

POLITICS / IN DEPTH

# Why New Zealand political donations have more than tripled

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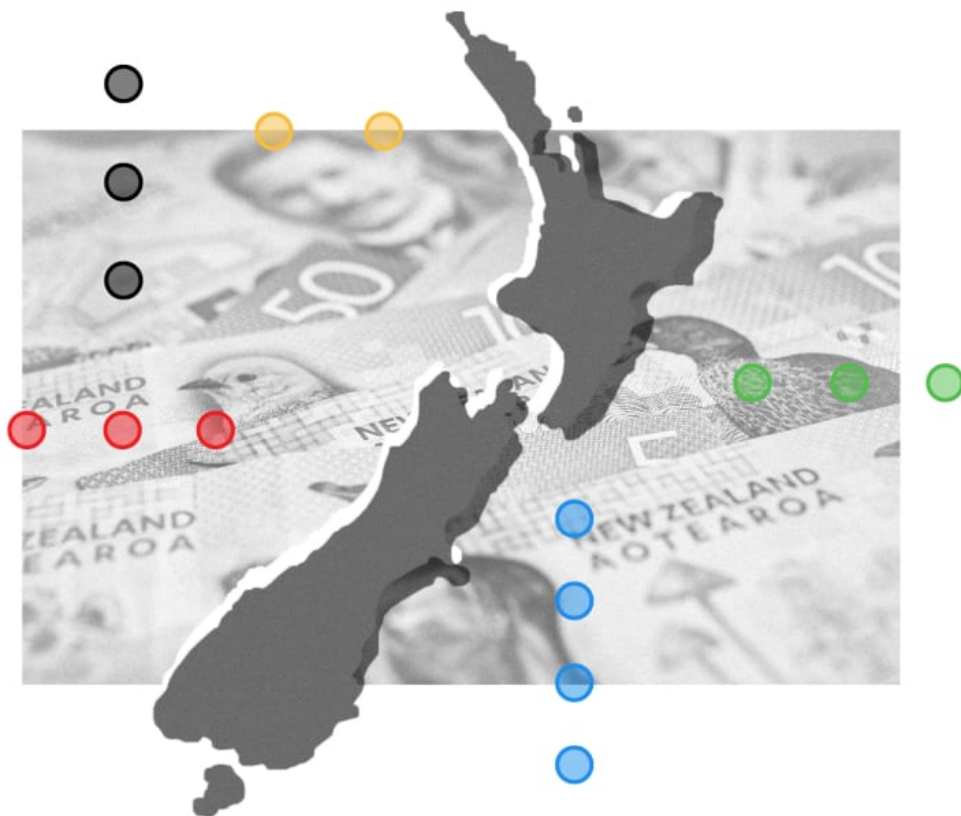


Photo: RNZ

Apart from Te Pāti Māori, all the political parties currently in Parliament recorded a big jump in donations in 2023.

NZ First and the Greens declared 3.4 times more than they had raised in their previous top donation years. Labour three times more, ACT 2.2 times more and National twice more.

As a group, the six parties that made it into parliament received almost \$25 million - the biggest declared total in history and almost three times more than was declared in 2017.

The \$25m declared is the equivalent of every resident of the country donating close to \$5 each.

In a cost of living crisis, how could so much more cash be poured into a part of life generally considered to be relatively unloved?

## Now we know

The truth is, political parties probably aren't getting a whole lot more in donations than they have in the past. It's just that they're now required to tell us much more about what's coming in.

For the first time, parties have been required to report on the value of donations they received under \$1500 where the donor was known. Previously, they only needed to report on the value of anonymous donations of this value. This new reporting rule has brought to light huge amounts of donation cash which had previously been hidden to the public.

Victoria University of Wellington senior research fellow Max Rashbrooke said the change to require reporting of these smaller donations closed a "baffling loophole" which left people guessing how much parties had in their bank accounts to campaign with.

