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AN COMHCHOISTE FIOSRÚCHÁIN I DTAOBH NA GÉARCHÉIME BAINCÉI- REACHTA

JOINT COMMITTEE OF INQUIRY INTO THE BANKING CRISIS

Dé Céadaoin, 25 Márta 2015

Wednesday, 25 March 2015

The Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Pearse Doherty,	Senator Sean D. Barrett,
Deputy Joe Higgins,	Senator Michael D'Arcy,
Deputy Michael McGrath,	Senator Marc MacSharry,
Deputy Eoghan Murphy,	Senator Susan O'Keeffe.
Deputy Kieran O'Donnell,	
Deputy John Paul Phelan,	

DEPUTY CIARÁN LYNCH IN THE CHAIR.

Context Phase

CONTEXT PHASE

mentary has been very informative. It has been a valuable meeting that has added to our understanding of factors leading to the banking crisis in Ireland. With the permission of members, I propose to suspend the meeting until 2.45 p.m., at which time we will resume to speak with a delegation from the *Irish Examiner*. Is that agreed? Agreed.

Sitting suspended at 2.05 p.m. and resumed at 2.45 p.m.

Mr. Tim Vaughan and Mr. Tom Murphy

Chairman: We are in public session. We will proceed with session three of today's hearings, which is a discussion with two representatives from the *Irish Examiner* - Mr. Tom Murphy, CEO, and Mr. Tim Vaughan, editor - about the role of the media during the property boom in the lead up to the banking crisis in the period 2002-07 and any changes of approach after the crisis. Mr. Murphy and Mr. Vaughan have specifically been invited to discuss the *Irish Examiner's* editorial policy on the economy and the property boom, and, separately, their newspaper's business model and sources of revenue, including that from the retail sector, in the period 2002-07.

Mr. Tim Vaughan is a European studies graduate of NIHE Limerick, now the University of Limerick, and has been a journalist for 28 years. He began his career with *The Corkman* and *The Kerryman* before being invited to join the *Cork Examiner* in 1991. Four years later he was promoted to associate editor and in 2001 he was appointed editor of the newspaper. Mr. Tom Murphy is group chief executive of Landmark Media Investments Limited and chief executive of the *Irish Examiner*, a position he has held since March 2013. From June 2010 to March 2013 he was group chief executive of Thomas Crosbie Holdings Limited, and from October 2002 to June 2010 he was chief executive of the *Irish Examiner*. Mr. Vaughan and Mr. Murphy are very welcome before the inquiry.

Mr. Tim Vaughan: Thank you.

Mr. Tom Murphy: Thank you.

Chairman: Before I begin, I wish to advise that, by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to this committee. If they are directed by the Chairman to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and, as they have been informed previously, the committee is asking witnesses to refrain from discussing named individuals in this phase of the inquiry. Members are reminded of the long-standing ruling of the Chair to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official by name or in such a way as to make him or her identifiable.

I invite Mr. Murphy and Mr. Vaughan to make their opening comments.

Mr. Tim Vaughan: I thank the Chairman for the opportunity to address him and his colleagues today. I will deal with the issues I have been asked to address, with specific reference to the *Irish Examiner* and our editorial policy on the economy and the property boom from 2002 to 2007, as referred to in the invitation from the committee.

I would first like to give a brief introduction to the *Irish Examiner*. It is a broad-based mid-

market newspaper, publishing six days a week, with an increasingly active online presence across many platforms. I have been editor since 2001. While we have a respected national profile, our circulation is significant in Cork and Munster, where we have the largest readership of any daily newspaper. My role as editor is to lead a great team who make it happen every day.

A trusted newspaper must inform honestly and accurately. It must ask questions and challenge where questions need to be asked and answers found. It must present a broad range of diverse opinion and it must know and engage with its readers. If it does all of these things successfully, it generates enough income to pay the wages of its employees, contributors, contractors, suppliers and shareholders. That income is derived almost exclusively from two revenue streams: the cover price of the newspaper, and advertising.

I turn now to the specific area the committee asked me to consider, our editorial policy on the economy and the property boom and the approach to reporting on the property market and the Irish economy. As far as the *Irish Examiner* is concerned, during the period in question we approached reporting on the economy and the property market in the same way that we approach reporting across the broad spectrum of the newspaper. We endeavoured to ensure our reporting was accurate and reflected the facts. The newspaper reflected all shades of opinion during these years, including prominent warnings going back to 1999 and throughout the Celtic tiger era that the property boom could not last forever. What our coverage did at the time was reflect the preoccupation with property in a country experiencing an unprecedented boom. We reported what was happening and what authoritative institutions such as the Central Bank, the Economic and Social Research Institute, the International Monetary Fund, the European Central Bank and the Organisation for Economic Co-operation and Development stated about what was happening.

No newspaper lives apart from its readers, and their preoccupation with and enjoyment of the financial benefits of that era were reflected in our columns. Nobody who lived through that period, proclaimed throughout the world by our political leaders as an economic miracle, was immune from the spirit of the time. It was the prevailing narrative of the political, banking and property establishment. At the time, we had little or no reason to believe that key figures in our financial regulatory infrastructure were not functioning as they should have been in the best interest of the State and its citizens, and nor was there a level of transparency around the regulatory process for the banking system that would have allowed us to access information that subsequently emerged after the crash, too late, when the damage was done. Believe me when I say that had I or any of my colleagues in the *Irish Examiner* been able to access that critical information about the real state of our financial institutions and their methods of operation in those years and months leading up to the bank guarantee, I would have published it. It would not have been enough to have been privy to that inside information; I would have had to be able to prove it in a court of law. Publishing what one knows to be true does not mean one cannot be successfully sued for libel. That is a point worth remembering when people question why the media does not publish what the dogs in the street might know.

Turning to the property market specifically, aside from reporting property news and commentary in the main newspaper, we introduced a weekend section with a property element in the mid-1980s. This was a period of deep recession in Ireland and a world away from the property boom, but property editorial was of interest and was important to our readers, just as it is today. That weekend section also included the usual mix of features, including television highlights and generally softer-focus content suitable for relaxed reading at the weekend. In the mid-1990s, due to the increasing popularity of the sector and as the economy improved, the

CONTEXT PHASE

property element became a standalone publication, focusing on residential homes, which continues to this day. In 2001 we introduced a commercial property section for Thursdays.

The purpose of the weekend property magazine is to provide readers with factual information on property for sale throughout the country, but primarily in the Munster region. In essence, it is a mix of properties for sale, with a brief factual description, in addition to larger spreads for more distinctive and striking properties for sale that we think may be of interest to readers. It also has sections on interior design, home improvements, gardening, antiques, etc. It has been an important forum for informing readers of the types and costs of properties available for sale, along with additional advertising from furniture and home interior companies, DIY and gardening businesses, etc.

Advertising in the property section was an important and valued source of revenue during the Celtic tiger years - as it was before and still is - but it is important to stress that advertisers did not seek to influence the editorial policy of the newspaper, and the fact that such advertising was an important source of revenue certainly did not hinder our warnings over several years about the dangers of a financial crash. In my entire time as editor of this family-owned company, the owners never once sought to interfere editorially. The family has been publishing newspapers since the 1800s and I am in the privileged position of being the beneficiary of its strong belief in editorial independence. That is important in the context of what the committee is seeking to establish with regard to the media during the period in question.

During that time, our property-related coverage reported factual information such as rising property prices, ESRI and Central Bank reports, pronouncements of leaders in their fields and Government-related interventions in the property market. Although many of the articles published during this period mirrored the widely held view of the majority of commentators at the time - in particular, a prediction of a soft landing - it was not all one-way traffic. Many articles containing opinion contrary to the prevailing view of the property market were also published in our newspaper. As far back as 1999, we reported on spiralling house prices and warnings from the then Governor of the Central Bank, Maurice O'Connell, that banks were "lending too much money too easily". A year before Morgan Kelly warned in 2006 of an imminent crash, the historian Ryle Dwyer wrote a column for the *Irish Examiner* headlined "Why the housing boom could collapse like a ton of bricks." In his article, he wrote "The threat posed ... is patently obvious, yet it is being largely ignored, even though it threatens the social, financial and political fabric of society." Warning consistently over many years, he drew parallels with the speculative property boom that caused the economic collapse of Japan. He further stated "Is anyone so foolish as to think that what happened in Japan couldn't happen here?". That was in February 2005, over three and a half years before the State's guarantee of the banks and almost six years before the bailout by the troika. Between Maurice O'Connell's warning in 1999 and Ryle Dwyer's in 2005, we published many articles, including editorial commentary, which questioned the viability of the boom, and particularly the danger to the economy posed by the property bubble. In 2004, we asked whether the glowing economic predictions of the time were based on sound financial principles, on the speculation bubble or on overly optimistic aspirations. I have supplied the committee with some sample editorial coverage of these warnings over the years.

With regard to the contribution of the media to public understanding and debate around fiscal budgetary policies and their applications, in addressing this section I wish to restrict my response to the newspaper for which I have responsibility and knowledge rather than presenting a critique of the media generally. During the period covered here, the investigative eye of the

newspaper was trained on those ultimately responsible for the fiscal and budgetary policies of the State, namely the Government. Critical analyses of the policies of the Government formed part of the opinion editorials of the *Irish Examiner* during the property boom. As referred to earlier, the threats of rapidly increasing house prices and a failure to put on the brakes were published in the newspaper as early as 1999 and continued throughout the boom years. There was no change of editorial policy during those years. Our approach as a newspaper has been to accurately report the news and comment objectively on the facts as far as they were available to us. Alongside that, I continued our long-standing tradition of providing a platform to all shades of opinion, including those with which I might have strongly disagreed.

