

THE COMMITTEE ON STANDARDS IN PUBLIC LIFE

**Europa Hotel
Great Victoria Street
Belfast BT2 7AP
7 December 2010
Review of Party Funding - Sixth Public Hearing
Morning/Afternoon Session**

Members Present:

Sir Christopher Kelly KCB (Chairman)

David Prince CBE

The Rt Hon Margaret Beckett MP

Sir Derek Morris MA DPhil

Dr Elizabeth Vallance JP

Lloyd Clarke QPM

Dame Denise Platt DBE

Witnesses:

David Gordon, Journalist

Seamus Magee, Electoral Commission

Tony Stafford, Electoral Commission

Dr Elaine Byrne

Mark Cosgrove, Treasurer, Ulster Unionist Party

Peter Weir MLA, Democratic Unionist Party

Dr Philip Weir

Declan O'Loan

Joe Byrne

Paul Maskey MLA, Sinn Fein

Seamus Drumm

Stephen Farry MLA, Alliance Party

Christine Robinson

DAVID GORDON

1. SIR CHRISTOPHER KELLY KCB (Chairman): Good morning, everyone. David Gordon, thanks very much for coming again. It is becoming a bit of a tradition to come to Belfast once a year and talk to you, which is a good thing.
2. DAVID GORDON: The weather was bad last time but it is actually much worse this time, much more unfriendly.
3. SIR CHRISTOPHER KELLY: For those who are staying the course, I should say that apparently there is going to be a fire alarm test at 11.00am, at the traditional time.
4. David Gordon, you have very kindly provided some evidence to us. Is there anything you want to say by way of introduction?
5. DAVID GORDON: I already have an opening statement there but I'm inclined to make one point to begin with, which occurred to me afterwards, after I had submitted the, a bit like when you have a job interview and you run out and think of a brilliant answer, in fact I'd be home afterwards. It is just, you will hear a lot today about risk and security reasons for not moving towards transparency on donations, and that's clearly an issue no one would want to belittle, but I think it would be wrong to suggest that is just an issue for politics in Northern Ireland. I think if you think of the rise of more extreme politics across the world, clearly you could use the same arguments for saying that donations should be kept secret in GB as well. I am thinking, based on the Stephen Timms incident where he was stabbed reportedly over his support for the Iraq war, and going back to the attack on Nigel Jones in 2000, I mean politics is not a risk-free environment, so I just think it is worth making that point generally, that the same arguments for secrecy on donations in Northern Ireland could equally be applied across the world.
6. SIR CHRISTOPHER KELLY: Thank you. I am sure we will come back to that. In your written evidence to us you talk about Northern Ireland standards being an "accountability slum". Is it just the transparency point, not just, but is it?
7. DAVID GORDON: Yes. No, not just, I mean we could go into an argument about our political structures here, the downside of those being that we have a Government without opposition, we have, virtually all our Assembly Members are members of governing parties, so it is the old anarchist joke, no matter who you vote for the government always gets in. I mean that is a wider issue, we do not really need to go into that. I mean I'll just draw your attention to the issues the Committee has raised over the years. Local government and the need for a mandatory standards framework, I presume that's about 10 years old in GB, we still do not have one of those. You have to ask yourselves why we still do not have our expenses reform completed at the Assembly, despite polite pleadings from yourselves and others. Or even look at your own annual report where you flagged up certain issues to do with Northern Ireland and voiced concern, for instance, on the lack of an independent advisor on the

Ministerial code, and I know you raised that on a visit here over the past year, let us say you were not generously thanked for your contribution.

8. I just think generally there has been an issue, for whatever reason, standards has not been at the top of the priority list for politicians here or for the direct route politicians who were in charge of this for many years.
9. SIR CHRISTOPHER KELLY: Okay, that is helpful context, so we are focusing in on the funding of political parties, which is --
10. DAVID GORDON: To my mind that is the most dramatic one of why voters here are still given no information about who helps bankroll the parties that are now in charge of major budgets and major decisions.
11. SIR CHRISTOPHER KELLY: This is probably an impossible question to answer, but is it your view that the lack of transparency is concealing things going on, which, if the public did know about, they would be concerned about, or is it simply that transparency is the right principle?
12. DAVID GORDON: Well I think it is the principle; and I actually think, because there has been a feeling that transparency was coming at some stage and there has now been the registration with the Electoral Commission, albeit it is still confidential, maybe it is just my innate Northern Ireland pessimism from the journalistic point of view, I suspect when this stuff, if it does come out, will be fairly un-dramatic; I do not think there is going to be a major scandal unearthed for that period. It may well be there has been questions asked previously about relationships between businesspeople and politicians back over the years, it looks like we will never find out the answers to that. My feeling is there is probably, and that is just a complete hunch, I've no evidence either way, but my feeling is there is probably not a massive dramatic revelation waiting to come out.
13. SIR CHRISTOPHER KELLY: But the implication of what you have just said is what has created that situation is the belief that transparency was coming?
14. DAVID GORDON: To some extent, yes. And also there is not, I mean one thing with Northern Irish politics there does not seem to be that massive amounts of money involved, albeit it is important to them, but primarily the transparency was coming at some stage and the fact that there was at least a possibility that the information that they have been registering with the Electoral Commission in recent times would be backdated and disclosed, I presume that has exercised minds to some extent.
15. DR ELIZABETH VALLANCE: Can I just go on with the transparency question; I mean what you seem to be saying is it is a nice idea but actually it would not make much difference?
16. DAVID GORDON: Well I think it would made a difference in the sense, first of all it is the right thing to do, and I think just on a basic principle, it has

now become a kind of cornerstone of accountability; it is a big issue. It may not make much difference in the sense of dramatic revelations but who knows what could happen if the veil of secrecy remains for years to come. I mean the subtle indications are it could stay there until 2015, so I just think as a basic principle of democratic accountability it should be there to stop financial abuses in the future as well. I mean the point I made in my submission is that now that we have got default administration in charge of major decisions that could almost literally make millionaires of people overnight, in the sense of regulatory approvals or whatever, or grants. There is that potential for a donation to be used to influence policy in a big way. I am not saying I have any evidence that could happen, but the very fact that that is a risk is a serious matter, and it is also I think a matter for public confidence as well.

17. DR ELIZABETH VALLANCE: So it is more than just a principle as far as you are concerned; it does carry into either policy or how people perceive the process?
18. DAVID GORDON: Yes, perception and protection, yes.
19. DR ELIZABETH VALLANCE: Are you at the moment optimistic about the idea of the consultation actually resulting in a change of policy?
20. DAVID GORDON: I do not think there will be a change of policy. I would bet ...
21. DR ELIZABETH VALLANCE: Why so?
22. DAVID GORDON: Well I think the Northern Ireland office has a long tradition of giving in to the parties here, and there is pretty strong lobby still coming from a number of the parties to keep confidentiality, and also there was a speech given by the Secretary of State, Owen Paterson, in recent weeks where he flagged up 2015 being a major date on what he called normality, and he was talking about a number of issues, such as finally a ban on double-jobbing, but he threw into that donations as well. Now it could come before that, but he was talking about a Normality Bill in that situation, so that to me was a signal that he has 2015 in his mind, certainly the indications I am getting from usually reliable sources. The thing is, you never hear journalists talk about usually unreliable sources, but certainly March is not going to be D Day anyway.
23. DR ELIZABETH VALLANCE: But you are optimistic in the long run?
24. DAVID GORDON: I think we will get there eventually, but far too late, would be my view.
25. DR ELIZABETH VALLANCE: Why do you think the parties, or some of the parties, cling on so tenaciously to this, if, as you suggest, probably not a lot will be revealed, or do you think they believe --

26. DAVID GORDON: I do not know enough about it, but I am sure there was some residual opposition within the parties when it happened, across the board, 10 years ago or whatever, and I think there will be a concern that they might lose some money in the short term, and I am told there is a concern about an embarrassment factor that some donors have given money to more than one party and that, you know, there could be an embarrassment factor for people and the perception of what the media would make of it, all that kind of thing has been swirling around in their heads. So I think it is sort of maybe an innate conservatism, concern about change, plus the possibility that it could be messy to begin with.
27. DR ELIZABETH VALLANCE: When, in your evidence to us, you talk about moving to transparency, and you talk about, with scepticism, about the idea that the parties are protecting themselves from intimidation or whatever, and you say they ought to produce evidence for this. What would that evidence look like?
28. DAVID GORDON: That is particularly to do with the Northern Ireland Office consultation paper, where they lumped in all statistics to do with dissident Republican attacks; there was no evidence in that that any of that was directed towards party political activities, party political activists, so I think, if they are going to throw up this issue of security and potential risk, there should be some attempt to verify that or some attempt to link it in. Presumably they could find out if there had been any intimidation cases. It is no great secret who is involved in politics in Northern Ireland, you know, you only have to click on the mouse a couple of times and you can find people who have nominated candidates for elections and electoral papers. If you go around Facebook you can see people declaring their political views all over the place, it is not particularly a secret either. Councillors, that sort of stuff, local activities, it is not difficult.
29. So if that is the case, and if there is this massive threat to party political activists or party political supporters, you would think there would be some specific evidence of a risk, and to just lump everything that dissident Republicans are involved in and say this proves that there is a risk to donors I think is a bit slipshod as an approach.
30. DR ELIZABETH VALLANCE: You think that evidence could be found if it were there?
31. DAVID GORDON: I have not seen any evidence. I do not want to say, it is too important a subject to just make a blanket statement and say there is no evidence, there is no risk, as I said, I mean politics, public life, is not risk free wherever you go.
32. DR ELIZABETH VALLANCE: We have been talking in a way, which I suppose assumes that there is some great importance in transparency, that it is very significant, it has a knock-on into public trust and so on, but we are kind of practitioners or semi-practitioners in the sense of watching politics and so on. Do you have evidence for example from your readers that they are avidly

interested in this and that they really think that it is a big issue in Irish politics?

33. DAVID GORDON: The evidence suggests that there is strong public support for it and the Electoral Commission are coming up but they did an opinion poll, which showed support for it and although I am here, the (inaudible) does reflect the views of the paper, we have ran a, it was called an Open Stormont Campaign for a number of years with transparency on donations as one of them, and nothing but good feedback from our readers on that one. So just on the general point, the transparency issue as well, if you look back at the MP expenses, if that stuff had been published all along the way, would people have been making claims for moats or duck islands and things like that? I would say no. So I think there is a case for saying transparency actually protects everybody involved, including the politicians, and sends a signal as well that these are important issues.
34. DR ELIZABETH VALLANCE: Just one other very quick question; in addition to transparency, which is one of the major principles of this year on which PPERA is based, are there any other principles that you think ought to be taken into account in setting up some kind of enduring financing structure for parties, which is what we are looking at?
35. DAVID GORDON: Nothing immediately springs to mind, it is not a subject I have given a great deal of thought to.
36. DR ELIZABETH VALLANCE: All right. I mean it has been suggested to us, for example, that fairness is an important principle here, having a level playing field, but if it does not spring to mind --
37. DAVID GORDON: Yes, I suppose striking the balance is always a big thing in all this as well, in the sense of public money and public interest and nobody wants a situation where parties are so short of money that they cannot connect with the people or cannot get their message over, cannot campaign. So it is all about balance, is it not?
38. DAME DENISE PLATT DBE: I want to come back to the issue of donations again. As we understand it, any Irish citizen might donate to a party in this part of the country. Do you have any views on that?
39. DAVID GORDON: No strong views, it seems like a sensible arrangement. I was told by one of the parties actually yesterday that an Irish citizen living abroad can only donate to activities abroad. That surprised me in a way, that a party would have to use that money for their publicity and work abroad.
40. DAME DENISE PLATT: All right, so it is not something that you have investigated or looked at?
41. DAVID GORDON: No.

42. DAME DENISE PLATT: As an investigative journalist, do you have any idea where the political parties get their income, is that something you have looked at?
43. DAVID GORDON: The main source seems to be the taxpayer. I think that in Northern Ireland specifically, the donation sums that they declare in their annual accounts are not massive, though I often wonder, do they include money given at local association level and things like that as well, but I think the various areas of public support that go into the party political system here is probably the main source.
44. DAME DENISE PLATT: You mentioned corporate donations.
45. DAVID GORDON: I am sure there are some, but I have no evidence.
46. DAME DENISE PLATT: That is not something that you have investigated?
47. DAVID GORDON: The Ulster Unionist party, in its submission, not to yourselves, I do not think they gave one to yourselves, but they did give one to the Northern Ireland Office and they talked about businesspeople giving donations and how it could put off customers if this was made public, which I suppose if you're reading into would suggest that maybe they do get some donations from businesspeople themselves or they would not have a concern. But, again, who knows?
48. DAME DENISE PLATT: Who knows. We hear in other parts, in other jurisdictions of the UK that trade union funding is an issue. Is that an issue here?
49. DAVID GORDON: I am not aware of any trade union money going in. I think some people here do give money to the Labour Party via their trade union levy, although they do not actually have an active Labour Party here standing for elections or anything, but I do think there is some money, but I am not aware of any trade union money being involved in politics here.
50. DAME DENISE PLATT: In other parts of the country, we hear many people are very in favour of a cap on donations in particular, a cap on donations at a financial level, is that an issue here? Is that something on which you would have a view?
51. DAVID GORDON: Not particularly, no, and I think donations seem to be fairly small scale here. It is hard to judge. The parties, if they declare anything at all, they declare a lump sum at the end of the year. If it was just one person giving them 75% of that then you would think, is that too much for one person to be doing? But, in the absence of that, and the hunch being that it is not just one person; that it is a number of people making reasonably small donations, it is not an issue. They are fairly small sums compared to the expenditure and the finances of parties across the water.

52. DAME DENISE PLATT: You mentioned earlier in your evidence the issue that now, with local jurisdiction, there is enormous influence of politicians over money spent in Northern Ireland, and donations potentially influencing that, and now you are saying lots of little donations. Is there a real issue of influence from those donations?
53. DAVID GORDON: We just do not know. I mean you have to think that some people do not just give donations out of the goodness of their heart; they think there might be something in it for them. That would not be unknown in past practice, but in the absence of the information we just do not know, in the absence of which we cannot judge, and that is part of the problem that that suspicion is there, I do not think it does politics any good.
54. DAME DENISE PLATT: So it appears there are lots of little donations.
55. DAVID GORDON: That is just my guess, I do not know.
56. DAME DENISE PLATT: Because there is no transparency, you do not know.
57. DAVID GORDON: Yes.
58. SIR DEREK MORRIS MA DPhil: I want to take you into some different but related areas, but could I, before I do that, just one more question on transparency. I have been mulling over, on the one hand that there seems to be a lot of resistance from a lot of parties in Northern Ireland to transparency about the source of donations, and putting that against your very cogent argument that really the evidence is at best weak, and that it is not difficult to find out who is involved in politics and so on. So I have been just trying to see how one reconciles those, and I wonder whether the problem is that, if you are in politics in Northern Ireland, then you know what you are taking on, and you may assess that there are some risks, certainly in the past, there may be (inaudible). But that if you are not involved in politics, but you have political views and you would like to put money behind that, you want to be a donor, that you might then perceive there to be a risk from your name being revealed, or your company being revealed, either the risk of attack or in the corporate case the risk of boycotts on your products. It is not really an issue of whether that genuinely is a risk, it is whether there is a perception of such a risk by people who, as I say, are not themselves active in politics. Is that perhaps the reason why --
59. DAVID GORDON: I think that is a possibility and I think that is a perspective, and it is linked into the divide in Northern Ireland. If a business is seen to be supporting one party, perceived as representing one section of the community, that could conceivably have a knock-on effect on the customer base I think. Given that the politics is now based on partnership government that argument is weaker, but I think it is still a perception and it is an issue about politics generally. I am struggling for a word to say that it is less respectable to be involved in politics; that is not the word I mean, but there is

still the communal divide being part of the political system.

60. SIR DEREK MORRIS: If that is true, I hope you will appreciate it is quite a difficulty for us, to use your earlier word, in a normal context one would say, "Well this is clearly a standards issue, you have to have some transparency because nobody really knows or can be accountable for what is going on". But on the other hand it would be rather silly for this committee to recommend, on the basis of a normal environment, "Well there must be transparency", if this sort of argument does actually have a purchase in Northern Ireland; if it genuinely is the case that full transparency would substantially, however reasonably or unreasonably, drive away a lot of potential donors; that would not necessarily help the political process in Northern Ireland, would it?
61. DAVID GORDON: I think it could be overstated. That threat, and it is sort of self-serving as well in a sense, and there would never be a perfect time to do this in Northern Ireland. But we are getting told at the same time messages about how much we are moving towards normality; that is the message projected worldwide, and for very good reasons as a success story.
62. SIR DEREK MORRIS: Do you think it is true?
63. DAVID GORDON: It is; we have moved on remarkably in the last 10-15 years.
64. SIR DEREK MORRIS: I was thinking more in the last 12-15 months.
65. DAVID GORDON: I do actually think the last time you were here, talking about expenses, the issue obviously of durability of devolution was still very much raised, and I think Sinn Fein raised that about in part of their arguments over double-jobbing, because the policing and justice of devolution was still a running sore. That has been sorted now and we are about to head into our first full election to a working devolved administration, first time since I think the late 1960s we are actually having an election to a functioning devolved Assembly. So nobody is really talking now about the Assembly collapsing anymore; it is now seen as part of the fabric, and the longer that goes on I think the arguments are stronger that we have to have some democratic norms.
66. SIR DEREK MORRIS: Can I ask you about expenditure levels; I mean an issue that has come up elsewhere in the UK is maybe the total amount that is spent is excessive, and some have argued there has been a sort of arms race in expenditure. How do you see that issue in Northern Ireland? Do you think there is a tendency to excessive expenditure?
67. DAVID GORDON: I do not see that as a massive issue. There does tend to be a spike in donations and activity in elections and then the next year is down again, the last couple of years have been a bit more confused picture there. The information is not readily accessible. The Electoral Commission published some stuff in the last week about election expenditure. That did not

seem particularly excessive, it also did not seem massively connected to electoral success in the sense that the biggest spender ended up with no seats at all. But I have not heard any specific concerns that people are spending too much, and I have not seen any evidence to suggest that is the case.

68. SIR CHRISTOPHER KELLY: Who was the biggest spender?
69. DAVID GORDON: From memory it was the Conservative Unionist combo, mainly funded by the Conservative Party.
70. SIR DEREK MORRIS: So an issue that has come up elsewhere about whether there should be expenditure caps, you would not see that as an issue?
71. DAVID GORDON: That has not even really registered on the Richter Scale here at all, so we are still down having the debate everybody else had 10-15 years ago.
72. SIR DEREK MORRIS: Not unrelated, elsewhere of course the issue, particularly if there were donation caps that really bit elsewhere, is the issue of, would you replace the funding through increased State funding? Now it looks to me, but do correct me if this is wrong, that there is already quite a high level, relative to the size of the province, of State funding.
73. DAVID GORDON: Yes. I was looking at some of the figures last night that are put together, these are different years, but there is the Assembly, the party allowance system, which in 2009/10 came to £780,000 roughly across the parties. That is different from short money because, the bigger the party, the more money they get. At least two of the parties including Sinn Fein, have a a totally separate system of access to short money from Westminster. The Electoral Commission money goes to DUP and SDLP. So that is quite a considerable amount of money on a yearly basis goes there.
74. Then the other issue that should be mentioned in this is the fact that each individual Assembly Member gets something close to £75,000 a year of office-running costs, and I know the Committee has raised in its MP report that there is a potential grey area for whether any of that is actually indirectly going into party political activity. The last time I looked at the figures, one in six of the Assembly Members here rented their offices from their parties, so at the very least there is a potential for a property asset to be created or developed through public money.
75. Then you have an army of full-time party workers, including special advisors, party officials funded through grants, party workers funded through the contingency money. There is a fair industry. Given our employment problems, maybe we should be grateful for it generally, but there is a fair industry now funded through the taxpayers.

76. SIR DEREK MORRIS: Do you see that high level of State support to be a problem? I am not quite clear what the origins of that slightly different --
77. DAVID GORDON: I think that was probably seen as part of the peace process in the sense that it encouraged people to get involved and have a commitment to the process and to build that up, and that dates back to the 1990s, and there was some money for the talks teams when they were developing, and much to a lot of people's annoyance, pay and expenses continued even when the Assembly was suspended between 2002 and 2007. I know it was something that Peter Hain, then Secretary of State used as a very effective stick to beat the parties with as he was trying to push them towards a deal up to 2007. I think that it does possibly create a problem generally in the sense that it could be seen to help the status quo in politics. If you're a new political force trying to break through and the big guns have all this money behind them to help their operations, I am not saying that is the main issue why politics in Northern Ireland has stayed fairly rigid, but I think it is potentially a contributing factor.
78. SIR DEREK MORRIS: Do you sense through the media, or in the public more generally, there is some concern or even resentment about the amount of public money that is involved? Because certainly elsewhere in the UK we have had put to us that any attempt to replace, for example, large donations by increased State funding?
79. DAVID GORDON: Yes, I think there would be a pretty big cry here as well. The public mood here would be more a generalised basis of the fact that we have 108 MLAs and 12 government departments for a fairly small population; there is a sort of general mood that there is an awful lot of money going to the house on the hill generally; not so much in the parties, but if announced that all the Northern Ireland parties were getting a big increase in their grant aid I think there would be a fair row about that.
80. SIR DEREK MORRIS: So it is less about election spending; it is more about just the general cost of government?
81. DAVID GORDON: Yes, just general feeling of the political class, if you like, and the structures around them being fairly well supported at a difficult time in the economy.
82. SIR DEREK MORRIS: Just one last area. Is there in Northern Ireland a third party problem? I mean one thing that has been put to us elsewhere is that there may already be a problem of money that is essentially geared to elections not being properly accountable or controlled because it is not actually given to a political party, it is given to a think tank, a pressure group, that clearly has a particular political agenda, but is not actually caught by the regulations.
83. DAVID GORDON: That is not something I am aware of here, we have very, very few think tanks operating here.

84. SIR DEREK MORRIS: Or just other bodies that have a clear political agenda, but are not themselves parties.
85. DAVID GORDON: No, it is not, I will have to stand corrected here, but nothing springs to mind on that front.
86. DAVID PRINCE CBE: Just following up on third parties, can I just ask you a question about the media? It has been put to us in some of our other hearings that the media itself is quite a driving force for expenditure by the parties, responding 24-hour rolling media and so on. Is that an issue here? Do you have a view on it?
87. DAVID GORDON: Well the parties have a fairly well-developed media response, press officers, etc. Part of that is the kind of industry I was referring to earlier. I do not see any issue that they are struggling to fund that, and I suspect the large bulk of that's funded through party grant aid and I think even, from memory again, I do not want to be quoted as gospel on this one, some of the press operations for instance are actually funded through a levy on the allowances paid to individual Assembly Members. So I do not think the donations thing is particularly relevant to that here, but obviously the parties have developed their press operations a lot in recent years for obvious reasons.
88. DAVID PRINCE: Can we move on now to regulation and enforcement; you have told us in your evidence, and indeed you referred to it earlier in the conversation this morning, you say there are no checks for potential links between donors and ministerial decisions, or for lobbying activities by the parties that have received money, and obviously this is something that concerns you. How would that actually be followed through, it is quite a difficult thing to check is it not?
89. DAVID GORDON: Well, I do not think it is something the Electoral Commission could really be expected to do, but that is one of the big issues with donations, and I think that would be a job for the media probably, would it not, or political opponents, if it was made public. But I mentioned that in the sense that, what the Electoral Commission does is basically check the legality of the donations, and that is where their questions end, and that is their legal duty. So I am just saying that is not a the massive defence to public interest in the sense that the big issues over donations, the big potential controversies, are not that somebody should not be making a donation at all, I know that is important, but the big issue is the class for an influence allegation or suspicion, and that is not part of the Commission's role, I do not think it could be actually, which is one of the flaws of the current arrangements.
90. DAVID PRINCE: Yes, thank you. That is helpful. You are then suggesting media itself could perhaps be more active, or maybe needs more information to get at the lobbying issues. Is that itself an issue of transparency here, the access to information about lobbying?