Rashbrooke said it also put a misconception to bed. "There was always a view that the playing field was a bit more level than it might seem," he said. "Because it might seem that National out-fundraises Labour massively in the big donations, but the argument was always made that Labour did very well in the small donations."

In fact, it was National, not Labour, that dominated the small donation rankings in 2023. Out of National's \$10.3m donation total, \$4m came from 44,000 smaller donations of less than \$1500. Labour raised less than \$3m from smaller donations.

The new, more complete picture of donation tallies suggests there is still an imbalance in the fundraising abilities between parties on the left and right of the political spectrum, Rashbrooke said.

Overall, National, ACT and NZ First - the parties that formed a coalition government - received twice the amount of total donation cash as Labour, Te Pāti Māori and the Greens combined.

## The donors we now know about

As well as declaring non-anonymous donations of under \$1500, the parties must now also name any donor that gives \$5000 or more. Previously, anything up to \$15,000 could be anonymous.

This change has also changed the picture of party donations.

For one, we now know that all Labour MPs give a chunk of their salaries directly to the party.

But it also appears to have caught at least one donor to NZ First by surprise. BusinessNZ was recorded as giving \$6000 to NZ First last year but, when contacted by RNZ, said it was unaware it donated to the party.

RNZ understands the 'donation' was for tickets to a dinner event, hosted by NZ First after it signed the coalition deal and became part of the Government.

A spokesperson for NZ First said when ticket prices exceed the cost of an event, the remainder is considered a donation. It refused to provide information on other guests who attended the dinner. RNZ understands the lobbying company of former Labour MP Clayton Cosgrove also attended the dinner, with a donation of \$6000 recorded.

NZ First is the only party to have received donations from businesses since the coalition agreement was signed. **Aggregates company J Swap donated \$11,000** and residential investment company Hero Limited donated \$50,000. The party also received \$19,999 from property developer Andrew Krukziener.

National has received one donation since the coalition was formed from the estate of Harold Russell, and the Green Party recorded a \$27,000 donation from artist Martin Basher.

## Big spenders spend bigger

While thousands of donors gave small amounts, a handful gave hundreds of thousands.

The largest single donation in 2023 was a one-off donation from Warren Lewis, who is in the sheet metal business. The first-time donor gave National \$500,000. He told the **NZ Herald** he liked what Christopher Luxon has been doing with the party. It was the largest single donation the party had received from a person since 2014, when it was gifted \$517,970 from the estate of Cyril Smith.

Other big 2023 donations to a range of parties came from Mark Wyborn (\$200,000), the estate of Hugh Barr (\$182,167), Jenny Gibbs (\$155,000) and Nicholas Mowbray (\$150,000).

In total, there were 26 donations of \$100,000 or more compared to two in the Covid-era election 2020 and seven in 2017, when Labour swept to power after three terms of a National-led government.

Some donors spread money around a range of parties, such as The Rank Group and its billionaire director Graeme Hart, which gave \$446,000 to ACT, National and NZ First. This followed \$225,000 it gave to ACT and National in 2022.

Other donors have dug deep over a number of years.

Jenny Gibbs has donated more than \$700,000 spread out over the past decade. During this time she's only donated to ACT, a party her former husband Alan Gibbs was closely aligned with.

Gym owner Phillip Mills donated first in 2008 to the Green Party. Since then he's shared his donations between the Greens (\$330,000) and Labour (\$272,500).

Trevor Farmer is a more recent donor. Like Hart, his donations were all made in 2022 and 2023 and went to National, ACT and NZ First.

All donors stuck to parties on a single side of the political spectrum.

Rashbrooke said the days where companies donated to both sides of the political spectrum had "gone the way of the dodo". In the past, Westpac, Lion Nathan, Fletcher Building, Contact Energy and the Todd Corporation have given equally to Labour and National.

He said if donors are only giving money to one side of the political spectrum, they can't claim to be "helping democracy", a statement he's heard made regarding large donations. "If they believed in democracy they would be giving to both sides."