Much of the information on the causes of the crash that have subsequently come to light as a result of various reports and the work of this inquiry to date was not only not in the public domain in the lead up to the banking crisis but was inaccessible to us. Our reporting was influenced by the information available to us. We had articles, editorials, columnists and commentators who, as the Celtic tiger roared, argued, in effect, that it was out of control and would end in tears. They argued that there was something fundamentally wrong with the fact that somebody on a €40,000 salary was eligible for a €400,000 loan to buy a house. Nevertheless, the predominant public sentiment in political, financial and property circles was that at worst the boom was going to end with that oft-quoted soft landing. That predominant sentiment found its reflection in media coverage of the time in our newspaper and everywhere else.

A daily national newspaper such as ours is necessarily general in nature, with a mix of news, sport, business and features between its covers. We are not a *Financial Times* or a *Wall Street Journal* staffed by a big team of financial forensic experts. We are reliant on agents of the State to be competent, professional, open, honest and reliable in what they do and say, and then we report on that. Our reporting on the economy during the period in question was as balanced, diverse and well informed as was possible given the information available to us, which was not all of the information available to various agents of the State. If we were guilty of anything - and I believe we were - it is that we believed and accepted that institutions such as the financial regulatory authorities were doing their jobs and doing them competently, with due diligence, appropriate compliance policies and proper political and departmental oversight, all of which we believed were designed to ensure the stability of our economy. From what we know as a result of the Honohan, Regling-Watson and Nyberg reports and the contributions of others to this inquiry, it appears to be obvious that our trust in these various arms and agents of the State was, to say the least, misplaced.

I acknowledge that there was insufficient critique of the frequent claims that there would be no crash and our so-called economic miracle would continue to be an example to the world. We should have more rigorously challenged the predictions of analysts and economists, including those who contributed to our newspaper and those who had direct or indirect associations with financial institutions. While this is an accusation that could be levelled at many editors and publishers throughout the world, much better resourced than my own organisation, it remains a matter of personal regret. That said, it is with the benefit of hindsight which has been conveniently available to an earlier witness, Dr. Julien Mercille, but not to those of us living and working here at the time. Even if we had been more questioning of the positive analysis and predictions for the economy and if we had even more contrarian voices to highlight, I doubt very much that it would have gone any meaningful way towards preventing the property bubble or the crash. We still would have been unable to find out the true state of banks and their own regulation and we would still have been faced with an alignment of authority in the form of the IMF, the ECB, the European Commission, the international credit agencies, the Taoiseach,

the Minister for Finance, the Central Bank and the ESRI who were all of the view that our economic fundamentals were sound with the IMF giving Ireland a clean bill of health as late as 2006-2007. It is difficult to envisage how any media organisation could effectively challenge such a formidable consensus.

Chairman: I thank Mr. Vaughan. I now invite Mr. Murphy to make his opening statement.

Mr. Tom Murphy: On foot of a request from the Joint Committee of Inquiry into the Banking Crisis in Ireland the *Irish Examiner* has nominated me to appear before the committee to discuss item 2, business model and sources of revenue, including from the real estate sector 2002-07. I was the CEO of the *Irish Examiner* from October 2002 to June 2010 when I was appointed group chief executive of the then holding company of the *Irish Examiner*, Thomas Crosbie Holdings Limited. I was not the CEO of the *Irish Examiner* for the period from July 2010 until October 2011 at which stage I resumed that role in addition to my other responsibilities.

As the committee will be aware, the *Irish Examiner* is a daily morning, mid-market newspaper, produced six days per week which circulates in broadsheet format in the Republic of Ireland generally but its core area of circulation is in the Cork and Munster region particularly. In addition, the *Irish Examiner* has an established increasing online presence now but in the period 2002 to 2007 all of this was in its infancy and, as such, was being established. The *Irish Examiner* had no online property business in that period but had associated companies under the then parent company Thomas Crosbie Holdings Limited, called Recruit Ireland Limited, a recruitment support company, and *breakingnews.ie*, an online news publisher and contents indicator to third parties. Thomas Crosbie Holdings Limited also had an online motoring site, called *motornet*.

I wish to address the areas on which the committee has asked me to comment, namely, business model and sources of revenue. As CEO of the *Irish Examiner* I have the task and pleasure of leading a great team of people who are responsible for producing, publishing and administering the best possible newspaper we can six days per week, 52 weeks per year. I had eight direct senior management reportees at the time for the following role-functions: advertising sales, circulation sales, distribution and administration, editorial, finance, human resources, marketing, and production and IT.

Mr. Tim Vaughan has been the editor of the *Irish Examiner* since 2001 and is a highly regarded and experienced journalist and editor. Mr. Vaughan has responsibility for all editorial matters pertaining to the *Irish Examiner* and his brief is to continue, as his predecessors did, to produce the best possible newspaper he can for our readers. The brief of the editor and the board continues to be to publish as he views appropriate without fear or favour. While he must be aware of influencers, given the nature of his role he has to remain steadfastly independent of such influences for purposes of editing the newspaper. This has been the philosophy of the Crosbie family as handed down from generation to generation and remains the ethos of the newspaper today.

The second item is the importance of property related revenues within the overall revenue mix. In common with most, if not all, quality newspapers, the *Irish Examiner* has two main income streams, the first from circulation sales in the form of cover price and the second from advertising sales. Circulation revenue is the mainstay of the revenue base but increasingly advertising revenue has become and remains vital, more particularly since 2007 when newspaper circulation volumes declined. The ratio of advertising to circulation revenue in the period

averaged 60:40.

In any newspaper the key advertising sectors are to a greater or lesser extent property, recruitment, classifieds and run of paper. Run of paper advertising typically is the larger display type advertisements often used by retailers, telecommunications companies and motor dealers *et al.* Increasingly today digital advertising revenues are becoming more important but in the reference period they were insignificant. The *Irish Examiner* published a commercial section every Thursday within the newspaper for many years, including the period 2002 to 2007. It also published a residential property section from the mid-1980s, which moved to a stand-alone publication on a Saturday from the mid-1990s, given the high level of home ownership in Ireland, relative to the rest of Europe, and the ever-increasing interest in property, furniture and interiors that the Irish population displays. Advertising revenue is of vital importance to fund the current 300 jobs in the *Irish Examiner* and the continuing role of the *Irish Examiner* and the wider industry, so sales from all sectors is a critical success factor for newspapers.

Property advertising in the *Irish Examiner* is in relative terms as important today as it was at the height of the Celtic tiger but so are recruitment revenues, retail sector revenues and all advertising sector sales. However, in the period 2002 to 2007 property advertising was consistent and strong. Having said that, it reflected only a small but important percentage of our overall revenues in the period. While it represented a greater percentage of our advertising revenues, internally we accorded it no greater importance over any of our other advertising sales sectors or over our circulation revenues. To illustrate the point, we tend to allocate the same headcount and editorial space to property in our publications today in 2015, as we did at the height of the market in 2007.

The third point is the engagement in property related commercial activity. In 2006 the *Irish Examiner* moved from Academy Street in Cork to new rented headquarters in Lapp's Quay, Cork. The Academy Street building housed a 35-year old printing press that was no longer fit for purpose. This printing press had no commercial utility or value. It was therefore decided to sell this building, leaving the old printing press *in situ* for economic reasons and to move to a more modern office block in the city. Printing was then outsourced. It is also worth remembering that work practices were changing in the industry and, in particular, that it had become increasingly difficult to operate the type of scaled printing and distribution business we had from the premises in the centre of Cork city. The Academy Street building which was owned by the company for more than 150 years was sold for approximately €40 million. This transaction was not unique and it followed a similar pattern of other newspapers, both here and abroad, who moved from city centre locations to new locations and-or who outsourced their printing.

In a separate property transaction around this time another city centre premises owned by the company, the *Irish Examiner*, which was used in the business as a parking garage and store for newsprint was sold for approximately €2 million. These are the only property related transactions of any significance that I am aware of that the *Irish Examiner* participated in during this period. I was not involved in any way in these decisions which I understand were based on commercial considerations rather than on speculation in the property market. These matters were negotiated at a holding company level at Thomas Crosbie Holdings Limited at the time.

The fourth point is the relationship between the editorial and sales functions. There is a clear distinction between editorial and the sales functions of the *Irish Examiner* as referred to in section 1 and as fostered at management level by the management team and myself. The concept of editorial independence is fostered by everybody in the company and is well understood in our marketplace. However, editors today must have a commercial sharpness and awareness

to ensure the best opportunity for their newspapers which is why they can prosper. By way of example, this is practised in the *Irish Examiner* by: the editor ensuring that there is timely and adequate communication, where relevant, to the circulation and advertising managers of his planned editorial activities to ensure there is the best possible opportunity to maximise the sale of newspapers and, where relevant and appropriate, the sale of advertising; and similar communications with the marketing managers so that appropriate in-paper signposting and, where appropriate, advertising slots can be purchased on radio and television. While the commercial side of the house will never dictate editorial policy we, like most newspapers worldwide, produce commercial supplements and features which are advertising led and are clearly labelled as such to ensure that no confusion arises in relation to their origins.

We have also published specifically themed editorial booklets covering topics as divergent as suicide, infertility and eating disorders. While these are open to sponsorship and advertising, editorial content is sacrosanct and cannot be influenced. The suicide booklet was produced without advertising or sponsorship at a financial loss but we published it in order to provide a public service as neither the HSE nor any other State agency had published anything like it despite the huge numbers dying by suicide.

Chairman: I thank Mr. Murphy. Before I invite the lead questioners perhaps I can put a question to Mr. Vaughan and to Mr. Murphy on which both of you may wish to comment. In his opening statement, Mr. Vaughan refers to the preoccupation with property in a country experiencing an unprecedented boom and that we were proclaimed throughout the world by our political leaders as an economic miracle. He states that it was the prevailing narrative of the political, banking and property establishment. Could he elaborate on that for the committee as to what he is indicating there?

Mr. Tim Vaughan: The three points are three separate statements from my opening statement. The first part discusses the point that the coverage in the *Irish Examiner* reflected the preoccupation of most Irish people at that time. It is as simple as that; I do not mean to say any more than that. Regarding the second part, I think it is widely accepted that our economic miracle, so called at the time, was widely described as such by our own Government and by journals and publications from New York to Shanghai to Beijing. The final part of my statement relates to the widely held belief that everything was rosy at the time - that was the predominant view as the committee has heard before today and again this morning. The numbers of dissenters from that view were few. I do not mean to say anything more than that.

