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## Summary

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The allegation I investigated was that, contrary to paragraph 13 of the House of Commons' Code of Conduct for Members, the Member had not registered his interest in a dormant company, in which he was the sole shareholder.

5 I found that the Member had acted in breach of the Code. The rules on the registration of shareholdings require Members to register a shareholding if the Member's shares exceed 15% of the total shares issued or have a value of more than £70,000. Although the company had never traded and the shares were of only nominal value, the Member held in excess of 15% of the total and he was therefore  
10 required to include this interest in the Register of Members' Interests within one month of his election in 2015.

I asked the Member to consider whether there were any occasions on which the rules of the House would have required him to disclose this interest by way of a declaration. He identified four occasions on which the interest might have been  
15 relevant to the matter at hand. I found that on two of those occasions (in 2015), the rules of the House would have required him to make a declaration. On the other two occasions, I was satisfied that a declaration would not have been required.

The Member acknowledged his breaches of paragraph 13 of the Code. He apologised for his breach of the registration rules, and he agreed to apologise to the House - on  
20 a point of order - for his failure to make the required declarations. I considered that to be an appropriate outcome and I concluded this matter using the rectification procedure.

## Mr Craig Mackinlay MP: Resolution letter

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### Letter from the Commissioner to Mr Barry Latchford, 13 June 2018

5 I wrote to you on 27 February 2018 to tell you that I had begun an inquiry into your allegations that Mr Craig Mackinlay MP had breached paragraph 13 of the House of Commons' Code of Conduct for Members. I said then that I did not consider the evidence you had provided justified an inquiry into your allegation of a breach of paragraph 10 of the Code. My inquiry has, therefore, been focused on the House's requirements of Members in respect of registration and declaration of financial interests.

10 I have exchanged correspondence with Mr Mackinlay about that matter. I found that he acted in breach of paragraph 13 of the Code, by omitting to register his interest in Mama Airlines Ltd within one month of his election to Parliament. I also found that Mr Mackinlay had omitted to disclose that interest on two occasions during parliamentary proceedings, when the rules of the House required him to do so. I  
15 have, therefore, upheld the allegation of a breach of the Code of Conduct.

Mr Mackinlay has now accepted my decision. He has acknowledged his breach of the rules, apologised for his failure to register Mama Airlines Ltd and agreed to apologise to the House for his failure to disclose that interest on two occasions when it was relevant to the proceedings. I consider that to be an appropriate outcome.

20 I have concluded the matter by way of the rectification procedure available to me under Standing Order No 150. I will notify the Committee on Standards in due course of this outcome. The matter is now closed.

*13 June 2018*

## Written evidence

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### 1. Letter from Mr Barry Latchford to the Commissioner, 19 February 2018

5 On 18 January the Thanet local plan was voted down with the help of 12 UKIP councillors who broke away from their main Thanet party and who then voted with the Conservative councillors in rejecting the local plan. This was done with total disregard of legal advice to councillors stating that it should be accepted.

10 Prior to this both Mr Mackinlay and [redacted] had a meeting with [...] the Minister for local government to discuss the ramifications of rejecting the local plan., though [the Minister] has denied that he had given the assurances they said they had received regarding housing requirements and extension of the deadline.

15 Undoubtedly Thanet Conservative councillors were made aware of the meeting and almost certainly the breakaway UKIP councillors would have been informed, though other councillors were not. The reason for the local plan rejection was that the defunct Manston Airport site had its zoning changed from aviation (which has been shown to be unviable) to mixed development of housing, community centre, school, medical centre and a high tech industrial complex, a development that is greatly in the public interest.

20 Mr Mackinlay in director of Mama Airlines Ltd., an aviation company whose nature of business is stated as; 51101 - Scheduled passenger air transport; 51102 - Non-scheduled passenger air transport; 51210 - Freight air transport. I am informed that he has had previous discussions with Mr Tony Freudman when Mr Freudman was representing the company Integral at Manston. I believe that Mama Airlines was redundant until recently when it has been reactivated.

25 At a barbecue, held after the Local Plan vote by 'Save Manston Airport' group, Mr Mackinlay was videoed making the following statement: "*We all remember that the DCO would have trumped whatever happened on that local plan, but the fear would have been that it had been re-designated away from aviation, it would have instantly inflated the value possibly to unacceptable standards in the future. That was my great worry, and we're out of that, so as Tony said, the EC4 designation of the airport (the old designation), while we have no local plan, still stays the same and is very powerful.*"

30

35 1. He has thereby admitted on record, (I have a copy of the video and a link is provided below)<sup>1</sup> that he influenced the rejection of the local plan to keep the cost of land down for a DCO by RiverOak Strategic Partners. This seems to be a political move to give financial advantage to one company (RiverOak Strategic Partners) over the current landowners which in turn could be advantageous to his company, Mama Airlines Ltd and against the public interest as was advised by the legal team of TDC.

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<sup>1</sup> Not included as not relevant to this inquiry

2: I can find no record of Mama Airlines being declared by Mr Mackinlay in his list of financial interests.

I therefore believe Mr Mackinlay to be in breach of rules of conduct numbers 10 and 13.

5 19 February 2018

## 2. Letter from the Commissioner to Mr Craig Mackinlay MP, 27 February 2018

I would welcome your help with an allegation I have received from Mr Barry Latchford about your compliance with paragraph 13 of the House of Commons Code of Conduct for Members.<sup>2</sup> I enclose a copy of Mr Latchford's letter for information.

