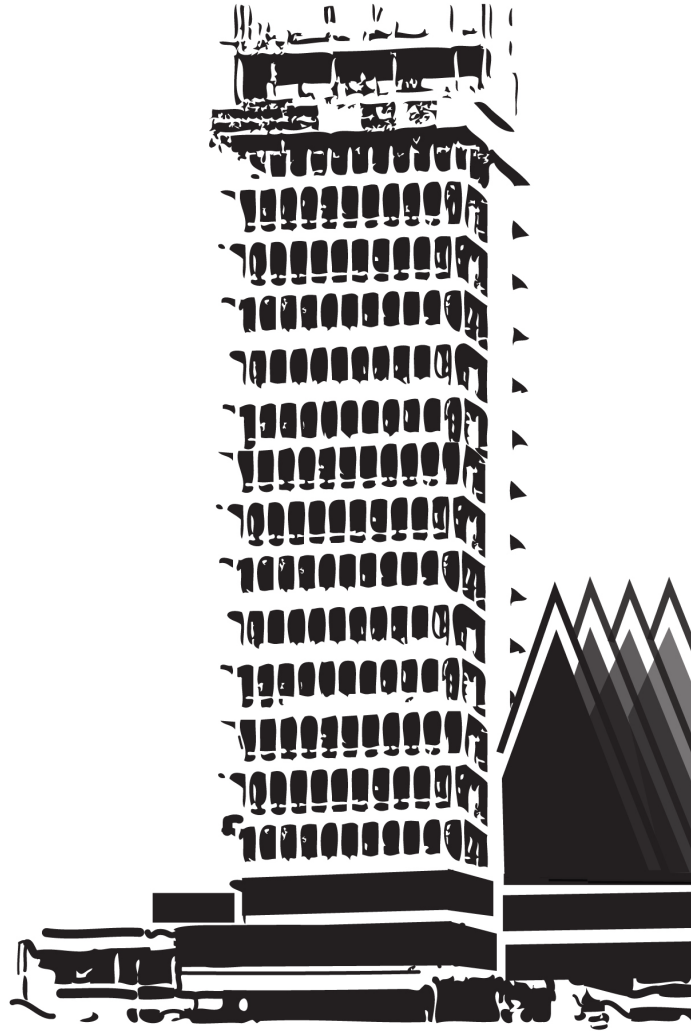


# POLITICAL

## FINANCING REFORMS

REFORMS  
FOR  
TRANSPARENT &  
ACCOUNTABLE  
POLITICAL FUNDING  
in MALAYSIA



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- 1 Context, Objectives and Definitions
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- 3 Institutional Reforms: Strengthening the Election Commission
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# CONTEXT AND OBJECTIVES



## Context

- Prime Minister Najib Razak has acknowledged the existence of donations from foreign sources to run elections. His admission highlighted two longstanding controversial issues involving the financing of Malaysian politics:
  - Existence of secret political funds controlled by individuals or trustees
  - Access to phenomenal foreign funding, suggesting illegal political financing that undermines the legitimacy of parties.

## Objectives

To offer recommendations to reform the financing of politics. This is imperative to make the process of financing the political system transparent and accountable. The underlying basis for these reforms is to eliminate corruption and promote clean governance as well as reinstitute integrity in Malaysia's electoral system.



# DEFINITIONS (1/2)

In this report, **political finance** is treated as “money used for electioneering”. Political financing is the activity of sourcing funds for expenditure incurred during party activities and to sustain the **party machinery**. These activities include fundraising, costs of maintaining permanent offices, carrying out policy research, conducting polls and political education, running advertising campaigns for policies, and mobilizing voters. The term is used interchangeably with “political funding”, and the “financing/funding of politics”.

This report covers two types of financing of politics:

- **Private financing** refers to the capacity of political parties to fundraise through legitimate means. It does not involve the transfer of government resources to parties or candidates
- **Public financing** refers to *direct* and *in-direct* transfers of financial resources from the government to political parties or candidates. The term is used interchangeably with “public funding”

**In-kind contribution** includes contributions of goods of value (such as office machines, furniture, supplies, etc.) as well as a donation of services (such as absorbing the cost to print political paraphernalia). Additionally, in-kind contributions also capture situations where a donor sells an item or service to an electoral campaign for less than the market-price (in such a case, the in-kind contribution is the amount of the discount).

**State resources** are resources belonging to the government. This may include financial resources specifically allocated as direct government support for electoral campaigns or the use of non-financial resources controlled by the government (e.g. staff, vehicles, buildings, state media, etc.).

## DEFINITIONS (2/2)

The term **foreign sources** refers to resources originating from foreign entities (governments, political parties, corporations, associations, partnerships, etc.) that enters the Malaysian political system.

The term **third-party actors** (TPAs) is used to describe non-political party or non-candidate electoral actors who solicit contributions and make expenditures directly related to an electoral campaign. Some examples are political action committees, certain non-profits, or certain union campaign funds, foundations, think tanks, etc.

A **for-profit business** is an organisation which aims to earn profit through its operations and is concerned with its own interests. **Not-for-profit** organisations focus on serving the public and it is concerned with money only as much as necessary to keep the organisation operational.

This report uses **USD (\$)** as the basic unit of measurement for currency. Exchange rates used in this report are as follow:

- 1 USD = 0.89 EURO
- 1 USD = 1,152 Korean Won
- 1 USD = 32.27 New Taiwan Dollar
- 1 USD = 6.6 Danish Krone
- 1 USD = 1.37 Australian Dollar
- 1 USD = 4.1 Malaysian Ringgit
- 1 USD = 0.65 British Pound

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## Why are Reforms Needed?

### Monetisation of politics

- Growing **monetisation of politics** as private funds seep into political arena in large quantum

### Unequal access to funding

- **Unequal access** allows those with greater capacity to obtain funds to ascend political hierarchy & win seats during general elections, further undermining electoral fairness

### Covert funding

- Worrying allegations of **covert funding** of parties & politicians

### Inadequate legislation

- **Current legislation & disclosure** requirements **inadequate** to restrict covert funding of politics or ensure fair elections

### Institutions devoid of autonomy

- **Institutions** with oversight of electoral competition reputedly **devoid of autonomy** to act without favour

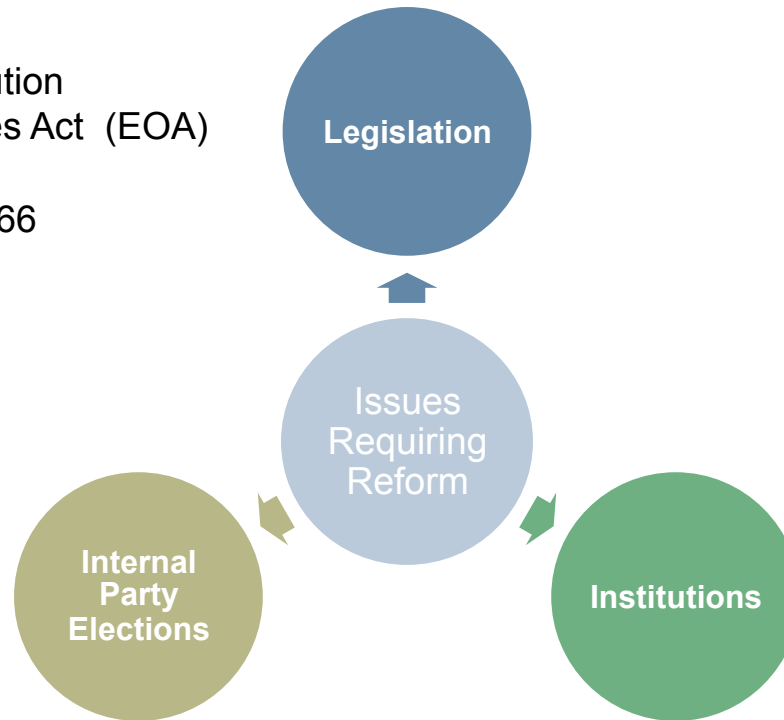
### Money-based factionalism

- **Money-based factionalism** threatening existence of parties & undermining public confidence in politicians

## Issues Requiring Reform (1/2)

- Federal Constitution
- Election Offences Act (EOA) 1954
- Societies Act 1966

- Money-driven factionalism
- Patronage
- Rent seeking



- Election Commission (EC)
- Registrar of Societies (ROS)

### Comments

- A three-pronged approach is needed to strengthen transparent and accountable financing of Malaysian politics.
  - Relevant laws are to be reviewed to provide concrete framework and platform for better regulation.
  - Institutions must have sufficient autonomy and be empowered to monitor and enforce political funding framework.
  - Monitor internal party elections that are driven by money-based factionalism, rent-seeking and patronage that undermine the integrity of political parties.



# Issues Requiring Reform (1/2)

## Relevant Legislation

Strengthening transparency and accountability of funding of politics

Legislation	Areas to be Reformed
Federal Constitution	Independence and impartiality of EC, code of conduct for a caretaker government, and access to financing.
EOA 1954	<ul style="list-style-type: none"><li>• Rules on access to funding, limits on contributions, expenditures, disclosure and reporting</li><li>• Monitoring and enforcement capabilities of EC</li></ul>
Societies Act 1966	<ul style="list-style-type: none"><li>• Independence and impartiality of ROS, registration and supervision of conduct and financing of political parties, including financing of party elections.</li></ul>

## Institutions Requiring Reforms

Reinforcing impartiality and autonomous of public institutions: EC and ROS

Institutions	Areas to be Reformed
EC	<ul style="list-style-type: none"><li>• Independence and impartiality including appointment, membership, and reporting.</li><li>• Monitoring and enforcement capabilities of EC</li></ul>
ROS	<ul style="list-style-type: none"><li>• Independence and impartiality of ROS including reporting line and execution of duties</li><li>• Additional: political parties to be registered under EC, instead of ROS</li></ul>

## Internal Party Elections

Curbing Money-driven Factionalism, Patronage, & Rent Seeking

Current laws do not regulate financing of internal party elections. This allows for **money-based factionalism** where elections are based on one's ability to provide contracts rather than offer genuine leadership. Candidates consistently spend huge amounts of money to win party elections to secure a strong position to be appointed to key positions in the cabinet or GLCs. **The volume of funds distributed during a party election far exceeds that used during a general election.**

# Legislative Reforms are expected to cover the following issues:

## Limits on Contributions and Expenditures

Limits on individual and corporate donations
Limits on foreign donations
Limits on contributions and expenditure by third-party actors (TPAs)
Limits on individual and party campaign expenditure
Anonymous contributions
Reporting of in-kind donations and loans

### Access to funding

Direct and in-direct public funding

Private financing

Party business ownership  
“for-profit” vs “not-for-profit”

