

RESPONSE TO THE PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE ON THE LOBBYING (SCOTLAND) ACT 2016

Alcohol Focus Scotland (AFS) is the national charity working to prevent and reduce alcohol harm. We want to see fewer people have their health damaged or lives cut short due to alcohol, fewer children and families suffering as a result of other people's drinking, and communities free from alcohol-related crime and violence. AFS welcomes the opportunity to respond to the Public Audit and Post-legislative Scrutiny Committee's call for views on the operation of the Lobbying (Scotland) Act 2016. AFS is also a member of the Scottish Alliance for Lobbying Transparency (SALT), which has submitted a separate response.

Summary

- A statutory register of lobbying activity remains a necessary and proportionate means of improving lobbying transparency and accountability in Scotland.
- The review offers an excellent opportunity to both improve the legislation and to reaffirm the Parliament's commitment to the principles upon which it was based.
- The interface used for making returns to the register can be streamlined to minimise any administrative burden of disclosing lobbying activity (e.g. allowing a 'one event return').
- The current limited scope of the lobbying register means that the bulk of lobbying activity in Scotland is excluded from registration.
- Reporting more frequently and on a wider range of activities would not be a major or disproportionate burden.
- To maximise transparency in the register, we suggest the following improvements:
 - Expand the group of decision makers to include all senior civil servants
 - Include all forms of oral and written communication within the definition of regulated lobbying (not just face-to-face meetings)
 - Require registrants to disclose an estimate of their expenditure for lobbying campaigns
 - Close loopholes to registering activity, particularly the constituency/region and 'not for payment' exemptions
 - Increase the timeliness of disclosures
- Post-legislative scrutiny of the Act could include research on lobbying activity that has taken place, for cross-reference against activity that has been registered. This would reveal the extent to which the register reflects the true level and nature of lobbying in Scotland and inform the Committee's recommendations for improvements.
- The definition of regulated lobbying should be reviewed to ensure it is fit for purpose.

1. In your view, what concerns was the Lobbying Act seeking to address?

The Act sought to alleviate concerns about lack of transparency in the lobbying of elected representatives and decision makers.

2. Two years' on, has the Lobbying Act addressed those concerns? In particular, has the Act added value? If so, in what way? For example, has the Act improved transparency? Do you think it has changed the way lobbying is carried out?

The Scottish Parliament took a strong and positive step by establishing a register of lobbyists on a statutory footing. Establishing a mandatory requirement for reporting lobbying by those engaged in such activities complies with international best practice standards, and provides a solid foundation to ensure the timely and accurate provision of information to the public. This is a key area where the Scottish system for increasing transparency of engagement with public officials surpasses Westminster, where disclosure is largely reliant on the policy and practice of the UK government rather than regulation.

Requiring those who are lobbying to report their activity is far more workable and efficient than requiring officials in Parliament or government departments to do so. Those seeking to influence public officials will have much better knowledge of when, why and with whom they have had such engagement than civil servants tasked with collating transparency returns for their department. The result is the Scottish Lobbying Register contains more meaningful information about the purpose of the engagement than is the case for UK ministerial disclosures.

We have no evidence that the Act has changed the way lobbying is carried out. However, given the limited scope of the legislation this is possible. For example, given there is no requirement to submit lobbying undertaken by phone call, it is possible that more lobbyists might choose to have conversations by phone rather than in person. Similarly, some organisations may increasingly choose to use unpaid representatives to undertake their lobbying since there is no requirement to register such instances, or choose who lobbies on the basis of where they live in order to make use of the constituency exemption.

3. Do you support a legislative approach to regulating lobbying activity? If so, why? If not, for what reason? Has your view on the value of a legislative approach changed since the commencement of the Lobbying Act?

Yes, AFS remains strongly supportive of a legislative approach to regulating lobbying activity. Full public disclosure of all lobbying activity is required to demonstrate the integrity and probity of policy and political decision-making processes. A statutory register of lobbying activity remains, in our view, a necessary and proportionate means of improving lobbying transparency and accountability in Scotland.

Our concern about lobbying activity in Scotland is not restricted to, or even particularly focused on, possible impropriety in lobbying conduct. Far more problematic is the potential for large organisations, especially corporations, to gain privileged and disproportionate access to decision makers in Parliament and government by virtue of fact that they are significantly better resourced.