10 My Inquiry

In essence, I will consider whether the rules of the House required you to register in the *Register of Members' Financial Interests*, your interest in a dormant company, Mama Airlines Ltd.

The Code of Conduct for Members

15 The 2015 Code of Conduct for Members states:

20 *"Members shall fulfil conscientiously the requirements of the House in respect of the registration of interests in the Register of Members' Financial Interests. They shall always be open and frank in drawing attention to any relevant interest in any proceeding of the House or its Committees, and in any communications with Ministers, Members, public officials or public office holder"*

The Guide to the rules to the conduct of Members – on registration

The main purpose of the Register of Members' Financial Interests is

25 *"to provide information of any pecuniary interest or other material benefit which a Member receives which might reasonably be thought by others to influence his or her action, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament"*.

30 After the publication of the first Register of a Parliament, it is the responsibility of Members to notify changes in their registrable interests within four weeks of each change occurring.

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<sup>2</sup><https://publications.parliament.uk/pa/cm201516/cmcode/1076/107601.htm>

Shareholdings are registered in Category 7 of the Register. The relevant rules are found in paragraphs 51-54.

*“Threshold for Registration*

5 *51. Members must register, subject to the paragraphs below, any holdings which:*

*(i) amount to more than 15% of the issued share capital of that company, or more than 15% of a partnership;*

*(ii) are valued at more than £70,000.<sup>3</sup>*

*Requirements for registration*

10 *52. Under this category Members must register:*

15 *a. Shareholdings or share options which they hold, either by themselves or with or on behalf of their spouse, partner or dependent children. This includes any shares which are managed by a trust (other than a blind trust<sup>4</sup> or similar delegated management arrangement) and any holdings in sector-specific vehicles;*

*b. Interests in LLPs or other partnerships.*

*53. Members should not register under this category:*

20 *a. Holdings in collective investment vehicles such as unit trusts, investment companies with variable capital (ICVCs) and investment trusts;*

*b. Assets held in blind trusts;<sup>5</sup>*

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3 Holdings should be valued as at the previous 5 April. If this is not possible, the Member should make their best estimate of the value on that date and register the holding within 28 days of the 5 April valuation. Holdings which fall below the registrable thresholds but meet the test of relevance should be registered under Category 8: Miscellaneous.

4 For a trust to be regarded as a blind trust the Member must not know details of how their assets are invested or give trustees instructions about specific investments. They may however give general directions about the nature of investments when the trust is established, may receive reports on its overall performance and may realise some or all of its assets. In certain circumstances there may be a requirement to declare a blind trust. See paragraph 4 of chapter 2 for more details.

5 Ibid.

*c. Pensions (except for property held for self-invested personal pensions).*

*54. Members are required to provide the following information:*

*a. The name of the company or organisation;*

5 *b. A brief description of the nature of its business, and of any relevant trust or delegated management arrangement;*

*c. Whether the holding falls to be registered under (i) or (ii) of paragraph 51 above;*

10 *d. The date on which the holding was acquired or achieved registrable value.<sup>6</sup>*

The Guide to the Rules relating to the conduct of Members - declaration

15 The rules on the declaration of interests are found in chapter 2 of the Guide to the Rules relating to the conduct of Members. Although not directly relevant to the allegation made by Mr Latchford, they may become relevant during the inquiry. I enclose a copy of the complete chapter of the Guide for your information.

Next steps

In the first instance, I would welcome your comments on the alleged breach of the rules.

In particular, it would be helpful to know:

- 20
- whether you have, at any time since your election in 2015, previously considered registering your interest in Mama Airlines Ltd
    - if you have done so and decided registration was not required, the basis for that belief
- 25
- whether you have taken advice from the House authorities at any time about this matter

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<sup>6</sup> Existing holdings should be valued as at the previous 5 April. If this is not possible, the Member should make their best estimate of the value on that date and register the holding within 28 days of their valuation, the date of which should be given.

- if you have, please give details and provide a copy of any correspondence received in connection with this matter.

Any other points you may wish to make to help me with this inquiry would be most welcome.

5 I enclose a copy of the Commissioner's Information Note,<sup>7</sup> which sets out the procedure I follow. I will shortly update my parliamentary web pages to show that I am conducting an inquiry into an allegation into this matter. My office will not comment further on any aspect of the inquiry. (They will, however, confirm that I have begun an inquiry if asked before this information is posted on my webpages  
10 and they will answer factual questions about the processes I follow and the standards system more generally.)

As you will be aware, my inquiries are conducted in private. This letter and any subsequent correspondence between us is protected by parliamentary privilege. The content of our correspondence should not be disclosed to any third party until  
15 after I have concluded my work and a decision has been published. (Any such publication will include all the relevant evidence, including our correspondence.) I would, therefore, ask that you respect that confidentiality.

As a matter of courtesy, I should say now that I may make enquiries of the Registrar and/or other of the House authorities in due course. If I do so, I will share that  
20 correspondence with you. While I do not, at this stage, know whether it will be necessary to interview you about this matter, it would be open to you to be accompanied at any such interview. I am, of course, very happy to meet with you at any stage if you would find that helpful.

I would appreciate your help and co-operation and welcome your comments on the  
25 allegation, together with any evidence you feel may assist my investigation, as soon as possible and no later than 13 March 2018.