### Reporting requirements

Reporting of itemised contributions and expenditure

Frequency of reporting (higher during election period; lower outside the election period)

### Public Disclosure

Public access to financial information of political parties and candidates

Criminalising government agencies / officials who unfairly prosecute donors who support opposition parties

# Legislative Reforms via enactment of Political Parties Act are expected to overcome the following weaknesses:

## Limits on contributions & expenditures

- Current legislation does not make it mandatory to reveal identity of **donors**
- There is **no law restricting the amount of contributions** that can be received from **individuals, corporations, and TPAs**
- During election campaigns, expenditure limits are imposed on individual candidates. There is **no legislation** in place to **restrict expenditure incurred by political parties** and **TPAs**. Also, **expenditures outside of election period** are **not restricted**

## Access to Funding

- Present regulations on **private financing** are insufficient to create a transparent and accountable level playing field
- Current legislation **does not provide** for any form of direct and in-direct **public funding** for parties

## Reporting Requirements



- Political parties are required to submit annual financial reports covering both sources of income and expenditure, during and outside election campaign periods. But **weak public disclosure** (restricted public access) requirement **undermines trustworthiness** of the reports
- Candidates are required to submit financial statement covering income and expenditure during an election campaign period only. This provides **insufficient insight** to account for income and expenditure **outside the election period**.
- Parties and candidates financial reports are **not regularly audited or verified** by independent auditors, suggesting low veracity of the reports

## Public Disclosure

- Financial reports of political parties are **not made public** as they can only be accessed by party members, hence **insufficient public disclosure for monitoring**
- Government agencies / officials unfairly victimise donors of opposition parties; this must be criminalised

# Institutional Reforms enhance Autonomy and Impartiality of Key Institutions

At present, EC & ROS have little regulatory capacity to act independently against parties violating electoral & institutional regulations.

Institutions	Issues	Comments
 <b>Election Commission</b>	<b>High-level Appointments</b>	<p>Impartiality in high-level appointments questioned:</p> <ul style="list-style-type: none"> <li>• In practice, PM exerts high influence over the appointment of EC members.</li> <li>• ROS is a member of the executive branch controlled by the incumbent</li> </ul>
	<b>Autonomy and Impartiality</b>	<p>Absence of independent decision-making:</p> <ul style="list-style-type: none"> <li>• EC is seen as a government agency “managing elections”, rendering it subservient to incumbent government</li> <li>• ROS is under the ambit of Home Ministry</li> </ul>
 <b>Registrar of Societies</b>	<b>Monitoring Capabilities</b>	<p>Insufficient monitoring and enforcement capacity:</p> <ul style="list-style-type: none"> <li>• Both EC and ROS do not have sufficient capacity to monitor compliance of political finance regulations as they are not empowered with investigative power to carry out independent investigations and audits</li> </ul>
	<b>Enforcement Capabilities</b>	

# Three major reform recommendations will be made to strengthen transparency and accountability of Malaysia's political financing

1

## Enacting Political Parties Act

- Banning secret funds
- Banning foreign funding
- Setting contribution and expenditure limits
- Strengthening reporting requirements
- Enhancing public disclosure
- Introducing guidelines for caretaker government
- Regulating financing of party elections

2

## Strengthening Election Commission

- Protecting its autonomy and impartiality
- Registering and supervising political parties
- Strengthening monitoring and enforcement capabilities

3

## Creating Equitable Access to Funding

- Regulating private funding of politics
- Regulating party ownership of business
- Balanced access to public funding
- Strengthening public disclosure
- Non-victimisation of donors of opposition parties

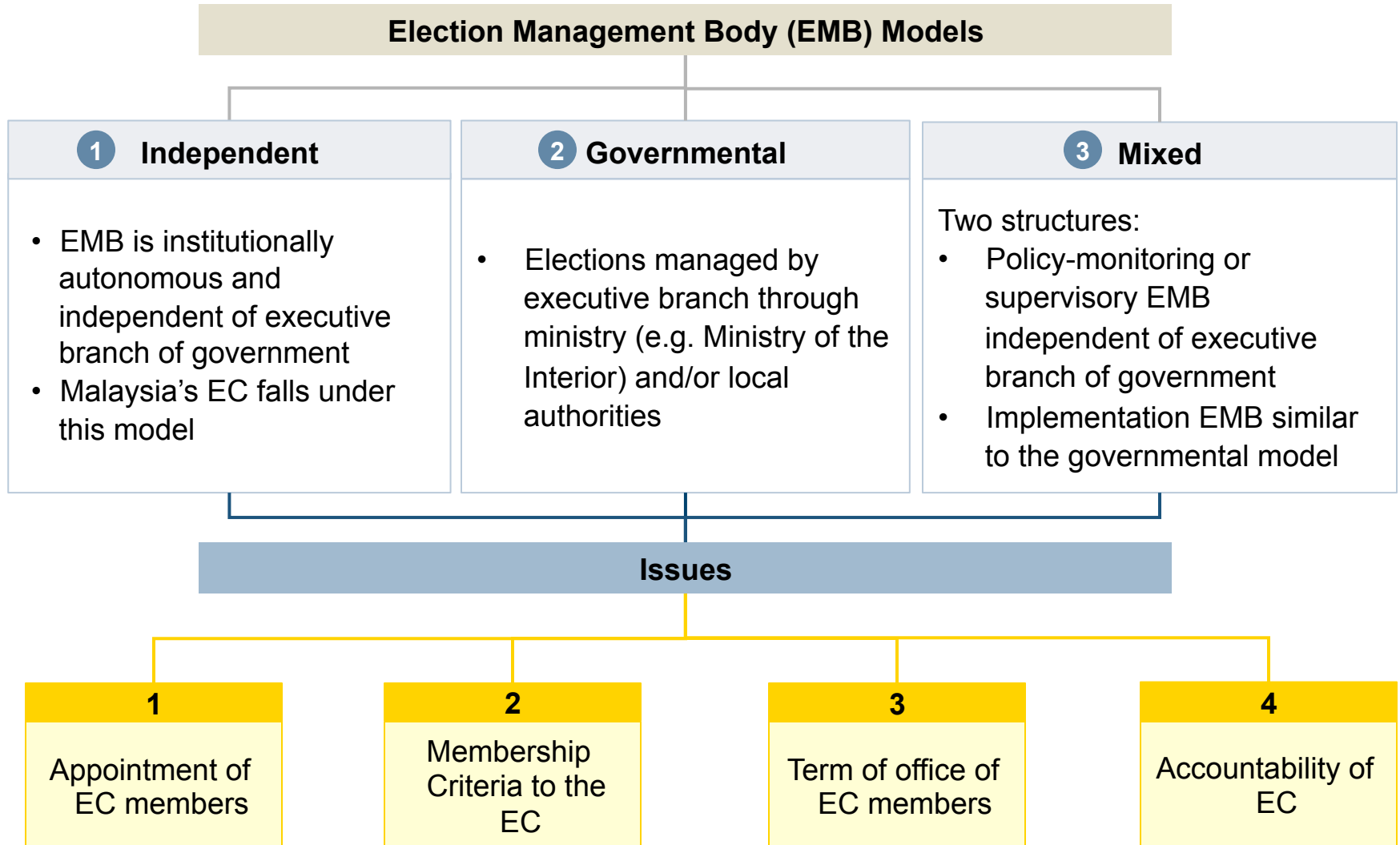
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# Strengthening the Election Commission (EC): Overview

*The EC is an important institution in terms of the supervision of political financing.*

Reform Proposal Aim: To strengthen the **impartiality** and **effectiveness** of the EC



# 1 Strengthening the Election Commission: Appointment of EC Members

In certain countries, multiple agencies are involved in appointment of members to ensure independence

	South Korea 	South Africa 	Timor Leste 	Papua New Guinea 
<b>Nomination and Appointment Committee/Panel Composition</b>	President, National Assembly, Chief Justice of Supreme Court	President of Constitutional Court, Human Rights Commission representative, Commission on Gender Equality representative, Public Prosecutor	President, National Parliament, government, judicial magistrate, public prosecution magistrate, public defender, Catholic church, remaining religious faiths, women's organization	Prime Minister or Minister appointed by him, Opposition Leader, Appropriate Permanent Parliamentary Committee Chairman, Public Services Commission Chairman
<b>Electoral Integrity Project (EIP) 2014 Report World Ranking</b>	Presidential Election 2012: 12	Legislative Election 2014: 40/127	-	-
<b>Electoral Authority Score</b>	Electoral Authority: 86/100	Electoral Authority: 78/100	-	-

Malaysia



## PROPOSAL

### The Formation of an Election Commission Nomination Committee (ECNC):

- The Prime Minister
- The leader of the Opposition
- The chair of the Parliamentary Select Committee for Electoral Matters
- The ranking Opposition member of the PSC.
- The Chief Justice
- The Chairman of the Malaysian Human Rights Commission (Suhakam)
- The President of the Malaysian Bar Council
- An additional civil society representative who has knowledge of or practical experience in electoral matters This Select Committee is not a permanent committee in the Parliament. The inclusion of this representation will require some changes to be made in the Parliament.

### Nomination Process

- The ECNC will make a public call for applications when a vacancy arises
- Applicants will be screened for their eligibility
- Public hearings will be held with shortlisted candidates, of which there must be at least three for each available vacancy.
- The ECNC will submit its chosen candidates to Parliament for approval by the House, after which it goes to the Agong for approval



## 2 Strengthening the Election Commission: Criteria for Candidates to the EC

Some countries, (e.g. Mexico and South Korea) have **extensive requirements** candidates to the EMB must fulfill



In Mexico, EMB members must:

- Be citizens by birth
- Have been resident in the country for at least two years
- Be over the age of 30
- Be a degree holder
- Have knowledge of electoral issues
- Be physically and mentally healthy
- Never have been a party national executive chair, national or state director nor a candidate for elected office in the past 5 years
- Never have been convicted of a serious crime

*Extensive barriers outlined in law may pose unnecessary obstacles to suitable candidates, such as those on physical health and formal qualifications.*

Other countries have **very few limitations** on who can be part of the EMB, leaving the discretion up to those appointing the members



In South Africa, the candidate must:

- Be a citizen
- Not have a high party-political profile at that stage

Malaysia



### PROPOSAL

Legal  
Restrictions

1  
Citizenship

2  
Impartiality

Taking from the United Kingdom's criteria, a person may not be appointed as an Electoral Commissioner if the person:

**a** Is a member of a registered party

**b** Is an officer or employee of a registered party or of any accounting unit of such a party

**c** holds a relevant elective office

has at any time within the last ten years

**d** **i** Been such an officer or employee as is mentioned in paragraph (b)

**ii** Held such an office as is mentioned in paragraph (c)

**iii** Has been named a party donor in the register of donations

### 3 Strengthening the Election Commission: Term of Office of EC Members

#### Limiting the Term of Office

##### ADVANTAGE:

Promotes the constant generation of new ideas through new appointments



##### DISADVANTAGE:

Undermines institutional experience, especially if EMB members' terms coincide with a single electoral cycle

Source: Wall et al, *Electoral Management Design*, pp.93-94



Papua New Guinea, South Korea and Timor-Leste all have a six-year term of office.

