



House of Commons  
Committee on  
Standards and Privileges

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**Mr Peter Hain**

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**Second Report of Session 2008–09**

*Report and Appendix, together with formal minutes*

*Ordered by The House of Commons  
to be printed 20 January 2009*

**HC 183**

Published on 22 January 2009  
by authority of the House of Commons  
London: The Stationery Office Limited  
£0.00

## The Committee on Standards and Privileges

The Committee on Standards and Privileges is appointed by the House of Commons to oversee the work of the Parliamentary Commissioner for Standards; to examine the arrangements proposed by the Commissioner for the compilation, maintenance and accessibility of the Register of Members' Interests and any other registers of interest established by the House; to review from time to time the form and content of those registers; to consider any specific complaints made in relation to the registering or declaring of interests referred to it by the Commissioner; to consider any matter relating to the conduct of Members, including specific complaints in relation to alleged breaches in the Code of Conduct which have been drawn to the Committee's attention by the Commissioner; and to recommend any modifications to the Code of Conduct as may from time to time appear to be necessary.

### Current membership

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The constitution and powers of the Committee are set out in Standing Order No. 149. In particular, the Committee has power to order the attendance of any Member of Parliament before the committee and to require that specific documents or records in the possession of a Member relating to its inquiries, or to the inquiries of the Commissioner, be laid before the Committee. The Committee has power to refuse to allow its public proceedings to be broadcast. The Law Officers, if they are Members of Parliament, may attend and take part in the Committee's proceedings, but may not vote.

### Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at: [www.parliament.uk/sandp](http://www.parliament.uk/sandp). A list of Reports of the Committee in the present Parliament is at the back of this volume.

### Committee staff

The current staff of the Committee are Mr Steve Priestley (Clerk), Mrs Sarah Hartwell-Naguib (Second Clerk) and Ms Jane Cooper (Committee Assistant).

### Contacts

All correspondence should be addressed to The Clerk of the Committee on Standards and Privileges, Journal Office, House of Commons, London SW1A 0AA. The telephone number for general enquiries is 020 7219 6615.

# Contents

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<b>Report</b>	<i>Page</i>
<b>Mr Peter Hain</b>	<b>3</b>
Introduction	3
The complaint	3
The Commissioner's findings	3
Conclusion	4
<b>Appendix 1: Memorandum from the Parliamentary Commissioner for Standards</b>	<b>6</b>
<b>Formal minutes</b>	<b>32</b>



# Mr Peter Hain

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## Introduction

1. In our Fifth Report of Session 2007-08, published in February 2008, we informed the House that the Parliamentary Commissioner for Standards had submitted to us a memorandum on the progress of his investigation of complaints that the Rt Hon Peter Hain, the Member for Neath, had failed to register in the Register of Members' Interests within the required time limit all the donations he received in respect of his campaign for election as Deputy Leader of the Labour Party.<sup>1</sup> The Commissioner informed us that, with the agreement of the Chairman of the Committee, he had suspended his inquiry pending the completion of police investigations into Mr Hain's failure to report the same donations to the Electoral Commission. The matter had been referred to the police by the Electoral Commission on 24 January. In line with our policy on such cases, we agreed with the decision of the Commissioner to suspend his inquiry.

2. The police completed their inquiries and passed a file to the Crown Prosecution Service in July 2008. It was not until December 2008 that the CPS announced there was insufficient evidence to charge Mr Hain with an offence under the Political Parties, Elections and Referendums Act 2000. The Commissioner informed us on 9 December that he was resuming his inquiry, a decision that we supported. We congratulate the Commissioner on completing his inquiry into this complaint within five weeks, notwithstanding that that period included the Christmas and New Year breaks.

3. A copy of the Commissioner's memorandum on this case is attached at Appendix 1. In accordance with our usual practice, we have shown the memorandum to Mr Hain. Mr Hain has informed us that he does not wish to add to what he has already told the Commissioner.

## The complaint

4. The complaint against Mr Hain was brought by Mr David T C Davies, the Member for Monmouth. This was followed by complaints from Mr Bill Fry and from Mr Jeremy Wotherspoon. All three complaints related to Mr Hain's failure to declare to the Registrar of Members' Interests donations to his Labour party deputy leadership campaign totalling more than £100,000.

## The Commissioner's findings

5. Mr Hain registered ten donations he received to his campaign in the period to May 2007 within the four-week deadline for registering such donations; these came to £77,000. He registered two further donations late, in November and December 2007, with a combined

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<sup>1</sup> *Conduct of Mr Peter Hain*, HC 324

value of £10,000. He registered 17 further donations late in January 2008, the oldest of them dating back to April 2007 and the most recent to November. The donations registered in January 2008 totalled more than £103,000.<sup>2</sup>

6. The Commissioner has accepted Mr Hain’s assessment that a change of personnel in his campaign team was an important factor in his failure to register donations to the campaign between May and November 2007 (the campaign ended on 24 June). Another important factor was the disbandment of the campaign team while donations were still coming in, and before the large debts that were incurred during the campaign had come to light. A further important factor was Mr Hain’s failure to identify any continuing need for registration after it ceased in May 2007, until prompted to do so by one of his donors in November.

7. At the time of the Labour leadership and deputy leadership elections, Mr Hain was Secretary of State for Northern Ireland and Secretary of State for Wales. Immediately after the elections, Mr Hain was made Secretary of State for Work and Pensions and Secretary of State for Wales. The Commissioner notes the pressures on Mr Hain as a senior member of the Government and that Mr Hain has accepted that he bore overall responsibility for ensuring that donations to his deputy leadership campaign were properly registered.<sup>3</sup>

8. The Commissioner has upheld the complaints that Mr Hain failed to register in time all the donations he received for his campaign for election as Deputy Leader of the Labour Party.<sup>4</sup> He has accepted Mr Hain’s assurances that all the donations he received had been registered by 11 January 2008.<sup>5</sup> He has also accepted that, once Mr Hain identified the oversight, he acted quickly and openly to address it, and that Mr Hain has both accepted responsibility for and rectified his errors. Finally, the Commissioner notes that Mr Hain apologised at the first opportunity.

9. However, the Commissioner also concludes that Mr Hain’s breach of the rules “was both serious and substantial.”<sup>6</sup>

## Conclusion

10. This is a case of an experienced Member, a Cabinet Minister at the time, failing in his duty as a Member of Parliament to register donations within the time required by the House. We understand that the pressures on Ministers and on front-benchers can be onerous, but we cannot accept—and we are sure that none of them would suggest—that this excuses them from their obligations under the rules of the House.

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<sup>2</sup> Appendix 1, para 45

<sup>3</sup> Appendix 1, para 59

<sup>4</sup> Appendix 1, para 55

<sup>5</sup> Appendix 1, para 59

<sup>6</sup> Appendix 1, para 59

11. In his brief but thorough memorandum, the Commissioner has reported the outcome of his inquiries involving 19 cases of late registration of donations, totalling over £100,000. We agree with the Commissioner that Mr Hain's failure to register donations on this scale is both serious and substantial. We are bound to take this into account, notwithstanding the facts that Mr Hain has apologised unreservedly, and that he acted with commendable speed to rectify his omissions once he discovered them, without waiting for others to invite him to do so. Because of the seriousness and scale of this breach and noting the considerable, justified public concern that it has created, we would ordinarily have been minded to propose a heavier penalty. However, we accept that there was no intention to deceive and Mr Hain has already paid a high price for his omissions. We therefore recommend that Mr Hain apologise by means of a personal statement on the floor of the House.