A **study he completed** where he interviewed eight large donors revealed they supported parties they were politically aligned with. While they denied they donated to gain influence with politicians, they admitted their large donations helped them gain access. "One donor said very bluntly, if you make a donation you have a greater opportunity to get a meeting with the minister."

One of the recommendations in an **independent review of the electoral system** published in November is to put a cap on the amount a person can donate to any single party. The recommendation was to impose a \$30,000 limit over the three-year electoral cycle.

This is a higher limit than Canada or Ireland, which restrict donations to \$2000 and \$4400, respectively.

Limiting what wealthy donors can give would incentivise parties to fundraise in a different way, Rashbrooke says. Instead of courting a small number of wealthy individuals, parties would need to reach a broad swathe of New Zealanders. "I think a well-run political finance system is based around large numbers of people giving small amounts of money."

The Independent Electoral Review noted some political parties expressed concern that this would significantly reduce how much they could raise.

Rashbrooke believed the outpouring of cash from big spenders in the lead up to the 2023 election was heightened due to dissatisfaction with Labour's handling of the Covid-19 pandemic.

"They objected to the so-called fortress New Zealand policies that were aimed at protecting the public from Covid...Somebody who's close to the National Party told me a couple of years ago that it has never been easier to raise large amounts of money for the National party from the business community."

## Who businesses backed

Business donations flowed to National in 2023. It received 51 donations totalling over \$1.2m. ACT followed with almost \$500,000 and NZ First was in third place, with \$275,500.

National's biggest donation came from private equity company Christopher and Banks, which contributed \$200,000. The party returned another \$200,000 donation from Alpha Laboratories after a Newsroom **story** linked the company's directors with a migrant hostel.

ACT's largest business donation of \$104,000 came from the Rank Group. The company's billionaire director Graeme Hart gave a further \$100,000 in a personal capacity.

The Rank Group also provided NZ First's biggest business donation (\$110,000).

Two businesses donated to the Green party, the Weft Knitting Company (\$100,000) and Clarity Cloudworks (\$10,350).

Labour received no donations from businesses.

In Rashbrooke's view, businesses should be barred from donating to political parties. "Donating to a political party is a privilege we should preserve for voters." He argued this would improve transparency.

"It's not always clear who was actually the source of those funds, it can be very murky as to who is really giving the money to a political party, and therefore, what influence they might be seeking."

It would also make it hard to do what's referred to as donation splitting, where large donations are split into smaller chunks and donated through various companies or trusts under the declarable level.

Other jurisdictions, such as Canada and several European countries limit donations to registered voters only.

Rashbrooke said unions should also be banned from donating to political parties.

"Frankly, I think currently, with unions being at a very low ebb they would welcome being relieved of the need to give money to the Labour Party and to be able to spend it on their own purposes instead."

Unions donated a total of \$335,000 to Labour, and \$10,000 to the Green Party. Unions also donated to Labour candidates, giving a total of \$42,760 to nine candidates.

Rashbrooke suggested that if unions wanted to support political parties they could suggest their members pay membership fees to the party, or volunteer.

The industries affiliations of people who gave the most

Matching donor names of people who gave in a personal capacity to the companies register showed people with interests in the property market gave heavily, as did people in the finance sector. For National, people involved in manufacturing or retail also rank high, mainly due to the \$500,000 donation from Warren Lewis.

For Labour and the Greens, it was party members who helped prop up the coffers.


Backing the party

Candidates and former politicians made up a substantial chunk of 2023's donation total, adding more than \$1m to the total. The Green Party's tithing practices were well-publicised but the reduction in the named disclosure amount from \$15,000 to \$5000 exposed Labour's similar practice. Party members and former MPs accounted for \$612,181 of Labour's total.

The Green party's total was \$218,274, National's \$145,490, and NZ First's \$65,578. ACT's Karen Chhour was the only politician to donate to the party, giving \$5200. The biggest one-off donation to a party from a party member was \$50,000 from John Tamihere to Te Pāti Māori.



