

# HOUSES OF THE OIREACHTAS

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## AN COMHCHOISTE FIOSRÚCHÁIN I DTAOBH NA GÉARCHÉIME BAINCÉI- REACHTA

### JOINT COMMITTEE OF INQUIRY INTO THE BANKING CRISIS

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*Déardaoin, 26 Márta 2015*

*Thursday, 26 March 2015*

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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.

tance of a free and independent media and the ownership models of media. This is an issue that is somewhere or other on the Government's agenda. It brings home once again how important that is to a free and democratic society.

**Chairman:** This question was posed this morning with one of the other news agents - does Ms Kennedy believe that this inquiry is hindering or helping that independence of media?

**Ms Geraldine Kennedy:** It is probably helping because it is forcing people to examine their stewardship on very important issues for the Irish people. We can know an awful lot from hindsight, but we did not know then a lot of the things that happened. It is important to bear that in mind.

**Chairman:** Does Ms Donovan wish to add anything?

**Ms Maeve Donovan:** I would absolutely agree with Ms Kennedy. For us, on the business side, it has been a very good experience to go back and review in a more forensic way our planning and so on. I could not point to anything of any significance which has changed for us in terms of how we go about our business. It reassured us with regard to the fact that we have a very robust model. Given our structure, what we do is earn as much as we can to invest in good journalism, to put people out where the current editor wants them to go and to finance the type of appeal with regard to sources that Ms Kennedy spoke about earlier. We were able to spend over €1 million on appealing to the European Court of Human Rights on the protection of sources because we carry a lot of property, recruitment and motor ads. This is the way in which we operate. We have a very circular process. Everything goes back into the product and into ensuring its longevity.

**Chairman:** I bring this session to conclusion. We will commence on session 3 later on this afternoon. I thank Ms Geraldine Kennedy and Ms Maeve Donovan for coming before the inquiry today and for their assistance, participation and engagement in helping us form our views. I thank them for their valuable contributions. I excuse the witnesses and propose that we suspend until 3 p.m.

*Sitting suspended at 2.25 p.m. and resumed at 3 p.m.*

### **Mr. Ed Mulhall and Mr. Paul Mulligan**

**Chairman:** We will commence session No. 3 of today's hearings with Mr. Ed Mulhall, former head of news and current affairs, and Mr. Paul Mulligan, head of commercial operations at RTE. We are focusing on the role of the media during the property boom in the lead-in to the banking crisis in the period 2002 to 2007. Our next session will look at any changes in approach after the crisis. I welcome Mr. Ed Mulhall and Mr. Paul Mulligan, who are specifically invited to discuss RTE's editorial policy on the economy and the property boom, and separately RTE's business model and sources of revenue, including that from the real estate sector, from 2002 to 2007.

Mr. Ed Mulhall is a Trinity College Dublin politics and economics graduate. He joined RTE as a radio producer in features and current affairs in 1979. He was appointed assistant head of features and current affairs in 1985. He became a television producer in 1998 before moving to RTE News as a programme editor for the launch of "Six One News". He became managing editor of television news in 1994, director of news in 1997 and managing director of news and

current affairs in 2002. Mr. Mulhall had a lead role in all the general election coverage since 1981 and was a producer and executive producer on a number of documentaries. He retired from RTE in March 2012.

Mr. Paul Mulligan has been head of operations of RTE television since 2009. From 2005 to 2009 he was head of operations, sales and marketing of RTE television and radio. He is chair of the Joint National Listenership Research, JNLR, data implementation group and director of the Advertising Standards Authority. Mr. Mulligan holds an MA in economics from Dalhousie University, Halifax, Canada.

Before I begin I wish to advise the witnesses 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 do so, they are entitled thereafter only to a 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. Mr. Mulhall and Mr. Mulligan are both very welcome before the inquiry. In their own choice of sequence, they should commence with their opening statements.

**Mr. Ed Mulhall:** Thank you, Chairman. The starting premise for a discussion of RTE's editorial policy on any area of public interest is that there is no single expression of it. RTE's output is based on a set of principles which are derived from its statutory obligations. These principles form the framework for editorial decision-making, and there is an editorial structure in place to monitor, discuss and challenge the editorial selections being made to ensure these principles are adhered to. In RTE News this translates into a very simple premise: inform the audience in the public interest.

The political scientist, Jean Blondel, in an essay written in honour of the late RTE broadcaster, Brian Farrell, calls the role to inform "the noblest of tasks" because it is the most difficult. It requires the reporting of facts, sometimes the establishment of facts, their selection according to their importance and the presentation of them with related material to allow their meaning or significance to be understood. Referring to a concept of a national consensus, Brian Farrell himself described it as a living, flexible and loose set of shared ways of looking and ordering experience, constantly adjusting to and affected by the changes that these experiences represent. He agreed that the whole concept of a free press in a free society supposes that any established or emergent ideology should be constantly open to challenge and criticism.

This is the basis for judging how RTE and other media performed their functions in the period under scrutiny. Did it live up to this responsibility to inform? Did it strive to establish the important facts in the rapidly changing environment? Did it provide vigilance and challenge to assist understanding? It is my personal view that RTE performed its public service role well in the period under discussion. Could we have done better? Of course we could.

An expression of RTE's view of its obligations is found in its vision mission values statement: to inform and to connect with the lives of all the people and deliver the most trusted, independent Irish news service, accurate and impartial, for the connected age. The Broadcasting

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Acts are explicit in their requirement of news to be “reported and presented in an objective and impartial manner and without any expression of the broadcaster’s own views”. RTE’s public service statement specifically requires it to remain independent of any vested interest. RTE prepares an annual series of commitments based on these principles and strategic objectives. It reports on these in its annual report. This forms part of the Broadcasting Authority of Ireland’s review of RTE activities.

To ensure the delivery of these basic principles RTE has developed a series of journalism guidelines. In my written statement I have gone into detail on the structures which deliver and monitor content. There is no single editorial vision when it comes to RTE content. For news, story selection has a variety of editorial inputs throughout the day, particularly from the specialist correspondents. For programmes, each unit makes its own independent selection of what to feature, often in competition with other RTE output. This process is overseen by an editorial conference structure that in my experience allows, and often encourages, editorial debate and challenge. It is a structure which operates in a legal and compliance framework, requiring it to be vigilant of its responsibilities and to respond to complaints, representations and legal challenge promptly. It is a structure with clear lines of editorial responsibility. I can only speak subjectively about how RTE performed during the period. There has been little or no authoritative objective media analysis that I have seen that assists any other approach.

It is worth remembering that there is a vast amount of material in the regular news bulletins and other current affairs programmes. The two main correspondents in news have nearly 2,000 reports logged to them in television alone for this period and “Prime Time” did 120 programmes from 2000 to 2008 on the subject matter of this inquiry, with a third of those on property. I am also conscious of something highlighted by Peter Lunn in an interesting paper on decision making biases in the banking crisis. It is called “hindsight bias” and is defined as a “tendency to perceive an event as more predictable than it actually was, and to overestimate the degree to which we actually did predict it”.

Most of the key moments or statements we remember from the crisis period were probably seen or heard on RTE programming, from Charlie McCreevy’s budget in 2002 with its supports for the property market to Brian Lenihan announcing the guarantee or Patrick Honohan confirming the bailout on “Morning Ireland”. Throughout this period, in RTE news we were just reporting what was happening. That was our job. We followed events as they happened and tried to ask the right questions about them. We were also open to including in our coverage, and to give prominence to, what the inquiry is calling “the contrarian view”. Indeed, because of our questioning approach, mandated by the principles I outlined earlier, some of our coverage was classed as being contrarian. Certainly, our economics editor would have been put in that category during the period by other media outlets.

We gave great prominence to the European Commission warning of 2001 and the Government’s rejection of it. Each of the ESRI reports outlined by Professor FitzGerald in his testimony that warned of the imbalance in the economy and the need to introduce counter-cyclical measures was covered by RTE. We covered all Central Bank reports and reports on the Irish economy by the OECD and IMF. There was extensive coverage of the continued rise in house prices, the change in lending policy, the construction boom and the relationship between bankers and developers. From 2007, there was a particular focus on Anglo Irish Bank, which extended to all of the banks following the share price drama of St. Patrick’s Day in 2008. Each shift in Government economic policy received detailed scrutiny, including in the elections of 2002 and particularly 2007.

George Lee's documentary "Boom" in June 2006 was particularly significant, not just for his provocative statement on the death of the Celtic tiger but particularly for his analysis of personal indebtedness, the dependence of the economy on property-related Exchequer funding and employment, and the real possibility that there could be a property crash. The analysis done for "Boom" informed George Lee's reporting from then on, and contributed to an alertness to these issues across our output. Richard Curran's "Future Shock" programme in April 2007 was another key programme. It was followed by a debate on "Prime Time" between Morgan Kelly and Jim Power on soft and hard landings and led to a period of sustained criticism of RTE, including a number of formal complaints.

There was a journalistic awareness that Anglo Irish Bank should be watched as a story from the initial share price wobble in 2007. In January 2008, for example, there was some controversy about a story David Murphy ran about stockbrokers recommending that clients sell Anglo Irish Bank and AIB shares. The Northern Rock crisis, with queues at the Dublin offices, brought an awareness that international turbulence could have implications for institutions here.

The collapse of Lehman Brothers saw a major shift in the story. From then to the arrival of the troika, it was continuous coverage. As well as the pressure to be accurate in our reporting and analysis, there was the added dimension that what we were reporting could impact on events, as there was an international focus on what was happening here. An example of this was the concerns of the Minister for Finance about the impact of a "Liveline" programme which featured callers talking about removing their money from institutions. When contacted about this, our response in RTE news was to say it was not our role to provide assurances or to stop reporting something we knew was happening, but that if the Governor of the Central Bank or the regulator wanted to say something we would certainly get it on the "Nine O'Clock News". One of the more detailed contributions during the period shortly after the guarantee was Patrick Honohan's Michael Littleton memorial lecture on Radio 1 on 2 December. In it he stated his analysis that unlimited guarantees add to the cost of the crisis and that where illiquidity is obvious there is usually a deal of insolvency lurking in the background.

If there was a gap in coverage, it was the solvency versus liquidity issue in the main banks. Although the issue was raised, most notably by Morgan Kelly, there was little evidence from within the institutions until the information from the stress tests started to be revealed. Had we been able to discover this type of information from within the banking institutions we would have reported it. Certainly, it would not have been an easy matter given the legal environment. In the past RTE had fought cases in the Supreme Court to defend the right of the media to continue investigations into wrongdoing in the financial sector, and we would have again. When we had undisclosed information such as that revealed in David Murphy's story on Irish Life and Permanent and Anglo Irish Bank end of year arrangements we reported it. However, there were no whistleblowers. Even when "Prime Time Investigates" went back to the issue in the "Meet the Bankers" investigation only one could be found.

There are other areas which I believe could have been explored further. We, like other media, tended to struggle to report on regulatory and administrative structures. Second, there could have been a greater emphasis on the interlocking of the financial structures and the implications of this for policy responses to the crisis.