In the field of alcohol policy, we know that the alcohol industry has been engaged in extensive lobbying activity in Scotland in opposition to measures included in the Scotlish Government's 2009 alcohol strategy. Although alcohol minimum pricing legislation in Scotland passed in the

face of strong industry opposition, it was defeated first time round, as were other aspects of the published alcohol strategy, notably the proposal to raise the off-sales alcohol purchase age from 18 to 21. These facts by themselves do not, of course, demonstrate that MSPs were improperly influenced by industry lobbying. However, the lack of accessible information on the nature and scale of corporate lobbying in relation to Scotland's alcohol strategy means that the public are unable to ask any questions in this regard, exercise judgement, or hold politicians and public officials to account.

Research published in the BMJ in 2014,¹ however, offers a striking insight into industry lobbying activities and their recognition of the importance of developing long-term relationships with decision-makers in order to influence policy. The researcher quotes the then chief executive of the Scotch Whisky Association, Gavin Hewitt, speaking in 2013: "If we had been able to foresee the Scottish National Party in its minority government role in 2007 wanting to press ahead with minimum pricing, and had we got hold of them before they actually formulated policy, I think we would have saved ourselves both a lot of time and a lot of money...We told them that effectively anything which actually interfered other than through tax with the pricing of alcohol was likely to run into problems [but] by the time we actually told them that minimum pricing was totally unacceptable to us and would remain so, they didn't believe us, and therefore we're in the legal fight that we are now."

This is further demonstrated by research revealing an extraordinary level of access to UK government departments granted to the alcohol industry, including 130 meetings with the department of health alone, as it lobbied against the introduction of minimum pricing for alcohol in England and Wales. Freedom of information requests resulted in the Home Office and Treasury stating that they did 'not hold minutes' for all their meetings with alcohol industry representatives.²

Previous mechanisms for obtaining information relating to lobbying activity were limited, fragmented and not easily accessible. Information on the alcohol industry's lobbying activities in the UK and Scotland, including their strategy of building long-term personal relationships with decision makers, has been previously revealed piecemeal through investigative journalism and a limited number of research studies. Academic research provides useful insights but as the researchers acknowledge, it presents only a partial picture and much more needs to be done in uncovering the mechanisms and the extent of corporate influence on policies. It is essential that this type of information is made public as a matter of routine.

Despite its limited scope, the information contained within the Lobbying Register to-date has been of value through enabling analysis that demonstrates unequal access to decision makers. For example, it was reported recently that over 70% of the 14 top lobbyists of Scottish Ministers over the past two years represented private vested interests, including supermarkets and the whisky industry, compared to only four who could be said to represent the public interest.³

Restoring confidence in the system is more important than ever, given that the Scottish Government's decisions on the lockdown and recovery have had, and will continue to have, a significant impact on the lives of Scottish citizens and businesses. Maintaining the public's trust during a time of crisis is essential; however, this becomes more difficult if it transpires key

decisions are being influenced in private by those with privileged access to ministers and their advisers.

The founding principles of the Scottish Parliament emphasise openness, accountability, accessibility, and the need to treat all people fairly. An effective and robust lobbying register is a key tool for ensuring that these principles are respected and that Scottish politics works for the public interest rather than those with the deepest pockets, as it ensures that the information needed to hold public officials to account is made publicly available. The review offers an excellent opportunity to not only close the loopholes in the current register, but reaffirm the Parliament's commitment to the principles upon which it was based.

4. In your view, is the Lobbying Act working in the way it was intended? If not, why not? What needs to change to ensure that it is working as intended (i.e. without making changes to the legislation)?

The technical mechanisms of the register would benefit from some small improvements in order to reduce any administrative burden of disclosing lobbying activity. In particular, we would highlight the Act's current requirement for a return for each 'instance' of lobbying to be submitted. As noted in the Scottish Parliament Lobbying Register's Annual Report 2019,⁴ the process of submitting multiple returns is overly time-consuming and a 'one event return' approach could manage the same or similar outcomes on the Register.

5. Could the legislation be improved in any way? If so, please indicate why and in what way? When the Scottish government first took up the issue of lobbying, Alcohol Focus Scotland (AFS) was encouraged and hopeful that Scotland would lead the way in the UK in making lobbying more transparent. However, as it stands, we are disappointed in the Lobbying Act, as it falls a long way short of delivering a meaningful level of transparency around lobbying in Scotland.

The limited scope of the register means that the bulk of lobbying activity in Scotland is excluded from registration. This results in the failure of the Act to provide the Scottish public with an accurate picture of the extent of lobbying activity in Scotland and who is lobbying whom on what issues.

