



Democracy means freedom to choose

INKATHA

Inkatha Freedom Party

IQembu leNkatha Yenkululeko

31 July 2019

The Independent Electoral Commission

Email: ranyaneb@elections.org.za

IFP WRITTEN SUBMISSIONS AT PUBLIC HEARINGS ON REGULATIONS IN TERMS OF THE POLITICAL PARTY FUNDING ACT

Introduction

The Inkatha Freedom Party (IFP) supports this Bill and those of this nature that seek to promote greater transparency, openness, democracy and access to information. Furthermore, the IFP supports the rule of law and this Bill when enacted into law will represent framework legislation in that regard (section 236 of the constitution).

The founding principles that underpin our constitution are based upon democracy, free and fair elections and openness, with reference to section 1 (d); s 36 (1) and s 39 (1).

The Bill introduces a dual disclosure requirement. The relationship between the donor and the recipient political party are both required to disclose donations so there is a shared responsibility for both parties in respect of disclosure.

The IFP agrees that the public had a right to know who is funding political parties as there was ample experience in South Africa of how such funding may cause the capture of political parties and lead to the exercise of undue influence on the political process. Party funding has always presented the opportunity for donations to influence policy which unfairly skews the development of South Africa toward interests of donors.

The essence and intention of the bill is thus supported; however, we find issues/concerns with the following technical aspects:

1. Discretion of the commission

- Section 4.1

4. Establishment of Multi-Party Democracy Fund, Donations made and Request for Non-disclosure by Contributor - Sections 3(4) and 3(5) of the Act

- (1) The Commission shall have the right to return any Donation made to the Multi-Party Democracy Fund, as contemplated in Section 3 of the Act, to any Contributor, should the Commission be of the belief, or have reason to believe, or suspect, or have reason to suspect, that the source of the money relating to the said Donation is from:
- (a) The proceeds of any unlawful activity; or
 - (b) An Organ of State; or
 - (c) A State-Owned Enterprise; or
 - (d) Foreign Government or Foreign Agency.

The
Issue
arising
with the

highlighted paragraph is ambiguous and open ended. Questions must be asked whether *'The Commission'* would provide concerned political parties and/or donors with the grounds for which they will exercise the right to return the funds based of belief and suspicions? Would there be an opportunity for review/representation in this regard? If so, how so?

If we proceed on the premise that this bill is meant to promote openness then, openness must be found in the processes, deliberations and any decisions taken by *The Commission*.

- Section 4.3

- (3) The Commission shall make a final determination in respect of such request, after taking into consideration the following—
- (a) The reason for the request;
 - (b) The amount Donated;
 - (c) Confirmation from a recognised financial institution of the Contributor's bank account;
 - (d) The source of the monies for the Donation and all supporting documents;
 - (e) Assessment of political exposure of the Contributor, if applicable;
 - (f) Any other relevant factors the Commission deems necessary, taking into account the purpose and provisions of the Act;

The statement which reads “the commission shall make the final determination” is worrying as the commission is provided with excessive power in this regard. Such leaves the commission open to being used as a political tool and becoming politicised. Furthermore, it leaves little room for donors and/political parties to seek recourse/review in this matter.

Question: how are political parties able to take decisions on review?

There is a lack of detail in terms of the considerations listed in alphabetical order from (a) through to (f). The bill must further elaborate on what parameters the commission must consider when deciding in this regard. The rules applied in this instance must be made public, to promote transparency, clarity and not cause any undue hindrance/s to potential funders or political parties.

Section 5

5. **Cost of administering and managing the Multi-Party Democracy Fund in terms of Section 3(6) of the Act**

- (1) The Commission must on an annual basis determine the fees it will charge for the administration and management of the Multi-Party Democracy Fund, the aggregate of which shall at all times be limited to the amount as prescribed in Section 3(6) of the Act. Within two weeks of the start of every Financial Year, the Commission must publish the administration and management fees to be charged for the particular Financial Year, in the Gazette.
- (2) The fees so due to the Commission must be payable by way of set-off and be deducted from the credit of the Multi-Party Democracy Fund, at the end of every Financial Year, before any balance standing to the credit of the Multi-Party Democracy Fund, is carried forward, as is contemplated in Section 4(3) of the Act.

