



Northern
Ireland
Office

Consultation Paper

POLITICAL DONATIONS IN NORTHERN IRELAND

Proposals on the future of donations
to political parties in Northern Ireland

Comments on these proposals are invited and
should be made to the address below by
30 September 2005

Elections Unit
Rights and International Relations Division
Northern Ireland Office
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August 2005

POLITICAL DONATIONS IN NORTHERN IRELAND

CONSULTATION PAPER

Introduction

1. Northern Ireland is currently exempted from the controls on donations to registered political parties which apply in the rest of the United Kingdom. This is because of the special circumstances that have existed there, both as regards the possibility of donor intimidation and the desirability of allowing Irish citizens to make donations to Northern Ireland parties, consistent with the principles of the Belfast Agreement.
2. The Political Parties, Elections and Referendums Act 2000 (Disapplication of Part IV for Northern Ireland Parties, etc) Order 2001 (which, for Northern Ireland parties disapplies the rules on the identity of donors and foreign funding) was extended in January this year for a further two years, i.e. until February 2007¹. During its passage through Parliament the Government made a commitment to introduce a scheme which brought the rules applying in Northern Ireland closer to those of Great Britain. The aim would be to inject more transparency into the donations process, and to limit donations from overseas, while recognising the special position of Ireland in relation to Northern Ireland's political culture.
3. This consultation paper sets out the proposals the Government is hoping to put in place. In the light of this consultation exercise, the Government's current intention is that any necessary primary legislation would be included in a Bill that will also reform and modernise the electoral registration system. The Bill was announced in the Queen's speech.

¹ The extended Order is known as the Political Parties, Elections and Referendums Act 2000 (Disapplication of Part IV for Northern Ireland Parties, etc) Order 2005.

The current legislation: The Political Parties, Elections and Referendums Act 2000

4. Part IV of the Political Parties, Elections and Referendums Act 2000 imposes restrictions on the sources of donations so as to prohibit foreign and anonymous donations to political parties. Since the Act came into force there has been a requirement on registered political parties to report donations of £5,000 or more at national level and a ban on most donations from outside the United Kingdom, blind trusts and unknown sources, unless these are under £200. While parties do not have to record donations of under £200, individual donors have to report them to the Electoral Commission if they add up to more than £5,000 from one source.

5. Parties must return donations that are not permitted within 30 days. If they do not, the courts can order them to forfeit the money. Published quarterly reports detailing donations over £5,000 have to be made within 30 days of the relevant quarter. This requirement applies weekly during a general election period. Party treasurers have to prepare quarterly reports of donations of more than £5,000 which the party has accepted, or donations from the same source which added together make more than £5,000.

6. As well as donations which were actually accepted, the quarterly reports also have to set out any donations from foreign or anonymous or unidentifiable sources which were dealt with in the reporting period. If the party has not received any donations in that quarter which need to be reported, that also has to be stated.

7. The Electoral Commission supervises the restrictions placed on spending by and donations to the political parties and receives accounts, reports of disclosable donations and returns as to election expenses from parties. The Commission is under a statutory duty to monitor compliance. It does not, however, have the power to mount criminal prosecutions.

The position in Northern Ireland: Political Parties, Elections and Referendums Act 2000 (Disapplication of Part IV for Northern Ireland Parties, etc) Orders 2001 and 2005

8. In February 2001 an Order was made under section 70 of the Political Parties, Elections and Referendums Act 2000 (PPERA) which exempted the Northern Ireland political parties from the requirement to comply with Part IV of that Act for four years. The Northern Ireland parties were therefore not required to identify the sources of their donations or to refuse donations from overseas.

9. The provisions of PERA are based on the recommendations contained in the fifth report on Standards in Public Life, chaired by Lord Neill and published in 1998. The Committee of Standards in Public Life concluded that it would be unsafe to disclose the names of those who made donations to the Northern Ireland parties as intimidation of donors could result. The Committee also recommended that because of the special role of Ireland in relation to Northern Ireland's political culture, as reflected in the Belfast Agreement, it would not be right to ban contributions from there. The Government accepted the Committee's recommendations including those in respect of Northern Ireland.

10. The Order had an intended life of four years. During its passage through Parliament, the Government gave an undertaking that it would review the need for the Order after two years.