Reporting more frequently and on a wider range of activities – as is the case elsewhere, like the Republic of Ireland – would not be a major or disproportionate burden. This should help make a significant contribution to greater transparency around lobbying that is not captured currently due to the narrow definition of regulated activities.

Exemption loopholes

To close loopholes for avoiding transparency, current exemptions should be clarified, and if necessary, removed.

The Committee should consider the extent to which instances of lobbying are 'falling through gaps' with the current system, and particularly how such gaps can be exploited by those seeking to hide their lobbying activities.

As noted in the Scottish Parliament Lobbying Register's Annual Report 2019, there are a number of exemptions that require review:

The exemption of communications made to a Member for constituency or region (MSP)

- The exemption of communications made on request
- The exemption of communications by small organisations

AFS is particularly concerned that the application of the constituency or region exemption can significantly hinder transparency. This exemption states that lobbying does not required to be registered if the individual or organisation is situated in a place where the person's business or activity is ordinarily carried out, or the individual's residence. It is reasonable and desirable for communications between individuals and their elected representatives to be protected. In contrast, lobbying activities by organisations, promoting their corporate interests, should be subject to public scrutiny. We would welcome clarity on the rationale for this exemption.

It is currently uncertain whether organisations operating across multiple locations require to register their lobbying activities, even when this relates to national policy. The Lobbying Register team give the example of a major telecommunications company that has infrastructure to deliver its services to all constituencies and regions across Scotland. An example from the alcohol field is large producers, who operate multiple distilleries, bottling and maturing sites across Scotland. For such large companies, it is possible this exemption could be used to keep certain types, or the extent of, lobbying activity hidden from public view. Even if this exemption is not used, its existence provides uncertainty around whether registered lobbying activity reflects the true extent of all activity undertaken.

Further to the location of business sites, this exemption also includes the individual's residence. For large companies, particularly multi-national companies which employ staff resident across Scotland, this exemption could potentially create a major loophole. Regardless of whether such exemptions are used purposefully to hide lobbying activity, or as a matter of course because they are available, we question how this can possibly maximise transparency.

Another exemption that raises some concerns regarding transparency is the 'not for payment' exemption, where returns are not required if they involve communications that are not made in return for payments. This means that those who hold unpaid, honorary positions with an organisation, such as that of board member or chairperson, would not be required to register their lobbying activity. Although the Act provides the option of becoming a 'voluntary registrant', this depends on goodwill and some unpaid lobbyists may deliberately choose not to do so. In order to provide a true sense of the level and type of lobbying activity in Scotland, such exemptions should be re-considered.

Timing of returns

To provide more timely information on lobbying activities, the reporting period should be shortened to at least every quarter.

The disclosure of lobbying activity is far too slow compared to recommended international best practice. Best practice international standards require timely access to information about lobbying activities, which is as at least quarterly. Ideally, reporting should be as close as reasonably practicable to the activities undertaken. The longer it takes this information to reach the public record, the less useful it is for understanding the context of key decisions.

Currently, registrants in Scotland are only required to report on activities every six months, which is much less frequent than any other Western state with a similar democratic tradition. It is even less frequent than the reporting requirements for consultant lobbyists in Westminster and the

reporting cycle for UK Government departments. If Scotland intends to lead the UK by example, then it should increase the regularity with which information about lobbying is made available to the public.

The Covid-19 pandemic has highlighted why this delay is highly problematic. Ministers have made critical decisions concerning public health and the economy in recent months, which have had significant consequences for the Scottish public and businesses. Although registered lobbyists can submit information returns voluntarily during their six-month reporting cycle, we may not know about the full scale and nature of regulated lobbying during this critical period until September 2020 at the earliest. There is a substantial difference in the number of reported regulated lobbying engagements during quarter one of 2019 and 2020. It is yet unclear the extent to which this is due to registrants' reporting cycles or a decrease in registerable activity resulting from behaviour change caused by the pandemic, such as social distancing and a decline in face-to-face meetings.

5. In particular, do you have any views on whether the changes should be made to the following (please indicate why and in what way):

- a) The Act covers lobbying to a Member of the Scottish Parliament, a member of the Scottish Government, a junior Scottish Minister, a law officer, a special adviser or the permanent secretary. Does the Act cover the right groups of decision makers?
- b) The Act requires face-to-face communications, including via video conferencing and other similar means, which are also regulated lobbying to be registered. Are these the right communications to capture?
- c) The circumstances in which a person undertaking "regulated lobbying" is required to provide information, to be included in the register, about costs incurred by them when engaging in regulated lobbying.

a) Decision makers

The group of decision-makers that are covered by the Act should be expanded to include all senior civil servants.

