HOUSE OF COMMONS

ORAL EVIDENCE

TAKEN BEFORE THE

POLITICAL AND CONSTITUTIONAL REFORM COMMITTEE

THE GOVERNMENT'S LOBBYING BILL

THURSDAY 29 AUGUST 2013

IAIN ANDERSON, FRANCIS INGHAM, GEORGE KIDD and JANE WILSON

TAMASIN CAVE and ALEXANDRA RUNSWICK

Evidence heard in Public Questions 105 - 183

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Oral Evidence

Taken before the Political and Constitutional Reform Committee

on Thursday 29 August 2013

Members present:

Mr Graham Allen (Chair)
Mr Christopher Chope
Paul Flynn
Mrs Eleanor Laing
Mr Andrew Turner

Examination of Witnesses

Witnesses: **Iain Anderson**, Deputy Chair, Association of Professional Political Consultants, **Francis Ingham**, Director General, Public Relations Consultants Association, **George Kidd**, Acting Chair, UK Public Affairs Council, and **Jane Wilson**, Chief Executive, Chartered Institute of Public Relations, gave evidence.

Chair: Good morning. This is a very unusual Committee session. I called the Committee back, thinking that we would be the only pious Members of Parliament who would be around today, but of course we have been joined by quite a few colleagues for some other business. Thank you for joining us. This is our belated effort to try to do some serious pre-legislative scrutiny on the lobbying Bill. We identified a number of flaws when we did our original report more than a year ago, and, remarkably, there is prior consensus that some extra flaws have been added. However, I had better not speak on behalf of Members; they will speak for themselves.

We have asked you to come in today, along with the other witnesses, to provide some serious background on the proposals, to inform Members of Parliament ahead of the debate that will take place on the Floor of the House. I understand that Second Reading will be next Tuesday, and the following week I believe that there will be three days of debate on the Floor. We intend to get a report out of this Committee very quickly—doing pre-legislative scrutiny very quickly—and into the hands of Members by next Wednesday evening or Thursday morning if at all possible, to give Members some background on what you and they feel about this Bill.

Without further ado, I will ask Andrew to kick off this morning's session.

Q105 Mr Turner: Were you consulted about the Bill before it was published?

Iain Anderson: No, we were not, at any point.

George Kidd: I think I gave Cabinet Office officials the operational data and background, but that was it.

Q106 Mr Turner: The Government state that the Bill is designed to achieve greater transparency by making it clear whom third-party lobbyists represent when they meet

Ministers and permanent secretaries. How significant a problem do you think this is? Is legislation required to address this problem? Should this be the Government's priority for lobbying reform?

Francis Ingham: In our view, it isn't a problem. There are very few meetings that take place between third-party advocates and Ministers or permanent secretaries. I think there were some data published a little while ago showing that it is a tiny number. We think that this is a bad Bill. It will not increase transparency, and it will cover an incredibly small number of people. It is basically expensive and pointless.

Iain Anderson: Just to put some flesh on the bone on some of those numbers, at the APPC we looked at the BIS meetings that took place during 2012. The declarations of those meetings are actually beyond the scope of what we get with the proposed lobbying Bill, in that they were for meetings with Ministers, permanent secs and special advisers. Of course, special advisers are outside the scope of this proposed legislation.

There were 988 external meetings with BIS Ministers, the perm sec, or special advisers in 2012. Just two of those meetings were with consultant lobbyists. I think one of those two meetings was with a special adviser, which is outside the scope of the Bill. So it is a tiny, tiny proportion of meetings that are taking place with consultant lobbyists on their own.

Jane Wilson: I completely agree with that point about the scope and who it does not include, both in terms of the practice of lobbying and the breadth of people who should be brought in, in terms of meetings with special advisers et cetera.

Also, when we surveyed our members who are signed up to UKPAC, some 52% of them said that they had not met with a Minister or perm sec in the last year. A high proportion of those who are currently signed up to UKPAC just would not be covered by this, both in terms of the scope of the definition of what lobbying is and of the people involved. So no, I don't perceive a problem. I am not sure who does.

George Kidd: We used the phrase "a sledgehammer to crack a nut" in our written submission, and I stand by that judgment—it is a sledgehammer to crack a nut. I think the point is that it is the wrong nut. I think there is a nut there to be cracked, but I think it is not that one. I think it is about trust in the political process, policy making and decision taking. If you were addressing that issue, you would be approaching it very differently.

Q107 Mr Turner: Do you think the Government have decided not to hit the nut that you ought to be hitting, or is it that they are hitting another nut without realising that there is one over here?

Jane Wilson: It is also that they have changed the problem, and they are now retrofitting the solution that they have put forward today to the initial problem that they presented. This is not increasing transparency, and it is not going to increase trust in the political process. As Francis says, it is a tiny fraction of activity that it is going to pick up on.

Francis Ingham: We have 83 corporate members on our public affairs register. We asked them if they thought they might possibly be eligible to sign up to this Government register. Less than a quarter of our members think that they might even possibly be covered by this.

I think it would be fair to say that all of us were surprised by the Bill when it came out, because it is probably the worst of all possible worlds, and none of us had thought that the Government would put something forward that was quite so pointless.

Mr Turner: I take it that this is Mr Clegg's Bill, isn't it?

Chair: It is Her Majesty's Government's Bill, apparently.

Q108 Mr Turner: Right, I see. Should this be the Government's priority for lobbying reform?

Iain Anderson: Absolutely not. We put on the table, both individually and collectively, a definition of lobbying, which I think we have submitted to the Committee as well. We gave that definition to the Cabinet Office—to the Ministers considering this—back in April. We had absolutely no response from Ministers or the Government to that definition. Within the definition of lobbying we defined what action takes place, in terms of consultant lobbying. So, first, we put on the table the definition.

Secondly, as we have already explored, the Bill does not capture the vast majority of actual lobbying activity. The APPC wants to see all professional lobbying governed by a statutory lobbying register. Of course, the Bill is miles away from that. It is not even half way there; it is not even a third of the way there. It might be 5% of the way there in terms of capturing the lobbying activity that is taking place. We want to see a Bill that captures professional lobbying but does not get in the way of legitimate, democratic activity.

George Kidd: I have two points. First, there is a risk that in doing something we do harm rather than good. We may end up with a less transparent system than we currently have if the definition is unchanged and we have a statutory register with very few names, if any, on it. People will be able to construct their business never to be on it. That threatens the commitment of the industry bodies here and other people outside the room to a system of voluntary registration and declaration. We run registers—in my case, with 2,500 client companies, hundreds of organisations and thousands of staff—on a voluntary basis. If, when the statutory register kicks in, it is a damp squib and a white elephant, it could damage both the voluntary registration and the self-regulatory regimes that support and are a counterpart to the voluntary regulation. My first point is that, rather than doing something slight, it may in fact do harm.

Secondly, what the Bill cannot do, but what the Government should do, is look at the lobbied as well as the lobbying. Many of the issues we have seen have been about either the rules of conduct, the guidance for those who are lobbied or the conduct of those who are lobbied. There is a need both to address the legislative issue in a way different from that which has been brought forward, and to address non-legislative solutions. It is a jigsaw fix.

Q109 Mr Turner: If there is a statutory register, what will happen to the voluntary registers?

Iain Anderson: That is an extremely good question, which we are debating actively around the APPC table at the moment. If the Government go ahead with the current, tightly limited, in our view less transparent register, there will be significant momentum among APPC members to maintain our existing register, which we believe delivers more transparency than the Government's plans. The only caveat I would make is that many of our members are concerned that the burden of the cost of the Government's plans will fall on a very small number of our members. Perversely, it will probably fall on our SME members, rather than our international, multinational members. Because of the burden of the costs, there may be real concern from our SME members about whether they want to dual fund two levels of registration. At the moment, there is significant demand from our members to maintain our own, more transparent, register.

Jane Wilson: I would agree with that. I think the impact, based on what you see in front of you, will probably be minimal. But it does not take into account the fact that people join our registers and our organisations not just to get on a list, to get a tick and to get certification.

They do so because they take professional development seriously. They think that ethical behaviour is important and that signing up to a code that is supported by professional development and qualifications is important. This register does not do that.

Francis Ingham: Let's be clear. We have separately held registers of public affairs activity for every decade, which people have signed up to voluntarily. They have signed up to a code of conduct, declared all their clients four times a year, declared the names of their staff, declared political holders of office and all that sort of thing. It is not as if the industry has shied away from transparency and codes of conduct.

We will maintain our register and will, if anything, enhance it. That is what makes this all rather pointless. I keep referring to that word—I would emphasise it is pointless. As George said, this will have a tiny number of organisations on it, conceivably none. The idea that it will add transparency in any way whatsoever is farcical and absurd. This is just a waste of time.

Q110 Mr Turner: Mr Kidd, how much will the statutory register cost individuals who are required to join it? How much will they pay to your voluntary organisations at the same time?

