

# Labour makes €7.2 million State funding proposal

## Donations over a particular threshold 'should be identified'

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Labour is proposing that political parties receive an annual contribution from the State of € for each vote obtained at the last general election - a move that would cost the taxpayer €7.2 million over five years.

The PL is also insisting that political parties should disclose the identity of those making donations above a certain amount and has proposed that the Auditor General audits the accounts of both parties.

The proposals, still at an embryonic stage, were made behind closed doors during a Parliamentary Select Committee meeting after being discussed internally within the PL.

Should the € contribution suggestion be approved by the Nationalist Party, the PN would receive €17,340 each year, the PL €709,440, Alternattiva Demokratika €19,050, and Azzjoni Nazzjonali €7,305. The PL proposed that the € figure should be retroactive, starting from 2008, and amended every year according to the rate of inflation, sources told The Sunday Times. The money raised would go towards parties' salaries, research and consultation.

The two main political parties already each receive €100,000 a year from the public coffers, although there seems to be little accountability over how it is spent.

The figures being suggested largely draw on the proposals made by the Galdes Commission in 1995. The PL maintains that donations of over €3,000 should be prohibited and that those over €1,600 be accompanied by the name of the donor. However, it also suggests these donation thresholds should eventually be raised by 50 per cent.

Labour's position paper was tabled by MP Charles Mangion, but he was reluctant to give details when contacted.

"The committee had unanimously agreed that only the Speaker shall comment on specifics of discussions - and this in order to ensure a successful outcome out of the discussions," he said.

Dr Mangion said his party believed that State funding, coupled with wide-ranging transparency rules, were the best way to ensure that political parties did not succumb to external pressures of interest groups that may subsidise them.

"This, we believe, will enhance public trust in political parties and would be healthy to the development of democracy and good governance."

Labour, he said, agreed that there was a need for greater transparency and that donations over a particular threshold should be identified.

A top PL official, who preferred to remain unnamed, said that the Nationalists were reluctant to accept Labour's proposal because it did not suit them.

"The PN is against State funding, but it wants much higher thresholds for party donations. We have a problem with money, they have a problem with transparency," he said.

PN general secretary Paul Borg Olivier said the party considered it a priority to tackle transparency in political party funding, including donations, as suggested by the Galdes Report.

He said Prime Minister Lawrence Gonzi recently indicated he was in favour of drastically lowering the benchmark for declared donations.

Dr Borg Olivier said his party would honour its commitment to the Speaker that it should not comment publicly on what was being discussed during the Select Committee meetings.

"This is precisely why (Labour leader Joseph) Muscat's statements during the general conference come as a surprise. His statement that he is in favour of taxpayers' money being used to finance political parties is uncalled for and unacceptable."

Dr Muscat recently renewed his call for a law on party funding, though he was short on detail. His University thesis in 1996 had specifically tackled the issue of State funding, and his conclusion was that political parties in Malta should benefit from it.

It is an open secret that both parties are experiencing financial problems, though sources said Labour's finances were in dire straits. Former PN general secretary Joe Saliba had said in 2006 that Labour's debts amounted to €7 million (Lm3 million).

The Nationalists traditionally raise far higher sums than Labour during the annual fundraising marathons and the party's companies raise enough money to deal with the day-to-day costs.

Dr Borg Olivier said: "The party has substantial amounts of money still payable to creditors, including banks. These amounts cover expenses incurred during the election campaign and the building of the new headquarters."

On the other hand, Dr Mangion said Labour was the only party whose accounts were audited by a reputable independent auditing firm.

"Labour's financial statement is published annually... we know nothing about the PN's finances."

However, sources said there were various ways in which political parties could conceal their debts as well as the names of donors.

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