11. The review began in March 2003. Following that review Ministers announced through a Written Ministerial Statement on 6 May 2004 that a further period of consultation would take place. A further Written Ministerial Statement of 18 November 2004 concluded that it would not be appropriate to move away from the current disapplication arrangements and that the Order would be renewed for a further period of two years. The Government's reasons for proposing the extension of the Order at that time were as follows:

- continuing concerns about intimidation;
- fears expressed that sectarianism could lead to adverse consequences, e.g. threats of boycotts of businesses, if donors' names were made public;
- the need for parties to have a reasonable period in which to adjust to any new arrangements; and
- a need to find a suitable solution to the question of how Irish donations could be facilitated within the Northern Ireland legal framework.

12. Parliament agreed in January 2005 to renew the order for a further period of two years, until 15 February 2007. In taking the Order through Parliament the Government made clear that it was inclined, once the Order had expired, to introduce a scheme which brought the rules applying in Northern Ireland closer to the framework applied by the Political Parties, Elections and Referendums Act in Great Britain, in particular through injecting a greater degree of transparency. However, the Government also made clear that any such changes would need to take account of the role of Ireland in relation to Northern Ireland's political culture.

Proposals

13. The Government has been seeking to develop a more transparent set of arrangements which also take account of the need to allow Irish citizens to donate to Northern Ireland parties. Against this background, it is the Government's strong view that, ultimately, political parties in Northern Ireland should be subject to the same levels of transparency in respect of donations as parties in the rest of the United Kingdom. However, the Government is also aware that moving to full transparency immediately would not deal with the issue of potential intimidation of donors.

14. In the light of these considerations, and discussions with the Irish Government, the Government has identified two broad options for the system which might operate in Northern Ireland once the existing exemptions from the UK transparency arrangements and restrictions on donations from abroad expire in February 2007. These are:

i) Full application of the PPERA scheme in relation to transparency from February 2007, with a derogation to permit donations from Irish citizens as well as corporate donations from Irish companies based in Ireland.

ii) Implementation of the PPERA scheme, but with the information provided by parties held by the Commission on a confidential basis. As under PPERA, the Commission would check the legality of UK donations; but the returns would not be published. All other aspects of the declaration regime would operate as under PPERA. As with option (i), the Government would legislate to permit donations from Irish citizens as well as corporate donations from Irish companies based in Ireland. The Government believes that, if adopted, this should be a transitional system with Northern Ireland moving to the full PPERA system at a future date specified in the legislation.

15. The Government is in discussions with the Irish Government about the degree to which residency in Ireland or other qualifications (such as appearing on the electoral register) should be required of Irish citizens wishing to donate; and about enforcement.

16. The Government would welcome views on:

- any aspect of the two proposed approaches at paragraph 14 above;
- the question of how donations from Ireland can be effectively facilitated; and

- any other issues related to the system for regulating political donations.

Equality Screening

17. The Department has carried out an equality screening in line with the Northern Ireland Office Equality Scheme to assess whether an Equality Impact Assessment is required for these proposals. The Screening has indicated that an EQIA is not required.

Comments

18. **The Government would welcome comments on these proposals. Please send any comments by 30 September 2005 to:**

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ELECTORAL REGISTRATION IN NORTHERN IRELAND AND DONATIONS TO POLITICAL PARTIES IN NORTHERN IRELAND

CONSULTATION RESPONSE

23 JANUARY 2006

Part I: Introduction

On 5 August 2005 the Northern Ireland Office issued two consultation papers: *Proposals on the Future of Donations to Political Parties in Northern Ireland* and *Proposals on the Future of Electoral Registration in Northern Ireland*.

Electoral registration

2. In November 2004 the Government announced that it was committed to moving away from the legal requirement for the electoral register to be completely refreshed each year. This was in response to concerns expressed across the political spectrum that the requirement on voters to re-register and provide their personal identifiers annually, introduced by the Electoral Fraud (Northern Ireland) Act 2002, was contributing to a downward drift in the overall numbers registered.

3. The Queen's Speech on 17 May 2005 therefore announced that, as part of its legislative programme for 2005/06, the Government would introduce a Bill that would further reform and modernise the electoral registration arrangements in Northern Ireland. The measures within the Bill would be intended to increase the numbers of eligible citizens registering to vote, while maintaining the current high level of accuracy in the register - in particular, by lifting the burden on electors and refocusing resources on more effectively targeting those not registered.