George Kidd: I will answer your question with a slight reflection. I am not the author of the statutory register. You had better ask the Cabinet Office; they have produced an impact assessment. There is probably a relatively high fixed cost in setting up and running a register, whether you have 10 people or 10,000 on it. They have put figures in excess of £200,000. We can all do the maths. If we have 10 people on it, the figure is extremely high, but if there are 200,000 it is £1 per person. It is going to be very high per capita, if the assumptions are right about the number of registrants and the assumptions from the Cabinet Office are right on the basic costs of registration.

Our system at the moment is virtual, but it publishes the register quarterly, on the number and the scale we described, and we are doing it for about £50,000 a year. That is not to say that you could run a statutory register with a particular level of accounting, transparency and individual registration at that figure. But one of the points we made in our response was that, both from an efficiency point of view and from practice elsewhere, there is an argument for a non-statutory body delivering on a statutory obligation. It happens with ombudsman schemes, with broadcast advertising and a number of fields.

In our response to this Committee, we in particular highlighted the issue that you could end up with hybrid in terms of coverage—not in relation to hybrid and self-regulation versus statutory regulation. That is to say you could end up with a Bill where the Government move from the current definition, but not that far. So there will still be lobbyists who are working for third-party clients, including law firms, consultancies and the like, but not extended all the way that some might argue it should be.

We made the point that it would be very hard for a state register—a statutorily managed register—to accommodate both those who are bound by duty to register and those who might wish to volunteer to register, in a way that an external body could, delivering for the state what the state requires and delivering to the community of voluntary registrants what they choose to adopt. I hope that answers your question.

Francis Ingham: Can I just add one thing? Let us be clear about this. As this Bill is framed, there will be nobody on the Government's register who is not currently on our voluntary registers. The information contained on the Government's register will be less than that contained on our current voluntary registers.

Jane Wilson: Under the current state, you could not volunteer to join the Government's register unless you met those strict criteria. You could not say, "Actually, I do want to be transparent, I do want to register," if you are not meeting Ministers and permanent secretaries. You cannot do it. It would be an offence under current guidance.

Iain Anderson: We have a principle at the APPC that we call erring on the side of caution. If you believe that the end goal of an activity is designed to influence the public policy process, you and the client you represent should be on that register. With this legislation, there is no sense of erring on the side of caution. We will maybe come back to this when we discuss the role of the registrar.

Q111 Chair: Just to see if you can help us politicians, I will take you out of your comfort zone and ask you whether, if we had collectively another six months to look at this together, you think we could produce a better Bill? I would rather a quick answer from everyone.

Iain Anderson: It would be difficult, Mr Chairman, as we have already heard, to produce a worse Bill. At the outset of this session, we made the point that we had absolutely no engagement with the Government until this Bill was produced, despite the fact that the industry has worked collectively very hard both to produce a definition and a framework that is workable, and indeed a registration process through our individual schemes, but actually through the umbrella UKPAC scheme, which provides proof of concept in terms of how a system could work effectively. This is the wrong Bill, and I think it absolutely needs to be revisited, whether that needs six months, 12 months or whatever.

The one thing I would say is that the sector is getting heartily tired of waiting for a solution from Government. This was in the coalition's agreement right up front; we are now well over halfway through this Parliament and we are still waiting for effective legislation. That is not good for our members, but it is also not good in terms of the way in which the system operates.

Jane Wilson: I agree.

Francis Ingham: You could produce a better Bill. You do not need six months; you could do it in six days. We have already given the Government everything they need to produce something that is universal, comprehensive and effective.

Q112 Chair: The Government may be in some difficulty. I do not think it is to anybody's advantage if that is the case, and we should all be trying to help move this show forward. Are you saying as lobbyists that this is okay, because there is going to be a dog's breakfast and it is not going to be particularly useful, or are you saying you are holding out the olive branch, as it were—your own help—and you will help us all to produce a good Bill, given just a little time?

Francis Ingham: Absolutely. That is what we have been trying to do for the last three years—actually, longer than the last three years, because we had similar discussions with the previous Government as well. This Bill should either be dropped or fundamentally reformed. It says it all that when the latest lobbying scandal—again involving no lobbyists; just undercover journalists and politicians—took place, we all individually did the media stuff. I followed Tom Brake doing a piece and he was saying, "We are going to take our time and get this right; these are difficult and important issues", and then a couple of days later we have resolved all of those issues. This is clearly a hastily cobbled together Bill. It does not have to be. We are all very committed to working with the Government to create something that is effective, but this will not be effective and this will not meet anybody's aims

Iain Anderson: If we would have blocked a reform, Mr Chairman, we would not have put on the table a definition of lobbying. We would not have put on the table a workable register. We want to get on with this as much as supposedly the Government says it does.

Jane Wilson: Absolutely.

Q113 Chair: We will produce a report. We will have to do so rather hurriedly next week, but Members around this table will want to try and produce a way forward, whether the starting point is that on Second Reading or in Committee there is some sort of amendment to put this into a Special Standing Committee to do this job properly. We are trying to help the Government just as we are trying to help to create an effective lobbying Bill. It is in no one's interest for this to spiral out of control, producing something that is not good for anybody.

George Kidd: There are one or two points where it would be wrong—I speak not as the lobbyist, but as the registrar—not to give the Government credit. The first—Francis and I looked at this slightly differently—is to recognise that there are those in the lobbying business and the consultative advisory business who choose not to become members of any of the bodies before you or other representative bodies with codes and standards. There is a gray space of people who are in this business of advising third-party clients who are not as transparent as we would wish them to be. In that sense, I think everybody welcomed this as a step forward. The other sense in which it strikes the right note as a legislative approach is around transparency, as distinct from standards and behaviours. The self-regulatory structures address behaviour and the arrangements that address the lobbied address behaviours adequately, I think, at this stage. To focus on transparency therefore is the right thing to do. That just leaves you, and it goes to Francis's point—whether the job can be done in six days or six months—with working on a definition that works, fits the purpose of the legislation, which is not about gaps in ministerial diaries, and does something rather more imaginative about a delivery mechanism and is doable.

Jane Wilson: The important point about the definition is that we went to a lot of effort and some expense to produce it in the language of statute, and it has been fundamentally ignored. It is perverse that we are sitting here asking for more transparency when in fact we are being treated like prisoners on remand, with a presumption of guilt against the industry, and yet nothing is happening. We absolutely want to get this right and we want to clear the name of the profession and make it a more—

Chair: There will be point scoring on the Floor of the House about anything that any Government ever do; there always will be. What I am taking from this is that you are prepared to be part of a workmanlike, practical, time-limited approach to help the Government and the House to come up with a better Bill. I find that very encouraging.

Q114 Mr Chope: The Minister told us that the whole essence of the Bill is to try to address the issue of third-party lobbyists, which is the definition that she gives to consultant lobbyists. To what extent do you think that the definition of consultant lobbyist successfully captures what those third-party lobbyists do?

Iain Anderson: I think there is a fundamental challenge to that in that, in terms of the way the Bill defines it, there is an assumption that all lobbying is about is meeting Ministers and permanent secretaries. The vast majority of lobbying is not about meeting Ministers or permanent secretaries; the vast majority of lobbying activity is advising organisations about the political process, the political meteorology—what is taking place and what is likely to take place. None of that activity would be captured in the scope of the legislation, so advice on the

political process and advice on lobbying, which is a very large part of what third-party consultancy is about, are not captured by the Government's definitions. That is part of the reason why we put our own definition on the table, which specifically includes advice on interaction with the institution of Government, rather than purely capturing the direct interaction itself.

Q115 Mr Chope: Being a little more specific, because obviously we want to try to advise colleagues about this—some of this information has been given by Mr Ingham in response to an earlier question—how much time do you estimate third-party lobbyists spend communicating directly with Ministers and permanent secretaries on behalf of their clients?

Iain Anderson: If I was to take my own case—although I am deputy chairman of the APPC, day to day I run a lobbying business—I would put that in terms of no more that 2% or 3% of my time.

Q116 Mr Chope: How about others?

Jane Wilson: Of our members, 37% said that they have never done that kind of activity in the past 12 months, and 18% said one to three times—it is a fraction. Why would you not send the chief executive of the organisation that you represent in for a meeting? Why would they not want to? Why would you do it? It shows a lack of understanding of the business of lobbying.

Francis Ingham: A terribly small number.

Q117 Mr Chope: How many third-party lobbying firms do you estimate undertake lobbying as part of a wider public relations/communications business?

Iain Anderson: This is a very good point to raise, because it gets into the heart of the troublesome definition as to what is substantial activity within the Bill. Let us step back and decode for a second, Mr Chope. When you are advising a client as to a campaign, there are a whole variety of levers that you can pull. You can say, "Yes, go and directly talk to a Member of Parliament," which of course is not covered by this legislation either, but you could say, "Go and talk to a Minister." You might say, "No, we need to create a wider public consciousness about this issue, before we even engage with the parliamentary process." That might be a more classic public relations, media relations technique in order to raise profile on an issue, before you go anywhere near the precincts of Parliament.