91. DAVID GORDON: Yes. I think there is an issue about that as well in a sense, there has been talk of a register of lobbyists at various political assemblies, not an issue that has really raised its head here, but there is also our planning system, for instance, has traditionally been a very much tug-of-war, where a lot of people try and pull the planning system in different directions, and there has undoubtedly been lobbying on that, some of it quite legitimate lobbying, but with the donations thing in the background as well, and it is just another area of concern, another area where there is, I would argue, not enough bright light shone on them.
92. DAVID PRINCE: When you put the two things together, you get the risk.
93. DAVID GORDON: I should mention as well the plans are now that planning powers go back to local government within the next few years, the Minister last week announced plans to move that forward, talked about 2012/2013 as the earliest date; that is clearly relevant then to the issue of donations as well, if at council level, where they have not had planning power decisions since 1972 I think it was, that they are going to get that back. You can see good democratic reasons for doing that, but you can also see potential concerns.
94. DAVID PRINCE: Accepting what you said about there being limitations on what the Electoral Commission can actually do, how effective do you think they have been in discharging their proper function?
95. DAVID GORDON: I have no issues with the Electoral Commission and what they do on this and I think they have been quite strong in saying this is not their ideal system; they would like to see transparency.
96. DAVID PRINCE: So really they are hamstrung by the current rules?
97. DAVID GORDON: Yes. They have got a legal duty and they perform that, I have no reason to doubt that they perform it well, but they have said themselves this is not what they want to be doing.
98. DAVID PRINCE: Thank you. I think we will obviously follow that up with them directly. Just finally, when we have been at other hearings and other places, it has been put to us as a general problem that when the rules are broken, or thought to have been broken, under the Political Parties, Elections and Referendums Act, it is virtually impossible to pursue a successful prosecution to bring any concerns right through to a final process. Do you have a view on that generally, as a journalist, do you see any issues?
99. DAVID GORDON: Can you give me some examples?
100. DAVID PRINCE: It has just been expressed as a general concern that there have actually been no high profile or successful prosecutions, the suggestion being that the system is really quite difficult, the balance of proof high, caution at every level of the process, and so on, and people have put to

us that maybe this is in itself an issue.

101. DAVID GORDON: That sounds like that could be a legitimate concern, but I would not want to comment on it because I have no knowledge of it from my own experience here at all.
102. LLOYD CLARKE QPM: The issue of transparency is certainly key. Is there an opportunity, and I am not sure that this was specifically consulted on, is there an opportunity here for a staged process whereby for example it seems at the minute it is all or nothing. Is there a move that will satisfy some of this? For example that the level of a donation should be made public and whether it was an individual donation or a company donation, without naming individuals, would that satisfy some of the concern that, if that was the next stage of the process, because your scepticism about 2015 before anything will happen, might that allay some of these fears?
103. DAVID GORDON: That has been proposed, one of the parties in the consultation with the Northern Ireland office suggested that there would be a publication of the level of the donation and whether it is a corporate or an individual donation. I can see a certain logic to that, but I suspect that might actually make things worse, because, if it immediately was announced, "Such-and-such a party has taken say a £7,000 donation from a business", well everyone will then say, the legitimate media question will be, "Which business?" and we will put names to them and they will say, "We can't say, we can't say", and it may create a view of some wrongdoing, which there would not be. Because immediately it would create a suspicion, the old thing "If there is nothing to hide, what is the secret?" and so I think that could actually create much more public concern and maybe do more damage even than the current secrecy.
104. SIR CHRISTOPHER KELLY: You mentioned at the beginning your interpretation of a speech by the Secretary of State as 2015 being the key year, and that also applies to double-jobbing?
105. DAVID GORDON: Yes, he talked about a Normality Bill and two of the issues he raised as part of that were double-jobbing and donations. It may be that the donations thing does not need a bill in the sense it just needs to not do anything and the laws apply here as everywhere else, but I just thought it was quite interesting that 2015 was lumped in there.
106. SIR CHRISTOPHER KELLY: There seems to be something of a race not to abolish double-jobbing.
107. DAVID GORDON: Certainly the Committee's hopes for 2011 being the cut-off date have crashed into the rocks.
108. SIR CHRISTOPHER KELLY: I think we phrased our recommendation on that quite carefully.

109. DAVID GORDON: Yes, preferably, but if anything there seemed to be almost a touch of backsliding going on.
110. SIR CHRISTOPHER KELLY: How do you explain that?
111. DAVID GORDON: I think I may have even said that in my evidence that unless they are all made to do it collectively, there is clearly a distinct party political advantage in keeping your big hitters in both fields, they are seen to be big names, for the name recognition, record consistency at work etc. Now the DUP's argument in reference to the backsliding is, they took some of their main players out of the Assembly, having been re-elected to Westminster, and now they are facing a situation where the other parties are after doing the same and are putting their big names back in again for another term, and they are saying, "Well, if they are going to it, we will reserve the right to do it". So I think it really has to be an all or nothing case and the parties do not tend to make kind gestures for the sake of standards, just for the sake of it.
112. SIR CHRISTOPHER KELLY: I understand that. I think what we hoped we were trying to do is to create a date around which views could coalesce. Is the implication in what you have said there that, in order to do it, even by 2015, there would have to be an element of compulsion?
113. DAVID GORDON: Some of them have said, "2015 is what we are aiming towards", but you can see special reasons being cited for someone to stay on, and then someone else saying, "Well if they have special reasons, we have special reasons", and suddenly you're looking at 2019. You would not bet against that.
114. SIR CHRISTOPHER KELLY: So almost certainly there would have to be legislation. What is the degree of damage that has been done by the continuing of double-jobbing?
115. DAVID GORDON: It went quiet a bit after the election and some people stepping down, it seemed to be getting sorted out, but it has flared up again, so these things are hard to measure, are the public almost immune to it now, the scandal of the thing, they have become linked in people's minds to the MP expenses and the controversy and the antagonism towards (inaudible) from that. I suspect it will become a big issue in the run-up to Assembly election, and I think the press will do its normal duty of reminding people of past pledges and ask them to account for themselves, and they will all point to the other ones and say, "It was them'uns", to use the local vernacular. But I do not think it will do them any good reputation-wise.
116. SIR CHRISTOPHER KELLY: But, if every party does it?
117. DAVID GORDON: Yes, they all suffer a bit together. I would say some parties say they are not doing it, the Alliance for instance got its first MP and she has stood down from the Assembly so they have gone. The Ulster Unionists probably do not have any MPs, so the situation does not arise and they are under a bit of flack at the minute because one of their prospective

Assembly Candidates and current Assembly Members is now in the House of Lords, is going to do both those roles, they argue that is slightly different from the MP, but it is back in the mix. I suspect we will end up with quite a few people still double-jobbing post next year's Assembly election, despite the best efforts of the Committee.

118. SIR CHRISTOPHER KELLY: Is there anything we have not given you the opportunity to say that we ought to have asked you.

119. DAVID GORDON: No, I think we have covered the evidence that I put in the case. Mine was specifically on transparency and very little to do with the other issues before you.

120. SIR CHRISTOPHER KELLY: Thank you very much indeed.

SEAMUS MAGEE AND TONY STAFFORD (ELECTORAL COMMISSION)

121. SIR CHRISTOPHER KELLY: Our next witnesses are from the Electoral Commission. Thank you very much for coming. It would help if you could introduce yourselves please?

122. SEAMUS MAGEE: Good morning, everybody. I am Seamus Magee and I am responsible for the Commission's office in Northern Ireland, and just to give apologies for Dr Etta Campbell who could not be here today, but had another appointment.

123. TONY STAFFORD: I am Tony Stafford; I am the head of the guidance and policy teams in the Party and Election Finance Directorate in the Commissioner's London office. So I work with Seamus on Northern Ireland related matters on the regulatory side.

124. SEAMUS MAGEE: We do not have any written statement and obviously consider this as a follow-on from the meeting you had in London with the chair and Lisa Klein, who is the director of Party and Election Finance.

125. SIR CHRISTOPHER KELLY: Indeed, and we will no doubt come back to them at a subsequent stage.

126. I am reminded that, before I became chair of this committee, in our last but one report reference was made to the Northern Ireland office of the Electoral Commission working better than some other parts. In that connection, could you just remind us what the office actually consists of and how many of you there are?

127. SEAMUS MAGEE: Well the office, following on from the 11th report, we recommended there needed to be a greater devolution of party election finance issues in Northern Ireland. We at that point, after your report, appointed a dedicated officer to work on party and election finance issues in Northern Ireland, and that person now does a whole range of PEF activities, including registering political parties, work in relation to donations, the

campaign expenditure, the whole gambit really of work that is done in Northern Ireland. The only area that we would not be fully involved with is in relation to the enforcement side, where there is a dedicated team in London working on the enforcement side. But generally in Northern Ireland, in terms of the PEF activity, we cover all those activities with the political parties in Northern Ireland.

128. SIR CHRISTOPHER KELLY: With how many of you?

129. SEAMUS MAGEE: There are currently six of us based in Belfast. The resource dedicated to party and election finance is one person. We also have then one person working in electoral administration, and another person working in communications, and then we have support staff in the office.

130. SIR CHRISTOPHER KELLY: You heard the evidence of David Gordon before you; what is your general view of the state of party funding in Northern Ireland?

131. SEAMUS MAGEE: I think if you look at the accounts for 2009, it is fairly clear that political parties in Northern Ireland, like their counterparts across the UK, are fairly strapped for cash. If you look for example, the DUP, their latest statement of accounts show that they were in the red of £132,000; the SDLP £100,000, the Alliance Party £11,000 and Sinn Fein £6,000. So they are bringing in less money than they are currently spending and they are relying therefore on overdrafts and loans and reserves in terms of keeping going on a daily basis.

132. SIR CHRISTOPHER KELLY: So they are in deficit before the election campaign for the 2011 elections really gets going?

133. SEAMUS MAGEE: Yes, their latest accounts show they are all in a deficit position. The only party not currently, in the 2009 accounts, was the Ulster Unionist Party, which had a surplus of £27,000, and that also takes into account that there was a European election in 2009, and obviously the parties had expenditure in respect of that election, thereby having quite an impact on their funding and resources generally.

134. SIR CHRISTOPHER KELLY: When you say they are strapped for cash, is that just they are subject to financial discipline, or do you think that the extent to which they are strapped for cash is actually inhibiting their performance as part of the democratic process?

135. SEAMUS MAGEE: No, I think, if you look for example at the income of the parties in 2009, if you take for example the Democratic Unionist Party had an income of £348,000, and 45% of that income came from State funding through the policy development grants. A similar figure exists for the SDLP who had an income of around about £400,000.

136. SIR CHRISTOPHER KELLY: I think I am asking a question about effectiveness. We have been told several times by several people that

properly functioning political parties are an essential part of the way democracy operates in the United Kingdom because that is the way that people are able to make choices between platforms and so on and so forth. My question is, from where you sit, is the shortage of cash, which is affecting all political parties, having an effect on their effectiveness as part of the democratic process?

137. SEAMUS MAGEE: Well the parties tell us directly that the lack of cash has an impact on them developing as political parties, I mean they would make that comment on a regular basis.

138. SIR CHRISTOPHER KELLY: But that is what they tell you, is it your view as an observer that they are actually performing less effectively than they might be?

139. TONY STAFFORD: We do not make an assessment of how effective parties are, it is clearly something they would have to give you evidence on when they speak to you today. Our focus is very much on whether they are able to follow the rules, not on how effective they are as campaigners.

140. SIR CHRISTOPHER KELLY: Yes, I understand that is your position. But you are independent observers well-placed to express a view on the extent to which the shortage of cash for political parties is or is not getting in the way of the democratic process. This is an important issue across the UK, because clearly one of the issues we will get into later is about State funding and the argument for State funding has to be properly functioning political parties are an important part of the democratic process. So the question is, from where you sit, does it look as if the parties in Northern Ireland are operating below an optimal level, not from their point of view, but from the point of view of those of us who are interested in democracy?

141. TONY STAFFORD: From their point of view, as to do they have enough money to campaign and get their point across to voters and play their part in the democratic process, and that is very hard for us to assess.

142. SIR CHRISTOPHER KELLY: I am not sure it is hard for you to assess; it may be hard for you to express a view, but that is a different issue.

143. Apart from the issue of transparency, which is well hoisted onboard here, are there any other party finance issues, which may be unique to Northern Ireland, which we ought to be aware of?

144. SEAMUS MAGEE: I think, if you look at recent elections, it is clear that overall election expenditure in Northern Ireland for some parties has decreased quite a bit, I think if you made a comparison, for example, as to what was spent in 2005 in terms of the Westminster Parliamentary election, and what was spent in 2010, we could see that parties are spending less at elections. One example would be, for example, all parties spent below £250,000; last time I think it was the Ulster Unionist party spent over that. But if you take for example the SDLP at this election spent £52,000 as a party,

and in 2005 spent £154,000; and similarly for the DUP, to use another example, in 2005 spent £107,000 and that reduced to £59,000 at this election. So I think that is sort of a unique issue, and also the fact of the reliance really on public funding through policy development grants for a number of parties is another unique feature of the political parties operating in Northern Ireland.

145. DAVID PRINCE: Can I just go back for a moment to what you were saying about the resources that you have here, the six people here in Belfast. Are they doing the whole of the financial regulatory work here connected with Northern Ireland finance, or is some of that still done in London?

146. SEAMUS MAGEE: Most of that work is done in Northern Ireland with the parties. However, we work closely with colleagues in the Party and Election Finance Directorate in London, but the day-to-day work with the political parties is conducted in Northern Ireland, except for enforcement. Once we move to enforcement, we have a dedicated team in London who take forward enforcement matters, but clearly working with staff in Northern Ireland in respect of that. So we would be involved in registering political parties, looking after the confidential donations and loan scheme in Northern Ireland, monitoring campaign expenditure at elections, providing Northern Ireland specific guidance to political parties, etc.

147. DAVID PRINCE: What particular expertise have people got here? Are they selected for their local knowledge of the political situation, or are they forensic accountants, what sort of blend of skills do you go for?

148. SEAMUS MAGEE: Well in terms of the person who works in party and election finance, the person has a regulatory background in local government previously, and the staff in the office in Northern Ireland have been there for a number of years and have received extensive internal training around party and election finance issues, and indeed electorate administration issues. So there are actually generalists who develop expertise in key areas.

149. DAVID PRINCE: The thinking about having the enforcement done in London, you take the view that is a specialist function where you need a critical mass of skills in one place, is that the argument?

150. SEAMUS MAGEE: We do, and I think that is down also to good regulation where a member of staff in Belfast is advising political parties, and offering guidance, and then it would be important that that function is separated from the enforcement function.

151. DAVID PRINCE: I understand that, but, if and when it comes to enforcement, is there then enough expertise on Northern Ireland matters within the London team to do the job that you need to have done?

152. SEAMUS MAGEE: There is, because we work with the enforcement team in terms of liaising with the enforcement team, but they take the key activity forward in relation to those areas, so they do not do it in isolation, but

they would do it in conjunction and in liaison and conversation with ourselves.

153. DAVID PRINCE: You said you had regrouped in response to the 11th report, but, with experience of running under that system, how effective overall do you think your enforcement activities are here in Northern Ireland? Are you working at optimal efficiency, are you doing the things that you want to do, or are there still gaps do you think?
154. SEAMUS MAGEE: I think we have demonstrated that we are quite effective, and I think if you look at the compliance record, for example if you take the compliance records in terms of what has happened since 1 November 2007 up to now, early on we had 44 political parties currently on the Northern Ireland register. We started off in November 2007 where returns to us in terms of compliance were only around about 53%, and most recently we are almost at 100% compliance, and I think that is down to having a local office and having staff who can work with the parties and can cajole the parties, if you like, to ensure that returns are made to us and that they comply with the rules.
155. DAVID PRINCE: Can I go on to donations and then come to expenditure later? Just tell us how you go about ensuring that all the donations to the Northern Ireland political parties are from permissible donors, given that you have special arrangements here? How do you actually do that?
156. SEAMUS MAGEE: Well we have a confidential scheme, as you know, and parties, like elsewhere in the UK, make returns to us on a quarterly basis, and by law we check 50% of individual donation reports that are made to us, and 100% from all other sources. So, if the donation is from a UK source, for example a person living in Northern Ireland, we ensure that that person is on the electoral register. If it is a company in Northern Ireland, we ensure that they are registered at Companies House.
157. In terms of donations that are from Irish sources, we would check, once donations from an Irish source over £1,500 to an accounting unit, or £7,500 to the central party, the party then, with that donation report, must include a certified copy of an Irish passport from the person who has made that donation, and we check that to ensure that there is a certified copy of the passport, or it can be a certificate of nationality or naturalisation.
158. So we check it in the exact same way as they do in Great Britain, donations to parties, we check that they are from permissible sources. The only dimension that we have that is different is in respect of donations from Irish sources, and donations from Irish sources over a certain amount of money need to have other backup material to support them in the form usually of an Irish passport.
159. DAVID PRINCE: Do you have a view on the different position between identifying Irish citizens in Ireland and in Northern Ireland, it is different between the two parts of Ireland, is it not? Do you have a view on the

appropriateness of that in terms of public transparency?

160. SEAMUS MAGEE: Well the only difference really is that somebody donating from Irish sources, if it is over a certain threshold, needs to provide a copy of a passport. The same would apply in Northern Ireland, for argument's sake, if a person donated in Northern Ireland and they were not on the electoral register, but made the point that they were eligible for Irish citizenship, and the amount in question was over the threshold of £7,500, they would be in the same position that they would need to prove that they are eligible for Irish citizenship. So largely there is no difference between North and South in respect of Irish citizenship, albeit that somebody donating through an Irish source may need to provide additional information if a donation is over a certain threshold.
161. SIR CHRISTOPHER KELLY: Is it public knowledge to what extent donations to political parties in Northern Ireland do come from Irish citizens?
162. SEAMUS MAGEE: No, it is not public knowledge at all.
163. SIR CHRISTOPHER KELLY: You cannot even say whether it is trivial or non-trivial?
164. SEAMUS MAGEE: No, we cannot say anything at all about them.
165. TONY STAFFORD: I think it may be worth saying, one of the things we have suggested in our response to the Northern Ireland Office consultation was that, if it was not possible to move immediately towards full transparency, then going forward it would be helpful to be able to publish summary information or anonymised information, and one of the things you could then show would be whether donations came from UK or Irish sources.
166. SIR CHRISTOPHER KELLY: Is that response to the consultation paper public?
167. TONY STAFFORD: It is, yes, there is a link to it in the evidence that we gave to you, and it is on our website.
168. DAVID PRINCE: What happens then if a political party does accept an impermissible donation, how do you go about enforcing that, and do you actually publish the name of the impermissible donor in those circumstances?
169. SEAMUS MAGEE: Well what would happen in respect of impermissible donations is, if a person made an impermissible donation, and the party are aware of it, the party would advise the Commission that they are in receipt of an impermissible donation. But if they deal with that effectively then there is no further issue. But if it came to our attention that there was an impermissible donation and that we would advise the party of that, that they have accepted an impermissible donation, and we can publish details of that donation. We can publish details of it but we would not publish details of the name and address of the donor, but we would publish where it was from, the

date it was received etc, but not the donor's name and address.

170. (10:28:36 to 10:32:07 not transcribed)

171. SEAMUS MAGEE: -- doable in Northern Ireland, given the geographical size of here, given the structure of the media. So what we would do is we would look in detail at what parties spend during the regulated period in the run-up to elections, we would look at newspaper advertising, we would look at their websites, we would look at events that they are holding, and we would record all that information on the database in the run-up to election, and then after the election, once the return comes into us, we look in detail at the return that is made and the information that we have gathered in advance of the election, and we are then in a position to go back to parties to raise issues with them, to raise the fact that possibly something has not been recorded. But, in the last few elections, the information that parties have recorded has been higher than we would have judged ourselves, and the 2010 election we have gone back to political parties who have adjusted their expenditure on the basis of issues that we have brought to their attention, but I think it is very important we make the point that, that being said, that parties in Northern Ireland, if you thought in the 18 constituencies you could spend at a Westminster election you could spend £540,000 at times, and I have indicated to you that some of the main parties have spent around about 10% of that, and that is a declining area, so where there are mistakes, I do not think that there is any great conspiracy at all, I think it is more to do with administrative procedures internally within the party. But we did advise the parties in advance that we are monitoring expenditure and I think that has been a good safety net in terms of ensuring that there is a good eye kept on campaign expenditure and that sufficient reports are made and really over the last few elections no parties have presented us with any evidence to suggest that another party is spending significant resources but not reporting it to us.

172. DAVID PRINCE: So, just to summarise then, you are doing detailed checks on every party's return, and you are also doing wider reasonableness checks from other information you have about advertising and those sort of things?

173. SEAMUS MAGEE: It is a very detailed focus and it is, as I say, as Northern Ireland is such a small place, it is feasible to do it, we have a very discrete press in Northern Ireland, a very compact --

174. SIR CHRISTOPHER KELLY: Discrete as in E-T-E?

175. SEAMUS MAGEE: In terms of three main papers here, and so it is an easier exercise to do than it would be to do say in England, given the geographic size of the place, but we are fairly confident that we do track sufficiently in the regulated period campaign expenditure, and we can go directly to parties after the event and raise particular issues with them.

176. DAVID PRINCE: Do you check the returns to accounts and financial information?
177. SEAMUS MAGEE: We do, that is right, yes. Statements of accounts, we look at what has been spent at the election, if there is any discrepancy we would bring it up with the parties.
178. DAVID PRINCE: One of the later witnesses has put to us in written evidence, and I will quote you the passage, it says: "At present, the Electoral Commission's scrutiny on party expenditure returns tends to focus on whether or not the forms have been properly filled in, there is little check made on the accuracy of what parties claim to spend, even when there are some quite obvious inaccuracies." Do you want to comment on that?
179. SEAMUS MAGEE: I saw that myself and I was surprised, so I would be interested to see the evidence for that and why. I think that our checks are very robust in this area so I would be clearly interested to hear what the Alliance Party, whether they sort of gathered that view from a perception.
180. TONY STAFFORD: I think we should add that, if people have a view that there are inaccuracies in a return based on evidence that they have, then obviously they can bring that to us and we can look at it with the powers that we have.
181. DAVID PRINCE: That is a perfectly reasonable challenge, but you are clearly rebutting what has been said there. If there were further spending limits introduced, if expenditure caps and so on come in, would there be any particular problems in regulating those in Ireland?
182. SEAMUS MAGEE: Given I think the amount of money that the parties currently spend, I think if there was a reduction it would not be any significant issue, but maybe Tony could comment a bit more.
183. TONY STAFFORD: It is worth mentioning as well we published the returns on party national spending last week, I think this Friday we will be publishing the candidate returns from the general election across the UK, and a few of those figures are not available yet, but you can see that some of the candidate spending has been quite significant in the context of Northern Ireland, you would need to take that into account, and obviously one of the issues that this Committee I am sure is looking at is the relationship between the local candidate limits and the national party limits, so there will be much more information about that available by the end of this week in terms of how the two match up here.
184. Clearly we have had, at the last general election, a longer regulated period for candidate spending, because that started in January, rather than in the last few weeks before the election, as a result of changes that came in last year, and this is not necessarily a Northern Ireland point, but across the UK, we know that having two regulated periods has caused some confusion and some difficulties for some candidates and agents, despite our best

endeavours to explain the rules to them, and that is something that we will be following up when we publish a report on the regulatory aspects of the election, which could be February next year.

185. DAVID PRINCE: That is helpful. Just one detail on financial reporting, financial accounting, we heard in Edinburgh that you were pursuing a standard form of accounts across all parties, is that also an initiative that you are pushing here as well and, if so, what level of support is it getting?

186. TONY STAFFORD: It is certainly something we are doing across the UK. Seamus, I do not know if you have been involved in any discussions with the parties?

187. SEAMUS MAGEE: The parties generally here would like to see some sort of commonality in terms of how statements of account are presented in terms of any discussions we have had with them. They very much are in favour of doing that, and indeed we recently did some work with the parties here under a new system that we are setting up, which is party and election finance online, and within that there is a standard statement of accounts and we would like some parties here to run with that pattern in terms of developing that, but there is generally no resistance to having some commonality in order that comparisons can be made, there is no party that is resistant to it, maybe that is a better way to say it.

188. DAVID PRINCE: Do you get any concerns expressed by the parties about the burden on their treasurers and their volunteers in terms of filling in the forms and records that you do require? We have heard that in other parts of our hearings.

189. SEAMUS MAGEE: Yes. I think that is a message we hear, I would not say on a regular basis, but from time to time, that there is quite a lot expected of voluntary treasurers. I know for example in the run-up to the UK Parliamentary election earlier this year, concerns were raised about weekly reports having to be made in terms of donations received and that that seemed to place a burden on parties that was slightly out of proportion.

190. Other issues they raised with us are the fact that, in terms of donations, if a donor has to apply, for example, to the Department of Foreign Affairs in Dublin for certification of their Irish passport, that the argument is made, "If you have done that once, why do you need to keep doing it on a continuous basis?" So there are some administrative issues that the parties do raise with us.

191. Another was in relation to donations and loans where parties had to make four nil returns before they were exempt from making further donation returns to us, it was another issue that was raised that the parties felt placed a burden on them that was not proportionate.

192. DAVID PRINCE: One final question from me. You are obviously having to operate a special system here, and a more opaque system. Does

that ever put pressures on your own independence as a Commission? Have you ever had any pressure applied on you not to investigate any particular donations?

193. SEAMUS MAGEE: No, we have not. I mean we do get pressure from the media from time to time in terms of revealing donations that the Commission has received on a confidential basis, but we knew that a semi-transparent system would not allow for transparency and openness in terms of political affairs of parties in Northern Ireland, we are on record as stating that to government at the time. However, we agreed that we would work this system as best we could and as effectively as we could, but clearly the evidence from the public is that they would like to see full openness and transparency

194. In fact all the surveys that we have done over the last three years, and in terms of a range of focus groups that we did in Northern Ireland, would suggest that the public are ahead of the politicians and would like to see full openness and transparency, and the latest figures we have from the 2010 election were that 62% of those interviewed after the election felt that donations and loans should be in the public domain. Only one in ten persons interviewed in Northern Ireland felt that they should remain confidential, and the others really had no firm view one way or the other.