Alongside MSPS, Ministers and special advisers, civil servants play a significant role in the formulation, modification and adoption of policies and legislation, and they are lobbied in this regard. Research into the alcohol industry's lobbying activity, which included interviews with industry actors, found that the industry sought access to the entire range of political actors involved in policy-making, including civil servants, ministers, parliamentarians and special advisers. Including senior civil servants, who play a key role in advising ministers, will help improve transparency around a significant proportion, and potentially very influential aspect, of lobbying activity.

b) Communications

To meet best practice international standards and close a major loophole for avoiding transparency, the definition of regulated lobbying should be updated to include all forms of oral and written communication.

If a lobbying register is to serve a useful purpose in shedding a light on the nature and extent of lobbying then it must cover all the types of communications that lobbyists are known to use to influence decision-making and the policy process. By limiting regulated lobbying to only face-to-face or video call meetings, the Act does not capture all of the necessary communications to

ensure transparency. Counter to best practice standards, this means no other form of written and oral communication (including emails, letters and phone calls) are covered by the rules. Significantly, much of the ongoing communication between lobbyists and decision makers will therefore likely be out of public view as long as social distancing is in place. This narrow definition is wholly unfit for purpose and ill-suited to the realities of contemporary working practices. With such a significant information gap, it becomes difficult to identify if there has been any wrongdoing in controversial situations, and to uncover disproportionate access to decision makers by commercial interests.

On this point, Scotland is noticeably out of step with other major Western democracies. For example, the Republic of Ireland's lobbying register covers oral, written and any other communication with decision-makers however made. Similarly, Canada includes verbal (such as arranged meetings, phone calls, informal communication, and grass-roots communication) or written (including hard copy or electronic) contact within their lobbying transparency rules. Even countries with less comprehensive lobbying legislation, such as the US and the UK, include oral and written communications in their definitions of lobbying, with the US legislation explicitly clarifying that this includes electronic communication, such as emails. The Irish legislation serves as an example of best practice, recognising that not all relevant communications take place in a formal setting or using formal means. It is the content, not the method of communication that determines whether it should be recorded as a lobbying activity. While none of these lobbying registers are perfect, Scotland's current system fails to meet a basic standard found among other countries with similar democratic traditions.

c) Costs

To provide greater insight into stakeholders' ability to participate in Scottish democracy, registrants should be required to disclose an estimate of their expenditure for lobbying campaigns.

The register currently fails to provide information on the different lobbying capabilities of registrants. Understanding how much lobbyists spend on their work is critical for assessing whether there is equal opportunity for stakeholders to engage in the democratic process. It would help provide a clearer view of the relationship between money, access and potential influence, and help inform changes to defend the founding principles of the Scottish Parliament. A substantial imbalance in spending between interest groups would raise questions about whether money was affecting interest groups' ability to participate equally and meaningfully in Scottish democracy.

Creating a more level playing field between well-funded private interests and citizens is strongly supported by the public. Over three quarters (76%) of UK respondents to Transparency International's 2016 Global Corruption Barometer (GCB) survey thought that wealthy individuals often use their influence on government for their own interests and there should be stricter rules to prevent this.¹¹

Unlike lobbying transparency registers in the EU¹² and US,¹³ Scotland's register does not provide any information about the amount spent on relevant activities by those seeking to influence key decisions. This gives the impression that there is equal opportunity for organisations and groups to present their views to Ministers and MSPs when there might be a substantial disparity in their resources. Whilst money does not necessarily equate to access and influence, it is clearly a relevant factor when considering whether it is the people of Scotland shaping their future or wealthy vested interests. Therefore, it is information that should be subject to public scrutiny.

Where this information is available elsewhere, it shows how large the scale of spending can be and how vast the discrepancy is between private interests and community groups. Research has shown that just five oil and gas corporations and their lobbyists have spent over a quarter of a billion Euros on lobbying the EU from 2010 to 2019.¹⁴ In the US, a review of lobbying records highlighted that advocates of the Keystone XL Pipeline have spent more than 600 times the amount on lobbying over the past year than the tribes whose water lines would be affected by the pipeline.¹⁵

6. Have assumptions made at the Bill's introduction in its Financial Memorandum and Policy Memorandum and during its passage through Parliament held true (for example, on costs or impact) and, if not, why not?