The answer is: it depends on the objectives of the campaign activity; it depends on the outcome that wishes to be achieved. Sometimes, you can run what could be regarded as a highly effective lobbying campaign by creating a petition, by creating noise or—now, in the digital world—by creating Twitter traffic, and not actually directly engage with any Minister, with any permanent secretary or with any institution of Government itself. Campaigns are multifarious and campaigns are multidisciplinary—everything from directly going to see a parliamentarian or directly going to see a Minister all the way through to actually influencing the public debates by means of the media.

Q118 Mr Chope: Are you saying that you think that most third-party lobbying firms undertake lobbying as part of a wider public relations/communications business?

Iain Anderson: As part of a wider public relations, a wider communications activity, because you are looking to use the most effective mechanism in order to make your case.

Q119 Mr Chope: In respect of the trade associations represented here, how many members do you have, and what percentage of those members do you think will have to register as consultant lobbyists under the current definition in the Bill?

Francis Ingham: We have about 500 corporate members, and individuals too. Of those 500, 83 corporate members undertake lobbying. As I said at the beginning, we asked those members if they thought they were covered by the scope of this Bill. Three quarters of those members do not think they are covered for certain, and the other quarter think they might possibly be covered, but that is pretty arguable, so it is a very small number who are going to be even conceivably covered by this Bill.

Jane Wilson: We have 10,000 members, but that is right across the breadth of the various disciplines within public relations. Maybe 8% of those would define themselves purely as public affairs specialists, although others might practise public affairs within a wider group. Within that, maybe a couple of hundred would identify themselves, from our surveys, as being one of those. To your point, Francis, many of them responded, "Actually, I don't really know. Based on what I've read, I'm not really sure." What comes back time and time again is, "I'd really like to err on the side of caution." *[Interruption.]* They do already, but they would not be able to here, and that is a worry.

Iain Anderson: We have 80 members, and all our members are corporate members. As the Association of Professional Political Consultants, there are corporates that join. In our initial soundings with members, it is less than 20% who think they will have to be on this register.

Q120 Mr Chope: What are the main changes that you think would improve the Government's definition of a consultant lobbyist?

Francis Ingham: Make it cover everybody who lobbies, whether they work for an agency, a law firm, a management consultancy, an in-house team, a charity or a trade association. Adopt the definition that we have already given the Government, and move away from the idea that the only lobbying that matters is when you are lobbying Ministers or permanent secretaries directly, because in our experience and, frankly, I am sure, in your experience, that simply is not the case.

Q121 Mr Chope: Do you think in-house lobbyists should be included in the register?

Iain Anderson: Absolutely. Pointing back at those base figures, the vast majority of lobbying activity that takes place is done directly by organisations. Every professional lobbyist should be on the statutory register.

Jane Wilson: And importantly, as it stands, the Bill is an invitation to avoidance. One can be employed by a consultancy, but if that consultancy is doing very long-term work for a corporate, it is quite easy to make arrangements whereby a member of staff transfers in-house for a period of time. That is very easy to do if you are a big organisation. It would be extremely easy to get around this, if you had the resources to do so.

George Kidd: This goes to my earlier point that we can do more harm than good. The UKPAC register, as does the PRCA register, contains any number of in-house lobbyists who register and declare themselves on a voluntary basis. My register would probably halve in size just with the in-house issue unaddressed. It would fall again if you still applied this definition of direct communications with Ministers.

Q122 Mr Chope: The Bill tries to exclude people whose main business is not lobbying, but it does not define what constitutes a mainly non-lobbying business. Do you have any comments on the suggestions that have been put forward, such as there being a threshold for registration involving an income test, so that a company or individual receiving more than £10,000 a month from professional lobbying or from providing professional advice about lobbying should be included in the register?

Jane Wilson: It is about our understanding of lobbying. If you are receiving £10,000 a month for what we understand to be lobbying services, we all understand what that means, but only 5% of that £10,000 might be spent on the business of meeting Ministers and permanent secretaries. Who will cross that threshold and how do you work it out? Do you apply our definition? Do you look at the total fee? That is an area that needs a wee bit more work.

Iain Anderson: One of the most worrying things that we heard back from Government on that question, when we sat down with Ministers immediately after the Bill was published—I think it was just as the Committee was taking its initial hearings—and talked about the issue of substantial versus insubstantial business, was that it would be left to the registrar to decide what was substantial. From our perspective that is just not good enough. You are either a consultant lobbyist and you are registering, or you are not a consultant lobbyist. There cannot be a grey area. I cannot work out whether my business and our members should be working out for ourselves whether we should be registering. That is a completely crazy situation.

Q123 Mr Chope: If there is no enthusiasm for an income test, what do you think about following what the US has with the Lobbying Disclosure Act, which requires that any company or individual that spends more than 20% of their time engaged in professional lobbying or providing professional advice about lobbying should be included in the register?

Iain Anderson: The 20% test in the States has been around for some time. It is something that we have looked at, at APPC, and I am quite attracted by that as a definable measure. It has a track record, and there is a way of demonstrating effectiveness. That might be one way forward, but I still stick with the broader position that we outlined earlier: we want to see all professional lobbyists on a register.

George Kidd: It is more applicable—it is a blunt instrument, but sometimes that might be the best you can do if you are dealing with consultant lobbyists acting for clients. I would be very uncomfortable as a policy maker if I thought that nobody in Virgin or Tesco or British Aerospace or Save the Children, or anybody with an in-house capacity, felt that they needed to register because, actually, the chief exec did not quite put in 10% and the PR team was largely doing press releases and not meeting Ministers. It somehow catches everybody but nobody. There is something about the intent and the culture that we are trying to address here. It may work with third-party business in a slightly clunky way, a bit like school scores; that will be less the case when you move into the broader community of people who provide these services.

Francis Ingham: We have given the Government a definition. You have the definition we suggest. That would be pretty comprehensive in our view. Referring to what Iain said earlier, we would argue that people ought to err on the side of transparency and registering. The Bill clearly won't do that. We are very happy to work with yourselves, the Government and anybody else who is willing, frankly, to create something that is workable. This is not.

Q124 Paul Flynn: Mr Kidd, you described the Bill as a white elephant and a damp squib, which is probably the highest praise the Bill has had. Is it not true that whatever Bill had been put forward, you guys would oppose it because you want to be allowed to carry on your saintly activity, unhindered by any regulation, and so any Bill would be opposed by you?

George Kidd: I think the answer to that is, "No, sir." The answer then is that that is a remark addressed to professional bodies and not to a registrar. As a registrar and somebody with a Cabinet Office background, I have been struck by the determination. We were brought in—independent members of UKPAC board—precisely to create a register with an independent element, with standards and that was there to underpin self-regulation. If this was an industry that just wanted to live its life happily under a rock or a canopy, I would not have seen any of the things that I have seen for the past two or three years, and I would not be here.

Q125 Paul Flynn: We always have to take a health check when we hear from lobbyists, because we know that you are professional persuaders, and you actually train people—some of you do—on how to give evidence to Select Committees. We already know that we will have a sparkling performance from you. We tend not to take things at face value.

Other than the name, registered company number, address and names of the directors, is there any other information which should be included on the register?

Iain Anderson: This is the massive step backward in terms of where we are at the minute, in that it is exactly as you say: all the register will do is include the principals of businesses. At the minute, our current self-regulatory arrangement declares everybody who is undertaking lobbying activity, whether they are, like myself, the director or a principal of a business, or the people who work for me in that business. It is a deep flaw in the Bill that it will literally just be the principals, who are a very limited number of the actual political consultants that are out there. APPC has 80 members, and, as I said earlier to Mr Chope, there are about 1,250 individual consultants who are currently on the register. That would be reduced in scope, under the Government's plans, by over 80%.

Q126 Paul Flynn: Why is it important to have the consultancy staff on the register?

Iain Anderson: It is important in terms of transparency: you want to know who is doing the lobbying, and you want to know who they are doing the lobbying on behalf of. This is a second point, which comes up when you look at the drafting of the inclusion on the register. The way in which I would read it is that there is some dubiety as to whether it will be the organisation that is being represented—the client interest—or the individual who works for the client. Again, there is a deep lack of clarity from Government as to what will be declared on the client side.

Q127 Paul Flynn: How difficult would it be to include on the register a list of the subject matters covered and the purpose of the lobbying? Would that be difficult?

Iain Anderson: Personally, at the APPC, we are in favour of including the purpose of the lobbying and the subject matter, but, for the Government and for the taxpayer, I actually think that that could be more properly, more effectively and more efficiently included in ministerial declarations.

Q128 Paul Flynn: Why?

Iain Anderson: The mechanism that is now in place is too slow and perhaps does not include all the information that it should. The mechanism of ministerial declarations would probably be the best place to include the purpose and subject matter of a meeting.

Q129 Paul Flynn: If it is to be effective, wouldn't it be a denial of information not to include that? That is crucial information, surely. I am touched that you have the interest of the taxpayers foremost in your thoughts.

Iain Anderson: The information is absolutely crucial, which is why the APPC is very happy—as I think we put in our submission—to see open declaration of the subject matter and purpose of a meeting.