# Appendix 1: Memorandum from the Parliamentary Commissioner for Standards

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## Contents

	<i>Page</i>
<b>Complaint against Rt Hon Peter Hain MP</b>	<b>7</b>
Introduction	7
The complaint	8
Relevant provisions of the Code and Rules of the House	8
My inquiries	9
Findings of Fact	14
Conclusions	16
<b>Written evidence received by the Parliamentary Commissioner for Standards</b>	<b>18</b>
1. Letter to the Commissioner from Rt Hon Peter Hain MP, 5 December 2007	18
2. <i>Guardian</i> Article, 8 January 2008	18
3. Letter to the Commissioner from Mr David T C Davies MP, 8 January 2008	20
4. Letter to the Commissioner from Mr David T C Davies MP, 11 January 2008	20
5. Letter to the Commissioner from Mr W F Fry, 11 January 2008	20
6. Letter to the Commissioner from Mr Jeremy Wotherspoon, 12 January 2008	20
7. Letter to the Commissioner from Rt Hon Peter Hain MP, 11 January 2008	21
8. Press statement and full declaration of donations to Hain4Labour as registered on 11 January 2008	21
9. Letter to Rt Hon Peter Hain MP from the Commissioner, 11 January 2008	24
10. Letter to Rt Hon Peter Hain MP from the Commissioner, 9 December 2008	25
11. Letter to the Commissioner from Rt Hon Peter Hain MP, 11 December 2008	26

# Complaint against Rt Hon Peter Hain MP

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## Introduction

1. This memorandum reports on complaints that Rt Hon Peter Hain, the Member for Neath, failed to register in the Register of Members' Interests within the time allowed some of the donations he received for his campaign to be elected in June 2007 as the Deputy Leader of the Labour Party.

2. My enquiries into this matter were suspended, with the agreement of the Committee, from 24 January 2008 until their resumption on 9 December 2008. This was to allow for the Metropolitan Police to investigate the separate but related matter of Mr Hain's reporting to the Electoral Commission of all the donations received in respect of this campaign. The Crown Prosecution Service announced on 5 December that there was insufficient evidence to charge Mr Hain with any offences in relation to these donations.

3. The campaign for the Deputy Leadership of the Labour Party lasted some five weeks before the result of the ballot was announced on 24 June 2007. In the event, Mr Hain was not elected to the Deputy Leadership. Mr Hain registered in the Register of Members' Interests ten donations to his campaign between 25 January and 18 May 2007.

4. No further registrations were made until 30 November 2007 when my office received an email from Mr Hain's office. It stated that Mr Jon Mendelson had given a personal donation of over £1000 to Mr Hain's Deputy Leadership campaign. This was registered by the Registrar on the same date.

5. Mr Hain wrote to my predecessor, Sir Philip Mawer, on 5 December 2007 noting that he had informed the Electoral Commission on 3 December that further donations to his campaign had not been registered as they should have been.<sup>1</sup> He believed that these donations needed to be declared in the Register of Members' Interests. He was preparing a full declaration to the Electoral Commission. The purpose of his letter was to inform the Commissioner that he would at the same time be making a similar declaration to him. He concluded:

“The fact that these donations were not declared as they should have been is extremely regrettable, and I apologise.”

6. On 18 December 2007, Mr Hain's office telephoned the office of the Registrar to say that Mr Hain had just registered a donation from Mr Bill Bottrill with the Electoral Commission and wanted to do the same with the Register of Members' Interests. The list of the remaining donations which had not been registered with either the Commission or on the Register was not yet ready, but would be sent as soon as it was. The Registrar registered Mr Bottrill's donation on 18 December 2007.

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<sup>1</sup> WE 1

7. On 8 January 2008, the Guardian newspaper reported an allegation that Mr Hain had failed to declare to the Electoral Commission donations worth tens of thousands of pounds for his Deputy Leadership bid.<sup>2</sup>

8. On the same day, 8 January 2008, I received a complaint from Mr David T.C. Davies, the Member for Monmouth.<sup>3</sup>

### The complaint

9. Mr Davies' letter of 8 January enclosed a copy of the article from the Guardian newspaper<sup>4</sup>. He said that he had noticed that some specific donations mentioned were also missing from the Register of Members' Interests. He asked if these omissions could be investigated to ensure that the Register accurately reflected all the donations which Mr Hain had received.

10. I wrote to Mr Davies asking him to confirm that his letter constituted a formal complaint. His letter of 11 January confirmed that it did.<sup>5</sup>

11. On 11 January, a further complainant, Mr Bill Fry, wrote to me to complain that it appeared that Mr Hain had not disclosed "*the huge sum*" of over £100,000 with the Register of Members' Interests.<sup>6</sup>

12. On the following day, 12 January, Mr Jeremy Wotherspoon wrote to complain about Mr Hain's non-declaration of his donations<sup>7</sup>. He said that he was prepared to accept Mr Hain's apology for not declaring a donation of £5,000 which Mr Hain had put down to an administrative error. Now it had emerged that there was a further £103,156.75 which had not been declared. The complainant could not believe that Mr Hain "*would have made such a foolish and simple mistake without being fully aware of the consequences.*"

13. I accepted both the complaints and added them to the initial complaint I had received from Mr Davies.

### Relevant provisions of the Code and Rules of the House

14. Paragraph 16 of the Code of Conduct for Members of Parliament deals with the registration and declaration of interests in the following terms:

"Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Interests and shall always draw attention to any relevant interest in any proceeding of the House or its Committees,

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<sup>2</sup> WE 2

<sup>3</sup> WE 3

<sup>4</sup> WE 2

<sup>5</sup> WE 4

<sup>6</sup> WE 5

<sup>7</sup> WE 6

or in any communications with Ministers, Government Departments or Executive Agencies.”

15. Paragraph 11 of the Guide to the Rules relating to the Conduct of Members sets out the duties of Members in respect of registration in the following terms:

“Members of Parliament are required to complete a registration form and submit it to the Commissioner for Standards within three months of their election to the House (whether at a general election or a by-election). After the initial publication of the Register (or, in the case of Members returned at by-elections, after their initial registration) it is the responsibility of Members to notify changes in their registrable interests within four weeks of each change occurring.”

16. Paragraph 13 provides:

“Members are responsible for making a full disclosure of their interests, and if they have relevant interests which do not fall clearly into one or other of the specified categories, they are nonetheless expected to register them.”

17. The Guide to the Rules sets out also the categories under which interests are to be registered. Category 4 deals with sponsorships in the following terms:

***“Sponsorships:***

(a) Any donation received by a Member’s constituency association which is linked either to candidacy at an election or to membership of the House; and

(b) any other form of financial or material support as a Member of Parliament,

amounting to more than £1,000 from a single source, whether as a single donation or as multiple donations of more than £200 during the course of a calendar year.”

Further guidance on the scope of this category is set out in paragraphs 25-27 of the Guide.

## **My inquiries**

18. Before I had initiated any inquiries, Mr Hain wrote to me on 11 January enclosing a copy of what he described as a full declaration to the Register of Members’ Interests of previously undisclosed donations to his Deputy Leadership campaign.<sup>8</sup> (Mr Hain had sent a similar statement to the Registrar of Members’ Interests on the previous day, 10 January.) Mr Hain reported that he had had a meeting with the Electoral Commission on 10 January. He attached a copy of a press statement which he had issued and which included a table headed “*Full Declaration of Donations*”.<sup>9</sup> Mr Hain concluded his letter to me as follows:

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<sup>8</sup> WE 7

<sup>9</sup> WE 8

“I would like to apologise to you and to the House for failing to register these donations within the required time limit. This is deeply regrettable and the result of administrative and organisational failures in my campaign, for which I take full responsibility.”

19. All the donations submitted by Mr Hain on 11 January 2008 were entered in the Register on the same date.

20. On the same day, 11 January 2008, I wrote to Mr Hain about the complaint I had received from Mr Davies.<sup>10</sup> I acknowledged the letter he had sent me earlier that day and undertook to report his apologies—as I subsequently did—to the Committee on Standards and Privileges. I invited his comments on the complaint which was that he had failed to register in the Register of Members’ Interests, within the time limit required, all the donations he received in respect of his campaign for election as Deputy Leader of the Labour Party. I asked him to set out the full sequence of events; to identify the dates for the receipt of any donations, from whom they came and whether they were financial or material support and the sums involved or the support given; whether he had delegated to any member of staff tasks to assist him in the registration; and to let me know the reasons why the registrations in the Register of Members’ Interests stopped on 18 May 2007, why they resumed again on 30 November and why the full list was not made available until he had sent it to the Registrar on 10 January 2008.