The inquiry has asked me about the relationship between the editorial and sales functions within RTE. In my experience as managing director of news and current affairs, there is none. When RTE was restructured into integrated business divisions in 2002, with devolved finance, commercial, press and human resources functions, the news and current affairs independent

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business division, IBD, was kept separate from any commercial activity. My only contact with the commercial division would be as a member of the executive board, and the only times we would have been consulted on a commercial issue would be on sponsorship options related to content position within news programming, such as weather and traffic. I have no recollection of any representations or even queries from the commercial side of RTE on an editorial matter and none concerning the subject matter of this inquiry.

The period under review was a time of intense interest in news and current affairs, an interest which grew as the economic crisis developed. The coverage and reporting I have been outlining were not isolated incidents in specialist publications. They were all contained on high audience, mainstream programming. We also know what the audience thought of this coverage. In 2008, 79% of a national sample of the RTE audience considered economic coverage of a high quality, with a similar figure for business coverage. The quality of the coverage is due to the expertise and diligence of the RTE staff working in this area and their commitment to public service principles.

I hope I have shown that RTE did, and does, take its responsibilities as a public broadcaster very seriously. It is essential that we do not just explore what happened but pay great attention to the why, and what is needed structurally and behaviourally to avoid the possibility of another crash.

**Mr. Paul Mulligan:** Thank you, Chairman, for your welcome. I do not intend to read the statement I have submitted in full, as it is on the record, but I will take a short amount of time to summarise the main points and, perhaps, give the committee additional information as regards the procedures which are in place in RTE which might be helpful for the members in directing their questions later.

RTE is a public service media provider in receipt of public funds. It is aware that it is owned by the audience, the people of Ireland. This imposes additional pressures, and rightly so, to protect the audience and its interests. If a commercial company's prime responsibility is to its shareholders, a public service media organisation's primary responsibility is to its audience. On the other hand, RTE is charged by law to maximise its commercial revenue. This is done to supplement the licence fee it receives. This mixed funding model is intended to lessen the burden on Irish households and the State and allow the organisation to fulfil its public service obligations. This dual funded model is not unique to Ireland. The model has been in general use across Europe to fund public service broadcasters for 60 years.

RTE is not a commercial company. It does not make profits, nor does it have a responsibility to shareholders to deliver dividends. Instead, any income over and above operating costs is reinvested in additional programmes, output and facilities to serve the interests of its audiences. To document the priorities in this regard RTE produces a public service statement. This statement is obviously available on its website but is also widely publicised and advertised. Indeed, we are advertising at present for input to a review of that public service statement from organisations and individuals. The statement sets out the principles that the organisation must observe to undertake its activities. The first of the principles is of particular interest to this inquiry. It states that RTE will remain independent of any vested interest. I will return to this later in my remarks.

I will move on to speak about the commercial revenues and activities, and my experience of these over the 25 years I have been involved and particularly in the period that is of interest to the inquiry. The major commercial revenue in the years leading up to the banking crisis was

advertising revenue, driven mainly by television advertising and, to a lesser extent, sponsorship. Despite the restrictions placed on RTE's ability to generate advertising revenue as against that available to commercial broadcasters, RTE's advertising revenue grew significantly by 55% during the period under review, with television advertising revenue growing by 60% over the period.

Throughout that period, revenue from the property and financial sectors grew, yet the proportion and relative importance did not. Property advertising at its highest point reached 0.9% of advertising revenue; at its lowest point it was 0.3%. The total financial sector, including insurance, building societies, credit cards, banks, credit unions and so on, accounted at the highest point for 4.6% of RTE's revenue, but generally worked out at an average of just over 3% of its total revenue.

My background is in economics and I have worked for many years in RTE generating revenue. In more recent years my responsibilities have also encompassed the growing area of regulatory affairs. In this regard I have been involved in European directives, broadcast legislation, submissions to the Broadcasting Authority of Ireland and the development of commercial codes. I am currently a board member of the Advertising Standards Authority of Ireland, which develops codes for all media in the Irish market, and I chair the on-demand audiovisual service, which develops codes for on-demand providers. I mention these activities so that the committee understands that at the core of the guiding principles behind these directives, legislation and codes is the protection of the consumer of commercial messages. My involvement on behalf of RTE in these bodies is to ensure that the principles sacrosanct to a public service organisation are as far as possible mirrored in the wider media environment.

Before concluding my opening remarks, I will return to my first point about RTE's public service statement about remaining independent of vested interests. The statement goes on to clarify this in more detail, stating that it will follow these principles by "Ensuring the integrity of its services and that editorial decision-making is not subject to undue influence from any commercial, political, religious, social or cultural interest." In furtherance of this principle within the commercial area, RTE has in place clearance committees. All commercial activity, whether sponsorship or advertising, is cleared through those clearance committees before it is allowed to go to broadcast. These clearance committees make sure that the provisions of the codes are applied fully, including those which are relevant to this committee, to do with the transparency of commercial content and its separation from editorial content.

**Chairman:** I just want to deal with one item before we go to the lead questioners, and that is the issue of the "Future Shock: Property Crash" programme that was broadcast in April 2007. As the witnesses are aware, the programme had a very serious commentary with regard to where the property market was going, where values might fall to, and other pending concerns. In the immediate aftermath of that programme, can Mr. Mulhall describe to us what was the general mood in RTE at an editorial and management level? Was he approached by any sectors outside RTE regarding the concerns that were raised in that programme? Does he have any recollection of what was the general media commentary, critique or analysis of that programme?

**Mr. Ed Mulhall:** In dealing with some of the questions in this inquiry, I am conscious that I am here to give evidence. I am not going to talk about things that I do not have direct experience of. I will probably use that qualification a couple of times when I am saying something.

With regard to "Future Shock: Property Crash", I did not have direct editorial responsibility for it. It was commissioned by Kevin Dawson in features, so he would have reported directly

to the director of television, who was Noel Curran at the time. In terms of the fallout from that programme, television would have dealt with it directly.

**Chairman:** What fallout?

**Mr. Ed Mulhall:** Any fallout. I will give examples of it. I know of some of the discussions around it because I would have been involved in discussions, so I am not totally oblivious to what happened, and also because many issues regarding the programme might have come originally to current affairs, assuming that it was a direct current affairs programme.

In the immediate aftermath of the programme, RTE was dealing with a number of official complaints. There were complaints that went to the Broadcasting Authority of Ireland about the programme. In my recollection, I think they came from representative bodies, but the Chairman can check the record of who made the complaints. I think RTE fought that complaint successfully.

There was also a deal of press coverage in the immediate aftermath of the programme. Richard Curran is on record, in the book by O'Donovan and Murphy, as talking about the reaction to him in the aftermath of that programme. Richard Curran worked as a correspondent in news before moving to the *Irish Independent*. I have known Richard for a long time, so I would have talked to him during that period.

**Chairman:** Is Mr. Mulhall saying that the editorial policy to broadcast "Future Shock: Property Crash" was taken at a lower tier of editorial decision-making as opposed to a higher tier in RTE?

**Mr. Ed Mulhall:** No; I am saying it was taken at a different tier. The decision on commissioning the documentary and broadcasting it would be taken at the TV programmes level. It would have been done in discussions with news and current affairs at the time, because those programmes - the special Monday night documentaries, as they were - ran in parallel with "Prime Time Investigates". Therefore, there was co-ordination between the current affairs section and the television programmes section about the subject matter for those documentaries.

It is obvious in terms of the coverage as well, because "Future Shock: Property Crash" ran on a Monday night, and the following night's programme on *Prime Time* had a discussion involving Morgan Kelly, as it turns out, about the content of that programme. That is one of the most highlighted examples on YouTube of the early discussions of the crash.

**Chairman:** Within RTE at the higher editorial level, were there any divergent or conflicting views on whether the programme should have been broadcast?

**Mr. Ed Mulhall:** Not at all, to my knowledge, and I would have attended all the editorial conferences that reviewed the programme. Every programme that we broadcast would be reviewed on Friday after broadcast, at which time we would deal with any issues that came up in the programmes. It would have been discussed in advance of broadcast in the forward plans. If there had been a major issue it could have been brought up at an executive board, so I can say none of that came across.

The other thing that is probably worth stressing as well - I will probably come back to this later - is that it was not an isolated programme from RTE in that period. A year previously, in June, the other documentary that I mentioned in my statement, "Boom", which George Lee presented, dealt with pretty much the same issues in a wider context.



**Chairman:** That was important.

**Mr. Ed Mulhall:** That was in June 2006. I would like to talk about that in a bit more detail as we go on. Therefore, it was not an unusual thing. That did have a reaction as well: there were headlines in the newspapers the following Sunday related to that programme.

**Deputy John Paul Phelan:** I welcome Mr. Mulhall and Mr. Mulligan. Following on from the Chairman's opening question, I was also going to ask about the "Future Shock: Property Crash" programme. Mr. Mulhall mentioned a number of formal complaints that were made. Was there informal contact either with Mr. Mulhall or with the producers of the programme, or the subsequent "Prime Time", on which there was a discussion about the programme, rather than a formal complaint to the Broadcasting Authority of Ireland?

**Mr. Ed Mulhall:** I do not have any knowledge of that, if there was.

**Deputy John Paul Phelan:** In Mr. Mulhall's ten years in his role as managing director of news and current affairs, were there any moments when members of the banking industry or the construction sector, or their representatives, met either formally or informally with RTE, and where discussions about news content or editorial decisions took place?

**Mr. Ed Mulhall:** Not that I would have knowledge of.

**Deputy John Paul Phelan:** Yesterday one of our witnesses was Dr. Julien Mercille. In his presentation to the inquiry, he made the following observation, "During the boom years RTE had as chairman a director of Anglo Irish Bank, which epitomised the excesses of the Celtic tiger and property lending." To Mr. Mulhall's knowledge, at any stage did that institution or any other financial institution attempt to influence - or maybe not directly influence, but have any discussions about - editorial matters or news content matters within RTE? If they did, will Mr. Mulhall comment?

**Mr. Ed Mulhall:** The answer is "No". The particular chairman of the authority is mentioned and named in Dr. Mercille's books, so it is not hard to find out who he was. He is now deceased. In my recollection of him as chairman of the authority, he was one of the best chairmen in terms of trying to get RTE - particularly the business side of RTE and the financial structures - in order. He was very significant in the licence fee campaign in 2002. Another subsequent chairperson is also mentioned in Dr. Mercille's book, and she was probably one of the strongest chairpersons in terms of standing up when complaints happened. It might be simplistic to cast people in a particular role. Certainly, with regard to the deceased former chairman I am referring to, I come from a very different perspective on a lot of things, but never in any of my dealings with him would he have tried to influence me with regard to coverage of business or banking matters or of the company he originally came from.

**Mr. Paul Mulligan:** I would like to make an additional comment, please. The chairman referred to in the book was actually chairman of RTE between the years 2000 and 2005. From a commercial revenue point of view, they were not the biggest years. The year 2004 was the first year we actually started to make any money in the boom period as such. He actually was not the chairman for the boom period, but putting a name like that into it makes a point. There is another point I would make. I do not mean to be facetious, but if he was a director of Anglo Irish Bank, RTE never received any money or any advertising or content or anything from that bank. If there was cross-pollination, it certainly did not happen in relation to revenue to RTE.