George Kidd: I made the point earlier about this being a jigsaw or mosaic. The example in our written submission to the Committee is of the invention of a second channel tunnel: if there were a second channel tunnel, it would be a lot more practical and useful for the public at large to know that the Department for Transport is going to be transparent about who it speaks to, what it speaks about and when it is having the conversations in relation to that, in one place in a way that people can digest and analyse, rather than to hope that people can go to a register of a finite or infinite number of individuals who lobby and try to piece that story back together. I have always seen the register as a complement rather than a replacement for effective, transparent good government and good policy making.

Q130 Paul Flynn: Currently, the Bill includes a requirement for quarterly returns. Wouldn't a shorter deadline be appropriate? Someone could register, do what business they want and fly from the nest before the quarter is up. Why can't we have immediate registration?

Jane Wilson: That goes to Iain's point about the business of lobbying, and it might, over a period of time, be part of a wider programme. Actually, not very much gets done that quickly, apart from for Bills such as this where there is so little consultation. Very little gets done that quickly in such a short period of time that you would not catch somebody or that they could somehow do something then fly the nest so that it is too late after the quarter has gone. That would be extremely unusual, and I have not seen any evidence presented that that is in fact a problem. I think quarterly is probably the right balance between getting good, transparent information and making the burden appropriate. I support George's point that this is a mosaic of information and that sometimes the easiest point will be to look at, for instance, what the Department for Transport might be doing on any particular issue.

Francis Ingham: We need something proportionate here, and quarterly seems proportionate. That is one element that the Bill has got right. Quarterly is what happens at the moment and, with our respect to registers, it has happened for more than 10 years, so it is already embedded for many of the people who work in the industry. Equally, there should be a requirement on the Government to play its part, too. Ministerial diaries are published late and infrequently. The Government could helpfully address that itself, and it can do that without our intervention. The Government can just do that itself, and there is nothing stopping it from doing so.

Q131 Paul Flynn: If a client wanted to conceal their activity, they could register for three months minus one day and be completely invisible.

Francis Ingham: No. How our registers work is that, if you have undertaken any lobbying activity over the previous quarter, you register it. So it isn't, "We have worked for three months minus one day, therefore we don't have to register." If you work for one day, for

a client or in-house, and you are a member of the PRCA or the APPC, you will register that, so you cannot get around it that way.

Jane Wilson: It is during the period, as I understand it, not for the entirety of the period, so it does not present a loophole. That is my understanding of the Bill.

Q132 Paul Flynn: Looking at how the register is going to be run, UKPAC says in its written evidence that, if it were to take on the role of a registrar, it "would require governance and accountability changes". What would those be?

George Kidd: It is negotiable.

Q133 Paul Flynn: You must have some idea.

George Kidd: For a start, there would have to be an independent majority, and there would have to be a Government view that if they contracted an external agency—we have said that with the right job we would stand to be a candidate, but not with the job that has been put on the table—there would have to be the appropriate degree of independence, if not complete independence, of the board. There would have to be accountability—probably KPI reporting measures—and transparency in terms of the role of the registrar. There would have to be a new approach to funding, which would probably be registration fees on an individual or corporate entity basis, rather than support through institutions. I think the changes will be fundamental. I do not want to sound like I have been coached to come before the Committee, but I do not think we would have got this far if the industry had not recognised that that might well be the endgame if that is what is required to deliver the right product in the right way.

Francis Ingham: We take a slightly different view at the PRCA. We believe it ought to be a statutory body, it ought to be independent of the industry and it ought to be funded by the industry. With the greatest respect, we do not believe it ought to be UKPAC. We believe that something completely independent is needed, so we slightly differ on that.

Q134 Paul Flynn: We are in a slightly strange situation. Bills are often cobbled together in haste, but this one must be a record breaker. We saw it on the last day before the recess, and it is being introduced next week. Do you think if the Government give this more than the half-hour's consideration they have given it already they will come out thinking that you should be running the register? If so, what would be the advantages?

George Kidd: I am sorry?

Q135 Paul Flynn: Have they consulted you? What would be the advantages and disadvantages of having UKPAC run the register?

George Kidd: We have highlighted what we believe the advantages to be. If the register is not based, as it is, on a definition that is so narrow as to be dysfunctional, the advantages are that we have been there and done it. We have run a register; we have invested in the technology. Having worked in the Cabinet Office and having worked outside in regulation and registration, I believe that things work better—I dislike this phrase—with the grain, working with an understanding of the community that you are registering or regulating, rather than imposing a statutory body. An external registrar would be able to run a system that, if required, could be hybrid, in a way that a statutory registrar could not.

Q136 Paul Flynn: How could it be hybrid?

George Kidd: The example that I would give is advertising regulation. Advertising is self-regulated by the Advertising Standards Authority in the United Kingdom. There is an underpinning statute, but the Advertising Standards Authority is recognised as the established means. There is a statutory duty on Ofcom and the Government to regulate broadcast advertising in a different, prescriptive way. But Ofcom decided that it could use the external agency—the Advertising Standards Authority—to provide that service in relation to both broadcast advertising, which was statutory, and conventional print and new media advertising, which was not. You have one body with the skills and the understanding, off the Exchequer, delivering the service in a joined-up way. Otherwise, you would have had to have had a broadcast regulator and an advertising, print and digital regulator.

Q137 Paul Flynn: We realise that the Bill is coming in because of a sting alleging misbehaviour not by a lobbyist but by a Member of the other place. We have seen a series of bodies set up cosmetically by the industry to present themselves as being legitimate and people of integrity. Clearly, they are not widely accepted as being entirely independent. How could you or someone else create a body that does not have a vested interest in the trade and is genuinely objective and independent?

Francis Ingham: All these lobbying scandals involve undercover journalists who tempt some parliamentarian or other—frequently former Cabinet Ministers—into indiscretions on a tape recorder or a video. They do not involve any real lobbyists; they do not involve my members.

Q138 Paul Flynn: Why do you think that is?

Francis Ingham: Because our members—lobbying companies and in-house communication and lobbying teams—do not go to parliamentarians and say, "If we give you a hundred grand, can you get Fiji back into the Commonwealth?". That is simply not how the world works. Under our codes, they would be explicitly banned from doing so. None of our members can pay or bribe parliamentarians or anything like that.

Q139 Paul Flynn: Your business is to sell advantages to those who are already advantaged. You sell privilege and access to those who will fill your pockets with £50 notes. That is your business. By that, you seem to be perverting the democratic process by giving greater advantages to the rich and well heeled. That is the objection to you, but you are telling me that that does not happen.

Francis Ingham: My pockets are curiously empty of £50 notes at the moment. I think our in-house members, such as the NSPCC, who are on our lobby register, would probably take some offence at what you have just said.

Q140 Paul Flynn: Yes, but there are other people, such as the worst most repressive dictators of the world, who employ lobbyists, in order to advance their views.

Jane Wilson: They also employ hairdressers and accountants but that does not put the whole of those professions into disrepute.

Q141 Chair: Probably you are all arguing for effective regulation of lobbying, so there is no need to fall out about it.

Jane Wilson: Yes, but I would refute that it is cosmetic.

Francis Ingham: Our members declare who their clients are. If you want to work for some dodgy dictator, you declare it and take the reputational hit of doing so.

Q142 Chair: Just to hammer home Mr Flynn's point—not that he needs any help—the cases you highlighted, Francis, would not be caught by this Bill.

Francis Ingham: No, of course not.

Q143 Mrs Laing: Can we turn to how the register will be funded? In your written evidence and previous discussions, all of you have suggested that the figures on which the Government's impact assessment was based may not be accurate. You referred a short while ago to the numbers of people—individuals, firms and corporations—who would be affected. Your answers this morning also suggest that the Government's figures are not accurate. Would you like to explain why you consider they are not accurate?

Jane Wilson: Partly, they are not accurate because the impact assessment is probably looking at the broader business of people who engage in the broad business of lobbying and public affairs. When you apply the very narrow focus that they then come up with in the Bill, there is a mismatch. There is one set of figures for looking at consultancies that engage in lobbying, but then we reply that is a tiny small percentage of that. That is where you get the mismatch in size, and that is where you get the mismatch in the financial penalties that we all have to face to join this register.

Iain Anderson: If we look back to the admittedly anecdotal survey evidence that we are getting from our members at the minute—and this was reflected in some of the earlier evidence—if we are saying that about 20% of our members at the APPC reckon that they are going to be captured in this new regime, that is a very small number of firms. That will be a number of consultants in the hundreds, probably fewer than 300. Therefore, the sustainability and the fundability of the registrar mechanism, with such a small number of entities having to pay for it, are a real concern.

My second point is the one Mr Chope alluded to earlier around what is in the Bill as to whether lobbying is a substantive part of your business. If you are an SME lobbying business, with fewer than 40 or 50 employees, and lobbying is the mainstay of your business—way beyond 20% in terms of a threshold and is 50% or 60% of your business—then, yes, you are probably going to be captured by this. If you are a multidisciplinary, international communications group that just happens to do UK lobbying—or Westminster lobbying as defined by this Bill—with Ministers and permanent secretaries, that could be an infinitesimally small part of your turnover.