21. Mr Hain came to see me on 14 January 2008 to ask about my procedures and to make clear that he would co-operate fully with my inquiry. On 24 January, before Mr Hain had responded to my letter, the Electoral Commission announced that, following discussions with the Metropolitan Police Service and the Crown Prosecution Service, the Commission had referred matters to the Metropolitan Police for them to consider whether an investigation should commence. Shortly after receiving that statement, I confirmed with the Metropolitan Police Service that an investigation would now begin. Having spoken both to the Commission and to the Metropolitan Police, I came to the conclusion that to continue with my enquiries could prejudice the conduct of the police investigation. Having spoken to the Chairman of the Committee, therefore, I announced on 24 January that I was suspending my enquiries. I informed Mr Hain and the three complainants of this decision on the same day. I subsequently reported the matter to the Committee on Standards and Privileges, and the Committee issued a report to which was annexed my memorandum to the Committee.<sup>11</sup>

22. Mr Hain announced on 24 January 2008 that he was resigning from the Cabinet in order to respond to the allegations against him which the police were investigating.

23. On 2 July 2008 the Metropolitan Police Service announced that it had passed its file to the Crown Prosecution Service to advise on whether any further enquiries were necessary and whether any charges should be brought.

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<sup>10</sup>WE 9

<sup>11</sup> Fifth Report of the Committee on Standards and Privileges, Session 2007-08, HC 324

24. On 5 December 2008, the Crown Prosecution Service announced that there was “*insufficient evidence to charge Peter Hain MP with any offences in relation to donations made to Mr Hain’s campaign to support his bid to become Deputy Leader of the Labour Party in mid 2007.*”

25. In the light of this announcement, I concluded that it would be right for me to resume my inquiry into the separate (but related) complaints about the reporting by Mr Hain of the donations he received in the Register of Members’ Interests. I reported this to the Committee at its meeting on 9 December.

26. I wrote to Mr Hain and to the complainants on 9 December to let them know that I was resuming my inquiry. With my letter to Mr Hain, I sent him copies of the letters from all three complainants and I invited him to let me have a response to my letter to him of 11 January 2008.<sup>12</sup> I noted that his letter of 11 January 2008 had already given most of the details of the donations which he had not previously declared, but I invited him to give me some further information about the benefits in kind which he had received.

27. Mr Hain responded on 11 December 2008.<sup>13</sup> Mr Hain said that he was interpreting, as he had from the very beginning, financial support for his internal party campaign to be Deputy Leader of the Labour Party as being donations given in support of his role as a Member of Parliament, which therefore should be treated as registrable. Since discovering the problem of donations to his campaign which had not been properly registered, he had sought to be completely open and transparent about the position. This was not because he was under pressure from a complainant or the press, but because he believed it was the right thing to do, reflecting the fact that he had acted in good faith throughout. Up to 18 May 2007, some £77,000 worth of donations had been properly and promptly reported to the Register.

28. Mr Hain noted that as soon as he had discovered a major problem with subsequent donations, he wrote immediately to my predecessor in a letter of 5 December 2007,<sup>14</sup> issued a statement to the media, and contacted the Electoral Commission. The complaints did not precede but followed his disclosure to my office.

29. Mr Hain said that the “*administrative failings which caused a problem were most emphatically not intentionally caused by myself*”. There had never been any suggestion that there was an intention not to register. That he had always intended that all donations should be properly registered was demonstrated by the prompt registration of all donations up until 18 May 2007.

30. Mr Hain noted that the late reporting of donations to the Members’ Register by other Members “*has regrettably been widespread*”. As in his case, he could only assume “*that [this] had arisen out of honest mistakes*”.

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<sup>12</sup> WE10, WE 7

<sup>13</sup> WE11

<sup>14</sup> WE1

31. Mr Hain said that the organisation of his campaign had been beset by serious difficulties both before the campaign period formally started in mid May 2007 and during the campaign period. Between January and the third week of May 2007 he signed off, within the proper time, reports of donations as they were provided to him by his campaign team both to the Electoral Commission and to the Register of Members' Interests. He had also reported a donation to clear a debt in December 2007, again within time. (The registration was in fact made some five and a half weeks after the date of the donation, a little over a week out of time.)

32. On 29 November 2007, Mr Jon Mendelson, the Labour Party's chief fund raiser, reminded Mr Hain that in the summer of 2007 he had donated £5,000 to his campaign. Mr Hain checked the Electoral Commission's website to confirm the donation. He was very concerned to see that it was not registered. He made a public statement that evening (29 November 2007) reporting this as due to an administrative error and explaining the intention to remedy the situation.

33. Mr Hain said that this oversight raised concerns in his mind that there might possibly be other donations which had not been registered in time. It soon became evident that there were such donations, although at that stage it was not clear how many. He visited the Electoral Commission in person "*to explain my predicament*" and issued a statement to the media. He also wrote on 5 December 2007 to my predecessor saying that he would be making a full report and adding: "*The fact that these donations were not declared as they should have been is extremely regrettable, and I apologise.*"

34. Mr Hain noted that this happened six months after the campaign had ended. Campaign assistants had dispersed. He said that Hain4Labour (the organisation which ran Mr Hain's campaign) had maintained and operated a bank account "*which was quite properly independent of me*" and which had since closed. In December 2007, he was able, after some difficulty, to obtain a full set of bank statements recording all the payments and receipts of the campaign. It was necessary to cross check each of these against the donor information and to eliminate receipts into the bank account which were not registrable donations. By 10 January 2008, he felt confident that he had identified all reportable donations. He went to see the Electoral Commission and issued a public statement. He also provided the information for the Register of Members' Interests on the following day, 11 January 2008.<sup>15</sup> Mr Hain concluded this part of his account as follows:

"I hope you are able to accept that I tried at the very earliest opportunity, and in the circumstances described, to do whatever I could to remedy the highly unsatisfactory situation which I had discovered."

35. Turning to the dates of payment, Mr Hain said that the dates shown in the schedule of donations (which he had sent me on 11 January 2008) were those of receipt into the Hain4Labour bank account. It was possible that cheques may well have been received and

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<sup>15</sup> WE 8

remained at the campaign offices for some days before being banked, but he had no means of checking this.

36. In response to my question about the delegation of responsibility within his campaign, Mr Hain said that his campaign director was the signatory to the bank account. The first campaign director, Mr Philip Taylor, was succeeded by Mr Steve Morgan with effect from 7 April 2007. Mr Hain said that the procedure within the campaign had been that the necessary Electoral Commission forms and letters for reporting to the Members' Register had been periodically supplied to him with the appropriate details for his signature. Until May 2007, none of the donations so registered had been questioned in any way and he therefore had full confidence in the system which had been set up on his express instructions to comply with his registration obligations. Mr Hain said that up until May 2007 he regularly signed letters prepared for him and it was arranged for these to be sent in time to the Registrar of Members' Interests. Then: "*for some reason this pattern of donation notification stopped in late May 2007.*" Mr Hain said that letters were no longer provided to sign and "*I very much regret that I gave this no further thought*". He had never been given any explanation as to why the procedure "*which had been previously well established and followed to the letter for five months completely broke down from late May 2007.*"

37. Mr Hain referred to the pressures on him at this time, including the six weeks of intensive additional work on campaigning, his constituency duties and two Cabinet jobs, followed on 28 June 2007 by being appointed as Secretary of State for Work and Pensions in addition to his responsibilities for Wales. He did not make these points in any way to excuse the fact that all information was not properly reported to the House, but to provide a sense of context.