**Deputy John Paul Phelan:** To summarise Mr. Mulhall's comments, he is saying that in

his ten years there were never any formal or informal meetings between RTE management and editorial staff and financial institutions or their representatives, or representatives of construction-----

**Mr. Ed Mulhall:** Not that I was involved in or have knowledge of.

**Deputy John Paul Phelan:** I will refer now to the period of the bailout. It has been commented on in many places that it was mostly the international media that broke the story of assistance being sought by Ireland from the IMF and the European Commission, before the domestic media discovered it. Was there any pressure exerted on RTE at that time as to its reportage and what it should or should not cover? Not covering something could often be as significant as covering it.

**Mr. Ed Mulhall:** We are moving on a couple of years.

**Deputy John Paul Phelan:** Yes.

**Mr. Ed Mulhall:** I do not mind answering that question if the Deputy wishes me to answer. The main difficulty that RTE journalists had at that time was getting people to answer direct questions right through that period. Everyone remembers pictures from RTE programming of Ministers shaking their heads and denying things that were happening. There were people refusing to give information to correspondents. In fact, at the same time as the BBC was breaking the story that the bailout was happening, RTE's business correspondent was on RTE programming talking about the same issue. The most significant intervention in terms of alerting the public that the denials were wrong was the phone call from Patrick Honohan to "Morning Ireland". That was a very fraught period. It is a long way from the period we are discussing, but in terms of the interaction between Departments and Government representatives and all media, it was a very fraught period. I would be denying a lot of things if I said it was not fraught, because it was a very fraught period.

**Deputy John Paul Phelan:** Was Mr. Mulhall contacted by the Government press secretary at the time, or other press agents for Government parties?

**Mr. Ed Mulhall:** There is, was and continues to be, continuous contact between anyone in an editorial position in RTE and those people. The bigger the story and the closer to election or a major event, the more exercised and consistent such contacts are. So, yes, of course there was.

**Deputy John Paul Phelan:** The point I am trying to get to is the next question. Was it put to Mr. Mulhall or inferred in any of those contacts that coverage by RTE could at that particular juncture create, for instance, a run on the banks? Were any implications rather than direct comments made?

**Mr. Ed Mulhall:** In order to be accurate in terms of the period, we need to separate out the timeframe. One of the challenges faced by the inquiry is that when looking back, everything gets pulled together into one timeframe. The gap between the guarantee and the bailout and the troika was nearly two years. It is a long period of time. I will walk back into the timeframe I was asked to deal with, because it gives an answer to the Deputy's question.

I have mentioned in my statement the reaction to the "Liveline" programme just before the first guarantee, the €100,000 guarantee on deposits, which was in September. It is on the record in Deputy Murphy's brother's play, and I think it is in David Murphy's programme as well, that

the Minister for Finance contacted the director general arising out of concerns about that “Live-line” programme and a worry about a run on the banks and that sort of pressure. The Minister also contacted me directly, which was unusual. Normally, my contact with politicians would be informal or through the press representatives. It was a very proper and in no way inappropriate contact. The contact was to do with concerns that a Northern Rock-type panic might ensue in the aftermath of that programme. I had a very formal conversation with him in which I said that we had reported on the six o’clock news that there were concerns about money leaving institutions on that day. We were accurate in our reporting because we had checked it. In fact, two correspondents were working on the story at the time. I said that it was not my role or RTE’s role to assure the public that the banks were okay; that was the role of the Central Bank, the regulator or the Minister. I said that if one of those people wanted to come on air to make those assurances, if they were to make it in time for the nine o’clock news we would make sure that would happen. What happened was that the Financial Regulator came out to RTE and did an interview with George Lee, and that was broadcast on that evening’s nine o’clock news. He subsequently appeared on “Prime Time” the following week.

**Deputy John Paul Phelan:** In summary, the discussion did not have a direct impact on editorial policy or anything within-----

**Mr. Ed Mulhall:** It had the opposite, I would think. The editorial line was fairly firmly stood by. People who have a responsibility, whether they are elected or are in a regulatory function, have a duty to talk to the public rather than trying to get the media to do their job for them.

**Deputy John Paul Phelan:** The remainder of my questions are mostly for Mr. Mulligan. I refer Mr. Mulligan to his opening statement in which he stated that property-related advertising accounted for less than 1% of total commercial revenue at its highest point in 2007. He said the total for the financial institution category was less than 5%. I ask the witness to outline briefly those two categories from the point of view of property-related revenue in particular.

A lot of advertising in different forms of media comes from other categories that are not directly linked with property in terms of the actual construction sector, whether it is electrical supply companies, home furnishings or anything else. Does the 1% figure include those industries which were directly linked to construction but were not actually construction themselves?

**Mr. Paul Mulligan:** No, I do not think so. When I am talking about property I am talking about actual people who were promoting property, such as estate agents - some of it was for foreign estate agents and some of it was for holiday homes abroad. There was very little and the figures were very small. It would not include-----

**Deputy John Paul Phelan:** Knock-on industries.

**Mr. Paul Mulligan:** No. Knock-on industries - furniture or bedding or electrics - would not be included. They would be classified as household goods and services within our classification and not within property. Obviously the fact that more houses were being built and more people were occupying houses would have meant more advertising for household goods. To what extent that was lifted by the boom I could not say, but the answer to the question is that I am talking about pure property advertising.

**Deputy John Paul Phelan:** I refer to the book by Donal O’Donovan and the Trinity professor Antoin Murphy, *The Fall of the Celtic Tiger: Ireland and the Euro Debt Crisis*. They write that the media experienced a boom in profitability associated with rapidly rising property-

related advertising revenues. In light of what Mr. Mulligan has just stated, does he think that statement applies to RTE in the period in question?

**Mr. Paul Mulligan:** Was there growth in the property sector? Yes. Was there growth in the financial sector? Yes there was, although most of the financial advertising at the time, when I look back, tended to be of a corporate nature rather than specifically about house buying or house purchase, although there would have been mortgage advertising as well. The degree to which broadcast media benefitted any way directly from the property boom is certainly exaggerated. When one looks at the major advertising categories at the time in the broadcast media, the main product categories at the time were things like food, retailers, toiletries and cosmetics, generally fast-moving consumer goods. The medium itself is not deemed to be as suitable for property-related advertising; we do not do supplements.

**Deputy John Paul Phelan:** I have a final question. I refer to the remuneration structure within the marketing department in RTE at the time and salaries versus bonuses. What was that structure? Was it an incentive-based system for employees to get more advertising from property or other sectors?

**Mr. Paul Mulligan:** There were bonuses in place. Most sales operations have targets and there are incentives to exceed the targets. Across the period 2004 to 2008 there would have been bonus schemes in place. They were not always there. Was there anyone targeting the property market? It was not a market that we ever saw potential in.

**Deputy John Paul Phelan:** Yesterday we heard evidence from Harry Browne, who listed five or six programmes that RTE had on the air in the period we are talking about. Some were about overseas properties and some were about domestic properties. Advertising was sold during those programmes - often not directly related to property itself - but property and construction was a part of the programming make-up in RTE at the time. Surely this did have an impact that was greater than 1% on the revenues of RTE.

**Mr. Paul Mulligan:** Within RTE there was certainly what was called a property stream of programmes. There were four or five different programmes, but these did not all run at the same time; some of them ran for two years and some for three years. They existed before the property boom. There are probably three programmes currently on RTE that have nothing to do with the property boom but are in the same area. They are there because the Irish people have a fascination - maybe not an obsession, which was the word used yesterday - but a fascination with property that is historically well based. There is a huge interest in property. It may not be unique to Irish viewers. Some of the commercial channels in the UK seem to specialise in property programmes and they are very popular. There is an interest in property programmes and in design and in developments in eco-housing. There is a huge interest in property. However, the advertising around those programmes was likely to be for soap powder, toiletries and cosmetics and other products. There was nobody selling houses around those programmes.

**Senator Marc MacSharry:** I welcome the gentlemen and I thank them for their presentations. Yesterday, Dr. Julien Mercille of UCD said that RTE sustained the national obsession with houses. Would Mr. Mulligan agree with this view from his perspective within the commercial function of RTE?

**Mr. Paul Mulligan:** I read some of what Dr. Mercille said and has written, although I did not buy the book. There is huge value in rigorous academic research in terms of looking at the issues that were around at the time and in learning the lessons so that we do not make the same

mistakes again. That is what we are here today to talk about. However, I have some problems with his analysis of these things. To a large extent his analysis was not centred on RTE; it was centred on two very large business groups, *The Irish Times* and the *Irish Independent* group. He says that by their very nature as big businesses, they were in cahoots with big business itself. He stated that that was a known fact. I did not see the proof for that fact in his analysis - it was a case of "That is a fact." His view is that because these newspaper groups were in bed with big business and property business, the only view that was ever going to be in their media was support for business and those financial and property businesses. However, in reality, *The Irish Times* is read by 9% of the adult population in Ireland and the *Irish Independent* is read on a daily basis by 16% of the adult population in Ireland. There are local radio stations and local press in every county in Ireland that far exceed the kind of audiences that any of those newspapers have. Is there a supposition that these other media were part of the conspiracy too? If they were-----

**Senator Marc MacSharry:** To focus on RTE specifically, as opposed to the philosophical issue, does Mr. Mulligan believe Dr. Mercille is right or wrong in what he is saying - that RTE sustained the national obsession with houses?

**Mr. Paul Mulligan:** As I was saying earlier, without doubt there is a huge interest in property-----

**Senator Marc MacSharry:** I am limited in the time I have for questions. I will move on, because I think we understand Mr. Mulligan's view on that matter. Mr. Mulligan is in charge of revenue, and programming is something different. Is there ever a situation in which he sees that there is money in something and suggests doing a programme on X, Y or Z, such as property? Did this arise in that period?

**Mr. Paul Mulligan:** There are occasions on which there are holes in our schedule in terms of audiences.

**Senator Marc MacSharry:** It is not about holes in the schedules; it is not a case of looking for a stocking filler for 4 a.m. Would Mr. Mulligan have taken the view at any stage that there is money in property and we should look at developing programming around it? I do not need to name the programmes. Dr. Mercille named five or six of them yesterday. Do those conversations take place?

**Mr. Paul Mulligan:** No.

**Senator Marc MacSharry:** They do not. So is it a matter of accident that a house-hunting programme might develop on programming. Who arrives at that decision?

**Mr. Paul Mulligan:** That is an editorial decision. We have a programme schedule that has different parts to it. News and current affairs is one part, while education and children programmes are other parts.

**Senator Marc MacSharry:** It was coincidental then that a number of programmes to do with house-hunting, designing and various things like that emerged over the period.

**Mr. Paul Mulligan:** It is as coincidental now as it was then.

**Senator Marc MacSharry:** Okay.

**Mr. Ed Mulhall:** I will comment although it is not my area. Programmes, and particularly

lifestyle programmes, also reflect - I think it would be wrong to pretend otherwise - what people are watching. Particularly in a schedule, one is looking for a mix of programming. Therefore, if a house buyers' programme or a house improvement programme is not being watched and is not going to be renewed, it is sitting beside consumer programming, "Check-Up" and that sort of programming, which falls within, and would be commissioned from, the same area.

While we are on it, and I am sure it will come up again, it is important to distinguish between the programmes. There was a list of programmes and they are different. There are ones that one could certainly say are boom programmes - at least, I would say they are boom programmes - like "House Hunters in the Sun" and there are other ones that are house improvement programmes. There was a deliberate editorial policy to shift from one to another in 2006 and 2007.