Q144 Mrs Laing: Do you have any examples of such a firm, so that we can sort of get a picture of what we are talking about here? The way you are describing it, these are pretty big companies or firms, which we might well know. Would it be inappropriate for you to name a couple of examples?

Iain Anderson: I am very happy to, because it is on the record. Gavin Devine at MHP runs a multidisciplinary and quite international business. At the minute, he and his board are taking the view that they are probably not going to be captured by this regime, because lobbying is not the substantial part of their turnover.

Francis Ingham: We submitted the same thing about MHP in our written evidence. Their view is that they would not be covered by this. They are currently on our register; they are currently on the APPC register. Their view is that they would not be on this register.

Q145 Mrs Laing: Can we just clear up this point? You have uncovered something quite interesting here. A large firm like that, which has lobbying as a small part of its operations, would not be covered. Yet, are you saying that there are many smaller firms that are much smaller than the proportion of that large company that would be covered?

Iain Anderson: That is precisely what I am saying.

Q146 Mrs Laing: Sorry. I interrupted you to clear up that point. It is very helpful to know that. Would you suggest that that is a significant discrepancy?

Iain Anderson: It is a discrepancy. I could make the argument that it is not exactly fair. It does not exactly meet the Government's red tape challenge in terms of SMEs either. One can deploy that argument if one wishes. It is not a level playing field in terms of who will bear the cost. Some of our SME members are extremely worried as to whether they are going to have to bear significant costs to deliver the register. Some of the bigger players simply will not be there.

George Kidd: I think there are two risks with the register. One is behavioural, which is, "If I can just duck and dive, restructure my business and re-profile my activity, I am off-register, and I do not have to pick up this £1,000 registration fee, thank you very much." That does nothing whatsoever for transparency; it simply weights the cost on those who are left. That then creates a climate in which the registrar—this is Mr Flynn's point—is more worried about trying to search under the rocks and through the nooks and crannies to find those people who are at the edges, rather than feel that he or she is working in a climate in which there is a willingness to register and a culture of transparency.

Q147 Mrs Laing: But will firms, individuals or corporations actively try to avoid the register? You have given us the impression that everyone who is a legitimate practitioner in this business wants transparency. So would they not want to register?

Jane Wilson: First, they may feel the need to, if the financial burden is high. It could be a financial imperative. Equally, we would ourselves accept that not everyone is in our organisations. There is the grey area that George mentioned, so you may have some of those people who are not already covered anyway by what we do. But I think primarily it is the financial impact.

Iain Anderson: And there is a practical but rather perverse outcome that is almost back to Mr Flynn's point earlier. With quarterly reporting, whether or not you need to be on this thing, you may be undertaking a long-term two or three-year programme for a client—think of some of the mighty campaigns like HS2 and others that are out there at the minute; that is not a short-term activity—and you may do no engagement with permanent secretaries or Ministers in any particular quarter. Do you come off the register? You would probably have to come off the register, because there is no erring on the side of caution. There is no grey area. If you come off the register for a particular quarter because you are not doing lobbying activity, who pays that quarter?

Q148 Mrs Laing: Would that actually happen in practice?

Iain Anderson: Absolutely it can happen. At the moment what practically happens—

Q149 Mrs Laing: Sorry to interrupt. May I take you back to what you said a moment ago? Your interpretation of the current Bill is that it would be required that a company came off the register?

Iain Anderson: It would be a requirement to come off the register. If you are not engaging with a Minister or permanent secretary in that quarter, you are not on the register.

Francis Ingham: You can meet as many special advisers and shadow Ministers—

Iain Anderson: Members of Parliament.

Francis Ingham: And as many junior civil servants as you like, but if you do not meet with a Minister or a permanent secretary in that quarter, you have to take yourself off.

Q150 Mrs Laing: So it might be likely that during January, February and March there is a lot of activity going on, and in April, May and June quite a lot more, but during July, August and September, it is possible that no meetings take place, and so for the third quarter of that year—the second quarter of the financial year or whatever—it would be required that a company would come off the register.

Iain Anderson: Precisely so. If you think about the parliamentary calendar, despite your reference, Mr Chairman, to bringing everybody back today, who will pay for this register in August?

Jane Wilson: On a related point on the register, an area that needs further scrutiny concerns the information required and registering all clients. Are you registering all your clients and organisations or just those on whose behalf you have met Ministers or permanent secretaries in that quarter? There is some confusion that needs to be cleared up. Again, that touches on something we might talk about, but it touches on the responsibilities of the registrar, which, in this current form, are quite wide and not well defined. That does not match the very defined notion of lobbying, so that needs more scrutiny and it goes to the point about who funds it and who goes on it.

Q151 Mrs Laing: That is very helpful on the question of funding, but what about sanctions? You have opened up the question about being required to be on the register, or required not to be on the register, and this whole issue generally. Do you think the sanctions set out in the Bill are adequate?

George Kidd: They are adequate in terms of people wilfully, or perhaps recklessly and repeatedly, not registering when they know they should have done. In the end, you will need a stick as well as a carrot, but it is a Bill full of sticks, without any carrots. It is rather traditional in that sense, which goes to the whole delivery mechanism of six of the best for this and three of the best for something else. It does nothing about the culture of transparency and incentivisation.

Q152 Mrs Laing: Do you have a proposal as to what the carrots could be?

George Kidd: In my head and in a previous existence: access. The reason people lobby, whether directly, in-house, through third parties or as coached by third parties, is that ability to inform and educate. If you will not allow me to come and inform and educate you, because I have demonstrated that I cannot behave myself in terms of my transparency, then I will learn.

Iain Anderson: That is a very good point. You are also alluding to the quantum. I think £7,500 is talked about in terms of the ultimate fine. Again, at APPC I do not think we have any great concerns over the quantum. We have said that to Ministers, too. But I think

George's point is extremely well made. The ultimate sanction of not being on the register is not to be able to professionally interact with the institutions of Government, and that does need to be looked at. It goes to the heart of the point that Paul Flynn was making earlier. A regime needs to be seen to be effective, and access to the institutions of Government is a prime part of that activity.

Jane Wilson: I agree on the access point. The £7,500—I cannot believe that I am about to say this—is quite a low figure in comparison with other types of bodies and would not make a splash. Access is a far tougher sanction that you could impose.

Q153 Mrs Laing: So £7,500 is not significant in the larger picture of things?

Jane Wilson: Yes.

Francis Ingham: I broadly agree with that. Access is the main point. In a sense, the £7,500 depends on how much it costs in the first place to join the register and on how many people will be on that register. Someone might spend £500,000 setting up and £200,000 a year in subsequent years. If, as we believe, the definition is narrow and a small number of organisations will be on the register, they could conceivably be told that their membership fee for the register will be in excess of four quarterly fines. A business could make the perfectly rational decision to say, "We'll take the fine, because it is less than the membership fee. We declare all our clients and sign up to a code of conduct anyway."

Q154 Mrs Laing: That is very helpful, because, after all, people who are running businesses know how to assess risk.

Jane Wilson: But they also assess reputation and one might not want to be the kind of company that gets fined every quarter and that gets published.

Q155 Mrs Laing: That suggests that those who care for their reputation and invest in their reputation will want to do everything properly and to the letter of the Bill and will do so regardless of the cost, because that is a drop in the ocean compared with what they earn from having a good reputation. Those who care less for their reputation and take risks will not comply, so we will end up with a situation where those who behave properly anyway will comply and those who do not, will not.

Francis Ingham: It goes back to what we said at the beginning. The register will cover nobody who does not already register on the existing voluntary registers. It will not bring anybody in from the cold; it will just be an additional burden on those who already declare everything they do. They will end up declaring less on this register than they do at the moment and have done for the past decade.

Q156 Mrs Laing: So what is the way of getting those who do not voluntarily comply and do not behave well on radar and made transparent? Is it the carrot of access?

Iain Anderson: Ultimately, that is exactly what a statutory regime should do. We can debate the definition of professional lobbying, which we have been doing all morning, but we want a broad definition across the institutions of Government. Let's say that we get to that place, where the regime is across the institutions of Government and the precincts of Westminster as well. If you are not declaring that activity and you are not on that statutory register, there should be a stick. It is where the register should come down hard and use the full force of the law as will then exist to go after the rogue traders that are out there. They are

out there, and I think we all candidly admit that they are out there. That again goes back to Mr Flynn's point.

One of the reasons why *The Sunday Times* and others can continue to do those sting operations is that there are people who are not prepared to come under a self-regulatory net. I think that everyone at this table wants to see a statutory regime that brings those people under a net, but which includes all professional lobbying across all the institutions of Government.

Jane Wilson: May I add one point on that, which looks to the lobbied as well as the lobbyists? Looking just at this definition about Ministers and permanent secretaries, one would hope that a Minister would not have a meeting with somebody who was a consultant lobbyist who was not on the register. That would be as easy as just checking before the meeting: "Are you on the register? No, you are not: we cannot have a meeting." The problem of access as being a stick is solved by the guidance that can be given to Ministers—that they should not have those meetings.