38. Mr Hain said that after the campaign had ended on 24 June 2007, Mr John Underwood, a co-signatory to the account, took responsibility for winding up the affairs of Hain4Labour. To their "*mutual horror*", he gradually realised that the campaign had been left with heavy debts. New invoices kept appearing unexpectedly. Mr Hain had previously known "*absolutely nothing*" about these. The debts were eventually settled by November 2007, but Mr Hain said that the voluntary organisation as it existed during the six week campaign had by then "*disappeared*" and the lack of any formal structure may have contributed to his failure to consider his registration obligations. Mr Underwood had never been involved with the process of reporting to the House or the Electoral Commission, since it had been a matter for the campaign directors. The "*absolute priority*" for Mr Hain and Mr Underwood was to settle mounting and unexpected debts. Mr Hain added: "*I must stress that I never consciously made the decision on proper registration, consumed as I was, by the overhanging debts and the problem of how to clear these.*" In retrospect, Mr Hain said that this was "*clearly an act of omission which I fully accept was wrong; but it was emphatically not deliberate.*" Mr Hain added that he accepted fully his personal responsibility for registration.

39. Mr Hain noted that while temporary campaign organisations faced particular difficulties of administration, continuity and resource, even with this in mind, he was, "*of course, very embarrassed by the shortcomings.*" Without wishing to excuse the lateness of his registrations, he said that a Member was "*bound to some extent to be reliant on*

*information produced by others in the unusual situation of campaigning for office within a political party*". The reasons why he believed that the arrangements in place for Hain4Labour would be sufficient to provide the information necessary for him to ensure compliance with the Registration requirements included the establishment of a separate bank account and the designation of an experienced campaign director and campaign chairman.

40. Mr Hain said that his campaign for office within the Labour party had to be given a lower personal priority than his public responsibilities. The two factors which he believed were significant in Hain4Labour's administration proving to be unable to ensure timely reports after May 2007 were the unexpected and abrupt departure of his first campaign director and the disappearance of the essentially volunteer organisation following the end of the formal six week campaign.

41. In response to the request in my letter of 9 December 2008 about the benefits in kind which he had received, Mr Hain said that the donation from HRA Limited financed a campaign dinner in Cardiff in March 2007. He had not previously been aware of the total cost and whether it was therefore eligible for registration. The donation in kind from the GMB Trade Union financed leaflets it had printed in early June 2007 for an internal union ballot for its Members to vote in the election. Again, he had not previously been aware of the cost and had always assumed this fell within the Hain4Labour general printing budget.

42. Mr Hain concluded that he would *"like to express my regret for this late reporting and wish to apologise again"* to the Committee. He hoped that it would be accepted that *"I have acted in good faith voluntarily to bring this to your notice at the first opportunity and accordingly that the complaint warrants no further action."*

43. Having considered Mr Hain's letter of 11 December and the previous evidence that he had sent me on 11 January 2008, I concluded that I had sufficient evidence upon which to resolve this matter.

## **Findings of Fact**

44. Mr Hain stood for election to the post of Deputy Leader of the Labour Party in the spring of 2007. The results of the ballot were announced on 24 June 2007. Mr Hain was not successful in the ballot. From January 2007, Mr Hain had received donations to support him in his election campaign. These donations continued to be received until November 2007. Donations received after the end of the election campaign were necessary in order to clear the debts incurred during the course of the campaign.

45. Mr Hain registered in the Register of Members' Interests within the required four weeks of having received them, all 10 of the financial donations he had received until May 2007. He registered an additional donation out of time on 30 November and a further donation, a little out of time, on 18 December 2007. He registered out of time on 11 January 2008 15 further financial donations received between June and November 2007, and two donations in kind made in April and June 2007 respectively. By 18 May 2007, Mr Hain had registered donations together worth £77,000. In November and December 2008,

Mr Hain registered further donations together totalling £10,000. The remaining donations which he registered late, including monetary values he assigned to the donations in kind, totalled £103,156.75.

46. Mr Hain had given responsibility for submitting to him notifications of the donations which had to be registered in the Register of Members' Interests to the organisation responsible for his campaign (Hain4Labour) under its campaign director. Mr Hain's campaign director was changed in April 2007.

47. Mr Hain's campaign team was disbanded after the end of the campaign in June 2007. But the campaign faced debts for which donations needed to be sought until the debts were largely settled in November 2007. Mr Hain only discovered these debts after the end of the campaign. During the period from June to November 2007, Mr Hain did not put in place procedures for reporting donations received during that period. Nor did he consider his obligations to register the donations he received during that period.

48. Mr Hain identified the need to register one of the unregistered donations when the donor reminded him at the end of November 2007 of the donation he had made to his campaign in the summer. Having checked the Electoral Commission's website, Mr Hain discovered that it had not been registered with the Commission. He announced this oversight publicly on 29 November 2007. Mr Hain's office asked on 30 November 2007 that this donation should be registered in the Register of Members' Interests. The register entry was made on the same date.

49. Mr Hain considered that there could have been other donations which had similarly not been registered. Having had a meeting with the Electoral Commission on 3 December, and having issued a press statement, Mr Hain wrote to my predecessor on 5 December to let him know that further donations to his campaign had not been registered as they should have been and informing him that he was preparing a full list of all such donations for both the Register and the Electoral Commission.

50. Mr Hain's office asked to register a further donation on 18 December 2007 and it was registered in the Register of Members' Interests on the same date. This was a donation to clear a campaign debt and was registered a week and a half out of time.

51. Mr Hain sent a full list of all the remaining donations to the Register of Members' Interests on 10 January 2008 and to me the following day. These donations were registered in the Register on 11 January 2008.<sup>16</sup>

52. Mr Hain has stated in his evidence that he did not intend that these donations should not be registered in the Register of Members' Interests. He has accepted fully his personal responsibility for registration. He has noted that he made public the problems with the notification of his donations and apologised before the matter was reported in the media or

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<sup>16</sup> According to the practice of deleting Register entries where the registration date is identified, which have been in the Register for a year and which have also appeared in one printed register, no entries relating to Mr Hain's campaign for the Deputy Leadership of the Labour Party appear in the current edition of the Register.

any complaint made. Mr Hain is unable to explain why the system for notification which operated up to late May 2007 broke down from that date. But he suggests that the breakdown in timely reporting of donations was caused first by the departure of his first campaign director, and secondly by the disbandment of the campaign organisation, after which donations continued to be sought and received.

53. Mr Hain has apologised that the donations were not registered in time in the Register of Members' Interests which he has described as "*extremely regrettable*".

## Conclusions

54. Mr Hain has readily accepted that he failed to register in time all the donations he received in respect of his campaign for Deputy Leadership of the Labour Party. Such a failure to register all his donations in time is a clear breach of the rules of the House.

55. I therefore uphold the complaints against Mr Hain that he failed to register in time all the donations he received for his campaign for election to Deputy Leadership of the Labour Party within four weeks of receipt of the donation, as required by the House. I accept Mr Hain's assurances that all the donations he received are now registered, albeit late, and have been so registered since 11 January 2008.

56. Mr Hain has accepted personal responsibility for his breach of the rules of the House. I believe his interpretation of the rules is correct. Members should register in the Register of Members Interests' under Category 4 all the donations they receive in support of electoral contests among Members of Parliament for the sort of party office for which Mr Hain was standing. Mr Hain properly accepted the need to register his donations for the campaign, as I believe did all the other candidates.

57. I accept Mr Hain's explanation of the sequence of events which led to these errors occurring. I consider that they arose initially from a breakdown within his campaign organisation of the system for notifying him of his obligations to register from May 2007. Up to that time, with the exception of one donation in kind, all donations were properly registered. I accept also Mr Hain's evidence that no alternative system was put in place following the disbandment of his campaign team at the end of the election period, and that Mr Hain did not himself identify the need to register the donations which were being sought and received after the end of his campaign to clear its debts.

58. It was unfortunate that Mr Hain did not notice that he was no longer being asked to notify the Registrar of Members' Interests (and the Electoral Commission) of donations to his campaign from 18 May 2007 until the end of the campaign on 24 June 2007. It was equally unfortunate that Mr Hain did not put in place any system to meet his obligations to register the donations which he knew continued to be solicited and received after that date.