Malaysia



## PROPOSAL

1

#### Term of Office

6

years

2

#### Retirement Age

70

years old

- Election Commissioners should have a **six-year term** with the option for extension of a second term. No further extensions are allowed.

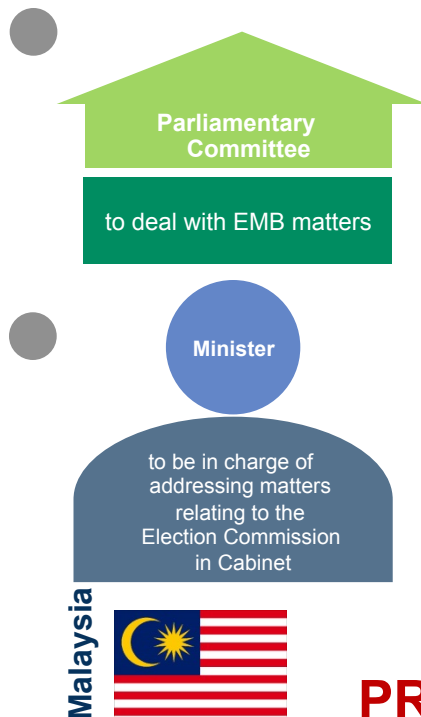
Rationale: This will allow Commissioners to see through a minimum of one full election cycle.

- The age of retirement shall be **70 years of age**
- Appointments to the Commission should be staggered to allow some continuation of institutional memory

## 4 Strengthening the Election Commission : Accountability of EC

Many countries have, written in law, the ways the Election Commission can be held accountable

*International IDEA recommends the implementation of:*



**The United Kingdom's Speaker's Committee** in charge of proposing appointments to the Commission also handles:

- The examination of the estimates
- Five-year plans of the Electoral Commission



Australia's Parliament established various committees empowered to inquire into aspects of the electoral process

- **The Joint Standing Committee on Electoral Matters (JSCEM)** inquires into and reports "on such matters relating to electoral laws and practices and their administration as may be referred to it by either House of the Parliament or a Minister."
- The Committee holds inquiries into various areas of the elections, such as
  - Electoral education
  - Electronic voting and funding of political parties
  - Campaigns
- New Zealand's parliament also has a Justice and Electoral Committee



- The Canadian **Chief Electoral Officer (CEO)** reports directly to Parliament rather than to a minister
- Elections Canada's primary accountability relationship is with Parliament, not with the prime minister and Cabinet
- Within 90 days of an election, the CEO is required to report on electoral administration
- The CEO can submit a separate report that includes recommendations for changes to the Canada Elections Act.
- The CEO also reports to Parliament each year on his budget and expenditures

## PROPOSAL

### Establishment of a Parliamentary Select Committee (PSC)

- To reflect the composition of the House
- To receive reports submitted by the EC on an annual basis and after any state or federal level elections
- To receive expenditure reports
- As with JSCEM in Australia, carry out inquiries into improvements to be made to the electoral system and processes, with input from the EC
- Of whom hearings and all findings should be made open to and made public

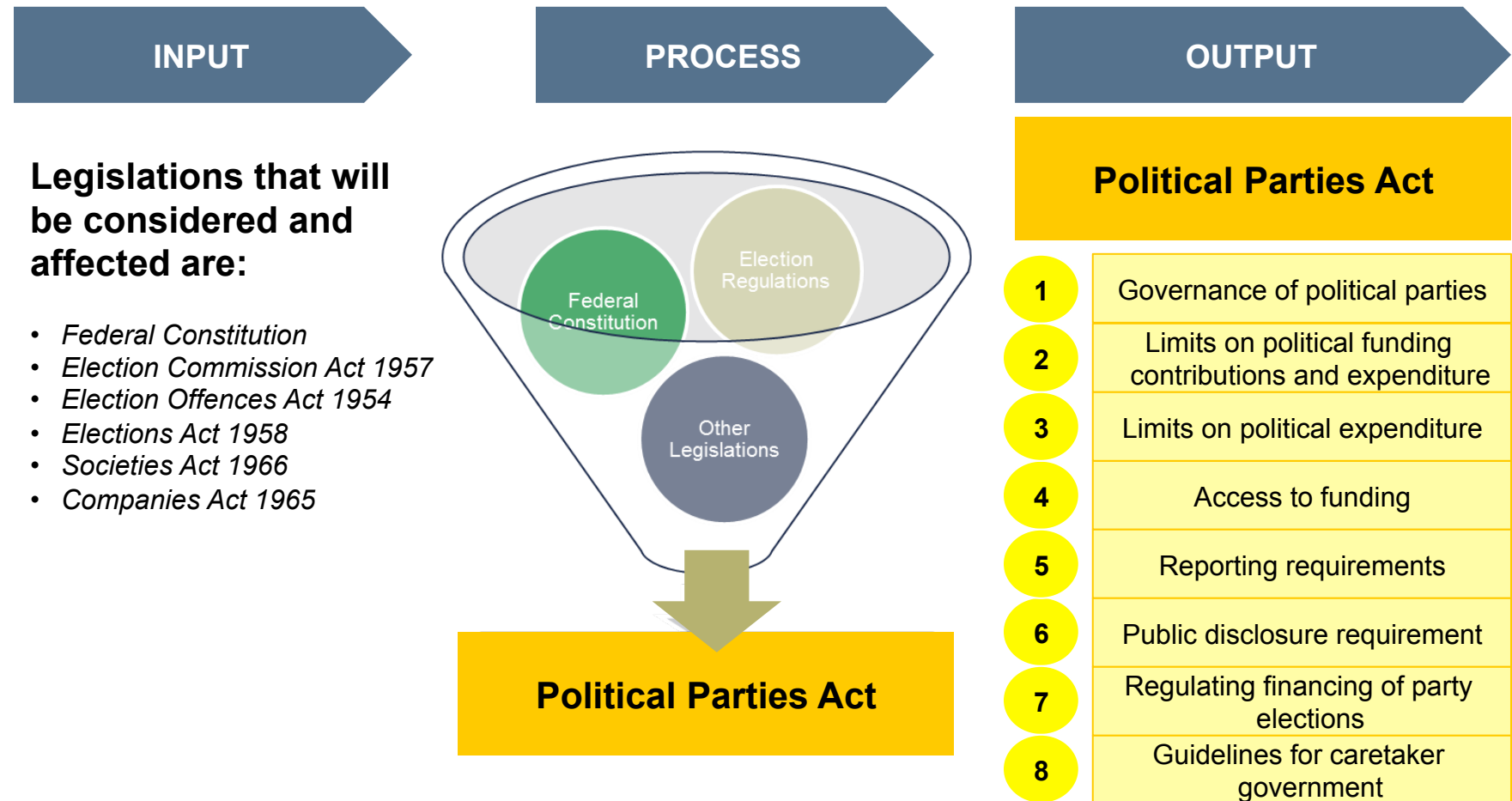
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# Political Parties Act: Overview

**A Political Parties Act (PPA) has to be enacted to address weaknesses in the current system.**

PPA is expected to merge and repeal selected sections of the Election Offences Act (EOA) 1954, EC Act (ECA) 1958 and Societies Act 1966. In addition, PPA is expecting to affect the Federal Constitution and other legislations to create a comprehensive and standardised framework to regulate political funding.

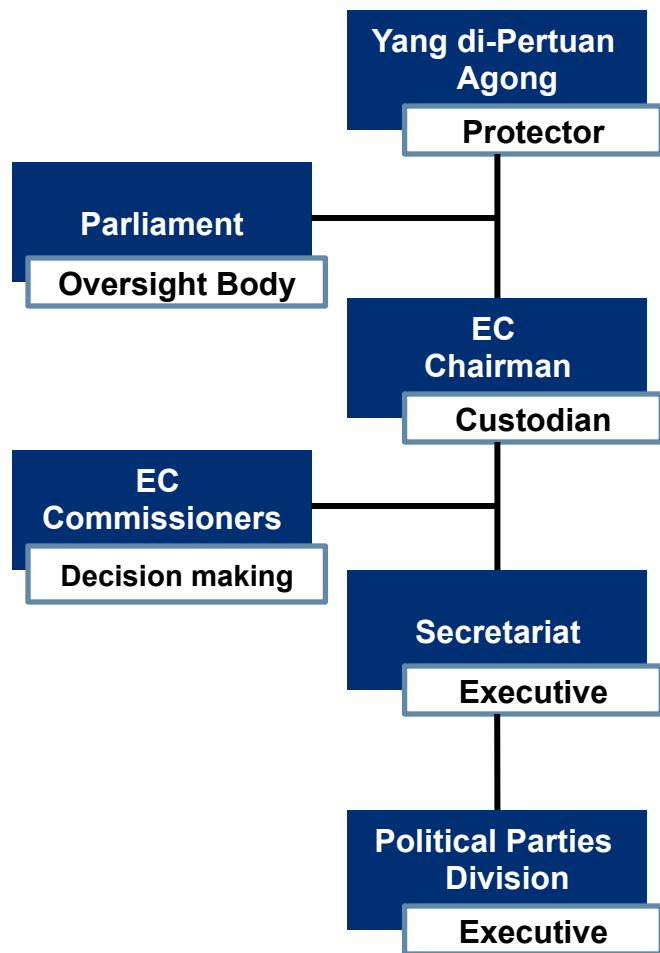


# 1 Political Parties Act: Governance

## EC will become the custodian of PPA and create a “Political Parties Division”

This new division will assume from ROS the role of registering and regulating party affairs. The ECA 1957 and SAA 1966 will also be revised to reflect the changes.

