

13th March 2014

Ms. Niamh Maguire  
Committee Secretariat  
Committee of Public Accounts  
Leinster House  
Dublin 2

Dear Ms. Maguire,

I refer to your letter of 20 February 2014 requesting a note on the amount of funding paid to political parties and any conditions laid down by the State in terms of accountability for the use of that money.

Two forms of payments are made to political parties from the Central Fund: allowances under the Party Leader's Allowance regime and payments under the Electoral Acts.

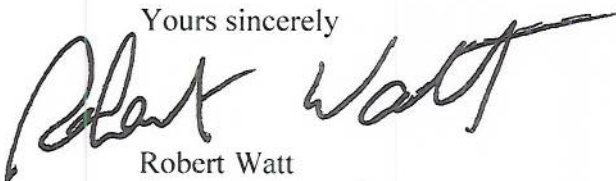
I am not the Accounting Officer in respect of either of these payments, which are made by the Department of Finance.

The Party Leader's Allowance is provided for in the Ministerial and Parliamentary Offices Act 1938, as amended, most recently by the Oireachtas (Ministerial and Parliamentary Offices) (Amendment) Act 2001. My Department is responsible for policy issues in relation to the 'Leader's Allowance'.

Payments to parties under the Electoral Acts are made by the Department of Finance with the approval of the Minister for Public Expenditure and Reform. Policy issues in relation to the Electoral Acts are the responsibility of the Minister for the Environment, Community and Local Government.

An overview of the payments under these provisions are set out in the attached note to assist the work of the Committee.

Yours sincerely



Robert Watt  
Secretary General

## **Note on Funding to Political Parties for Public Accounts Committee**

### **Payment under Ministerial and Parliamentary Offices Act (Party Leader's Allowance)**

The Party Leader's Allowance is provided for in the Ministerial and Parliamentary Offices Act, 1938, as amended by the Oireachtas (Ministerial and Parliamentary Offices (Amendment) Act, 2001.

The allowance is paid to the parliamentary leader of a qualifying party in relation to expenses arising from the parliamentary activities, including research, of the party. A "qualifying party" is defined in the legislation as a political party registered in the Register of Political Parties which contested the last general election or any subsequent bye-elections and which had at least one member elected to Dáil Éireann or elected or nominated to Seanad Éireann at that general election or at any subsequent bye-election.

Payments are made in respect of members of the party elected to Dáil Éireann and members elected/nominated to Seanad Éireann at the last preceding general election, or a subsequent bye-election or, in the case of Seanad Éireann, nominated to it after the last preceding general election.

Under the legislation, the current amounts paid to the parliamentary leader of a qualifying party are calculated on the following basis:

<b>TDs</b>	<b>€</b>	<b>Government Parties*</b>
First 10 members	71,520	47,680
11 members to 30	57,214	38,143
More than 30 members	28,616	19,077
<b>Senators</b>	<b>€</b>	
First 5 members	46,766	
Over 5 members	23,383	

\*The legislation provides that, in the case of a qualifying party forming part of the Government, the combined allowances due in respect of TDs of that party are reduced by one third.

The legislation also provides that payments may be made to a member of Dáil Éireann, who at the last preceding general election or at a subsequent by-election was elected as a member other than as a member of a qualifying party, i.e. an independent member. Such qualifying independent TDs are currently entitled to an annual rate of €41,152. A similar provision in the Act provides for an annual payment currently amounting to €23,383 for independent Senators.

The methodology used for calculation of the allowance for leaders of qualifying political parties and the current annual amounts payable, are set out in **Appendix I**.

### **Permitted uses for funding**



The Act lists 11 different categories of expenditure, including research, which are regarded as expenses arising from parliamentary activities for the purposes of entitlement to the allowance. These are set out at **Appendix II**. The primary restriction in the Act on the use of the allowance is that it may not be used in respect of election expenses.

#### Reporting requirements

The 2001 Act gives a statutory role in relation to the Party Leader's Allowance to the Standards in Public Office Commission. This requires each qualifying party leader to prepare a statement of expenditure for the allowance, to have it audited by an independent auditor and to furnish it with the auditor's report to the Commission. Based on the statement and auditor's report submitted, the Commission is required to make a report to the Minister for Public Expenditure and Reform in relation to the use of the allowance and cause a copy of the report to be laid before the Oireachtas. Failure to provide a statement of expenditure and auditor's report as required by the legislation would result in the suspension of future payments to the party leader under the legislation until such documents are provided.

#### Pending changes to legislation

The Oireachtas (Ministerial and Parliamentary Offices)(Amendment) Bill 2013, which is currently before the Oireachtas, provides for a reduction of 10% to be applied to the rates of the allowance (which is to be renamed the parliamentary activities allowance). In order to improve the transparency of the allowance, the Bill provides for improved auditing provisions to be applied to parliamentary leaders and for these provisions to be extended to independent members who receive the allowance.