59. Mr Hain has fairly noted the other priorities and pressures on him as a senior government Minister at the time. He has equally fairly not sought to avoid his own responsibility for having failed to report all his donations. In my view, the oversight by Mr Hain of his obligation to register all his donations was both serious and substantial. Once he had identified the oversight, however, the evidence shows that Mr Hain acted quickly

and openly to address it. The action he initiated was not done in response to media reports or a particular complaint. I accept that he made every effort to ensure that he produced a full list of the donations he had received as soon as he reliably could do so. He has accepted his personal responsibility for the errors. He apologised at the first opportunity.

60. The Committee will wish to weigh the actions Mr Hain has taken to rectify the position in considering my conclusions on this matter.

*15 January 2009*

*John Lyon CB*

# Written evidence received by the Parliamentary Commissioner for Standards

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## 1. Letter to the Commissioner from Rt Hon Peter Hain MP, 5 December 2007

### Deputy Leadership campaign donations

As you may be aware, I issued a public statement on Monday announcing that, following a review of all donations to my Deputy Leadership campaign, I had informed the Electoral Commission that further donations to my campaign had not been registered as they should have been.

These donations need to be declared on the Register of Members' Interests, as well as being registered with the Electoral Commission.

I announced on Monday that I was preparing a full declaration to the Electoral Commission. I am writing to notify you that I will at the same time be making a similar declaration to you. I will provide you with this information as soon as possible.

The fact that these donations were not declared as they should have been is extremely regrettable, and I apologise.

Please contact me if you wish to discuss this matter with me.

*5 December 2007*

## 2. *Guardian* Article, 8 January 2008

### **Inquiry launched as Labour caught in new donations row: Hain failed to declare tens of thousands of pounds for his deputy leader bid**

David Hencke and Patrick Wintour

Publication date: 8 January 2008

Source: The Guardian

Page: 1

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Peter Hain will be forced to admit that he failed to declare tens of thousands of pounds worth of donations from businesses and unions when he stood for the Deputy Leadership of the Labour party, the Guardian has learned.

The disclosure will reopen the controversy over Labour party funding and is likely to anger Gordon Brown, who has begun the new year hoping to reinvigorate his government and draw a line under the donors issue, which is currently being investigated by Scotland Yard.

It is understood the prime minister has not yet been informed of the failures by Hain's team to keep proper records over who was pledging cash to back his campaign.

The Electoral Commission is expecting to receive a comprehensive list of donors from the Work and Pensions Secretary on Monday.

Hain personally decided to audit the accounts after discovering that no donations had been declared after May 4 last year - six weeks before the result was announced. The resubmission of his accounts, more than six months after the deadline for reporting donations, is extremely embarrassing for the cabinet minister and he is expected to make a full apology.

Such is the scale of the under-reporting that some political sources believe Hain's political future rests on his being able to show that he is the innocent victim of chaos within his election organisation, and that there has been no deliberate attempt to conceal the sources of the donations.

He had been urged by close colleagues to make a full disclosure before Christmas, reflecting tensions within the team over the conduct of the campaign.

The commission has told the Guardian that it intends to investigate the failure to declare the money and could impose a fine on Hain for making an inaccurate declaration of the donations at the end of July, or for late reporting of the money. Under electoral law he is personally responsible for submitting correct accounts - unlike in parliamentary elections, where the agent is the responsible figure.

Hain volunteered that he had made omissions in his declared donations to the Electoral Commission in the wake of the David Abrahams donor scandal last month. Although he did not take any money from any of the proxies for Abrahams, he discovered that he had not declared one £5,000 donation from Jon Mendelson, now Gordon Brown's chief fundraiser.

On December 3 he reported a wider failure to the commission, but did not disclose either the names of all the donors or the sums involved.

However, the Guardian understands that the scale of undisclosed donations runs to tens of thousands of pounds, and that Hain far outspent his rivals during the course of the Deputy Leadership contest.

His published donations already show that he spent £82,000 on his campaign, but it is likely that the total is well in excess of £100,000—more than double the amount raised by the successful candidate, Harriet Harman.

It is understood that most of the undeclared donations are from City or business people but last night it was revealed that a £10,000 donation in cash and kind from the GMB union, whose members voted to support his campaign, was also not made public. This is in addition to a £5,000 undeclared donation from Mendelson, and £1,300 from a fundraising dinner in Cardiff.

These alone take his total donations to £98,300. Sources say that donations from City and business will take the figure much higher.

Midway through his campaign, Hain brought in Steve Morgan, a political lobbyist, to head operations, and also sought advice from John Underwood, a former Labour communications director and now a campaigns specialist.

Morgan, currently in America, did not respond to inquiries yesterday from the Guardian.

Last night the Electoral Commission confirmed that it was looking into the circumstances around the late reporting of the accounts but did not want to comment in detail on the case.

It is not known at what point the work and pensions secretary became aware of the failure to disclose all the donations to his campaign.

Last night, his staff would not be drawn on the issue. A spokesman refused to say why the money had not been declared in time.

*8 January 2008*

### **3. Letter to the Commissioner from Mr David T C Davies MP, 8 January 2008**

Please find enclosed a copy of today's front page of the *Guardian*. It states that the Secretary of State for Wales has failed to declare to the Electoral Commission sums of money amounting to tens of thousands of pounds, which was used for his Deputy Leadership campaign.

I noticed that some specific donations mentioned are also missing from the Register of Members' Interests, so I would ask therefore that these omissions be investigated to ensure that the Register of Members' Interests accurately reflects all of the donations which the Secretary of State received.

*8 January 2008*

### **4. Letter to the Commissioner from Mr David T C Davies MP, 11 January 2008**

Thank you for your letter of 9th January 2008 regarding donations to Mr Hain's election campaign.

I can confirm that this is a formal complaint. The information I have is that which is contained in the newspaper article.

*11 January 2008*

### **5. Letter to the Commissioner from Mr W F Fry, 11 January 2008**

I have read in the Daily Telegraph that any member of the public can make a complaint of an MP's non disclosure of financial contributions in a four week deadline of any contributions received.

It appears that Mr Peter Hain did not disclose the huge sum of over £100,000 with the Register of Members Interests. I am therefore complaining, and it is time those in authority should pay the price for not obeying the rules. He should be severely dealt with and should resign his post.

As a Somerset farmer I have to abide the rules of the country and those made by DEFRA.

Those in authority should realise that they have responsibility just as much as a small farmer in the countryside.

I await your reply with interest.

*11 January 2004*

### **6. Letter to the Commissioner from Mr Jeremy Wotherspoon, 12 January 2008**

It has been reported in the Media that a Conservative MP Mr. David Davies, has now made a formal complaint to you concerning the non declaration of donations received by Mr. Peter Hain in his unsuccessful attempt to be the Deputy Leader of the Labour Party.

The *Daily Telegraph* has now stated that any member of the public is entitled to make a complaint about an MP's non disclosure of donations received and I am therefore exercising this right to make a formal complaint about these donations, which Mr. Hain has not disclosed until now.

In all fairness to Mr. Hain, I was prepared to accept his apology for not declaring a donation of £5,000.00 which he put down to administrative failings. We are all human at the end of the day.

Now it has emerged that there is a further £103,156.75 which has not been declared and that Mr. Hain has received tens of thousands of pounds from six different people via a mysterious think tank known as "The Progressive Policies Forum".

I say mysterious because it appears that this think tank apparently employs no staff, has held no meetings nor published any work since its inception. To cap it all, his former campaign manager, Mr. Dan Norris, has claimed on TV that he was completely unaware of its existence!

Who were these donors who now wish to keep their identities so secret? Why did they give so much of their money in such a way, and more importantly, what did they hope to gain if Mr. Hain had been successful?

He entered Parliament in 1991, he has even been a Cabinet Minister for a number of years, and after seventeen years as an MP I cannot believe that he would have made such a foolish and simple mistake without being fully aware of the consequences.

In the words of one newspaper today, “if you’d tried it out on the Inland Revenue you’d be banged up fast”. This may be somewhat crudely put, but it has hit the nail on the head as far as this member of the public is concerned.