Francis Ingham: But there is a caveat to that. If the definition continues, as it currently is, very narrowly and if you cannot voluntarily go on the register unless you are covered by that definition, if you say, "As a Minister, I can meet you only if you are on the register. Oh, you're not on it"—there you go.

Change the definition. The definition is the whole crux of this problem. Change it to make it broad and universal, and this will work; leave it as it stands, and it will be counter-productive.

Chair: You may well coach others when they come before Select Committees, but clearly you have not been very well coached this morning, because you have made the mistake of mentioning Mr Flynn in one of your replies, Mr Anderson, which has stimulated Mr Flynn to ask a further question, and I cannot ask it.

Q157 Paul Flynn: It is a very brief and harmless question. Would you like to see the scope of the Act include those now invisible lobbyists: the lawyers who operate as lobbyists for their client, but they don't call themselves lobbyists; the alleged think-tanks who are actually in the pay of vested interests, but refuse to declare them; and the one most influential lobbyist in the country, who has had 53 meetings with Ministers under this Government, but refuses to say whom he is speaking to and what he is raising—would you include Prince Charles on the register of lobbyists?

Chair: Told you.

Iain Anderson: I think that all professional lobbying that is taking place should be on this register. Yes, we are very clear that we want to see law firms, that we want to see management consultancies, that we want to see accountancy firms—whatever entity they are—actually on this register. On the individual whom you did not name—I think we all know who you mean—if there is lobbying activity taking place, then that individual should be on a lobbying register. On Prince Charles, I would probably refer to Mr Chope's earlier comments about a threshold, so if maybe 20% of Prince Charles's personal diary is related to lobbying activity, maybe that should be considered as well, but that is just a personal opinion.

Q158 Chair: That is very helpful, Mr Anderson. Thank you for that.

To give you a final moment if you wish or to trigger any thoughts, what I have heard this morning indicates that if the House of Commons decides to set up a Special Standing Committee—it is within its powers and remit to do that, but it needs to win a vote on the Floor in order to do so—to look at this issue for a given time span of say four months and report back to the House with its views on what a lobbying Bill would look like that is a better

one than we have at the moment, all the four institutions that represent public lobbying in this country would wish to co-operate with that and produce something that was workable, practicable and met the Government's express desire as expressed in the coalition agreement. Am I right in that assumption?

Francis Ingham: Absolutely.

Iain Anderson: We would actively take part.

Jane Wilson: Yes, wholeheartedly.

George Kidd: Yes.

Chair: Thank you. Have you any final remarks before I call the next couple of witnesses—covered everything? Mr Anderson, Ms Wilson, Mr Ingham, Mr Kidd, thank you very much for coming this morning and representing the lobbying industry so expertly, and for giving us your continued co-operation. I hope we will be able to do something effective over the next week to ensure we get a good lobbying Bill, which I am sure is what you and all the political parties want. Thank you for your attendance this morning.

Examination of Witnesses

Witnesses: **Tamasin Cave**, Spinwatch/Alliance for Lobbying Transparency, and **Alexandra Runswick**, Unlock Democracy, gave evidence.

Chair: Tamasin, very good to see you; thank you for coming. Alexandra, nice to see you again. Unless you want to say something to the Committee, we are going to jump straight into the questions. Are you okay if we do that? Okay.

Q159 Mr Turner: Were you consulted about the Bill?

Alexandra Runswick: No. Unlock Democracy, as an organisation, has had quite a difficult relationship with the Cabinet Office over these proposals. To give you a little bit of background, we were campaigning for there to be a statutory register. We ran a letter-writing campaign with our supporters to write to their MPs about why there had been a delay, and some of those MPs wrote to the Cabinet Office asking why there had been a delay. The civil servant in charge of the programme responded to that campaign by tweeting that she wished that Unlock Democracy would just go and die, which then triggered a response from the Cabinet Office and a relationship with us, because obviously they did not feel that that was the appropriate way to engage with third-sector organisations.

We then had a meeting and tried to talk through how it is we try to engage people in consultation processes, because a key point of our mission is increasing participation in politics. We do that partly by getting people to contact their MPs, but also, when there are consultation exercises, by asking people to take part in them. We are very aware that there can be organisational issues around that, and we are not trying to cripple the civil service or a Select Committee by getting lots of people to write in, but at the same time we want to find a way for people to participate meaningfully. So we agreed what we thought was a joint approach, which was that we would do a petition that lots of people would sign—and over 60,000 people did—but that would be put in as a tick box of a large number but not detailed. We also enabled people, via our website, to answer the same questions as in the consultation process, which would be e-mailed directly to the Cabinet Office; 1,300 people did that, but the Cabinet Office chose to ignore their responses in the official summary of consultation responses.

Once those consultation responses had gone in, we had no contact whatsoever with the Cabinet Office until the Bill was published. We repeatedly asked to have meetings, both with

the civil servants concerned and with Chloe Smith; we also asked to hold a public meeting so Chloe Smith could state her views and explore the issue more generally in public. However, all such requests were declined.

Tamasin Cave: We do not have a membership. Our relationship with the Cabinet Office has been minimal via Chloe Smith's office. We asked for a meeting but we did not get one. What is slightly indicative of our relationship with Chloe Smith's office is that when we were called to discuss the Bill, once it was published, we were anticipating that there was going to be a round table with the industry, other NGOs and everybody else, but Alex and I found ourselves sort of on the naughty step: we were in the 3 o'clock meeting, alone, and the industry, CAFOD, NCVO and everybody else were in the half-past 1 meeting. We were kind of divided, and told that we could express our views, but we were not in the debate with everybody else, as we have been so far, since 2007. That is slightly indicative of how we have been treated by the Cabinet Office.

I should mention that we have engaged with the Cabinet Office, but through a different process: there is a thing called the Open Government Partnership—I don't know whether you have heard of it. The UK is co-chair of it and it is a global initiative; we are supposed to be leading other countries towards transparency and greater Government accountability—open data and things like that. We have engaged with the Cabinet Office via that process, but it is entirely separate to this one, which is being driven by No. 10.

Q160 Mr Turner: The Government states that this Bill is designed to achieve greater transparency by making it clear whom third-party lobbyists represent when they meet Ministers and permanent secretaries. How significant a problem do you think this is?

Alexandra Runswick: I think that transparency in lobbying is a significant problem. I do not think that the specific issue of consultant lobbyists meeting Government Ministers and permanent secretaries is a problem. That misunderstands the nature of lobbying activity in the UK, as lobbying bodies have already explained to you; very little of that is actually meeting Government Ministers and permanent secretaries.

Even before you look at the exact definition of a consultant lobbyist and how many that would actually cover within the industry, you are already excluding all in-house lobbyists—the vast majority of all lobbying work done in the UK. The way the Government have defined lobbying is not going to increase transparency. We agree with their aim—yes, we want to have a register to increase transparency in lobbying—but this Bill is in no way going to do that and is much more likely to make it worse than better.

Tamasin Cave: Yes, I would agree with that and everything that the industry says. I do not have much to add to it. Given that we have tracked this process since 2007 and having seen the repeated delays and the way the policy has been handled thus far—you obviously scrutinised it before—I would go so far as to say that we are being sold a dud. A commitment was made on this, but a lack of political will has been shown. However, there was the very grand rhetoric on transparency—about being the most transparent Government in the world—so they cannot go back on that commitment. I think we are therefore being sold a dud. Let us not mistake it for what it is; it is a fake register, backed up by bogus justifications. It is interesting that it is identical to, or actually slightly worse than, the worst register out there, which is the Australian one. That is the closest model to it. When you look at their equivalent of *Hansard*, when they introduced the register in 2007, the justifications given for the register in its current form are almost verbatim to those given now. The Australian register was introduced with the same justifications and the same arguments. I do not know if that is a coincidence.

Q161 Mr Turner: What are the top three things you would change?

Tamasin Cave: I agree with the industry: it has to be universal. That is where we agree. There is a willingness for us to all work together towards this, so it is good that there is consensus on that. Where we differ from the industry is on the depth of information. In our submission, I tried to show graphically what a robust register looks like and what is currently proposed by the industry and the Government—this very shallow, but universal register. A very shallow register gives us nothing on the interaction between lobbyists and Government, which is the key thing. If you cannot see the interaction, meaning whom they are meeting and what is being discussed, you cannot get Government accountability. In a sense, the Government have exempted themselves from this transparency measure. We should be under no illusion but that this is an uncomfortable measure for Government, and it should be. It is about releasing information that they have yet to disclose. They have not done this yet. It is akin to freedom of information, in that sense. It is an uncomfortable measure, but as it currently stands, there is no discomfort for the Government at all because it shows nothing of the discussions they are having with lobbyists, and that is what it must do for us to hold them to account for their decisions.

