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# **Joint Committee of Inquiry into the Banking Crisis**

## **Clarification Statement of**

### **William Beausang**

**Strictly Private & Confidential**

As indicated on its cover page, the document(s) contained within are confidential unless and until the Joint Committee decides otherwise including where the Joint Committee publishes such document(s). For the avoidance of doubt, “documents” include witness statements in this context. Further to section 37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013 (“the Act”), while the documents remain confidential, you must not disclose the document(s) or divulge in any way that you have been given the document(s), other than:

- “(a) with the prior consent in writing of the committee,
- (b) to the extent necessary for the purposes of an application to the Court, or in any proceedings of the Part 2 inquiry, or
- (c) to his or her legal practitioner.”<sup>1</sup>

Serious sanctions apply for breach of this section. In particular, your attention is drawn to section 41(4) of the Act, which makes breach of section 37(1) a criminal offence.

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<sup>1</sup> See s.37 of the Houses of the Oireachtas (Inquiries, Privileges and Procedures) Act 2013

## Material Clarification – William Beausang

15<sup>th</sup> September 2015

Dear Chairman,

I refer to your letter of 28<sup>th</sup> August requesting a further voluntary statement from me in respect of a number of questions relating to the document “*Financial Stability Issues – Scoping Paper.*”

As you are aware I dealt with the background to and use of the Scoping Paper in my Witness Statement for the Committee (please see paras. 15.3-15.8 of my Witness Statement dated 27 May published on the Banking Inquiry’s website). I also dealt with it at my appearance at the Committee on 24 June in my Opening Statement (please see the second and third sentence of the final para. on page 93 of the transcript of my evidence) as well as in responding to questions (as reported on pages 118/120 of the published transcript). In addition I understand that the Banking Inquiry Unit in the Department of Finance has already responded similar questions to those included in your letter (in an email on 2 July at 16.38).

In order to supplement the information furnished to you previously in respect of this issue as set out above, please see below my response to the specific questions forwarded to me with your letter of 28 August:-

*Q.1a Who, to your knowledge, was the originator of this paper?*

I was the sole originator of the paper.

*Q.1b Who has overall ownership of the production of this paper?*

I had exclusive overall ownership of the production of the paper.

*Q.1c Please list the individual/divisions/organisations that contributed to the paper?*

As previously advised to you by the Banking Inquiry Unit in the Department of Finance, the Principal Officer, Assistant Principal Officer and Administrative Officer in the Financial Stability Planning Unit of my Division worked with me as part of the team that prepared the paper. Responsibility for the initial draft and the maintenance and updating of the master copy of the Scoping Paper

resided with the Administrative Officer. No other officials or divisions in the Department of Finance were involved in the preparation of the Scoping Paper, other than to the extent that the paper drew on previous work carried out on financial stability planning referred to in my evidence.

As set out in my Written Statement to the Committee, the Scoping Paper was shared with and comments received from the Central Bank and Financial Regulator following consideration of the paper by the Financial Stability Committee in the CBFSAI which comprised senior officials from both those organisations. I have no direct knowledge of the specific individuals that contributed to the CBFSAI's assessment of and response to the paper.

The work carried out by the Department also drew on published international research and analysis available to it on financial stability. To my knowledge no other organisations or individuals were consulted on the paper given the highly sensitive and confidential nature of the issues discussed in the Scoping Paper.

*Q.1d Who retained the responsibility for signing off on the final version of the paper?*

I signed off on all versions of the paper including the final version.

*Q.1e Please outline the route by which this paper was brought to the attention of the Minister for Finance at that time Mr Brian Cowen – e.g. approval by the DSG etc.?*

As set out in my written evidence to the Committee the purpose of the paper was to seek to agree an agreed approach to financial stability planning with the Central Bank and Financial Regulator in the context of the work of the Domestic Standing Group (DSG). As discussed in my evidence, key elements of the Department's assessment and conclusions set out in the Scoping Paper were not shared by the CBFSAI. Consequently, no agreement was reached at the DSG on the Scoping Paper and it was not submitted to the Minister nor the Secretary-General of the Department of Finance.

My recollection is that the work would have been advised to the Head of Banking Division in the context of normal management reporting arrangements. In addition, the assessment/analysis, conclusions and recommendations of the project informed the Department's programme of work in relation to Financial Stability Planning in the course of 2008 including, for example, in relation to the development of the emergency legislation.

In order to confirm that the Scoping Paper was not submitted to the Minister in light of the Committee's question, I requested that the Banking Inquiry Unit in the Department of Finance carry out a file and electronic search in respect of the Scoping Paper and I have been advised that no evidence was found that either a hard or electronic copy that the Financial Stability scoping paper was submitted to the Secretary General or the Tánaiste.

I also wish to advise the Committee that in preparing my Written Statement for the Committee, I reviewed some presentations prepared in my Unit which evidently drew on some of the analysis, findings and conclusions of the Scoping Paper. These may have been prepared for discussions with representatives of the Central Bank and Financial Regulator at the DSG and for internal briefing purposes in the Department of Finance. I recall that one of these presentations refers on its cover sheet to the Department's Management Advisory Committee (MAC). However, the presentation was never made to the MAC. I understand that this is confirmed by the fact that no reference to the presentation can be found in the MAC Minutes for that time.

I trust that the foregoing is of assistance to you. If you require any further information or have any further questions on this matter, please do not hesitate to contact me. I will respond separately on Question 2 enclosed with your letter.

I would appreciate if you could confirm receipt of this communication.

Yours sincerely,

William Beausang\*  
Assistant Secretary  
Head of Government Reform Unit and Civil Service HR Division  
Department of Public Expenditure and Reform  
Dublin 2

**\*Designated Public Official under the Regulation of Lobbying Act, 2015 -  
see [www.lobbying.ie](http://www.lobbying.ie)**

Dear Chairman,

I refer to Q.2 included with your letter of 28<sup>th</sup> August and I am not aware of any discussions that such a review should be carried out.

I am, however, aware that the Department of Finance highlighted to the Central Bank and Financial Regulator through the Domestic Standing Group structure in November 2007 of the importance of ensuring that Ministerial and Government decision-making in relation to financial stability matters was based on information and evidence on the financial position of the banks. The draft Scoping Paper furnished to the Central Bank and Financial Regulator at that time stressed that it was essential that the Central Bank and Financial Services Authority of Ireland (CBFSAI) has the information and tools to make assessments (such as in relation to “Too Big To Fail”) at short notice in a crisis situation and that these assessments were - on an *ex-post* basis - seen to be based on detailed comprehensive and expert information and analysis.

I would appreciate if you could acknowledge receipt of this email.

Yours sincerely,

William Beausang\*

Head of Government Reform Unit and Civil Service HR Division

Department of Public Expenditure and Reform

**\*Designated Public Official under the Regulation of Lobbying Act, 2015 -**

see [www.lobbying.ie](http://www.lobbying.ie)