**Senator Marc MacSharry:** There is never any commercial relationship or overlap-----

**Mr. Ed Mulhall:** No.

**Senator Marc MacSharry:** -----even at board level, to say: "Do you think we should make a programme or programmes, or focus a little bit on education, science or property?"

**Mr. Ed Mulhall:** There is discussion and certainly at television board level one is talking about trying. Science is a great example. RTE would have gone through periods when it was poor in its delivery of science programming, and there would be an effort to try to improve that. In terms of strands, that would be normal.

**Senator Marc MacSharry:** I do not mean to cut across Mr. Mulhall, but my time is limited. In the relevant period, 2002-2007, would Mr. Mulhall say there were more programmes to do with owning a home, selling a home, doing up a home, looking at homes and living in homes than there were about "Boom", "Future Shock" or "Prime Time Investigates" to do with the property boom and bust?

**Mr. Paul Mulligan:** Programmes within that-----

**Senator Marc MacSharry:** That question was for Mr. Mulhall first.

**Mr. Paul Mulligan:** Sorry.

**Mr. Ed Mulhall:** It depends on what one counts. If one counts specially dedicated programmes to deal with property issues, news programmes were dealing with those all the time. Therefore, if I add in news programmes, I am way above any other category of programming.

**Senator Marc MacSharry:** Obviously, the news of the day can include that.

**Mr. Ed Mulhall:** I am sorry but I just want to be helpful. These sort of strands run in eight programme slots, so they are probably running almost in the same slot.

**Senator Marc MacSharry:** Is it more or less, not counting the news?

**Mr. Ed Mulhall:** One cannot not count the news.

**Senator Marc MacSharry:** I am specifically not counting the news. Therefore, not including the news, but let us include "Prime Time", how many programmes were there on houses versus the boom?

**Mr. Paul Mulligan:** From memory, I cannot verify exactly. I would say there were probably two house programmes a week. Some of them were on design, some on interiors and some may have been “House Hunters in the Sun”. There might have been two programmes a week. There were two “Prime Times” programmes and there were news bulletins.

**Senator Marc MacSharry:** Is it proportionate with what Dr. Mercille said, that in that period RTE sustained the national obsession with houses?

**Mr. Paul Mulligan:** As I was trying to explain earlier, there were house programmes before there was ever a boom. There are house programmes on at the moment. I counted today that there are three house programmes in existence in the RTE schedule at the moment. The Senator is quoting Dr. Mercille as saying he listed five programmes and therefore they were all on every night of the week, but that is not true. They were on usually for periods of about six weeks, and they would be on one night a week. Then there would be another programme on one night a week.

**Senator Marc MacSharry:** How many were there, just so that we are clear?

**Mr. Paul Mulligan:** One must look at it all together.

**Senator Marc MacSharry:** How many episodes were in “Boom”, or was it a one-off programme?

**Mr. Ed Mulhall:** “Boom” was a one-off programme.

**Senator Marc MacSharry:** Was “Future Shock” a one-off programme?

**Mr. Ed Mulhall:** “Future Shock” was a one-off programme.

**Senator Marc MacSharry:** So they were two one-off programmes. Was the Morgan Kelly “Prime Time” a one-off programme?

**Mr. Ed Mulhall:** No. “Prime Time” appears-----

**Senator Marc MacSharry:** No, I am asking about the one that Mr. Mulhall specifically referred to. He said it led to a “Prime Time” programme, so was that a one-off programme which dealt with that particular issue?

**Mr. Ed Mulhall:** It depends.

**Senator Marc MacSharry:** Mr. Mulhall referred to it.

**Mr. Ed Mulhall:** I do not want to be unhelpful.

**Senator Marc MacSharry:** No, but we are just trying to develop a picture of the period.

**Mr. Ed Mulhall:** Okay.

**Senator Marc MacSharry:** The picture so far, and correct me if I am wrong, is that we have six-week stints of housing programmes. I am counting: we have one episode of “Boom”, one episode of “Future Shock”, and one episode of “Prime Time” dedicated to that issue. Is that correct or not?

**Mr. Paul Mulligan:** If the Senator wants me to deal with this, I will deal with it because it is an important issue. I will go through a list of 120 programmes dealing with the issues related

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to the inquiry. Some 40 of them are in current affairs alone, and that is not counting radio programmes or other programmes that deal with the-----

**Chairman:** Mr. Mulligan may have 120 programmes but he has five minutes left.

**Mr. Paul Mulligan:** Okay.

**Mr. Ed Mulhall:** I do not want to cut across the Senator, but-----

**Senator Marc MacSharry:** Mr. Mulhall will have plenty of time to talk later but I will not, so I want to keep to the point.

**Mr. Ed Mulhall:** That is because the Senator is asking me numerical questions, to be honest.

**Senator Marc MacSharry:** Absolutely.

**Mr. Ed Mulhall:** I will answer him numerically if he wants me to do so.

**Senator Marc MacSharry:** Let us do it then.

**Mr. Ed Mulhall:** In order to do that, however, I will have to go through the list. If the Senator wants me to deal with his substantive-----

**Senator Marc MacSharry:** We do not have time for the list.

**Mr. Ed Mulhall:** Okay, well then-----

**Senator Marc MacSharry:** Let us deal with proportion, as in percentages, rather than numerical.

**Mr. Ed Mulhall:** I would prefer to deal with the substantive issue. Did RTE sustain the boom? No.

**Senator Marc MacSharry:** Mr. Mulhall answered that question, but I have now moved on to try to demonstrate for myself. I am not listening to yesterday's guy, I am trying to develop my own questioning.

**Mr. Ed Mulhall:** Yes, okay.

**Senator Marc MacSharry:** It seems to me, and correct me if I am wrong, that Mr. Mulhall is saying there were three programmes versus a series of programmes.

**Mr. Ed Mulhall:** No, I am not.

**Mr. Paul Mulligan:** Can I interrupt for a second?

**Senator Marc MacSharry:** Yes, of course.

**Mr. Paul Mulligan:** Probably the longest-running programme that people will still be familiar with is "Room to Improve", which is running at the moment, and has run almost right through the series. If one looks at that programme and says: "You had one "Prime Time" which said the property boom is dangerous, and you had ten "Room to Improve" programmes", the "Room to Improve" programme had nothing to do with promoting the property boom.



**Senator Marc MacSharry:** I did not say that.

**Mr. Paul Mulligan:** The Senator is trying to do the equation and I am just saying they have nothing to do with each other.

**Senator Marc MacSharry:** With respect, Mr. Mulligan has mentioned the examples, not me.

**Mr. Paul Mulligan:** Yes.

**Senator Marc MacSharry:** He mentioned “Future Shock” and “Boom”. Having read the complaints to the Broadcasting Authority of Ireland, which can be checked on its website, both of those programmes claimed from the outset to be portraying a hypothetical situation, rather than issuing a warning.

I have just read on the RTE website the description of the “Boom” programme for 1 June 2006. If Mr. Mulligan is going to draw from the past that these were big warning signs, I am merely asking him to tell me about all the other programmes that RTE was showing at the time, the frequency with which they were on, which were promoting house purchase versus the three individual occasions in the relevant period. That is all I am saying. I think we get the picture and I want to move on.

**Chairman:** The Senator has three minutes.

**Senator Marc MacSharry:** At what time did the sponsorship of programmes begin in RTE?

**Mr. Paul Mulligan:** The sponsorship of programmes goes way back. In the early days of radio all programmes were sponsored at one stage. Those of us who are old enough will remember all the sponsored programmes. As regards television, it was probably from the very early days. I could not say exactly, but the first sponsored television programmes were probably in the 1960s.

**Senator Marc MacSharry:** In the relevant period, what were the typical contractual arrangements for sponsoring a current affairs programme?

**Mr. Ed Mulhall:** One is not allowed to sponsor current affairs programmes on television.

**Senator Marc MacSharry:** All right, okay. Or any programme for that matter.

**Mr. Paul Mulligan:** Any programme? Does the Senator have an example?

**Senator Marc MacSharry:** Mr. Mulligan can pick one.

**Chairman:** “The Late Late Show”.

**Mr. Paul Mulligan:** That is an interesting one actually. “The Late Late Show” has had a number of sponsors over the years.

**Chairman:** It has product placement, as well.

**Mr. Paul Mulligan:** It has product placement in it, yes. The product placement within “The Late Late Show” is usually the competitions. If one gets something of a value of more than €5,000, one must put that up as a notice to the viewers so it is clear that one got the prizes for

nothing. That is a regulatory requirement. To revert to the Senator's question, he asked me what was the arrangement.

**Senator Marc MacSharry:** What are the typical contractuals? If I am to sponsor "The Late Late Show", what is in it for me?

**Mr. Paul Mulligan:** From the Senator's point of view, there may well be a lot in it but from our point of view, we get an amount of revenue. In return for that revenue, the sponsor gets credits going in and out of the programme, which gives their message but basically, it must say this programme is sponsored by whoever it is.

**Senator Marc MacSharry:** Could the marketing manager get me a slot on a show in June if I wanted it?

**Mr. Paul Mulligan:** No, although on "The Late Late Show", the sponsor generally puts up at least one prize per year, which might be a major trip or whatever it is.

**Senator Marc MacSharry:** I meant in terms of an interview on the panel.

**Mr. Paul Mulligan:** No, interviews are not part of the contractual obligations in respect of programmes.

**Senator Marc MacSharry:** Mr. Mulhall mentioned the issue of hindsight bias. Who did he quote on that?

**Mr. Ed Mulhall:** Peter Lunn.

**Senator Marc MacSharry:** Does Mr. Mulhall think that RTE's news reportage over the years, and perhaps even at present although that is outside the relevant period, was free of hindsight bias?

**Mr. Ed Mulhall:** When I quoted the hindsight bias quote, I was quoting it as a warning to myself.

**Senator Marc MacSharry:** To Mr. Mulhall himself? Does he think there were others or was it to absolve everybody?

**Mr. Ed Mulhall:** No, I am not absolving myself. There is a danger for us all, in terms of looking back at the period and thinking that we predicted things better than we may have done. That was and is a caution worth having. It is a journalistic caution worth having all the time.

**Senator Marc MacSharry:** Absolutely. Finally, were competitions ever run that had property as a prize? Could one ever win an apartment, a valuation, the design of a house or a site?

**Chairman:** As the Senator is over time, I require a response.

**Mr. Paul Mulligan:** While I probably would remember this to a greater extent than would Mr. Mulhall, I cannot remember any.

**Senator Marc MacSharry:** I thank the witnesses.

**Chairman:** I wish to raise one matter in respect of Mr. Mulligan's opening statement because he gave a summarised version of it. I wish to clarify one matter that was in the text but with which he did not deal. It is on the first page of his statement and states "As a dual funded

organisation RTÉ is restricted in the amount of advertising it is permitted to broadcast to roughly half of that allowed to commercial broadcasters.” What does that actually mean?

**Mr. Paul Mulligan:** Obviously, being dual-funded means one has funding from the State through the licence fee of which most, albeit not all, goes to RTE.

**Chairman:** I am trying to establish whether that is in monetary terms or in minutes.

**Mr. Paul Mulligan:** In minutes.

**Chairman:** Mr. Mulligan will be aware of how, if one watches American television, one will see an advertisement every 15 minutes.