I would like you to conduct the most vigorous and searching enquiry into the conduct of Mr. Peter Hain. If he is guilty of misconduct then he should be exposed not only to Parliament, but to the country as an example to other MPs who may be tempted to err on the side of wrongdoing. We will no longer accept meekly the usual platitudes of a “Sir Humphrey Appleby”, we need to see justice done.

*12 January 2008*

## **7. Letter to the Commissioner from Rt Hon Peter Hain MP, 11 January 2008**

I am writing to confirm that the enclosed is a full declaration to the Register of Members’ Interests of previously undeclared donations to my Deputy Leadership campaign. In this declaration I make clear the status of each donation. There will be no further declarations of this nature.

I provided full details of donations reported late at a meeting with the Electoral Commission yesterday. I was satisfied with the meeting and attach a copy of the press statement issued in response to media inquiries afterwards.

I would like to apologise to you and to the House for failing to register these donations within the required time limit. This is deeply regrettable and the result of administrative and organisational failures in my campaign, for which I take full responsibility.

Please do not hesitate to get in touch if you have any queries or if any further information is required. I would be more than happy to meet you if appropriate.

*11 January 2008*

## **8. Press statement and full declaration of donations to Hain4Labour as registered on 11 January 2008**

Peter Hain, today met the Electoral Commission to record donations that were made to his Labour Deputy Leadership campaign, but that were not registered within the required timescale:

Peter Hain MP said:

“I today met the Electoral Commission and reported £103,156.75 of donations to my deputy leadership campaign that were not registered within the required timescale. I provided full details to them and was very satisfied with the meeting.

“All of the donations were from people entitled to legally donate to my campaign.

”I understand that people will ask how I could have allowed this number of donations to go undeclared at the time. The fact is that during this period, I gave my campaign for office within the Labour Party second priority to my government responsibilities. I reasonably believed that the arrangements in place for my Deputy Leader

campaign would be sufficient to ensure compliance with reporting requirements, but as it transpired, due to administrative failings this was not the case after early May.

“It became necessary to continue fundraising after the campaign ended as a result of unpaid invoices coming to light during the summer and autumn.

Immediately I became aware on 29th November 2007 that these donations had not been declared within the required timescale, I took steps to inform the Electoral Commission, issued a public statement and subsequently asked to see the Commission on 3rd December. At that time I confirmed my intention to provide a full report as soon as I was satisfied it was complete. I have subsequently kept in touch with the Electoral Commission on progress.”

“I very much regret that these reports were not made on time. I should have given higher personal priority to the day to day administration and organisation of my campaign.”

### FULL DECLARATION OF DONATIONS

Date donation banked	Donation amount declared	Donor
04.06.07	£10,000	Mike Cuddy Status: individual
06.06.07	£2,000	Patrick Head Status: individual
06.06.07	£1,500	TM Communications Status: company
12.06.07	£5,000	Bill Bottruell Status: individual
14.06.07	£5,000	David Goldstone Status: individual
14.06.07	£5,000	Robert Davies Status: individual
14.06.07	£2,500	UCATT Status: trade union
25.06.07	£5,000	Ronnie Harris Status: individual

09.07.07	£5,000	Willie Nagel* Status: individual
09.07.07	£1,990	Christopher Campbell* Status: individual
08.08.07	£5,000	Steve Morgan* Status: individual
04.09.07	£10,000	GMB Status: trade union
13.09.07	£10,000	Isaac Kaye* Status: individual
10.10.07	£25,000 (interest free loan)	Willie Nagel* Status: individual
19.11.07	£4,623.75	Isaac Kaye* Status: individual
23.04.07	£1,346 (in kind)	H RA Ltd Status: company
June 2007	£4,197 (in kind)	GMB Status: trade union

\*donations marked with an asterisk were made on behalf of the named individuals by a think tank, Progressive Policies Forum. The monies had been previously donated to PPF. When unpaid bills came to light PPF was approached and with the permission of the individual donors concerned the monies were donated to Hain4Labour to meet these debts.

There is no legal impediment to a person donating money on behalf of someone else. The PPERA legislation expressly permits it in paragraph 6 of schedule 7. What is important is that the person or company making the payment informs the donee (in this case Peter Hain) that it is on behalf of someone else and gives particulars to the donee so that the donee can report them. This is exactly what has happened in this case in respect of five donations. The actual donors have been correctly reported.

**Total donors: 17**

**Total donations: £103,156.75**

## **9. Letter to Rt Hon Peter Hain MP from the Commissioner, 11 January 2008**

Thank you for your letter of 11 January with a copy of the declaration you have made to the Register and of your statement to the press. I shall report your apologies – for which I am grateful – to the Committee on Standards and Privileges.

The main purpose of this letter is to invite your comments on a complaint I have received from Mr David Davies MP that you failed to register in the Register of Members' Interests, within the time limit required, all the donations you received in respect of your campaign for election as Deputy Leader of the Labour Party.

I attach a copy of Mr Davies's letter of 8 January which he copied to you, together with a copy of the Guardian article of the same date. I have confirmed with Mr Davies that he wishes his letter to be treated as a formal complaint.

The essence of Mr Davies's complaint is that your failure to register some donations in the Register of Members' Interests is contrary to the relevant Resolutions of the House. Paragraph 16 of the Code of Conduct for Members provides:

*“Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Interests and shall always draw attention to any relevant interest in any proceeding of the House or its Committees, or in any communication with Ministers, Government Departments or Executive Agencies.”*

Paragraph 11 of the Guide to the Rules provides:

*“Members of Parliament are required to complete a registration form and submit it to the Commissioner for Standards within three months of their election to the House (whether at a general election or a by-election). After the initial publication of the Register (or, in the case of Members returned at by-elections, after their initial registration) it is the responsibility of Members to notify changes in their registrable interests within four weeks of each change occurring.”*

Category 4 of the Guide deals with Sponsorships defined as:

- a) Any donation received by a Member's constituency association which is linked either to candidacy at an election or to membership of the House; and
- b) any other form of financial or material support as a Member of Parliament,  
amounting to more than £1,000 from a single source, whether as a single donation or as multiple donations of more than £200 during the course of a calendar year.

And paragraph 27 gives more information about what is covered by category 4b.

I should be grateful if, in accordance with the procedures set out in the enclosed note, you would send me your response to Mr Davies's complaint. It would be helpful if, in doing this, you could:

- set out in full the sequence of events in respect of registration from receipt of your first donation to sending your letter of 10 January to the Registrar;
- identify the dates of receipt of each donation, from whom they came, and the nature of the donations (i.e. whether they were financial or material support) and the sums involved or the type of support given;

- let me know whether you delegated to any member or members of your staff tasks to assist you in registering donations with the Registrar of Members' Interests both during the course of your campaign and afterwards. If so, would you let me know who these staff members were, and in any event what the procedures were?;
- let me know the reasons why the registrations in the Register of Members' Interests stopped on the 18 May 2007, and the reasons why they resumed again on 30 November with Mr Mendelson's registration and why the full list was not available until the declaration your office sent the Registrar on 10 January.

I would welcome any other comments you may wish to make.

Once I have received your response I will consider the way forward. In the meantime if you would like to speak about the complaint at any point, please do not hesitate to contact me on the number above. In any event I look forward to receiving your response.

In the meantime I shall inform Mr Davies that I have written to you. I am confirming in response to press inquiries that I have received a complaint against you from Mr Davies and am considering it in accordance with the published procedures.

*11 January 2008*

## **10. Letter to Rt Hon Peter Hain MP from the Commissioner, 9 December 2008**

I am writing to let you know that, following consultation with the Committee on Standards and Privileges, I am resuming my consideration of the complaints I received in January about the registration of donations in the Register of Members' Interests in respect of your campaign for election as Deputy Leader of the Labour Party.

In essence, the complaints from Mr David Davies MP, and from Mr W F Fry and Mr J E Wotherspoon, are that you failed to register in the Register of Members' Interests within the time limit required all the donations you received in respect of your campaign for election as the Deputy Leader of the Labour Party.

