Submission to the Independent Review Panel of the Governance Committee

“Independent Review of Election Funding”

Review Panel Task

To conduct an independent review into the appropriateness of the current rules and transparency of process for the following areas in connection with the Isle of Man's electoral processes:

Political Party Funding

Third Party Funding

Candidate Funding

Limits on campaign expenditure (to take account differing constituency sizes)

Use of loans, donations, gifts, writing off debts, "in kind" benefits etc. within candidate election funding

The appropriate period of the election window, in which rules would be enforced

Introduction

1. Positive Action Group (P A G) is a political lobby group, not a political party. It is a not for profit Association the objectives being to promote an awareness and understanding of politics and citizenship. We encourage members of the public to participate actively in politics by taking part in discussions, making their views known, voting, standing for office and holding public office. It is funded by membership subscription and donations.

2. P A G supports any development to create certainty and transparency in the conduct of the electoral process. It should be clear and easily understood.

3. It is noted that the review is being conducted within a tight timescale for changes to be introduced for the 2011 General Election.

P A G suggests that to fast-track the introduction of any changes may have unintended consequences which will only emerge during and following the Election campaign.
4 Should changes be introduced it is essential that an early, thorough, post 2011 General Election review, be conducted by the Governance Committee.

5. An open and transparent election process is fundamental to any democracy. It is important that candidates have sufficient funding for campaigning in order to communicate their message to the public. This is a positive good.

6. All forms of communication with the electorate is fundamental to the process and no restriction other than financial need be placed on it.

**Specific measures for consideration**

1. **Political Party Funding**

   The absence of a strong political party system in the Isle of Man does not mean that at some stage it will not evolve. The Panel should, following discussion with existing IOM parties (Labour, LiberalVannin and MecVannin) create a Code for the monitoring of party funding. This may include:
   - public disclosure of the names of every donor above an agreed nominal amount, prior to elections
   - disclosure of total donations
   - annual publication of Accounts

2. **Third Party Funding**

   P A G recommends the establishment of a register for promoters to declare involvement in the electoral process.

3. **Candidate Funding**

   As with Party funding candidates ought to declare sources of funding before an election.

4. **Limits on campaign expenditure**

   For an equitable election contest a cap on candidates election expenses is desirable. P A G canvassed the views of its supporters who had fought election campaigns. Responses are given in Appendix A.

   A median figure between £3,500 and £10,000 is suggested and such a figure should include advertising costs by third parties.

   Any intangible monetary gain a candidate receives should also be assessed and included within the cap. This would include gifts, written off debts and other in kind benefits e.g. the free provision of office accommodation. Voluntary declaration of such benefits to be made before an election.
The free provision of labour by volunteers assisting candidates should be disregarded in this context.

5. The election ‘window’

Deciding the length of time for the above regulated campaign period is fairly arbitrary. It seems reasonable to choose a period of 12 weeks prior to our quinquennial General Election.

With a by-election that time period may be curtailed.

Sitting candidates seeking re-election have a distinct advantage over new candidates because they have the opportunity to issue ‘Constituency Updates’ shortly before the start of the regulated campaign period. This happened before the 2006 General Election and the Panel is urged to recommend this practice be discouraged via a voluntary code.

6. Other considerations

a) The appointment of the Review Panel is as a result of public disquiet in the May 2010 by-election in Douglas East in which a candidate was allegedly funded by a Blind Trust. The use of such anonymous ‘vehicles’ ought not be allowed. Donations from non-residents, and off Island unions and companies to individual candidates also fall into this category of non-allowable funding.

b) Retention of public funding of one free mailing of candidate manifestos is desirable.

Section 31(1) of The Representation of the Peoples Act 1995 requires updating to reflect the fact that in August 2006, Isle of Man Post Office introduced ‘Pricing in Proportion’. The system prices mail on the basis of its size as well its weight.

c) Advertising - P A G recommends that the Panel reviews the relevant part of the Broadcasting Act 1993 that deals with the general requirements as to licensed services and also Section 10 of IOM Communications Commission “Code of Advertising and Sponsorship”

Consideration should be given to opening up the possibility of advertising by candidates and political parties on the local broadcasting network. Candidates are seeking to influence voting behaviour. To restrict the ways in which that can be done is anachronistic and especially when advertising in the Press is allowed.

d) Any suggested financial proposals need to contain an escalator consideration to account for inflation

e) the Panel will of course be aware that introducing tighter regulation of election funding could require the establishment of a regulatory body. IOM currently has a light touch regime and it is preferable for that to continue if at all possible.
f) in formulating its proposals the Panel may wish to consider that the Election of Chief Minister Bill 2010 is progressing through House of Keys. If the legislation is adopted it would mean certain candidates standing in parallel elections, one for a constituency and one for Chief Minister. Additional appropriate funding may be required for the latter.