### Proposed Political Parties Regulation Framework



### Legislations requiring revision

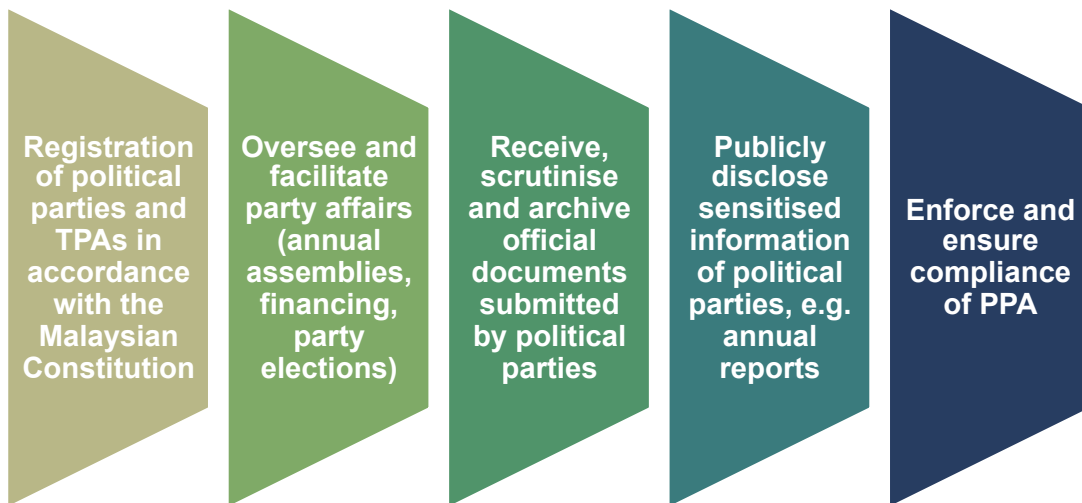
#### SA 1966

- Amend Article 6 to exclude registration of political parties (as defined in Article 2) by ROS.
- Repeal Article 18A, 18B and 18C which will not be relevant.

#### ECA 1958

- Revise Article 9 by giving autonomy to the EC Chairman to publish relevant information pertaining to party affairs, which include annual reports and financial reports.

### Functions of EC Political Parties Division



## 2 Political Parties Act: Contributions

PPA will introduce regulations to instill accountability and transparency in political contributions. The regulations will cover monetary and in-kind contributions.

### Issues Requiring Reforms

Issues	Current State Analysis	Proposed Reforms
Permissible donors and non-permissible donors	Current regulation does not contain any provision on this.	Set up a list of permissible donors: <ul style="list-style-type: none"> <li>• An individual registered on a Malaysian electoral roll including overseas electors</li> <li>• Malaysian-registered companies</li> <li>• Malaysian-registered political party</li> <li>• Malaysian-registered societies / institutions / unions</li> </ul> Any donors not listed above will be considered as non-permissible donors, which include GLCs and unregistered organisations such as organised crime associations
Anonymous contribution	Political parties are not required to disclose the identity of donors. Under Clause 23 of EOA 1954, individual candidates are required to disclose donors identity, but its truthfulness is questionable	<ul style="list-style-type: none"> <li>• Disclose identity of donors who contributed &gt;RM50 or cash-equivalent goods &amp; services</li> <li>• Disclose identity of donors whose total multiple donation is &gt;RM50 or cash-equivalent goods &amp; services</li> </ul>
Personal contribution	There is no limit on amount of contribution permitted	Place a cap of RM10,000 per donor per annum
Corporate contribution	There is no limit on amount of contribution permitted	Place a cap of RM100,000 per corporation or RM500,000 from a group of companies owned by same majority shareholders per annum
TPAs	There is no limit on amount of contribution permitted	Place a cap of RM50,000 per organisation per annum
Recipient of contribution	Current regulation does not contain any provision on this	For political parties, all monetary contribution must go to the party account
Issuance of receipt	<ul style="list-style-type: none"> <li>• Under Clause 29 of SA 1966, political parties are required to issue receipts for donations received. But its compliance in practice is very poor</li> <li>• Current regulation does not require individual candidates to issue receipt on contribution received</li> </ul>	Political parties and individual candidates must issue receipts for all contributions received. The receipt must contain date, name of donor and recipient, purpose and value (cash or cash-equivalent)

### 3 Political Parties Act: Expenditures

Limits will be adopted to cover expenditure incurred by political parties, candidates, and TPAs during election and non-election period.

#### Issues Requiring Reforms

Issues		Current State Analysis	Proposed Reforms
Non-election period	Expenditure incurred by political parties	Current regulation does not contain any provision on this	Place a cap to prevent parties from spending more than 200% of revenue received per annum
	Expenditure incurred by individual candidates or businesses owned / related to them		Impose a “no campaign expenditure” window between the day parliament / state assembly is dissolved and nomination day
	Expenditure incurred by TPAs		Place a cap to prevent TPAs from spending more than 20% of revenue received by its affiliated party per annum
Election Period	Expenditure incurred by political parties	Current regulation does not contain any provision on this	Total party expenditure shall be capped at 200% of aggregate expenditure limit for candidates representing the single party. For example, a party has 10 candidates and each candidate is allowed to spend RM500,000. Then the party can only spend up to $RM100,000 \times 10 \text{ candidates} \times 200\% = RM2 \text{ mil}$
	Expenditure incurred by individual candidates or businesses owned / related to them	Clause 19 of EOA 1954: <ul style="list-style-type: none"> <li>• RM200,000 expenditure cap on parliamentary seats</li> <li>• RM100,000 expenditure cap on state assembly seats</li> </ul>	Current cap is not reflective of actual expenditure incurred and it does not take into consideration logistical needs of different constituencies. A new formula is required: <ol style="list-style-type: none"> <li>a) Candidate is to spend not more than RM20 per registered voter in a given constituency. For example, 10,000 voters = RM20,000</li> <li>b) Additional cap of RM50/KM<sup>2</sup> will be given based on constituency size. For example, 1000KM<sup>2</sup> = RM50,000</li> </ol> Total expenditure cap will be the sum of (A) and (B). For example, RM20,000+RM50,000 = RM70,000 Expenditure incurred by businesses owned / related to candidates will be taken into consideration under the capping
	Expenditure incurred by TPAs	Current regulation does not contain any provision on this	Place a cap to prevent TPAs from spending more than 20% of expenditure spent by its affiliated party per annum



## 4 Political Parties Act: Access to Funding

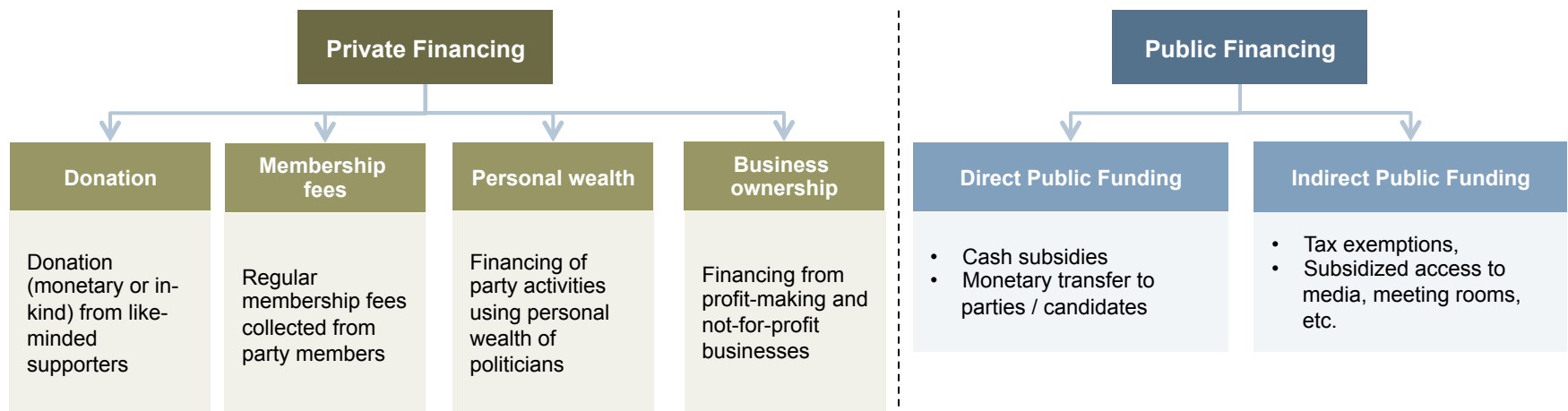
PPA will regulate access to political funding with the aim of creating a level playing field

In addition to traditional means of private financing (donation, membership fees, fund raising, etc.), political parties and candidates will receive public funding for political activities. Political parties are also not allowed to own for-profit businesses that may create a conflict-of-interest situation.

### Issues Requiring Reforms

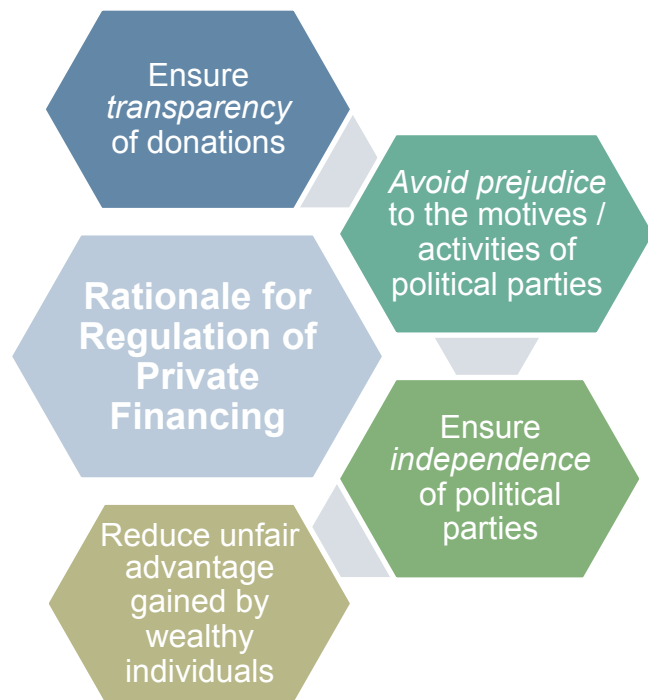
Issue	Current State Analysis	Proposed Reform
Public funding	Current regulation does not contain any provision on this.	Introduce fair and reasonable public funding for running of party machinery & during election campaigns.
Party business ownership “for-profit” VS “not-for-profit”		Prohibit political parties from owning for-profit businesses.
Private financing		<ul style="list-style-type: none"><li>Aspiring politicians are required to publicly declare assets before taking public office.</li><li>Politicians are not allowed to be involved in profit-making businesses while in public office.</li></ul>

### Overview of Access to Political Financing



## 4 Political Parties Act: Access to Funding – Private Financing

Although PPA is expected to introduce public funding, political parties should not rely entirely on this source of funding. A mixture of private and public financing should be the way forward.