195. So we work the system as best we can, clearly we would like to see a fully transparent system in Northern Ireland, in line with that operating in Great Britain.

196. DAVID PRINCE: That is a rising trend of public support, is it, over the three years?

197. SEAMUS MAGEE: It has been very consistent in around 6 in 10 and 1 in 10 thinking it should be retained as confidential, so it has always been over 60, but it has gone as high as 65, the most recent survey we did was at the election just past, and it was 62%

198. DAVID PRINCE: Consistent across the --

199. SEAMUS MAGEE: Consistent across Northern Ireland, and indeed in terms of the focus groups that were done, because we wanted to tease some of the issues out in more detail, I think six out of the eight focus groups were in favour, but generally all the focus groups, bar one or two, felt that there should be full openness and transparency in Northern Ireland. So we have gone further than just asking the question, "Do you think donations and loans should be made public in Northern Ireland?" We teased the issues out underneath that as well and the clear consensus was that they should be published, and indeed we do have a report on the website that deals with that research.

200. DAVID PRINCE: This research is underpinning the response you made to the recent consultation?

201. SEAMUS MAGEE: Yes.
202. SIR CHRISTOPHER KELLY: Presumably when you do the focus groups you explain the background and the counter-arguments that some people have put forward about intimidation and so on. When you do the surveys, do you also ask the question, "Do you think if donations were made transparent there would then be a risk of intimidation or boycott?"
203. SEAMUS MAGEE: No, when we do the survey we do not caveat it in that way, but that is the reason why we did the focus groups along with the first survey. We ran both of those methodologies together, but since then at each election we asked the question, "Do you think donations to political parties in Northern Ireland should be made public?"
204. SIR CHRISTOPHER KELLY: It is not surprising that they should say yes.
205. SEAMUS MAGEE: Absolutely, that is the reason why we did the focus groups, to tease out the underlying issues and explain the issues that you have talked about, for example intimidation and concerns about people's safety if they did donate to a political party.
206. LLOYD CLARKE: Could I ask you a couple of questions, and they are all related to things you have said so far, but in answering an early question to the chairman you gave two examples where expenditure has decreased, I think on one of the examples it was almost by two-thirds. You did not give a reason why that might have happened, or an opinion as to why you think that expenditure has really come down in the way that it has. Do you have a view as to why that might be the case?
207. SEAMUS MAGEE: Only anecdotally from parties who say that the reason they are not spending at election time is that they do not have the resources to spend. If you think of May next year, after the elections and referendum, there will have been 11 electoral events in Northern Ireland in a decade, so there is almost an election every year that parties need to fund and clearly that is a significant resource for them. So I think it is clearly just economics and the economic situation that they spend less. Other parties made the point really spending significant resources in Northern Ireland does not really bag you electoral success.
208. LLOYD CLARKE: Interestingly, we heard both those comments when we were in Scotland in respect of the frequency of elections that were taking place there in devolved administration, but also that the first response that you gave in respect of they actually just do not have the money in terms of the income, so therefore their spend is less and less, and you seem to support that as a view?
209. SEAMUS MAGEE: Certainly in talking to the political parties that is the view that they would express.

210. LLOYD CLARKE: Completely separate question, and again I understand the constraints that you are operating under, but I know you were here when David Gordon gave his evidence, and I slightly paraphrase, I suspect he will shake his head if I am not saying exactly what he said, but it was to the effect that he did not think there was a scandal waiting to be revealed. I wonder if you share that view or do you think there is a concern that the public need to have?
211. TONY STAFFORD: I do not think we could possibly say. That is the fundamental point, we are in a situation where there is a very strict legal duty on us not to divulge any information about donations. What we can say, as Seamus has said, is that the levels of compliance are good in terms of people giving us information and that we do the checks, we have not found any impermissible donations, so we can say that people comply with the rules.
212. LLOYD CLARKE: Okay, I am not going to pursue that, but let me ask another question then to see if you agree with David Gordon. Something completely different, and again I was listening carefully when you said that when you had given your information on consultation that you feel there is an opportunity for summary information or aggregate information, again, when I asked David Gordon the question about, "Is there an opportunity perhaps for a stage process" can I ask you specifically about those areas of maybe what the donations are, whether they are individual or whether they are made by a company? David Gordon expressed a concern that that actually may even be more difficult or create more problems. Do you share those concerns?
213. SEAMUS MAGEE: Well, I think the Northern Ireland consultation paper that was out very recently had three options; one was full transparency from next March and indeed publication in retrospect of donations that were made. The second was to continue with the status quo as we currently operate and the third was to have much like a move to some sort of transparency and I think clearly the option we support is option one, full transparency, but in the absence of that and the government make a decision that there are risks to people who donate then we would argue that we could move the process along in terms of publishing information about the type of donor; was it a company donation? Was it from a private individual? Was it from an Irish source? Was it from a UK source? So, we could do that on a line-by-line basis but we would not include the name and address of the donor.
214. Personally, I think that would improve transparency. It could create some issues whereby the media, as you say, ask various questions but I think if we want to move to a system of full transparency then that is maybe a staging on the way to that.
215. TONY STAFFORD: It may be helpful to add one of the things that we suggested in our response to the consultation was that going forward at a minimum you would want to be able to publish anonymised information about donations, but that it could also be possible for parties case by case to say, "In this case we are happy for you to publish the identity of the donor" and that if they could get that consent to give it to us then we could publish it. That is

potentially helpful in terms of building a level of confidence that actually you can do that and the world does not fall apart and ingraining more of a sense of a culture of transparency.

216. LLOYD CLARKE: Okay, thank you.

217. SIR CHRISTOPHER KELLY: Just to be clear I have understood something. You have made clear that what you do with the information you are provided with about donations is to check whether they come from permissible donors, which is clearly important and your legal duty and so on. What people are concerned about is not just whether donations come from permissible sources, but whether there is any connection between donations and subsequent activity and I just wanted to be clear that there is nothing that you do which in any way attempts to investigate whether there is any link between a donation you are aware of and any subsequent activity by a politician.

218. SEAMUS MAGEE: No, but I think there is provision in PPERA legislation that if we considered and had evidence that a donation was to influence in any way we could refer that matter to the PSNI.

219. SIR CHRISTOPHER KELLY: Yes, but how would you become aware of it?

220. SEAMUS MAGEE: If we did become aware of it or evidence was presented to us but --

221. SIR CHRISTOPHER KELLY: But do you do anything that would make yourself aware of it, or is it just if you became aware of it by accident you would then trigger that?

222. SEAMUS MAGEE: That would be the case through local knowledge or whatever, but we would not set out to look at every individual donation to see what the background to it is.

223. SIR CHRISTOPHER KELLY: But is there no sort of risk based, "This looks an unusual amount and is there any connection?" You are the one person working on this. This is not a criticism because we discussed the same point with David Gordon and he said he did not see how you could possibly do it. But to the extent that it is argued that reporting donations to you is a substitute for transparency, it is only actually addressing one of the two issues about transparency.

224. SEAMUS MAGEE: Yes, and I think that is part of the weakness of the system that currently exists in terms of having a semi-transparent system.

225. DAME DENISE PLATT: If I can ask a question which is about transparency and also about your donor base. When we were in Scotland it was a bone of contention with the political parties that we heard evidence from that those parties which raised money solely within Scotland were frustrated

because it was not sufficiently transparent where other parties raised money outside Scotland but which was spent in Scotland and identifying the proportion of that spend.

226. Is that an issue here around money which is raised in Northern Ireland, money which might be spent in Northern Ireland which is raised elsewhere, although you may not be able to tell us, but would you have information that could identify that, or is that a similar issue of transparency which Scotland experiences?

227. SEAMUS MAGEE: Political parties in Northern Ireland cannot, as you know, donate resources to political parties in Great Britain but political parties in Great Britain can fund parties in Northern Ireland.

228. DAME DENISE PLATT: Indeed.

229. SEAMUS MAGEE: I am not sure it is an issue that has come up here in the past.

230. DAME DENISE PLATT: If it did come up would you be able to clarify it?

231. TONY STAFFORD: It is an area where, at the moment, clearly there is a fair amount of transparency for other parts of the UK because you can see from the public records of donations where the money has come from and you can certainly see in terms of campaign expenditure where the money has been spent, so the information we published last week about party spending had a breakdown between England, Scotland, Wales and Northern Ireland. So, as and when equivalent information becomes available in respect of donations to Northern Ireland parties then we will be able to draw the same comparisons as to how much money they raised here, how much did they spend here. Clearly the situation in Northern Ireland is unusual in respect of the parties and their donor base.

232. DAME DENISE PLATT: Yes, I think some of the parties in Scotland might challenge whether it is sufficiently transparent but that is for another day.

233. SIR CHRISTOPHER KELLY: They told us it was not possible from published accounts to identify where the income comes from because you do not publish an equivalent table on donations and indeed technically it might be difficult to do that. Is this true?

234. TONY STAFFORD: That is interesting actually. I could look at that a bit further. I have not seen the transcript yet.

235. DAME DENISE PLATT: The issue is money being jetted in and it cannot be raised locally so it is jetted in from outside and may influence the outcome.

236. SIR CHRISTOPHER KELLY: You said, “as you know parties in Northern Ireland cannot finance parties in GB, although it is possible the other way around”, I did not actually know that. Is that to ring fence?
237. TONY STAFFORD: Yes, it is, yes.
238. SIR CHRISTOPHER KELLY: So, presumably, if transparency did come you would expect that restriction to be lifted.
239. TONY STAFFORD: The restriction is there because of the ability for Irish citizens to fund parties.
240. SIR CHRISTOPHER KELLY: Okay, thank you very much.
241. SIR DEREK MORRIS: This might just be a detail, or it might not. Option one, which you favour, it does have two elements to it. One is about transparency going forward and I know the situation in Northern Ireland may be slightly different, but one might say that seems perfectly reasonable, people will know the rules, if they want to make a donation they can, or if they are worried about the fact that their name will be publicised they can refrain from making a donation, but it also includes it being retrospective back to 2007. I just wonder whether there might not be quite a lot of resistance to option 1 because of its retrospective nature which might then mean it fell as an option even though if it were only restricted to the future, it might well be seen as a very reasonable change in the rearrangements.
242. SEAMUS MAGEE: Yes. I mean, our understanding on how this semi-transparent system was developed was that donations given during the confidential period would not be made public and that was the understanding of the political parties in Northern Ireland. So, we would not want to see a line-by-line publication of retrospective donations made during the confidential period. We think that that would be contrary to the legitimate expectations of donors at the time and indeed the political parties made it clear to those who donated during the confidential period that donations given to them at that time would not be made public. However, we feel that it would be possible to publish aggregated information from the confidential period up until 1 March 2011.
243. SIR DEREK MORRIS: Is that how we should interpret option 1? Where it says:
244. “The Electoral Commission be obliged to publish the register it currently maintains which provides details of all donations and loans reported to the Commission from Northern Ireland recipients from 1 November 2007.”
245. Would it be interpreted, or would you interpret that as only an aggregate up until now but then line-by-line or name-by-name going forward?
246. SEAMUS MAGEE: Yes, we would agree with the NIO’s interpretation of that. We have in our response indicated what our understanding was at the

time and that is an aggregated publication.

247. TONY STAFFORD: Yes, to achieve a position where we could publish aggregate detail about past donations that would be specified in the next order or primary legislation, so that is to be decided once NIO have finished their consultation.

248. SIR DEREK MORRIS: In other words, it would not be left to you to interpret, it would have to be clear what was being envisaged.

249. TONY STAFFORD: We are very clear we need legal certainty because the restrictions on publishing information are so tight.

250. SIR CHRISTOPHER KELLY: David Gordon in his evidence suggested there is a possibility that retrospection might occur which is one of the factors ensuring that people were behaving properly during the current period, unless I misunderstood? I did not misunderstand. Thank you.

251. DR ELIZABETH VALLANCE: Just listening to what you have been saying, can I ask a very general question? Do you see yourselves largely as regulators, or as auditors, or neither?

252. TONY STAFFORD: We are regulators and clearly there is an element of auditing involved in some of what we do and there are several strands to that. One is that we have supervisory powers and our powers changed last week; a great step forward for us so there is now a clear distinction between our supervisory powers where we have no reason to suspect the rules have been broken and our investigatory powers where we are looking at a potential breach and the supervisory powers are there to enable us to go in and check people's processes and check records, both in terms of accuracy and in terms of completeness. So, there is an auditing aspect to that but that is clearly necessary in order to give us confidence that people are not pretending to comply with the law and that their underlying processes are there and that everything is in order.

253. DR ELIZABETH VALLANCE: Well, regulation though, as I understand it, is in effect setting the rules and then making sure that they are complied with. So, would you see yourselves in that role? I mean, I am going back to where the chairman started, she was trying to get you to give views about what would be the best way of regulating this system and you very much stood back from that. Now, that seemed to me not to be the responsible regulator.

254. TONY STAFFORD: At the risk of possibly re-running the discussion you had with my chair a couple of weeks ago but we saw our role as a regulator as being to take the rules that Parliament has agreed and then apply those in an intelligent and proportionate way.

255. DR ELIZABETH VALLANCE: I understand, but it would also imply that if you thought the rules were not the best within which you could do your job

then you would lobby very hard to change the rules. Is that how you see your position?

256. TONY STAFFORD: In terms of the issues we set out in the written evidence that we produced are areas in the framework that we have been given where we have identified possible concerns or areas where things could be clarified. What we do not intend to do and Jenny Watson, I think, set this out in a letter she sent to your Chair after she gave evidence, is we do not set out now, we used to, to make recommendations on the overarching principles and that is partly because we view that as a job for parliament and for committees such as yourself.

257. DR ELIZABETH VALLANCE: Okay. I understand the levels of abstraction and so on, but I mean for example just to look at the issue which you talked about mandatory financial returns, now if you found this was a good thing and it obviously was going to allow some kind of level playing field and for you to be able to do your job better in these comparative terms, do you have the capacity to bring that in and simply say, "Right this is what we are going to do".

258. TONY STAFFORD: For statements of accounts?

259. DR ELIZABETH VALLANCE: Yes.

260. TONY STAFFORD: We have powers to make regulations.

261. DR ELIZABETH VALLANCE: And you could do that? And you would?

262. TONY STAFFORD: It has been an interesting saga actually. It is one of the first things I did when I joined the Commission 2½ years ago was go and talk to large parties about how we might use those powers because there have been various recommendations, and I think one in the 11th report, saying that that should be looked at. There was initially a lot of resistance to doing that. A lot of that was around concerns about burdens on volunteers because if you go and get a manual that has been drafted by Price Waterhouse Coopers that looks very frightening to people who are not specialists.

263. Where we have got to now is actually by working with the parties. It is fair to say the people in central parties were quite surprised when we showed them that their accounting units for the large parties were are using 60 different definitions of that income because that does not help them to understand what is going on.

264. So, we are now in a situation where actually the parties are being engaged in drawing up agreed standards on a voluntary basis and clearly if over time that does not work or it falls away and we think that underpinning that with regulations is appropriate then we have powers to do that and I think we have a very strong case for doing it, but it is always a good principle to try and do things voluntarily in the first instance and that is where we are going at

the moment.

265. DR ELIZABETH VALLANCE: Thank you.

266. SIR CHRISTOPHER KELLY: Thank you very much. Is there anything you have not said that we should have asked you?

267. SEAMUS MAGEE: Nothing at all. Thanks very much. Thank you.

268. SIR CHRISTOPHER KELLY: We are now having a short break and resuming at 11.15am to take evidence from Dr Elaine Byrne from Trinity College, Dublin.

DR ELAINE BYRNE (TRINITY COLLEGE, DUBLIN)

269. SIR CHRISTOPHER KELLY: Dr Byrne, thank you very much for coming to give evidence to us today. You have kindly provided us with a paper in evidence for which many thanks. We do not generally encourage long opening statements, but if there is anything you would like to say by way of introduction please feel free to do so.

270. DR ELAINE BYRNE: No, other than thanks for being so accommodating because I was late.

271. SIR CHRISTOPHER KELLY: Not a problem at all. We understand about transport difficulties at the moment.

272. Let me begin with a general question. A nice small one, which is, what has the UK, or Northern Ireland as part of the UK, got to learn about the funding of political parties from the experience of Ireland? The good or bad.

273. DR ELAINE BYRNE: I think both jurisdictions can learn from one another and it is wonderful that the issue of trader funding is receiving the attention that it does now because I think for a long time it was something that was not something that people were particularly concerned about and we have seen the consequences of that in recent years.

274. What jurisdictions can learn from one another, in particular Ireland can learn from how the UK have a full income and expenditure set of accounts. We do not do that and that has caused a lot of problems.

275. SIR CHRISTOPHER KELLY: I am more interested in lessons the other way.

276. DR ELAINE BYRNE: Lessons from the UK?

277. SIR CHRISTOPHER KELLY: No, lessons for the UK from the experience in Ireland, whether for good or for bad.

278. DR ELAINE BYRNE: Ireland have donation caps on their donations so that is something that is quite positive because it prevents extremely large donations entering the system and the UK have had particular experience of this over the last few years. So, in Ireland for example we have to disclose over certain limits of money. There are negatives to that as well, which I think is outlined in one of your questions and we can go into that in more detail.
279. Also, in the UK, or in Northern Ireland, you do not disclose the identity of donors where in Ireland we do, over a particular limit, so I think those would be some of the chief lessons.
280. SIR CHRISTOPHER KELLY: Thank you. Asking the question in a slightly different way - as a very informed person from outside the UK, what observations would you make about the regime for regulating party political finance in the UK?
281. DR ELAINE BYRNE: I think Ireland would be very envious of the website that the Standards in Public Life have and that you can see very clearly what the list of expenditure and income is and we do not have that. I think, reading my points, the focus on the amounts of money that are in the UK is quite large where we do not have that in Ireland and also in Northern Ireland the focus is you do not have a ban on foreign donations where in the Republic of Ireland we do but I understand that that is not something that is common throughout the UK; that is just something particular to Northern Ireland.
282. So, I think that it would be very positive if Northern Ireland did ban foreign donations and that the identity of different individuals was disclosed over a particular limit. But, I mean, I think the GRECO recommendations of earlier this year they would be things that I would very much concur with. There were eight different proposals and under their evaluation they outlined how only one had been fully implemented and I think although there are now moves to develop a consistency with different accounting procedures among the different political parties in the next year that is something that is very positive and Ireland can learn from.
283. I think the UK are far more down along the road of different punishments and different mechanisms to ensure implementation of the different legislation with the Electoral Commission and also something the UK are working on that we are still looking to focus on in Ireland which is loans to third parties as well.
284. So, I do not think I would go outside of what the GRECO recommendations have said and hopefully in the next 18 months many of those recommendations hopefully will be implemented.
285. SIR CHRISTOPHER KELLY: Thank you very much.
286. DR ELIZABETH VALLANCE: Good morning, or is it good afternoon? Can I just ask you a bit about transparency and about PPERA? Obviously at

the heart of PPERA is transparency, the whole idea of transparency. How important do you actually think, and what evidence do you have for thinking, that transparency is particularly important in relation to trust and the public feeling of trust in the system?

287. DR ELAINE BYRNE: It is imperative. It is the essence of a political system that there is a contract of trust between its politicians and its citizens and that is something in particular in Ireland right now we have seen a breakdown of and the long-term costs of that we do not yet know.
288. In the Irish case a series of groups and tribunals and incidences which undermine the integrity of politicians over the last ten years in particular have created a situation where this year in the Eurobarometer poll trust in government across the 27 member European countries Ireland was one of the lowest. We are the fourth lowest and that is something that is not very particular to Ireland.
289. DR ELIZABETH VALLANCE: But could you see a causal relationship between that outcome and the way in which finances work?
290. DR ELAINE BYRNE: Yes. There is a lot of negative media attention in Ireland about how political parties finance their campaigns. Much of it is very frustrating from my perspective because there is a lot of -- excuse me, it is budget day in Ireland and everybody is ringing. Sorry, what was the question?
291. DR ELIZABETH VALLANCE: I do not think you can go back to the beginning but you were talking about the evidence for lack of trust being related directly to lack of clarity about donations.
292. DR ELAINE BYRNE: Yes. So, for example, we have had two extremely popular former Prime Ministers who in the public mind were individuals who have done an awful lot for Ireland and both of those individuals were undermined and their credibility undermined, and their legacy undermined because of political funding.
293. In one case the Moriarty Tribunal found that between 1979 and 1992 Charles Haughey received €45 million in donations and then in the other case our former Prime Minister Bertie Ahern resigned last year following persistent media attention about his personal finances which accumulated in a statement he made in the tribunal that he won a proportion of the money from horses. So, with those two events combined in the public mind and in the public memory the ability of politicians to have trust with the public is something that is --
294. DR ELIZABETH VALLANCE: And in Northern Ireland you think the same holds?
295. DR ELAINE BYRNE: I think you had a journalist here this morning who would speak better on that and the case with a former MP and that situation, but the long term consequences of trust in politics I think one of them is

political instability. I do not think that is too far of a stretch to suggest that when people do not have trust in their politicians then politics --

296. DR ELIZABETH VALLANCE: I think what I was trying to get at is this is an article of faith with some of us but what actual academic backing is there for that assertion? It is an assertion until you can prove it but I think you have given some answers. Thank you.
297. At the moment obviously there is no transparency in relation to general political donations in Northern Ireland. How do you stand in terms of making these entirely overt and clear? Obviously there is consultation at the moment and there are three options, which of the options would you go for?
298. DR ELAINE BYRNE: Which are the three options?
299. DR ELIZABETH VALLANCE: The three options in terms of the consultation on making donations explicit. Sorry, there is one that, as I understand it, suggests that all donations should be made clear and public, the second one which says just keep the status quo, keep things as they are, and the third one which is a kind of in between, "We will move towards being overt".
300. DR ELAINE BYRNE: I think that all donations should be disclosed. I am not convinced that it is necessary for donations of €100 or €200 that people need to know who those individuals are. In Ireland the move for disclosure however has been counterproductive in some ways and I am just going to refer ...
301. So, in Ireland since 2001 there have been limits placed on donations and before that time there were no limits on donations and in some ways that has been counterproductive. We have perhaps a reluctance to donate now in Ireland because of a perceived negative public attention and anecdotal evidence which suggests that individual politicians are instead increasingly sourcing their campaign finances through bank and credit union loans and most of the political parties in Ireland are in significant debt. There is a massive reluctance by general secretaries of the political parties to talk about the debt that they have, so in the UK you do know the debts of political parties and in Ireland we do not.
302. DR ELIZABETH VALLANCE: I think it is transparency I am really looking for and why you would take the line that you take on total transparency, presumably immediately, presumably from March 2011, which is the suggestion, and that you would discount any suggestion of intimidation.
303. DR ELAINE BYRNE: Intimidation by people. I think that is --
304. DR ELIZABETH VALLANCE: It was one of the arguments given, as we understand it, for lack of transparency.

305. DR ELAINE BYRNE: Yes. You suggested earlier that there was no concrete evidence about the relationship between trust and transparency and two things I would refer to; one would be the Eurobarometer poll which has shown that there is a decreased amount of trust in Ireland and the second one is various transparency international polls as well and that there is a correlation over a period of time when media and public attention on issues of trade or finance, because of the tribunals and different things, that those indicators of trust have shown that trust in politics and focus on transparency has declined.
306. The argument that I would make for full transparency is that ultimately political parties cannot survive on political financing alone because there is a reluctance for people to donate for all sorts of reasons and now in a period of recession there is even more so, so political parties are in debt and if political parties do not have money then they cannot run campaigns and in order to promote trust in the system, because ultimately I think all political parties and all systems are moving towards a system of public finance where the Exchequer picks up the bill for political funding, and in order for people to put money in their pocket through taxes and to give people to political parties I think that political parties in return have to demonstrate a sense of trust in their own measures of accountability. So, I think it is a two-way process. So, it is not just political parties being transparent, they are doing it to demonstrate trust in politics in order to receive more publicly funded money.
307. DR ELIZABETH VALLANCE: We will probably come onto state funding later, but thank you very much.
308. SIR DEREK MORRIS: In the UK we are looking at a number of issues, but probably the single most significant one is the belief that large donations are made, or certainly are perceived to be made, in order to at least gain access and perhaps influence; that is a very central issue we are dealing with and it has led in a number of people's minds to the notion that you have to have a cap on donations.
309. So, if I can quiz you a little on the Irish experience, because it can be very valuable in illuminating our thinking for the UK. So, Ireland has what appear to be very tight donation caps. Could you say a little about the origins of that? Why the cap came in, although I suspect part of that relates to evidence that you have already given us this morning. But why it came in, and more particularly, if you know the answer to this, why the cap was set at such a low level.
310. DR ELAINE BYRNE: Well, the cap came in response to various incidences in public life. One would have been the Beef Tribunal in 1992 which showed how political parties were receiving large amounts of donations from the beef industry and in one party's case 10% of their funding came directly from one particular beef baron and much of this money would have come on the day of the election and things like that and these are not assertions, these are from the evidence of the Beef Tribunal report. I have a book which is going to be shortly published which outlines the sources of the

money and the sources of my assertions.