4. The Government's consultation paper *Electoral Registration in Northern Ireland* set out the Government's detailed proposals.

Political donations

5. Northern Ireland is currently exempted from the controls on donations to registered political parties which apply in the rest of the United Kingdom. This is because of the special circumstances that have existed in Northern Ireland, both as regards the possibility of donor intimidation and the desirability of allowing Irish citizens to make donations to Northern Ireland parties, in a manner consistent with the principles of the Belfast Agreement.

6. The Political Parties, Elections and Referendums Act 2000 (Disapplication of Part IV for Northern Ireland Parties, etc) Order 2001 (which, for Northern Ireland parties, disapplies the rules on the identity of donors and foreign funding) was extended in January 2005 for a further two years, i.e. until February 2007. During its passage through Parliament the Government made a commitment to introduce a scheme which would bring the rules applying in Northern Ireland closer to those of Great Britain. The aim would be to inject more transparency into the donations process, and to limit donations from overseas, while recognising the special position of Ireland in relation to Northern Ireland's political culture.

7. The consultation paper *Political Donations in Northern Ireland* invited views on two options proposed for meeting that commitment.

The consultation response

8. This response document summarises the responses received, and sets out how the Government intends to proceed in relation to both reforms to electoral registration and changes to the regulation of political donations to parties operating in Northern Ireland. The measures on both registration and political donations will require primary legislation which will be introduced early this year.

Part II: The consultation

9. The two consultation papers were sent to the leaders of those Northern Ireland political parties with at least one MLA; the opposition parties at Westminster; and the Electoral Commission. In addition, both papers were posted on the Northern Ireland Office website for the benefit of any other groups or individuals who wished to respond, and publicised by means of a press release.

10. The consultations concluded on 14 October 2005. The following responses were received:

Electoral registration

Responses were received from:

- Alliance Party of Northern Ireland
- Democratic Unionist Party
- Sinn Fein
- Social Democratic and Labour Party
- United Kingdom Unionist Party
- Electoral Commission
- Royal National Institute for the Blind

Political donations

Responses were received from:

- Alliance Party of Northern Ireland
- Democratic Unionist Party
- Sinn Fein
- Social Democratic and Labour Party

- Ulster Unionist Party
- United Kingdom Unionist Party
- Electoral Commission
- New Politics Network

11. The Government would like to thank all the political parties and other organisations who responded to the consultation.

Part III: Electoral registration

Summary of consultation responses¹

12. **The Alliance Party** broadly supported the proposals. Its response stressed that safeguards were necessary to ensure continuing accuracy. The party's preference would be for there to be a canvass held every four years; a full personal registration form to be completed before anyone could be added to the register; and an annual household registration form to confirm those remaining on the register and invite those who were eligible and unregistered to apply. In place of anonymous registration 'on request' to which the party was opposed, it favoured an individual's right to withhold their address only on the basis of a valid case being made to the Chief Electoral Officer at a hearing. Finally, its response indicated that Alliance was clear that arrangements should be put in place to ensure that the political parties would have access to an up to date register in sufficient time to allow them to organise and campaign freely.

13. The **DUP** supported the proposals, agreeing that movement away from an annual canvass would allow the CEO to target those electors currently not registered. Its response indicated that the party felt that the security measures introduced for registration had been effective and that the effect of the yearly canvass had only been the loss of some people from the electoral register through oversight. The DUP also expressed its support, in principle, for the proposals for an extension of the deadline for registration, provided that enhanced security safeguards would be put in place to provide effective protection against possible fraudulent applications.

14. **Sinn Fein** broadly welcomed the Government's proposals, but expressed several reservations about their detail. Its response was clear that removal of the annual canvass had to be used as an opportunity to put more resources and effort into targeting those adversely affected by individual

¹ This section provides summaries of the submissions received in response to the consultation; it does not necessarily reflect the full content of these submissions.

registration – in particular, the disadvantaged and marginalised. The party wanted to see the carry forward extended to 2006 and did not support the idea of a projected canvass in 2009. Sinn Fein requested further details of the level of inaccuracy that would prompt a full canvass being carried out; it felt that the CEO should not be given sole power to determine the register's accuracy, but should consult with the Electoral Commission and the political parties on this issue and whether a canvass was needed to refresh previous information. Whilst welcoming the late window for registration, the party opposed the proposed requirement for additional proof of identity. It also opposed the introduction of anonymous registration. Finally, Sinn Fein's response expressed concern at the fact that the NIO did not see the need for an Equality Impact Assessment (EQIA) on the proposals.