*27 February 2018*

### **3. Letter from Mr Craig Mackinlay to the Commissioner, 7 March 2018**

30 Thank you for your letter of 27 February enclosing a letter from my constituent Mr Barry Latchford [address redacted] alleging breaches of the Code of Conduct for Members of Parliament - v, paragraphs 10 and 13. Merely as a background, the issue of Manston (a regional airport that closed in 2014) is a hot topic within the constituencies of South and North Thanet. The physical airport is actually within the constituency of North Thanet. I note from a cursory search of Mr Latchford's social

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<sup>7</sup> <http://www.parliament.uk/documents/pcfs/New%20Website%20Documents/PCS-Information-Note.pdf>

media and internet footprint that his political leanings are somewhat different from mine.

Your enquiry asks me to respond as to whether:

- 5           • I considered registering my interest in Mama Airlines Ltd and on what basis I have decided that registration was not necessary and the basis for that belief;
- I have taken any advice from the House authorities on this matter and if so whether any correspondence exists.

I am pleased to answer as follows:

10       Upon election as a Member in 2015 I had an expansive and lengthy meeting with [name redacted], Registrar of Members' Financial Interests, to outline all and every that I have covering property, partnerships and limited company shareholdings. My register of interest is perhaps more complex than some. I cannot recall if the issue of the dormant company - Mama Airlines Ltd, company number 4193829 was part  
15       of those discussions, but I would have been surprised if it was not given the breadth of our meeting.

I am conversant with the rules for the registration of interests. I note under *Threshold for Registration, paragraph 51(i) and (ii)*, clarified under paragraph 54 that these are not (i) and (ii) requirements, but are (i) or (ii) requirements. On the  
20       face of it, my shareholding - amount to 2 shares of 1 penny, being the entire issued share capital of the company would suggest a requirement to register under 51(i), however this would be a construction of the absurd in this instance. The company was formed on 4 April 2001 when I was pursuing, with outer, the potential for a low-cost airline operation. The idea progressed to a moderately advanced stage but  
25       literally fell apart, never to be resurrected again following the events of 9/11 in 2001, whereby for obvious reasons, interest in a new airline literally ceased in its tracks. Mr Latchford's statement at the end of his page 1 "*I believe that Mama Airlines Ltd was redundant until recently when it has been re-activated*" is wholly false.

I am enclosing the full Companies House record for the company since its  
30       incorporation in 2001 to date. You will note that the company has never traded at all and at any time, has share capital of just 2 pence and has no assets whatsoever. This is not an instance of a currently dormant company that once did or achieved something, it is a dormant company that has never done anything.

The company although alluding to an airline in its name, is no more an airline than  
35       it is a furniture company or a sweet shop. Indeed, I ask myself every year whether the £13 annual filing fee for the company's annual return/confirmation statement is worthwhile or whether I should simply strike off the company finally and permanently. There is some value in having a company, who name can be changed at any time, with an 'old' company number and birth date should an alternative

purpose or use for it arise in the future, and so I have kept the company registration alive.

5 I do not believe that registration of such an interest (2 pence in a never-has-traded company) was necessary or even envisaged by the rules, amounting as it does, in this case to having a 2 pence piece rolling around in one's pocket and no more. I do note in the Guide to the Rules relating to the conduct of Members, page 31, chapter 2, paragraph 4 - Requirements for declaration, that a test of relevance exists. In subsection a) past financial interests, it is stated - "(normally limited to those active in the last twelve months)". I do not consider this shareholding in a currently  
10 inactive, and with no history of activity of any sort, satisfies, however obtusely, any construction of relevance.

Please do let me know if you have any further questions, but in any event your guidance would be much appreciated.

*7 March 2018*

15 **4. Letter from the Commissioner to the Registrar, 14 March 2018**

I would like to ask for your advice on a matter concerning Mr Craig Mackinlay MP and the registration of his financial interests. The allegation I am investigating is, in essence, that Mr Mackinlay should have registered his interest in Mama Airlines Ltd within a month of his election to the House in 2015 and maintained the register  
20 entry thereafter.

I enclose a copy of the correspondence I have exchanged with Mr Mackinlay about this matter. As you will see, Mr Mackinlay refers to the "expansive and lengthy" meeting he had with you in 2015. He says he cannot recall whether he discussed his interest in Mama Airlines Ltd with you but would be surprised if he had not. I would  
25 be grateful if you would provide a copy of any notes held by your team in respect of that meeting and any other information you hold which may be relevant to my inquiry.

If the information you hold does not address this point, it would be helpful to know how you would have advised Mr Mackinlay if you had had all of the information  
30 enclosed now.

Any other comments you may wish to make would be most welcome. It would be very helpful to have your response to this.

*14 March 2018*

**5. Letter from the Commissioner to Mr Craig Mackinlay MP, 14 March 2018**

35 Thank you for your letter of 7 March 2018. When I wrote to you on 27 February I said that I might make enquiries of the House authorities.

I routinely seek the advice of the Registrar of Members' Financial Interests when investigating allegations concerning paragraph 13 of the Code of Conduct and I have today written to [the Registrar] to seek her advice. I enclose a copy of my letter for your information and I will share her reply with you in due course.

5 *14 March 2018*

#### **6. Letter from the Registrar to the Commissioner, 16 March 2018**

Thank you for your letter of 14 March. You ask for our records of any advice given to Craig Mackinlay MP about the registration of his interest in Mama Airlines Ltd.