Chairman: Could Mr. Murphy outline to the committee the extent of the property related advertising function within the *Irish Examiner* during the peak period from 2002 to 2007, for example, the proportion of staff working in the *Irish Examiner* say in the print room in comparison to the journalism floor and the general size of the property supplement of that time?

Mr. Tom Murphy: Certainly, yes. I will deal with the second part of the question first. At the peak, the number of staff working in the property advertising sales area would have been three sales executives. They dealt with property advertising in the *Irish Examiner*. That is now down to maybe two people, with holiday and sickness cover coming from a pool of other staff. I believe there were two people working on the editorial side of the property supplement and property matters generally. That is now probably down to one and a half at his stage. Regarding pagination, at the height of the market the Saturday property supplement would have run from 48 to 64 pages and occasionally 72 pages. It is currently approximately half that.

Chairman: What was the revenue coming in from that on a weekly basis *vis-à-vis* the over-

all revenue intake for the paper in terms of sales circulation and advertising?

Mr. Tom Murphy: I will say something about the nature of the *Irish Examiner's* business. The *Irish Examiner* is a privately owned company. Up to March 2013, it was owned by what I will describe an investment holding company called Thomas Crosbie Holdings Limited which went into an insolvency process. The *Irish Examiner* is now owned by another investment holding company called Landmark Media and in neither of those scenarios did the *Irish Examiner* file its own accounts. It always prepared consolidated accounts. The information pertaining to the *Irish Examiner* as a single entity has not been available for many, many years. The information the Chair seeks is not in the public domain anywhere and it is important I state that. I am very mindful of the purpose of the inquiry and in an effort to assist the inquiry I am prepared to say that the relationship between property advertising in the 2002 to 2007 period was, on average, approximately 7% of our total revenues in that period.

Chairman: Revenues to advertising or overall?

Mr. Tom Murphy: Overall revenues.

Chairman: Mr. Murphy referred to the movement of the *Irish Examiner* group into Landmark Media holdings. He also explained the move from Academy Street over to Lapp's Quay. We will move to the end of the crisis period, or the expansionary period. How would he view the situation for the *Irish Examiner*? When the dust settled after the property collapse, was the *Irish Examiner* as an entity a net beneficiary or was it at a net loss? What were the consequences for the newspaper?

Mr. Tom Murphy: Can I just clarify?

Chairman: The corporate entity of which the *Irish Examiner* is part.

Mr. Tom Murphy: I am not entirely sure how to answer that question. The *Irish Examiner* as a newspaper brand has been in existence for over 170 years. It is a very strong, well recognised brand with strong affiliations in its target and core areas. I believe newspapers generally are going through a difficult time now with a transition in place in terms of moving from the traditional business models into the new business areas of digital-type operations. I have no doubt that the brand will go from strength to strength. I do not know if that answers the Chairman's question or not.

Chairman: Did the company need to be restructured?

Mr. Tom Murphy: Did the *Irish Examiner* need to be restructured? No.

Deputy Kieran O'Donnell: I welcome Mr. Vaughan and Mr. Murphy. Can I ask Mr. Murphy about March 2013 when the Thomas Crosbie group went into receivership? How much of that was related to being a victim of the property crash?

Mr. Tom Murphy: Property was an important source of revenue for the *Irish Examiner* at that time, but so was recruitment revenue and so was classified revenue - all revenue. I would say it had little effect on it aside from the fact that obviously profits were suppressed in the industry generally and for the *Irish Examiner*. I think the issues that it had to contend with were quite different and were holding company level issues rather than trading company level issues.

Deputy Kieran O'Donnell: What was the financial reason Thomas Crosbie Holdings went into receivership?

CONTEXT PHASE

Mr. Tom Murphy: The group was insolvent.

Deputy Kieran O'Donnell: Was it insolvent? It had nothing to do with property?

Mr. Tom Murphy: In terms of the purchase and sale of properties? Absolutely not.

Deputy Kieran O'Donnell: Did it have anything to do with property advertising falling from a peak in 2007?

Mr. Tom Murphy: That would have been unhelpful, but I do not believe it would be a core cause.

Deputy Kieran O'Donnell: Mr. Murphy was group commercial manager for Thomas Crosbie Holdings from 1990 to 2002. Would *The Sunday Business Post* have fallen under his remit at that time?

Mr. Tom Murphy: No.

Deputy Kieran O'Donnell: Was it not part of the Thomas Crosbie Holdings?

Mr. Tom Murphy: It was indeed but probably not from 1999. I do not remember the year in which it was purchased. I was involved in the acquisition of *The Sunday Business Post* but I had no day to day involvement in it post acquisition. I had no involvement at all until I was appointed group chief executive in June 2010.

Deputy Kieran O'Donnell: Mr. Murphy was the CEO of the *Irish Examiner* from October 2002 up to March 2013, and I presume he is now CEO of the overall group, including the *Irish Examiner*. Is that correct?

Mr. Tom Murphy: Yes.

Deputy Kieran O'Donnell: What view would he have taken of the commercial operation of the *Irish Examiner* newspaper in terms of articles being written within the paper itself?

Mr. Tom Murphy: I consider the *Irish Examiner* to be a very high quality broadsheet newspaper that is expertly edited by my colleague, Mr. Vaughan. It retains excellent staff and columnists who write truthfully within the parameters of the knowledge and information available to them. I believe they do an excellent job.

Deputy Kieran O'Donnell: Would there have been occasions when Mr. Murphy might have seen a certain trend arising in the newspaper, say on a particular aspect which may have affected the commercial operation or advertising, that he would consult with Mr. Vaughan?

Mr. Tom Murphy: I do not believe I have ever had that type of experience. From our standpoint, the editorial integrity and independence of our newspaper, and all newspapers, is sacrosanct. Should there be a clash between commercial and editorial integrity and independence, editorial independence and integrity would win out every time.

Deputy Kieran O'Donnell: Mr. Vaughan referred to a general consensus about how Ireland was viewed at the time in terms of the Celtic tiger. I reviewed the various articles Mr. Vaughan gave us copies of from 1999 to 2012. Many of the articles and editorials from 1999 up to mid 2007 are very cautionary in tone and refer to concern for property investors. In June 2004, it was stated that a property bubble was a danger to all. In May 2007, there was an editorial with the headline, "Construction worries - Housing fear may be well founded". On 8 July

the title of the editorial was “Property dilemma - House prices prediction is a real worry”. One editorial, on 7 August 2007, seems to be out of context. The headline is “Property market - Soft landing to cushion fall in prices” and the editorial finishes by stating:

The demographic trend, with the great influx of people from abroad, has underpinned the need for extra housing, and the Government has taken realistic steps to assist affordability with the increase in mortgage interest relief. These factors would suggest the desired soft landing in relation to property prices.

As editor, this is Mr. Vaughan’s domain. Where did this editorial come from? It appears to be out of step with what came previously.

Mr. Tim Vaughan: I cannot recall the specific editorial, although I did provide it to the committee. There were other articles which I did not supply. I was giving a snapshot of the time. The overriding attitude of the newspaper in editorials and commentary was cautionary. That editorial was an exception.

Deputy Kieran O’Donnell: Why did the exception occur? It was at the height of the time when the market was crashing. The previous editorials I cited were different.

Mr. Tim Vaughan: There was much flux among all commentators throughout the 2000s. The committee has heard from Professor Alan Ahearne. Although he was raising flags in 2005, in July 2007, after there had been many high-profile warnings, he wrote:

Of course, Ireland’s housing market at the moment is not crashing - it is correcting gradually downward. That is good news. The second piece of good news is that in the experiences of other rich countries, housing busts rarely lead to serious problems for banks.

There has been much diversity and many changes of opinion over time.

Deputy Kieran O’Donnell: Dr. Mercille, who was here this morning, said, “my overarching point is that news organisations largely conveyed the views of political and economic elites”. What is Mr. Vaughan’s formal response to this? Mr. Vaughan is the longest-serving editor of a national Irish newspaper. Is that correct?

Mr. Tim Vaughan: Of a daily newspaper, yes. I think Colm McGinty has been in the *Sunday World* for longer. I attach no credence whatsoever to Dr. Mercille and his views regarding the *Irish Examiner*. They are from a planet I neither recognise nor inhabit and they do not apply to the *Irish Examiner*.

Deputy Kieran O’Donnell: The editorial of 7 August 2007 specifically referred to the Government of the time putting in realistic steps to assist affordability when clearly we now know, and based on the editorials the *Irish Examiner* had previously printed, that everything was crashing around us at a rate of knots.

Mr. Tim Vaughan: I have responded as best I can.

Deputy Kieran O’Donnell: Who does Mr. Vaughan represent? What is his remit as editor of the *Irish Examiner* around property at that time?

Mr. Tim Vaughan: Our remit is to our readers first and foremost.

Deputy Kieran O’Donnell: Does Mr. Vaughan follow the readers or does he comment

independently of them? Was there a herd mentality during the period whereby the newspaper media followed the fashion of the moment?

Mr. Tim Vaughan: In hindsight, there may have been some element of thinking along the same lines, without any conspiracy element. There is a perception of the media that it might be no harm to debunk or explain. There is much talk of the media as one homogenous entity acting in unison and in self-interest, and there was much of this from Dr. Mercille this morning. However, categorically, this is absolutely not the case. Geographically, the *Irish Examiner* is based in Cork, and is the only newspaper based outside Dublin.

Deputy Kieran O'Donnell: Does Mr. Vaughan see the *Irish Examiner* as being different from the Dublin media?

Mr. Tim Vaughan: We portray different perspectives from the Dublin media.

Deputy Kieran O'Donnell: In what sense, regarding property?