### Side-effects of Enforcing Restrictions or Prohibitions on Private Contributions

#### THIRD PARTY FINANCING

Restricted or prohibited groups or individuals may seek ways to circumvent these obstacles by supporting their political parties and candidates through indirect financing (aka third-party financing) of independent expenditures, which are difficult for oversight bodies and other parties to detect

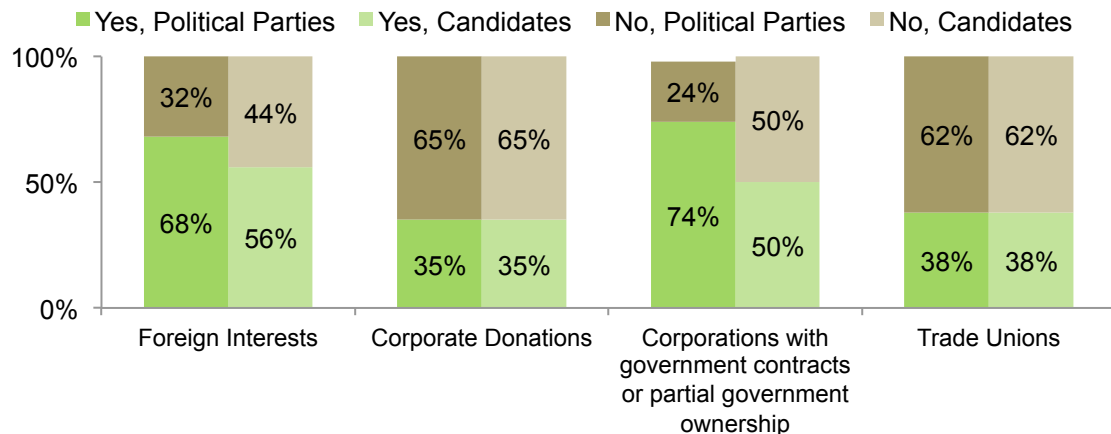
#### MALPRACTICE IN ACCOUNTING

Encourages parties to resort to “creative” accounting and practices designed to stretch these limits

#### Baselines that determine bans or limits on private contributions:

- Type of election
- Geography
- Demographics
- Relative costs of media
- Costs of campaign materials
- Any other country-specific factor

### Types of Banned Private Contributions in the OECD Countries



## 4 Political Parties Act: Access to Funding - Public Financing (1/3)

PPA will introduce public funding to ensure transparent and accountable financing of politics.

Proposals	
Entitlement	Entitlement to public funding to be based on popular vote gained in most recent election. Each vote will be entitled to RM4 annual funding
Distribution	<ul style="list-style-type: none"><li>Public funding to be distributed for running of party machinery &amp; during election campaigns</li><li>Funding to be paid to political parties, but can be paid directly to independent candidates</li></ul>
Reporting	<ul style="list-style-type: none"><li>Recipients of public funding must submit annual audited account to the EC</li><li>The report will include a balance sheet detailing receipt and expenditure</li><li>Failure to report will result in loss of entitlement</li></ul>
Public Disclosure	EC will make publicly available financial report on public funding which can be accessed easily by the public.

### There are three common options for public funding:

#### Based on past election results

Proportional to the share of votes or the share of seats in past elections. If resources matter for electoral success, and if public funding covers a significant share of overall expenses, proportional distribution of funding may result in replicating past results

#### Equal access to public funding

All candidates or parties have access to the same amount of public funding. Equal share of resources creates incentives for new competitors to run for election. No other thresholds to participate in elections exist, but one expected drawback is to have a proliferation of political parties running for office

#### Performance based

After elections, political parties will have some of their expenses reimbursed, depending on the number of votes or seats received. The performance of parties depends on the capacity to generate funding in advance, either from loans or savings. This sets strong incentives for competitors to take risks.

## 4 Political Parties Act: Access to Funding - Public Financing (2/3)

Public funding can be both direct and indirect. It is especially important to ensure that the legal provisions do not allow state resources to be misused by the party in power.

33 OECD countries provide direct public funding to political parties either on regular basis or in relation to campaigns. 96% of these countries also provide some form of indirect public funding

There are different strategy options for dealing with “money in politics” based on the problems and drivers.

### Drivers

Interested money and incidents of corruption

Lack of funds and a desire to level the playing field

### Emphasis/Cure

Emphasis has been on **rules for the financial conduct** of parties, candidates, and their supporters

**Distributive measures or public support** has often been the cure applied to deal with shortcomings

### Principles

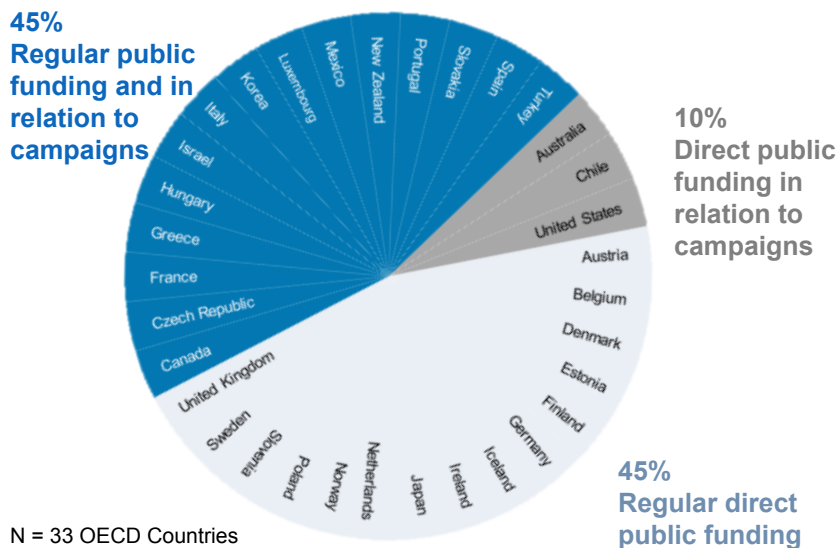
A reasonable balance between state and private funding

Fair and consistent distribution criteria

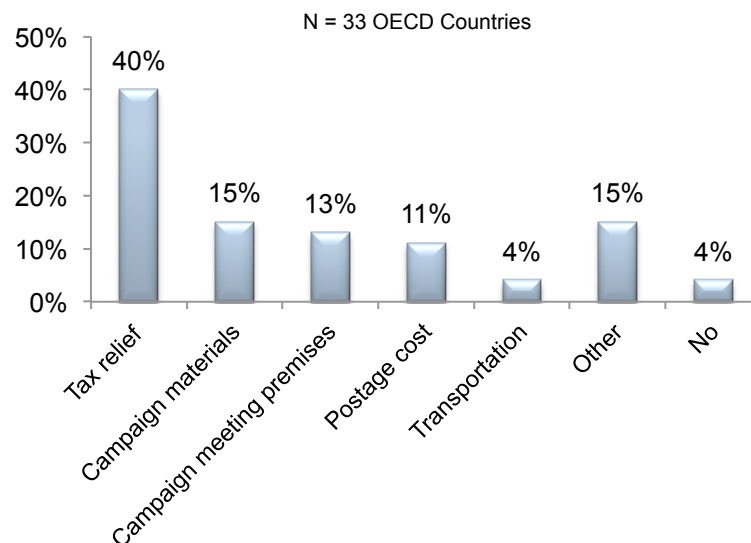
Complete transparency of accounts and full public disclosure

Establishment of an independent audit authority to monitor public funding usage

### Direct Public Funding To Political Parties



### Indirect Public Funding to Political Parties



## 4 Political Parties Act: Access to Funding - Public Financing (3/3)

### Arguments *for* Public Funding:

1. It is a natural and necessary cost of democracy
2. Can limit the influence of interested money and thereby help curb corruption
3. The State can encourage or demand changes in, for example, how many women candidates a party fields
4. Can increase transparency in party and candidate finance and thereby help curb corruption
5. If parties and candidates are financed with only private funds, economic inequalities in society might translate into political inequalities in government
6. Political parties and candidates need support to deal with growing costs of campaigning
7. In societies with low levels of income, ordinary citizens cannot be expected to contribute much to political parties

### Arguments *against* Public Funding:

1. Increases the distance between political elites (party leadership, candidates) and ordinary citizens (party members, supporters, voters)
2. Preserves a status quo that keeps the established parties and candidates in power
3. Taxpayers are forced to support political parties and candidates whose views they do not share
4. Funding to political parties and candidates takes money away from schools and hospitals
5. Political parties and candidates both take the decision and collect the money
6. Political parties risk becoming organs of the State rather than parts of civil society

## 5 Political Parties Act: Reporting Requirements

Transparent reporting is a crucial element of PPA to reform political funding.

General rules of reporting and special provisions applicable during election period will be included.

### Issues Requiring Reforms

Issues	Current State Analysis	Proposed Reforms
Affected parties	Political parties and individual candidates are required to report on political funding ( <i>Clause 14 of SA 1966 &amp; Clause 23 of EOA 1954</i> )	Political parties, individual candidates, and TPAs will be required to report on financing
Governance	Political parties and TPAs report to ROS while individual candidates report to EC ( <i>Clause 14 of SA 1966 &amp; Clause 23 of EOA 1954</i> )	Political parties, candidates, and TPAs to report to EC
Frequency of reporting	Political parties: annually; individual candidates: within 31 days after polling day ( <i>Clause 14 of SA 1966 &amp; Clause 23 of EOA 1954</i> )	Introduce two reporting timeline: <ul style="list-style-type: none"> <li>Non-election: parties to make annual reporting; not applicable to candidates</li> <li>Election: Parties and candidates to make daily summary reporting and comprehensive reporting within 14 days after polling day</li> </ul>
Reporting information	Political parties and candidates are required to submit itemised financial return which includes sources of income and expenditure ( <i>Clause 14 of SA 1966 &amp; Clause 23 of EOA 1954</i> )	All sources of income and expenditure must be reported and accounted for. Financial Reporting Act 1997 will be used as a reference point. No anonymous contribution is allowed <ul style="list-style-type: none"> <li>Disclose identity of donors who contributed &gt;RM50 or cash-equivalent goods &amp; services</li> <li>Disclose identity of donors whose total multiple donation is &gt;RM50 or cash-equivalent goods &amp; services</li> </ul>
Veracity of reports	Current regulation does not require audit to be performed on the reports	All reports must be audited by an independent auditor before submission to EC
Slush funds	Current regulation does not contain any provision on this	<ul style="list-style-type: none"> <li>Make it explicit that slush funds are not allowed</li> <li>EC to be empowered with authority to conduct independent investigation</li> </ul>

## 6 Political Parties Act: Public Disclosure

### Reporting without public disclosure does not constitute an effective reform.

*Political funding reforms are imperative to identify & prevent conflict-of-interest situations, patronage, and corruption to ensure that donors do not stand to benefit inappropriately from public decisions*