15. The **SDLP's** response was also broadly supportive of the proposed measures. Its response welcomed the removal of the annual canvass on the basis that it should allow a concentration of resources on under-registered sections of the community. The party also welcomed the enhanced data sharing arrangements between the Chief Electoral Officer and other government departments and public bodies, but asked for clarification of how the CEO would check the accuracy of the register and exercise his power to carry out a full canvass. Whilst welcoming registration nearer polling day, the SDLP indicated a preference for the deadline for applications to be 18 days rather than the proposed 11 days. Its response asked for an assurance that the British Government would ensure the Electoral Office would have the necessary funding to carry out the registration process and that the proposed changes would not be used to close down local electoral offices. It also expressed the party's support for the introduction of anonymous registration.

16. The **UKUP's response** broadly welcomed the proposals – in particular, the extension of the registration deadline to 11 days before the vote and the proposed requirement on voters to produce supplementary identification in order to take advantage of this. The party expressed opposition to extending the powers of the CEO to access data held by other organisations on the grounds that this would not respect the right of individuals to live in anonymity.

Its response also voiced a number of reservations about anonymous registration, and requested further details of the Government's reasoning in relation to this proposal.

17. The **Electoral Commission** welcomed the thrust of the proposals. The Commission's response clearly supported the continued use of individual registration and the collection of individual identifiers. While it registered concerns about the use of national insurance numbers in this context, it accepted that the requirement for national insurance numbers in Northern Ireland had so far been operated efficiently and therefore did not oppose this. The Commission supported the proposals to remove the legal requirement to conduct an annual canvass, though suggested that the need for this should be reviewed once continuous registration was in place and stressed that strong supporting measures were crucial. The Commission endorsed the proposals to empower the Chief Electoral Officer to assess the accuracy of the register by statistical and other means, and indicated that he should make use of these at an early stage – subject to the resolution of outstanding issues regarding the scope and objectives of the surveys that would be undertaken. The Commission supported the data-sharing proposals and also agreed with the proposal that the Chief Electoral Officer should retain the power to carry out a full canvass, though there were outstanding questions which needed to be addressed here, e.g. what level of inaccuracy in the register would trigger the CEO to use this power? While expressing support for the extension of the deadline for registration to 11 days before polling day, the Electoral Commission expressed concern that the proposed additional safeguards were unnecessarily onerous. Finally, the Commission expressed its strong support for the introduction of anonymous registration.

18. The **RNIB** response was generally supportive of the Government's proposals. It expressed support for individual registration and noted that the Electoral Office had produced registration forms and guidance notes in accessible formats for some years. It also noted that Electoral Office had worked with RNIB in advance of the 2005 canvass to publicise the facilities it offers and requested that this process should be formalised. In spite of these

positive steps, the organisation believed that more could be done to ensure access to electoral information and full participation in the electoral process by people with sight loss, and its response outlined a number of safeguards which it felt should be built into the registration proposals.² The RNIB also felt that an EQIA of the proposals was necessary.

The way forward

19. Having considered all of the responses from the consultation exercise, the Government has decided to move ahead with the following reforms to the registration process. The necessary primary legislative provisions will be included in a Bill to be introduced to Parliament early this year.

i. **Removal of the legal requirement to conduct an annual canvass.**

The last annual canvass will take place during the autumn of 2006. There will be no carry forward to the 2006 register to ensure that the new arrangements start from an accurate base.

ii. **Enhanced data access arrangements for the Chief Electoral Officer.**

The forthcoming legislation will enable the CEO to ensure that the residency details of individuals on the register continue to be accurate through cross-checking with records held by a number of named organisations; and to identify more effectively those individuals not registered in order that resources can be directed at actively encouraging them to register. The main categories of information the CEO will seek will include.

- The names of young people becoming eligible for registration;
- Individuals changing address within Northern Ireland, including persons moving to and out of Northern Ireland;
- Individuals changing their names;

² The Electoral Office for Northern Ireland is taking these matters forward directly with RNIB.