As you know, with the support of the Committee, I suspended my inquiries into these complaints following the Electoral Commission's decision to refer your case to the Metropolitan Police in respect of a potential offence under the Political Parties, Elections and Referendums Act 2000. The Committee reported this decision to the House on 6 February 2008 (Fifth Report of Session 2007-08, HC 324). I note that the Crown Prosecution Service announced on 5 December that there was insufficient evidence for a charge to be made in this case.

I would now welcome your help in responding to the complaints. I attach copies of the letters from the complainants, together with a copy of my letter to you of 11 January which sets out the relevant rules of the House and the matters on which I would welcome your help. I have already received your letter to me of 11 January which gives in its attachment most of the details of the donations which I had sought: but some information about the benefits you received in kind would be helpful. Any further or additional points you wish to make would, of course, also be very welcome.

I intend to follow the normal agreed procedures in respect of complaints against Members and I enclose a copy of a note which sets out the processes I follow. I have informed the complainants that I am resuming my consideration of their complaints. I appreciate that you have probably given much of this information in a different context, but it would be very helpful if you could let me have your response to these matters. If it were possible to let me have a reply within the next few weeks that would be most helpful to me in resolving this matter without further delay. If there is any difficulty about any of this, or you would like a word, please contact me at the House.

Thank you for your help on this matter.

9 December 2008

## 11. Letter to the Commissioner from Rt Hon Peter Hain MP, 11 December 2008

### Complaint by Mr David Davies MP and Others

Thank you for your letter of 9 December 2008 informing me that you are now resuming your inquiry which you advised had been suspended in your letter of 24 January 2008.

I am fully aware of my continuing and separate obligations in respect of the Register of Members' Interests, and I am now able to respond to your letter of 11 January 2008 following my complete exoneration by the Crown Prosecution Service of the Electoral Commission's reference on the parallel subject of Mr Davies's complaint that I failed to register donations to my Deputy Labour Leader Campaign ("Hain4Labour") within the time limit required.

Thank you for helpfully setting out the relevant Rules and Guidance. I have noted in particular paragraph (b) of Category 4 relating to "any other form of financial or material support as a Member of Parliament". From the Guidance at paragraph 27 to which you have referred me, I am taking, as I have from the very beginning, financial support for my internal party campaign to be Deputy Leader of the Labour Party as being in support of my role as a Member of Parliament which therefore should be treated as registrable.

Incidentally, I attach for information, the statement from the CPS which, in the case of reporting to the Electoral Commission, states that, in respect of my Deputy Leader campaign, I was not in the end legally responsible at all for registering donations to that body and gives reasons, principally that this internal Labour Party election campaign was a Labour "membership association", and that others were therefore responsible.

Since discovering the problem of donations to the Campaign which had not been properly registered, I have sought to be completely open and transparent about the position. This was not because I was under pressure from a complainant or the press, but because this was the right thing to do, reflecting the fact that I have acted in good faith throughout. I wish to point out to you that some £77,000 worth of donations had up until 18 May 2007 been properly and promptly reported to the Register.

As soon as I discovered a major problem with subsequent donations I wrote immediately to your predecessor (letter dated 5 December 2007) in order to alert him, also issuing a statement to the media and contacting the Electoral Commission.

I wish to point out that Mr Davies' complaint and those of two others did not precede but *followed* my disclosure to your office.

The administrative failings which caused the problem were most emphatically not intentionally caused by myself. Evidence that I always intended that all donations should be properly registered is demonstrated by the prompt registration of all donations up until 18 May 2007. There has never been any suggestion that there was an intention not to register. Indeed, several donors—Bill Bottrill, Robert Davies and Christopher Campbell—who were initially registered properly within time, subsequently made further donations to clear debts which were not. Furthermore, a donation from one trade union (ASLEF) was properly registered, whereas those made later by two other trade unions (GMB and UCATT) were not. All of these donations would of course have been in the public domain later because trade unions are under a legal obligation to report such donations in their annual reports.

As you will also be aware, the late reporting of donations to the Members' Register by other Members has regrettably been widespread (as it has been to the Electoral Commission). As in my case, I can only assume that these have arisen out of honest mistakes.

You asked me to respond to particular matters and I am happy to do so.

## The sequence of events

Although, like other candidates, I had been making preparations for some months before, the formal Deputy Leadership election took place from mid-May 2007 until 24th June 2007. However, the organisation of the campaign had been beset both before this formal campaign period and during it by serious difficulties.

Between January and the third week of May 2007, I signed-off reports as they were provided to me by my campaign team of donations both to the Electoral Commission and to the Register of Members' Interests within the proper time. I also reported a donation to clear a debt in December, again within time.

On 29 November 2007, Jon Mendelson, Labour's chief fundraiser, spoke to me to say that in the wake of media controversy concerning donations to the Labour Party he had been asked if he had supported any of the candidates in the Deputy Leadership election. He reminded me that in the summer he had donated £5,000 to my campaign, and I asked my then Special Adviser Claire McCarthy for a print-out from the Electoral Commission's website to confirm the donation. I was very concerned indeed to see that it was not registered. So I made a public statement that evening reporting this as due to an administrative error and explained my intention to remedy the situation.

Discovering this single oversight raised concerns in my mind that there might possibly be other donations which had not been registered in time. It soon became evident that indeed there were, though even at that stage it was not at all clear how many. So, at the earliest opportunity, I visited the Electoral Commission in person to explain my predicament and issued a statement to the media. I also wrote immediately on 5 December to your predecessor and stated that I would be making a full report, adding: "The fact that these donations were not declared as they should have been is extremely regrettable, and I apologise."

I was naturally anxious to ensure that the reporting was comprehensive and accurate. I should point out that this was six months after the campaign had ended. Campaign assistants had dispersed, and it was not clear whether the then available administrative details of the Hain4Labour campaign were sufficient to provide the necessary documentation to allow accurate registration.

Hain4Labour had maintained and operated a bank account which was quite properly independent of me and which had since closed. Donations had been sent to the account signatories and banked by them, not by me. I was therefore not aware of the dates donations were received. However, during December I was able, after some difficulty, to obtain a full set of bank statements recording all the payments and receipts of the campaign. It was necessary to crosscheck each of these against the donor information. It was also necessary to eliminate receipts into the bank account which were not registrable donations. These, for example, related to partial refunds of expenditure and numerous small donations which happened to have been banked at the same time. So, long after the campaign had ended, I did not have access to an ongoing organisation easily able to provide the necessary factual information.

By 10 January 2008 I felt confident that I had identified all reportable donations and went to see the Electoral Commission with the necessary information and issued a public statement. I also provided the information for the Register of Members' Interests on the following day, 11 January 2008. I hope you are able to accept that I tried at the very earliest opportunity, and in the circumstances described, to do whatever I could to remedy the highly unsatisfactory situation which I had discovered.

## Date of payment

You will have received a schedule of donations. The dates shown are those of receipt into the Hain4Labour bank account. It is possible that cheques may well have been received and remained at the campaign offices for some days before being banked. But, so long after the event, I had no means of checking these details. I saw it as my duty to personally check and double-check from whom they came, and the date banked and received into the campaign account and to report the full amounts, and this is what I did. This process necessarily took some weeks with Christmas holidays intervening which accounts for the time between writing to your predecessor on 5th December 2007 and making a full report on 11th January 2008. If I could have reported earlier I certainly would have done. You will appreciate the absolute need at this stage for me to have provided a full and accurate account of donations received and the corresponding dates banked.

## Delegation

Mr Philip Taylor was initially designated “Campaign Director” during preparations for the campaign but was succeeded by Mr Steve Morgan who replaced him as a signatory to the bank account with effect from 7 April 2007. (Mr Taylor left the campaign at this time due to a personality clash with Mr Morgan.) As signatories to the Account with overall responsibility for campaign finance and organisation, the successive Campaign Directors undertook the responsibility for receiving donations, banking these and arranging for reporting them.

