democracy.

**This initiative could best be described as:** New Policy

**Theme:** Other

**Theme Objective:** None

**Initiative Ranking:** None

**Funding sought (\$ thousands)**

| \$000*                      | 2006/07 | 2007/08 | 2008/09 | 2009/10 | 2010/11 and outyears |
|-----------------------------|---------|---------|---------|---------|----------------------|
| <b>Net operating impact</b> | 38      | 323     | 3,437   | 3,190   | 3,617                |