**Mr. Paul Mulligan:** Yes, within the regulations, RTE is permitted on television to have 10% of its broadcast time as advertising. Commercial channels are allowed 20% and so that averages out at six minutes in the hour, as opposed to 12 minutes in the hour. On RTE radio, RTE is permitted to have 7.5% of its time in advertising, whereas local and commercial radio is allowed 15%. Therefore, it is half.

**Chairman:** To interpret that sentence correctly, Mr. Mulligan is talking about time accrued to programming, as opposed to the commercial value.

**Mr. Paul Mulligan:** No, it absolutely refers to time.

**Chairman:** I thank Mr. Mulligan and we will move on to Senator Barrett.

**Senator Sean D. Barrett:** I welcome the witnesses. On the fifth page of Mr. Mulligan’s submission to the committee, there is an item from 15 November 2006 referring to “I’m An Adult, Get Me Out Of Here” which states “No problems with Financial Regulator – lovely fit”. What was that account about? What did that mean?

**Mr. Paul Mulligan:** I explained at the beginning of my introduction that in order to make sure that we put into place our statement that there will not be any influence on our programmes, we have committees in place, one of which is a sponsorship committee. Usually, a proposal will come from our own sponsorship people who might say they are going to meet the Financial Regulator, which has expressed an interest in possibly doing something in RTE and whether it would be suitable for it to sponsor this programme. That would have been the request and I think the minute to which the Senator referred was from the minutes of such a meeting to say yes, it would be a lovely fit. As can be seen from other minutes I have dictated there, this is not always the case.

**Senator Sean D. Barrett:** This committee is looking at the Financial Regulator and I am intrigued that he was making television programmes with RTE because we are trying to find the €64 billion that disappeared from this sector he was regulating. How many people from the Financial Regulator’s office used to be involved in monitoring RTE’s programmes?

**Mr. Paul Mulligan:** None. There was no involvement of the regulator. Let me make this clear. The sponsorship committee within RTE would vet any proposal to ascertain whether it was a suitable sponsor. At the time the Financial Regulator as a sponsor came up as a concept. At the time, we had a programme called “It’s Your Money” and the regulator has a site that is similarly called. The idea was whether it would be possible for the Financial Regulator to sponsor this, if it wished to so do. Discussions were held with the Financial Regulator and eventually it never happened. However, the reason the concept came up was because at the

time, as the Senator may remember, the regulator was advertising with RTE. Most people will remember the guy standing up on the bus saying he did not know what a tracker mortgage was. The regulator was advertising the fact that it was trying to educate people in financial issues. The concept was about whether the regulator could advertise a programme and the note cited by the Senator said yes it could, it was a good fit.

**Senator Sean D. Barrett:** I thought the man on the bus would be interpreted differently now, as they did not know what a tracker mortgage was and nor did a lot of people in the banks.

The next question may be to Mr. Mulhall. Would it be true that the business coverage, in particular as it relates to the Stock Exchange, is somewhat uncritical? In other words, it announces a glowing profit for company X but is not focused on whether that company rigged the market or gets massive subsidies or huge tax breaks or whatever.

**Mr. Ed Mulhall:** It is very hard to generalise but as a listener, I would think the morning business slot on “Morning Ireland”, which really is what the Senator is talking about and is the programme that most normally interviews companies or whatever about their results, is quite critical in terms of its questioning. Sometimes, some of the edgier questions with some of the bank officials over this period would have been in that slot because that was the only time in a lot of cases that bank chief executives were available for interview.

**Senator Sean D. Barrett:** I thank Mr. Mulhall for his document, which I hope he puts into book form at some stage, particularly around page 7. As a general question, of all the lessons that Mr. Mulhall was watching and in which he was participating, how would he advise the committee on measures to prevent a recurrence? What should we do the next time, to make sure this €64 billion bill, which both the Oireachtas and society as a whole were obliged to face, never again arises?

**Mr. Ed Mulhall:** That is a very big question. As for the committee’s work, it remains to be seen what will be the impact of its recommendations. Obviously, much of how the committee’s work is reviewed will come from the nexus phase and the conclusions the joint committee draws from that period. I also have an interest, to which I alluded at the end of my statement, on the policy side of what are the conclusions from this committee because frankly, the structures may change and may alter a bit but it really is on the legislative side that the members of this committee can have the most direct input. The joint committee has spokespeople present who more than likely will be spokespeople for the parties in the next election and they will have an ability to bring what they have learned from this committee’s deliberations into that campaign. The policy failures of this period probably are as interesting as some of the other sides of the equation.

**Senator Sean D. Barrett:** I thank Mr. Mulhall and Mr. Mulligan.

**Deputy Joe Higgins:** I refer to those programmes that have been mentioned, such as “I’m An Adult, Get Me Out Of Here”, “House Hunters” etc. One of those programmes was presented by a person who was the managing director of a property finance company and was a mortgage broker. In the course of those programmes, he would have been encouraging people to go out and buy, for example, just before the 2007 general election. These programmes were aired late on in the boom cycle. Did RTE have any concerns about a conflict of interest in terms of broadcasting a programme about buying houses which was presented by someone with a direct business interest in the mortgage market?

**Mr. Paul Mulligan:** I think the programme the Deputy is talking about is “I’m an Adult, Get Me Out of Here!”. That programme was presented by someone who was an expert in trying to advise people. The programme, for those who do not remember it, centred on people in their 20s who had spent long enough at home, who wanted to move out but did not know what they could do, what they could afford or how they would go about it. One could call that pushing the property market but I would call it consumer information. I understand that-----

**Deputy Joe Higgins:** There were other programmes including “House Hunters” and “House Hunters in the Sun”. The presenter of the former programme, in a web chat on RTE’s website in May 2007, wrote “... buy now, buy if you can ... Supply in property is currently outweighing demand and there could be deals to be done”. She also wrote, “My advice is to buy now ... should the next government abolish stamp duty for first timers this will simply put the price of properties for first time buyers ... UP!” and “I suggest buying now before buyers come back to the market”. The presenter was asked, “Do you think that the property market could crash?” and replied as follows: “No ... I don’t think any government can afford to let that happen. A levelling off is what we are seeing.” This was in May 2007. Again I raise the issue of a conflict of interest because this was someone who was not a so-called expert but a player in the property scene. The first-time buyers who were being given advice in 2007 may have acted on that advice, just before the bubble burst and finished up in serious negative equity. Does Mr. Mulligan think that RTE might have some responsibility for that disaster?

**Mr. Paul Mulligan:** I am not sure that the quotes the Deputy has cited came from the programme itself. I think they may have come from their private-----

**Deputy Joe Higgins:** They came from a web chat on RTE’s website in May 2007.

**Mr. Paul Mulligan:** I am just making the point that they were not part of the broadcast programme. Did young people buy property in 2007 that tumbled in value? Yes, they did; of course they did. Did the people making those programmes or the experts know this would happen? I do not know but I do not think so. There is a little bit of hindsight at play here in the sense that we know the bubble burst. The question was, when did it happen? It was probably going to happen and whether one was in before it or after it determined whether one was left with a burden or an asset. I wish we all knew then what we all know now but we did not.

**Deputy Joe Higgins:** Some of RTE’s most prominent current affairs presenters are on the record as having invested heavily in the property market. Does Mr. Mulhall believe there should be a register of interests and liabilities for current affairs presenters on RTE or, indeed, generally?

**Mr. Ed Mulhall:** I think there is a requirement on people in RTE, as specified in the journalism guidelines and the programme-maker’s guidelines, to declare any conflicts of interest, and I agree with that.

**Deputy Joe Higgins:** There are some things that people could not know during the bubble, but one thing that was known was the price of homes and how that was inflating. Our researchers show concretely that from 1996 to 2006, the price of a home for an average working person went up each year by the equivalent of the average industrial wage. That happened every year for ten years. That was put down, in many quarters, to rampant speculation in land and rampant profiteering.

**Chairman:** Can we have your final question please, Deputy?

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**Deputy Joe Higgins:** That had a huge impact in enslaving young people with 40-year mortgages and unsustainable levels of debt. Did RTE ever launch an investigative journalism project or initiative to uncover the kind of rampant profiteering that was going on in land speculation and the housing industry, considering the detrimental and hugely negative social impact that had on young people in particular?

**Mr. Ed Mulhall:** My answer to that would be “Yes”. There were two “Prime Time Investigates” programmes specifically dealing with the issue of planning. I will pass on the dates for those programmes to the committee. There was also a “Prime Time Investigates” investigation into housing agents and one on mortgage products arising out of the sub-prime issue. There were two big investigations, one early in the “Prime Time Investigates” series and one subsequently. In the period immediately after the crash, there was one specifically on building, builders and speculation, as well as one on the banks. There were a number of specific programmes and the ones to which I am referring were fully fledged “Prime Time Investigates” type programmes.

**Deputy Joe Higgins:** Have I time for another question?

**Chairman:** No.

**Senator Susan O’Keeffe:** To follow up on the conflict of interest register, at what point was that introduced and what was the implication for a presenter or journalist if he or she registered an involvement with or a stake in a company?

**Mr. Ed Mulhall:** I did not say it was a conflict of interest register. What I said was that there is a journalistic guidelines requirement to declare any conflicts of interest.

**Senator Susan O’Keeffe:** Okay. Did journalists at RTE declare conflicts of interest?

**Mr. Ed Mulhall:** The conflicts of interest would be specifically related to a request for an engagement or some work that the journalist would like to do. They would mostly be what I would have dealt with and I would have dealt with that sort of thing on many occasions.

**Senator Susan O’Keeffe:** To go back to my colleague’s question, there are people on the record who were known to have had big-----

**Mr. Ed Mulhall:** I can think of only one.

**Senator Susan O’Keeffe:** I can think of two but they were known to have had big property investments.

**Mr. Ed Mulhall:** The one I am thinking of-----

**Senator Susan O’Keeffe:** Was that noted or known? Would RTE have perceived that to be a conflict of interest?

**Mr. Ed Mulhall:** I do not know is the simple answer, in terms of the knowledge. If we are talking about the same issue, which became a story in the aftermath of that period, I am not certain about that having been declared or RTE having any knowledge of it. I do not know.

**Senator Susan O’Keeffe:** In short, if a journalist was involved in any sort of property speculation, he or she was not obliged-----

**Mr. Ed Mulhall:** No, there is no requirement on them. There is a requirement on me, as an

executive board member, to declare any interests that I would have in property, shares and so forth, of which I have none, but not on journalists, apart from-----

**Senator Susan O’Keeffe:** How about particular-----

**Mr. Ed Mulhall:** There are specific requirements for journalists working in the financial sector. It is common enough for financial journalists to be required to make declarations. Those requirements are in the guidelines for all to see.

**Senator Susan O’Keeffe:** How about particular journalists who had sponsorship deals with car and property companies? How did RTE account for them?

**Mr. Ed Mulhall:** Does the Senator have specific examples because I do not have an example of-----

**Senator Susan O’Keeffe:** I cannot name them but I do know this to be true because they told me themselves. That is how I would know and I am wondering how-----

**Mr. Ed Mulhall:** Journalists who worked in news?

**Senator Susan O’Keeffe:** Yes.

**Mr. Ed Mulhall:** If there was a conflict of interest or gifts given to them for any particular purpose, that should have been declared.

