



## INCLUSIVE SOCIETY INSTITUTE

### **REMARKS MADE BY DARYL SWANEPOEL, CHIEF EXECUTIVE OFFICER, INCLUSIVE SOCIETY INSTITUTE AT THE MY VOTE COUNTS' MONEY IN POLITICS ROUNDTABLE 8 MAY 2024: RADISON RED ROSEBANK, JHB**

My starting point is that when one considers disclosure of private funding to political parties, it needs to be done in a holistic fashion, and not on an ad hoc basis. Because whilst we want to enhance accountability, we do not in the process want to disenfranchise political parties.

The first notion that needs to be removed from the public discourse is the notion that money in politics is bad. It is not. It is the motivation that drives the donation that determines whether the motive is good or bad. Giving money to enhance democracy is a good thing; giving money for personal gain is corruption.

If we starve political parties from the resources they need to run their operations, to fund their communications, to finance their campaigns and their policy development, we will neuter the ability of our public representatives to function as effective representatives of the people. They will become pawns of the Executive.

It is when parties do not have the resources to develop empirically researched policy positions that wild and unimplementable promises are made. This undermines democracy in that it reduces public trust in the political establishment. It is when smaller parties do not have the resources to effectively communicate their programmes, that the battle of ideas is eradicated to the advantage of the larger parties that may or may not be performing. An advert in a newspaper costs the same for a small party as it does for a big party.

So money is important, but that money needs to be clean.

The second notion that needs to be done away with is that sufficient clean money will flow to political parties to adequately fund their activities in a high disclosure regime. This has not been the case anywhere else in the world, why will it be different here. It will not, and we have seen party resources drying up since the implementation of the Private Funding of Political Parties Act (PFPP).

When studying international practices, it is quite clear that when there are high disclosure requirements, there is high public funding; and where there are low disclosure requirements, public funding is lower. So we must accept that if we increase disclosure requirements, we will need to increase the public funding of the parties. That is not the case in our democracy. We have introduced a high disclosure requirement, but not concomitantly adjusted the public funding.

In an assessment undertaken by the Inclusive Society Institute on whether South Africa's democracy is properly funded, when compared with three European jurisdictions, we found it to be materially underfunded.

When considering amounts allocated directly to the parties, South African parties receive a mere one third of those in Germany, and around half of those in Sweden and the Netherlands. This is at power purchasing parity, so it is comparing apples with apples. And we specifically chose those jurisdictions since their political systems are based on proportional representation as is South Africa's, and we wanted to assess ourselves against well-functioning democracies.

Since the study in 2023, there has been some improvement, but not material.

All of this to say, that we need an upward adjustment in the public funding – but let's be open and transparent about it, not underhanded. And this is where I am very concerned about the methods envisaged in the Electoral Matters Amendment Bill, which basically leaves that decision to the politicians. So politicians decide what their parties need. In my humble opinion that's a conflict of interest.

We made a submission to Parliament that these types of decisions need to be made by an independent body. We proposed that the Independent Commission for the Remuneration of Public Office-bearers mandate be extended to include the provisions contemplated by Section 26 of the Electoral Matters Amendment Bill – that is the determination of the disclosure thresholds. This was of course laughed off with the Ministry suggesting that only political parties know how much money they need to run their parties and that there are no independent individuals that know how political parties are funded. This is absurd; and the very reason why it cannot be left to the parties.

Now I know that My Vote Counts is wanting to do away with any threshold, and I am not in full agreement with that. I may change my view if the public funding regime was improved, but not as it stands now. That said, there are clearly loopholes that need to be plugged.

It does not take rocket science to determine that the money needed to fund the campaigns we are seeing unfold, does not match the funds being declared. So either the parties are not being transparent, or they undertake significant commercial activities (which do not need to be declared – a loophole), or they can teach the financial industry a thing or two – how to stretch your rand thousand fold. The latter not likely considering that it is they that are running the country's purse.

But seriously, my view is that we need to balance the high disclosure requirements with the negative impact it will have by discouraging private donations. That said, if political parties continue to use all types of tricks to circumvent the spirit of the PFPP Act, then they should not cry should things be made more difficult for them.

Regrettably, practice has shown that the rules need to be tightened, and grey areas removed.

Then, may I turn to the sneaky trick of changing the public funding allocation formula when passing the Electoral Matters Amendment Bill. From the current one third split equally and two thirds split proportionally, back to the 90:10 formula. This goes against the spirit of what was envisaged in the Constitutional Court judgement and the elaborate parliamentary processes undertaken to introduce the PFPP Act only a few years ago. What has changed between then and now. Only one thing: The bigger parties are being bitten and now they need to scheme themselves into a larger chunk of the pie. That is, in my view, underhanded.

Simple solution, increase the state funding to a more respected level.

Should the nation aspire to a well-functioning and effective representative democracy, it must accept that political parties – lest the country is to slide towards authoritarianism – need to be well-resourced and that money is necessary for inclusive democracy and effective governance. I think the public understand that.

The respected International Institute for Democracy and Electoral Assistance says that the purpose of providing political parties with public funding is to:

Promote pluralism and to stimulate the battle of ideas – that is, providing the electorate with a wider choice of policies – by ensuring that all the “relevant political forces” are sufficiently resourced.

By giving all parties access to funds for campaigning, it also serves to equal the playing field by limiting the advantage that contenders with access to significant resources have.

Providing the extent of state funding is significant enough, it serves to incentivise obedience to the election rules. This is because political parties will fear losing access to public funding should they not obey the rules.

The current 90:10 split goes against such thinking. It doesn't level the playing field, it simply perpetuates the current incapacitation of the smaller parties. Maybe now that the big parties are becoming smaller they will be open to a rethink (LoL).

Way forward:

In the short term, let's keep the pressure up for transparency. The My Vote Counts legal challenge will go some way in assisting. But civil society needs to continue to be vigilant.

In the longer term, a new electoral model is now to be developed for the 2029 election. Civil society must insist that not only the electoral system, or model, needs to be reviewed, but rather, the whole democratic ecosystem. For this we need to urgently take stock as to where our democracy is, and where we want it to be.

It is not only the model that needs to be revised, it is also how that model will be properly resourced and empowered.

Will the new democratic ecosystem empower the people, or empower the party. Let bus not forget that it is the parties that serve the people, and not the other way around.