Mr. Tim Vaughan: The main concentration of property development was in Dublin. At one stage, we had a section in our weekly property supplement called The Two Irelands, namely, Dublin and the rest of the country. Every Saturday, it showed a selection of houses for sale in Dublin and in the other Ireland, and showed how skewed the market was.

Deputy Kieran O'Donnell: Were there occasions on which Mr. Vaughan was running with an editorial line or allowing features to be printed that could have been perceived to be detrimental to the commercial and advertising operations of the *Irish Examiner*, he was contacted by the CEO, Mr. Murphy, and he pulled back?

Mr. Tim Vaughan: Absolutely not. I do not think we have ever had a conversation about an editorial position on anything.

Deputy Kieran O'Donnell: Of any description?

Mr. Tim Vaughan: On anything.

Deputy Kieran O'Donnell: Although Mr. Murphy said the group went into receivership due to other issues, was the property crash the tipping point that pushed Thomas Crosbie Holdings into receivership?

Mr. Tom Murphy: I do not believe so.

Deputy Kieran O'Donnell: In terms of the advertising base.

Mr. Tom Murphy: Was the Deputy's question on property advertising?

Deputy Kieran O'Donnell: Yes.

Chairman: What Mr. Murphy is trying to clarify is whether the Deputy refers to overall advertising revenue or property-specific revenue.

Deputy Kieran O'Donnell: I refer to property-specific revenue.

Mr. Tom Murphy: I am not of the view that it made enough difference.

Deputy Kieran O'Donnell: When Mr. Murphy referred to 7%, was it 7% of the income of the *Irish Examiner* or 7% of the overall income of Thomas Crosbie Holdings?

Mr. Tom Murphy: It is 7% of the *Irish Examiner* revenue.

Deputy Kieran O'Donnell: The figure is for the *Irish Examiner* revenue specifically. Is that the case?

Mr. Tom Murphy: That is correct.

Deputy Kieran O'Donnell: Did Mr. Murphy ever have a situation where he would have been contacted by, say, an auctioneer or developer about critical comments in the *Irish Examiner* under Mr. Vaughan's jurisdiction?

Chairman: That is your last question, Deputy.

Mr. Tom Murphy: I met many estate agents and property developers. Did I ever have an issue of editorial significance that would have been of concern to me or such that I would be of the view that it should be of concern to the committee? No, I do not believe so. Anything that would have occurred would have been in the normal cut and thrust of normal commercial activity. There would have been nothing that I would have been concerned about. It was normal cut and thrust.

Deputy Michael McGrath: I welcome Mr. Murphy and Mr. Vaughan and I thank them for their time. I will start on the issue of the reliance of the *Irish Examiner* on income from property related advertising. Mr. Murphy indicated 7% of the total revenues of the *Irish Examiner* were accounted for by property related advertisements. I appreciate Mr. Murphy is not required to give us commercial data in that sense. However, he put on the record in his opening statement that the ratio of income was 60% from advertising revenue and 40% from circulation. Therefore, if 7% of the total revenues were from property related advertising, then in the region of 11% or 12% of advertising revenue came from property related advertising.

Mr. Tom Murphy: That is correct. That was the case in that period.

Deputy Michael McGrath: Would it have varied much from the early 2000s up to the peak of 2006 or 2007?

Mr. Tom Murphy: I set the scene in terms of my ability to be helpful to the inquiry in this regard. To be helpful, I have given the committee certain types of information. I have now given the committee two types of information in respect of our advertising base. As I have said, that information is not in the public domain. I am genuinely trying to be helpful to and co-operative with the inquiry. Behind me are representatives of the press from every newspaper in the country. I would prefer not to put the matter further than that. I do not think that I should allow myself to be sucked into giving more detailed information.

There are two or three other entities to follow us, tomorrow, I believe. To the best of my knowledge, what differentiates Mr. Vaughan and myself from the individuals who will follow us is that, from a newspaper standpoint, three of the four individuals are retired. Furthermore, as I understand it, the fourth person is now in a different position to the one he occupied in the 2002 to 2007 reference period. We have access to the information. I do not know what access these people have. They follow us. We are giving the committee a great deal of pertinent information which, we believe, is helpful in setting the context of the situation. Genuinely, I would prefer not to put the matter further.

Deputy Michael McGrath: The witnesses that are to come from Independent News and

Media, for example, have put on the record that of their total advertising revenue in 2002, approximately 11% was property related and that the figure increased up to approximately 17% in 2006. However, Mr. Murphy does not wish to go any further in respect of the *Irish Examiner*. Is that the case?

Mr. Tom Murphy: That is correct.

Deputy Michael McGrath: That is fine. I am keen to discuss the issue of the Chinese wall between the editorial side and the commercial side. Mr. Vaughan gave a rather direct answer to Deputy O'Donnell to the effect that at no stage was there any interference from the commercial side on any editorial decision made on his side of the house. Is that the case?

Mr. Tim Vaughan: Absolutely, and that has been the case as long as I have been editor.

Deputy Michael McGrath: Mr. Vaughan has provided details of various articles and editorials that appeared in the *Irish Examiner* during the years in question. These articles were to varying degrees critical of, questioned or contrary to the views that were popular at the time. Were Mr. Vaughan or Mr. Murphy ever contacted by anyone in government, for example, or any politician who made it known to them that such articles were unwelcome or amounted to not donning the green jersey? Did Mr. Vaughan ever get that vibe? Was there ever direct contact along those lines?

Mr. Tim Vaughan: No. I have often been contacted by politicians who were unhappy with what may have been in the newspaper, but not in that context.

Deputy Michael McGrath: They might raise issues about the balance of coverage. Is that it?

Mr. Tim Vaughan: It is something like that.

Deputy Michael McGrath: We will not go down that road today. We know that *The Irish Times* bought *myhome.ie*, the property website, in 2006 for approximately €50 million. It was reported that a number of media organisations were involved in potentially buying it or negotiating for it. Was the *Irish Examiner* involved at the time? Was it interested in expanding into property related websites?

Mr. Tom Murphy: I will answer that. I was contacted by a person inquiring whether we were interested in acquiring a property portal at or around that time. I would have shared that information with the then managing director of Thomas Crosbie Holdings under whose control those matters were being dealt with. I can only say that I was not involved in the process thereafter. No transaction was completed in respect of a property portal at the time or subsequently by the *Irish Examiner*, Thomas Crosbie Holdings or any entity in the group.

Deputy Michael McGrath: A pitch was made on behalf of the vendor and some discussions may have been entered into. Is that correct?

Mr. Tom Murphy: Yes, in respect of a property portal.

Deputy Michael McGrath: Mr. Murphy stated in his opening remarks that the editor's brief from the board is to publish views without fear or favour and that he must be aware of influencers given the nature of his role. What did Mr. Murphy mean by this? Who is he referring to as influencers? He referred to influences as well.

Mr. Tom Murphy: Deputy McGrath has probably already asked Mr. Vaughan about what is an influencer in a newspaper. I imagine if Mr. Vaughan walks down St. Patrick's Street in Cork tomorrow and he is leisurely, he could meet four people, for example, a reader of the newspaper, a purchaser of the newspaper, an advertiser of the newspaper or, dare I say it, a politician. If he stopped and spoke to the four of them, I have no doubt that the conversation would inevitably go to something that was in the newspaper that day, that week, that month or whatever.

Our view is that we engage. Cork is rather different place to live and work in than Dublin, for example, in terms of population size and the size of the city. We interact with people on an ongoing basis. It is rather difficult to avoid. I suspect Deputy McGrath knows that himself. Any one of those people could be an influencer, if that is the correct terminology.

For example, I might meet an estate agent. That person may say to me that he would love to get an iconic property featured in the weekend supplement but cannot. That is not a complaint or editorial influence in any way. It is a matter of a person trying to advantage his client in some way. However, the editor might be of the view that the newspaper covered the next-door property two months previously. He may have no interest because he may be of the view that there is nothing particularly iconic about the property. A motor dealer could be in the same situation. He may say to the editor that he wants to get his new marque reviewed by the newspaper motoring correspondent but that he has been unable to do so. The editorial view may well be that either the newspaper has done the brand previously or it will do it next week or it will do it with a different dealer. There are 100 possibilities. All of these things are influencers. Do I believe any of these influencers function in a way that has a detrimental effect on the brand or the editor's ability to edit the newspaper? Not at all.

Deputy Michael McGrath: Let us consider the weekend property supplement, for example. There are certain features or articles written about properties which are advertised for sale in the supplement. How do they get chosen? I presume they are advertisement-led. Will Mr. Vaughan set out from an editorial point of view what influences the selection of the individual properties that feature?

Mr. Tim Vaughan: That particular property supplement is edited by the property editor, Tommy Barker. He is in constant communication with people in the market about what is coming up and what is interesting. His prime focus is to get properties that are interesting to readers. These may or may not be advertising and they may or may not be houses for sale, yet they may feature. There is not a situation whereby if someone advertises, he must get editorial coverage. That does not happen.

Deputy Michael McGrath: Yes.

Mr. Tim Vaughan: There is complete editorial oversight. Quite frequently over the years, people who had advertised properties that were subsequently reviewed would have been very unhappy with what they read the following day. Mr. Barker would frequently have had phone calls on a Saturday, when the supplement came out, or on a Monday from people who were unhappy with aspects of what was reported. It is not PR.

Deputy Michael McGrath: So Mr. Vaughan is saying it is not always advertisement-led - it is not always geared to the advertisement of the property in the supplement.

Mr. Tim Vaughan: No.

Deputy Michael McGrath: Does Mr. Vaughan believe that the *Irish Examiner* was suf-

ficiently welcoming of contrarian views during the years leading up to the crisis - that he was quite open to publishing the views of people who may not have been mainstream but whose views would have been pilloried by those in the establishment?