The Bill also provides that the Commission will have a more involved role in the reporting process in relation to expenditure from the allowance. The Commission will, following a consultation process, be able to publish guidelines in relation to the allowance, ensuring a consistent interpretation of eligible expenditure. These guidelines must be submitted to the Minister for Public Expenditure and Reform for approval prior to publication. In addition, the Commission will be given the ability to request additional documentation in support of the statements of expenditure provided to it where it deems it to be necessary.

### **Payment under Electoral Acts**

Under section 17 of the Electoral Act 1997, as amended by section 50(c) of the Electoral (Amendment) Act 2001, provision is made for two payments to be made to qualified political parties.

Section 17(1)(a) of the Electoral Act 1997, as amended, provides for a fixed payment of €126,973.81 to be made to each qualified party in each period of 12 months.

Section 17(1)(b) of the Electoral Act 1997, as amended, provides for an annual sum to be shared among qualified political parties. When introduced in 2001, the legislation provided for this sum to be shared to amount to €3,809,214 (£3,000,000). In accordance with the legislation, this sum was increased in line with general increases in Civil Service remuneration, as set out in **Appendix III**. The current sum shared amongst qualified parties amounts to €4,948,201.68. This increases to €5,456,096.88 when the fixed amount referred to above is included.

Payments are calculated on the basis of the share of first preference votes obtained by an individual qualified party at the previous general election. These shares of the vote are calculated by the Department of Environment, Community and Local Government based on election results provided by the constituency returning officers.

An amendment to section 17(2)(b) the 1997 Act introduced by the Electoral (Amendment)(Political Funding) Act 2012 provided for decreases as well as increases in civil service remuneration to be applied in future to the payments. A further amendment in 2012 inserted a new subsection, 17(4B), linking payments to the achievement of a gender balance in candidate selection at a Dáil general election. A qualifying political party must have at least 30% women candidates and at least 30% men candidates commencing at the next general election. This will rise to 40% seven years from next general election. If a party does not meet these thresholds its funding will be halved for the lifetime of that Dáil.

Payments under the Electoral Acts are made from the Central Fund. The annual amounts payable to each party in a full year are as set out in **Appendix IV**.

### **Permitted uses for funding**

Section 18 of the Electoral Act 1997 outlines the permitted usage of the funding provided:

- 18.—(1) (a) A qualified party which receives payments under this Part shall, subject to guidelines issued by the Public Offices Commission pursuant to *section 4*, apply such payments to any or all of the following purposes, namely—
- (i) the general administration of the party,
  - (ii) research, education and training,
  - (iii) policy formulation, and
  - (iv) the co-ordination of the activities of the branches and members of the party.
- (b) Payments made to a qualified party under this Part shall be deemed to include provision in respect of expenditure by the party in relation to the promotion of participation by women and young persons in political activity.



### Reporting requirements

Section 20 of the Electoral Act 1997 provides that the appropriate officer of the party shall furnish a statement to the Standards in Public Office Commission that the payments applied to some or all of the purposes outlined in section 18(1), and indicating the matters to which the payments were applied, including the amounts applied to the promotion of participation, respectively, by women and young persons in political activity. This statement must be audited and submitted with the auditor's report.

These provisions are separate to the wider ranging general reporting requirements imposed upon political parties in respect of donations and accounting, which were most recently amended by the Electoral (Amendment)(Political Funding) Act 2012.

## Appendix I

### Party Leader's Allowance – total annual amounts payable

Summary	€
Fine Gael	€2,701,786
Labour	€1,789,783
Fianna Fáil	€1,674,403
Sinn Féin	€1,084,354
Socialist Party	€143,040
People Before Profit	€143,040
Independent TDs and Senators	€874,493
<b>Total</b>	<b>€8,410,899</b>

Calculation of the annual amount of the Party Leader's Allowance payable to each parliamentary leader of the qualifying parties of the 31<sup>st</sup> Dáil

#### Fine Gael

Category	No. of TD's	Rate	Due
First 10 Members	10	€71,520	€715,200
11 to 30	20	€57,214	€1,144,280
31 and over	46	€28,616	€1,316,336
sub-total			€3,175,816
Less 1/3 Government Party deduction			€1,058,605
<b>Total</b>	<b>76</b>		<b>€2,117,211</b>
Category	No. of Senators	Rate	Due
First 5 Members	5	€46,766	€233,830
over 5	15	€23,383	€350,745
<b>Total</b>	<b>19</b>		<b>€584,575</b>
<b>Overall Total Due</b>			<b>€2,701,786</b>

#### Labour

Category	No. of TD's	Rate	Due
First 10 Members	10	€71,520	€715,200
11 to 30	20	€57,214	€1,144,280
31 and over	8	€28,616	€228,928
sub-total			€2,088,408
Less 1/3 Government Party deduction			€696,136
<b>Total</b>	<b>38</b>		<b>€1,392,272</b>
Category	No. of Senators	Rate	Due
First 5 Members	5	€46,766	€233,830
over 5	7	€23,383	€163,681
<b>Total</b>	<b>12</b>		<b>€397,511</b>
<b>Overall Total Due</b>			<b>€1,789,783</b>