10 Mr Mackinlay was first elected in 2015 I met with him at 4pm on 12 May 2015 and briefed him on the rules of the House. We did not keep detailed notes of these meetings as we did in 2017, but I can tell you that nearly all of the meetings followed the same format: we provided an explanation of the Code of Conduct and the Rules of the House, for which we followed a written brief. We then explained to the Member what they would need to register, using the registration form as a guide. I  
15 attach a copy of my follow-up email to Mr Mackinlay which shows that we did discuss his shareholding on 12 May. Also attached is Mr Mackinlay's first registration form.<sup>8</sup>

I have no notes of a discussion of Mama Airlines, and the company is not mentioned on Mr Mackinlay's registration form. You ask what advice I would have given at that  
20 stage. If Mr Mackinlay had said that he had shares in a dormant company I would have advised him to register them. If he had mentioned shares in an airline I would have advised him to bear in mind the need to draw attention to these on occasion if he was speaking or corresponding about air travel or airports in his role as an MP. He would need to do this whenever someone else might reasonably consider the  
25 interest to influence him.

*16 March 2018*

#### **Enclosure: text of email from the Registrar to Mr Mackinlay, 13 May 2015**

30 Thank you for coming to see me yesterday. For your Register entry, you provided details of your land and property and shareholdings and I have transcribed these into your draft Register entry (see below). Please correct if anything is wrong.

35 A word of explanation: for the category of land and property, (i) signifies that the property - or your total holding - is worth over £100,000; (ii) signifies that the property or your total holding generates income (of over £10,000 a year). I have assumed that each

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<sup>8</sup> Registration form not reproduced

property except the un-adopted road generates some income; please correct if that is wrong.

5 I attach a scan of your part completed registration form. Please use the form to let us know about any further registrable interest, including any payments received on or after 7 May for outside employment. Please also provide the details of any person or organisation who has given you political donations in money or in kind with a value of over £1,500 in 2015. This includes donations to your local party which are “linked” to you. The form explains what is meant by this.

10

Since the form is only part completed and has not been signed, it would be helpful if you could let us have a complete and signed copy for our files in due course.

15 Finally, please let us know if you cannot find your ring-binder containing the rules of the House, and we will send another one. Do let us know if you have any further questions.

### **MACKINLAY, Craig (South Thanet)**

#### **6. Land and property:(i) over £100,000 (ii) income over £10,000**

Shop and flat in Medway; (i) and (ii) (Registered 12 May 2015)

20 House in Swale; (i) and (ii) (Registered 12 May 2015)

House in Medway, owned jointly with my spouse; (i) and (ii) (Registered 12 May 2015)

House in Swale, owned by MacKinlay Ltd;(i) and (ii) (See my entry in Category 7.) (Registered 12 May 2015)

25 Business premises in Medway, owned by Sha Tin Consulting Ltd; (i) and (ii) (See my entry in Category 7.) (Registered 12 May 2015)

Unadopted road in Medway, owned by Manor Mews (Chatham) Ltd; (i) (See my entry in Category 7.) (Registered 12 May 2015)

#### **7. (i) Shareholdings: over 15% of issued share capital**

30 Beak Kemmenoe Chartered Accountants and Chartered Tax Advisers; accountancy partnership (Registered 12 May 2015)

Mackinlay Ltd; property company (Registered 12 May 2015)

Sha Tin Consulting Ltd; business consultancy (Registered 12 May 2015)

5 Manor Mews (Chatham) Ltd; property company. Shares are owned through Sha Tin Consulting Ltd, of which Manor Mews is a subsidiary. (Registered 12 May 2015)

### 7. Letter from the Commissioner to Mr Craig Mackinlay MP, 21 March 2018

When I wrote to you on 14 March, I said that I would share with you the Registrar's reply to my letter to her. I enclose a copy of her response for your information.

10 As you can see, she has told me that she has no record of any discussion with you about Mama Airlines. She has also told me that if you had said that you had shares in a dormant company she would have advised you to register them. If you had been more explicit and explained that it was an airline company, she would have advised you to bear in mind that you might need to declare that interest on relevant  
15 occasions.

I have already shared with you a copy of chapter 2 of the Guide to the Rules relating to the Conduct of Members, which sets out the circumstances in which declarations are and are not required. It would be helpful if, having read that chapter, you would review your diary, the Hansard record and your correspondence to identify whether  
20 there have been any occasions since May 2015 when the rules of the House would have required you to make a declaration.

In conducting your review, please bearing in mind the relevance test described in paragraph 5 of chapter 2 of the Guide to the Rules, which is:

25 *"whether those interests might reasonably be thought by others to influence his or her actions or words as a Member"*

If it is helpful, the Registrar would be happy to discuss this matter on the 'phone or to meet you.

I would be grateful to receive your comments on the Registrar's advice above and the outcome of your review by 9 April 2018.

30 *21 March 2018*

### .8. Letter from Mr Craig Mackinlay MP to the Commissioner, 29 March 2018

Thank you for the copies of correspondence arising from your enquiries of [redacted], Registrar of Members' Financial Interests.

I am sorry to say that little of my previous correspondence with you (and copied to [the Registrar] has seemingly received the common-sense interpretation I would have expected. I note that [the Registrar] has no record or recollection of any discussion about my shareholding in this dormant company, one that has never  
5 undertaken any trade nor even a bank account and has never derived a return or income to me (or itself) at any time. No matter what [the Registrar's] advice may have been in this situation, I do not agree with it as it would be a construction of absurdity. It is a clear feature of our law and therefore rules and guidance in our activities (in this case parliamentary standards) with which we are required to  
10 comply that there cannot be absurd outcomes.