Mr. Tim Vaughan: As I said in my opening statement, hindsight is great. Looking back, if I could do it again I would seek out more contrarian views - more dissenters - but the fact of the matter at the time is that they were not there. It never once happened that somebody had a valid viewpoint which was contrary to the prevailing mood and I refused them access to the newspaper. In fact, I would have welcomed it. There is plenty evidence down through the years of us presenting that contrarian view, but such voices were not there. There was David McWilliams, as is frequently quoted, and there was Morgan Kelly at the later end of 2007.

Deputy Michael McGrath: There was no one knocking on Mr. Vaughan's door saying "This is going badly wrong."

Mr. Tim Vaughan: Absolutely not. One of the things one has learned since then is to get more of those voices and to seek them out. They are there now. We did not have the Constantin Gurdgievs or the Brian Luceys who are there now. That is one change since the crash. They are available now, but they were not then. They did not feel the need to speak out - or maybe they did not.

Chairman: One minute remains for the Deputy.

Deputy Michael McGrath: Mr. Vaughan made the point on more than one occasion in his opening statement to the effect that he had faith as such in the institutions in place to monitor and regulate the financial institutions on behalf of the State. Can Mr. Vaughan elaborate on that? Is it his view that too deferential an approach was taken within the media - that it was not challenging enough?

Mr. Tim Vaughan: It is not so much that it was deferential. As I said at the end of my opening statement, there is an alignment of what would have been perceived as authority from all of those institutions, including the IMF. If the IMF, which has vast experience of looking at economic booms and busts over the years, gave us a clean bill of health in 2006 and 2007, I find it difficult to see how the Deputy could validly or effectively challenge that. If, in addition to the IMF, one includes the ESRI, the Central Bank, the ECB and the European Commission, it is difficult to see how any newspaper, especially a general newspaper such as ours, in which we give more coverage to sport than to business, can effectively challenge that.

Chairman: I will take a final question from the Deputy.

Deputy Michael McGrath: Again, it is directed to Mr. Vaughan. Is there a policy, from an editorial perspective, on the acceptance of hospitality and gifts by journalists from people who may be the subject of their writing, whether it be those in financial institutions or those in the property industry? Is there a company-wide policy for people who are involved in journalistic output to maintain their absolute independence and integrity?

Mr. Tim Vaughan: The vast majority of our journalists are members of the NUJ and they are signed up to operate under the code of conduct of the NUJ. The *Irish Examiner* is a member of the Press Council. Principle 8 of the NUJ's Code of Conduct states that a journalist "[r]esists threats or any other inducements to influence, distort or suppress information and takes no unfair personal advantage of information gained in the course of her/his duties...". We do not have a written policy, but it is there. There is the ethos of the newspaper, which goes back as long as

I have been with it. A journalist might get a bottle of wine or something like that at Christmas, or perhaps it might include lunch. I was once taken to lunch by the Irish Bankers' Federation to persuade me to stop me eating at the banks, but I do not think the lunch was very successful from that point of view. There is no such thing as taking gifts apart from what I would say is normal corporate-type Christmas stuff.

Chairman: I thank Mr. Vaughan. Before we move on, I wish to put a question to both witnesses. During the expansionary period, or bubble period, between 2000 and 2007, did either of the witnesses ever sit down with their counterparts in any of the other major media, such as newspapers and radio and television broadcasters, to discuss the property market explicitly either in terms of advantages to be made commercially or concerns they may have had?

Mr. Tim Vaughan: As I said earlier, there is no homogenous media. It might come as a surprise to some people that editors rarely, if ever, talk to each other. Newspapers do not co-operate. There is very little co-operation. In fact, I think the only time in my 14 years as editor of the *Irish Examiner* that all the newspaper editors were in one room was when the Press Council was being established and launched, and even then there were some editors who wished they were not in the same room as some other editors. It does not happen.

Chairman: That happens in politics as well.

Senator Marc MacSharry: I welcome the witnesses. Am I allowed to speak about the *The Sunday Business Post*?

Chairman: Once you are within the terms of reference you may. If the witness is unsure he can just look to me. If the witness is prepared for the question and feels comfortable in that area, we can go ahead.

Mr. Tom Murphy: Certainly I will endeavour to be as helpful as I can to the inquiry.

Chairman: I understand that. So if you feel uncomfortable, just come back to the Chair and I will give direction.

Mr. Tom Murphy: I thank the Chairman.

Senator Marc MacSharry: On the same theme of gifts, when I asked the previous witness, Mr. Harry Browne, about the codes of ethics, he mentioned the NUJ code of conduct and so on. The implication of what he was saying was that they were insufficient. Would the witnesses share that view?

Mr. Tim Vaughan: I can only speak on behalf of the *Irish Examiner*, and I do not agree with that as far as we are concerned.

Senator Marc MacSharry: Do you-----

Mr. Tim Vaughan: I can give an example. On one occasion, a reporter was asked how much it would cost to keep a court case out of the newspaper, which is not an unusual request. The answer was quite clear: "It would cost me my job." There is a very strong ethical sense in the *Irish Examiner*.

Senator Marc MacSharry: Good. He also alluded to a situation, without mentioning names, in which a journalist had accepted and had been given real estate for the purpose of positive commentary. Did Mr. Vaughan ever come across anything like that in his career?

Mr. Tim Vaughan: Absolutely not.

Senator Marc MacSharry: Does Mr. Vaughan have a view on whether, in the media generally over the years, the raw reportage of the facts has given way to views and opinion as put forward by writers?

Mr. Tim Vaughan: I would not agree with that. The function of the newspaper, as I see it, is to report the facts on events. We give them context and provide analysis of the same events or different events, and we open our columns to diverse opinion, opinion that I might or might not disagree with. Sometimes I disagree strongly with it. We must have opinion, but it should be informed opinion.

Senator Marc MacSharry: I thank Mr. Murphy for his presentation. In his experience with the *Irish Examiner* or in his position as group head, has he experience of any large commercial entity withdrawing or cancelling pre-scheduled advertising because of an editorial dispute?

Mr. Tom Murphy: Advertising gets cancelled all the time and one would not always know what is going on in the customer's mind.

Senator Marc MacSharry: Specifically on property.

Mr. Tom Murphy: Not particularly. My view on this, and it is one borne out of many years' experience, is that advertisers, whether they be property advertisers or others, advertise in the newspapers for the benefit of their businesses, not for the benefit of the newspaper's business.

Senator Marc MacSharry: I know that, but to Mr. Murphy's knowledge, was there ever an instance, either in *The Sunday Business Post* or the *Irish Examiner*, of a major commercial entity, and we are here to talk about property, cancelling pre-scheduled advertising for two, three, four, five or six months because of a dispute?

Mr. Tom Murphy: I honestly cannot answer that question about *The Sunday Business Post*, but I will proffer an opinion on it. I would doubt very much that was the case. I would have to stand open to correction on that. I do not believe it ever happened in relation to the *Irish Examiner*.

Senator Marc MacSharry: That is fine. During the relevant period and up to the present day, did the *Irish Examiner* or *The Sunday Business Post* ever engage in promotional raffles where property was the prize?

Mr. Tom Murphy: I believe they did, but I am not sure if it occurred in the period referenced. Again, I would have to stand open to correction on that. I have a recollection it may have been *The Sunday Business Post*. If there was, it would have been done in partnership with a financial institution, but I cannot give a definitive answer on that.

Senator Marc MacSharry: Okay.

Mr. Tom Murphy: It would have been perfectly transparent and open and publicised. That would have been the purpose of it. It would have been no secret if it did occur.

Senator Marc MacSharry: If it were true, and in the event that it perhaps did happen in *The Sunday Business Post*, did the winners ever get the property?

Mr. Tom Murphy: I would presume they did.

Senator Marc MacSharry: It is a line of questioning that I would love to get into in the next phase.

Chairman: Okay, so the Senator is just putting down a marker. I appreciate that. Are you concluded, Senator?

Senator Marc MacSharry: Thank you.

Senator Susan O’Keeffe: Chairman, in the interests of clarification, I believe that Senator MacSharry raised a point in relation to Mr. Browne. I believe he inadvertently suggested that Mr. Browne had said that property was offered and accepted by a journalist. I am not entirely sure that Mr. Browne said that it had been accepted. I do not believe Senator MacSharry meant it, but in the interests of that piece, I believe there may need to be clarity for the record.

Chairman: That is noted.

Senator Susan O’Keeffe: Thank you.

Senator Marc MacSharry: I did mean that it was offered.

Deputy Eoghan Murphy: I thank both witnesses for attending. I wish to ask Mr. Vaughan about the written opening statement he gave to the committee. He mentions that in specific cases editorial positions remained consistent, even when significant advertising clients objected to articles concerning them and threatened to withdraw their business. How would that have come about? Would an advertiser have made contact directly?

Mr. Tim Vaughan: Not directly. It could have come through a reporter who might have been in touch with the company, but they were few and far between.

Deputy Eoghan Murphy: Mr. Vaughan mentions specific cases, and few and far between. In his recollection it would have been through a reporter saying they had written a story and an advertiser had complained to the reporter about the story.

Mr. Tim Vaughan: Yes. I do not believe I and Tom Murphy ever had a conversation like that but it could come back to you. It could come from the commercial manager saying advertisers were unhappy with an article and were threatening to pull their spend.

Deputy Eoghan Murphy: So that could come from either a reporter or the commercial manager?

Mr. Tim Vaughan: Or the advertising manager, or somebody from the advertising department. There would be a lot of touch points between the client and the company.

Mr. Tom Murphy: It would not be unusual for an advertiser to be unhappy. They may be unhappy with the position of the advertisement in the newspaper, they may be unhappy with wording of it, they may be unhappy with some editorial coverage relating to it, they may be unhappy that they did not get an adequate or appropriate response to the advert or they did not get the price they sought. It may be the case that they would threaten to withdraw their advertising. I come back to my earlier point that people typically do not advertise for the newspaper’s benefit. They advertise for their own benefit, a mutually beneficial transaction.