No comment.

7. Are there any other issues you would like to raise in connection with the operation of the Lobbying Act?

In order for the Scottish Parliament to be confident in the lobbying register's effectiveness in increasing lobbying transparency, we recommend that the Committee consider regular reviews of its effectiveness. Cross-referencing registered lobbying activity against other sources of evidence, such as ministerial and MSP diaries, information gained through Freedom of Information requests and commissioned research, would reveal whether the register is capturing the extent and nature of lobbying activity that is taking place, and in turn, is achieving its aim of increasing transparency. A case study approach may be practicable, such as examining lobbying activity on particular legislation on in particular policy areas. Some such studies have been conducted in the alcohol field. For example, Professor Jim McCambridge and colleagues analysed documents and conducted interviews to ascertain how corporate interests attempted to influence policy on minimum unit pricing (MUP) of alcohol between 2007 and 2010.¹⁶ Consistent and long-term monitoring of the effectiveness of the lobbying register is essential to ensure it remains fit for purpose.

We believe the Act's definition of regulated lobbying should also be reviewed. Currently, the decision on whether regulated lobbying has occurred is taken by lobbyists themselves, for solely oral face-to-face communications that aim to inform or influence decisions of MSPs, Ministers and certain civil servants. In our view, this is a very narrow interpretation of lobbying, one which is not fit for purpose and does not adequately reflect how lobbying is undertaken. We would instead recommend the approach taken by Ireland, where it is the content, not the method of communication that determines whether it should be recorded as a lobbying activity. In addition, the Irish Act provides a definition of 'relevant matters' (including "the initiation, development or modification of any public policy or of any public programme")¹⁷ that we feel more usefully describes the type of lobbying activity that should be captured by the register than "us[ing] the opportunity to inform or influence decisions" as is stated in the Scottish legislative guidance.¹⁸ Lobbying that occurs before decisions are to be taken still serves to influence the views and opinions of decision makers, and should be recorded to ensure full transparency.

https://www.parliament.scot/LobbyingRegister/Scottish Parliament Lobbying Register Annual Report 2019
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⁶ http://lobbyingtransparency.net/standards/transparency/

.pdf

http://www.irishstatutebook.ie/eli/2015/act/5/section/5/enacted/en/html#sec5;

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⁹ Part 1 of the Transparency of Lobbying, Non-Party Campaigning and Trade Union Administration Act 2014 http://www.legislation.gov.uk/ukpga/2014/4/part/1/crossheading/requirement-to-register/enacted; Section 3 of the Lobbying Disclosure Act

https://www.senate.gov/legislative/Lobbying/Lobby Disclosure Act/3 Definitions.htm

¹⁰ See https://www.lobbying.ie/media/6108/faq.pdf

https://www.transparency.org.uk/sites/default/files/pdf/publications/Take Back Control TIUK.pdf

- ¹² The EU rules require lobbyists to report annual costs for activities covered by the register. Agreement between the European Parliament and the European Commission on the transparency register for organisations and self-employed individuals engaged in EU policy-making and policy implementation, *OJ L 277*, 19.9.2014 https://eur-lex.europa.eu/legal-content/en/TXT/?uri=urisery:OJ.L .2014.277.01.0011.01.ENG
- ¹³ The US rules require lobbyists to report good faith estimates quarterly. Office of the Clerk, United States House of Representatives (31 January 2017). Lobbying Disclosure Act Guidance https://lobbyingdisclosure.house.gov/amended_lda_guide.html#section6
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³ Edwards, R. (19 July 2020). Exposed: the businesses that most often lobby Scottish ministers. *The Ferret*. Retrieved 27/07/2020 from https://theferret.scot/lobbying-register-businesses-scottish-ministers/

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⁵ Page 24, Scottish Parliament Lobbying Register (2019). *Annual Report 2019. First report on the operation of The Lobbying (Scotland) Act 2016.* Edinburgh: Scottish Parliamentary Corporate Body. https://www.parliament.scot/LobbyingRegister/Scottish Parliament Lobbying Register Annual Report 2019

⁷ Hawkins, B., & Holden, C. (2013). Framing the alcohol policy debate: industry actors and the regulation of the UK beverage alcohol market. *Critical Policy Studies*, 7(1), 53-71.

⁸ Section 5, Regulation of Lobbying Act 2015

¹¹ Goodrich, S. (2016). *Take Back Control. How Big Money Undermines Trust in Politics*. London: Transparency International UK