I can confirm that I am conversant with the rules that apply, and further have a real appreciation of their value, what they are for, and the purpose of them in the name of transparency and clarity. I agree with them.

I can only reiterate once more that, despite the name, this company is no more an  
15 airline company than it is a furniture company or a sweet shop. I wonder if we would be pursuing this line if the dormant company was literally called "XYZ Ltd" with broad trading aims? I do not consider under any circumstances that this could possibly be a declarable interest and I would refer you once more to the Guide to the Rules relating to the conduct of Members, chapter 2, 'Requirements for declaration'  
20 clauses 4 a) and c). Clause 4 a) is particularly relevant "past financial interests (normally limited to those active within the last twelve months)". This shareholding is clearly exempt under this text.

If I may extend my thinking into further examples.

(i) My wife is a locum pharmacist. We often discuss the opportunity of her acquiring  
25 her own community pharmacy. Does the mere fact of a germ of an idea of which I am a part, mean that a registrable interest in a pharmacy partnership has been created save for one relevant point - there is no recognisable or imminent financial interest, and more importantly - no pharmacy.

(ii) I have had many business ideas over my lifetime. One was for a fresh fish  
30 wholesaler serving Kent with a long-standing friend who has experience of fresh food wholesaling. Again, this has come to nothing, but has a 'partnership' been created?

(iii) My father was a fresh produce importer, since retired. There is a regular chat  
35 about whether a new and similar trade could be re-started. Am I therefore in a partnership with my father for a trade that is no more than an idea?

I could advance many other flashes of business inspiration I have had over the years; it would be lunacy to note these as 'sole trades' or partnerships for registration not least because these ideas (of which Mama Airlines Ltd was one) have no assets, have derived an income and have no imminent or even longer-term prospect of doing so.

I would further advance the lack of requirement to register a domestic house for own or family habitation. A property is easily turned into a rental asset from which a registrable financial benefit could flow, and can be changed into one within a short time. Conceptually this is a peculiarity as an asset clearly exists, however it is not  
5 used to derive a financial benefit and so registration is not required. The contrast here is that my shareholding in Mama Airlines represents no meaningful asset (2 pence in share capital), has no assets, has never traded, and there exists no ambition to do so.

10 You may have noticed a degree of irritation in my approach to this matter. I can only apologise for that as I feel this investigation has now moved towards nonsensical.

*29 March 2018*

### **9. Letter from the Commissioner to Mr Craig Mackinlay MP, 9 April 2018**

Thank you for your letter of 29 March 2018.

#### Decision

15 I have considered your comments and those of the Registrar very carefully. I accept the Registrar's advice. I find that you should have registered your interest in Mama Airlines Ltd in the Register of Members' Financial Interests within a month of your election in May 2015 and that omitting to do so was a breach of paragraph 13 of the House of Commons' Code of Conduct for Members.

#### 20 Registration

"The overall aim of both registration and declaration is to provide information about any financial interest which might reasonably be thought by others to influence a Member's actions, speeches or votes in Parliament, or actions taken in his or her capacity as a Member of Parliament."<sup>9</sup>

25 The rules, as approved by the House of Commons, require Members to register in the Register of Members' Financial Interests "any holdings which amount to more than 15% of the issued share capital of that company, or more than 15% of a partnership." The rules do not require that a company should first be trading, have a bank account or provide a return to its shareholders. There is a clear distinction  
30 between what you describe as "flashes of business inspiration" and Mama Airlines Ltd; a legal entity registered with Companies House, which has been registered with Companies House, submitted annual returns since 2002; and notified a change of address for its registered office in April 2016.

35 I note your comment that Mama Airlines Ltd is "no more an airline company than it is a furniture company or a sweet shop" and that you wonder if "we would be

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<sup>9</sup> Paragraph 5 of the Introduction of the Guide to the Rules relating to the Conduct of Members

pursuing this line if the dormant company was literally called XYZ Ltd with broad trading aims". I note that the Companies House registration provides the following information about the nature of its business.

- 51101: Scheduled air passenger transport
- 5 51102: Non-scheduled air passenger transport
- 51210: Freight air transport

Paragraphs 51 to 53 of chapter 1 of the Guide to the Rules regarding the conduct of Members set out the only criteria for registration of shareholdings.

#### Declaration

- 10 As you will be aware, Members are required to disclose (declare) an interest when the relevance test is met in relation to a specific set of circumstances, that test being "whether [the] interests might reasonably be thought by others to influence his or her actions or words as a Member". In that context, the name of a company and the nature of the company's business would be relevant.
- 15 Paragraph 2 of chapter 2 of the Guide to the rules, from which you have quoted, provides at sub-paragraph (c) a definition of those future interests that should be declared if the relevance test is met, that is:

- 20 *"expected future interests, if the Member's plans have moved beyond vague hopes and aspirations and reached the stage where the Member has a reasonable expectation that a financial benefit will accrue".*

I think that rule could easily be applied to the scenarios outlined in your letter as examples of other business opportunities you have discussed.

- 25 In approving the rules for the registration and declaration of financial interests, the House of Commons has identified different categories of interests and set specific requirements for each category. I do not, therefore, think it is useful to draw the analogies you suggest between ownership of a domestic property and the ownership of shares in a registered company.

#### Next steps

- 30 I hope it might be useful to draw to your attention examples of the advice provided by the Registrar and applied by the previous Commissioner in other cases. You can see examples of allegations that have not been upheld; of those resolved through the rectification procedure; and of those referred to the Committee on Standards by navigating from here: <https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/parliamentary-commissioner-for->

[standards/complaints-and-investigations/allegations-under-investigation-by-the-commissioner/](#) using the hyperlinks on the left-hand side of the page.