Deputy Eoghan Murphy: I am not talking about whether a company might not be happy

with the position, left or right of the page, or they did not get enough hits or sales, but where an advertiser has an actual problem with an editorial in the newspaper, and that view would have been conveyed to the witnesses on a couple of occasions at least.

Mr. Tim Vaughan: Yes, it would not have been unusual. From the first time I started in journalism I came up against this, but one holds the editorial line.

Deputy Eoghan Murphy: As an editor, was it ever conveyed to Mr. Vaughan by someone more senior in the newspaper?

Mr. Tim Vaughan: No.

Deputy Eoghan Murphy: Would the witness have thought it would have had a chilling effect?

Mr. Tim Vaughan: It has never happened. From every chief executive I have worked with, from Alan Crosbie, Pdraig Mallon, Mairead Maher right through to Tom Murphy, it never happened.

Deputy Eoghan Murphy: Has the witness ever felt, in terms of his own practice, that it had any chilling effect on how he might proceed on a subject on any subsequent occasion?

Mr. Tim Vaughan: I believe that when a newspaper has owners who strongly respect editorial independence, everything else flows from that. The importance of this might not be appreciated. There is a commercial imperative. One has to stay in business and make a profit, but I enjoy that privilege. The same pressures which might apply elsewhere do not apply. I do not come under that pressure. Advertisers might be unhappy or other people might be unhappy. Every day there is somebody unhappy with something that appears in the newspaper. That is part of the business, but you do what you do and hold the editorial line.

Deputy Eoghan Murphy: When it comes to publishing the newspaper each day and deciding the page layout, does Mr. Vaughan decide the position of adverts?

Mr. Tim Vaughan: There is, for example, an industry norm that advertisers prefer right hand pages. There is no problem with that.

Deputy Eoghan Murphy: I am just looking at an example from Sunday, 4 April 2004, supplied by the witness. There is a front page and the headline is “Mortgage holders at risk as debt soars”. Directly below there is an advert for an interior design company offering a 15% discount.

Mr. Tim Vaughan: There can sometimes be unfortunate juxtapositions of editorial and advertising. That would have been under our old computer system. An advert is booked in and shape is defined at a half page or quarter page advert. One does not see what the advert is until maybe 6 p.m. that day. The page is designed earlier. One would not replace the advert because of the editorial going there. That would not happen.

Deputy Eoghan Murphy: So it is an unfortunate coincidence.

Mr. Tim Vaughan: It could be a fortunate coincidence for the advertiser or it could be unfortunate, depending on the editorial.

Deputy Eoghan Murphy: The *Irish Examiner* brand is respected and trusted. It cannot

carry just any advertising but must be conscious of what any message a total page might convey to someone. Is that considered when the witness goes to print? Does he look at a headline and an advert and worry about giving a mixed message to the public?

Mr. Tim Vaughan: It would be pretty routine, depending on the stage in the production process. It is a very intense, deadline-driven process as the day progresses. If it becomes apparent to somebody that there is a bad juxtaposition, then either the advert will change or the editorial will move to a different page or position. I do not know if that is answering the question.

Deputy Eoghan Murphy: It is a bit because I am talking about the overall impression the newspaper might give. At the end of the day, it is still a newspaper. It is a vehicle for presenting news, not for selling things. I am interested to know that the editorial takes primary position if such a conflict arises.

Mr. Tim Vaughan: Absolutely, yes.

Deputy Eoghan Murphy: It would not be a question of moving a story to suit an advertisement. If someone had booked a space on the bottom right hand corner of the front page, a great position that costs a lot of money-----

Mr. Tim Vaughan: We have had occasions on which we forfeited revenue by clearing the front page of advertising when it was booked.

Deputy Eoghan Murphy: Was that because the advertising did not fit with the editorial?

Mr. Tim Vaughan: Yes, or because we wanted a more impactful front page.

Senator Susan O’Keeffe: Would the sales staff have been on incentives for selling more advertising? That would be pretty normal in the wider industry but may not have been the case with the Irish Examiner.

Mr. Tom Murphy: There would have been a commission structure in place at that time, yes. It would have been reasonably nominal and would not have been multiples of salaries, for example. It might have been double-digit percentages of salaries but would not have represented a significant sum to any individual.

Senator Susan O’Keeffe: Were the sales staff encouraged to seek out deals with particular organisations? Would they, for example, have done deals with particular estate agents over a period of time? Would there have been arrangements whereby if the agents took out a full page advertisement every week for 52 weeks, they would have been given a discount? Was that kind of thing going on?

Mr. Tom Murphy: Without getting into areas of commercial sensitivity, the sales staff, under the control of an advertising sales manager, would negotiate contract deals with entities such as estate agents where they were in a position to give a high volume of advertising. It would be normal practice to differentiate the rate charged for advertisements between nomadic and regular advertisers. So the answer is “Yes”.

Senator Susan O’Keeffe: Obviously at that time there were some estate agents that had more to advertise than others. There were bigger and smaller agents, and deals would have been done accordingly. Is that correct?

Mr. Tom Murphy: Appropriate deals would have been done, yes.

CONTEXT PHASE

Senator Susan O’Keeffe: Yes; I said “accordingly”. At the end of the day, what was the main reason for the company becoming insolvent? What was the driving force for that?

Mr. Tom Murphy: I really do not want to get into that. We are talking now about Thomas Crosbie Holdings as distinct from the Irish Examiner, and I really do not want to muddy the waters in that regard.

Senator Susan O’Keeffe: That is fine. In his statement, Mr. Vaughan spoke about the daily national newspaper, saying, “We are reliant on agents of the State to be competent, professional, open, honest and reliable in what they do and say, and then we report on that.” Is it fair to say that is Mr. Vaughan’s ethos and central point?

Mr. Tim Vaughan: That was in reference to the fact that our coverage was based on the information available to us from various institutions of the State.

Senator Susan O’Keeffe: Yes. I am seeking clarification because Mr. Vaughan said “We are” and not “We were”.

Mr. Tim Vaughan: I should have said “were”, because I was referring to the period in question.

Senator Susan O’Keeffe: Mr. Vaughan was speaking in the context of the time in question. Would he say that the newspaper is not like that any more?

Mr. Tim Vaughan: Without doubt, one of the lessons from that period is that we were mistaken in taking proclamations from various bodies, from the Government-----

Senator Susan O’Keeffe: What made the newspaper take them on faith, given that there had been other stories in the past, going back decades, to indicate that such organisations were not always professional, open, honest and reliable? It is the role of a journalist to always question everything that is handed down and never to take anything as being set in stone.

Mr. Tim Vaughan: Of course one questions, but one reports what the ESRI says, for example, or what the IMF says-----

Senator Susan O’Keeffe: Without question?

Mr. Tim Vaughan: No, but in order to challenge what they say, one has to have the facts and the evidence.

Senator Susan O’Keeffe: Is Mr. Vaughan saying that the newspaper did not challenge because it did not have any evidence?

Mr. Tim Vaughan: Yes.

Senator Susan O’Keeffe: What was stopping Mr. Vaughan, as the editor, from asking his journalists to go out and seek such evidence, to try to challenge these views? What allowed him to be in a position in which he would accept what they were saying without challenging it? Mr. Vaughan cited the paper’s own contrarians, Maurice O’Connell and Ryle Dwyer, whose views were published. Why did Mr. Vaughan not say to himself, “Mr. Dwyer said X, Y or Z; perhaps we should pursue that line, get some more information, and put that to the ESRI, the IMF or whomever?” What stopped him from doing that?

Chairman: I ask the Senator to be brief. She needs to allow Mr. Vaughan to respond or she

will run out of time before he can do so.

Mr. Tim Vaughan: The problem was that the turf kept changing. The ESRI, for example, said in 2003 that there would not be a crash, but by 2005 it was warning about increased property speculation.

Senator Susan O’Keeffe: As it was happening - say, in 2003 - I am curious to know why Mr. Vaughan, as the editor, would have been reliant on agents of the State in that way, rather than questioning them by seeking out the evidence. The paper had already published some contrarian views. What stopped it from pushing further?

Mr. Tim Vaughan: We asked the questions, but proving the facts is a different thing, as the Senator knows.

Senator Susan O’Keeffe: Yes, but Mr. Vaughan was accepting the version presented by these bodies. Why were they any more valuable than the paper’s capacity to challenge? I still do not understand what stopped the paper from challenging.

Mr. Tim Vaughan: No; we challenged - I am not saying we did not challenge. However, we expected them to be right and to be open.

Chairman: I wish to deal with one matter related to the property or housing ladder at that time. Based on the testimony of other witnesses and evidence laid before the inquiry, there seems to be a general acceptance that Ireland is a house-purchasing nation. Before, during and after the crisis, we continued to be a nation in which the most desirable type of accommodation for the majority of people was a purchased home. During the 2002 to 2007 period we saw massive increases in the cost of homes, with properties that once cost two to three times the average industrial wage going up to eight or nine times that wage. Property affordability was such that mortgage terms grew from an average of 20 to 35 years and so forth. Newspapers such as the *Irish Examiner* were reporting this dynamic because, as Deputy Murphy said, that was the type of thing that people walking down Patrick Street were discussing. What is Mr. Vaughan’s view of the impact, if any, of the reporting of increasing house prices during the pre-crisis period from 2002 to 2007, as carried in the *Irish Examiner* and other mainstream news titles, and the concept of the housing ladder? Was the presentation of what was happening in the housing market adding to the frenzy and encouraging people to purchase now, because if they did not do so they would not be able to afford to later on?

Mr. Tim Vaughan: I do not think so. Speaking on behalf of the *Irish Examiner*, I would say that buying a house is a very personal choice and we would never have encouraged people to buy. Obviously we carried property advertising, but I do not think we contributed to the frenzy to which the Chairman referred.

Chairman: Does Mr. Vaughan think it is a valid point that there was concern between 2002 and 2007 among the young population of potential purchasers that they were getting dangerously close to not being able to afford to buy a home?

Mr. Tim Vaughan: I do agree with that, and my friends, colleagues and staff would have shared that view if they had experienced the same set of circumstances.

