



8 June 2009

Issue 3/2009

## Content

- NZ Electoral Finance Issues Paper
- Roundtable Discussion on Electoral Finance
- NZ Lead Discussion on Financial Integrity
- TI Asia Pacific Regional Meeting
- Breakfast with Rodney Hide - Tickets available!
- Links of Interest

*Transparency International is a not-for-profit, non-government organisation, which aims to counter corruption in international and national business transactions and government decision making.*

*Transparency International is politically non-partisan and does not undertake direct investigation of alleged corruption or expose individual cases.*

*There are over 90 National Chapters of TI worldwide. Each chapter is an autonomous body supported by a global Secretariat based in Berlin*

## NZ Electoral Finance Issues Paper

The Ministry of Justice recently released an Issues Paper as part of the Government's Review of Electoral Finance and have begun a brief consultation process which will lead to the development of a proposal document and the design of a new electoral finance regime.

### Three Stages of Electoral Finance legislation

1. The Issues Paper— open for discussion until 19 June 2009— can be downloaded at [www.justice.govt.nz/electoralfinancereform](http://www.justice.govt.nz/electoralfinancereform)
2. By August 2009, a Proposal Document will be presented which will set out Government proposals for new legislation.
3. The final stage will be the parliamentary process, during which there will be opportunity to make submissions to the Select Committee.

### What does the Issues Paper cover?

- \* **Chapter 1 – Principles:** addresses the principles that guide the regulation of electoral campaigning and political party funding.
- \* **Chapter 2 – Constituency Candidate and Political Party Funding :** discusses how constituency candidates and political parties could be funded, including private donations and other sources of funding.
- \* **Chapter 3 – Campaign Spending:** discusses possible rules for spending by constituency candidates and political parties during election campaigns.
- \* **Chapter 4 – Advertising:** addresses rules for campaign advertising by constituency candidates and political parties, including broadcasting.
- \* **Chapter 5 – Parallel Campaigning:** discusses issues associated with campaigning by individuals or groups who are not standing for election.
- \* **Chapter 6 – Monitoring and Compliance:** discusses rules for constituency candidates and political parties to declare the funding they receive and money that they spend on campaigning.

Each chapter includes a summary of the current legislative position, provides some commentary on how other countries have addressed the issue, and raises some key questions as guidance for feedback.

Members are welcome to make their own submission but if you would like your comments to be included in a submission from TINZ please forward your comments to our Executive officer, Paul Browne, by 12 June.

## Roundtable Discussion on Electoral Finance

TINZ Board Member, Trevor Roberts , and Executive Officer, Paul Browne, participated in roundtable discussions with representatives from Ministry of Justice, VUW Institute of Policy Studies, and a number of invited guests, to discuss the implications of the Electoral Finance Issues Paper.

The Roundtable was chaired by TI Member, Jonathan Boston, from the VUW Institute of Policy Studies. Brief introductory comments on the Issues Paper were made by Doug Bailey (Russell McVeigh), Tim Pankhurst (Newspaper Publishers' Association), Dr Paul Harris (former CE, Electoral Commission) and Assoc Prof Andrew Geddes (University of Otago).

Summary of views from the "Roundtable;

1. It was generally agreed that a greater degree of transparency was required in respect of election funding (but see paragraph 7 below).
2. The existing controls in New Zealand and the New Zealand culture provided safeguards