5 You may also wish to browse through past Registers of Members' Financial Interests. An easy way to do this is to open the pdf version of the register (via this link: <https://www.parliament.uk/mps-lords-and-offices/standards-and-financial-interests/parliamentary-commissioner-for-standards/registers-of-interests/register-of-members-financial-interests/>) and then 'right-click' to enable a word search.

10 If, after considering the above, you still feel unable to accept that you should have registered your interest in Mama Airlines Ltd and to accept the Registrar's advice that you should have declared it when speaking or corresponding about air travel and airports in your capacity as an MP (subject to the criteria in paragraphs 6 and 7 of chapter 2 of the Guide to the Rules), I would be grateful if you would telephone my PA, [name], to arrange a convenient time to meet to discuss this matter.

15 I have noted your 'irritation'. However, one of my principal duties is to investigate alleged breaches of the rules of conduct and, to do that, I must gather the necessary evidence and take proper account of the rules, as approved by the House.

Please let me have your written comments as soon as possible, and no later than 18 April 2018.

20 *9 April 2018*

### **10. Letter from Mr Craig Mackinlay MP to the Commissioner, 12 April 2018**

Thank you for your letter of 9 April.

#### Decision

25 I am sorry but I do not accept your finding; it is contrary to published guidance. The relevance test must be at the core of any decision but I cannot under any circumstance, despite trying, get close in my mind to the interpretation you have applied in this case. Findings have to be both sensible and correct.

30 I will restate in detail the arguments I have previous put to you but I find it to be a nonsense that a shareholding of less than 15% in a company, with a value of less than £70,00 and which 'does something' albeit not remitting earnings to the Member does not require registration, but a shareholding of 2 pence in a company that has never done anything and has no value does. I will state once more, that beyond filing the annual return, the SIC codes for which I merely roll forward year on year automatically through Companies House online system, I have not thought  
35 about or done anything to progress an airline for over sixteen years. There is no reasonable, foreseeable, or other expectation of any future for this company in aviation or probably anything else.

## Meeting

Given your interpretation about "expected future interests...." (sub-para c, para 2, chapter 2 of the Guide) relating to various remote business scenarios that I put to you, a meeting is essential to further explore your interpretation, and I quote "I think that rule could easily be applied to the scenarios outlined in your letter as examples of other business opportunities you have discussed". I could have provided many other examples of what I described as "flashes of business inspiration" going back over thirty years: the list that I put to you was not exhaustive. If your interpretation is correct that such business thoughts whether many years past or current, which may have little or no realistic substance should be registered, then we enter truly strange ground which would require vast registration requirements and radically altered guidance for Members. I will expand on this at our meeting rather than lay out various scenarios with this letter. This is a new abstract that you have put into the investigation, but it is an important one, and I thank you for it. It is becoming obvious unless common sense soon prevails that both the existing complaint and this new expansion resulting from it will required certification at the appropriate forum.

## Conclusion

It seems doubtful that we will reach agreement on this issue and [I] have few doubts that we will be moving towards the Committee on Standards for consideration and adjudication. I welcome that if not for the benefit of clarity for other Members; I now possibly take on this duty of being the text case to explore your interpretations. Members cannot be exposed in this way and be left to deal with ambiguity and confusion as to the intent and extent of the rules.

25 *12 April 2018*

### **11. Letter from the Commissioner to Mr Craig Mackinlay MP, 9 May 2018**

We met yesterday at your request, following your letter of 12 April 2018, setting out your concerns about my decision regarding your compliance with paragraph 13 of the Code of Conduct and the rules concerning registration of financial interests. Thank you for the time taken to express your views and your candid approach.

You said that you feel the rules need re-writing because it seems to you absurd that:

35           you are required to register a shareholding which is of negligible value in a company which is not trading because you hold more than 15% of the total shares issued; when if you held fewer than 15% in an actively trading company, you could hold up to £70,000 without having to register them.

You also expressed concern that Members might be expected to make declarations about "business inspirations" which have

progressed no further than speculative discussions. You referred to my letter of 9 April in which I said the rules could easily be applied to such circumstances.

5 I explained that the rules on registration are unambiguous and, while I can see why it might seem anomalous to have to register a shareholding which is worth less than £70,000, the House has long held that there should be two thresholds for registration of shares; one expressed in terms of the percentage of the total shares issued and the other expressed in cash value. Your holding in Mama Airlines Ltd exceeds the first threshold and does, therefore, fall to be registered in the Register  
10 of Members' Financial Interests.

I said that my letter of 9 April 2018 should not be construed as implying that "flashes of inspiration" would necessarily require declaration. Paragraph 2 of chapter 2 of the Guide to the Rules, which I quoted, makes clear that expected future interests – where the relevance test is met - become declarable *"if a Member's plans have moved  
15 beyond vague hopes and aspirations and reached the stage where the Member has a reasonable expectation that a financial benefit will accrue."* I do, however, think it is easy to apply that test to the various scenarios that you described; I do not think such decisions would generally be very finely balanced one way or the other.

I said that, if you now felt able to accept my decision vis-à-vis the registration of your  
20 interest in Mama Airlines Ltd, I would need you to review your records to identify any occasions on which a declaration would be required. You asked how you might do this, and my colleague explained that, in similar circumstances, other Members have reviewed their diaries, checked their correspondence and Hansard to identify any occasion when the relevance test might have been met. Paragraph 7 of chapter  
25 2 of the Guide to the Rules sets out the occasions when a declaration would be required, and paragraph 6 the circumstances which are exempt. In responding on this point, it would be helpful if you would summarise the steps you have taken and the conclusions you have reached.