Chairman: Where were they getting that concern from? Were they reading about it?

Mr. Tim Vaughan: If one never read a newspaper at the time one would have been very

much aware of that issue. It was almost all-pervasive. One could not get a taxi or go on a bus without getting involved in a conversation about it.

Deputy John Paul Phelan: I thank Mr. Vaughan and Mr. Murphy for their attendance and statements. With the exception of the meeting mentioned earlier with the Irish Bankers' Federation, were there other meetings of a formal or informal nature in the reference period, 2002 to 2007, between property or banking interests and journalistic or editorial staff of the business, where the editorial line of the publication was discussed?

Mr. Tim Vaughan: Absolutely not.

Deputy John Paul Phelan: In relation to the lunch itself that Mr. Vaughan referred to, can he recall roughly when that happened?

Mr. Tim Vaughan: I would be guessing. I would say it is going back to maybe the early 2000s.

Deputy John Paul Phelan: I want to put a couple of quotes to Mr. Vaughan from both of our witnesses from earlier today. Dr. Mercille expressed the view, which he had on the first page of his presentation, that "both private and State-owned media organisations largely convey corporate and political establishment views". With an eye to Mr. Vaughan's own publication, does he accept that particular opinion or what is his view on that particular statement?

Mr. Tim Vaughan: As I said, as far as the *Irish Examiner* is concerned, it is alien territory to me. I do not agree with that. The owners of the company have divested editorial responsibility to me and I answer only to the chief executive and the board. We are not beholden to anybody. We do not write for any corporate entities, any political entities, or any economic entities. We write for our readers, for our customers. That is the only agenda.

Deputy John Paul Phelan: Dr. Mercille further went on, in answer, I think, to questions from Senator D'Arcy, to refer to the fact that newspapers do not produce supplements on homelessness or poverty. How does Mr. Vaughan ensure the *Irish Examiner*, as a publication, reflects wider societal views in terms of his publication? The *Irish Examiner* does not produce those publications either. Could Mr. Vaughan outline why it does not?

Mr. Tim Vaughan: I did not catch all of what he said but I got pieces. He also said that it is cheaper and easier for a news organisation to send somebody down to the Dáil to talk to a politician than to investigate what is happening in rural Ireland because it is more expensive. He obviously does not know what we do because I had my special correspondent doing exactly that for a week or ten days, looking at the state of rural Ireland. We do it all the time. I think we seem to have missed his radar.

Deputy John Paul Phelan: On page 5 of Mr. Browne's presentation he spoke about the relationship between the PR industry or sector and journalism and he referenced research that had been done in the United States in the 1980s that the PR industry had expanded rapidly in contrast to the journalistic sector. Mr. Vaughan has expressed his view that it is not a homogenous sector but that employment levels are greatly lower than in the PR sector. Does he agree with Mr. Browne's assertion that PR officers in general control the agenda of the media? He asserted that because of the ability to deny access for interviews and a number of other factors in effect mean they have a great deal of control, at least, of the media agenda.

Mr. Tim Vaughan: I do not agree that they have control. I would agree that it is an industry

that has mushroomed. It is highly paid, highly lucrative, and presents a greater challenge to journalism than heretofore. There is a protective layer around much of the corporate world by PR companies. Journalists have to go through them to get information but a good journalist will always find ways around that and they will not accept the PR line, at least in the *Irish Examiner*.

Deputy Joe Higgins: Mr. Vaughan has discussed why his newspaper or maybe other newspapers were not more aware of the dangers in the blowing up of the bubble. He says on page 4, “Advertising in the property section was an important and valued source of revenue during the Celtic tiger years ... but it is important to stress that [it] did not seek to influence the editorial policy of the newspaper”. That is Mr. Vaughan’s quote. Before political parties had strict limits put on the amounts of money they could receive, developers, beef barons, banks, and corporate donors gave substantial sums of money to political parties and sometimes to leading members of those parties who always loudly protested that this had no influence whatsoever on the policies they promulgated or whose interests they advanced. It is true to say that very few people in Ireland believed them. Should they believe the media when they make a similar claim? When millions of euro are coming in from developers, for example, for property supplements, is it likely that one of those major developers would be challenged seriously on an issue?

Mr. Tim Vaughan: I can only speak on behalf of my own newspaper that I edit. As my colleague, Mr. Murphy, outlined, the proportionality of property advertising in the *Irish Examiner* was not of the magnitude that some people might have thought. It was not at 50% or 60% where people might think there might be more pressure. I have never come under pressure from a property developer. There were some issues in relation to an editorial but I do not agree with the view that money can influence the editorial in our newspaper.

Deputy Joe Higgins: In one of the studies, which has been relied on for contributions here, entitled From boom to bust, which was produced by respected academics in Dublin City University, Fahy, O’Brien and Poti, the authors did quite a study with financial journalists and one financial journalist noted that:

Much of the mainstream media seems to me to be very conflicted because of their reliance on real-estate and recruitment advertising. That doesn’t mean reporters consciously avoid writing bad news stories, but it’s hard to run against the tide when everyone is getting rich.

Does Mr. Vaughan recognise that as an influence?

Mr. Tim Vaughan: Not in the *Irish Examiner*. Categorically not.

Deputy Joe Higgins: On page 2 of his presentation, Mr. Vaughan says, “We had little or no reason to believe that key figures in our financial regulatory infrastructure were not [doing the work they were required to do and not] functioning as they should” What was manifest during the inflation of the bubble was rampant speculation in building land and the fact that the price of an ordinary home increased every year for ten years by the equivalent of the average industrial wage, from 1996 to 2006, and, as we know, the young people trying to buy houses had huge mortgages placed upon them, and the length of mortgage went from 20 years to 40 years. Did Mr. Vaughan ever consider launching a major project of investigative journalism to expose the level of profiteering that was going on behind that to investigate, for example, who was buying the land and then selling it a few years later for massive gains, how that affected the prices of the homes that were built on it and the detrimental social effect that would have on the people who were buying? Did the *Irish Examiner* ever conduct such an investigative project

of journalism?

Mr. Tim Vaughan: We would have carried several articles on that subject but we did not carry out an investigation as described by Deputy Higgins

Deputy Joe Higgins: Does Mr. Vaughan think it would have been useful to take the then average price of an average new home in Dublin of €375,000, which perhaps would have been a little bit cheaper in Cork and areas outside Dublin, and break it down to the component costs of bricks and mortar, labour and pure profit and speculation? Would that have been a good project for the media to undertake in respect of its readers and those who were afflicted by the price of housing?

Mr. Tim Vaughan: As I have said, we did several articles on the topic. Deputy Higgins is correct that it would have been useful to do something like what he mentioned, but we did not do it. I accept it would have been useful.

Mr. Tom Murphy: What Deputy Higgins has described is the normal bread and butter-type editorial coverage that one would expect to see in any quality newspaper. All these issues were covered, but not as an investigative piece but in a series of articles over time. I have no doubt that much of what Deputy Higgins has said has been covered but not in the format that he proposed.

Deputy Joe Higgins: Does Mr. Murphy agree that there should have been that type of investigation? Perhaps, Mr. Murphy could not have known about the credit manoeuvring going on inside the banks, but the rampant level of speculation was known to all. Does he think it would have been appropriate for the media to go on a much more offensive investigation?

Mr. Tom Murphy: I can see that it could have been useful, but let me say that we would have reported land and property transactions, where land was being rezoned. We would have spoken about the cost of properties and we would have done much of what the Deputy is saying, but not in the format he proposes. It was part of our editorial content.

Senator Michael D’Arcy: As Mr. Vaughan is now the longest serving editor nationally, to what extent does a personal view influence his editorial?

Mr. Tim Vaughan: Is the Senator asking me for my personal view?

Senator Michael D’Arcy: Yes.

Chairman: This is a leading question. I think the Senator is asking how Mr. Vaughan arrives at an editorial position.

Senator Michael D’Arcy: I was not misleading-----

Chairman: I said “leading”.

Senator Michael D’Arcy: -----or leading.

Mr. Tim Vaughan: Is the Senator asking me how I arrive at an editorial position?

Senator Michael D’Arcy: Yes.

Mr. Tim Vaughan: It is a combination of my own views and my consultation with colleagues and people whose views I would respect and would engage with regularly. It would

have to fit with the overall ethos of the newspaper.

Senator Michael D’Arcy: May I ask about the extent of the influence of those with whom Mr. Vaughan engages? Is the ratio 50:50, 60:40, 70:30 or is there a formula?

Mr. Tim Vaughan: There is no formula. It would mainly be me and-----

Senator Michael D’Arcy: Would it be Mr. Vaughan’s personal view?

Mr. Tim Vaughan: It would be my personal view, following consultation.

Senator Michael D’Arcy: The first occasion that I have sourced the term “soft landing” was in the book *Anglo Republic: Inside the Bank that Broke Ireland* when Simon Carswell refers to the then Deputy Noel Ahern using the term in 2003. What is Mr. Vaughan’s personal view of soft landings?

Mr. Tim Vaughan: Like many people at the time, it was difficult to see how it might be a soft landing at stages, as the market was getting crazier. There were assurances from authoritative quarters from people more qualified than I am in economics that it would be a soft landing.

Senator Michael D’Arcy: In terms of Mr. Vaughan consulting people from eight different sectors, including finance, did he discuss the concept of a soft landing with the financial journalists for his group?

Mr. Tim Vaughan: I am sure I must have at that time.

Senator Michael D’Arcy: Were there many editorials about soft landings?

Mr. Tim Vaughan: Off the top of my head, I cannot recall but we would have been reflecting in our editorial, analysis and commentary the general feeling in society. We would also have published the contrary views.

Senator Michael D’Arcy: Earlier today in evidence Dr. Julien Mercille said that the primary purpose for a media outlet is to tell the truth. As an experienced practitioner in the sector, Mr. Vaughan, what is the primary purpose of a media outlet?