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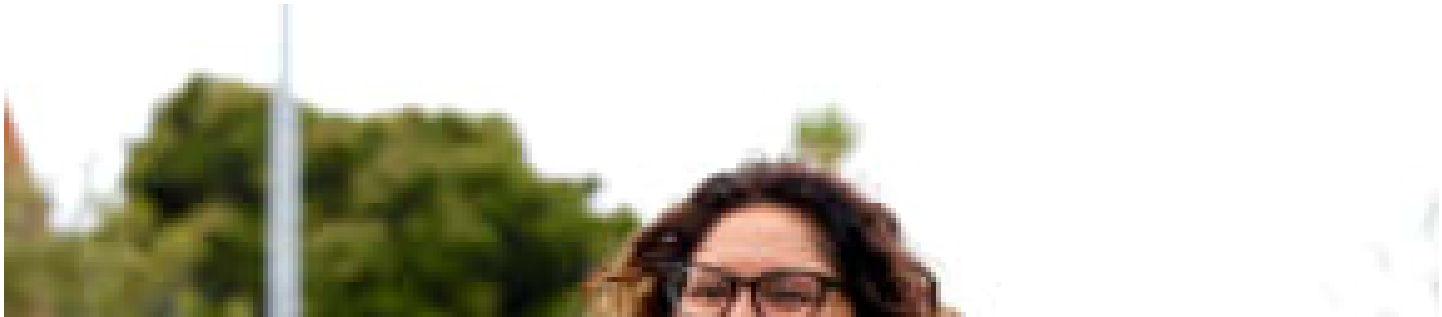
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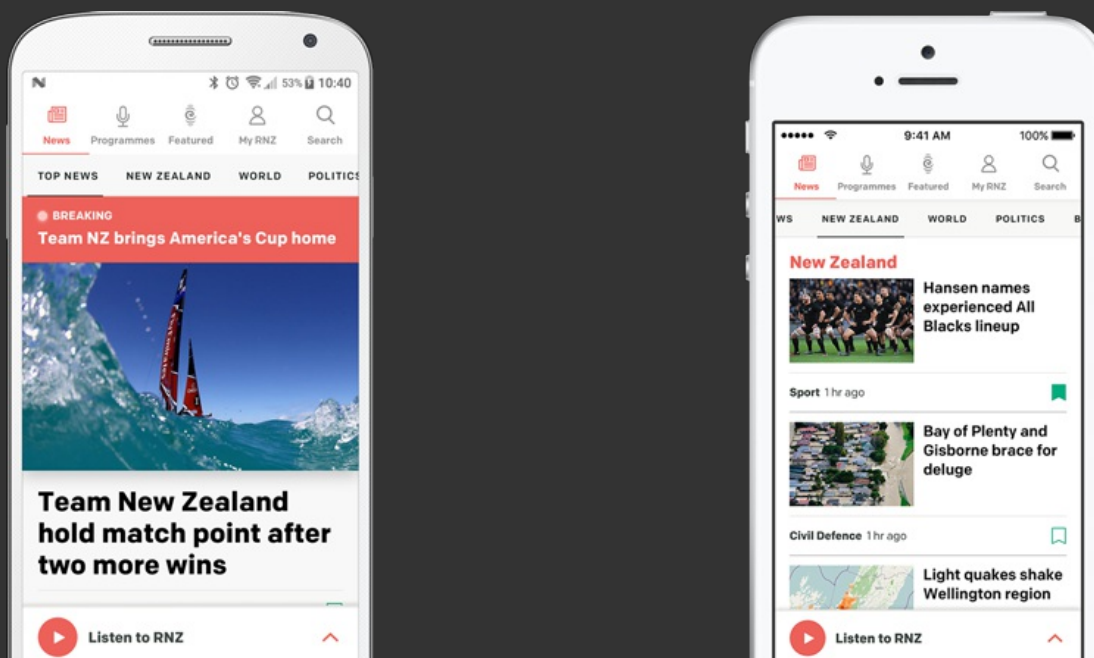
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