- Data on all domestic premises in Northern Ireland and the names of people resident in them; and
- Notification of deaths.

iii. **A power for the Secretary of State to authorise a full canvass.** The Government acknowledges that the proposals on registration are far-reaching. The new legislation will therefore provide for a power for the Secretary of State to authorise the Chief Electoral Officer to carry out a canvass to refresh the entire register if there is clear evidence that the register's accuracy is diminishing or losing its comprehensiveness. Before taking such a decision the Secretary of State would seek advice from the CEO and consult with the Electoral Commission and the political parties. The power will be subject to the restriction that a canvass cannot be called more than once in any 12 month period. As a further safeguard and to underpin confidence, the Bill will provide that a canvass will be undertaken in 2010 unless the Secretary of State receives advice from the CEO that experience with the new system renders it unnecessary or there are exceptional circumstances requiring it to be moved.

iv. **A new duty on the CEO to ensure that the register is both accurate and comprehensive.** It is important in any democratic society that individuals and the political parties have confidence that the register is being properly maintained. The Bill will put in place a formal legal duty on the CEO to maintain the electoral register in as accurate and complete a form as possible, and require that he reports on this to the Secretary of State on an annual basis.

v. **An extension of the deadline for registration to 11 days before polling day.** The Government wishes to extend this provision to Northern Ireland in line with the Electoral Administration Bill currently before Parliament, which will make the extension of the deadline to 11 days before

polling day standardised practice across the rest of the United Kingdom. However, in order to ensure that the integrity of the register is not threatened, an individual who applies to register in the period between the final published register and the 11 day point before the poll (the “late registration window”) will have to provide additional proof of residence (for a person to be eligible to register in Northern Ireland he/she must have been resident in Northern Ireland for three months prior to registering); and such individuals will not be allowed to apply for an absent vote either by post or proxy. These measures are intended to reflect advice from the Chief Electoral Officer who has highlighted the risk that large numbers of individuals registering close to the new deadline could mean that he would not have the time available before polling day to check identity through verifying personal identifiers – principally the national insurance number. This issue does not arise under current registration arrangements in Great Britain.

vi. The Bill will make provision allowing the Secretary of State to introduce **a scheme for anonymous registration in Northern Ireland at a future date**. The scheme will broadly mirror that being introduced for the rest of the United Kingdom by the Electoral Administration Bill currently before Parliament. The precise shape of any future scheme will need to be determined in due course. However, it will need to reflect both the differences in electoral law and practice between Northern Ireland and the rest of the United Kingdom and the particular circumstances of Northern Ireland.

20. The Government believes its proposals to replace the annual canvass with a system based on continuous updating of the electoral register will enhance the comprehensiveness of the register in Northern Ireland, lifting the burden on the individual elector of having to re-register every year, and giving the CEO the tools to ensure that the electoral register is as complete as possible. By building on the measures introduced by the Electoral Fraud (Northern Ireland) Act 2002, the proposed measures will allow the Chief Electoral Officer to achieve this while preserving the accuracy of the register.

Equality Impact

21. The NIO has carried out an equality screening in line with the Northern Ireland Office Equality Scheme to assess whether an EQIA is required for these proposals. The screening indicated that an EQIA is not required.

22. Two responses raised the question of whether an EQIA might be necessary. The Sinn Fein response suggested that the conduct of the annual canvass could give rise to discrimination. The Government does not agree that the proposals in relation to the canvassing process in themselves have a direct adverse impact on the groups within any of the section 75 categories.

23. The RNIB commented that since "the proposals relate to written records and activities conducted in writing we believe the impact on visually impaired people should be assessed, as indeed should that on people whose first language is not English, people with learning difficulties, and people with dependents (e.g. elderly people who may need assistance understanding, or children approaching 18)." We do not consider that any new issues relating to the written elements of the registration process arise directly from these proposals: the requirements for registration remain unchanged, and indeed the proposals are designed to remove the burden of annual registration from individuals. However, the Government takes seriously the need to ensure that everyone is able to register to vote as simply as possible, consistent with maintaining the integrity of the register, and in the light of that we will reflect with the Chief Electoral Officer on whether there are additional operational steps that could be taken in relation to the written aspect of the process.