**Senator Susan O’Keeffe:** If they did not declare it, Mr. Mulhall had no way of knowing. Is that right?

**Mr. Ed Mulhall:** I have no knowledge of it as a conflict.

**Senator Susan O’Keeffe:** The “Drivetime” programme on RTE radio has had a series of sponsorship deals with three different banks. How did that come about, given that it is a current affairs programme in a prime time slot?

**Mr. Paul Mulligan:** In terms of the regulations on sponsorship of programmes, news and current affairs programmes on television cannot be sponsored at all. News programmes on radio cannot be sponsored but current affairs programmes can. That is the Broadcasting Authority of Ireland, BAI, code and is not of RTE’s making. Some radio programmes throughout the country and other national radio are sponsored.

**Senator Susan O’Keeffe:** How could RTE allow what is effectively a current affairs programme, “Drivetime”, it talks about current affairs, to be sponsored by a bank? How could RTE’s editorial hat allow a bank, any bank, at any time to sponsor that programme? How could that be? It does not matter about the guidelines but the editorial instinct.

**Mr. Paul Mulligan:** The Senator said any bank, any time. Banks are institutions that exist in our society the same as motor car manufacturers and soap powder manufacturers. They are entitled as companies-----

**Chairman:** Two minutes remain.

**Senator Susan O’Keeffe:** With due respect to Mr. Mulligan, I do not think one can compare a bank with a soap powder manufacturer.

**Mr. Ed Mulhall:** Yes.

**Senator Susan O’Keeffe:** On page 7 of his contribution Mr. Mulhall said, “Throughout this period in RTE news we were just reporting what was happening.” Would it be reasonable to say that RTE was not ever simply reporting but that the language that might be used in a report, the pictures used, the duration of the report and the position in the bulletin and that those things had a hand, act and part in how any report was given any precedence in RTE?

**Mr. Ed Mulhall:** Yes.

**Senator Susan O’Keeffe:** May I clarify an issue? When Mr. Mulhall talked about the run on the banks story a little earlier, I think he said he stood by his editorial position but said if they wanted to send the Financial Regulator on the programme that was okay. Did I understand that correctly? I was not quite clear on that.

**Mr. Ed Mulhall:** I said to the Minister at the time that if he was concerned and felt that there was a need for someone to allay this concern or give another side to what was being reported, then we would be quite happy to interview the Financial Regulator.

**Senator Susan O’Keeffe:** How was that not being influenced by the Minister, if Mr. Ed Mulhall then said to the Minister, “Yes, absolutely, Minister if you need it we will let them.”?

**Mr. Ed Mulhall:** No, sorry.

**Senator Susan O’Keeffe:** That is why I am asking.

**Mr. Ed Mulhall:** The Financial Regulator was interviewed by George Lee for the “Nine O’Clock News”. I think that was the first interview that the particular Financial Regulator had done in the course of those events and then subsequently he was also on “Prime Time” where he was asked questions about the banking sector. He was part of the story, of course, one would want to get him on.

**Senator Susan O’Keeffe:** Sorry, in the interests of clarity, was it the Minister who suggested the Financial Regulator or Mr. Ed Mulhall?

**Mr. Ed Mulhall:** I suggested to the Minister that these were the sorts of people who should be talking if he wanted the other side of the story, namely, the Minister himself, the director of the Central Bank and the Financial Regulator.

**Senator Susan O’Keeffe:** Rather than RTE say it. That is what I am trying to get at.

**Mr. Ed Mulhall:** I wanted someone to say it. We had been trying continually right through that period from a good while back to get the director of the Central Bank or the Financial Regulator to discuss what was then a growing concern within the banking sector. In fact, that started a little earlier. This is in the immediate aftermath of the Lehman’s period but there had been concerns about some of the banks prior to that.

**Senator Susan O’Keeffe:** I thank Mr. Mulhall.

**Chairman:** I want to refer back to something regarding the advertising model because I think there is a clear distinction that needs to be made in regard to a broadcast media as opposed to print media. Perhaps Mr. Mulhall might clarify this for us. In print medium circumstances one buys a quarter of a page or an eighth of a page and if the advertising comes in quick and



fast, one just prints more pages. On television and radio there is a limited slot. In terms of the laws of supply and demand, one cannot broadcast the 25th or 26th hour in the day as there are only so many hours in the day that one can broadcast and the time is very controlled in terms of how much one can allocate. How does that work? Does the price of advertising increase because the demand becomes higher?

**Mr. Ed Mulhall:** That is an interesting question on which I could probably talk to the Chairman for hours which he does not have.

**Chairman:** As a rule, does the price go up? Is that it?

**Mr. Ed Mulhall:** The price does not go up, it is fixed at the moment. Many years ago we had a kind of an auction basis system where when the breaks got full if someone was willing to pay a higher price, there was a churn. That does not happen at the moment. What we have at the moment is a fixed price. We try to forecast months in advance what the demand and supply are likely to be and we fix the price.

**Chairman:** The question I am trying to get to is this. During 2000 to 2007 was there a measurable increase in the price of, say, the 30 second slot?

**Mr. Ed Mulhall:** Yes.

**Chairman:** Was there a very measurable increase in the price of that slot during prime time viewing compared to what it is now?

**Mr. Ed Mulhall:** Absolutely.

**Chairman:** Would it be half what it is now or twice as much?

**Mr. Ed Mulhall:** Certainly it would have been about 40% to 50% more expensive at the height than it is now.

**Chairman:** So there is a 40% drop in prime time advertising.

**Mr. Ed Mulhall:** Yes.

**Chairman:** Thank you.

**Senator Michael D’Arcy:** May I ask Mr. Mulhall if “Boom” was the first of its type of programme, a single issue one-hour long programme, commissioned by RTE during that period?

**Mr. Ed Mulhall:** No, “Prime Time Investigates” predated it. “Prime Time Investigates” started around 2003.

**Senator Michael D’Arcy:** I suppose-----

**Mr. Ed Mulhall:** Also in that same slot were the David McWilliams programmes. I cannot remember the exact chronology of them but one was called “In Search of the Pope’s Children” and the other was “Ireland’s Generation Game”. They were shown in the same slot.

**Senator Michael D’Arcy:** Talking about specially commissioned programmes for just one item.

**Mr. Ed Mulhall:** They were. Mr. David McWilliams’s series were specially commissioned programmes in the same sort of category.

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**Senator Michael D’Arcy:** The “Boom” programme was aired on 1 June 2006.

**Mr. Ed Mulhall:** Yes.

**Senator Michael D’Arcy:** The analysis was by whom and how long did it take for the programme?

**Mr. Ed Mulhall:** The analysis was done by George Lee. There were a number of contributors to the programme - Padraic White, Tom Garvin, Brigid Laffan, John Farrell, Sean Dorgan, etc. I apologise for getting tied up in a numbers game with Senator Mark MacSharry earlier. The reason I used “Boom” as an example was that I was trying to make the point more in terms of the focus, because I was asked in the earlier questions when I got focused in on the issue myself. I discussed with George Lee at the time the analysis he was doing with the period. If one goes back and looks at what he said in his own presentation within that programme, clearly it deals with an awful lot of the core issues. It puts in a historic context what is in the euro context. It deals with the fact that the problems in the property market predated 2001. I know I am taking up the time of the committee but there is a lot of stuff in it and it was done by George Lee.

**Senator Michael D’Arcy:** The reason I have used it is that in previous evidence - I cannot remember which witness gave it - it was stated that was the end of the period where something could have been done. May I ask about RTE? Was there any special programme similar to “Boom” or “Future Shock”

on social partnership?

**Mr. Ed Mulhall:** I cannot think of one off the top of my head but the issues in regard to the pay deals and social partnership came into some of the programming. I can check that.

**Senator Michael D’Arcy:** Mr. Mulhall-----

**Mr. Ed Mulhall:** I have not checked in terms of those. I have a list of all the “Prime Time” programmes and quite a few deal with the social partnership issue at the time because the pay talks were going on, there was the benchmarking and there was a special on the issues in and around benchmarking. The “Prime Time Investigates” programme done by the late Mary Raftery about public spending at that time falls into that same category.

**Senator Michael D’Arcy:** In particular these fall into the period between 2002 and 2007 when there were two programmes.

**Mr. Ed Mulhall:** These programmes that I am talking about are in that period.

**Senator Michael D’Arcy:** Was there any special programme on the narrowing of the tax base?

**Mr. Ed Mulhall:** The tax base was a central element in the “Boom” analysis. The whole point of the analysis in that programme was the shift in taxation and the dependence of the State on property-related taxation. He then went into scenarios - if there was a reduction in the number of houses being sold and the impact in terms of revenue and employment over a five-year period.

**Senator Michael D’Arcy:** Was there any specific programming on the SSIA scheme?

**Mr. Ed Mulhall:** Yes. It featured as a special component on a “Prime Time” programme.

**Chairman:** Two minutes remain for Senator D’Arcy.

**Senator Michael D’Arcy:** In page 22 of Mr. Rob Wright’s report, the conversation starts with the Minister and his officials within the Department of Finance where the projected spending was and where it eventually got to. Was there any specific programming in that same period about the expenditure by budget time?

**Mr. Ed Mulhall:** Yes. In the run-in to each of the budgets there was analysis about where the expenditure was at and the taxation plans as there was in advance of the two elections they covered in the period as well.

**Senator Michael D’Arcy:** Does Mr. Mulhall have any information about exactly what the percentage breakdown of the programming was?

**Mr. Ed Mulhall:** I have details of the “Prime Time” programmes across that period. These could give the committee an idea of the topics that those involved covered and the sort of contributors who were on the programme. I can provide that.

**Senator Michael D’Arcy:** Mr. Mulhall was with RTE in the 1970s. Is that the case?

**Mr. Ed Mulhall:** Only barely.

**Senator Michael D’Arcy:** Half of the members of this committee were born in the 1970s. I am simply making the point that Mr. Mulhall is an experienced editor. What was his view in respect of the comment by a previous Taoiseach to the effect that the people talking down the economy should consider suicide?

**Mr. Ed Mulhall:** It was a very unfortunate and insensitive remark. I think he regretted it very quickly himself. The reason we quote it - I quoted it in my longer statement - is that it was indicative of a certain attitude to people who were criticising or seen to be critical of the economic policy of the time. It was not the first time that a similar comment was made. In fact, let us consider the “How We Blew the Boom” programme again. I do not want to keep coming back to it, but there was an equivalent comment the following Sunday directly about the boom programme from the Taoiseach. In George Lee’s contribution to the O’Donovan book, he sees that comment as indicative of comments he was getting from political circles in that period.

**Deputy Pearse Doherty:** Cuirim fáilte roimh an bheirt go dtí an fiosrúcháin. There has been much talk about residential property over the last period and in today’s evidence as well. I want to tease out the role that commercial property played. We have heard evidence to the effect that commercial property played a fundamental role in the crisis. To Mr. Mulhall’s knowledge, did RTE cover programmes about the building up of the Irish commercial property market?