**Conclusion**

Isle of Man is rightly proud of its democratic tradition and any measures that evolve to enhance it are welcomed by P A G.

It is important that any candidates do not have an advantage in communicating with the public because of financial muscle.

Equally the public must have confidence that the electoral system is fair, open, transparent and accountable.

It may be that some of the suggestions given are outwith the remit of the Panel, but we feel that a broader perspective may be helpful.

Finally we wish to draw attention to points 3 and 4 in our Introduction. P A G sincerely hopes that they will be accepted by the Governance Committee.

**Positive Action Group**  
**August 2010**
Appendix A

Comments from P A G supporters

ONE
Many thanks for the info. I am pleased with the terms of reference. My view is pretty straight forward, is as follows, and I am happy for you to circulate it as you think fit:

I appreciate that it was the use of blind trusts that brought this matter to a head but serious bias can occur where a candidate is heavily backed financially quite apart from a blind trust - i.e. in the open. I do not think that 'big money' should be part of the process here and therefore have come to the view that the (I think) Jersey model has much to commend it where severe restraints are placed on the budget (actual, gift, or in kind etc). I suspect that as the terms of reference appear to be 'aiming' at this type of model that this might well be close to where they wish to end up. If so I would be content.

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TWO
The obvious requirement is for any prospective MHK (and actual MHK) is to have a "Declaration of Members Interests" Bill - and for there to be no conflict of interest in either the election process or any legislation being considered by Tynwald. That should require any funding in excess of (say) £100 to be required to be declared (with the source) - and for appropriate clauses to ensure that any one individual or company or party cannot "split" donations via multiple parties to circumvent the spirit of the Bill....
As I understand the current position, there is an explicit need for MHKs to declare interests in debate in Tynwald, but that the Members Register is not a formal requirement - and it clearly should be - and to include details of any significant shareholdings, entertainment received, travel paid for, dinners etc

As regards the specifics of the Douglas East election, and Woodford's "blind trust", that would appear to have been a particularly cack-handed way of trying to circumvent the intents of "interested parties" (if only because of the way the website came to light, the recruitment of his campaign manager etc) - but again, any such involvement needs to be covered by the "Declaration of Interests" if not actually prohibited under a "no donor anonymity" clause....

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THREE
My initial thought are a cap should be introduced on how much a candidate can spend on an election campaign - I think £3500 would be plenty and of course could be less. I suggest any political/campaign donations - or work/goods etc to the value - of over £50 should be declared and recorded in a public register.

Perhaps we should also consider prohibiting donations from non-doms etc.

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FOUR
Having given more thought to election expenses and discussed the same with others, my feeling is that until the recent event there has never been a problem with election expenses that I'm aware of in the IOM. Is government trying to fix something that isn't actually broken? After all, the surrounding publicity led to a failure of the campaign and the individual wasn't elected.

When it comes to blind trusts I would have no truck with these. If people accept support or donations these should perhaps be declared but I don't think there is any evidence that a cap is the solution. In any case if you look at what happens in the UK, if people wish to manipulate the system then they can do so. If the conclusion is that a cap should be imposed, despite historical evidence that it is not really necessary, then the figure needs careful consideration and obviously some form of indexation.

Looking back to my election spend and the way things add up, it would then boil down to what you attribute to direct election expenses and what are peripheral. For instance a lot of people want a website, hosting and maintenance combined with initial set up, telephone and mobile telephones, general administration, whether you employ a secretary, postage (I produced three leaflets/newsletters, some of which wouldn't have qualified I am sure as they were outside of the real election period); then there's stationery, printing, posters, erection of the same, the hardware required, then the question of whether your help is voluntary and paid, your vehicle expenses, local paper advertising, etc.

Add all this up and throw in the subjective quality of some of the expenditure and it comes to quite a lot of money.

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