#### Issues Requiring Reforms

Issues	Current State Analysis	Proposed Reforms
Affected parties	Political parties and individual candidates are required to report on political funding ( <i>Clause 14 of SA 1966 &amp; Clause 23 of EOA 1954</i> ). Meanwhile, corporations are not required to disclose their political contributions	Public disclosure will include: <ul style="list-style-type: none"> <li>Financial reports of political parties, candidates, and TPAs</li> <li>Political contributions made by corporations</li> </ul>
Governance	Current regulation does not require accounts of political parties and TPAs to be publicly disclosed. Meanwhile, EC is required to disclose financial returns submitted by individual candidates for public scrutiny ( <i>Clause 24 of EOA 1954</i> )	EC will be made responsible for publicly disclosing financial reports of political parties, candidates, and TPAs
Disclosure information		<ul style="list-style-type: none"> <li>EC to publicly disclose without tampering financial reports received</li> <li>Corporations are required to disclosure political contributions made and share ownership on an annual basis</li> </ul>
Frequency of disclosure		Introduce two disclosure timeline: <ul style="list-style-type: none"> <li>Non-election period: Annual disclosure to be done within 31 days of the first month of a calendar year</li> <li>Election period: EC to disclose summary reporting on a daily basis and comprehensive disclosure within 31 days after polling day</li> </ul>
Method of disclosure	Current regulation does not require accounts of political parties and TPAs to be publicly disclosed. Meanwhile, State Elections Officer will gazette in his office election expenses returns submitted by candidates	Establish an online registry/depository of political parties announcements. The registry should include: <ul style="list-style-type: none"> <li>Annual audited accounts</li> <li>Annual reports</li> <li>Change of organisation information</li> </ul>
Victimisation of donors of opposition parties	Current regulation does not contain any provision on this	Criminalising government agencies / officials that unfairly victimise donors of opposition parties

## 7 Political Parties Act: Financing of Party Elections

**A section of PPA will include provisions to regulate financing of party elections.**

*It is a crucial element as party elections are driven by money-based factionalism, rent seeking, and patronage which further exacerbate vote-buying and undermine the integrity of political parties.*

### Issues Requiring Reforms

Issues	Current State Analysis	Proposed Reforms
Governance	Current regulation does not contain provisions on this.	Political parties are required to compile audited financial reports of party election contestants. The reports will then be submitted to the EC for further action
Contribution caps		Contribution caps of national elections will be applied to party elections
Expenditure caps		Expenditure caps of national elections will be applied to party elections
Reporting requirement		Reporting requirement (election and post-election) of national elections will be applied to party elections
Public disclosure		Disclosure requirement (election and post-election) of national elections will be applied to party elections

## 8 Political Parties Act: Caretaker Government

**PPA will prohibit caretaker government from announcing development programmes that can be construed as undue influence to buy votes.**

### Issues Requiring Reforms

Issues	Current State Analysis	Proposed Reforms
Governance	There is no provision for a caretaker government in the Malaysian Constitution	EC will be made responsible as the oversight body of caretaker government
Role of caretaker government		Prohibit caretaker government to launch development programmes as soon as parliament / assembly is dissolved



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- 1 Context, Objectives and Definitions
- 2 Issues Requiring Reform
- 3 Institutional Reforms: Strengthening the Election Commission
- 4 Legislative Reforms: Political Parties Act
- 5 Best Practices in Selected Countries

# Best Practices

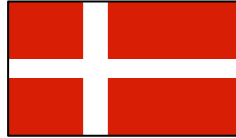
## Benchmark Countries

Country 1



Australia

Country 2



Denmark

Country 3



Finland

Country 4



Norway

Country 5



Sweden

i. Access to Funding  
(8 Parameters)

ii. Regulations and  
Spending  
(4 Parameters)

iii. Reporting, Oversight,  
Sanctions  
(6 Parameters)

Country 6



France

Country 7



Germany

Country 8



United Kingdom (UK)

Country 9



South Korea






Country 10



Taiwan






# Best Practices

## i. Access to Funding (Countries 1-5)

	1  Australia	2  Denmark	3  Finland	4  Norway	5  Sweden
<b>1. Donation Bans on Foreign Interest to Political Parties (PP) or Candidates</b>	No	No	Yes  Ban does not apply to donations from foreign individuals or international organisations that shares the ideological stance of the political party.	Yes	Yes  Receiving money from a foreign power or someone acting on behalf of a foreign power is a criminal offence if the purpose is to influence public opinion in matters fundamental to the governance of the country or a matter of national security.
<b>2. Ban on Corporate Donations to Political Parties or Candidates</b>	No	No	No  There are no bans on corporate donations but a limit of ~\$33,800 exists.	No	No  Only the finances of candidates who successfully run a personal campaign are regulated by law.
<b>3. Ban on Donations from Corporations with Government Contracts or Partial Government Ownership to Political Parties</b>	No	No	Yes	Yes to PPs No to Candidates	No  Only the finances of candidates who successfully run a personal campaign are regulated by law.
<b>4. Ban on Anonymous Donations to Candidates or Political Parties</b>	No, but specific limit  Ban on anonymous donations exceeding \$12,100 (as of 2013).	No  Parties and candidates have to declare the amount given by anonymous donors (exceeding ~\$3000). However, they are not required to disclose the identities of the donors.	Yes	Yes to PPs No to Candidates	No  However, political parties that receive anonymous donations are not eligible for public funding (from 2015).






# Best Practices

## i. Access to Funding (Countries 1-5 – cont'd)

	1  Australia	2  Denmark	3  Finland	4  Norway	5  Sweden
<b>5. Limit on the amount a donor can contribute to a political party over a time period (not election specific)</b>	No	No	Yes  The limit is on the amount parties can receive from the same donor during a calendar year.  Limit is ~\$33,800 per calendar year.	No	No
<b>6. Limit on the amount a donor can contribute to a candidate</b>	No	No	Yes  Limit is ~\$3,383 (municipal elections); ~\$5,639 (parliamentary); ~\$11,278 (European parliament)	No	No
<b>7. Provisions for direct public funding to political parties</b>	Yes, in relation to campaigns  While technically the funding relates to candidates, funds for partisan candidates is paid out to their parties.	Yes, regularly provided funding	Yes, regularly provided funding	Yes, regularly provided funding	Yes, regularly provided funding






# Best Practices

## i. Access to Funding (Countries 6-10)

	6  France	7  Germany	8  United Kingdom (UK)	9  South Korea	10  Taiwan
<b>1. Donation Bans on Foreign Interest to Political Parties (PP) or Candidates</b>	Yes	No  There is however a limit on how much foreigners may contribute which is ~\$1,128.	Yes  In the UK system a donation to a political party is defined as a contribution exceeding ~\$770. Foreigners cannot make donations since they are not listed as permissible donors, except where they support international travel, accommodation, or subsistence by party officers/ staff (as long as the amount is "reasonable").	Yes	Yes
<b>2. Ban on Corporate Donations to Political Parties or Candidates</b>	Yes	No	No  Donations to candidates largely follow the same rules as to political parties.	Yes  All corporate donations are banned.	No  Ban applies to enterprises that has lost money for three or more consecutive years and to contributions exceeding ~\$620. Partisan candidates registered with a political party with a nation-wide constituency and who claim to represent overseas Chinese may not accept campaign expenditure contributions.
<b>3. Ban on Donations from Corporations with Government Contracts or Partial Government Ownership to Political Parties</b>	Yes  All donations from corporations are banned.	Yes  Ban applies to donations from companies if the direct participation of the state exceeds 25%.	No	Yes	Yes  The ban pertains to contributions to campaign expenses.






# Best Practices

## i. Access to Funding (Countries 6-10 – cont'd)

	6  France	7  Germany	8  United Kingdom (UK)	9  South Korea	10  Taiwan
<b>4. Ban on Anonymous Donations to Candidates or Political Parties</b>	Yes  No direct ban, but de facto ban through requirement to record or report identity of donor.	No, but specific limit  Ban on anonymous donations exceeding ~\$564.	No, but specific limit  Ban applies to anonymous donations exceeding ~\$770 for PPs~\$77 for Candidates	Yes to PPs No, but specific limit to Candidates  No one may deposit money for a political party (via the Election Commission) anonymously.  Anonymous donations below ~\$87 at a time, or ~\$1,041 annually, are allowed.	Yes  [Political parties] No direct ban, but de facto ban through requirement issue receipts for each contribution they receive.  [Candidates] No direct ban, but de facto ban since candidates must keep the receipt stub and submit these to the tax authorities, having to reveal the identity of donors.
<b>5. Limit on the amount a donor can contribute to a political party over a time period (not election specific)</b>	Yes  Limit is ~\$8,459 per year.	No	No	No  There is no limit on the amount that a political party can raise money as a form of political party membership fee.	Yes  Limit is 20% of an individual's annual income and ~\$6,197; and 10% of an enterprise's annual income and ~\$92,960.






# Best Practices

## i. Access to Funding (Countries 6-10 – cont'd)

	<div>6</div> <div></div> <div>France</div>	<div>7</div> <div></div> <div>Germany</div>	<div>8</div> <div></div> <div>United Kingdom (UK)</div>	<div>9</div> <div></div> <div>South Korea</div>	<div>10</div> <div></div> <div>Taiwan</div>
<b>6. Limit on the amount a donor can contribute to a candidate</b>	Yes  Limit is ~\$5,188.	No	No	Yes  An individual may not contribute more than a total of ~\$17,354 a year to a Political Fundraising Association. Furthermore, the following limits apply: <ul style="list-style-type: none"> <li>Under ~\$8,677 may be donate to: Candidates (and reserve candidates) for Presidential elections and candidates for the intra-party competitive election for Presidential Elections:</li> <li>Under ~\$4,339 may be donate to: National Assembly Members, Candidates and reserve candidates for the National Assembly election for a local constituency, Candidates for the Party Leadership elections, Candidates for the election of Governors and Mayors of the Special City and Metropolitan Cities:</li> </ul> Limit is ~\$17,354 a year to Political Fundraising Associations for candidates and the National Assembly members.	Yes  Limit for individuals is ~\$619, ~\$9,296 for enterprises
<b>7. Provisions for direct public funding to political parties</b>	Yes, both regularly provided funding and in relation to campaigns	Yes, regularly provided funding	Yes, regularly provided funding	Yes, both regularly provided funding and in relation to campaigns	Yes, regularly provided funding  Subsidies for election campaign expenditures are issued by the government every year.