*(Continued on page 2)*

(Continued from page 1) Roundtable Discussion on Electoral Finance



- that did not exist in the United Kingdom and that heavy handed and expensive procedures in reaction to the United Kingdom problems, were neither necessary nor desirable. The issue of member expenses is a different issue altogether and should not influence decisions regarding election funding on the emotional assumption that everything in politics is in some way possibly corrupt or open to corruption.
3. Care would need to be taken to ensure that any processes put in place did not interfere with the work of individual Members of Parliament and the necessary confidentiality that attended that work, especially when it involved individual constituents.
  4. In dealing with the issues it was necessary to tailor the prudential controls and safeguards to meet the particular circumstances that existed in New Zealand and that a combination of expenditure caps and proper disclosure were required.
  5. Those close to the news media were assiduous in pressing for the need of absolute disclosure and asserted directly and indirectly the special position of the news media. It was interesting that they were less interested in supporting a greater degree of transparency and accountability in respect of the media itself.
  6. It emerged from consideration of the Issues Paper that there was a degree of confusion as to the area which it was sought to regulate and that there was no clear distinction between:
    - the funding of political parties;
    - the funding of election expenditure;
    - the funding and control of election advertising.
  7. The inevitable question of State funding of political parties and/or elections was not fully addressed in the Issues Paper, nor was the issue of unintended consequences of funding changes fully considered. In particular the issue of whether, in an MMP environment, funding changes may have the unintended consequence of increasing the control and influence of party machines was not addressed either by the Roundtable or by the Paper.
  8. There is a general fear of corruption or undue influence through the process of election and party funding. If the Roundtable had any consensus at all, it was that an increased degree of transparency was useful. The issue of how transparency could be safely applied in a small society with a highly adversarial political culture, it operated with an unusual degree of vindictiveness was not considered and the trade off between the right to know and the right to participate and the right to privacy was recognized but not adequately addressed.

## NZ Lead Discussion on Financial Integrity

TINZ's Chair, Gerald McGhie has been active in raising the profile of the NZ chapter within the TI movement through his focus on the obvious centrality of the financial crisis to all of us. Not just the so-called rich economies but every chapter of the Transparency international movement.

The following are comments and observations which formed his introduction to a resolution on the issue at the recent TI Asia Pacific Regional Meeting.

*"It seems clear that corruption or quasi corruption has been involved in the global financial upheaval, whether from private sector financial operations, inadequate public sector oversight of financial and other institutions, or indeed from the philosophical drivers of a financial system. that has produced losses in the region of some \$3 trillion -- particularly in such areas as pension funds.*

*Secondly, while the Transparency International Secretariat and Board have discussed the issue -- and I have been pleased to be part of that discussion -- contributions to date have tended to be limited to regulatory systems and structures. Indeed my own contribution on the ethical issues involved in the crisis was ignored. The resolution acknowledges the work of Transparency International to date and endorses the contents of the letter to the G20 signed by the Global Chair, Huguette Labelle, in London in early April this year. But my impression remains that TI's G20 letter could have also come from any one of a number of major international accounting or auditing agencies. These latter of course represent the organisations that had no difficulty in taking colossal fees for their services to the very organisations they were auditing or assessing.*

*Transparency International is different. We fight to eliminate corruption. This resolution is a start. Essentially it sees the crisis as being due not so much to structural or systemic failure, as to a profound departure from those ethical standards that should underpin all transactions undertaken within our private and public sector institutions -- be they in banking/finance, property or wider.*

*I am not unaware of the difficulties of operating in a globalised world. There is nothing in the resolution that would take away from the value of globalisation's benefits to a wide number of countries and people. What I want to create is a foundation on which Transparency International can build its own distinctive contribution to the solution of this crisis.*

*Some may see an emphasis on ethical issues as a bit of a side show - something secondary to the main event . Or, perhaps somewhat patronisingly - Something that has to be acknowledged to keep the idealists out of mischief.*

(Continued on page 3)

(Continued from page 2)

*I disagree.*

*Ethical questions underpin the very centrality not only of Transparency International's operation in its fight against corruption but of the values that are part of our own societies.*

*The current crisis presents us with a challenge and an opportunity. An opportunity to think a little creatively.*

*A challenge to position ourselves as making a distinctive, relevant and ethical contribution to the solution of this global crisis.*