311. Also, the reason I would suggest that a cap on funding is necessary to limit the influence of particular sectors of society, in the Irish case over the last ten years in the evidence that I have given you in a report that I showed and evidence that comes from my book as well, we have two systems of finance in Ireland, so there is money that is disclosed and then there is money that is not disclosed. So, money underneath €5,500 does not need to be disclosed. So, there was a trend in recent years where a lot of this money is not being disclosed but from my analysis of the Standards in Public Office Commission in Ireland from 1997 to 2002, so looking at three general elections, 1997, 2002 and 2007, 35% of the government party during that period, Fianna Fáil, their donations came from the property and construction and development sector and that period coincided with legislation looking at tax breaks for hotels and tax breaks for different property and so forth. These issues are outlined in the Houlihan Report and the (inaudible) banking inquiry report which cites the different legislation that exasperated the property boom in Ireland.
312. I have given you some of the evidence in the report, but I can give you the book chapters which looks at the relationship of large donations from different sectors of society and the influence that that may have, or not even the influence but the perception of the influence which undermines the trust.
313. SIR DEREK MORRIS: So, that 35% that you mentioned, was that through a relatively small number of large donations?
314. DR ELAINE BYRNE: The legislation changed in 2001. Before 2001 quite a large proportion of donations would have come directly from that sector in some cases. Large by Irish standards; 20,000, 30,000 and 50,000.
315. SIR DEREK MORRIS: So, this was at a time when there was not a cap. Is that right?
316. DR ELAINE BYRNE: Yes.
317. SIR DEREK MORRIS: Yes, I see.
318. DR ELAINE BYRNE: That 35% covers the period when there was a cap and there was not a cap.
319. SIR DEREK MORRIS: I see. Okay. So, what was the impact? When the cap, which presumably was as tight as it was in order to try to eliminate any possibility of that type of influence being purchased, do you know what the impact on party funding was?
320. DR ELAINE BYRNE: All of the political parties changed their method of fundraising in response to the cap. Another reason for the cap would have been the large amounts of donations received by Sinn Fein from entities that would have been perceived as quite vague, such as Friends of Sinn Fein and American Friends of Sinn Fein, Australia, and I think I have given in evidence

to you a graph which looks at the proportion of funding.

321. So, in the year before the cap was introduced, for example, Sinn Fein received more donations than most of the political parties combined. So, for a party that received less than 10% of the vote, the proportion of money they were getting was quite extraordinary and so there would have been concern by the government at the time that the legislation as it was was allowing for a large influx of money from abroad and so that was one response to what they were doing.

322. So, the parties changed their method of fundraising and I would have spoken quite at length to the different general secretaries of the political parties in the south and what you see now is a greater focus on grass roots financing. So, the main political parties have national draws so the main income for Fine Gael, for example, is their national draw and I think I have again given you in the evidence I have submitted the breakdown of where they get their money; they showed me their full accounts.

323. So, in 2006, for example, and these figures are comparable to subsequent years, the proportion of money, so in 2006 Fine Gael's national draw earned them 1.4 million and then their other major sources of financing came from membership fees, corporate dinners, golf classics, and so forth. But actually what was curious when I looked at the breakdown of their funding, which is quite similar to Fianna Fáil's, was how little money they actually got from donations because their donations are quite -- the limit is quite small, so instead of actively looking for direct donations the focus now is on national draws and grass roots financing.

324. So, where before 2001 Fianna Fáil and Fine Gael most of their money would have come from large donations, now two-thirds of their financing would come from what I would call grass roots financing.

325. SIR DEREK MORRIS: So, would you adjudge the cap as having been effective?

326. DR ELAINE BYRNE: Yes, the cap was effective and I think it is a positive development in public life that funding is coming from smaller amounts from greater amounts of people, so the influence of any one particular sector of society I think is not going to be the same as it has been previously.

327. SIR DEREK MORRIS: In your written evidence to us I think you said that all three main parties in Ireland disclosed a zero return for publishable donations. Could I first ask you sort of very candidly, do you think that is accurate?

328. DR ELAINE BYRNE: I think things like that contribute extraordinarily negatively on the perception that politics in Ireland is corrupt because in the public mind it is ridiculous to assume that political parties do not receive any money, particularly last year all of the political parties declared that they

received no money, apart from one or two of the smaller parties, and that was in the year where there was the Lisbon Referendum, a local election, and a European election.

329. SIR DEREK MORRIS: Sorry, can I interrupt just to make sure I have understood something right? You have a tight cap and then you have a limit on what needs to be published, which is only just below the cap, so is it not right to assume that anyone who wants to give money, would like to give as much as possible, so they are going to go to the cap limit, but then they notice that if they are just a bit below that they do not have to publish it and I could imagine that would lead, if everyone is following the rules, that everyone would give just below the publishable limit and that would give you this result. It is not that they are getting any money, it is just there is no incentive for anyone ever to go above the publishable limit because you are so near the cap anyway.
330. DR ELAINE BYRNE: Yes, and particularly when people do donate then their names are in the paper and there is a negative focus then on people who donate because there is a wrong assumption that by donating that they are attempting to get influence. Just before the last election the Progressive Democrats, for example, who were in government at the time, issued a letter to 400 of their potential donors in the 2007 election and suggested that a contribution of €5,000 which they said was “below the declarable limit” will “not be the subject of any disclosure, either voluntary or statutory”, so the political parties were reminding people when they were -- or this particular political party, and I do not think this is any different to the practice of other political parties, were reminding people when they were donating to donate under the limit so they would not attract any attention.
331. So, it is the practice within political parties where they do get big donations to get it from those sources. However, when I looked at the full accounts of Fine Gael I saw that most of their funding came from, as I described it, grass roots financing and even including the money underneath that limit those €5,000 that do not need to be officially disclosed is actually still quite small. I think they received €50,000. So, even though the names of the people do not have to be disclosed the overall amounts do.
332. SIR DEREK MORRIS: Is there a public perception in Ireland that someone who donates less than €5,079 is seeking influence or access, or is it accepted that these are sufficiently small sums that they really do not have an impact?
333. DR ELAINE BYRNE: I do not think people give any great thought to that. I think people just feel that because the political parties have disclosed a nil return, in Fine Gael's case for the last eight years, that there is something untoward within the political parties because the two incidents do not marry. The political parties are running expensive campaigns and then they do not receive any money where of course they do; they receive it from very small amounts of money and from my perspective I think it is very frustrating

because there are lots of very positive things about the political system.

334. I do not believe that there are wrong things happening within political financing in Ireland, I think the legislation has cleaned up a lot of things. Political parties take it extremely seriously and I know from speaking to different individuals in the political parties it is a matter of honour that these systems are clean and they have people employed fulltime looking at the legislation to make sure that someone in Cork does not donate to a political party and then forget to name the same person in Dublin, so there is not a duplication of how people donate. So, they do take it quite seriously and this is where Ireland can learn from the UK experience so that by publishing a full income and expenditure account people will see that, yes, political parties do get money but the money that they get is small and it does not come under the disclosure limit and then, "We get 1.4 million in the national draw, we get 300,000 from membership fees".
335. SIR DEREK MORRIS: Does that include an indication of how much has been raised by people holding an Irish passport but not living in Ireland?
336. DR ELAINE BYRNE: In Ireland you can only donate if you are an Irish citizen and have an Irish passport. Before 2002 that was not the case.
337. SIR DEREK MORRIS: Is it publicly known how much of each party's funding comes from that source? That is published?
338. DR ELAINE BYRNE: Yes, it is in the public domain if it is over the disclosure limit then it is known.
339. SIR DEREK MORRIS: I meant the total. Do you know for each party how much of the money that they in total receive comes from Irish citizens living overseas?
340. DR ELAINE BYRNE: No.
341. SIR DEREK MORRIS: That is not known. Is that a political issue?
342. DR ELAINE BYRNE: No.
343. SIR DEREK MORRIS: Nobody is worried about that?
344. DR ELAINE BYRNE: No. I am trying to think in the Sinn Fein case. The amounts that there were were quite small. Before 2001 we had a better picture of the political financing system because there was no limit and then everything had to be disclosed and there was quite a large proportion of money that the political parties were receiving from abroad, mostly for the Good Friday agreement. A large proportion of money was brought into the system to campaign for the Good Friday agreement but the limits are so small now that for people abroad I am not so sure that it is something that people are particularly worried about.

345. I mean, the biggest issue in Ireland is that every year it is announced that no political party has disclosed any donation and I do not think that is very fair on the political parties because the mechanisms that are in place ensure that the system is now very fair. Most of their money comes from small donations. I think it is a model of how political parties should run. Unfortunately it has been counterproductive because they do not have a full income and expenditure account people do not see where all their money comes from and do not see that it is actually quite small donations over a period of time.
346. SIR DEREK MORRIS: Just one last question. Is there an issue about funding of individuals as opposed to parties in Ireland?
347. DR ELAINE BYRNE: Again, in the evidence I have given you I have shown a graph which suggests that the amounts are being disclosed, that people are donating to individuals rather than to political parties.
348. SIR DEREK MORRIS: Even though the limit is lower, is it not?
349. DR ELAINE BYRNE: Yes. So --
350. SIR DEREK MORRIS: Why is that? What is going on there?
351. DR ELAINE BYRNE: I am just going to read some of the evidence that I have given you already.
352. "Although donation limits to political parties are pitched at a higher threshold political individuals attract more contributions, so disclosed donations to political individuals, so TDs and MEPs and councillors and so forth, in 2007 amounted to almost €900,000 and excluding subscriptions from the salaries of elected representatives to their parties disclosed donations to political parties in that same year amounted to under €50,000."
353. So, in 2007 under the disclosure regime that we have, almost €900,000 was given to individuals where in the same year less than €50,000 was given to political parties.
354. SIR DEREK MORRIS: The reason for that?
355. DR ELAINE BYRNE: Well, it appeared that it is more attractive to donate to political representatives than political parties. Maybe reasons for that would be that loyalty to political parties has declined. It may be a concern that there is a focus on giving money to candidates rather than parties becomes the focus for financing that the opportunity structures then for illicit influence may increase.
356. Why are people donating to political parties rather than political individuals? Perhaps if you do want to exercise influence or the perception of influence it is very difficult to do that with a political party now because the disclosure limits are so small and maybe it is easier to do it if you wish to do

so by giving to an individual.

357. SIR DEREK MORRIS: So, you think that one explanation might be essentially a corrupt explanation?

358. DR ELAINE BYRNE: There is no evidence to say that people in the last few years who have received money have acted corruptly but in the Mahon Tribunal, for example, in their first report, and their second report is due shortly, would show that councillors in particular for very small amounts of money, €1,000 generally or €15,000, as it was, did change their votes on planning issues and there have been convictions in the courts for that.

359. SIR DEREK MORRIS: I had better stop there. I will come back later.

360. RT HON MARGARET BECKETT MP: It did not strike me at all when I was reading your evidence and it did not strike me until I heard you answering Derek's question now, but one thought did occur to me and I wondered whether you had given it any thought and think it is valid because what you seem to me to be saying is that you had a system where there were lots of donations and people were very suspicious of it and then you put this very severe cap on and now the position is completely transformed and all funding comes in very small amounts from much larger numbers of people and that is a much better system, but that alongside that the parties raise also substantial sums of money from events, draws, things of that kind. That is a very abrupt transformation.

361. I wondered whether you have any views on, and whether it is not possible to know the answer, or whether it is an unfair question; if you are running a fundraising event and a company takes a table or two or three tables, or buys large numbers of tickets in a draw, or whatever, then that does not show up as donations and it does not show up as a money flow, but it might be contributing to this large amount of money coming in. In other words, what I am asking you is, is there any evidence that it is actually hundreds of thousands of ordinary Irish citizens now buying all these tickets and taking the tables at dinners and things and just giving little amounts of money that is the source of all the funding?

362. DR ELAINE BYRNE: I think the system that we have is very positive and I often use the analogy of putting on a very nice pair of shoes and then forgetting to tie your laces and then you trip over. So, we have this wonderful legislation in some ways and then we trip over because we do not have a full income and expenditure and so all the positive initiatives that have occurred in Ireland have been counterproductive in a sense because there is the perception that political parties are not disclosing anything.

363. I take your point, and there have been some incidences over the summer where there has been a focus on some of these events, such as the golf classic where it showed the type of people that go to them and then there has been some suggestion by politicians that groups of solicitors from the same firm, for example, are taking tables at dinners so unless you have a list

of the people who receive the €100 tickets or whatever, then I do not have an answer to that. I suspect though that the influence that there was in the system, or the perception of the influence that there was in the system, as demonstrated by our Beef Tribunal and the other tribunals is not the same as it was previously but you create legislation and then --

364. MARGARET BECKETT: Yes, I understand.

365. DR ELAINE BYRNE: An unwelcome development in the system is not just because of the cap but I think the negative perception of politics at the moment, that there is less donations being made in the system and what you are seeing in the Irish system, and it is an unspoken thing among the politicians from all political parties, is the reliance now on raising the money themselves through large loans, so across political parties some of the most well-known people and some not so well-known have massive personal loans from banks and credit unions to finance their campaigns. So, it is very prohibitive for people to enter the political system because they need to get money from somewhere and although I showed you the graph where large amounts of personal donations were being received by individuals I do not think that is reflective of the financial difficulties that a lot of individuals genuinely are in.

366. A response by that to some of the political parties is that there is an obligation, for example, with the Green Party and with Sinn Fein that they donate a proportion of their income to the political party as a way to get money into the system and that for me is robbing Peter to pay Paul and it is a form of public financing by using an income to finance political parties. So, that in the Republic of Ireland for example that is Sinn Fein's main source of income because all of their MLAs since the cap was introduced now donate to their own party in the south.

367. So, I personally think there's a crisis of funding in the political system. Fianna Fáil, for example, when they had a crisis of funding in the past they did two things: one, they employed a fundraiser who got large amounts of donations, and the second thing they did was they sold their party headquarters, so they are now renting headquarters and now they are in similar difficulties again; they have quite a large debt between 2 or 5 or 6 million, depending on who you believe.

368. Fine Gael are in a similar position as well, but they do not have recourse now to sell that property so they are carrying this debt and they are going into a general election and my concern is that political parties have large debts because they are not coming forward and saying the difficulties that they have and that this has implications then for how elections are run in the future. So, will a party run a candidate for a presidential election or will they delay calling the Lisbon Referendum and so forth because once the referendum is called then the legislation kicks in and the spending limits all have to be applied, whereas before that it does not.

369. So, I would think that there are decisions being made about politics that are happening because people have limited resources financially.
370. DAME DENISE PLATT: I want to pursue the bit about expenditure. There are expenditure limits in Ireland. How effective are they, how are they applied, and do they only cover election expenditure?
371. DR ELAINE BYRNE: Well, they are effective in the sense that nobody donates above them.
372. DAME DENISE PLATT: Do the parties spend well below them?
373. DR ELAINE BYRNE: Are they spending less? Okay, that is a good question. It is something I had not considered. I think at this time they are certainly because of the difficulties that they are in, but also because of the financial situation in Ireland. Things are a lot cheaper, so posters for examples which to a large degree is where a lot of the money is being spent. I think they are being a lot smarter now with how they spend their money. I think it is very positive in Ireland that we do not have radio advertising and television advertising.
374. A curious thing that is happening as newspapers are under financial pressure there is an assumption that you have to put an advertisement in a newspaper in order to ... if you are a politician it would not be a very clever thing to do not to put an advertisement in a newspaper when all the other politicians are doing it, so from talking to individual politicians they feel that increasingly they have to put more and more advertisements in newspapers the closer it comes to an election and they are particularly expensive as you get closer to an election and perhaps that is something that we need to look at; maybe limiting the amount of ads you can put in a newspaper or something.
375. DAME DENISE PLATT: Who polices the limits? Who monitors the limits and makes sure that parties are in place?
376. DR ELAINE BYRNE: The Standards in Public Office.
377. DAME DENISE PLATT: Is that effective?
378. DR ELAINE BYRNE: I think the Standards in Public Office Commission would prefer to have more powers to police. At election time people sometimes say, "This party spent more, they have more posters, they cannot have been within the expenditure limits", and things like that, but those things cannot be proven unless there are investigations at the time of an election and the Standards Commission do not always have the resources to do that.
379. As I have referred to in the information I gave you, there have been court cases, the Kelly judgment in 2002, for example, which looked at the role of incumbency. So if you are an incumbent minister, what resources of the State were being used for your election, are staff being paid and things like

that. So it appears to be effective but it would be more beneficial if the Standards Commission had greater resources and resources that they have been calling for quite some time and an Electoral Commission which would oversee this in a more sustained way between elections as well.

380. DAME DENISE PLATT: Okay. You mentioned right at the beginning of giving your evidence State funding. How extensive is State funding in Ireland and what sorts of ways does the State fund the political parties?

381. DR ELAINE BYRNE: The expenditure limits in Ireland only commence three weeks before an election and there is evidence to suggest that political parties when you get the complete set of statements of how much they spent in an election and although they I do not think there has been any case where a party has spent over the limit they are allowed to spend. So every constituency has a limit. The details are bush. Political parties of course do not start their campaigns three weeks before an election so that is something that needs to be looked at in Ireland and it would be better if we had the spending limits between elections not just --

382. DAME DENISE PLATT: Through an electoral period.

383. DR ELAINE BYRNE: Yes, so I do not think that we have a fair picture at the moment of that.

384. DAME DENISE PLATT: So that is an expenditure limit on a party expenditure over a period of time rather than expenditure for a particular candidate, yes?

385. DR ELAINE BYRNE: Yes. It goes by constituency so if there are three seats to a constituency, I think I have given you the limits here. Then if it is a four-seat constituency or a five-seat constituency, the amount of money is greater as well. On your second question about State funding. So Exchequer funding for political parties substantially increased since the introduction of the Oireachtas Ministerial and Parliamentary Act in 2001 which was known as the Party Leader's Allowance. Regulation on the party leader's account was introduced as a consequence of issues that arose in the Moriarty, Mahon and McCracken Tribunals which showed that, in particular, that system had been abused by the foreign teacher, Charles Haughey. So it was a positive development because it gave money for political parties from the Exchequer on the condition that that money should not be used for electoral or referendum purposes. So political parties cannot use public money for financing campaigns and instead it meets the day to day needs of political parties.

386. This causes difficulty then around election time because, of course, people are employed, their wages are coming from this source. So the way the campaign kicks off then does that count as a contribution by the State and is the legislation being breached. So there are cases where people do not get paid for two or three weeks, members of staff, or they have different arrangements and things like that. My own belief is that that legislation

perhaps needs to be changed, that you can use public money for campaign purposes and this is the debate that we are beginning to have in Ireland as the reform agenda in Ireland is gathering pace. The Green Party have called for a ban on corporate donations and I think in order for that to succeed, perhaps there is a need to look again at this legislation.

387. DAME DENISE PLATT: So what is the public reaction to all this? Do the public welcome the introduction of State funding? What would their view be about State funding being used for campaigning do you think?
388. DR ELAINE BYRNE: I think it is quite extraordinary dash. I just have the figure here for 2005. I am sorry I do not have more up to date figures but the political parties in 2005 have received something like €13 million from the Exchequer. I think now that is maybe about €15 million or €16 million for paying staff and youth campaigns and research and those kinds of purposes.
389. Because the previous system was seen to be so awful, given the various Tribunals and the abuses that occurred and these reform measures were brought in as a response to that, that in that context, people were quite positive that the matter was being somewhat resolved. So there was not a massive debate in Ireland and there is still not a debate in Ireland that a large proportion of money comes from the Exchequer for the purposes of funding political parties. So it has always been accepted as a response to the previous system which had been obviously so bad. I think if political parties are going to use this money for campaign purposes, then I think that is a different debate and then I think that the public would have issue with that because of the perception that there is no transparency in the system because political parties year in and year out do not disclose anything.
390. DAME DENISE PLATT: So the transparency would be about the accounts that you have referred to?
391. DR ELAINE BYRNE: Yes, but I would imagine the public would not support Exchequer money public money being used for campaign purposes for political parties, given the financial constraints on the Exchequer but also because of the perception that there is no transparency or accountability within the political financing system in Ireland and the perception that there is untoward influence which is an unfair one because most of the money does come from small grassroots donations, yes.
392. DAME DENISE PLATT: Okay, and one final question from me. In the UK, there are concerns that if there are donation caps and severe expenditure caps that what will happen is that money will be paid to third party organisations' think tanks which are set up for political purposes but their donations may not be as transparent. Is third party donations an issue in Ireland? Have you seen a growth in money being given to organisations that are not political parties but hold political opinions and might campaign. Has that been an issue?

393. DR ELAINE BYRNE: Yes, that is an issue that has been looked at. For instance, how do you define what is political? So, for example, if you are in charge of the organisation, if you are concerned with one of the developing third world countries' organisations and you are campaigning that Irish Governments should still contribute to overseas development, well, that is political act so therefore any charity donations to that organisation are therefore considered donations and therefore the cap comes on. So if you are an individual and you wish to donate 10,000 for the purposes of development issues, then you are not allowed to do that because this requirement comes in. So I think that is a very tricky issue, how you define what is a political activity and what is politics and that is something that is emerging in Ireland, particularly since our second Lisbon referendum and the influence of a businessman Declan Ganley on the Irish system and his ability to use vast quantities of his own personal resources for campaigning in the first referendum which he proved to be particularly successful at. The referendum was defeated not entirely to him but certainly his influence at that time was quite extraordinary in Ireland. It has never seen a situation where political parties who represent 90 per cent of the Parliament advocating yes on a referendum or a defeat it in that referendum so the influence of someone outside of politics on the referendum was quite large. So in that case and I think I have given you in the appendix an outline of that case in an article that I wrote So he was able to loan his organisation. They were tasked €300,000 and under the legislation, this was allowed but a political party or another individual could not do that to a political party so --

394. DAME DENISE PLATT: So it is an emerging issue for you?

395. DR ELAINE BYRNE: Yes, it is an emerging issue and I think it is one that requires some urgency looking at now.

396. DAME DENISE PLATT: Thank you.

397. SIR CHRISTOPHER KELLY: Dr Byrne, thank you very much for coming to talk to us. You have been most helpful.

398. DR ELAINE BYRNE: Thank you very much.

MARK COSGROVE (ULSTER UNIONIST PARTY)

399. SIR CHRISTOPHER KELLY: Our next witness is Mark Cosgrove, the Treasurer of the Ulster Unionist Party. Mr Cosgrove, when you are ready. I think it is true that you have, unless I misunderstood, not submitted any evidence to us for the Ulster Unionist Party. Is there anything you want to say by way of general introduction of your view of the states of party finance in Northern Ireland?

400. MARK COSGROVE: I think the state of party finance in Northern Ireland is similar to the rest of the United Kingdom. Very few parties have balance sheets in the black, ourselves excluded. So certainly raising money in the current fiscal environment that we all find ourselves in is not easy. As I

say, I suppose the only proviso I would say to that I am sure you guys would agree with that I do find it as a businessman rather strange that we always account for a political party at a central level whenever there are huge resources regionally. If you look at the Labour clubs, the Conservative clubs and in our own case, our various constituencies have been going for years that hold huge assets. That with the focus is on the central party and so I think it is very difficult sometimes to build up an overall position of the real fiscal position of a political party at any one time.

401. SIR CHRISTOPHER KELLY: So you are saying your party is in the black and also has a very positive balance sheet because of the property you hold. Is that what you are saying?

402. MARK COSGROVE: No, I am saying that we are in the black but in addition to the centralised accounts the same as several other parties throughout the United Kingdom. Our associations would also hold assets that are not recorded because they do not have the necessary turnover that makes them have to be reported and I am sure that is the case for Conservative and Labour constituencies throughout the United Kingdom.

403. SIR CHRISTOPHER KELLY: Does the fact that it is difficult to raise funds impact upon you or, in your view, the other parties to such an extent that you are not able properly to fulfil your part of the democratic process? I am not asking you whether you could do more with more money. The argument goes political parties are an essential part of the democratic process because they provide a means by which people can exercise their choice, they can choose between platforms. Are you actually under-financed to such an extent that you fear you risk not being able to perform that function effectively?

404. MARK COSGROVE: I think that is a very subjective question.

405. SIR CHRISTOPHER KELLY: Indeed it is,

406. MARK COSGROVE: But no, I think that certainly when you look at the level of funding that Northern Ireland parties in general exist on except for one whose political representatives are particularly generous to it, I think that it really is everything is done on a significant shoestring. I think honestly and objectively it is very difficult to properly represent people and provide them with the right level of choice with the fiscal constraints that we do operate under, the equivalent of a very small business trying to ultimately spend wisely 16 billion of public money. So I think that is an honest answer to your question.

407. SIR CHRISTOPHER KELLY: Thank you. You are obviously important in Northern Ireland terms and a small party in UK terms. Are the dice loaded against you as a small party in terms of the way the financing regime operates?