Alexandra Runswick: I broadly agree with Tamasin. In terms of the things we want to see changed, the key one is obviously the definition of lobbying, so that it covers all lobbyists. It should focus on the lobbying activity rather than the person who is doing it, because then you cover in-house and agency lobbyists and, as was mentioned earlier, lobbyists who work for accountancy firms, law firms or think-tanks. It needs to be universal. It needs to have more information about the policy that is being lobbied on. We have argued in favour of a good faith estimate of how much money is being spent on the lobbying. We also believe that the lobbying register should be independent of both the Government and the industry.

Q162 Mr Turner: Miss Cave, in your evidence you have a column on the left-hand side, which is much longer than the one on the right-hand side. What you are trying to do is get the people who are registering to say not only that they are interested in fast trains, but whether they are in favour of or against fast trains.

Tamasin Cave: No. It is really just the policy area. The Government's stated aim for the Bill is to increase transparency so that the public can hold them to account for the decisions they take. HS2 is a bit obvious, but let's take that example. If I was concerned about it and wanted to know who is a voice in discussions with Government—who are they are discussing it with—at the moment I would not be able to see the construction firms, the engineering firms or any of the architects, or whoever is involved in that debate. I would need the information that said that somebody in BIS is having a conversation about HS2 with these particular interests.

Those particular interests register that they are meeting BIS and are discussing HS2. I do not need to know whether they are for or against. That would probably be obvious from the particular interest registering that on the register. It is just so that we can have an idea of the policies and areas of Government that are being discussed, especially when it comes to contracts. If Atos or any of the large contracting firms are talking to the Department for Work and Pensions, are they talking about contracts? What are they talking about? It is about being able to scrutinise the areas of Government that people are concerned about or interested in.

Q163 Mr Chope: I would have thought that you would be supporting the Government in their avowed objective of trying to increase transparency in lobbying. Has the fact that you are now saying that the Bill is not fit for purpose and may actually reduce the amount of

transparency caused a response from the Government saying, "We are rather disappointed that you do not like what we are doing."?

Alexandra Runswick: Not personally. They have not contacted me directly. There have been various blog articles written about how we have misunderstood what the Bill does, particularly in relation to part 2. Chloe Smith yesterday published a letter in response to the 38 Degrees campaign around the provisions of part 2, saying that people who object to it just do not understand what it does. That is wrong because we have read the explanatory notes, which state clearly that it does do what we say it does. No, I have not personally had a direct response from Government. You are right that we share the objective. We just do not agree that what they are doing will take them to where they think it will.

Q164 Chair: Sorry, Alexandra, you have had a letter?

Alexandra Runswick: No, sorry. It was a letter from Chloe Smith published yesterday in response to 38 Degrees. It was specifically about part 2 of the Bill, not part 1. It said that people campaigning against part 2 had misunderstood what the Bill did. Having gone through the Bill and all the publications carefully, I do not think that is correct.

Chair: I will obviously have to ask my questions in future through 38 Degrees, because they seem to get a more rapid response from the Minister than I do. We will make efforts to get a copy of that letter for the members of the parliamentary Select Committee who are currently undertaking an inquiry into that issue. Thank you for letting us know about that, Alexandra.

Q165 Mr Chope: Obviously, I have similar questions to the ones I asked previous witnesses. I won't take you through them all, because I think you probably agree with the evidence that was given in relation to third-party lobbying, in-house lobbyists being included in the register and things such as that.

Can I ask you about the thresholds? There have been two suggestions that there might be an income test as a threshold for third-party lobbyists or a time test, as in the US Lobbying Disclosure Act, based on 20%. Do you have any comments on either of those suggestions?

Tamasin Cave: My understanding of the 20% rule in the States is that it is a way of capturing the lawyers who do lobby and exempting those who do not. I understand that it was specifically introduced for that, though I could be wrong. I do not have a problem with it. To draw your attention to it, we have published a draft Bill. They have their definition and we have ours.

In our draft Bill, we do not suggest a minimum threshold for third-party lobbyists. If you are a third-party lobbyist working within a management consultancy, an accountancy firm, a law firm, a think-tank—crucially—or an agency, you are lobbying. If you are lobbying on behalf of a third party, you should declare that. Therefore, you have a level playing field among all players. That is straightforward enough. Where we have introduced a threshold is for in-house. We cannot include it at the moment, but they should. The in-house threshold that we propose is a financial threshold. I think we suggested £5,000 over three months, so if you spend less than that, you should not be covered by this. This is a way of excluding SMEs and the smaller charities.

There is a rule of thumb—not in the Bill, obviously—we think, that if you have a full-time public affairs person, for example earning £20,000, you should be on the register, because that is a relatively significant amount of lobbying. We are saying that if you have a full-time lobbyist, you probably should be on this register. But that would apply only to in-house lobbyists.

I do not have a problem about the 20% rule. I know, from conversations that I have had with people with experience in Canada, that the problem with that is that it exempts some very significant players among the CEOs. If you take the multinational chairman's group that has breakfast meetings with the Prime Minister, they would all probably be exempted if there was a 20% rule. You have to be very careful. They have a problem in Canada, which they are attempting to address. It can be problematic.

But we are so far away from talking about the detail of these things. I would like to come back to the point that there is very little obvious political will for that. We briefly touched on part 2. Do you mind if I say something briefly on that, just to set the tone?

It is significant that part 2—this cap on third-party funding—was introduced in this Bill. It came from nowhere. There was no consultation on it. It is not related to the lobbying Bill. Whether it was its intention or not, the consequences of shoehorning it into the Bill is that NGOs and trade unions are now frothing. They are in an absolute frenzy of activity to oppose it. The consequences of it are that NGOs are now backed into a corner in a cul-de-sac. On the one hand, many support the lobbying Bill, but no one can support part 2. It leads to headlines, for example, of, "Charities line up against lobbying Bill." I am not saying that there is a master media manipulator behind this, but if that was not the intention, that is the consequence of putting part 2 in the Bill.

We need to look at it within the context of a very political and No. 10-directed Bill. Even though it is very important that we talk about the detail—again, we would happily contribute to any process—I think first we need to tackle what appears to be an attempt to derail this.

Q166 Mr Chope: But you are against both parts of the Bill, just for the sake of clarity?

Tamasin Cave: Yes.

Alexandra Runswick: Although we do want a lobbying register.

Q167 Mr Chope: You have put a lot of effort into your own joint draft Bill. Has that been the subject of any consultation with, for example, the industry?

Tamasin Cave: With the industry? No. We now have sort of warm relations with them; they are not cold relations. But we are coming from different places, and they know it, and you know it. But we agree on the universality, and we have become united in opposition to the Government. It is a strange situation to find myself in. It was interesting seeing them here as a picture of innocence.

Mr Flynn and I have followed the issue since 2007. When they lined up in front of Tony Wright's Committee in 2007, 2008 or 2009, Mr Francis Ingham's—the PRCA's—main backer was Bell Pottinger. Peter Bingle of Bell Pottinger sat in front of the Committee and said, "The public have no right to know who our clients are." That was his position. The industry was very firm that this was an unnecessary inquiry and although it obviously welcomed the inquiry, and the industry was for transparency, UKPAC was set up as a way of staving off statutory regulation.

The failings of UKPAC led to the PRCA leaving UKPAC. There are significant failings—for example, there was a lobbying firm on there called Terrington Management. They are a defence lobbyist—a third-party lobbying agency. I said, "Look, they are on there. They have declared that they are lobbyists, but they haven't declared their clients. Could you rectify this? Why is this?" Nothing has happened.

There is no oversight or scrutiny because they do not have the power to exercise it and because they are judging their peers, so I would say that there are significant failings with the current system. The reason why you have four people lined up in front of you is that every time there is an inquiry they create a new trade body or industry group to show that something is being done. It is an industry tactic.

Q168 Chair: Well, the history is fascinating. There is a moment now where there seems to be a remarkable consensus among people who normally do not even talk to each other that the Bill is imperfect. That allows a new institution to take over, and that institution is Parliament itself. If Parliament is allowed to work with the express good will of yourselves on the lobbying concerns, who knows? We may be in severe danger of producing a really good lobbying Bill that everyone feels is workable. They all seem to feel that the current one does not match those criteria.

Tamasin Cave: We fully support that. We are going to see anything as better than this Bill.

Q169 Mr Chope: In your draft lobbying Bill, you exclude what you describe as "unpaid volunteers". Why do you do that?

Tamasin Cave: It is not significant. There is not a significant amount of lobbying activity that is done on a voluntary basis. The register is only designed to capture what is most significant. If you are a large charity, a third-party agency, a corporation or one of the industry bodies, you will be engaging in a significant amount of lobbying. I am comfortable with not capturing what is done on a voluntary basis. There are people who do voluntary work who are very successful lobbyists. I am not interested in what they do on a voluntary basis.

Alexandra Runswick: We are keen to create transparency, but we do not want to create a burden, in particular for small voluntary or community organisations. For us, that is not the purpose of the lobbying register. Excluding volunteers is one way of making sure we are not creating something that will prevent small or community organisations from getting involved with politics.