*We all have a role to play.*

**The resolution was passed unanimously. Key parts of the Resolution are as follows;**

- The Regional Meeting considers that a solution to the financial crisis lies not only through achieving an effective mix of structural and systemic reforms to the international financial sector but by establishing a singular and relevant ethical framework within which the private and public sector must operate. The following comments within the resolution are relevant;
  - ⇒ establishing effective procedures to reduce deception in national and international financial transactions (an absolutely key issue)
  - ⇒ achieving a genuine commitment to genuine rights and obligations within the financial community
  - ⇒ establishing among private, governmental, and transnational organisations effective accountability and monitoring standards. (including facilities for monitoring the monitors)
  - ⇒ establishing effective early warning systems among private, governmental and transnational organisations to prevent disruptions to the international financial and trading system.
  - ⇒ Transparency International's concern lies with the overemphasis of profit maximisation for shareholders and a lack of concern with the wider interests of the community as well as the centrality of ethics.
  - ⇒ The Asia Pacific group wants to see the emergence of a fair and robust global trading and finance system.

#### **Comments**

Members' comments on the resolution and the arguments developed by Gerald are most welcome..



## **TI Asia Pacific Regional Meeting**

TINZ's Chair, Gerald McGhie, and Executive Officer, Paul Browne recently attended the TI Asia Pacific Regional Meeting in Canberra.

The TI Asia Pacific meeting was attended by a total of 19 representatives from the chapters of Pakistan, India, Sri Lanka, Bangladesh, Nepal, Maldives, Indonesia, Malaysia Vietnam, Taiwan, Philippines, China, Korea, Japan, Papua New Guinea, Solomon Islands, Vanuatu, Fiji, Australia and New Zealand.

Highlights of the Regional Meeting included;

- \* The Regional Meeting was opened at Parliament House by the Australian Parliamentary Secretary for International Development Assistance, Bob McMullan. In his opening speech Mr McMullan announced AusAID's ongoing partnership with TI in the Asia Pacific Region.
- \* NZAID's Programme Manager for the TINZ Pacific Support programme, Chris Day, accepted an invitation to attend the Regional Meeting. It was a great opportunity for NZAID to gain a better understanding of the wider regional work undertaken by TI. Her attendance also provided an opportunity for her to participate in an informal meeting with Cobus de Swardt (CEO TI), Pascal Fabie (Asia Pacific Region Director), Gerald McGhie, and Paul Browne. This was an important meeting for TINZ as NZAID has recently completed an external review of the TINZ Pacific Support Programme and are awaiting NZAID's decision on the continuation of the Pacific Support Programme
- \* NZ, Sri Lanka and Bangladesh representatives provided mentoring support for participants involved in a Strategic Planning training workshop.
- \* Advocacy training was provided for chapters involved in the Forest Governance Integrity Project, a project involving China, Malaysia, Indonesia, Papua New Guinea and Solomon Islands.

**Invitation to a breakfast meeting with  
Rodney Hide  
Minister of Local Government**



***Transparency and Accountability in Local Government – the way forward.***

**When:** 7:00 a.m., 14 July 2009

**Where:** The Wellington Club

**Ticket Prices:**

TI NZ Member:	\$45
Non-Member:	\$50
Corporate tables (10)	\$450

**Agenda:**

- ⇒ 7:00 Guests begin arriving
- ⇒ 7:30—8:00 Breakfast
- ⇒ 8:00 Minister's address
- ⇒ 8:25—8:45 Opportunity for questions.

Numbers will be limited and seats will be issued strictly on a first come basis.

For Bookings email: [admin@transparencynz.org.nz](mailto:admin@transparencynz.org.nz)

### **Internet Links of Interest**

A recent interview with Mary Robinson, ex UN Commissioner of Human Rights, member of The Elders, founder of Realizing Rights, an ethical globalisation initiative, and first female President of Ireland;

[http://www.transparency.org/publications/newsletter/2009/april\\_2009/interview](http://www.transparency.org/publications/newsletter/2009/april_2009/interview)

UNDP publication addressing corruption in Asia Pacific— *Tackling Corruption, Transforming Lives* ;

<http://www.undprcc.lk/ext/crhdr/Download.html>

Vanuatu Leaders speak out on the need for NZ and Australia to maintain dialogue with Fiji Leaders;

<http://pidp.eastwestcenter.org/pireport/2009/May/05-20-com.htm>