408. MARK COSGROVE: Yes, clearly that is why I am here in addition to seeing all you great people. No, we have certainly felt since devolution was

restored to Northern Ireland and the rest of the United Kingdom that the current method of funding political parties is not the right method and it does not take the kind of devolution in all of the regions and certainly in the context of the fact that our sales unfortunately down to having no Members of Parliament and previously only having one but responsible for two to three largest departments in the Assembly spending very substantial amounts of billions of public money have been starved of resource centrally. Certainly that has caused us very significant problems.

409. SIR CHRISTOPHER KELLY: So what changes would you like to see?

410. MARK COSGROVE: I would like to see the new dispensation that we are in and obviously I have my own opinion on the level of numbers because clearly it could not be done on the basis of the two representatives that it is currently based on from a Westminster perspective because, for a start, each of the legislators have a different proportionality between the number of MLAs or MSPs or Welsh Assembly so it would probably have to be done as a percentage of the total to make it fair.

411. SIR CHRISTOPHER KELLY: You are talking about the Short money and policy development grants?

412. MARK COSGROVE: Yes, but certainly yes, for regional parties to continue to prosper and provide the public with good service for the relatively small sums of money involved, I personally believe that there should be a mechanism to make your size and your scale on a regional basis matter as much as your scale within the other requirements.

413. SIR CHRISTOPHER KELLY: I understand that point. It was made to us in Scotland too you will not be surprised to hear but if I can just probe it a little bit because the justification you give for having more support is you are responsible for two departments in the Assembly. But you are supported by civil servants so why do you need Short money as well?

414. MARK COSGROVE: To develop proper policies, Sir. At the end of the day, civil servants and perhaps if I may be so bold to make a political point which I will, civil servants are there to serve politicians, not the other way round. Obviously we have had many, many years of direct rule and we have many civil servants who are senior to our politicians, both in terms of their remuneration and perhaps you could argue their historic experience. I passionately believe that only when the parties can afford to recruit at that sort of level the sort of expertise to develop their policies properly, that we will begin to have a better and a more mature democratic process. At the minute, parties are having to operate at a very low salary level for staff, based on the economic constraints that they have and I am not saying that those staff do not produce worthwhile policies and that the parties do not but clearly they would be better resourced if they could afford more expertise and, as I say, set the agenda rather than the civil servants setting the agenda. Like I say, they are there to implement the policies of the political parties, not to create them in

the first place I would argue.

415. SIR CHRISTOPHER KELLY: Thank you.

416. LLOYD CLARKE: I want to ask you some question in respect of the transparency in respect of donations and donors themselves. The Dumat has just finished consultation on that and I wonder if you could tell me what the view of your party is, please?

417. MARK COSGROVE: Well, the view of our party has changed. We created the Belfast Agreement to have a normal peaceful society here in which all the democratic norms and full transparency can be adhered to and 10 years or 12 years on and we hope that we would be in that position. Our previous recommendation has always been full disclosure. However, the reality - I know you know what the arguments are - is that making a political donation in Northern Ireland is not the same. I wish it was. I hope it will be, but it is currently not. I am an elected representative myself at local level and the past Chairman of District Policing Partnership, and we have received personal threats and have had to look under our cars and all the rest it. My colleagues across the water, they just do not have to do those things.

418. LLOYD CLARKE: Is that because you are involved in politics, and are you suggesting therefore it will not be the same for the person who wanted their involvement to be donations? Because we do hear this, and it is a question of is it a perception or a reality, and it is trying to tease out that evidence for that.

419. MARK COSGROVE: Lloyd, I think it is a reality, because why would anyone, even if there was a tiny percentage of potential harm to them or their business or their employees or their family, get involved in funding a political party under those circumstances? I know obviously as an elected representative you put your name above the parapet and you are fair game, your home address is published, your telephone number and all of that, but whenever I am talking to a businessman or a friend or a potential donor - obviously adhering to the law and making sure the Electoral Commission have all their details - why would they put themselves at potential risk or harm primarily at the manifest of the Republicans? It just would not be worth it.

420. LLOYD CLARKE: So am I right in thinking your aspiration is still full transparency, but not now? Is it a case of the status quo, or might there be some way of moving towards it?

421. MARK COSGROVE: No, absolutely, I think some significant ways of moving towards it.

422. LLOYD CLARKE: Perhaps you could tell us.

423. MARK COSGROVE: Let us be honest, we want the public to know what type of people are influencing their politics and they think they are entitled to know that, and everything short of identifying somebody either by

name or making the criteria so tight where they are easily identifiable anyway. But certainly, for example, a County Antrim property developer or a County Down businessman, and even within reasonable broad ranges to narrow it down.

424. LLOYD CLARKE: So perhaps some way of aggregation in terms of where the funding is actually from? You see that as a positive step along the way to full transparency?
425. MARK COSGROVE: Absolutely, as long as - and this is clearly where you get into the devil is in detail - it is not a such a such pig farmer and there only is one pig farmer in that area.
426. LLOYD CLARKE: Yes, I understand that.
427. MARK COSGROVE: It is a matter of being as open and transparent as possible, obviously let in the public through the media, and clearly the media are dying to know all of this information. It is to give them the tools, but as I say, to still make the information available to be kept private. There is a really important point here, and I think this is one of the reasons that I came along today, there is talk of you guys retrospectively publishing this information.
428. LLOYD CLARKE: That is not for us. That is the agreement now in terms of the Electoral Commission.
429. MARK COSGROVE: Whoever it is - and I know Seamus is here, so he can hear me from the back of the room - that would be an absolute betrayal of trust, because we all went along on the basis that, "You have got to be on the electoral register, you have got to be a qualifying donor, but your name will only be given ever to the Electoral Commission".
430. SIR CHRISTOPHER KELLY: When he gave evidence, he said precisely the same thing.
431. LLOYD CLARKE: Yes, he did.
432. SIR CHRISTOPHER KELLY: It does not mean that he is the man to take the decision on it.
433. MARK COSGROVE: No, I know.
434. LLOYD CLARKE: Can I ask you then in respect of your own party, you are pleased to tell us that you are in the black. Can I ask where your donations come from and would you see an impact if there was publicity about who made the donations? Would that severely impact on your income or not?
435. MARK COSGROVE: Yes, I believe it would. We as a party do not get big donations from anybody. I wish we did. We are a very large membership party, and since we lost our public money, we are still competing - as you can see from the figures - sort of circa £400,000 a year. We are competing on the

generosity of a large number of small donors, be that membership money or be that small donations. But even a small donation of £5,000 or £10,000, I just do not think a businessman would be prepared to make it if he thought that some harm could come.

436. We are trying to move away from sectarianism here, but unfortunately it will take a generation. For a business to be associated in that way could have significant detrimental effects to their well-being, if somebody wanted to cause them harm, but also - and it is different from the traditional methods of raising money across the water - it could actually have an impact on their customer base and stuff like that there. So why would you?

437. LLOYD CLARKE: Currently, legislation allows Irish citizens to donate wherever they live. I mean, do you support that, a continuation of that?

438. MARK COSGROVE: I will try not to be party political. We do not get any money from the Republic of Ireland, but obviously other competitors in Northern Ireland do.

439. LLOYD CLARKE: So is it appropriate for that to continue, irrespective of whether you do or not?

440. MARK COSGROVE: Personally, I believe that the rules of the United Kingdom should be the same, regardless of which part of the United Kingdom you reside. But I think it is a significant source of income to nationalistic parties, and at the end of the day, if they can persuade people to give them money, I suppose that is up to them.

441. LLOYD CLARKE: A final question from me, which is around donation caps. It might not apply to you particularly as a party, but do you have a view on capping donations?

442. MARK COSGROVE: Yes, I do. I think that what we have always got to do is look across the Atlantic and see what happened there and what reforms they had. I think I would never, ever, ever like to see the United Kingdom become like that. I think that there should be a cap at a reasonable level.

443. LLOYD CLARKE: What is a reasonable level?

444. MARK COSGROVE: I really genuinely do not have a view. I am sure you guys will take evidence from a lot of people, but I think it is important: no matter what you say, a businessman giving a small amount of money might be seen to be supportive; a businessman giving a large amount of money, you know the saying in Yorkshire which says, "You do not get owt for nowt" and you do not.

445. LLOYD CLARKE: Thank you.

446. SIR DEREK MORRIS: Certainly in England and Wales, one of the things that has been put to us is that perhaps part of the solution to the

problem we are looking at is caps on expenditure. We come to Northern Ireland and we have been told that expenditure by most, if not all of the parties, has actually been falling in recent years. Can you explain that?

447. MARK COSGROVE: Yes, like the Irish lady before me, it is the fiscal environment that we live in and clearly we have got a much smaller private sector to try and get large sums of money from. I think that is the reason for it.
448. SIR DEREK MORRIS: It is just lack of money, basically?
449. MARK COSGROVE: Lack of money, yes. To be fair, because of the geographics of Northern Ireland, it is a small place with reasonably well-centred population conurbations, so you can run quite large and comprehensive campaigns for significantly less than it costs obviously in a much larger geographical conurbation. So certainly the money that is spent at the minute, I am sure the public would tell you there are too many posters; they would probably like it if there was none.
450. SIR DEREK MORRIS: Do you have any sense, any feeling that expenditure by parties is not necessarily very effective? There is a lack of correlation, it seems, between the amount spent and success at the polls. Is there a feeling that actually maybe this is just not money well spent?
451. MARK COSGROVE: I think that certainly in terms of multiple choice elections, which obviously are Council and Assembly elections, "Who knows?" is the answer to that question, because you are trying to get people not just to vote for your party, but to also influence them to vote in a certain way for certain candidates and certain parts of the constituency.
452. In Northern Ireland, the electorate is very sophisticated. We have several different voting methods and clearly we are going to have a nice challenge in early May with three elections, using three different methods on one day et cetera, but history tells us that our electorate is sophisticated enough to deal with that. So I think that what you end up with is keeping up with the Joneses in terms of posters and that type of campaigning. If your posters are not up there, your supporters want to know, "Why are they up and ours are not?" type of thing. So it becomes self-perpetuating.
453. SIR DEREK MORRIS: Just a question on State funding. How much of your party's funding comes one way or the other from the State?
454. MARK COSGROVE: About £100,000.
455. SIR DEREK MORRIS: What proportion is that?
456. MARK COSGROVE: About 25 per cent.
457. SIR DEREK MORRIS: This is an issue and obviously it is being discussed throughout the UK. Do you think more public funding would be a

proper way to go, perhaps not right now, but in the longer term, to deal with the shoestring problem you described earlier?

458. MARK COSGROVE: Not just the shoestring problem, but I think the problem of open accountability. Obviously the review that Sir Christopher carried out was the first step, to my mind, along the journey. I was very interested to hear the Irish lady's comments, and I learnt something from them, but they have had nearly the opposite problem, where no public money or very little led to absolute total and utter -- well, I would not use the words, but clearly there were a lot of tribunals and stuff looking into that, and the problem is obviously the public, I do not think, would accept large sums of public money for political parties. Have they actually seen and looked at the models that have existed across the water in America, and obviously in the Republic of Ireland before they have done it? I think they would find it would be infinitely preferable to the type of non-regulation that really exists now. That would be my own personal view, but I would love to be the politician that proposes it.

459. DAVID PRINCE: Just one question about the regulatory framework and the Electoral Commission. As you said, we had evidence from them this morning, and Seamus is in the room. Any comments about what it is like having to comply with the current regulatory framework from the perspective of your party? Are there any issues around the regulation and do you perceive it as being effective in the broad sense?

460. MARK COSGROVE: Yes. We have a very good working relationship with the Commission and their outreach to the parties is very good in giving advice. I think we need to be very, very careful as a political system relying throughout the United Kingdom on volunteers. We, I believe, have already gone too far down the regulatory route when we look at the actual people on the ground who are expected to live with this stuff. Certainly speaking as the treasurer of one of the parties who is ultimately legally responsible - and clearly I use it as a method of making sure that people do comply and get their money in - but the very thought that the police could turn up at your door for something that a volunteer with the best will in the world has not done properly I think does actually strike right at the heart of participatory democracy, where you are asking local people for absolutely no reward and quite a lot of stick to do a job that requires to be done, and we are putting more and more and more red tape in their way.

461. Clearly, the Electoral Commission, to be fair to them, are only the people administering the law, so it is nothing to do with them, but I do think we have got to be very, very careful that we do not make this nearly impossible for volunteers to get involved or we will end up with an even bigger crisis in terms of the resourcing of the political parties, because it will get to the stage where you will only have fulltime professional paid employees able to do the work. I think, as I say, we are already nearly close to that in terms of how we have to deal with election expenditure. You know, if you forget to pay a supplier within the 60 days, it is a criminal offence. All of our businesses that operate up and down the United Kingdom can easily lose an invoice or forget.

So I do think we have got to be very, very careful that in the thirst for more and more openness and transparency, which I fully support, we need to make sure we do not put unfair burdens on the volunteers that are actually carrying this work out on the ground.

462. SIR CHRISTOPHER KELLY: You said a few minutes ago that you would not want to be the politician who proposed to increase State funding. If you were the politician who had to propose State funding, how would you justify it to your constituents?

463. MARK COSGROVE: I would justify it, Sir Christopher, on the basis of openness and transparency, "Here is what they get, here is all they get, here is what they are allowed to spend it on" and to sell it on the basis that the unions, in Labour's perspective, or maybe big business in the Conservative perspective, of not having the disproportionate interests that they clearly do have at the minute, and I think openness, transparency. I think it would be a natural follow-through if somebody had the political nerve to do it. It would be a natural follow-through from the work you have already conducted in terms of expenses.

464. I always believed, for the last ten years, that the reality of what we pay - and again, you would never get away with it - our MPs is not enough. I think that the expenses scandal was a result of not having the nerve to go to the public with an honest argument years previously to say, "Listen, we are asking people from all over the United Kingdom, we are trying to get the best people involved in public life. They are relocating from many parts of the UK, they are giving up their family life and we need to provide a best in class package for them". But having provided that best in class package, everything that goes with it would be the same as it would be in mine or your business, every penny, every coffee receipt, everything done absolutely by the book. I think it was because of the lack of political nerve to do it in the first place that you ended up investigating the mess that you did.

465. SIR CHRISTOPHER KELLY: You are not the only person of course to say that. Thank you very much. We have taken on board your view about - you did not use the word, but by implication - the unfairness of the way that State funding goes to small parties.

466. MARK COSGROVE: That is what I am really here for, so I hope you have taken it away.

467. SIR CHRISTOPHER KELLY: Is there any other point you have not been given the opportunity to make?

468. MARK COSGROVE: No. I would urge you when you are considering this issue, I know there are only a few political parties disadvantaged by it, because most of the people who have regional representation also have national representation above the two MPs. But I do think that perhaps it is something like 10 per cent of a legislative representation locally, that it would be the right thing to do from a public money perspective to deliver good policy,

and as I say, from a Northern Ireland perspective and a maturing democracy, to try and move the situation on to give the political parties the ability to advise the civil servants and not the other way around.

469. SIR CHRISTOPHER KELLY: Thank you very much.

470. MARK COSGROVE: Thank you.

PETER WEIR AND DR PHILIP WEIR (DEMOCRATIC UNIONIST PARTY)

471. SIR CHRISTOPHER KELLY: Our next witness is Peter Weir MLA from the Democratic Unionist Party.

472. PETER WEIR MLA: Chair, I also have with me our Senior Policy Officer, Dr Philip Weir. In the spirit in which often politicians, particularly in this part of the world, are accused of nepotism, the fact that our surnames are the same is purely coincidental in this case.

473. SIR CHRISTOPHER KELLY: It does mean that there is only one name for us.

474. PETER WEIR: That is right. I think if you throw it out to Weir generally, one or other P Weir.

475. SIR CHRISTOPHER KELLY: Thank you. We are grateful for the evidence that you gave us. Since time is relatively short, is there anything you want to particularly --

476. PETER WEIR: Obviously we have submitted some evidence in connection. I suppose, as you say, as time is relatively tight, and as our huskies have got to get back across the snow, I am more than happy to get into whatever range of questions you want to explore with me.

477. SIR CHRISTOPHER KELLY: I just wanted to be sure that there were not any particular points that you wanted.

478. PETER WEIR: No. I suppose just generally, we appreciate the level of public concern around this issue, and I suppose it has been very much exacerbated and focused upon by the issue around parliamentary expenses, and I think it is natural that people want to ensure that things are done right as regards political parties and that things are done above board. There may be, I think, less of a direct problem in Northern Ireland on the funding side, because the sums involved are a lot less. I suppose we take - as indicated from our evidence - a different view, for example, in relation to the Irish Republic and believe that all foreign donations should be on a similar basis on that side of it.

479. I suppose the other issue that we would deal with, again I heard Mark earlier on the issue. We would at least take a summary view that we want to arrive at the point as regards transparency, where there is full transparency

and we reach the same situation as in the rest of the UK. We do have particular circumstances in Northern Ireland and it has certainly become abundantly clear over the last year or two, particularly with dissident Republicans, and in some cases also those from an extreme Loyalist background, that they see those as targets in a very wide context. I suppose to use one example, whenever the two soldiers were murdered in Antrim, the same people also shot at the people delivering pizzas, because they saw that as being part of the British war machine. I suspect that we would have a concern that if we had full transparency in Northern Ireland that, at the very least, anybody potentially donating to a political party would be concerned that they could be targeted by people, very small numbers, but people clearly with a degree of capability at the extremes of either end of the political spectrum in Northern Ireland. So there are particular circumstances in Northern Ireland. So those are the only points we wanted particularly to highlight, but we are happy to answer whatever questions.

480. SIR CHRISTOPHER KELLY: Thank you. I am sure we will come back to that point. Can I revert just for one minute to the point you make about Northern Ireland being different and it being possible to receive donations from citizens of the Irish Republic? I understand the point, of course, and I understand why you make it. Presumably that unusual arrangement is there because of the particular circumstances, the unusual circumstances of Northern Ireland. Are you confident that the same argument that you have just made, the theory of unripe time in relation to transparency, does not also apply to that provision?

481. PETER WEIR: I think the danger is that if you have a degree of loophole from the Irish Republic, which does not apply elsewhere in the world, is that people can exploit that loophole and from that point of view, it may not necessarily be used entirely legitimately. It may be useful to draw an analogy. In the Irish Republic, for instance, there has been an issue around corporation tax. This may seem slightly off the subject, but what you have seen is a situation where large numbers of companies have officially sort of brass-plated or put themselves in the Irish Republic as a device to obtain a lot lower taxation. I suppose the concern would be that if you have a degree of loophole as regards the Irish Republic, that similarly money is channelled in that is not really from the Irish Republic.

482. SIR CHRISTOPHER KELLY: No, I understand the concern. I am asking you about timing.

483. PETER WEIR: I think broadly speaking we believe that perhaps the loophole should never have been there in the first place, but from that point of view, I suppose we are not particularly hung up on a range of timing in connection with that. I appreciate that it is probably particular parties, and again, I suspect as with the previous party, we would not be a party that particularly would benefit from donations from the Irish Republic. I appreciate then some of the parties that do, they are pushing for that. We just feel that there should be, in that broader sense, a level playing field.

484. DR PHILIP WEIR: Again, I understand that there may be sensitivities for some other parties around it, and that may be an issue that requires careful handling, but from our perspective, we are keen to see Northern Ireland play a full role within the United Kingdom and to be viewed in that way. Therefore we do not see any difference, why Northern Ireland should be any different to the other parts of the UK in relation to where donations have come from.
485. SIR CHRISTOPHER KELLY: I understand that point exactly, but you have made the point in relation to transparency that now is not the right time.
486. PETER WEIR: The transparency side of it is, I suppose, very much we would say in terms of timing. Timing is maybe a bit of a misnomer. It is the circumstances, and the circumstances are that there is a particular security threat. I think we want to reach an end goal in connection with it. We do not see the issue of donations from outside the UK - being from whatever source - being particularly time-related. I suppose, as I said, to some extent even the transparency is not so much timing, it is the circumstances of people potentially being victims, or at the very least, feeling a degree of intimidation. I would say I appreciate at the moment the situation with the Electoral Commission, that they will sort of log donations and have an indication as to where those have come from. I am probably responding to evidence that you have heard separately. I am not convinced that having some sort of halfway system of, "This has been a businessman from X" is particularly an appropriate system, because I think the other thing with Northern Ireland is it is a very, very small place and once certain things become public, people either will know or at least will draw conclusions, and perhaps in some cases draw wrong conclusions, false conclusions that, "So and so is backing such and such a political party". I think that would have a degree of detriment to public finances.
487. LLOYD CLARKE: Just to nail that totally for me, please, in respect of transparency, so what you are saying, the over-arching goal should be full transparency. Are you saying it should be the status quo for the foreseeable future? Is that your response to the consultation?
488. PETER WEIR: I think it is the status quo until the security situation changes. I think the concern, certainly from evidence that the Chief Constable has given, that within the last year or two, whereas perhaps things have not changed in the security situation as regards particularly dissident Republicans has got worse rather than better.
489. LLOYD CLARKE: Yes, I know and that would seem to be the indication probably over the last 12 months to 2 years, but do you think, and I am presuming you do, but could you articulate it by giving evidence with specific examples? Do you think that that decline is so serious as to say, "Hang on a minute, this has now all got to be suspended until 2015" for argument's sake?
490. PETER WEIR: I think it is a question again that I would not put any arbitrary deadlines on. I would say it is actually circumstance-led and I think that it is right that the Electoral Commission knows precisely who is giving to

what and that is held confidentially. I think if that was made public knowledge from the point of view of transparency I think first of all it would have a massive detrimental deterrent effect on people giving money. I think it could place people at risk and again as I said the dissidents have targeted people on a very wide spectrum of things and I think it would only take, for example, one person even with some degree of suspect if I slept outside the house of somebody who is well known to be a supporter of or a donor of whatever party. I suppose to be fair that would protect the impact funnily enough on the likes of Sinn Fein because dissidents will see the likes of Sinn Fein much more as traitors than they would see the likes of ourselves. So it is not particularly a DUP point of view.

491. LLOYD CLARKE: Okay. What do you think the general public's view of that is, in terms of the transparency?

492. PETER WEIR: I think they would like to see transparency higher but I think they do realise the particular circumstances in Northern Ireland. I think people do know the general reach and I think people are not bothered in that sense.

493. LLOYD CLARKE: It is quite easy to summarise it and say, "Well, actually it is a perception, it is not the reality of it." I mean I know what you are saying, go and ask the Chief Constable of the PSNI who would demonstrate this but not necessarily linked specifically to politics in this kind of a way. I understand your fears and fears are easy to articulate but not necessarily easy to evidence.

494. PETER WEIR: But people's reaction in terms of what they tend to do, particularly in Northern Ireland and particularly during the times of the Troubles, a lot of attention was placed much more on perceptions than reality. I mean to give you an example, most people, particularly in Belfast, they would not have been under any degree of threat no matter where they wandered about in the city. You know, people were not getting shot willy nilly. However people from one community or another, because of perhaps the perception of fear, the perception they would be somebody of target, in a lot of cases would not go into what they regarded as being predominantly a Unionist or a Republican area. People took action according to what they saw as the perception of the threat rather than perhaps the reality of the threat.

495. LLOYD CLARKE: Okay. Can I ask you a little more about donations itself, and can I ask you, where does the majority of your income come from?

496. PETER WEIR: In terms of the likes of support staff we would get a reasonable amount of the public purse through the likes of Parliament and also through the Assembly.

497. LLOYD CLARKE: What kind of percentage is that of your total income?

498. PETER WEIR: Probably the majority but to be honest I do not have the figures to hand. Beyond that then our money largely comes from membership

subscriptions, money raised from very small donations. Certainly to the best of my knowledge I do not think we have anybody who is a particularly big donor in Northern Ireland and I think to be fair that would probably be the case with most of the parties here.

499. LLOYD CLARKE: I was going to say, how easy or how hard is it to raise donations from the general public of any amount? Is it particularly difficult?

500. PETER WEIR: I suspect a lot of the fundraising that is done, there will be a small amount come in and a lot of it tends to be, if I can use the phrase, slightly incestuous. It will tend to be branches or associations holding events largely effectively picking their own pockets again and again. There is a very limited amount I think comes in directly from members of the public. There will be some people who will want to make a small donation who would be a supporter of a party, but in global scales that tends to be --

501. LLOYD CLARKE: Okay. What we have heard both here this morning and actually a similar story in Scotland, is that one of the issues that mitigates against parties and in terms of the funds you have got available is the fact that there are so many elections. Whether it be to the Assembly or Westminster or whatever else. I mean is that a concern that you share?

502. PETER WEIR: I do not know that it is really a concern. I think to be fair I mean it does place a degree of financial burden on parties and earlier I think indications were given that in terms of scale of money that went into elections if anything in Ireland it has certainly been going down of late. I think that is because of the combination of the number of elections and the degree of financial pressure. I think it was probably an element where all parties probably spent beyond their means a number of years ago and I think there is a degree of people coming back to a degree of reality as regards that.