Q170 Paul Flynn: Do you think the Government are deliberately sabotaging their own Bill? It took them three and a half years to act at all and they identified major corporate lobbying as the most egregious form of lobbying, but the Bill extends into areas that were not considered to be essential for reform, such as charities and trade unions. The Government knew that that would incite serious opposition to the Bill—so serious that it might kill the Bill, which is possibly the Government's intention. Do you think that is a possibility?

Tamasin Cave: Can I name a name? I have no doubt in my mind that even if it does not have the fingerprints of Lynton Crosby on it, it has the influence of Lynton Crosby on it, because we are seeing divide-and-rule tactics. They have very aggressively got on the front foot by including part 2. They are not in a defensive position about lobbying—corporate lobbying in particular, which is the key concern. Whether they are doing it deliberately, I cannot say. Knowing how the industry works, it is not unusual that campaigns such as this are run, and Lynton Crosby is a lobbyist. I recognise it as a lobbying campaign, and it is in the same ball park as some of the divide-and-rule campaigns that I have seen before.

Q171 Paul Flynn: Is it genuinely worse than nothing?

Tamasin Cave: Oh yes. This is a bogus register. It really is.

Q172 Paul Flynn: There are a number of items I raised previously. How would you respond to the argument, put to us in written evidence, that disclosing the nature or subject matter of a meeting removes the right to privacy of individual organisations that might have sensitive information that they wish to share with elected representatives only?

Alexandra Runswick: I think that misrepresents the nature of the information we are looking for in the register. We are not expecting a transcript of the meeting, but what policy area it is that is being lobbied on. There are already individual MPs who publish their diaries and say, for example, "I met Unlock Democracy about the Lobbying Bill." That is the level of information that we are looking at—the policy that is being lobbied about, not the exact information that was shared with the person whom you are lobbying.

Q173 Paul Flynn: Do you have any views on the quarterly updates? Would you like a tighter framework for updating the register?

Tamasin Cave: In line with other registers around the world, I don't see any problem with there being a quarterly register, albeit one that is updated promptly. For example, we propose that if you are working as a third-party agency it becomes second nature that, when you take on a client, you register it within two weeks, or if you are engaged in lobbying in an in-house organisation, we suggest that you register within 30 days. There is nothing wrong with that. It is not onerous: you just fill in a form. Canadian lobbyists do that as a matter of course; it is not a problem. There should be timely updates of a quarterly register.

Q174 Paul Flynn: Would you agree that the scope should be widened? Again, we talked about that previously. Particularly, there are organisations—I am tempted to mention a number of them, the so-called think-tanks—that are paid, but they do not say that they are paid. There is one in particular that is always defending the tobacco industry and the drinks industry but refuses to say who is funding them—certainly in the drinks industry. Such think-tanks are given a great deal of credence because they describe themselves as think-tanks and purport to be scientifically objective, but in fact they are paid persuaders and are the same as any other organisation under a different guise. Lawyers and think-tanks are very much the same.

Alexandra Runswick: I agree that that is a very real problem. One of the consequences of the Government's proposals about which Unlock Democracy is worried is not just that the proposals do not give the transparency that we want but that they stigmatise lobbying. The proposals say that there is this certain, very small area of lobbying that is a problem and that everyone else is absolutely fine, but that is not the case. It is not simply a case of lobbying by companies somehow being bad for democracy, and that lobbying by a think-tank or voluntary sector organisation means that it is good. We are not looking to stigmatise lobbying; it is important that we have people who are able to feed into the policy-making process and to bring expert views to it. The problem is with the secrecy and the lack of transparency; it is not the fact that there is lobbying activity. What we do not want to see is a situation where you set up a lobbying register that is supposed to be about transparency but that all it actually does is move lobbying activity away from lobbying agencies and into think-tanks, law firms and other organisations that will not have to register, thus creating a system that is less transparent than it is at the moment.

Tamasin Cave: Yes, think-tanks in this country are a particular problem, especially at the moment. They seem to be having a bit of a heyday. It is an open secret in the lobbying industry—talk to any of them—that the industry is in competition with think-tanks. They

provide all the same services. When Iain was talking about the kind of media campaigning they will do in order to get a climate around politicians that supports their policy case, they will often use an agency in conjunction with a think-tank, or a think-tank will directly launch such a campaign—I can think of one in particular that I will not name. So they engage in third-party campaigning, which is a key PR technique that distances the interested party from the message and inserts a think-tank in between that has credibility for seemingly being independent, has a certain status and has a media profile. That way of laundering a message through a think-tank is very standard in the industry. The think-tanks are particularly vulnerable to that at the moment. Without a doubt, they need to be on the register.

Paul Flynn: Thank you very much. We are grateful as legislators for the service that both your organisations have given to us in this House over many years. That service is greatly appreciated.

Q175 Mrs Laing: With regards to your definition of "voluntary organisations," is the RSPCA a voluntary organisation?

Tamasin Cave: No. It is more about volunteers who lobby. We do not think they should be covered.

Q176 Mrs Laing: You mean members of the public? Normal people who want to make a point, which is what democracy is all about.

Tamasin Cave: Yes, exactly.

Q177 Mrs Laing: So you mean the 38 Degrees voluntary organisation?

Tamasin Cave: Not their core staff, no. Their core staff are paid. They are in the business of influencing Government in our definition, so their core staff who are paid and who are professional lobbyists should be covered, but the people who are clicking petitions should not be covered. We would say that the 38 Degrees as an organisation should be, as should I.

Q178 Mrs Laing: Do you agree, Alexandra?

Alexandra Runswick: Yes.

Q179 Mrs Laing: Do you think the sanctions in the Bill are adequate?

Tamasin Cave: It was mentioned by the previous panel that the amount proposed is minimal to a company like Bell Pottinger or these big PR companies. They are part of enormous multinational PR communications firms such as Omnicom and WPP, so £7,500 is ludicrous. I do not think it should be linked to access, because there are serious democratic principles that would be breached if you started limiting access to politics and politicians. I think that probably the best way of doing it is embarrassment. If somebody is found in breach of the Act, they could, for example, be forced to write to every MP and permanent secretary to say, "We have breached the law. This is what we did and this is why we did it, and we are terribly sorry." It is a credibility thing. They rely on being accurate sources of information and on honesty and integrity.

Q180 Mrs Laing: And you think that their reputation is more valuable to them than any small amount of money.

Tamasin Cave: Of course. Absolutely. That is what their business is based on.

Alexandra Runswick: I think that there probably needs to be a range of sanctions. I agree with Tamasin that reputational damage is probably the key one, but the issue that you raised with the industry earlier is an important one. Yes, the people who already sign up to the voluntary code and who already conduct themselves in a way that is ethical are going to do all of those things. To them, reputational damage is going to be an important sanction, but for the lobbyists who do not follow those codes and who choose not to behave in those ways, reputational damage is not going to be particularly effective. You have to have a range of sanctions that can be used.

I disagree with Tamasin and think that access could be used, potentially. I know there are issues with the European register, but lobbyists can have passes. If they breach, those passes are taken away. That is one way that they deal with the access issue. I would support a range of different sanctions. There should be financial sanctions in there, but we should start with reputational damage.

Q181 Chair: Just to conclude, Tamasin and Alexandra, as I did with the people who were representing the professional lobbying industry, I want to make the point that Parliament, if allowed, can be an effective partner in producing legislation. I will ask you directly. If we were to have a Special Standing Committee, which was to meet and look at a draft lobbying Bill for the next four months, let us say, would you be prepared to co-operate with that and put your shoulder to the wheel to produce specific and hopefully consensual ways forward on this issue? I have yet to meet someone who tells me that they do not want effective regulation of lobbying. Are you in the group of people who would be prepared to help us in a constructive and positive way, along with the professional lobbyists whom we have heard from this morning?

Alexandra Runswick: Absolutely. We would be very happy to do that, and may I say thank you to the Committee for organising this inquiry in what has obviously been difficult circumstances for you? As campaigning organisations, we have all been struggling with the fact that this Bill was published at the end of the last parliamentary session and is being debated at the beginning of this session. Obviously, that is something that you have been struggling with as well, so I want to say thank you for the opportunity of having some scrutiny of the Bill before it goes into the Chamber.

Tamasin Cave: Definitely, and we will work with industry to get a solution.

Q182 Chair: We are shaping some sort of offer. One of my colleagues, Mr Carswell, criticised me for calling the Bill a dog's breakfast.

Tamasin Cave: I saw that.

Q183 Chair: He said that that was too critical of the canine nutrition industry. I think we can all work together and produce something that gets us close, if not to perfection, to what we need to do to properly regulate the industry. Thank you very much for coming this morning.

Colleagues, we will leave the TV on. There are special circumstances today. There will be a debate about the Syrian question today. I am trying to bring our witnesses forward so that we can terminate the Committee proceedings at 2.30, if possible. I intend to open the Committee at 1.30 this afternoon, half an hour earlier than planned. The witnesses we have been able to contact so far have been helpful. My objective is to free Members to get to the Floor to listen to the Prime Minister's statement on Syria. I will do my best between now and

then to make that happen. Thank you, colleagues, for coming this morning. I very much appreciate your attendance.