



BUSA
BUSINESS UNITY SOUTH AFRICA

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SUBMISSION REGARDING THE DRAFT POLITICAL PARTY FUNDING BILL

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Introduction

BUSA is a confederation of business organisations including chambers of commerce and industry, professional associations, corporate associations and unisectoral organisations. It represents South African business on macro-economic and high-level issues that affect it at the national and international levels. BUSA's function is to ensure that business plays a constructive role in the country's economic growth, development and transformation and to create an environment in which businesses of all sizes and in all sectors, can thrive, expand and be competitive.

As a principal representative of business in South Africa, BUSA represents the views of its members in a number of national structures and bodies, both statutory and non-statutory. BUSA also represents businesses' interests in the National Economic Development and Labour Council (NEDLAC).

BUSA welcomes the opportunity to comment on the draft Political Party Funding Bill as set out below.

Comments on the Draft Political Party Funding Bill

1. Business Unity South Africa and its members support the objective of the Draft Political Party Funding Bill (the Bill) to create a more transparent political party funding system in line with our Constitutional democracy.
2. The vibrancy of South Africa's democratic system is based on strong competition among a variety of well-functioning parties. The functioning of the system is driven by the capabilities of these parties to organize, communicate with their constituencies, represent their voters' interests, formulate policy proposals, conduct research, prepare for Parliamentary debates, and effectively compete in free and fair elections. All of these activities cost money. We support the Bill's recognition that these activities should be supported by public funding, given that they contribute to the effectiveness of our country's democracy, and can therefore be considered a public good. We also agree with the Bill's recognition that parties should be able to supplement this public funding with private funding from donors, including private companies.
3. The business sector indirectly supports constitutional democracy through tax contributions. However, given the extent to which business benefits from a functioning constitutional democracy, it could legitimately be argued that the sector has an interest in making a further financial contribution to sustain the organisations and mechanisms which underpin the democratic system. We recognize, however that private funding of political parties is a controversial topic, because of the possibilities it may open up for undue influence, corruption and capture. We therefore strongly support the Bill's

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proposal to make disclosure of donors and funding amounts mandatory for all donations. We believe that this will help to guard against any donor, be it an individual, a company, or other organisation, exerting undue influence or deriving illicit gains through funding contributions.

4. In the spirit of complete transparency, we suggest that the duty to disclose political party funding should be extended to the donors as well as the political parties.
5. We propose further that consideration be given to setting a maximum cap on the quantum of donations that can be made by any one entity or party. This will contain the risk of undue political influence.
6. We agree with the court finding in the recent *My Vote Counts NPC v President of the Republic of South Africa and Others* case, which found that "information about the private funding of political parties ...is reasonably required for the effective exercise of the right to vote in such elections and to make political choices, in terms of sections 19(1), 19(3), 32 and 7(2) of the Constitution". We note that for practical purposes, it may be useful to establish a threshold for disclosure, but would argue that such a threshold should be reasonably low (for example, R5000).
7. We are aware that there has been resistance from some stakeholders for complete transparency, based on arguments that donors to opposition parties may be prejudiced if their contributions are disclosed. We would argue that the importance of transparency in preventing undue influence outweighs the argument for privacy. We would argue further that if a situation arose in which an organization or individual felt they had been prejudiced as a result of the disclosure of funding contributions as per the Bill, they would have adequate recourse to existing legal remedies.
8. We note that the Bill provides for establishment of a Multi-Party Democracy Fund, into which private sources of funding towards political parties may be deposited. We support this provision based on the understanding that this does not preclude donors from directly funding political parties of their choice, as long as disclosure requirements are met in this regard.
9. The Bill proposes to use the IEC's current model for the allocation of funds to parties, which combines a minimum allocation to all parties with representation in the National Assembly and provincial legislatures, together with a proportional allocation based on the number of the party's representatives in the National Assembly and provincial legislatures. Such a system inevitably favours larger parties over smaller parties, and excludes new parties who have not yet contested an election. The correct mix should be achieved to enable stability of larger parties and enable newcomers to participate.

Conclusion

In summary, BUSA and our members are strongly in favour of greater transparency of political party funding, and believe that the Bill provides practical and workable proposals to achieve this.