503. LLOYD CLARKE: Much has been said perhaps in a wider context about the need for donation caps. Do you have a view on caps yourselves?

504. PETER WEIR: We would be relatively relaxed on that. I think we would be happy enough to see caps. Certainly from our point of view it is not a very major issue in Northern Ireland because there are not large scale donations of very large amounts certainly that we would be aware of and certainly not to us. I think one of the elements which may act as a degree of deterrence to a large amount of money going to one political party is we have a system in Northern Ireland, particularly in the Assembly, of power sharing which means that from a point of view of government it is diffuse in nature. I suppose if you are looking at it very cynically if someone was wanting to "buy influence" well to some extent to invest in one particular party, from a selfish point of view of someone trying to do that, there may be much more limitation. That I think provides a degree of limitation.

505. We would be relatively relaxed about a cap. As I said we do not get big donations and I suspect most of the other parties do not. It was also touched

on earlier about the impact of expenditure in elections and I suppose there does appear to be very little correlation between how much is spent and the end result, so I suppose if you take the last election, because there was one party that had a very strong relationship with the Conservative party, and they spent massively, I think they spent about four times the amount of money but it did not actually result in any seats. So I suspect there is an element that for most political parties they feel it is money they ought to be spending. What the impact on the end result is, perhaps people are more sensible than we actually think and are able to make up their own minds no matter what attempt all of us as politicians try and influence them in other ways.

506. DAVID PRINCE: Can I follow on from what you have been saying and move on to the expenditure side. You have talked about a move back to reality and we have been hearing that parties have not been hitting their campaign limits recently. Do you think there is a case now for taking that a stage further? Reducing the limits still further and moving away from what seems to be the situation that parties go out to raise all they can and then spend it, whether it does any good or not. I think throughout these hearings we have not been hearing any sense from any of the parties anywhere in the UK that there is a real focus on what core funding should be and what a proportionate level of campaign funding should be. It is not being run as a business activity, it is really get the money in, throw it out there and hope for the best. So does that argue do you think for a fresh approach to funding and maybe reduce or perhaps sharply reduce caps on expenditure to bring everybody back to a more focused approach appropriate to these fiscal times?

507. PETER WEIR: Again I think we would be reasonably relaxed in terms of that. I think most parties have fallen quite short in recent days and whether that needs therefore a direct reduction or whether to some extent there has been a degree of self-regulating on that side of it, again I would not necessarily have strong views on that side of it.

508. Again I think it is a degree of financial pressure that has tended to drive it down. I suppose the one slight danger is if you get a situation, if you have particularly low levels of expenditure do you get it on a semi-fraudulent basis that people spend, if they do have additional money, up to their limits and then find some way that they do not spend money without necessarily declaring it? I do not know, so I mean I think there has to be a sensible balance to consider.

509. DR PHILIP WEIR: I think also it is worth raising some of the spending at election time may have been related to some degree to the political process and elections which came at particularly important moments in that process when there was a level of flux and potential for a significant shift in the number of seats between particular parties. So some parties may have targeted particular past elections as a key election and therefore spent significantly then, whereas I think now the political system here has normalised to some degree and you could argue has settled out and therefore perhaps has not quite the same level of significance attached to specific directions as there

would have been at times in the last number of years.

510. DAVID PRINCE: Can I move on then to State funding? You were here I think when you heard Mark Cosgrove talking about the allocation of State funding and its differential impact on parties and so on.

511. PETER WEIR: I think to be fair we came in towards the end of that.

512. DAVID PRINCE: Okay, well let me ask you the question then as to what you feel as a party about the current allocation of State funding, whether you think there is an argument to be made for an increase in State funding and how that can be justified?

513. PETER WEIR: First of all State funding under the current system which ties it in with Parliamentary representation and is essentially focused on Parliamentary activity, we think the broad principle is correct. I mean I have to say I think that given the current circumstances, and we appreciate there is always a degree of balance to ensure that parties are not getting too much of an undue influence from outside, I think realistically given the financial circumstances we are in I think it would be a very difficult message to sell to the public if there were any high levels of significant increase in State funding. I think at a time when we are seeing Governmental departments, be it in Northern Ireland or across the water, taking high levels of hits in terms of percentage decreases to have any degree of significant uplift in terms of State funding simply I think is politically unsalable, to be perfectly honest.

514. DAVID PRINCE: People in other hearings have put to us that maybe something like Gift Aid be applicable to parties, because that, it is said, has the advantage of encouraging more local activity and is analogous with other things that people do which might be more acceptable. Do you have a view?

515. PETER WEIR: I think we would certainly keep an open mind on that. I suppose we would want to see what the overall financial impact would be, because again I am not sure that there is a mood out there which would lead to a great deal of overall increase. I think I would say while it is not in one sense a direct subvention, it is an opportunity cost in that regard so it is less of a tax take for the Exchequer in that regard, so I think we would certainly keep an open mind on that.

516. DAVID PRINCE: To what degree are you dependent on State funding now through the sources that you get? What is the percentage of your income that comes from State sources?

517. PETER WEIR: I do not actually have the figures to hand. It would be a fairly large proportion on that side of things but again that is focused in on ensuring that, and I think it is right, the parties that are in Parliament have a level of funding which then allows them to take part of the Parliamentary activities. There is also a degree of support to political parties within the Assembly. That is very much separate from the idea of Government Ministers, and I think at the end of the day Government Ministers ultimately have a very

large department to --- the more sort of humble backbencher like myself in the Assembly, we have to find other resources to be able to ensure that our activities are --- that we hold the executive part of it properly to account but I do not think that there is a great deal of merit in the argument that a Government Minister who has potentially several thousand, in some cases, civil servants to help them, or maybe hinder them occasionally, that they particularly would need funding is a slightly spurious argument.

518. DAVID PRINCE: Finally, does the current system of State funding ever surface as a doorstep issue? Is it something that bothers the public on a day-to-day basis? Do you ever come across it?

519. PETER WEIR: Not greatly. Purely and particularly I suppose it was centred around the situation in the European elections of 2009. We did get a considerable amount of people raising it at the door at the very peak of the issue around MP's expenses and that clearly was an issue for members of the public. The general sort of balance between State funding and what level of funding comes in from outside has not really been something that has been raised on the doorsteps.

520. Now again perhaps because we are in a slightly different situation in Northern Ireland with the possible exception of one party that was largely reliant on the Conservatives, we do not have investment in political parties for the most part by big business. None of the parties have really direct links in with the trade unions so from that point of view it may be less of an acute issue here, and therefore may be less resonant in people's minds than it would be elsewhere. But it has not really been raised on the doorsteps.

521. DAVID PRINCE: That is helpful, thank you.

522. SIR DEREK MORRIS: Could you tell me, do political parties in Northern Ireland as far as you know, have extensive links with and work closely with third party organisations, which might be lobbying groups, or think tanks, those sorts of people? Is there much of a network?

523. PETER WEIR: Certainly not from a financial point of view but we are in a very small society in Northern Ireland and so consequently I think the lobby groups or the organisations will have pretty open access to pretty much any political party, because we are almost an extended village. I suppose to some extent that maybe actually slightly weakens the role of the lobbyists, because if a particular charity or a particular body connected up with say a disability issue or whatever is looking to meet their local representatives it is actually pretty easy for them to do that. The idea of going through an intermediary tends to be a lot less here and I suppose from that point of view again because of the fact that different parties will hold different portfolios within the Assembly, again I think most groups will strive to keep a degree of relationship with each of the parties and there is no particular post that people hold that will then vary or will turn about from election to election. It means that most groups will not be heavily tied in with one political party.

524. SIR DEREK MORRIS: The reason that I ask is that there is a concern elsewhere in the UK that with there being these clear disclosure rules that some people not wishing to disclose their donations can operate via third party organisations that either are not registered or they can get influence without having to reveal their source of funding. I am assuming that does not apply in Northern Ireland because you do not have the disclosure but the real point of my question is that if, wisely or unwisely, Northern Ireland did move in line with the rest of the UK and there was full disclosure and given the worries that you have indicated, do you think the result might be that people who wish to donate would start to do it via third party organisations?
525. PETER WEIR: I suppose they could do that. I mean it is clearly something which does not happen at present and in whatever route there is not any degree of channelling of money certainly to the best of my knowledge to any parties in Northern Ireland. I suppose it is like everything, if you create a particular law there will always be some people who will look to try and subvert that particular form of process.
526. DR PHILIP WEIR: Certainly in terms of you mentioned think tanks, that was an area where maybe we are not as well developed in this part of the UK as on the mainland. My own personal view is that it is an area where some of the GB think tanks ought to be looking to extend their interest and their reach. That is certainly not one specific area that has an impact on Northern Ireland at all.
527. SIR DEREK MORRIS: One other question was about the regulatory regime and the Electoral Commission. How do you see that working? Do you think it is effective, does it have any drawbacks in the way it is operating at the moment, that regime?
528. PETER WEIR: I think broadly speaking we are happy. We feel that the Electoral Commission does a pretty good job in Northern Ireland and we think the constraints and restrictions it imposes on everyone are fair, above board, equal between the parties. I do not think there have been any particular complaints in respect of the Electoral Commission.
529. SIR DEREK MORRIS: Thank you.
530. SIR CHRISTOPHER KELLY: Thank you very much. Was there anything else you wanted to say?
531. DR PHILIP WEIR: Just a couple of points I would make. Even more broadly than donations, I think it is important to accept that politics in Northern Ireland is very different to elsewhere in the UK and not only in terms of someone going to donate to a party and admit that they are donating to a party, but even in terms of joining a political party or publicly indicating or being free and open and chatting to people about which party they support. There is an innate taboo about it here. Part of that I suppose comes from our history. We would like to get to the point where that is no longer the case but

there would still be a sense of keeping confidential your own political views.

532. PETER WEIR: I am reminded of the story of one of our Assembly members who was a member of the Board of Northern Ireland Assembly in the 1980s and whenever it ceased a large number were then unemployed. I will not name names, but he went for a job interview and at the end they said, "Well, you gave a really good interview, Mr So-and-So, but we could not really employ you." He said, "Why not?" "Well, if we employed you we would lose all our Nationals customers." He said, "And if So-and-So from the SDLP was employed we would lose all our Unionist customers" and he said, "Well and if So-and-So from the Alliance party was employed we would lose all our customers." So there is a certain feeling and maybe that is reflective of the position in the 1980s, but there is a feeling particularly with most businesses for example and most people in public life that politics and religion are really things you did not talk about and if you were seen to be too associated with any one particular grouping then it would be very damaging to your business and that side of things. As Philip has said, that permeates not only through the donations but also in the direct involvement.

533. DR PHILIP WEIR: The previous witness spoke about the potential retrospectively to disclose donors. We would agree with the view that that would be seen as a breach of faith and we would very much be opposed to that. I think someone who makes a donation on the understanding that that will remain confidential, that should be upheld.

534. We would also take the view that in order to benefit from State funding members of Parliament in particular ought to be carrying out their full range of views. So we would have a party political concern around the funding of political parties who do not take their seats in Westminster in the Chamber for instance, I think it is important to have that on record.

535. One other salient point. In paragraph 37 of your document, you referred to the ability for those involved in the referendum campaign to access free hire of rooms and that this apparently happens in the rest of the UK but not Northern Ireland. That was news to us and if that is the position it is something that we would like to see remedied and again I suppose it really gets to the point about the donations from the Irish public. We consider ourselves to be a full part of the UK and what is the position in Scotland ought to be the same in Northern Ireland and we would hope to see if that provision is available in GB that it is here too. It may have been the case of the terrorist campaign that was waged here for a number of decades but we would like to see that changed.

536. SIR CHRISTOPHER KELLY: Thank you very much, Mr Weir and Dr Weir.

537. We are now breaking for lunch and resuming at 2.00pm.

DECLAN O'LOAN MLA AND JOE BYRNE (SDLP)

538. SIR CHRISTOPHER KELLY: Mr O'Loan, we are very grateful to you for coming to see us and for your evidence which we have read with great interest. It would be helpful if you could introduce your colleague.
539. DECLAN O'LOAN (Member of the Northern Ireland Assembly): Thank you very much, indeed. Sir Christopher, if I could introduce ourselves. My name is Declan O'Loan, I am a member of the Northern Ireland Assembly representing the SDLP and I am accompanied by Mr Joe Byrne who is the Chair of the SDLP.
540. Thank you very much indeed for inviting us to come and give evidence to yourselves on what is of course a very important public issue. As you say we have made a detailed submission to you so I will just make a few opening remarks which will be to some degree a summary of what we have said with maybe some points of emphasis.
541. If I could just refer to a particular role that I have in the Northern Ireland Assembly which is as Chair of the Committee on Standards and Privileges and I make it very clear that I do not speak today for that committee and Sir Christopher, I have met you in that capacity when we were on opposite sides of the table when you very kindly gave evidence on behalf of your committee to the Committee on Standards and Privileges and we were very appreciative of that. The reason I mention that in particular as well as acknowledging and thanking you again for that is that I am of course in that capacity as Chair very conscious of the importance of that work and the lack of public confidence in elected representatives and the elective system at the present time, certainly particularly out of the expenses scandal at Westminster. So there obviously is a need for clear standards and a proper mechanism for enforcement in that context, and I want to emphasise that I carry the same values, if you like, into approaching this on behalf of my party.
542. If I could say what our fundamental stance is on this, the SDLP understands and respects the principle of ensuring that the highest standards of propriety in public life pertain, putting political parties on an equal footing and placing parties above suspicion. We believe in the principle of openness, transparency and accountability and the funding of political parties in the context of a modern and normal democratic society.
543. What I want to then go on to say is that Northern Ireland is not the same as other places. Would that it were. I hardly need to remind you of the 3,600 deaths that we have had here over the last 40 years and of course those deaths and what lies behind those deaths fundamentally relates to the political issues and the nature of our political environment. SDLP members have been murdered over those years and many homes have been attacked and as it happens including my own, not very long ago. You would be right to ask the question, are we entirely in a different place now, can we leave that context behind us? I think to some degree we are and we are not in a different place. Clearly that large scale violence is no longer with us but you

know as well as I know about the dissident Republican threat which is very, very serious indeed and has major implications for really all public discourse. We have had from the other side Loyalist murders in recent times in that arena, and there are whole communities that are still under covert paramilitary control and that is still very much the nature of our society here.

544. I just want to say that there are more subtle forces at play in our society. I think a person arriving here from the outside travelling around and experiencing the nature of society here could think that this is a normal society very easily and not perhaps see what lies just under the surface. There has been some calculation of the cost of division here in economic terms and some people would say that it was quantified at £1.5 billion a year. I question that kind of figure myself but the basic philosophy that there are real costs to our division here is a tangible expression of how significant those divisions are. We are still a very divided society and we only exist here at all by a myriad of tiny adjustments that we make every day and in everything that we do. We are adjusting and accommodating to each other in ways that are very subtle, and that is the only way in which this odd place can actually work.
545. There is a phrase that is introduced here which I think Seamus Heaney quotes in one of his poems which is, "Whatever you say, say nothing" and that is the fundamental rule by which we operate. You judge who you are speaking to, you test your ground very carefully before you commit yourself and that is how things exist. Two people who are neighbours to each other can be very good neighbours for years and they manage to do that by carefully choosing what are the things that they talk about and most importantly what are the things you do not ever engage upon. That is the nature of life. So the perceptions of others deeply influence how we behave in our social lives and in our business affairs and in absolutely everything that we do, and I would ask you to be very conscious of that.
546. For that reason in particular political affiliation is often very, very closely guarded and that has to be the case to make social and business life work. Obviously people like ourselves who put our heads above the parapet and declare our allegiance, that has to be done, but there are many people in the community who would be committed to one political party or another but the last thing they want is to have to be in the public frame. I would ask you to recognise that as the background for your advice.
547. I will turn to a couple of specifics. In relation to confidentiality arrangements, one I think of the key themes and we commented on this in the recent NIO consultation on that issue, we would be very concerned about the making of names of individual donors public. That would be firstly and very seriously for security reasons which we think are still very real, and also the effect that would have on donations because of the breach of privacy, particularly among business people. When we go out seeking donations, as we have done over the years, there is an absolutely implicit understanding that confidentiality attaches to that. Altering that would be a very significant step.

548. I have sometimes thought myself could this be a step towards normalisation, used as a tool towards normalisation? That issue, if you like, to insist on things coming out into the open arena, that you could use that as a lever to actually make this into a normal place. I have come to the conclusion that we are actually far from ready for that.
549. On a related matter, we are very concerned here that when the prescribed period that we are currently in ends donations that are already reported to the Electoral Commission might be retrospectively made public and we feel that those donations have been obtained on the basis of absolute confidentiality and it would be a very worrying thing indeed if that were to be breached. We have suggested possible modifications to the scheme and we would be very content with the publication of the details of any donations such as the amount, the recipient party, whether the donor was an individual or a business. But not, the fundamental point really, the name and address of the donor.
550. The final point really I would make and I think it comes across in some of the things that you have said, the context in which you are operating is with the scale of our funding here. We see the big donations coming into the Labour party or the Conservative party in England, mega-millions. We just do not operate in that frame, not in our party or in others here that I am aware of. Particularly so in the current economic climate, but really even when times were good that was never the case here, that we were getting donations of that level. We are in a quite different funding environment here.
551. So essentially that is our opening statement and obviously we would be happy to take questions on that. Joe if you want to add anything by the way of opening at the outset?
552. JOE BYRNE (Chair, Social Democratic and Labour Party): Well just to support what Declan says, Christopher. I think one key point we want to make is that the party is deeply grateful to the short money, to the money made after commission for the development (inaudible) grant aid work and also the money that comes through the Assembly vis-à-vis the office cost allowances through the Assembly members. The party and indeed all the parties in Northern Ireland is operating on a shoe string and we are going back more and more to our membership. Given that they have had 10 or 11 elections in the last 10 years that has become more difficult to get sustainable funding from that membership.
553. SIR CHRISTOPHER KELLY: Are you actually operating on a level below, not the level you would like to operate at, but in expenditure terms are you operating at a level below that which is sensible from the point of view of allowing people to exercise their democratic choice in a sensible manner?
554. DECLAN O'LOAN: I think I would say that we are, yes. I think we exist, and we are probably not unique in this, we are in a financially stressed environment and clearly given the significant role that political parties play in our democratic society, their ability to function well is key to a democracy

working well. I mean what is our sources of funding? There is membership and donations, membership for political parties generally now is less common than maybe it was in the past. People do not necessarily naturally affiliate to political parties in the way they might have done and donations are always a challenge, I think it would be fair to say, and the Chairman of the party is certainly very aware of this, it is an ever recurrent issue for the party as to how it can be adequately funded to do its job in a meaningful way.

555. SIR CHRISTOPHER KELLY: Thank you. If we do not respond to what you have said about transparency of donations it is not because we have not heard what you have said, it is because although you expressed it in a particularly heartfelt way it is because we have heard it several times before during the course of this morning.

556. But the other thing that is special about Northern Ireland is of course the ability to receive donations from citizens outside the jurisdiction and you will not be surprised to hear that representatives of other parties have drawn our attention to it and suggested that the time has come to stop it. You have suggested in your evidence that it should be extended. Would you like to make the case as to why, because the Troubles argument, the potential violence argument, does not apply to that. Would you like to make a case as to why that oddity, that is the wrong word, but why that distinct feature of Northern Ireland politics should be allowed to continue?

557. JOE BYRNE: The SDLP was founded 40 years ago and we have always had a core group of people in the Republic that were extended members of families from the north of Ireland, from the (inaudible) community and they have been very active over the years in helping to raise some funds for us and they have had very successful fundraising dinners in Dublin over many years. Just a year ago our party passed a new motion of confidence to change our constitution, and in fact we now have an affiliated branch in Dublin (several inaudible words) and we want to be sure that there is a continuity of connection to there and we also have greatly valued the fundraising that that group has done over many years for us and we would like that to continue. Given that we are a party that aspires to an eventual united Ireland we think it would be prejudicial to that sort of overall aims and objectives if that sort of funding were to be cut off.

558. SIR CHRISTOPHER KELLY: Can you give an indication of what proportion of funding comes from there?

559. DECLAN O'LOAN: Actually it is not enormous by any means. It would be no more than about 5% at the most.

560. JOE BYRNE: But it is the symbolism of it that is crucially important. Given as I said to you that the people that are connected with it they are people originally from Northern Ireland or have family members still in Northern Ireland and they very much feel and want to be connected to the SDLP family.

561. SIR CHRISTOPHER KELLY: So just to be absolutely sure I understand, you are not making the case on the grounds that ending it would put you in serious financial difficulty, it is only 5% but it is still 5%, and you are making the argument on the grounds of principle?
562. JOE BYRNE: Yes, and in situations where funds are very limited that is crucially very important every year, that there is that sort of fundraising effort made by them.
563. DECLAN O'LOAN: The base line of 5% might exist coming from that organised group but also from time to time we are talking to potential individual donors and who knows at any one time someone might be living in the Irish Republic might be saying, "Look, we are interested in giving you a substantial donation" and we certainly would not want to be debarred from that.
564. SIR CHRISTOPHER KELLY: But presumably you would accept that in United Kingdom terms it does look a bit odd. If Northern Ireland is returning to normality then why should that not apply to this particular provision?
565. DECLAN O'LOAN: Donations from abroad may look unusual from a UK perspective or a GB perspective, but to us here the opposite would be the case. For us to be not able to seek and obtain donations from what we regard as very much a sister area would seem to us to be the anomaly rather than the opposite.
566. LLOYD CLARKE: Just one final question in respect of donations, two questions actually. One in particular, what kind of percentage of your total funding comes from State funding? What percentage in total would it be?
567. JOE BYRNE: It is in the range of 70% to 75% of our mainstream funds that comes through State funding.
568. LLOYD CLARKE: Okay, so that means you have then got about, with 5%, you have then got about 20% presumably coming from donations within Northern Ireland?
569. JOE BYRNE: Operation fees.
570. LLOYD CLARKE: Yes. How difficult is it to raise individual donations?
571. JOE BYRNE: It is becoming more difficult. As I say we have got so many elections. People are becoming a little bit more cynical about giving money to political parties, given all that has happened in relation to the scandals in Dublin and London and it is a continual challenge. Our membership of the party has dropped about 2,000 members so we are going back to the same people and asking the same people to organise raffles or social events as fundraising efforts so it is a big challenge.

572. LLOYD CLARKE: Interestingly the number of elections is not peculiar to you in Northern Ireland. We heard exactly the same kind of thing being said to us in Scotland about the number of different elections that there were to different bodies.
573. I guess one last question in respect of donations is you are quite clear in the evidence that you have given us that you do not want to see a cap on donations. Could you say why?
574. DECLAN O'LOAN: I think it ties in a bit with the different funding environment. We do not have these very large divisions and so if one were discussing a cap here you would begin to wonder what level might be appropriate. It is not to say that it might not be unheard of in the history of parties here that once in a blue moon someone might come forward with a significant donation that may be in the order of maybe a few hundred thousand pounds or something like that.
575. LLOYD CLARKE: Hope, rather than expectation, is it?
576. DECLAN O'LOAN: We would be delighted if that were so, but certainly we never entered the frame of making any millions and so to the extent that that is just not where we are thinking applies.
577. LLOYD CLARKE: It seems that because when Hayden Phillips was doing its work there did seem to be a consensus emerging, certainly from the three main political parties in GB in respect of that £50,000 might be an appropriate cap. Now if there was to be a cap is that a figure recognising what you have just said that you could appreciate?
578. DECLAN O'LOAN: I mean I think that if we had quite a few people who were offering us £50,000 in the present time we would be quite content. I suppose we are saying in the ordinary course of events that would not be causing us an issue whatsoever, but nonetheless there might be an occasional instance where we might still be hopeful, there have to be optimists in politics. I think we might be somewhat uncomfortable with that kind of cap.
579. LLOYD CLARKE: Could I turn to expenditure and it has been suggested to us but for different reasons that perhaps there has been an "arms race" in respect of expenditure and what one does another feels they have got to match etc. Is that something that you can identify here in Northern Ireland?
580. DECLAN O'LOAN: I think there might have been some feeling of that in the past and whether it is just the parties have come to learn that really their resources are not there to do that and the current climate maybe has something to do with that too. We do not feel that either ourselves or any other party has stolen a march on the others by being able to put dramatically huge reserves or resources into a media campaign and thereby effectively distorting the democratic process. We do not feel disturbed on that issue.

