**2. INTERIM REPORT OF THE AD HOC COMMITTEE ON THE FUNDING OF POLITICAL PARTIES, DATED 14 SEPTEMBER 2017**

The ad hoc Committee on the Funding of Political Parties hereby provides the National Assembly with the following report on progress made to date:

1. **Introduction**

1.1 On 6 June 2017 the National Assembly (NA) resolved to establish the ad hoc Committee on the Funding of Political Parties (the Committee) in terms of NA Rule 253(1)(a).

1.2 The Committee is charged with enquiring into and making recommendations on the funding of political parties represented in national and provincial legislatures with a view to introducing, if necessary, amending legislation. In doing so, the Committee is to consider a model of public and private funding for political parties; and the need for, and possible means of, regulating private funding in all its forms (including investment entities owned by political parties). The Committee is expected to submit its final report to the National Assembly by 30 November 2017.

1.3 The multi-party committee comprises eleven permanent and seven alternate members of Parliament from the African National Congress (seven members), the Democratic Alliance (four members), the Economic Freedom Fighters (two members), and other parties (five members). The represented political parties selected the following members to serve on the Committee: Adv. BT Bongo, MP (ANC); Ms DE Dlakude, MP (ANC); Mr DM Gumede, MP (ANC); Ms NN Mafu, MP (ANC); Ms LM Maseko, MP (ANC); \*Ms CN Ncube-Ndaba, MP (ANC); Mr VG Smith, MP (ANC); \*Dr MJ Figg, MP (DA); Mr RA Lees, MP (DA); \*Mr D Maynier, MP (DA); Mr J Selfe, MP (DA); \*Mr MM Dlamini, MP (EFF); Ms L Mathys, MP (EFF); Mr N Singh, MP (Inkatha Freedom Party); Dr CP Mulder, MP (Freedom Front Plus); \*Prof. NM Khubisa, MP (National Freedom Party); \*Mr NT Godi, MP (African People’s Convention); and \*Mr NL Kwankwa, MP (United Democratic Movement).

1.4 On 21 June 2017 the Committee unanimously elected Mr VG Smith, MP as its chairperson.

**2. Review of the Public Funding of Represented Political Parties Act, No 103 of 1997**

2.1 On 21 June 2017 the Committee unanimously agreed, as a point of departure, to invite comment on the Public Funding of Represented Political Parties Act, No 103 of 1997 (the Act). The call for comment was published in all official languages on Parliament’s website as well as in national and regional newspapers.

2.2 The Committee received seventeen written submissions from the following individuals and organisations: South African Catholics Bishops Conference; African National Congress; Mr Lwando Scott; My Voice Counts; Cool Youth Church; Council for the Advancement of the South African Constitution; Human Sciences Research Council; South African History Archive; Right2Know; Corruption Watch; Forum of Cape Flats Civics; Democracy Development Programme; Public Affairs Research Institute; Mr Keith Gottschalk; Congress of South African Trade Unions; Azanian People’s Organisation; and the Black First Land First Movement.

2.3 All but Messrs. Gottschalk and Scott, the Forum of Cape Flats Civics and the Black First Land First Movement participated in the public hearings which took place at Parliament on 15 and 16 August 2017.

2.4 In addition to the above, the Committee also invited input from the Independent Electoral Commission (IEC) who briefed the Committee on 17 August.

**3. Funding of Political Parties Bill, 2017**

3.1 On 22 August 2017 the Committee, having deliberated on the public input received, agreed to repeal the Act, and instructed the Parliamentary Legal Services Unit to draft new legislation. The proposed legislation will regulate both the private and public funding of political parties.

3.2 In the main the Funding of Political Parties Bill, 2017 (the Bill) proposes:

- the repeal of the Public Funding of Represented Political Parties Act, No 103 of 1997;

- the establishment of a Represented Political Party Fund (RPPF), managed by the IEC, to enhance multi-party democracy by providing funds to political parties that are represented in Parliament and provincial legislatures;

- the establishment of a Multi-Party Democracy Fund (MPDF), managed by the IEC, for the receipt, allocation and management of private donations to political parties that are represented in Parliament and provincial legislatures;

- a prescribed formula for the allocation of funds from the RPPF and MPDF to represented political parties, that is based on equitable as well as proportional allocations;

- purposes for which funds from the MPDF and RPPF may or may not be used;

- the regulation of direct funding to political parties including the disclosure of all donations above a certain threshold; and the prohibition of direct funding to individual members of political parties;

- that represented political parties be required to account for the monies received from the above-mentioned funds, and to disclose certain information to the IEC; and

- that municipal councils be prohibited from funding political parties and independent candidates.

3.3 The financial implications are limited to the resources the IEC would require to manage the additional fund. On 1 September 2017 the Committee met with both the IEC and the National Treasury to discuss the financial implications of the proposed amendments.

3.4 The Committee is of the opinion that the Bill should be processed in accordance with section 75 of the Constitution, and that it need not be referred to the National House of Traditional Leaders in terms of section 18(1)(a) of the Traditional Leadership and Governance Framework Act, No 41 of 2003.

**4. Conclusion**

4.1 The Committee adopted the draft Bill on 14 September 2017 with the intention of publishing it in the Government Gazette in accordance with NA Rule 275 by no later than 21 September 2017.