24. The proposals also extend the right to register up to 11 days before an election. On the advice of the Chief Electoral Officer, the Government has concluded that, in order to allow time for identity checks, an individual who applies to register in the period between the final published register and the 11 day point before the poll (the "late registration window") will have to provide additional proof of residence (for a person to be eligible to register in Northern Ireland he/she must have been resident in Northern Ireland for three

months prior to registering); and such individuals will not be allowed to apply for an absent vote either by post or proxy. The Government considers that this is a necessary safeguard. However, the Government will consider with the Chief Electoral Officer whether this requirement could have any adverse direct effect on the groups within any of the section 75 categories; and, if so, how this could be mitigated. As part of this, we will consider whether an EQIA needs to be conducted.

Part IV: Political donations

Summary of consultation responses³

25. Unlike the consultation paper on electoral registration, the paper on political donations presented two distinct options.

26. Part IV of the Political Parties, Elections and Referendums Act 2000 (“PPERA”) imposes restrictions on the sources of donations so as to prohibit foreign and anonymous donations to political parties. Since the Act came into force there has been a requirement on registered political parties to report donations of £5,000 or more at national level and a ban on most donations from outside the United Kingdom, blind trusts and unknown sources, unless these are under £200. While parties do not have to record donations of under £200, individual donors have to report them to the Electoral Commission if they add up to more than £5,000 from one source. Parties must return donations that are not permitted within 30 days.

27. The Electoral Commission supervises the restrictions placed on spending by and donations to the political parties and receives accounts, reports of disclosable donations and returns as to election expenses from parties. The Commission is under a statutory duty to monitor compliance. It does not, however, have the power to mount criminal prosecutions.

28. The consultation paper proposed two broad options for the system which might operate in Northern Ireland once the existing exemptions from the UK transparency arrangements and restrictions on donations from abroad expire in February 2007:

i) Full application of the PERA scheme in relation to transparency from February 2007, with a derogation to permit donations from Irish citizens as

³ As Footnote 1.

well as corporate donations from Irish companies based in Ireland.

ii) Implementation of the PPERA scheme, but with the information provided by parties held by the Commission on a confidential basis. As under PPERA, the Commission would check the legality of UK donations; but the returns would not be published. All other aspects of the declaration regime would operate as under PPERA. As with option (i), the Government would legislate to permit donations from Irish citizens as well as corporate donations from Irish companies based in Ireland.

29. The Government made clear that it believed that, if adopted, the second option should be a transitional system with Northern Ireland moving to the full PPERA system at a future date specified in the legislation.

30. The **Alliance** Party believed that the exemptions for the Northern Ireland parties with regard to donations should be progressively removed. Its response therefore indicated a preference for option (i), which the party hoped would ultimately facilitate the creation of a common regime across Britain and Ireland for political donations. However, the Alliance Party did indicate that it would be prepared to accept option (ii), particularly if its detail were amended so that all donations over £5,000 would be declared. Finally the party's response suggested that the point regarding intimidation of donors had been exaggerated.

31. The **DUP's** response argued that the time was not right for full transparency. The party's preference was therefore for option (ii): it would support a system that would allow donations to be reported to the Electoral Commission in London who would maintain donation details on a confidential basis. However, the DUP was strongly opposed to a system that would allow donations from Irish citizens. The party's response explained their view that this would disproportionately favour nationalist and republican parties.

32. **Sinn Fein's** response was clear that fears of corruption in electoral and other political processes were still continuing with regard to private funding.

Its preference was for option (ii). It wanted to see full transparency for all donations over £50, a ban on all corporate donations, and a limit on the amount that any individual donor could make. The Sinn Fein response additionally recommended that other countries' systems should be examined and supported the rights of Irish citizens overseas to be able to donate (subject to the same restrictions and transparency applicable to individual domestic donations).

33. The **SDLP's** response affirmed its view that the threat of intimidation to donors was still strong and highlighted a number of security concerns. Its preference was for a continuation of the current status quo as it feared that the proposed changes might significantly reduce political fundraising in Northern Ireland and potentially damage the democratic process. In addition to this, the SDLP response raised concerns about the role of the Electoral Commission, arguing that it could do more to ensure transparency and openness of accounts. It also reaffirmed the party's belief that there should be no restrictions on donations from Irish citizens and companies and non-Irish citizens who reside in Ireland.