581. LLOYD CLARKE: Okay, and even though you may not be disturbed at the moment, do you see any merit in there being a cap on expenditure?
582. DECLAN O'LOAN: Obviously there are expenditure limits in relation to candidates, yes, and in relation to parties but I am not even clear on the exact rules in relation to parties around that.
583. JOE BYRNE: Just to answer Christopher on that, one of the biggest expenses for political parties in Northern Ireland is the cost of newspaper advertising. As regards the party political broadcasts on the television and the radio, it is an equal playing field for everybody, but when it comes to advertising costs in local newspapers and regional newspapers that is one of the most prohibitive costs there is. Obviously if one party is not taking out the necessary advertising then the supporters feel let down and they feel disenchanting and they feel that their morale has been sapped if they do not see their respective party advert. That is an issue.
584. LLOYD CLARKE: Okay. Thank you.
585. DAME DENISE PLATT: You said that 70% of your funding comes from Northern Ireland Assembly funding, is that right?
586. DECLAN O'LOAN: From the collection of public sources.
587. DAME DENISE PLATT: Right, so that includes the Policy Development grant?
588. DECLAN O'LOAN: That's right, yes.
589. DAME DENISE PLATT: Right, okay. The Policy Development Grant is currently only given to parties with representation at Westminster, that is a set number. Would you like to see that concept widened to include representation in the devolved legislatures and the European Parliament? Should there be Policy Development Grant funding given for broader representation, not just Westminster representation?
590. JOE BYRNE: Well, I think any party that is put at a disadvantage because they do not have representation in one assembly or parliament is an issue. For example the Ulster Unionist party have no MPs so they do feel aggrieved. But I think we could see sense in having a more equitable system across the board for parties that have representation certainly in the Assembly that they should have some sort of Policy Development Grants.
591. DECLAN O'LOAN: And if the theory is sound that there is a case for public resource being given to political parties to do their research then I think it clearly applies there is no question, in the Northern Assembly context. Research around policy areas is critical to doing our job as members of the Assembly.

592. JOE BYRNE: I think it is particularly so given that Northern Ireland has had 40 years where there has been no devolved administration and no policy development internally within the North. It is crucial that there is that public money available for policy development in order to make normal politics work and function.
593. DAME DENISE PLATT: Yes, so as a small party you would like to see State funding increased?
594. JOE BYRNE: Yes, largely we would and I think given the necessity for openness and transparency and given all the questions that are now around about who should fund democracies and who should fund political parties, I think if there is a greater amount of public funding of parties then I think it is more open and fair for everybody.
595. DAME DENISE PLATT: Some of the evidence that we have received from elsewhere in the UK is in favour of political parties being able to access Gift Aid, and so for small donations there would be a tax rebate and for those that do not pay tax there might be a tax credit. What is your view of that proposal?
596. JOE BYRNE: Well, I think yes, I think it is something to be welcomed if that were to happen, because I think if people make a £20 donation and they realise that another £2 can become free from the Treasury then it makes more sense for the political parties to have that sort of Gift Aid.
597. DECLAN O'LOAN: I suppose if the question moves onto our political parties a suitable type of entity to be eligible, is it comparable with charities, and I would argue yes in terms of their contribution to the democratic system. I think that is so and I think there are many people who donate to us who would see it exactly that way. I think there is a very sound argument there.
598. DAME DENISE PLATT: So what would you think would be the general public reaction in Northern Ireland to an increase in State funding?
599. DECLAN O'LOAN: I think it would be mixed. Clearly at the moment where there is pressure in public financing that would play as to why should the State take on a further burden than they currently have and also there would be a feeling of, "My goodness, are we giving more money to that crowd?" I think there is a real issue around paying for democracy and the public not recognising what you might call their duty in relation to that. Because the only ordinary source if you like is party membership as opposed to that very small group of people who might make donations. So the ordinary person who exercises that franchise and you have to be aware that the number of people doing that are reducing and in terms of the interest in politics is not as good as it needs to be in a properly functioning democracy.
600. But the willingness of people to contribute towards this democratic system on an individual and personal basis is not as strong as it ought to be in

a democracy that is functioning well.

601. DAME DENISE PLATT: Do you think the public know that you receive State funding?
602. DECLAN O'LOAN: I would have thought, certainly not the detail but I would have thought there would be some degree of understanding of that on a general basis.
603. DAME DENISE PLATT: In other parts of the country we have received evidence that if there are caps on donations and expenditure, and I understand the point that you have made about the level of donations that you have received and the cap may be of no relevance to you whatsoever, but that money may be diverted to third party organisations like think tanks or lobby groups around particular issues that are quite close to political parties. Is that an issue in Northern Ireland that you think might happen, third parties being think tanks, not third parties politically?
604. DECLAN O'LOAN: I notice in your contextual information you were talking about third parties and I was not 100% clear because we really do not have that significant interaction with third parties in the sense of think tanks. Certainly we do not receive a level of support from third parties, either in terms of political support or in terms of financial support.
605. DAME DENISE PLATT: They may be think tanks who do the policy development on your behalf and you take their policy and maybe not their money.
606. DECLAN O'LOAN: Yes. There again yes, in terms of research and so on we just do not have the equivalent of that and there is a dearth of good policy analysis here.
607. DAME DENISE PLATT: Right, so not an issue for you? Okay. I am going to switch tack and move to your regulatory framework and I think you have heard the evidence that we have received from the Electoral Commission. We are going to ask you the question that we have asked others about how effective you think the Electoral Commission is in Northern Ireland?
608. JOE BYRNE: Well, I should say our party general secretary should be here instead of me today. She is the person who has always liaised and talked to the Electoral Commission and she has had a very good working relationship with them. I think our party would be very happy with the way that the Electoral Commission conducts its affairs and how it interacts with political parties. I think it is important that there is a sense of public confidence in the Electoral Commission and how they deal with all the parties but I would think we have no grounds for any concern.

609. DECLAN O'LOAN: I think the scheme as it currently exists is well managed and administered and there can be public confidence in that.
610. DAME DENISE PLATT: Okay. Are there any changes in the regime that you might like to see?
611. DECLAN O'LOAN: None that occur.
612. DAME DENISE PLATT: Okay. In your evidence you said you would like to see a unified accounting year for reporting to the Commission. If that were to happen what impact would it have on a small party like the SDLP?
613. JOE BYRNE: Well, as someone who is a lecturer in business studies we believe in having parity with the financial year. I think from an administrative point of view having a calendar year for a party or an Electoral Commission and vice versa, in relation to the financial year I think if we have one common approach I think it is better.
614. DAME DENISE PLATT: Is there anything standing in its way?
615. JOE BYRNE: Not really except that the head of administration says it would make her life a lot easier.
616. SIR CHRISTOPHER KELLY: I am sorry this is such a short timeslot. Is there anything we have not given you the opportunity to say that you wanted to say to us?
617. JOE BYRNE: What I would just say, Sir Christopher, I think we need to understand that in Northern Ireland we are only having a developing political democratic system. Because we have not had the same experience here let us say in developing primary legislation, we do not have an honour system here. There is not the same abuse I think as might have be the case in GB in relation to big party political funding. As this political system possibly develops more over the future, we are seeing a growing number of lobbyist groups or PR companies who of course always act as surrogates for interests. I think we should console ourselves in saying that there is no abuse yet of the donation system here. This is good that we have this if you like benchmarking at this stage in relation to how this can be looked at into the future. But I think largely there is a lot of openness and transparency here. There are only 1.7 million people. Everybody knows each other and as my colleague said earlier on, the whole the donations issue is still something that we as a party have to be very mindful of.
618. SIR CHRISTOPHER KELLY: Thank you very much indeed for coming to talk to us.

PAUL MASKEY AND SEAMUS DRUMM (SINN FEIN)

619. Our next witness is Paul Maskey MLA from Sinn Fein.

620. PAUL MASKEY MLA (Sinn Fein): Seamus Drumm is with me also, who is the six counties manager for Finance within the party.
621. SIR CHRISTOPHER KELLY: Time is relatively short but on the whole we do not like long opening statements. What we really like is for people to tell us at the beginning what are the points they particularly want to get across to us in the time that is available.
622. PAUL MASKEY: Okay. Obviously just from my own point of view I would just like to say that I am a spokesperson for commerce for our party. I also sit on the Standards and Privileges where Declan is the Chairperson and I am used to sitting at that side of the table when I am chairing the Public Accounts Committee. But obviously we have our own cases and scenarios. One of the issues, what we do want to hammer home today very strongly, is with regard to the PDGs. We have five MPs in Westminster and yet we have no access to the PDGs. That is something that we are finding I suppose is a non-even playing field and that is something that we would like you to take those concerns away from ourselves, because there are two other parties in Northern Ireland. We are the largest nationalist party in the north, the second largest party in the north and yet we have no access to that. We have five MPS who are all under the constituency rules, they are doing maybe the same work if not more in many cases than some other MPs who are represented as of right in Westminster but they still have a constituency to serve and if there is no access then I think there is somewhere in the region of well over £1 million given to the two other parties and I think it is unfair. We are quite open to the questions that you might want to pose to us but as an opening statement just with regards to that.
623. SIR CHRISTOPHER KELLY: If I can just clarify that, and forgive my ignorance. You do not get Policy Development Grants but you do get Short money?
624. SEAMUS DRUMM: Yes, we get the equivalent and it is actually in our case called opposition party money, but it is at the same rate as the short money.
625. SIR CHRISTOPHER KELLY: Okay, it is called opposition party money even though you are not the opposition party. Thank you.
626. I guess the case for policy development grants is that as a number of other parties have suggested to us they are there for developing policy in relation to the Westminster Parliament . Although you have MPs everyone is very quick to point out to us that your MPs do not take their places in Parliament for reasons which have been explained to us when we have been here before. The argument you made was in terms of the work you do with your constituents, which of course I understand, but that is not about policy development. Why should you be entitled to Policy Development Grants when you are not actually participating in formulating policy in the Westminster Parliament?

627. PAUL MASKEY: Okay, I would argue then that for example we meet with the Secretary of State, we meet with the Prime Minister, and we would argue that with regards to policy and that we are part of the legislation that is coming through the Assembly for example which has to be ratified also. But some of the issues which we do deal with is that if a policy is being made in Westminster it is affecting people on the ground who are in our constituencies as well, who are in the MP's constituencies also. So we do meet with the Secretary of State and other British Government Ministers as well as the Prime Minister as well with regards to the policy, because if a policy is wrong a policy is wrong and we have to lobby against that policy and we have to argue for it. So we would probably have as much say as most other parties from the north of Ireland for example when it comes to policy development within Westminster. Because I think it is a very important point that we need to be making sure of, because if the policy is being created it does not only affect people who are in the constituencies where a DUP or an SDLP MP has their seat. It affects people in West Belfast where the Sinn Fein hold the seat as well. So the policy we will argue for and will lobby for policy changes as we have done in the past and we will continue to do that.

628. SIR CHRISTOPHER KELLY: Can you give me an idea of the policies made not just in Westminster but through meetings with the Prime Minister and others? Can you give me an idea as to how often your representatives do meet with Ministers or the Prime Minister?

629. PAUL MASKEY: Our party meets very regularly, Sinn Féin probably meets more regularly with British ministers than other parties here do for example. When you look at even to whether it is negotiations right from the Good Friday Agreement right to current situations where with regards to any issues and we do -- especially Martin McGuinness who is the Deputy First Minister here, who is also an MP as well, has met with the Secretary of State and I do not know off the top of my head how many times they have met but they have met on a large number of occasions. Other MPs like Colm Murphy, Michelle Guildernan as well as Gerry Adams as well has met on many occasions with regards to British Ministers and I think that is something that we will continue to do to make sure whether it is for a change in policy or whether it is about legislation we will argue as well.

630. But it is also about making sure that we give best representation for people. Because the point is that there are two parties in the north of Ireland who are getting the PDGs and we still think that it is an unfair playing field and I think that it needs to be rectified and I think if we are all to get on a level playing field then that is something that has to be -- I hope that you listen to that today and I hope that you take that forward within your deliberations. Because it is something that we feel strongly against, we feel that we are being hindered and being restricted and in some cases we feel that other parties are given their lift up where we are not.

631. SEAMUS DRUMM: We have also been in favour of extending the PDGs, taking into account all the Assemblies and working out how they're paid

-- I mean there are five parties on the executive here and we think the five of them should be entitled to have a proportion of the PDGs. We are not just arguing for ourselves, we are arguing for the system to be changed.

632. SIR CHRISTOPHER KELLY: We have heard similar arguments in Scotland where there is a different system. Thank you very much.
633. DAVID PRINCE: Yes. Can I ask you about donations and the current legislation that allows Irish citizens wherever they live to donate to Northern Ireland political parties. Why do you think that is important that that should continue?
634. PAUL MASKEY: I am an Irish person. We are an all Ireland party, Sinn Fein is an all Ireland party, we represent people in the 32 counties wide and we think that's very strong. This is also going back to the Good Friday Agreement where it is in legislation where it comes to the fore with regards to people who obviously are Irish people, but we also think it is very important that people whether they live in Cork or Dublin or Ballymena or somewhere else, if they want a party to represent them then they want their party to represent them and if they want to give a donation then that should be the case. As an Irish Republican I do not recognise any borders on the island of Ireland and I think that a lot of people on the island of Ireland agree with that as well. Over 70% of people in Ireland voted for the Good Friday Agreement which recognised and gave people that right. I think that if that was taken away with then that's tampering with the Good Friday Agreement and I do not believe that that is right because I thought and I think that we have worked very hard to make sure that we are, as I say -- and Irish citizens have that right as well as people who want to be known as British have that right also. I think that is a very important part of the legislation coming from the Good Friday Agreement. I mean I suppose that the Irish no matter where have that affiliation and if the party has to be Sinn Fein then that is what it is, but it is open to all parties on the island of Ireland whether it's the DUP because I am not sure whether any of the unionist parties get any donations from what I call the 26 counties, I do not know whether that is the case or not, but it's open for them if they want. I think that needs to be kept open, I think it is a very important part because as I say we are Irish citizens and we agree very strongly with that piece of legislation which came through the Good Friday Agreement.
635. DAVID PRINCE: How do you feel about the current rules on eligibility to make donations to political parties, because it is tighter in the Republic of Ireland than it is in Northern Ireland. Do you think that is a sustainable and reasonable position?
636. PAUL MASKEY: Well, it is something that we have to work with and I mean no matter what, whether it's tight, we do have to work with whatever the rules are set out and I think we have led the way on dealing with issues. I mean we are one of the first parties here to actually put even our costings and our expenditure on the internet and on the website, we are one of the first parties to do that and we take the lead in that. So whatever system is in place

we will work with and that is what we have shown to do. But if there are ways of improving then we are certainly willing to look at ways of improving as well. Because we need to make sure that the public out there have full confidence within the political system. I mean the political system is the political parties who are obviously given donations as well but working quite hard because we do believe as I said earlier that I do sit on the Standards and Privileges Committee and I do recognise the importance of accountability that is out there within the public. And the public do look at systems and expect that political parties adhere to whatever that system is they are working to. So whatever systems are in we will certainly work to them.

637. SEAMUS DRUMM: Maybe if I can come in on the 26 county element of it. The difference down there is there is actual State funding down there for political parties and there is a very very low cap on donations of, I think it is roughly €6,300.

638. DAVID PRINCE: We will come on in a moment to State funding. You mentioned a moment ago the public perception and so on. How do you think the public in Northern Ireland view the current situation in relation to donor transparency? We have heard about focus groups and -surveys but what is your sense of where public opinion is on the issue?

639. PAUL MASKEY: I think public opinion is quite scattered with regard to any fund that goes to any political party at the moment and I think that that accountability has to be put in place. When I was saying earlier, with regards to public opinion, it is very, very important that we have public buy-in to the electoral system. We have to have public buy-in as well into the whole political system as well, and I think it is very very important that we make sure that we keep going whatever distance we can to ensure that confidence. As I said I think we were the first party to produce our expenditure and we have been very open to that and we would call on anybody and everyone else to show leadership and set the examples which will ensure public confidence. I think that is something that has to come to the fore very much.

640. DAVID PRINCE: I would like to come to expenditure in a moment but can I just ask you where your own party raises most of its income from?

641. PAUL MASKEY: Quite simply as an Assembly member I donate a large amount of my salary back into the party and we all do likewise. I think that is very important and I think that is where the vast -- and Seamus may come in with some of the figures on that but all of our Assembly members will put a donation of their salary back into the party and again I think it is a very good way of obviously giving money for the party but it is also (inaudible) again and I think this is a very important point of it as well is that again that is the accountability mechanism kicking in. Because I am not in politics for money, I am in politics to deliver for my constituents and I think again I am very willing to demonstrate that by putting a large amount of my salary back into the party.

642. DAVID PRINCE: And the rest of the income, can you give us a sense of that?
643. SEAMUS DRUMM: Yes, sorry, our donations for example, I would say probably 90% of them in recent years have come from a proportion of the salaries that the Ministers and MLAs and advisors have donated. All Sinn Fein head activists get the same salary, the average industrial wage and they donate the rest of it, and that is by far the biggest element of our income.
644. DAVID PRINCE: What about individuals outside of that system? Private individuals? Is it hard to raise money from them?
645. SEAMUS DRUMM: It is, yes. The donations we get are all very small donations. I am actually responsible for making the returns to the Electoral Commission and from the new system that started at the end of 2007 we have not had to make a return for anyone outside of our advisors, MLAs and so forth. We do not get corporate donations at all.
646. DAVID PRINCE: Okay. Thank you. We have had quite a bit of evidence through our various hearings about the arguments for donations caps, whether there should be caps and if so what those caps might be. Where do you stand as a party on capping donations? If they were to be capped where would you want to see donations capped?
647. SEAMUS DRUMM: I think that a small number of very wealthy people have a disproportionate influence. I do not think any of the parties in the north here get major donations at all, so if you came to talk about a level for a cap our input is going to be minimal because the Tories and the Labour party, if there is a cap they would want it set at millions and I think the only way they are going to agree to a cap is a big increase in State funding and I do not think that the time is right for that. I do not think that the public will accept it.
648. DAVID PRINCE: So at the level that you are receiving contributions it is not really an issue relative to what is happening in some of the bigger parties?
649. SEAMUS DRUMM: Some of their individual donations would be probably a lot higher than our total income.
650. DAVID PRINCE: All right. Can we come to the issue of expenditure then? You have already talked about your own transparency in expenditure. Do you sense you are in an arms race with the other parties? Is this an issue here?
651. SEAMUS DRUMM: Definitely not. I take it you are speaking about campaign expenditure? I think the candidates limits, there is no problem with them, they are low. We have no problem with reducing the limit for parties because we do not come anywhere near close to the limit and I do not think any of the local parties do. I think that our expenditure for the recent election was something like, as a party, less than £70,000 and that included two

political broadcasts.

652. DAVID PRINCE: Have you any views on the levels of the current caps on campaign expenditure and total spending? Would you want to see any changes in those?

653. SEAMUS DRUMM: As I say they do not impact on the parties here. None of the parties come close.

654. DAVID PRINCE: Because you are all so below the limit.

655. SEAMUS DRUMM: We actually think and Paul will know better, we get our votes basically through working the ground and knocking on doors and stuff, all over Ireland, during election time.

656. PAUL MASKEY: I think that is right. I do think there should be a cap, but what that cap is is a different question altogether. But as Seamus is saying, it may not -- I was sitting earlier on and there was this figure mentioned of £50,000. That is a large amount of money still for us, because we would not get anywhere near that. As Seamus is saying, for example, the party spent somewhere in the region of £70,000 but yet you are talking about a cap on one donation of £50,000, that is a stark contrast so we are not in that ballpark whatsoever. So I mean where that cap would be in my view is probably another argument for another day for us because it does not really affect ourselves here in the north.

657. DAVID PRINCE: Okay. You talked earlier about possible increases in State funding. What is the view in general about State funding? Do you think we are at a point now where State funding will have to increase because of all the pressures you have talked about on members and members' funds?

658. SEAMUS DRUMM: I think there was a strong argument maybe four or five years ago for a system similar to the south of Ireland with low caps and a much higher level of State funding. But in the present economic climate I would not say there is a chance of that happening.

659. DR ELIZABETH VALLANCE: Can I go back to your statement about donations and getting a lot of your money from people working within the party, which sounds at one level commendable. At another level one might say, well, in a democratic party and a democratic system should you not be out there making sure that the people who support you actually support you financially as well?

660. PAUL MASKEY: Well, the unfortunate thing is a lot of the people who we represent are from areas of social disadvantage. The area that I represent in West Belfast for example, six out of the ten most deprived wards in the North of Ireland are in my constituency. So it is a hard push so I would much rather put a large amount of my salary back into the party to allow our party to continue on than go and ask someone who does not have a great deal of

money. So that I think has to come into it as well.

661. DR ELIZABETH VALLANCE: I think I entirely understand what you are saying and the practicalities of it, although I am being a bit more theoretical than that. You are arguing that this is a strength. I am saying could you not look at it the other way and say actually in a democratic situation you need to be persuading more people to support you, even if it is only for a few quid?
662. PAUL MASKEY: We are not saying that is not the case. Of course we would be willing to ask them and there are different fundraisers which will take place and a small amount of the income coming into the party, and as Seamus says the vast majority of our money that comes in is the money from the Assembly members and I think -- and maybe this is somewhere where we are different. I do not count myself as a politician, I count myself as a community activist and maybe that is somewhere where it is different, I'm not a career politician.
663. DR ELIZABETH VALLANCE: You made a very strong argument for getting money that is given to politicians for doing a political job. I mean do you not want it both ways?
664. PAUL MASKEY: Well, I am elected to a political institution as are all of our members who are elected to whatever councils whether it is to Westminster or whether it is to Leinster House or whether it is to the Assembly here in the north of Ireland. We have a job to do for our constituents and it is a very hard job and a very tough job and we do work very strong at it. The reason I am saying that we need to have a level playing field is because I do believe that it is unfair of two other political parties, the SDLP and the DUP who have access to the PDGs. Yet Sinn Fein, who is the second largest party in the north of Ireland, but who is the largest nationalist party in the north of Ireland, have no access to that. I mean I have no issue whatsoever in handing my salary over to the party, whatever that may be, whatever the amount of that. I have no issue with that whatsoever because I live in the area where I represent, I have been born and bred in Belfast. I have no aspirations to become a millionaire. My wife might have different aspirations but she is not going to get them married to me.
665. So I think that is an issue which -- I mean I personally believe that I am very much willing to do what I can for my party and for my constituents and I think that the party then needs to have a fair crack of the whip when it comes to the donations.
666. DR ELIZABETH VALLANCE: Thank you. Can I then take you on further into the State funding and you talked about the PDGs and not having access to that. It would be important to see that concept widened so that not just people who have representation at Westminster or wherever but the devolved legislatures, the European Parliament and so on actually had access to this money.

667. PAUL MASKEY: I think Seamus touched on that earlier because Seamus touched on that by saying, yes, we are aware also the other parties who are in this Executive here as well. It is not all about Sinn Fein. We want all parties to have a level playing field, and I think that is the point because I think it's unfair, there are five parties representing the Executive here, for example, but yet only two have access. I think that is very unfair.
668. DR ELIZABETH VALLANCE: How do you feel about selling the idea of more state funding to your constituents? I mean, do you think people in this particular climate at the moment would think that an increase in state funding would be an acceptable thing?
669. SEAMUS DRUMM: I do, yes. In the Assembly, we have come out against increases in salaries, increases in allowances and stuff.
670. PAUL MASKEY: Myself and John O'Dowd who is our group leader in the Assembly have met with regards to the wages stuff and I think maybe the only party coming through within the Commission and the Assembly to oppose any increase to the salary of elected representatives here is the Assembly members. There are a number of reasons for that. First of all is that this is the first term of the Assembly that has stayed the course of distance, we have a couple of months to go yet but by and large it will stay the course of distance. And it is about the confidence within the electorate and within the people out there. For the first while, that confidence may not have been there. Now, the longer the Assembly goes on and then that confidence will be instilled within our people, and I think it is good thing. But we are totally opposed at this stage to any increase in salaries for Assembly members at all at this stage. I think that is --
671. DR ELIZABETH VALLANCE: But general increases in state funding from other areas? That is really what I am asking about. Would you be in favour of that, and would you be able to convince your constituents that an increase in state funding in other ways would be a good thing? I mean gift aid on political donations or tax credits or whatever as a kind of increase in state funding indirect?
672. SEAMUS DRUMM: I think as Paul said earlier most of the donations we collect from constituents are very, very small. Gift aid now would not have a big impact.
673. DR ELIZABETH VALLANCE: Well, 20%.
674. SEAMUS DRUMM: Yes but they really are small.
675. DR ELIZABETH VALLANCE: Thank you. I think I know the answer but, since we have asked everybody else about third parties, we should ask you as well. Do you have any involvement with third parties, with think-tanks or other single-issue organisations?