At the end of our meeting, you agreed to reflect on our conversation and to write to  
30 me again in due course. I would be grateful to have your response by 17 May 2018.

Thank you again for taking the time to express your views.

9 May 2018

## **12. Letter from Mr Craig Mackinlay MP to the Commissioner, received 16 May 2018**

35 Thank you for finding the time for a meeting (8 May 2018) and your subsequent most helpful letter of 9 May, regarding the issue of my shareholding of 2 pence in Mama Airlines Ltd. As we discussed orally and as outlined in my previous correspondence with you, the company was incorporated in 2001, has never traded or even held a bank account. I have obviously never derived a remuneration,  
40 dividend or other benefit from the company. The company was set up to advance a

business idea of its time to operate a low-cost style airline out of Manston Airport in Thanet. The idea came to nothing. The name derives from a potential route that was being considered, being Manston to Malaga, hence Mama as a potential name. I had, over the year 1999-2001, a high level of knowledge of the aviation industry, particularly regarding the economics of airlines, routes and licensing issues.

This former interest in the aviation industry should be perceived as a benefit to the local community, that is of having a representative with understanding of the industry rather than one who has none. Given the importance and potential benefit to the economy of a functioning and thriving airport in East Kent, I maintain that my knowledge is a positive benefit now that there is positive action in play to reinstate the airport. I make no apology for that knowledge. On political platforms throughout my candidacy for the seat and subsequent to my election in May 2015, I have always highlighted my former interest in aviation. It is certainly no secret. I have, if anything, gone out of my way to highlight and promote the fact. It is unfortunate that those opposed to aviation at Manston and are in favour of mixed-use development thereon should use these procedures as a means of attempting to discredit any representative in favour of jobs and prosperity in the North and South Thanet constituencies just to further their own political aims and views.

Following our meeting, I can accept that there has been a technical breach of the rules governing the registration of interests, which as currently drafted requires such registration of any shareholding representing over 15% but having a value of under £70,000 do not require registration. I had not considered that any interpretation under common-sense would require registration of a shareholding in a company that had never traded, and now, some 17 years on, has no intention of doing so. It would be my submission to you under any future consideration of revised rules that a sensible de-minimis should feature in any new rules as it is clearly an absurdity that a shareholding in a dormant company with immaterial value (in this case 2 pence) should require registration. Any new rules should also attempt to address the incongruity within the rules regarding the difference in treatment between incorporated and unincorporated entities.

This breach was entirely inadvertent as I had conflated the rules requiring registration with the guidance requiring declaration in Committees, on the floor of the House or in correspondence with Ministers or official bodies. It remains my contention that there could be little issue of the test of relevance being met, as I have received no past financial benefit, there is no current benefit, and there is no expected future benefit, but for those who might consider that a 2 pence shareholding in a company that has never traded as relevant for declaration, I mentioned Manston Airport in the following speeches and contributions on the floor of the House. Being such a relevant and dominant local issue, it is hardly surprising.

- Maiden speech - 28 May 2015
- Topical Questions to the Secretary of State for Transport - 11 June 2015

- Commons Debate - Airports Commission: final report - 26 November 2015
- Prime Ministers Questions - 7 February 2018

5 I have been vocal in my support of Manston Airport and would have been quoted on numerous occasions in the local press as being so, both prior to my election and subsequent to it. My formal press statements are posted to my personal website at [address provided].

I know of no incidents of correspondence with Ministers in which Manston Airport or airlines were mentioned.

10 I am therefore content to reflect this shareholding on my Registration of Members' Financial Interests (Category 7: Shareholdings) and this might be adequately reflected thus:

15 *Mama Airlines Ltd - 100% of share capital amounting to 2 pence in issued shares. This company has been dormant since its incorporation in April 2001, has never traded and is unlikely ever to do so. Mr Mackinlay has never derived any remuneration, dividend or other benefit from this shareholding."*

*Registrable date - 7 May 2015*

20 Can I close by offering my sincere thanks to you and your staff during the progress of this investigation.

*Received 16 May 2018*

### **13. Letter from the Commissioner to Mr Craig Mackinlay MP, 24 May 2018**

#### Registrations

25 Thank you for your letter, which I received on 16 May 2018. I have noted your suggestion that a new threshold for registration should be introduced and your comments about incorporate and unincorporated entities. You may wish to raise these issues again when the rules on registration are next reviewed.

#### Declarations

30 Thank you for reviewing your records to establish whether there have been any occasions when the rules concerning the declaration of interests (chapter 2 of the Guide to the Rules relating to the conduct of Members), would have required you to make a disclosure because your interest in Mama Airlines Ltd was relevant to the

specific occasion. I note that you have identified four parliamentary occasions when a declaration might have been required.

Before turning to the specific occasions, I should perhaps draw to your attention paragraphs 2 and 3 of chapter 2 of the Guide to the Rules. These say:

5           *“2. The declaration of interests ensures that Members, the public and others are made aware at the appropriate time, in proceedings of the House and on other occasions, of any interest relevant to those proceedings or to the actions or words of a Member. The requirement to declare an interest complements the registration requirements and applies from the time the House first sits after the Member is elected and to almost every aspect of a Member’s parliamentary duties. It covers a broader range of interests than registration.*

10

15           *3. Declarations must be informative but succinct. A Member who has already registered an interest may refer to his or her Register entry. But such a reference is unlikely to suffice on its own, as the declaration must provide sufficient information to convey the nature of the interest without the listener or the reader having to have recourse to the Register or other publication.”*

20           Given that your interest in Mama Airlines Ltd should, as we now agree, have been included in the Register, it was a current financial interest.