**Fianna Fáil**

Category	No. of TD's	Rate	Due
First 10 Members	10	€71,520	€715,200
11 to 30	9	€57,214	€514,926
31 and over	0	€28,616	€0
Total	19		€1,230,126
Category	No. of Senators	Rate	Due
First 5 Members	5	€46,766	€233,830
over 5	9	€23,383	€210,447
Total	14		€444,277
<b>Overall Total Due</b>			<b>€1,674,403</b>

**Sinn Féin**

Category	No. of TD's	Rate	Due
First 10 Members	10	€71,520	€715,200
11 to 30	4	€57,214	€228,856
31 and over	0	€28,616	€0
Total	14		€944,056
Category	No. of Senators	Rate	Due
First 5 Members	3	€46,766	€140,298
over 5	0	€23,383	€0
Total	3		€140,298
<b>Overall Total Due</b>			<b>€1,084,354</b>

**Socialist Party**

Category	No. of TD's	Rate	Due
First 10 Members	2	€71,520	€143,040
11 to 30	0	€57,214	€0
31 and over	0	€28,616	€0
Total	2		€143,040
<b>Overall Total Due</b>			<b>€143,040</b>

**People Before Profit**

Category	No. of TD's	Rate	Due
First 10 Members	2	€71,520	€143,040
11 to 30	0	€57,214	€0
31 and over	0	€28,616	€0
Total	2		€143,040
<b>Overall Total Due</b>			<b>€143,040</b>

**Independents at 01/01/2013**

Category	No. of TD's	Rate	Due
	15	€41,152	€617,280
Category	No. of Senators	Rate	Due
	11	€23,383	€257,213
<b>Overall Total Due</b>			<b>€ 874,493</b>



### Relevant expenditure for the purposes of the Party Leader's Allowance

Expenses arising from parliamentary activities, including research includes expenditure on the following categories—

1. the general administration of the parliamentary activities of a qualifying party,
2. the provision of technical or specialist advice likely to be required in connection with legislative proposals or potential parliamentary initiatives,
3. research and training
4. policy formulation,
5. the provision of consultants' services, including the engagement of public relations consultants,
6. polling or public attitude sampling in connection with parliamentary debates or initiatives,
7. the purchase of support services for a parliamentary party from the party,
8. the payment to a parliamentary leader of any salary or honorarium in respect of duties arising from his or her activities as such leader as distinct from those of a member of Dáil Éireann or a holder of a ministerial office,
9. the payment to another person of any salary or honorarium in respect of duties arising from the person's activities in a parliamentary party,
10. the provision for, or recoupment of, transport and personal expenditure incurred by a parliamentary leader, officers or a parliamentary party spokesperson as a result of their parliamentary party function,
11. entertainment.



### Appendix III

#### **Rates of the first preference votes payments under section 17(1)(b) of the Electoral Act 1997, as amended by section 50(c ) of the 2001 Act**

<b>Civil Service increases</b>	<b>2001 Amount - €3,809,214.24</b>
Final increase under the Programme for Prosperity and Fairness 1 October 2002	€3,961,582.80
Sustaining Progress 1 January 2002	€4,080,430.29
Sustaining Progress 1 July 2004	€4,162,038.89
Sustaining Progress 1 December 2004	€4,245,279.67
Sustaining Progress 1 June 2005	€4,308,958.97
Sustaining Progress 1 December 2005	€4,373,593.35
Sustaining Progress 1 June 2006	€4,482,933.18
Towards 2016 – 1 December 2006	€4,617,421.18
Towards 2016 – 1 March 2008	€4,827,513.84
Towards 2016 – date	€4,948,201.68

## Appendix IV

### Calculation of the annual amounts payable under the Electoral (Amendment) Act, 2001 to the qualifying parties of the 31<sup>st</sup> Dáil in 2012

<b>Variable Amount - Section 50(c)(ii)(I)(a)</b>		
<b>Party</b>	<b>1<sup>st</sup> Preference Votes as % of total 1<sup>st</sup> preference votes of qualified parties</b>	<b>Amount payable</b>
Fine Gael	43.533	€2,154,080.84
Labour	23.449	€1,160,292.92
Fianna Fáil	21.036	€1,040,882.44
Sinn Féin	11.983	€592,945.48
<b>Total</b>		<b>€4,948,201.68</b>

<b>Fixed Amount - Section 50(c) (i) (a)</b>	
<b>Summary</b>	<b>Amount</b>
Fine Gael	€126,973.81
Labour	€126,973.81
Fianna Fáil	€126,973.81
Sinn Fein	€126,973.81
<b>Total</b>	<b>€507,895.24</b>

**Total Amount Payable: €5,456,096.92**