# Best Practices






## ii. Regulations on Spending (Countries 1-5)

	1  Australia	2  Denmark	3  Finland	4  Norway	5  Sweden
1. Bans on Vote-buying	Yes	Yes	Yes	No data	Yes
2. Bans on state resources being used in favour or against a political party or candidate	Yes Civil servants may not engage in party activities in the course of their employment.	No data	Yes	No data	No data
3. Limits on the amount a political party can spend	No	No	No	No	No
4. Limits on the amount a candidate can spend	No	No	No	No	No








# Best Practices

## ii. Regulations on Spending (Countries 6-10)

	6  France	7  Germany	8  United Kingdom (UK)	9  South Korea	10  Taiwan
<b>1. Bans on Vote-buying</b>	Yes	Yes	Yes	Yes	Yes
<b>2. Bans on state resources being used in favour or against a political party or candidate</b>	Yes  Indirectly regulated (see expert input below).	Yes  Public facilities can only be made available to parties if all parties are treated equally.	Yes  State spending on a political party or candidate would be considered a donation in kind and as such banned. Civil servants are also required to act in a neutral manner.	Yes  Public officials must not campaign while on duty, and public institutions cannot engage in campaigning.	Yes  The radio station, wireless television station and cable system are obliged to be just and fair. Candidates/parties may not make use of radio or television broadcasting in their election campaign.
<b>3. Limits on the amount a political party can spend</b>	No  No general ceiling on expenses for political parties fixed before the elections. Political parties must only respect the ceiling on expenses which is applied in each constituency where they endorse candidates. On the other hand, candidates have to declare the amount of money coming from political parties.  Parties have to respect the ceiling on expenses which is applied in each constituency where they endorse candidates.	No	Yes  £30,000 [I\$ 49,000] per constituency or £810,000 [I\$ 1,330,000] (England), £120,000 [I\$ 198,000] (Scotland) and £60,000 [I\$ 99,000] (Wales), whatever is the greater (£30,000 [I\$ 49,000] per constituency in Northern Ireland).  The noted limits only relate to an ordinary general election for the Westminster Parliament. There are also provisions that relate to instances in which there is an overlapping regulated period with other elections within that schedule.	Yes  Political party campaign expenses for presidential and Legislative elections are subject to limits in the Public Official Act.  Multiple of population size in electoral area; multiple varies per type of election.	No






# Best Practices

## ii. Regulations on Spending (Countries 6-10 – cont'd)

	6  France	7  Germany	8  United Kingdom (UK)	9  South Korea	10  Taiwan
<b>4. Limits on the amount a candidate can spend</b>	Yes  The limit depends on the kind of election and the population of each constituency.	No	Yes  Fixed amount combined with amount per registered voter, exact amount depends on type of constituency, and is higher if Parliament has sat for over 55 months.	Yes  Limit is a multiple of the population size in each electoral area; multiple varies per type of election.	Yes  Applies to campaign expenditures.  The limit is based on the number of elected persons, divided by 70% of the total population of each constituency, multiplied with a basic amount of New Taiwan Dollars, then adding a fixed amount. The basic amount and fixed amount differ depending on election (e.g. delegate of National Assembly, Provincial governor etc.).






# Best Practices

## iii. Reporting, Oversight, Sanctions (Countries 1-5)

	1  Australia	2  Denmark	3  Finland	4  Norway	5  Sweden
1. Political parties have to report regularly on their finances	Yes  Annually	Yes  Annually	Yes	Yes  Parties have to submit annual reports on income and expenditures as well as assets and liabilities. Parties with a total annual income of less than ~\$1,819 (after the deduction of all public grants) are exempted from the aforementioned requirement and are instead obliged to submit a simplified report.	Yes  Only on income, and only for the central level of the party. Parties with an income of less than a set threshold (half the “ <i>prisbasbelopp</i> ” (basic amount)) need not submit financial reports.
2. Political parties have to report on their finances in relation to election campaigns	No  Financial transactions in relation to election campaigns are to be included in annual financial reports by political parties.	No	Yes	Yes  If parties receive donations above ~\$1,516 during election years, they must file separate reports.	No
3. Candidates have to report on their campaign finances	Yes	Yes  Individual candidates who participated in the previous election must report the amount used for political purposes in the previous year in order to receive public funding.	Yes	No  Only political parties are required to report.	No  However, annual reports from parties must include financial information about party candidates successfully personal election campaigns.






# Best Practices

## iii. Reporting, Oversight, Sanctions (Countries 1-5 – cont'd)

	1  Australia	2  Denmark	3  Finland	4  Norway	5  Sweden
4. Information in reports from political parties and/or candidates to be made public	Yes	Yes	Yes	Yes	Yes  On the website of the <i>Kammarkollegiet</i> (Legal, Financial and Administrative Services Agency) (the website publication will however not include the identity of physical persons making donations; this information will only be available through the <i>Kammarkollegiet</i> office).
5. Reports from political parties and/or candidates must reveal the identity of donors	Sometimes  Reporting threshold is \$8,680 in 2011/2012.	Sometimes  The identity of private contributors who have donated in total more than ~\$3,032 must be recorded (but not the specific value of such donations).	Sometimes  If donation exceeds ~\$905 for municipal elections, ~\$1,698 for parliamentary elections, or ~\$2,263 for presidential or EU parliamentary elections.	Sometimes  The value of the donation and identity of the donor must be revealed for donations to a total value of ~\$5,305 or more. The equivalent limit is lower for county council and municipal level donations.	Sometimes  Parties are allowed to receive anonymous donations (though if they do they lose their right to public funding). If they know the identity of a donor, they must report the identity if the total value of donations exceed the threshold (half the " <i>prisbasbelopp</i> ").
6. Institution(s) that receives financial reports from political parties and/or candidates	EMB  The Australian Electoral Commission	# Ministry # Other  Parliament and Ministry for the Interior and Social Welfare.	# Ministry # Auditing agency  Ministry of Justice for political parties regular reports concerning the use of public funding. National Audit office for annual reports and up-to-date disclosures from parties and all reports candidates in relation to elections.	Other  Reports are submitted to the central register (Statistics Norway).	Other  <i>Kammarkollegiet</i>






# Best Practices

## iii. Reporting, Oversight, Sanctions (Countries 6-10)

	6  France	7  Germany	8  United Kingdom (UK)	9  South Korea	10  Taiwan
1. Political parties have to report regularly on their finances	Yes	Yes	Yes  Political parties have to make annual Statements of Accounts and quarterly Donation and Loan Returns (with eligibility for exemption).	Yes  Annually	Yes  Receipts of all contributions must be issued by parties and preceding receipts should be sent to the tax authorities annually.
2. Political parties have to report on their finances in relation to election campaigns	No	No  Political parties must report annually on their finances. In case of an election year, the party must within the annual report specifically of the elections expenditure.	Yes  Political parties have to make the following election specific reports: Weekly donation and loan returns (with eligibility for exemption); Campaign expenditure - party campaign expenditure returns.	Yes	No
3. Candidates have to report on their campaign finances	Yes	No	Yes  Candidates have to submit spending returns for Parliamentary elections. Loans need not currently be reported.	Yes	Yes  Receipts for each contribution should be issued and sent to the tax authority.
4. Information in reports from political parties and/or candidates to be made public	Yes	Yes  However, there is no obligation of political parties to publish their financial records.	Yes  All parties' reported financial information i.e. donation/loan reports, campaign expenditure returns and statement of accounts are made available on the Commission's website. This includes pdfs of invoices and receipts for campaign expenditure. I.e. their financial information is publicly available.	Yes	No

# Best Practices

## iii. Reporting, Oversight, Sanctions (Countries 6-10 – cont'd)

	6  France	7  Germany	8  United Kingdom (UK)	9  South Korea	10  Taiwan
5. Reports from political parties and/or candidates must reveal the identity of donors	Yes	Sometimes  Donors must be identified if contribution larger than ~\$564, and disclosed if value of donations exceeds ~\$11,279 in one year.	Sometimes  Details to be included in the donation reports are covered in Schedules 6 and 6A. Donations and loan reports in Northern Ireland are not published (see Part IV Chapter 6 Political Parties, Elections and Referendums Act (PPERA)) due to ongoing security reasons.	Sometimes  The personal matters and amounts of a donor who donates less than ~\$2,603 per year (~\$4,339 in the case of Political Fundraising Association of candidates and reserve candidates for the Presidential election) is not made public.	Yes  Parties and candidates must issue receipts for each contribution they receive, and these shall be sent to the tax authorities.
6. Institution(s) that receives financial reports from political parties and/or candidates	Special institution  National Commission for Campaign Accounts and Political Funding (CNCCFP)	Other  The President of the Bundestag.	# Special institution # Other  Political parties and other regulated entities under PPERA submit returns to the Electoral Commission. In spite of its name, the EC is not technically an EMB since it does not have the power of direction over the running of elections. Candidates submit returns to the relevant officer as prescribed in the relevant piece of legislation. For UK Parliamentary general elections this is the local Returning Officer, often referred to as the (Acting) Returning Officer. Under Section 87A RPA (A), ROs are required to forward copies of the returns on to the Commission.	EMB	Other  Tax authority, Township (City) offices.

# Best Practices

## Benchmark Countries

Country 1



Australia

Country 2



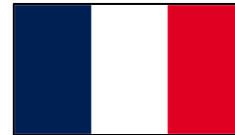
Germany

Country 3



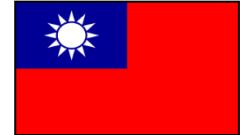
United Kingdom (UK)