The procedure within the Campaign had been that the necessary Electoral Commission forms and letters for reporting to the Members’ Register had periodically been supplied to me with the appropriate details for my signature. Up until May 2007, none of the donations so registered had been questioned in any way and I therefore had full confidence in the system which had been set up to comply with my registration obligations on my express instructions. I am known amongst my staff to be meticulous about financial probity, and had instructed my Campaign Directors and their assistants accordingly.

I also wish to mention that, from when the first donation was registered, I was not only Secretary of State for Wales, but also Secretary of State for Northern Ireland, with work intensifying and time-consuming negotiations to get a final political agreement which we eventually did on 8th May. This work was compounded by the Welsh Assembly election campaign that occupied the whole of April and through to polling on May 3rd. When in London during this period I regularly signed letters prepared for me and it was arranged for these to be sent in time to the Registrar of Members’ Interests. For some reason this pattern of donation notifications stopped in late-May 2007, letters were no longer provided to sign and I very much regret that I gave this no further thought. Although I had of course been aware of my duties to report all registrable donations to the House, I was used to being a candidate in parliamentary elections (having stood in seven) with my agent having the statutory duty to take care of budgets and returns to electoral officers and keeping me reliably informed.

I have never been given any explanation as to why the procedure in the campaign which had been previously well established and followed to the letter for five months completely broke down from late May 2007.

The campaign itself involved six weeks from mid-May to late June of intensive additional work: UK-wide hustings, weekdays and weekends. Throughout this period I had my constituency MP duties and two Cabinet jobs and, made more demanding in Wales at this time because of the failure of Labour to win an overall majority in May and the complex politics (which I had to help manage) of achieving a coalition government with our Party’s traditional opponents, Plaid Cymru. The coalition was finally agreed in July.

Meanwhile I had been appointed on 28th June by the Prime Minister (in addition to retaining Wales), as Secretary State for Work and Pensions — a post with the largest budget and arguably most complex policy range in Whitehall.

I make these points, not in any way to excuse the fact that all the donations were not properly reported to the House, but to provide a sense of the context for you and for the Committee.

After the campaign had ended on 24 June 2007, Mr John Underwood, a co-signatory to the Account, took responsibility for winding-up the affairs of Hain4Labour. To our mutual horror we gradually realised that the campaign had been left with heavy debts and new invoices which kept appearing unexpectedly. I had previously known absolutely nothing about these; indeed I was astonished that the re-assurances I had expressly sought and been given that we easily had sufficient funds for the new projects recommended in late May and June (including a costly newspaper advert and an even more costly direct mailing of 200,000 Labour Party members) had proved to be false.

The debts were eventually settled by November 2007, but the voluntary organisation that had existed during the six week campaign had by now disappeared and the lack of any formal structure may have contributed to my failure to consider my registration obligations unprompted.

Mr Underwood had never been involved in the process of reporting either to the House or the Electoral Commission (I had specifically entrusted this responsibility to my Campaign Directors).

The absolute priority for Mr Underwood and I was to settle mounting and totally unexpected debts. I must stress that I never consciously made a decision on proper registration, consumed as I was by the over-hanging debts and the problem of how to clear these. In retrospect, this was clearly an act of omission which I fully accept was wrong; but it was emphatically not deliberate.

### The pattern of registrations

I hope I have already dealt with the reasons why the full list was not available until 10 January 2008.

I accept fully my personal responsibility for registration. I would additionally point out that temporary campaign organisations for internal Party elections, such as my own, face particular difficulties in terms of administration, continuity and resource, and do not have the same administrative capacities as, say, political parties with established procedures and paid staff. Even, however, with this in mind I am of course very embarrassed by the shortcomings. Without wishing in any way to excuse the lateness of my registrations, a Member of this House is bound to some extent to be reliant on information produced by others in the unusual situation of campaigning for office within a political party. I reasonably believed that the arrangements in place for Hain4Labour would be sufficient to provide the information necessary for me to ensure compliance with the registration requirements. These arrangements included:

- a) the establishment of a separate bank account for Hain4Labour controlled independently of me;
- b) the designation of a suitable and experienced Campaign Director;
- c) the designation of an experienced campaign Chairman — Phil Woolas MP, a Minister of State.

I think it is also right to acknowledge that my campaign for office within the Labour Party had to be given a lower personal priority than my public responsibilities. I have identified, with the benefit of hindsight, two particular factors which I believe were significant in Hain4Labour's administration proving to be unable to ensure timely reports after late May 2007. The first was the unexpected and abrupt departure of Mr. Taylor. I now believe that the resulting disruption was significant. The second was the disappearance of an essentially volunteer organisation following the end of the formal six week campaign and the result of the election becoming known on 24 June 2007. Significant further donations were made before and after this point for which reports should have been made earlier.

You asked specifically in your letter of 9 December 2008 about the two donations-in-kind. The donation from HRA Ltd financed a campaign dinner in Cardiff in March 2007; I had not previously been aware of the total cost and whether it was therefore eligible for registration. The donation in kind from the GMB trade union financed leaflets it had printed in early June 2007 for an internal union ballot for its members to vote in the election; again I had not previously been aware of the cost and had always assumed this fell within the Hain4Labour's general printing budget.

I stand ready, of course, to provide any further information you or the Committee may seek in line with my offer at the outset to you and to the Chairman of the Committee to co-operate in whatever way is needed. Attached is summary of key dates which you may find helpful.

I would again like to express my regret for this late reporting and wish to apologise again to both you and to the Committee. I hope it will be accepted that I have acted in good faith voluntarily to bring this to your notice at the first opportunity and accordingly that the complaint warrants no further action.

### Complaint against Peter Hain MP: Date Sequence

15 December 2006	Hain4Labour bank account opened
25 January 2007	First donation reported to Register of Members' Interests

7 April 2007	Steve Morgan, replacement Campaign Director for Philip Taylor, also replaces him as bank account signatory
8 May 2007	Devolution day in Northern Ireland
Mid-May 2007	Labour Deputy Leader campaign begins
18 May 2007	Donations registered within time to this date
24 June 2007	Labour Deputy Leader campaign ends
28 June 2007	Peter Hain moved from Secretary of State for Northern Ireland to Work and Pensions, keeping Secretary of State for Wales
19 November 2007	Last bank account transaction
27 November 2007	Bank account closed
29 November 2007	Peter Hain discovers one donation not properly registered and soon afterwards realises the same must be true for others
5 December 2007	Letter to Parliamentary Commissioner informing him of the problem and apologising
8 January 2008	Complaint by David Davies MP
11 January 2008	Letter to Parliamentary Commissioner registering remaining donations
14 January 2008	Peter Hain arranges to meet Parliamentary Commissioner stating "anxious to co-operate fully"
24 January 2008	Electoral Commission refers matter of late reporting to the Metropolitan Police and Parliamentary Commissioner suspends his inquiry
2 July 2008	Police report referred to the Crown Prosecution Service

5 December 2008	Crown Prosecution Service announces no action will be taken against Peter Hain
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# Formal minutes

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**Tuesday 20 January 2009**

Members present:

Sir George Young, in the Chair

Mr Kevin Barron  
Mr David Curry  
Mr Andrew Dismore  
Nick Harvey  
Mr Elfyn Llwyd

Mr Chris Mullin  
The Hon Nicholas Soames  
Mr Paddy Tipping  
Dr Alan Whitehead

Mr Elfyn Llwyd withdrew.

Draft Report [Mr Peter Hain], proposed by the Chairman, brought up and read.

*Ordered*, That the Chairman's draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 and 2 read, amended and agreed to.

Paragraphs 3 to 9 read and agreed to.

Paragraphs 10 and 11 read, amended and agreed to.

A Paper was appended to the Report as Appendix 1.

*Resolved*, That the Report, as amended, be the Second Report of the Committee to the House.

*Ordered*, That the Chairman make the Report to the House.

[Adjourned till Tuesday 27 January at 9.45 am]