Specific occasions

28 May 2015

25           Having reviewed the Hansard report, I agree that the rules of the House would have required you to make a declaration. People might reasonably have thought that your interest in Mama Airlines Ltd influenced your words when you spoke about a desire to see Manston Airport re-opened.

11 June 2015

30           Paragraph 6 of chapter 2 of the Guide to the Rules sets out the circumstances in which a declaration of a relevant interest is not required. Paragraph 6(a) explains that Members are not required to declare an interest “if to do so would unduly impede the business of the House; for example, during oral Questions, when asking supplementary Questions, or when responding to a Ministerial statement;”. Given that you asked a supplementary Question on that occasion, a declaration would not have been required.

35           26 November 2015

I have reviewed your contribution to this debate and I agree that the rules of the House would have required you to make a declaration on that occasion. I think people might reasonably have thought your interest in Mama Airlines Ltd influenced your words during this debate when, for example, speaking about the need for additional runway capacity in the South East of England.

7 February 2018

The rules of the House would not have required you to make a declaration when asking a supplementary Question during Prime Minister's Questions on 7 February 2018.

10 My decision

In accordance with the published guidance, in the Guide to the Rules relating to the conduct of Members, your failure to register your interest in Mama Airlines Ltd within one month of your election and your failure to make declarations of interest on 28 May 2015 and 26 November 2015 were breaches of paragraph 13 of the Code of Conduct for Members.

Next steps

Bringing your Register entry up to date

I have noted the information you are content to have included in the Register of Members' Financial Interests in respect of Mama Airlines Ltd.

20 The House has decided the information it requires Members to disclose in the Register generally and this is set out in chapter 1 of the Guide to the Rules. Paragraph 54 of that chapter defines the information to be registered in respect of shareholdings. It requires:

- The name of the company or organisation;
- 25 • A brief description of the nature of its business, and of any relevant trust or delegated management arrangement;
- Whether the holding falls to be registered under (i) or (ii) of paragraph 51 [...];
- 30 • The date on which the holding was acquired or achieved its registrable value.

I have asked the Registrar to prepare a register entry in respect of Mama Airlines Ltd which conforms with the House's expectations and to send it to you to check its factual accuracy.

If you wish to put into the public domain information additional to that required by the House, it is open to you to do so by including that information on your own website or via some other medium.

5 I have also asked the Registrar to have the entry in the Register placed in italics for a period of 12 months, as is usual practice following a formal decision on a late registration.

#### The Rectification Procedure

10 With your agreement, I am content to resolve this matter through the rectification procedure. Under Standing Order No 150, I am able to use this procedure without submitting a full and formal memorandum to the Committee on Standards. I would, instead, inform the Committee of the outcome and my decision letter, with all the relevant correspondence, would be published on my webpages in due course.

15 Under the rectification procedure, the Committee would normally expect the Member to have acknowledged their breach of the Code, apologised and taken any steps necessary to rectify the error. Paragraph 16 of Chapter 4 of the Guide to the Rules relating to the conduct of Members, says that in the case of non-declaration, the procedure “requires an apology to the House by means of a point of order in accordance with the procedure established for such apologies.

20 You have already acknowledged breaches of paragraph 13 of the Code. If you were prepared to accept my decision; to apologise for your late registration; and agree to raise the required point of order to apologise for the failures to make declarations, I would consider that to be an appropriate resolution to this inquiry.

#### To avoid a recurrence

25 In the interests of helping you to avoid a recurrence, I hope it will be helpful to mention that the Registrar is currently offering Members who were first elected before 2015 one-to-one meetings to refresh their understanding of the rules on registration and declaration, as well as the wider requirements of the Code of Conduct. I am sure she would be happy to extend that offer of a private meeting to you, and I would strongly recommend that you take up the opportunity. The  
30 Registrar, [details redacted].

#### Action required

It would be very helpful if you would let me know by close of business on 31 May 2018 whether you would like me to rectify the complaint on the basis I have suggested.

35 I enclose a copy of the material that would be published on my website and a copy of the letter which I would send to Mr Latchford, if you agree to my proposal. The

content of the letter to him is, of course, a matter for me alone but I would welcome any comment on its factual accuracy.

In the meantime, this matter remains protected by parliamentary privilege and the contents of our correspondence should not be disclosed to any third party.

5 *24 May 2018*

**14. Letter from Mr Craig Mackinlay MP to the Commissioner, 4 June 2018**

10 Thank you for your letter of 24 May. I can only apologise for the fact that I have not replied within the timescale of 31 May as you suggested. Your letter was received in my office on Friday 25 May, marked for addressee only, and given the Whitsun recess was only opened by me today.

For absolute clarity, I accept the breach of paragraph 13 of the Code, I apologise for the late registration, and agree to raise the point of order as an apology to the House at the earliest convenient opportunity.

15 I am content that this matter is dealt with under the rectification procedure as the appropriate resolution to this inquiry.

Whilst I have advanced by proposed wording for entry into the Register of Members' Interests, I await a proposed register entry from the Registrar.

*4 June 2018*