

Rt Hon Peter Hain MP  
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30 March 2010

Your reference: 10SUB139

*Dear Peter*

## Referendum – Spending Limits

Thank you for your letter of 18 March 2010 to Kay Jenkins inviting the Commission's views on the limits to referendum expenses that should apply at a referendum on the future powers of the National Assembly for Wales, in accordance with Schedule 14 of the Political Parties, Elections and Referendums Act 2000 (PPERA). We appreciate your attention to this question early in the process of legislative drafting and I am pleased to set out the Commission's recommendations in response.

The Commission has recently set out its view<sup>1</sup> that the expenditure limits for sub-UK referendums should be set at a level which allows effective campaigning for all outcomes of a referendum, deters excessive spending, and is not so low as to distort reasonable campaigning and affect transparency.

For referendums in devolved areas, the Commission recommends in general that:

- the maximum spending limit should be set by reference to the expenditure limits applying to elections to the relevant devolved body;

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<sup>1</sup> The Commission's 'Key principles for referendums' paper is available at:

[http://www.electoralcommission.org.uk/data/assets/pdf\\_file/0004/87412/Referendum-Principles-Paper.pdf](http://www.electoralcommission.org.uk/data/assets/pdf_file/0004/87412/Referendum-Principles-Paper.pdf)

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- where the Commission designates lead campaigning organisations on both sides of the referendum question, the maximum spending limit should apply to those 'designated organisations';
- the limit applying to all campaigners registered with the Commission as permitted participants, other than designated organisations and political parties, should be set at a minimum of £100,000 or 10% of the limit for designated lead campaigning organisations, whichever is higher;
- the limits applying to political parties that register as permitted participants should follow the PPERA structure for UK-wide referendums, which provides higher spending limits for those political parties with a track record of electoral support than for other permitted participants; and
- the track record of electoral support for political parties should be assessed on the basis of 'the most recent relevant election'.

The Commission Board met on 23 March 2010 to consider your formal request for the Commission's views, and agreed that these principles should be applied to a referendum on further powers for the National Assembly for Wales in the following way.

**We recommend that the maximum spending limit applying to designated organisations should be £600,000** which is the maximum campaign spending limit for elections to the National Assembly for Wales (calculated at £10,000 for each of 40 constituencies and £40,000 for each of 5 regions).

**We recommend that the spending limit applying to all permitted participants other than designated organisations and political parties should be £100,000.**

We recommend that the spending limits applying to political parties should be set with reference to the 2007 Welsh Assembly elections, rather than to UK Parliamentary general elections. This is because:

- i) the franchise for the National Assembly for Wales and the franchise for the referendum are the same, that is, the local government electorate: and
- ii) the subject of the referendum is a constitutional question for voters in Wales about the powers of the Assembly, so it is logical that party spending limits should be set with reference to parties' electoral support in the context of the Assembly. When voters in Wales cast their vote at UK Parliamentary general elections, they are likely to do so in the context of a much wider range of issues than when voting in Assembly elections.

Following the PPERA model for the value of the spending limit that should apply to different percentages of the vote, **we recommend that the spending limits applying to permitted participants that are political parties should be:**

- £600,000 for parties with more than 30% of the vote at the National Assembly for Wales elections 2007;
- £480,000 for parties with 21-30% of the vote;
- £360,000 for parties with 11-20% of the vote;
- £240,000 for parties with 6-10% of the vote; and
- £100,000 for parties with not more than 5% of the vote.

We further recommend that the level of parties' electoral support at the National Assembly elections should be calculated taking into account both constituency and regional results. Kay Jenkins is writing to your officials today with a technical note setting out our suggested approach to this. If you accept our recommendation, we calculate that the applicable spending limits for the referendum would be:

Main party expenditure limits based on the 2007 Welsh Assembly elections

Type of organisation	Limit on Expenditure	(Major party expenses limits as per the 2007 Welsh Assembly election)
Designated organisations	£600,000	
Political Parties with a percentage of the vote at 2007 Welsh Assembly elections of:		
• More than 30%	£600,000	Labour (31.33%)
• Between 20% -30%	£480,000	Conservatives (22.07%) Plaid Cymru (21.94%)
• Between 10%-20%	£360,000	Lib Dems (13.76%)
• Between 5% - 10%	£240,000	None
• Less than 5%	£100,000	All other parties
Other permitted participants	£100,000	

As provided for in PPERA, **all those campaigning in the referendum who are not registered with the Commission as permitted participants will be subject to a statutory spending limit of £10,000.** The Commission will publish guidance on

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registration as a permitted participant in respect of the referendum, and on other regulatory matters, in good time before the beginning of the statutory period for registration.

We will make public this response by sending copies to interested parties and place this response and the related technical note on our website.

I know that Kay Jenkins is in close touch with your officials but if you have any questions, please do contact me.

*With best wishes,*

A handwritten signature in black ink, appearing to read 'Jenny', written in a cursive style.

**Jenny Watson**  
Chair