At the outset it is unclear on what framework or basis 'The Commission' will determine the fees it will charge. Furthermore, it states that the fees will be payable from a credit balance of the Multi-Party Democracy Fund. The issue arises here in two aspects. Firstly, should the commission determine that high operating costs for this unit are warranted, then there is little or no recourse to provide oversight and approval of budget by all political parties. Secondly, monies donated for the cause of democracy by donors will be used to firstly pay an administration fee of this fund to the commission and thus the full amount of donation will not be received for its intended purpose, to promote democracy. This is acceptable but must be within certain prescribed limits.

2. Ideological concerns

Donors in some instances, specifically donate money towards a cause or specific policy position. The question must be asked as to why the money when donated for a specific ideological or policy position, may be given to political parties who may have opposing views on democracy, economy etc.

The fund could therefore be seen as form of socialism, whereby it is a redistribution of funds/assets at the discretion of the commission and acts as a type of social welfare for political parties of differing ideologies.

Is there room within the Act for donors to specify which political parties or ideologies they would prefer their monies to go towards?

3. Duplication of functions

With regard to the implementation of the Multi-Party Democracy Fund clarity is required as to how this impacts or dovetails with the Public Funding of Represented Political Parties, Act 103 of 1997.

Given that this Act is already implemented by the IEC and there is an administrative capacity in this regard would it not be advantageous to either repeal this act (Act 103 of 1997) and incorporate the disbursement within this current IEC administrative function or, alternatively incorporate the implementation of the Multi-Party Democracy Fund in the implementation of this act (Act 103 of 1997)?

If both acts stand alone it would create an administrative double up, both in respect of the IEC and political parties, as political parties currently have to report and present audits on funding in terms of Act 103 of 1997.

See Annexure IFP1

Conclusion

We believe that 'the commission' could be used as a political tool and control the funds and donations to either support a particular view of democracy and state, such as a more socialised system.

The commission if left unchecked or highly regulated may pose potential danger towards opposition parties as too much power rests with them. Furthermore, political parties will require added capacity to ensure their compliance with the rules and regulations in terms of the Bill such as in-house auditors for each political party.

Therefore, a balance must be struck between transparency and the onerous requirements in place for political parties to comply.

Mr MA Mncwango, MP
Inkatha Freedom Party

ANNEXURE IFP 1

3: W3(a) to W3(b)

C - REPORT OF THE ACCOUNTING OFFICER

To the Chief Executive Officer of the Represented Political Parties Fund. This report on the annual financial statements for the year ended 31 March 2019 of the Inkatha Freedom Party is an extract of my official report that will be the Executive meeting of the Party. My responsibility to account, in terms of the requirements of the Public Funding of Represented Political Parties, Act 103 of 1997 (the Act), for moneys allocated from the Represented Political Parties Fund (the Fund) and my duty to ensure compliance by the Inkatha Freedom Party has been discharged in good faith. Please note that the financial statements show all the amounts received by the Inkatha Freedom Party from the Fund, the interest received as well as the categories of expenditure during the financial year under review.

BUSINESS PLAN SUMMARY/PROJECTED BUDGET PLAN

1 PROJECTS LAUNCHED UNDER SUBSECTION 5(1)(B) OF THE ACT

(i) the development of the political will of people;

The aim of the project was to develop the political will of people by creating awareness of the importance of registering to vote and participating in elections amongst first time voters. The focus of the project was on pamphlet distribution and community meetings during the financial year. It was expected that the development of the political will of these potential voters will enhance democracy by increasing awareness of the importance to vote. It is also expected that it will increase voter registration and participation amongst first time voters. Pamphlets with information on how to register and the importance of voting were distributed nationwide and the impact will be determined in future local, provincial and national elections with the expected higher voter registration, voter turnout and political party activity.