**Mr. Ed Mulhall:** To be perfectly honest, to give a proper answer to that I would have to have a better analysis of the programming. Certainly, it was a feature in terms of dealing with the wider planning issues related to the programmes that I outlined earlier. I am trying to remember. There was a segment on commercial property in “Future Shock: Property Crash” but I cannot remember a specific programme in that period dealing directly with commercial property. Actually, there were programmes relating to some of the big housing developments. I suppose they would come into that category but I would need to do a little more research to give a specific answer.

**Deputy Pearse Doherty:** I understand that Mr. Mulhall would need to do more research,

but the programmes we are discussing relate in the main to house building and house buying. Is that not the case?

**Mr. Ed Mulhall:** Some of the big investigative programmes such as the “How We Blew the Boom” documentary were taking things in a more macro way and more globally. The investigation I was referring to in terms of people selling property was really targeted at estate agents. It was directly involved with individuals, as was the mortgage-related programme on borrowing. There is a difference between the different categories.

**Deputy Pearse Doherty:** RTE has done many great investigative programmes down throughout the years. One of the issues that we are dealing with in this inquiry is the nexus, the connection between developers, bankers, politicians and so on. Was this under consideration in any way? Did the broadcaster ever investigate that nexus in the period under discussion?

**Mr. Ed Mulhall:** Again, this refers back to Deputy Higgins’s point. The planning programmes that I mentioned dealt with that nexus in terms of planning issues. One programme directly related to the committee investigation was “Prime Time Investigates: Meet the Bankers”, which aired immediately after the guarantee in early 2009. That dealt directly with two big financial institutions among those involved in the nexus phase. That programme had details about how the Financial Regulator dealt with them. It was revealed in that programme how the regulator dealt with loans to businesses and other people, including politicians.

**Deputy Pearse Doherty:** There has been much talk about “Future Shock: Property Crash”. I am more interested in the aftermath of the programme. Mr. Mulhall has referred to the comments of the former Taoiseach, Bertie Ahern, after “How We Blew the Boom”. After “Future Shock: Property Crash”, he also said something to Matt Cooper. It is mentioned in Matt Cooper’s book, *Who Really Runs Ireland?*. I understand it was on the radio show as well. He said that it was irresponsible and inaccurate and that he disagreed with almost everything in it. The Construction Industry Federation had released a statement shortly afterwards. The valuation body had taken up the issue of bias, which was not sustained. Was there any direct contact from anyone within political circles or people acting for them to RTE in respect of “Future Shock: Property Crash”?

**Mr. Ed Mulhall:** I will have to add a caveat along the lines of what I said earlier. I was not directly responsible for the programme and, therefore, it would not be to me that they would go, although the likelihood is that they probably would have gone to me or to the editor of current affairs. I do not have any recollection of any direct contact relating to that programme. In fact, most of the heat - to put it that way - in terms of the programme was in full glare. Everything was done through public statements, complaints and articles in newspapers. It was not hidden in any sense.

**Deputy Pearse Doherty:** Mr. Mulhall referenced Patrick Honohan’s interview on “Morning Ireland” earlier. Mr. Mulhall should correct me if I am wrong, but we understand that followed an unsolicited call to RTE and that he was the person who instigated the call. Is that the case?

**Mr. Ed Mulhall:** I was not directly involved. I am led to believe that the person who took the call has been named. My understanding is that he rang in.

**Deputy Pearse Doherty:** In the aftermath of the interview - again, I will repeat the previous question - did Mr. Mulhall have any contact or is he aware of whether any contact was made

to RTE in respect of that interview by anyone within the political establishment or someone acting on behalf of it, or any others?

**Mr. Ed Mulhall:** Again, to be honest about this thing, that period was a period of constant engagement. However, I do not recall a specific engagement in respect of the Honohan interview.

**Deputy Pearse Doherty:** Thank you.

**Deputy Eoghan Murphy:** My thanks to both witnesses for attending today. I wish to follow on from Deputy Doherty's questions about "Morning Ireland". I suppose that interview by the Governor, Professor Honohan, is an important moment in our history. Some would argue that it was in the public interest but others argue that it was not in terms of the timing. Are there internal controls in "Morning Ireland" or in RTE that would decide whether to allow him on? Does someone get a telephone call? Is there something to check?

**Mr. Ed Mulhall:** The decision in terms of putting anyone on air is made by the editor of the programme. In cases where there is a particularly sensitive issue, I have described how the editorial line goes. If there was a particular sensitive issue relating to a legal matter, a balance issue or something like that, it might go up. In the case of "Morning Ireland" it might go up to the series editor of "Morning Ireland", escalate to the managing editor of radio or up to me. That is the chain in terms of "Morning Ireland". In the case of something like the Governor of the Central Bank wishing to make a statement on a matter of extreme current interest, it would be a very straightforward decision by the editor to make the decision himself to put him on.

**Deputy Eoghan Murphy:** They did not escalate it. Is that the case?

**Mr. Ed Mulhall:** Not to my knowledge. Certainly, I was not asked about it, and I have been asked about issues relating to "Morning Ireland" and whether someone should be interviewed because of an issue of sensitivity.

**Deputy Eoghan Murphy:** Was Mr. Mulhall concerned that he had not been notified of it?

**Mr. Ed Mulhall:** No.

**Deputy Eoghan Murphy:** Mr. Mulhall was subsequently informed about the seriousness of it.

**Mr. Ed Mulhall:** No. I took the view that it was a really interesting development in the story.

**Deputy Eoghan Murphy:** It was incredibly significant though.

**Mr. Ed Mulhall:** Yes, that is what I mean.

**Deputy Eoghan Murphy:** Would people have contacted Mr. Mulhall and the editorial team on another issue but not on this one?

**Mr. Ed Mulhall:** No, not particularly in terms of that. This is news. So one is talking about a breaking news story, a chance to talk to the Governor of the Central Bank, a one-off opportunity. I think if someone had delayed it and lost the call I would have been much more exercised.

**Deputy Eoghan Murphy:** I understand if things are moving quite quickly one does not have the opportunity to reflect.

**Mr. Ed Mulhall:** I do not think one would have to reflect much on whether or not to put that call out there.

**Deputy Eoghan Murphy:** Is Mr. Mulhall aware of criticism from certain quarters that the timing of the announcement was not in the public interest?

**Mr. Ed Mulhall:** I am aware of criticism of Professor Honohan, that he was stepping out of his appropriate line, but in that period of time there was so much confusion in terms of what people were saying and what people were not saying on the issue, that it was a welcome clarification. Certainly, from the journalistic end of it there was real frustration that people were not being straight in terms of replying to questions or not answering questions that they were being asked.

**Deputy Eoghan Murphy:** Did anyone from a Government department or any senior Government sources contact Mr. Mulhall to clarify why they perhaps were not being straight, for example because of certain sensitivities?

**Mr. Ed Mulhall:** Not in terms of that particular interview, no.

**Deputy Michael McGrath:** I thank the Chair and welcome Mr. Mulhall and Mr. Mulligan and thank them for their time. Mr. Mulhall referred earlier to the “Liveline” programme of Thursday, 18 September 2008 during which there was discussion of the security of people’s deposits in the banks and people deciding to take their money out. Rumours were running wild at that stage and it was reported at the time that the late Minister, Brian Lenihan, actually phoned the director general, Cathal Goan. Mr. Mulhall said the Minister phoned him also. Could he clarify that, first of all?

**Mr. Ed Mulhall:** Yes. He phoned the director general at the time and then he phoned me.

**Deputy Michael McGrath:** What was his core message to Mr. Mulhall when he phoned him?

**Mr. Ed Mulhall:** His core message, which I tried to describe earlier on, was a very measured message and I did not find it in any way improper. Because of his training, the Minister was very careful in what he said. I do not want to paraphrase him inaccurately because I did not take a note of what he said. He had concerns about the banking sector and he believed that what had developed in the “Liveline” programme would cause problems for the banks and that there needed to be some balance put into the issue. That was a developing story that day. Two of our correspondents were aware of what had happened on “Liveline” and had checked it out with a number of the institutions involved. So there was a real concern around the story. In terms of the story we did at 6 p.m. that day, we were quite careful in terms of how we phrased it. The Minister and I then had an exchange during which I said that there were a number of people who could be interviewed about it.

**Deputy Michael McGrath:** I think there was talk on the show of people taking money out of the banks and putting it under the mattress or burying it in the garden. It was reported subsequently that within 24 hours, about €50 million had been transferred into An Post guaranteed State savings products. It was also reported that the production team of “Liveline” were rebuked by senior management at RTE because they planned to continue with the topic of the safety of bank deposits the following day on Friday, 19 September 2008, and they were prevented from doing so. Is that the case?

**Mr. Ed Mulhall:** I am not aware of the details of that. I do not know if that is true. That is the simple answer. I know of my involvement in the story, which I have outlined to the committee.

**Deputy Michael McGrath:** Is Mr. Mulhall aware of meetings that took place later?

**Mr. Ed Mulhall:** I was not involved in any meetings with “Liveline” related to the story so I would be moving out of my area of knowledge if I commented on that.

**Deputy Michael McGrath:** Is Mr. Mulhall aware of whether they had planned to cover the topic again the following day-----

**Mr. Ed Mulhall:** No, I do not know.

**Deputy Michael McGrath:** -----and ended up not covering it?

**Mr. Ed Mulhall:** I do not know.

**Deputy Michael McGrath:** Then on Saturday, 20 September 2008, the deposit guarantee limit was increased from €20,000 to €100,000?

**Mr. Ed Mulhall:** Yes, it came in. I think the Financial Regulator was on “Prime Time” the following Tuesday.

**Deputy Michael McGrath:** Mr. Mulhall asks in his opening statement on page 2, “Could we have done it better?”. He outlined the role of RTE as a public service broadcaster and he indicated that it could have done better. What could have been done better in his view?

**Mr. Ed Mulhall:** I think I have been clear enough in my statement. I think all journalists would feel that there was a story around what was happening within the banking sector that we were not able to get at. That was a failure. There are also issues, which I have outlined, in terms of the wider structural and administrative issues and the relationships within the international banking sector that could have been explored in more detail.

**Deputy Michael McGrath:** Would it have been put to the Department of Finance, the regulator or the Central Bank that the dependence of the banks on property-related lending posed a risk to the economy and the financial stability of the State?

**Mr. Ed Mulhall:** Yes, the difficulty within the banking sector. There was a focus on the financial stability pact. Is that what they are called?

**Deputy Michael McGrath:** Yes.

**Mr. Ed Mulhall:** In 2006 and 2007, I remember George Lee commenting on the difference between 2007 and 2006 and feeling that there was something inconsistent in that, but we were not able to get at that and we were not able to get at the issues, particularly in Anglo.

**Deputy Michael McGrath:** In hindsight, does Mr. Mulhall think that during the general election campaign and debates of 2007 all of the political parties were sufficiently challenged on the proposals that they were making at the time, for example, around income tax cuts, the effect of abolition of stamp duty for first-time buyers, major spending commitments, at a time really which was beyond the peak of the economy? Does Mr. Mulhall think that the right hard questions were asked about the sustainability of the policies that were being promoted by the main parties at the time?