676. SEAMUS DRUMM: No. No, the answer to that would be.
677. DR ELIZABETH VALLANCE: So, if there were expenditure limits, you do not think the argument that is made that people might just donate via third parties would not apply to you?
678. SEAMUS DRUMM: It has not applied to us at all. We have never received any donations from any lobbyist groups or whatever. And I do --
679. DR ELIZABETH VALLANCE: Or single-issue organisations?
680. SEAMUS DRUMM: Single issue. We have never received a donation of any size. I am not sure about the other parties. If there is, I would imagine it would be very small but we certainly, as our party, have never received it.
681. DR ELIZABETH VALLANCE: Can I finally just ask you a little bit about the current regulatory framework? Do you feel that that works quite well in Ireland?
682. PAUL MASKEY: As I stated earlier, I was responsible for all the returns that had to be made, the various returns to nation, election returns. It can be a bit cumbersome at times where we have to fill in the quarterly donation statements. We have got so many.
683. DR ELIZABETH VALLANCE: We heard from the Electoral Commission that they would quite like to have a standard financial return form and so on. You would generally support that, would you, in the interests of simplification?
684. PAUL MASKEY: Definitely.
685. DR ELIZABETH VALLANCE: Thank you very much.
686. SIR CHRISTOPHER KELLY: In answer to the question about accepting donations from Irish citizens, you made clear that your arguments on that were based very firmly on perhaps that it was in the Good Friday Agreement, and that you did not recognise supporters. I understand those arguments very well. As a matter of fact, are you able to tell us whether you actually receive any donations from Irish citizens? The reason I ask that is because it has been said to us, without any evidence of course, that actually the flows are more likely to be the other way round, that money is more likely to flow out of Northern Ireland into the other counties?
687. SEAMUS DRUMM: We do receive donations. They are not --
688. SIR CHRISTOPHER KELLY: They are not significant?
689. SEAMUS DRUMM: They are not significant.
690. SIR CHRISTOPHER KELLY: So, below the reporting threshold?

691. SEAMUS DRUMM: Yes, way, way below, especially from when the threshold was increased. We have actually argued against this, the current threshold, in the NIO consultation recently. We were in favour of that £7,500 threshold being reduced to £500.
692. SIR CHRISTOPHER KELLY: Does it follow that, if someone were to take the decision to put Northern Ireland on the same basis as everyone else in respect of donations from outside the current jurisdiction, the impact on your principles might be significant but the impact on your finances would not be very substantial?
693. SEAMUS DRUMM: They would not be substantial but I think all the parties here are struggling financially, and you have to cut your cloth to suit. If we had more money, we would spend it because we would employ more --
694. SIR CHRISTOPHER KELLY: I understand that. But the SDLP told us, I think, that 5% of their income came from Irish citizens. Would your proportion be smaller than that?
695. SEAMUS DRUMM: It goes up and down a bit, it goes up and down. But politically it is very, very important --
696. SIR CHRISTOPHER KELLY: I do understand that. I am just trying to separate the two arguments. Thank you very much. Is there anything we have not given you the opportunity to say that you wanted to say to us?
697. SEAMUS DRUMM: I have read all the case, hopefully, so ...
698. SIR CHRISTOPHER KELLY: Thank you very much. Thank you for coming to talk to us.

STEPHEN FARRY MLA AND CHRISTINE ROBINSON (ALLIANCE PARTY)

699. Our next witness is Stephen Farry MLA from the Alliance Party. Mr Farry, you are very welcome. Would you like to introduce yourselves?
700. STEPHEN FARRY: This is Christine Robinson, who is the director of policy for the Alliance Party, and I am Stephen Farry MLA and the convenor of the Alliance Assembly Group.
701. SIR CHRISTOPHER KELLY: You have been kind enough to provide us with some evidence, which is very helpful. We do not, on the whole, encourage long opening statements. But are there are particular points that, given the shortage of time, you want to make to us ...
702. STEPHEN FARRY: What I would probably suggest is that I am happy for the written statement to be taken as read. There are a few points that I would quite like to get across during oral questions. I was working on the assumption that you are going to ask me those questions anyway, and perhaps if it is okay, if they are not picked up, I could make a short closing

statement and make those points if they are missed.

703. SIR CHRISTOPHER KELLY: That sounds very sensible. Would you like to give me a general view of the state of party finances in Northern Ireland?
704. STEPHEN FARRY: Sure. From our own perspective, it is very rocky. We are struggling to make ends meet. We would be the fifth party in Northern Ireland in terms of size, and that would be reflected in terms of the resource base at our disposal. I suppose even in some respect we find ourselves at some particular disadvantages compared to some of our competitors given the nature of some of the rules. But we are a party that is very much dependent upon our membership base for donations and also money that our elected representatives would also donate; I hasten to stress not from their office cost allowance but out of their personal income if there is any misunderstanding of the words on that front.
705. Frankly, we do struggle to make ends meet, and I think it is a general problem throughout the Western World in terms of the decline of mass membership of political parties. There is this constant need to address how resources are generated in order to keep up with rising costs.
706. SIR CHRISTOPHER KELLY: A number of other parties have made the same point to us, you will not be surprised to hear. Do you think, subjectively, you are actually operating at a suboptimal level in terms of expenditure? I do not mean would you like to be able spend more? I mean are you actually able to spend enough to perform the function that political parties do perform in the way the democratic system operates?
707. STEPHEN FARRY: Being perfectly blunt, we operate on a shoestring, and we struggle to do what we need to do in terms of even the pure basic functions. We have just had our party council meeting at the weekend, which is the governing body of the party, where we were discussing our budget for the two elections that we are expecting next year. Even to try to argue the case for what would be a burden in terms of expenditure for an election in light of resources was a very difficult argument to make.
708. Our party headquarters runs on the basis of three members of staff. One of those members is paid for through grant aid from the Joseph Rowntree Reform Trust, and we have two members of staff that are supported by membership donations. As a political party that is there as an interface between the state and the ordinary citizen, we find that our resources pale into insignificance compared to a lot of the NGOs that we will deal with in civil society but the range of issues that we are attempting to cover span the entire spectrum whereas a lot of those bodies will be single issue or very narrow range of issues that will be on their horizons. So, we do find ourselves incredibly disadvantaged.
709. Of course, we have resources through the Assembly, which allows us to run some degree of an Assembly party. But, even there, our staff levels are

very slim. As a party in Government, we have an Assembly party with three staff again trying to cover the whole range of issues that will come before the Assembly.

710. SIR CHRISTOPHER KELLY: So, that is six staff in total?

711. STEPHEN FARRY: Six staff in total.

712. SIR CHRISTOPHER KELLY: Thank you very much.

713. LLOYD CLARKE: Recognising that some of the questions in the context of what you have just been talking about may not specifically apply to yourselves but it is still as much about a process and how that might operate. So, if I can start with transparency, donations and then perhaps expenditure. Transparency, of course, we have just had a consultation around, and if transparency leads to accountability. Can I ask where you stand on the transparency questions?

714. STEPHEN FARRY: We are 100% in favour of full transparency and always have been. In the spirit of openness and frank, I think a lot of the arguments that have been used and continue to be cited around defending a lack of full transparency are red herrings. They do not stack up. There is a whole range of other aspects in terms of the political world where the individual involved's name must go on the public record. That is not just in terms of people who are upfront elected representatives. For example, anyone who proposes or seconds someone for office or nominates them on their election papers, those names are public record and can be accessed. I am not aware of anyone ever having been attacked in Northern Ireland for having signed someone's nomination papers although that has been the source of a reason for a security threat.

715. LLOYD CLARKE: Just pause there. It is interesting what you say in terms of red herrings because we have certainly had people here today who would strongly make the case that, actually, this is not red herrings; this is peculiar to Northern Ireland that intimidation or the fear of intimidation is sufficient reason at the moment to maintain the lack of transparency or the current rules. It is difficult because when you ask, "Well, what is the evidence for that?" it is difficult to actually nail that evidence now. Yet, you come with completely the opposite side, that that is all red herring stuff and there is not any evidence for it. Have you got any evidence that you can really say that?

716. STEPHEN FARRY: I personally have no evidence of this. I have not heard the evidence that you have heard during the earlier part of today. I hear this argument being used but I have never come across a particular example that has been cited to back this up.

717. Perhaps there is one suggestion that may be a compromise way of taking this issue forward. Recently, the law was changed in relation to election candidates not having to give their full home address to be published on the ballot paper but purely their name. I think a happy medium would be

that the names of donors could be publicly available but the home addresses of donors I do not think are relevant to the public interest. The public interest relates to the identifies of the donors. If we had a situation where their names were published but their addresses were withheld publicly, I think that would satisfy the public interest requirements of full transparency at the same time as giving reassurance regarding the compromising of anyone's home address.

718. LLOYD CLARKE: I guess there are two questions that follow up from that. The first is what would such transparency do for politics in Northern Ireland, and the second one, just to satisfy myself, how would you benefit if there was transparency? Would money flow into your coffers as a result of that?
719. STEPHEN FARRY: I do not know that transparency would help the cause of donations but I do accept that there is a public interest requirement in insuring that the public have full confidence in the motives of politicians as to why they are doing certain things. It is important that the public are always assured that the politicians are acting purely from the public interest and not out of any private interest that may have resulted from a donation. Transparency around donations allows the public to make their own conclusions regarding the motivations.
720. In terms of Northern Ireland, we do not have the same culture of big donations, whether it is from big business or the trade unions, as is the case in the rest of the United Kingdom. But, as our politics matures over the years to come, particularly bearing in mind that devolution is now bedding down, that is certainly a risk. Also, bearing in mind that we have had a number of allegations made regarding the conduct of our politics over the past couple of years, I think it is an issue that the public are becoming much more sensitive towards. Even if it is not that big an issue now, the risk in our system is there. It is important that we act pre-emptively.
721. LLOYD CLARKE: If you are an Irish citizen, wherever you live you can donate to Northern Ireland politics. Is that a sustainable position?
722. STEPHEN FARRY: I think it is important. This is one area where I would draw your attention to the particular circumstances that we face in Northern Ireland due to the fact that we have this bizarre constitutional position that we are part of the United Kingdom but also that there is an all-Ireland dimension to our politics as well, and it is important that, bearing in mind that some of our parties are organised on an all-Ireland basis, I do not think it is right to arbitrarily interfere with that. I think, provided there are the proper security checks in place to ensure that they are genuine donations from Irish citizens, Irish residents as opposed to overseas, I think that is something that should be retained.
723. In the long run, I think it would be useful if the laws in the United Kingdom and Ireland were standardised as far as possible around this to provide extra reassurance regarding the regimes. But I think the principle, given our geographical location and the nature of our politics, it is critically

important.

724. LLOYD CLARKE: Thank you. Can I ask you specifically about your own party now? Where do you raise most of your money from? Where does it come from, the majority of your money?

725. STEPHEN FARRY: We would raise a lot from our members through membership subscriptions. We would do probably two or three appeals to our members during the course of the year. Our local associations would organise fundraising events. We are trying to move beyond the traditional model of the old jumble sale to slightly more sophisticated methods. We would raise money through our party conference and through elected representatives. By and large, we are not a party that receives big donations. We do make our declarations of donations to the Electoral Commission but I think we are now on our fourth or fifth nil return basically because we do not have donations across the threshold for reporting. It is a struggle to make ends meet.

726. LLOYD CLARKE: This question seems slightly dumb to ask you but should there be a cap on donations and, if there should be, where do you draw the line?

727. STEPHEN FARRY: Probably coming from a liberal political perspective, I am open to there being no cap because it is the right of citizens to determine what they wish to do with their own resources, and if they wish to make a big donation to a political party or even if a business or trade union wants to do that, provided there are proper governance arrangements internally, I think that is their right. I think the key issue for me is the transparency to ensure that people can draw their own conclusions as to the output from a party as to whether that has been overly influenced by the nature of the donations made.

728. That said, I do not think it is an issue that we would die in a ditch over if a cap was to be recommended. But my instinct and the instinct of my party would be for keeping it open, and from an essentially ideological perspective about individual freedom to make choices.

729. LLOYD CLARKE: But transparency clearly linked to it?

730. STEPHEN FARRY: Yes.

731. LLOYD CLARKE: What about the other way, and again this seems a bit of a dumb question when you have said what you have said about your meeting about, "Where are we going to spend our money next year at the elections next year?" It has been suggested elsewhere in the United Kingdom that perhaps there is this notion of an arms race, that while one party spends some another one has got to spend as much if not more and match it and whatever else. I guess the ultimate question is should there be an expenditure cap there?

732. STEPHEN FARRY: There is some suggestion that the expenditure caps here are of very, very little relevance. I could not even tell you what they are because I know we are never moved to come anywhere close to them. We spent, in terms of party expenditure, about £25,000, which is somewhat different from the constituency expenditure. But I think the cap is important at a national level. I would perhaps suggest that there needs to be a rebalancing between the levels of the cap. From my experience, we would tend to spend very, very close to the limits in constituencies. That is probably the nature of our party where we place a strong emphasis on grassroots campaigning, and we would tend the focus the balance of our resources behind candidates as opposed to generic party expenditure. But I find that those caps are very restrictive at times whereas the party expenditure caps are overly generous. So, we will struggle sometimes. We have to be disciplined to make sure that we keep within the limits for our candidates and we know we have no problem whatsoever with the party.

733. But I also think that, if you were to rebalance, this would encourage parties to shift away for the media mass-marketing more towards working at a grassroots level, which in turn may help to better engage the voters and the wider electorate including those who do not vote, and to refocus politics more around issues including local issues. I think that would be one way in which we could begin to restore the confidence and reverse the decline in terms of participation in politics.

734. LLOYD CLARKE: You will be maybe not surprised to know that you are not the first person who has suggested that that rebalancing should take effect for the very same reasons that you have stated. Thank you very much. Thank you.

735. DAME DENISE PLATT: I want to turn to state funding. I think you said that the Northern Ireland Assembly gives you sufficient funding to finance three staff. Is that right?

736. STEPHEN FARRY: Yes, barely. They are all massively underpaid.

737. DAME DENISE PLATT: What sort of percentage of your annual spending might that be?

738. STEPHEN FARRY: They are kept essentially separate in terms of accounting purposes. Between the party Alliance and the whips Alliance in the Assembly, we barely are able to afford to employ three staff. I personally feel, in terms of the level of remuneration that we offer the staff in politics given the level of responsibility, the level of influence that we as an Assembly party have and potentially can have, I think it is well below what would be the case in other walks of life. A lot of people are working in politics out of the love of politics and responsibility for society. They do not necessarily get the financial rewards for that. It is something we struggle with.

739. DAME DENISE PLATT: So altruisms in there as well?

740. STEPHEN FARRY: Yes, I am afraid so.
741. DAME DENISE PLATT: Can we move onto the policy development grant, which is only given to parties with defined representation at Westminster? Would you like to see the idea of that sort of grant widened to include representation in the devolved administrations or even the European Parliament?
742. STEPHEN FARRY: Absolutely. I have to say the policy development grants have been one of my massive bugbears over the past ten years, and have been a massive source of frustration. I think the way that the scheme was originally developed in the context of Westminster made sense for parties that had a Westminster focus. The nature of our politics especially today with the devolved Assembly is that the Assembly is the primary political institution in terms of how the people of Northern Ireland view their politics. There is a massive problem in that the policy development grants are awarded based upon Westminster representation, which is linked to the first-past-the-post electoral system. So, at present you have only two political parties who take their seats in Westminster who have more than two seats. We have one MLP so we do not qualify for that.
743. But my understanding of the rules, and I do stand to be corrected on this, is that those grants, however, are not purely restricted for use for Westminster manifestos but they can be used for wider policy development in the party. That has spill-over effects in terms of all the other elected bodies. So, in a way, a grant through Westminster can subsidise the wider operation of those parties and, in particular, can assist them in terms of Assembly elections, European elections and district council elections. Until now, we have struggled to get representation in Westminster but we have always had a strong core in the Assembly and also at district council level. I would like to think that we have punched well above our weight in terms of policy development and we continue to do so. At the moment, we have Christine as our policy director and one part-time assistant but our generation of policy with the assistance of various interns and volunteers sometimes exceeds the level of some of the parties who are in receipt of policy development grants and, first of all, I do not think they are getting value for money in terms of what the money is being used for but we are doing more than what they are doing on the barest minimum of resources. I think it is not only just us; there are other parties such as the Greens in the Scottish Parliament, for example, who are also trying to compete in a devolved context but they do not receive policy development grants because they are dictated purely by Westminster representation.
744. DAME DENISE PLATT: So, you would like to see that extended --
745. STEPHEN FARRY: I think the notion of a policy development grant is a useful notion, and politics, particularly in Northern Ireland, has to have a much stronger policy focus, which we have not had historically. We need to invest in proper policy staff to allow us to do that. But, at the moment the way the rules are set up, it discriminates against parties that do better in Assembly elections

but maybe struggle due to the electoral system to get representation in Westminster.

746. DAME DENISE PLATT: So, you might get access if there was an AV system?

747. STEPHEN FARRY: That is another story in itself.

748. DAME DENISE PLATT: From what you are saying, as a small party, you would like to see State funding increased?

749. STEPHEN FARRY: I am personally open to the notion of State funding, and I think it probably is a necessary evil in terms of our politics. Political parties get a bad press, sometimes deserved, perhaps most of the time undeserved. We are necessary to act as an interface between the electorate and the State. For better or worse, given the changes in the nature of politics and mass participation, we are struggling with our resources.

750. Now, if the State is to help with political parties, I think that, obviously, there is a trade-off in terms of transparency that comes with that. At the moment, there are a number of different forms of State aid, whether it is the grants the parliamentary/Assembly parties receive, whether it is the policy development grants. There are also the free broadcasts for party election broadcasts and also the free postage on election communications, which we also receive locally for district councils, which is not the case in the rest of United Kingdom. All of those are very useful but where we particularly struggle is with our core funding, our core running costs of the party. I would be happy for state funding to be extended to give parties some additional support in that respect.

751. DAME DENISE PLATT: What do you think the public would think about it?

752. STEPHEN FARRY: I think the public would be cynical, and it would be an uphill struggle to achieve that. But just because there may be a negative reaction from the public is not a good reason not to contemplate it. But, in turn, there is a duty and a responsibility on us to show strong leadership and also to prove our worth as a consequence of that, and to restore the lost credibility in politics.

753. DAME DENISE PLATT: We have heard evidence from elsewhere of organisations favouring changing the status of political parties to enable them to receive gift aid with a matching tax credit and, for those who do not pay income tax, a tax credit. What is your view of that?

754. STEPHEN FARRY: I would certainly be open to that as an option. In practice, it would be a fairly minimal uplift in resources but I think that would be a useful way of starting. I think that perhaps more fundamental reforms could be considered. But I think they would need also to be linked to levels of other donations coming in as a way of determining the formula as opposed to votes

at the last election. Because, if you simply go based upon votes at the last election, you tend to ossify your politics based on what happened in the past rather than be open to changes in the political system, which changes in donations may better reflect. Equally, I appreciate that the economic climate for doing something like this is extremely difficult, and, whenever wider cuts to public spending are being contemplated, a decision to at the same time increase funding to political parties would be even more cynically received than in normal economic and financial times. But I think hopefully it is a start.

755. DAME DENISE PLATT: Earlier, you said you received a donation from the Joseph Rowntree Foundation --

756. STEPHEN FARRY: We did.

757. DAME DENISE PLATT: -- which is a registered third party organisation. Does your party work with other third party organisations, think-tanks or whatever?

758. STEPHEN FARRY: We do not. We do not really have that degree of infrastructure in Northern Ireland. There is a real gap in terms of our politics, and again this is an historical legacy of the Troubles. Indeed, in a different context, we have been remarking upon that where we are currently having our own negotiations regarding the budget, and just a number of sources have commented upon even the lack of interaction between Government officials and civil society or academia over quite important public policy issues that would be the norm in other situations through the think-tanks and other types of bodies. We just do not have that here. But third parties are still fairly amenable in Northern Ireland.

759. To be perfectly honest, there is a lack of understanding of the role of third parties as actors within elections. We had a case - it was 2005 in the general election - where a strange body was set up that campaigned against the Alliance Party through strange, dodgy leaflets. We complained on the grounds that they were not a registered third party, and this sparked a police investigation. They had to bring in two murder squad detectives, because the police had no infrastructure for investigating such things, so it was dedicated to the murder squad to investigate. It did not actually go anywhere in the end, but it showed the lack of understanding that was around it.

760. DAME DENISE PLATT: It has been put to us that if there were caps on donations and caps on expenditure, that actually there would be a flow of money into third parties.

761. STEPHEN FARRY: Yes. I do not think that would be the case in Northern Ireland, because our politics still operates on a much lower cost basis than would be the case elsewhere in the United Kingdom. So subject to the level where that was set, this may not be that big a problem, because if you had a fairly high cap, probably most of the combinations would still be okay.

762. DAME DENISE PLATT: Okay. I am going to change tack again, and I am going to go on to your regulatory framework here in Northern Ireland. Do you think the current regulatory framework is about right, or are there changes you would want to see?

763. STEPHEN FARRY: I think it is probably about right. I was the party general secretary up until about three years ago, so I am slightly less in touch with it than had been the case in the past. I think probably the biggest issue that I would comment upon is that there is a lot of paperwork to be completed, and sometimes the rationale for completing the paperwork may not overly be fair. The counterbalance to that would be that there does seem to be an over-emphasis upon the nature of how you declare expenditure, as opposed to any audit as to what you have declared being accurate and a true reflection of what actually happened during the course of the campaign. So, for example, if I declared that we erected 100 posters, a key issue would be have we declared that in the right way and have we added up properly; is it properly allocated to the right category. We may have issued 1,000 posters through a secret bank account or slush fund but only declared 100, and unless someone goes out and counts them, there's an issue thereof have we actually applied within the rules. So I think there does need to be some rebalancing between declaration and actually a proper audit of what parties have actually done in practice.

764. DAME DENISE PLATT: Do you think in Northern Ireland people are declaring 100 and doing 1,000 secretly?

765. STEPHEN FARRY: I do not think so; I do not think it is as rife as I would perhaps suggest, but I think there is --

766. DAME DENISE PLATT: It is a possibility.

767. STEPHEN FARRY: It is a possibility and it is a danger. Sometimes it can be an honest mistake that something is not declared - indeed, we have had that situation ourselves and we did rectify it. But the system as it stands at the moment is prone to parties playing fast and loose. I would not say that is happening, but the system I think allows that to happen. I know the Electoral Commission are moving more towards trying to audit what happens, but there are certain aspects that are easier to audit, things like the number of events the party would host, because they will cover that - you can do a count. But things like how many posters were erected takes someone to go round and count them all, and that is where abuse could happen.

768. DAME DENISE PLATT: So a final one from me. How effective do you think the Electoral Commission are?

769. STEPHEN FARRY: On a scale of 1 to 10, I would give them about 8. So they are not too bad at all.

770. DAME DENISE PLATT: Thank you.

771. STEPHEN FARRY: They will get in trouble, given the nature of the audits, but having said that --
772. DAME DENISE PLATT: They are just sitting at the back.
773. STEPHEN FARRY: I know, I know. I have got to walk past them afterwards.
774. SIR CHRISTOPHER KELLY: Let me ask you another question related to that. If there were more public funds available to support the good functioning of the democratic system, would they be better spent by increasing the resources of the Electoral Commission in order to improve their regulation or by distributing more funds to the political parties?
775. STEPHEN FARRY: Oh, I will have to say give more funds to the political parties there.
776. SIR CHRISTOPHER KELLY: That is what I thought you would say.
777. STEPHEN FARRY: Absolutely. I am quite biased, of course, on that one. You set me up on that one nicely.
778. DAVID PRINCE: Can I just back to what you were suggesting about possible state aid for core funding? Something that we have touched on. How would you define core funding, and do you think we could ever define it on a common basis that you could apply to all parties right across the UK? It is a difficult concept.
779. STEPHEN FARRY: It is. It is essentially about what is the core costs of the party. Having a headquarters, staff, running the administration, taking care of all the regulations and making sure they actually stay within the law.
780. DAVID PRINCE: That is the compliance function.
781. STEPHEN FARRY: The compliance function. The difficulty we have is that the same rules apply to us on our size as would be the case with our competitors, who are on a much bigger scale. We have still got to tick the same boxes, and especially in the situation where we only have two or three staff, we find the situation where our staff are really pressed within their working hours, and in practice they have worked beyond we require them to do in terms of their contract, purely to meet the requirements of running a modern political party. That is not a fair situation, but it is the situation where people through love of politics put in the additional effort required to do that. But we have required people to do that, and if we were just working on the basis of two members of staff working a normal week, we would really struggle to fulfil everything that was required of us in terms of internal organisation and trying to liaise with our associations to plan and organise the campaigns and to meet all the different requirements on us in terms of public accountability.

782. DAVID PRINCE: The argument goes, I suppose, in costing terms, that you have to incur a minimum cost, which could actually deal with quite a lot bigger turnover and flow of income and expenditure. That is how make you would be making an argument.
783. STEPHEN FARRY: Yes. I would love for us to employ a professional fund raiser to go out and expand our base. I would like us to be able to go out and interact a lot more with different constituencies, whether they are young people, ethnic minorities, other vulnerable groups in society, get them more involved in politics. That would stand both for our benefit and for the benefit of the political system. At the moment we end up with a situation with our staff becoming more and more inward looking, because they are simply just trying to keep a party ticking over, and our existence is almost a self-maintenance, to actually try and expand and go out there and do new things.
784. DAVID PRINCE: Thank you.
785. SIR CHRISTOPHER KELLY: Thank you very much. Is there anything we have not given you the opportunity to say to us?
786. STEPHEN FARRY: I think you have basically covered all the questions. I think I have got across all the key points I was going to make, so thank you very much for the opportunity.
787. SIR CHRISTOPHER KELLY: Thank you for giving your evidence, and sorry to take your hard working staff away from what they were doing. Thank you very much. That concludes our evidence.