(ii) bringing the political party's influence to bear on the shaping of public opinion;

Several consultative meetings and workshops were held during the year to steam line and focus media operations. The aim of the project was to ensure that all functionaries had a clear understanding of role and function and how to present positions in an effective manner. It is expected that the Party's influence in the shaping of public opinion will increase with co-ordinated media dissemination of information via traditional and social media platforms. The success of this project will be determined in future local, provincial and national elections.

(iii) inspiring and furthering political education;

A comprehensive policy review programme was embarked upon during the financial year. In depth review workshops were held to bring the Party's policy up to date with current political trends. This policy process involved all tiers of Party membership and a comprehensive update of policy was achieved. The focus of the programme was to update policy and disseminate it amongst potential supporters. It is expected that this will give potential supporters a clear understanding of the Party's positions and plans of action to ensure continuous socio-economic growth in South Africa, giving attention to addressing crime, job creation, improved education and health care. The success of this programme will be determined in future provincial and national elections.

(iv) *promoting active participation by individual citizens in political life;*

Active participation by individual citizens was promoted by programmes focused on women's awareness of their rights and obligations towards building our nation. Awareness campaigns during Women's Day

W3(b)

celebrations were embarked upon, focusing on the need for women to be active in political life to ensure that their needs are addressed. It is expected that continued awareness programmes will contribute to an increase in women participating in political life.

(v) *exercising an influence on political trends;*

The project focussed on education sessions amongst youth in tertiary institutions during the financial year. The objective of the project was to expand and influence the political thinking of youth in South Africa by providing information on political thought and alternatives. The value of the project was determined by exposing youth to a greater number of political thoughts and give them the freedom of choice to vote for the party of their own choice. The aim was also to provide more knowledge of different political parties and their aims and objectives. The success of the project will be determined by increase in IFP Youth Brigade and tertiary political activity and also an increase in initiatives and community based projects.

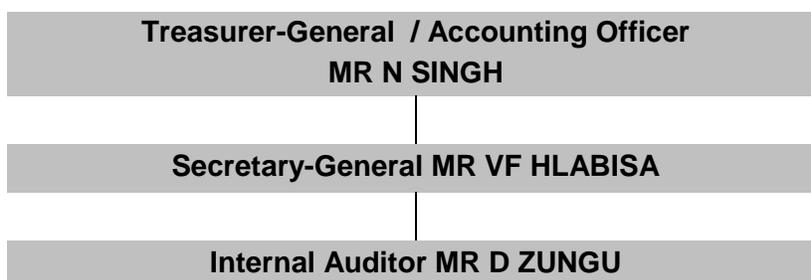
(vi) *ensuring continuous, vital links between the people and organs of state.*

This project focused on ensuring that IFP constituents had access to elected representatives during the financial year to address their needs and aspirations. The aim was that individual and community needs be addressed at local level by providing access to local, provincial and national representatives at constituency level. Elected representatives met community members on various days during the year to listen and attend to various matters arising, including pensions, housing and water needs. The implementation of the project was considered a success as Party representatives addressed the needs of constituents nationwide. The success of this project will be determined in future local, provincial and national elections.

2 OTHER PURPOSES COMPATIBLE WITH THE INKATHA FREEDOM PARTY OPERATING IN A MODERN DEMOCRACY

All funds received are either directly, or indirectly, applied to projects compatible with the Inkatha Freedom Party operating in a modern society.

3 OVERVIEW AND ORGANISATIONAL FIT OF THE INKATHA FREEDOM PARTY'S FUND MANAGEMENT TEAM



4 RECOMMENDATIONS

No matters have been highlighted to be recommended with respect to this report.

5 GENERAL

All matters which are material to the Inkatha Freedom Party's management of moneys from the Fund and which have not been dealt with elsewhere in the financial statements have been addressed in this report.

MA MNCWANGO

DATE: 31 July 2019