Country 4

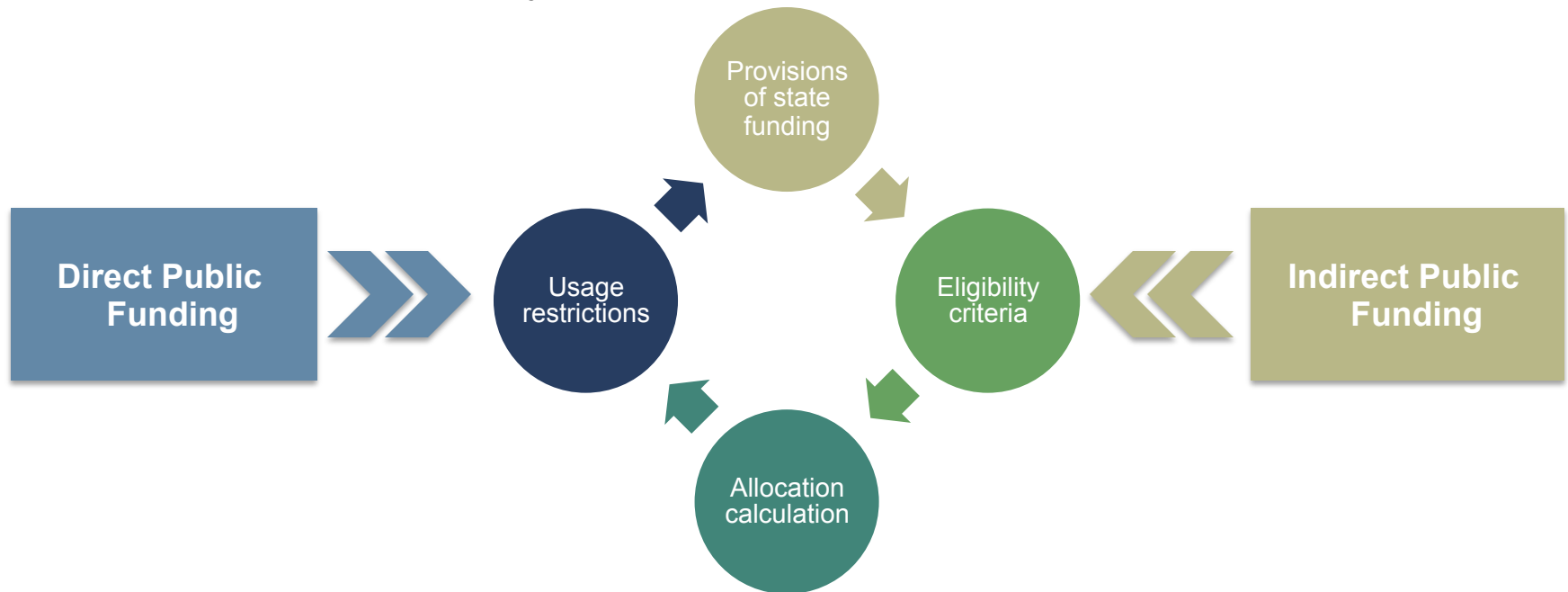


France

Country 5



Taiwan



Country 6



Denmark

Country 7



Finland

Country 8



Norway




Country 9



Sweden




# Political Parties Act: Access to Funding - Public Financing

Arguments for public funding: help smaller parties **make their voice heard**, **strengthen the capacity** of political parties and to **level the electoral playing field**




	 <b>Australia</b>	 <b>Germany</b>	 <b>United Kingdom (UK)</b>
<b>1. Provisions for direct public funding to political parties</b>	Yes, in relation to campaigns While technically the funding relates to candidates, funds for partisan candidates is paid out to their parties	Yes, regularly provided funding	Yes, regularly provided funding
<b>2. Eligibility Criteria for Provisions for direct public funding to political parties</b>	Share of votes in previous election  Parties that have candidates receiving above 4% of formal first preference votes receive funding (though the eligibility criterion is formally for candidates, their parties receive the funds)	Share of votes in previous election  0.5% for Bundestag and European Parliament elections or 1% for an election to a <i>Landtag (parliament)</i> .	# Representation in elected body # Share of votes in previous election # Share of seats in next election  Support relating to the House of Commons; Funding only available to opposition parties which gained one seat and 150,000 votes or two seats in the preceding general election. Support relating to the House of Lords; Funding only available to the largest opposition party and to Cross Benches (non-aligned). Note that the House of Lords is unelected. Policy Development Grants are available to parties with at least two Members in the House of Commons who have taken the oath of allegiance
<b>3. Allocation calculation for Provisions for direct public funding to political parties</b>	Flat rate by votes received  Multiple of votes received	Proportional to votes received  Proportional to votes received (rate lower after the first 4 million votes). Also matching funds (~\$0.43 per \$1.13 donated for donations below ~\$3,722). Funding can however not be higher than the private funds raised by the party	# Proportional to votes received # Proportional to seats received # Funding related to the House of Lords is determined by the House of Lords  Funding relating to the House of Commons; proportional to seats and votes won. Funding relating to the House of Lords; determined by the House of Lords Policy Development Grants; Complicated formula weighted by votes won in preceding election






# Political Parties Act: Access to Funding - Public Funding

	 <b>Australia</b>	<b>Germany</b> 	 <b>United Kingdom (UK)</b>
<b>4. Provisions for how direct public funding to political parties should be used ("ear marking")</b>	No	No	Public funds are earmarked for the purpose on which they are allocated
			Earmarking includes Policy development, Support to carry out Parliamentary business, Funding travels and associated expenses, Funding the running costs of the leader of the opposition's office
<b>5. Provisions for free or subsidized access to media for political parties</b>	No	Yes	Yes
	Broadcasters must give all parties reasonable opportunity to broadcast, but must not offer free or subsidized access		
<b>6. Criteria that determine access allocation for Provisions for free or subsidized access to media for political parties</b>	Not applicable	# Equal # Share of seats	# Number of candidates # Other
			Each broadcaster can set its own rules for allocation. The BBC's 2012 criteria mean that parties can qualify for more broadcasts if it can show substantial level of electoral support
<b>7. Provisions for free or subsidized access to media for candidates</b>	No	No	No
		Only to political parties	Only to political parties
<b>8. Provisions for any other form of indirect public funding</b>	Tax relief	Tax relief	# Premises for campaign meetings # Free or subsidised postage cost
	Individuals can claim deductions for donations to political parties and independent candidates and members up to a ~\$1,094 cap respectively i.e. a total tax deduction of ~\$2,188. Tax deductions for gifts and contributions by businesses was removed in 2010	Exemptions from certain types of taxes.	There are provisions for free postage and free use of public meeting rooms
<b>9. Provision of direct public funding to political parties related to gender equality among candidates</b>	No	No	No

# Political Parties Act: Access to Funding - Public Funding





	 France	 Taiwan	 United States (US)
1. Provisions for direct public funding to political parties	Yes, both regularly provided funding and in relation to campaigns	Yes, regularly provided funding	Yes, in relation to campaigns
		Subsidies for election campaign expenditures are issued by the government every year	Public funding is only provided to the party convention committees and candidates. Presidential candidates who accept the public funding must limit spending to the amount of the grant. There are public grants available for candidates in both the primary and general elections
2. Eligibility Criteria for Provisions for direct public funding to political parties	Share of votes in previous election	# Share of votes in previous election # Showing receipts to the Central Election Commission	# Share of votes in previous election # Share of votes in next election # Limit campaign expenses and private contributions; providing closed captioning in tv commercials for hearing impaired individuals
	Different categories; the minimum criteria is for the party's candidates to win at least 1% of the vote in at least 50 constituencies	Subsidies are issued every year to parties that received at least 5% of the vote in the preceding Parliamentary election and that show their receipts to the EMB	To be eligible to receive the public funds in a general election, a candidate <b>must limit spending to the amount of the grant</b> and <b>may not accept private contributions for the campaign</b> . Private contributions may, however, be accepted for a special account maintained exclusively to pay for legal and accounting expenses associated with complying with the campaign finance law. The amount of public funding to which a minor party (receiving between 5 and 25 percent of the total popular vote in the preceding Presidential election) candidate is entitled is based on the ratio of the party's popular vote in the preceding Presidential election to the average popular vote of the two major party candidates in that election. A new party candidate (a party that is neither a major party nor a minor party) receives partial public funding after the election if he/she receives 5 percent or more of the vote. The entitlement is based on the ratio of the new party candidate's popular vote in the current election to the average popular vote of the two major party candidates in the election

# Political Parties Act: Access to Funding - Public Funding

	 <b>France</b>	 <b>Taiwan</b>	 <b>United States (US)</b>
	# Proportional to votes received # Proportional to seats received	Flat rate by votes received	Equal
<b>3. Allocation calculation for Provisions for direct public funding to political parties</b>	Part of the funding is proportional to votes gained in the preceding Parliamentary election, part in proportion to Parliamentarians declaring each year that they belong to a political party (candidates can receive campaign spending reimbursement)	Flat rate per votes received (above 5%). Special rules apply to candidates and to parties' expenditures regarding the nation-wide constituency and those claiming to represent overseas Chinese	Public funding is distributed equally between eligible major parties in the general election. Minor parties eligible for public funding receives an amount which bears the same ratio to the major parties public funding as the number of popular votes received in the previous presidential election does to the average number of popular votes received by the major parties
<b>4. Provisions for how direct public funding to political parties should be used ("ear marking")</b>	No	Campaign spending	Nominating convention
<b>5. Provisions for free or subsidized access to media for political parties</b>	Yes	Yes Political parties are entitled to present their political views on national television on at least two occasions, and each broadcast shall not be shorter than one hour	No
<b>6. Criteria that determine access allocation for Provisions for free or subsidized access to media for political parties</b>	# Equal # Share of votes in preceding election # Other	Equal	Not applicable
	.	Regards the election of the central public officials, Provincial governors and Municipal mayors	
<b>7. Provisions for free or subsidized access to media for candidates</b>	Yes	Yes Candidates have access to national TV channels (but may not advertise in radio or TV)	No
<b>8. Provisions for any other form of indirect public funding</b>	# Tax relief # Space for campaign materials	Tax relief	Tax relief
	Tax deductibility of donations and help for parliamentary groups, and spaces provided for putting up posters	Candidates, as well as donors to parties/ candidates may receive tax benefits	So called 527s (following section 527 of the Internal Revenue Code) are political organizations exempted from tax. They may not coordinate their activities with a candidate or a party
<b>9. Provision of direct public funding to political parties related to gender equality among candidates</b>	Yes If the gender difference among candidates is larger than 2%, the public funding is reduced by 3/4 of this difference	No	No

# Political Parties Act: Access to Funding - Public Funding

Arguments for public funding: help smaller parties **make their voice heard**, **strengthen the capacity** of political parties and to **level the electoral playing field**

	 Denmark	 Finland	 Norway	 Sweden
<b>1. Provisions for direct public funding to political parties</b>	Yes, regularly provided funding	Yes, regularly provided funding	Yes, regularly provided funding	Yes, regularly provided funding
<b>2. Eligibility Criteria for Provisions for direct public funding to political parties</b>	Share of votes in previous election	Representation in elected body	# Representation in elected body # Share of votes in previous election # For part of the funding there is no threshold	# Representation in elected body # Share of votes in previous election # Not having accepted anonymous donations.
<b>3. Allocation calculation for Provisions for direct public funding to political parties</b>	Flat rate by votes received	Proportional to seats received	Proportional to votes received	# Equal # Proportional to votes received # Proportional to seats received
<b>4. Provisions for how direct public funding to political parties should be used (“ear marking”)</b>	No	No	No	No

## Political Parties Act: Access to Funding - Public Funding

	 Denmark	 Finland	 Norway	 Sweden
<b>5. Provisions for free or subsidized access to media for political parties</b>	Yes	No	No	No
<b>6. Criteria that determine access allocation for Provisions for free or subsidized access to media for political parties</b>	Equal	Not applicable	Not applicable	Not applicable
<b>7. Provisions for free or subsidized access to media for candidates</b>	No	No	No	No
<b>8. Provisions for any other form of indirect public funding</b>	Tax relief	Tax relief	Tax relief	Party secretariats enjoy free access to premises and technical equipment in the Riksdag building
<b>9. Provision of direct public funding to political parties related to gender equality among candidates</b>	No	No	No	No