34. The **UKUP's** response argued that Northern Ireland should have the same controls as in the rest of the United Kingdom, and therefore favoured option (i). It did not support allowing Irish citizens to donate, on the basis that the Irish system of regulation was not compatible with that of Northern Ireland.

35. The **UUP's** response expressed the party's strong wish that Northern Ireland should eventually be subject to the same controls as exist in the rest of the United Kingdom. It therefore also supported option (i), which it believed would help parties to compete for funds on a level playing field.

36. The **Electoral Commission's** response stated that it did not wish to see a system that allowed anonymous donations or the non-publication of donors' details, arguing that it would be hard to promote transparency and openness in the parties' financial affairs in such a system. Its preference was therefore that Northern Ireland should be treated along the same lines as the

rest of the United Kingdom, i.e. option (i). However, the Commission recognised that the confidential scheme offered by option (ii) could emerge as a way forward in the context of wider political developments and undertook that it would strive to police this system as effectively as possible, should it transpire. The Commission was clear, however, that its role should be clearly set out in the legislation and that it should not be given wide discretion as to its checking of compliance issues.

37. The **New Politics Network** preferred option (i). Its response welcomed proposals for greater transparency and to continue to allow Irish citizens to donate. It also suggested a third option which would give parties the option of either putting donations into the public domain or getting donors to give direct to the Electoral Commission who would then be responsible for ensuring that such donations were permissible and would then pass the donation on to the political party. The Commission would then publish the amount of the donation and the identity of the party to which it was given but would withhold the identity of the donor.

The way forward

38. The consultation paper made clear that the Government has been seeking to develop a more transparent set of arrangements for political donations in Northern Ireland which also take into account the need to allow Irish citizens to donate to Northern Ireland political parties (consistent with the Good Friday Agreement). The responses to the consultation revealed a wide spectrum of views among those responding. The Government believes that it would be extremely difficult to justify continuing with the current arrangements, which do not provide for any degree of transparency in the regulation of donations to political parties in Northern Ireland. The Government is also conscious, however, that the particular circumstances of Northern Ireland, and the risk of donor intimidation, make it difficult to move to full transparency straight away. The Government therefore intends to legislate for a new system in Northern Ireland on the following lines, broadly reflecting option (ii) in the consultation document:

- i. **The core provisions of the PPERA scheme will extend to Northern Ireland.** However, as set out in option (ii) in the consultation paper, **the information provided by parties will be held by the Electoral Commission on a confidential basis.** The Commission will be empowered to check the legality of individual donations, as is currently the situation under PPERA in Great Britain. If a party refuses to hand back an impermissible donation, the party and donor will be named by the Commission;
- ii. **These new arrangements will operate for a period of three years.** In order to provide sufficient time for the parties and the Electoral Commission to prepare for the new arrangements, the Government will seek to extend the current exemption for a period of 8 months, to October 2007. As a result, the new arrangements would last until October 2010;
- iii. **At that point, the provisions will lapse and Northern Ireland will move to a full PPERA regime on declaration and publication of donations, broadly the same as in the rest of the United Kingdom,** as envisaged in option (i) of the consultation paper. However, in order to allow the Government of the day to take account of the prevailing circumstances in Northern Ireland, **legislation would contain a power to extend the new arrangements by Order for up to 2 years at a time.** Any exercise of this power will require the approval of Parliament;
- iv. **Donations will be permitted from Irish citizens and Irish companies** that have an office in the island of Ireland from which one of their principal activities of business takes place. However, the Bill will give the Secretary of State the power to adjust the list of permissible donors. This will allow the Government to revisit the question of who should be allowed to donate in the light of experience with the new scheme;
- v. **Irish citizens will only be able to donate to parties registered in Northern Ireland under these arrangements.**

39. The Government is clear that there needs to be more effective regulation of donations to political parties operating in Northern Ireland to begin bringing arrangements in Northern Ireland into line with those operating elsewhere in the United Kingdom. At the same time, the Government recognises the need to take account of the legitimate concerns that have been expressed about the continuing risk of intimidation of donors, and to ensure that the special place of Ireland in the political life of Northern Ireland is respected. The Government believes that the approach set out above represents an effective balance between these concerns, and will ensure that the mechanisms are in place for a transition to a fully transparent system when circumstances allow.