Mr. Tim Vaughan: As I have said already, it is to report the news and events truthfully and accurately. It is to provide context and analysis for the news and events as they happen and to open its columns to contrary and diverse opinion. It has to be accurate. It is important to state that there is a difference between informed speculation and fact. Many of the commentators over the years were giving informed opinions of the state of play at various stages. Mr. David McWilliams was giving very informed opinion on his views of the way the economy would go from 2001. That did not become a fact until after the crash. Dr. Mercille spoke about the need for the truth and the need for facts. I think he was long on opinion and short on facts. He spoke of his regard for *The Guardian*. He might well have remembered its great editor, C.P. Scott, who said opinion is free and facts are sacred. We have to deal with the facts.

Senator Michael D’Arcy: What is Mr. Vaughan’s view on commentators who espoused a particular view but subsequently changed it and gave an inconsistent view on the banking sector? How did people, whose views altered and changed, influence his interaction with them? Did he hold the views of those whose viewpoints changed in the same high regard as those with a consistent view?

Mr. Tim Vaughan: Will Senator D'Arcy repeat the question?

Senator Michael D'Arcy: I may not be asking it particularly clearly. Some commentators changed their views. They espoused a particular view and all of a sudden that view changed. I am thinking of Mr. David McWilliams's view on the bank guarantee. He took a position and a month later he took a contrary position. Mr. Vaughan has said that the editorial is his personal view in conjunction-----

Chairman: I do not think that Mr. McWilliams would agree with Senator D'Arcy. I think his position evolved. I think Mr. McWilliams's opinion might be different from Senator D'Arcy's reading of his opinion. I will accept the general point.

Senator Michael D'Arcy: Mr. Vaughan stated the editorial is his personal view in conjunction with the opinion of people whom he trusts. If their position evolves, changes or alters, how does this influence the editorial he would write subsequent to their views altering?

Mr. Tim Vaughan: My opinions vary all the time. It is an evolution. One deals with the situation as it arises and one makes a judgment on that basis.

Chairman: That is a nice short answer to a long question. After Senator Sean Barrett's questions, we will move towards wrapping up.

Senator Sean D. Barrett: I welcome our friends from Cork and thank them for making the journey. In Mr. Murphy's presentation, he referred to the splendid Cork Savings Bank building. Was it part of the group for a while? Was it to be the corporate headquarters?

Mr. Tom Murphy: The property to which the Senator refers is opposite, at 97 South Mall. It is a former branch of AIB. It was bought by Thomas Crosbie Holdings, probably in 2001.

Senator Sean D. Barrett: Is it still in the group?

Mr. Tom Murphy: As part of the insolvency process it was sold to the new group, and it forms part of the assets of the new company, Landmark Media Investments. The property is, and has been for the past four years, available on the open market for sale.

Senator Sean D. Barrett: Mr. Vaughan referred to Mr. Maurice O'Connell as a contrarian. Mr. O'Connell wrote in the *Irish Examiner* in 1999 that banks were lending too much money too easily. How did Mr. Vaughan present the story?

Mr. Tim Vaughan: To be honest, I am not sure. Given that I had to rely on electronic archives rather than hard copies, I am not sure how or where it appeared or what degree of prominence it achieved at the time. I was not editor at the time.

Senator Sean D. Barrett: It struck me as strange that the Governor of the Central Bank of Ireland was saying that. I would be analogous to a hospital consultant saying that too many of his or her patients were seriously ill or dying. It was a story not just because of what he said but because of who he was. Did Mr. Vaughan question him on it?

Mr. Tim Vaughan: I am sorry I cannot be helpful on it. I was not editor at the time.

Chairman: There is a reasonable level of recollection or recall.

Senator Sean D. Barrett: I thank the editor.

Mr. Tim Vaughan: I just gave it as an example of the different opinions we carried over the years.

Senator Sean D. Barrett: Did the article by the redoubtable Mr. Ryle Dwyer appear on its normal page, or did Mr. Vaughan put it on the business page so that the economics and business people would see the contrarian view?

Mr. Tim Vaughan: He had a defined column appearing in the same slot every week.

Senator Sean D. Barrett: Did people in Cork communicate to the *Irish Examiner* a feeling we have got from around the country - that too many banking functions had been relocated to Dublin, that managers in important towns and cities throughout Ireland were replaced by a speaking clock in the Dublin headquarters and that this was part of the problem in the property sector?

Mr. Tim Vaughan: I never got it.

Mr. Tom Murphy: Nor did I.

Senator Sean D. Barrett: Did Mr. Vaughan ever have any indication from the bankers, or in talks with his journalists, particularly when the *Irish Examiner* was on Academy Street and they were on the South Mall, that things were happening in banking in Cork that could not continue? Did any bankers communicate to him that a crash was likely to be on the way?

Mr. Tim Vaughan: No, I never got that. I had little or no interaction with bankers and the viewpoint was never expressed back to me, if it was expressed.

Senator Sean D. Barrett: Ditto with the property sector. Did anybody in the property sector communicating with Mr. Vaughan or his journalists say there was going to be a crash?

Mr. Tim Vaughan: No, not directly. It was not conveyed to me. However, it was quite a common comment during the years. Lots of people expected a crash, but so-called experts were saying it was not going to happen, that there was going to be a soft landing.

Senator Sean D. Barrett: I was hoping the rebel county would have lived up to its reputation. The Central Statistics Office is located in Mahon in Cork. It is a major advantage for the *Irish Examiner* in terms of getting data on issues such as the way property lending took over Irish banking. Does the *Irish Examiner* have first use of all that data and good contacts with the CSO?

Mr. Tim Vaughan: Geography makes no difference to who has first dibs on CSO data. It is a great facility to have, and we welcome it and use it all the time.

Senator Sean D. Barrett: Mr. Vaughan noted the rapid movement in Irish bank lending towards property to the exclusion of virtually everything else, so he had a warning signal.

Deputy Kieran O'Donnell: On a point of information, Senator Michael D'Arcy asked Mr. Vaughan whether he had written an editorial about a soft landing. There was one on 7 August 2007 entitled "Soft landing to cushion fall in prices." Did the fact that there was so much competition between the various newspapers influence the coverage of the property market generally? This is as much a question for Mr. Murphy.

Mr. Tom Murphy: I cannot see that I saw any influence of that nature. Competition is

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something we all live with in every aspect of our lives, and we get on with it. I do not think it is unusual.

Deputy Kieran O'Donnell: Would there ever be a situation in which the Irish Examiner would refuse advertising?

Mr. Tom Murphy: We would have refused advertising, although I am not sure it is relevant.

Mr. Tim Vaughan: Not regarding property, but there would be other issues such as defamatory material and taste.

Deputy Kieran O'Donnell: Not in property?

Mr. Tim Vaughan: Not in property.

Deputy Kieran O'Donnell: Did the editor of the property supplement, Mr. Tommy Barker, report to Mr. Vaughan? Was Mr. Vaughan the senior editor?

Mr. Tim Vaughan: He reported, and still reports, to me.

Deputy Kieran O'Donnell: Would Mr. Vaughan have an input into the content of the property supplement?

Mr. Tim Vaughan: I would, of course, but all the editors who report to me, such as the editors of sports, news or features, are competent people who get on with their jobs while I have oversight of the entire operation.

Deputy Kieran O'Donnell: Would Mr. Vaughan ever have asked for something to be changed in the property supplement that he felt might have conflicted in some way with the main body of the newspaper?

Mr. Tim Vaughan: No, but I would ask for changes all over the place, not just in the property supplement. The same would apply in the news or business sections.

Deputy Michael McGrath: As a journalist, a citizen and someone who has, in his professional work, observed the years leading up to the crisis and what has emerged since, what is Mr. Vaughan's view of this inquiry, if he cares to express one, from a public service point of view? Where does he believe it could usefully focus its work in terms of where the gaps in the knowledge are? Would he like to make any comments on it?

Mr. Tim Vaughan: We supported the setting up of the inquiry. While people might want and expect heads on a plate at the end of it, I am not sure that will happen. It is a very worthwhile exercise. I am not sure what gaps the inquiry is not filling. I did not think I would end up before it myself.

Chairman: I did not think I would be looking at you, either.

Senator Marc MacSharry: It is almost over, Mr. Vaughan will be glad to know.

Chairman: In relation to Deputy McGrath's question, the inquiry's task is not just to examine the past and see where errors were made or things were not picked up or spotted. Going into the future, lessons must be learned to ensure we do not repeat these errors. Mr. Vaughan talked about better scrutiny of major opinion shapers and agencies whose reputations are renowned, such as the IMF, and agencies which appeared before the committee and said they got it wrong,

such as the ESRI and others. Is there a lesson for his industry going forward in terms of how it can scrutinise what is happening daily, in particular in the property sector, so we do not see the type of bubble we saw in the past?

Mr. Tim Vaughan: One of the lessons is to be even more sceptical and more inquisitorial. It has underlined, if ever it needed to be, the importance of investigative journalism. There are some changes that will be beneficial going forward. For example, the Central Bank of Ireland was not under the Freedom of Information Act at the time and that is an important development. We focused on property largely for purchase during those years and perhaps we should have looked more robustly at, and campaigned for improvements to, legislation governing rental accommodation. The whole issue of social housing policy went a bit under the radar as well and it should be addressed.

Chairman: Is there anything Mr. Murphy or Mr. Vaughan would like to add before I bring the meeting to a conclusion?

Mr. Tom Murphy: I thank the inquiry.

Chairman: As we move into the media module, I thank Mr. Murphy and Mr. Vaughan for their participation today. It was a very informative and valuable meeting which will assist our understanding of the factors leading to the banking crisis in Ireland. We need to go into private session but we will suspend for ten minutes and then resume. Is that agreed? Agreed.

Sitting suspended at 4.55 p.m. and resumed at 5.05 p.m.

The joint committee went into private session at 5.05 p.m. and adjourned at 5.35 p.m. until 9.30 a.m. on Thursday, 26 March 2015.