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**Mr. Ed Mulhall:** I will say, and I have alluded to this in some of my statements, that I found that particular campaign really frustrating in terms of the issue. I remember going around to the finance briefings of most of the parties during the course of that campaign. I asked George Lee, who did a number of set-up points both for news and programmes, to ask again about the issues around taxation during that campaign. I remember I met him at one of these briefings - I cannot remember which one - and he said, "I just keep getting the same answer back; they won't deal with the issue." To answer the Deputy's question about whether it was rigorous enough, I think it was rigorous. It came up in the issues. It was in the leaders' debate. It was in the set-up packages that were done for "Prime Time". There was specific discussion of the topic but it did not seem to have much impact.

**Chairman:** Deputy McGrath raised the issue of the Joe Duffy show. In light of the significance of that afternoon, was an expert, who could give an informed opinion, sought either prior to or during the broadcast, rather than having people ringing in and talking anecdotally over the phone about the sky falling in?

**Mr. Ed Mulhall:** I do not know is the simple answer. It is not a programme that reported to me so I was not involved directly in the programme. I have no knowledge of what happened within the programme.

**Chairman:** Is it a programme that carries experts as part of its scheduling?

**Mr. Ed Mulhall:** The DNA of that programme is to have listeners call in. It does not usually have experts.

**Chairman:** Does it ever feature experts?

**Mr. Ed Mulhall:** The fact that it is an audience-based programme does not absolve it of the need to feature an expert if there is an expert query. An expert could answer the phone as well.

**Chairman:** In Mr. Mulhall's view, given the magnitude of the content of the programme that day, should an expert have been on that programme?

**Mr. Ed Mulhall:** In a programme such as that in a developing story in a sensitive climate I think it is good practice to have a follow-up programme to balance out the views on the subject. If people are saying they are taking money off one institution I would be surprised that a very experienced and well tuned programme like that is not trying to check that out.

**Chairman:** If I recall correctly, in the 2007 election RTE assigned a journalist to each party leader who stayed with them practically all day long.

**Mr. Ed Mulhall:** It is the normal practice in elections that most or all party leaders would be assigned a journalist, although there is some sharing out of that in terms of the service.

**Chairman:** Was that particular to that election?

**Mr. Ed Mulhall:** No, it happened in the previous two elections also.

**Chairman:** I will go through the format of that election. The "Six One News" would come on and I believe Charlie Bird was with Bertie Ahern -----

**Mr. Ed Mulhall:** Not in that election, I believe that was 2002.

**Chairman:** My apologies, that was 2002.



**Mr. Ed Mulhall:** I believe it was deliberately not a campaign for 2007.

**Chairman:** That journalist would come on and give a commentary of that party and its leader's activities for the day.

**Mr. Ed Mulhall:** Yes.

**Chairman:** In hindsight, did Mr. Mulhall believe that was a good format?

**Mr. Ed Mulhall:** Because of the style of campaigning, with party leaders going around the country, I believe it is a sensible deployment of journalists to have them follow things in case something happens. There were a number of occasions during all those election campaigns, but particularly during that campaign, where significant and unexpected things happened on the campaign trail.

**Chairman:** Were the journalists following them or were they on the campaign bus?

**Mr. Ed Mulhall:** It depends on the occasion.

**Chairman:** My recollection is that they were literally on the bus.

**Mr. Ed Mulhall:** With RTE journalists I would be surprised if they were on the bus all of the time because the nature of RTE journalists' job is that they are filing copy for "News at One", radio, television or getting to a satellite or a regional studio. Consequently they would need to be under their own steam.

**Deputy Kieran O'Donnell:** I wish to ask Mr. Mulligan a couple of questions around the public television licence fee. Am I correct in saying that 50% of RTE's income comes from the public television licence fee?

**Mr. Paul Mulligan:** Yes it does. It changes over time obviously and it changed over this particular period too. At the beginning, or before the boom at say 2002, it was about 50-50. Obviously as commercial revenue increased the licence fee decreased in proportion - not hugely but it would have gone down to about 44% instead of 50%.

**Deputy Kieran O'Donnell:** So two thirds of the income would have come from -----

**Mr. Ed Mulhall:** It would be 55%.

**Deputy Kieran O'Donnell:** So about 55% of RTE's income would come from -----

**Mr. Ed Mulhall:** From commercial activity.

**Deputy Kieran O'Donnell:** How would RTE determine the allocation over various programmes?

**Mr. Ed Mulhall:** Licence fee revenue is earmarked for pure public service output. Programmes such as general middle of the road programmes, religious programmes, children's programmes - programmes that do not have any financial involvement or are not entertainment programmes. All news and current affairs would be earmarked from the licence fee.

**Deputy Kieran O'Donnell:** What about a situation with a programme like "Drivetime"? It was sponsored by various banks over the years - HSBC in 2009, Danske Bank in 2012 and Ulster Bank more recently. "The Business" is sponsored by Bank of Ireland and various other

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things are sponsored by banks. Would the sponsorship they provide be used in those specific programmes?

**Mr. Paul Mulligan:** No, it would go into a commercial revenue pool and is allocated to programmes as required.

**Deputy Kieran O'Donnell:** Does RTE get roughly €180 million or €190 million a year in licence fees? Does the witness believe RTE has a higher duty of care and responsibility in what is broadcast and who it takes on as sponsors?

**Mr. Paul Mulligan:** Absolutely.

**Deputy Kieran O'Donnell:** Over that time RTE would have had programmes going out which were sponsored by banks.

**Mr. Paul Mulligan:** Not in that period, I am afraid not, no.

**Deputy Kieran O'Donnell:** HSBC was sponsoring "Drivetime".

**Mr. Paul Mulligan:** I think that was 2009 was it?

**Deputy Kieran O'Donnell:** Yes.

**Mr. Paul Mulligan:** That was the first sponsorship by the bank as far as I remember.

**Deputy Kieran O'Donnell:** The first? RTE had no involvement with financial institution sponsors prior to that date?

**Mr. Paul Mulligan:** I have a list of financial institutions that sponsored. Besides Halifax, which sponsored "The Late Late Show" at one stage, nearly all the other financial institution sponsors were generally for sports coverage - rugby, soccer and golf.

**Deputy Kieran O'Donnell:** They were sponsored by the banks?

**Mr. Paul Mulligan:** Yes.

**Deputy Kieran O'Donnell:** Would there ever have been an occasion when a sponsor made a phonecall to Mr. Mulhall when it was unhappy about a particular issue being covered on RTE?

**Mr. Ed Mulhall:** Never.

**Mr. Paul Mulligan:** When RTE signs contracts with sponsors it is very clear in the contractual clauses that RTE maintains and holds editorial control over everything in the programme. We would never vary on that clause no matter what the sponsorship was, even in relation to the programme that they may sponsor.

**Deputy Kieran O'Donnell:** Do the witnesses feel there was never any conflict of interest, or a situation of compromise in broadcasting, by having sponsorship from financial institutions over the years, in any shape or guise?

**Mr. Paul Mulligan:** In relation to sports there was certainly not any conflict. In 2009, HSBC was one that took a fair amount of discussion in RTE. The sponsorship itself was about business banking and mainly about businesses wanting to expand abroad. It was not concerned with commercial banking in Ireland.

**Deputy Kieran O'Donnell:** Dr. Julien Mercille has been referenced a number of times at this inquiry. He gave evidence to the inquiry that the news organisations largely conveyed the views of a political and economic elite. How would RTE answer that?

**Mr. Paul Mulligan:** Academic research is valuable and the results of it should be valued. It is difficult when one starts research from the basis that there are elites and they are all in cahoots together - the results of the research are there before one does any factual analysis. Dr. Mercille may have something to say about the major press groups, and I know the committee has spoken to them earlier, because they did benefit more directly from the property market, but RTE did not. RTE had no vested interest in it and there was no contact with developers or auctioneers in any of RTE's commercial activities across that period. The cement that may have been there with other media was not there in the broadcast media, to build that contact one would like to propose. I do not say this just about RTE, I believe it was true of all the broadcast media.

**Deputy Kieran O'Donnell:** In his research Dr. Mercille says that between 2000 and 2007 there were 717 "Prime Time" programmes in total. He said that only ten of the programmes had segments dealing with the housing boom. He goes on to say that in those ten programmes 26 guests appeared, 11 from property or financial sectors. What would the criteria need to have been for RTE as a public sector broadcaster, to have done more programmes over that period to deal with the housing bubble?

**Mr. Ed Mulhall:** There are two answers to that. I am sorry to cut into the Deputy's time, I do not want to get him into trouble, but I need to take a little time to answer the question. I would quibble with the classification that Dr. Mercille uses. I had a researcher go through the "Prime Time" programming from that period. It is vastly more coverage than Dr. Mercille says it is. I gave the committee the figure of 120 programmes related to the inquiry, of which a third - 40 programmes - related to property alone over that period of time. I am not disputing with him, but if one looks at Dr. Mercille's analysis, and the Chair showed the analysis in terms of newspapers, Dr. Mercille is doing a word search for the newspapers. He is only allowing for the word "bubble" and not allowing for the word "boom" and that affects the issues around the numbers.

**Deputy Kieran O'Donnell:** How many of those 120 programmes does Mr. Mulhall believe would have struck a cautionary note on housing rather than being cheerleading?

**Mr. Ed Mulhall:** Of the 220 programmes, 80 of them are to do with the wider economic issues such as banking. Many housing related programmes had a cautionary element, about prices rising, affordable housing, rent, planning, and the wider Morgan Kelly, Alan Ahearne, George Lee and David McWilliams issues.

**Chairman:** I will put to Mr. Mulhall a summary of a number of questions put to every witness at the end. RTE comes in a particular box, being publicly owned and State-operated. Is it assumed this comes with a higher level of responsibility than the private sector?

**Mr. Ed Mulhall:** Yes.

**Chairman:** Mr. Mulhall has given some evaluation of his role during the crisis period with that space in the Irish medium. Having reflected on the 2002 to 2007 period in the space RTE holds in Irish media, are there lessons being taken from that period that RTE will apply to itself as national broadcaster in future? Could this inquiry take lessons into the future in terms of some recommendations, legislative requirements, policies and support?

## CONTEXT PHASE

**Mr. Ed Mulhall:** I am no longer involved in RTE so that caveat is there. I am very proud of the journalistic work done by specialists during that period at a time when many other things were difficult. I have genuine concerns about the maintenance of specialties within journalism and public broadcasting. That is an ongoing concern and there are issues about the transparency of how broadcasting is regulated and funded. I have concerns about these things and, even with the flawed performance of RTE in news and current affairs, I have concerns for the future about whether we will be able to sustain the investment required for these. It is not just about here but also internationally. There was a big international component to this so it is a major challenge for public broadcasting.

I have also gone into the other side of the question, about the inquiry. There is a major challenge in respect of fact finding in the nexus phase. The inquiry can have a real impact on an area where it has the power within its parties. For example, Deputy Michael McGrath asked me about the previous election in 2007. It would be good journalistic practice to have some way whereby party promises could be evaluated by some independent body that people buy into in order that we can get away from one party promising to cut something without it being costed or evaluated. That would assist matters, as happens in Holland.

**Mr. Paul Mulligan:** I thank the committee members for their time.

**Chairman:** I thank Mr. Mulligan and Mr. Mulhall for their engagement with and participation in the inquiry. It has been informative and invaluable and has added to our understanding of the factors leading to the banking crisis in Ireland.

The joint committee adjourned at 5.15 p.m. until 9.30 a.m. on Thursday, 2 April 2015.