

## **INTRODUCTION**

Labour is committed to reforming public life, so that the interests of a golden circle are never again put before the interests of Ireland, her citizens and future generations.

This is Labour's agenda for a merit society, where those in public life take responsibility for their actions; where transparency is the norm, not the exception; and where the public interest is at the heart of decision-making.

- 1. Clean out the boards of the banks, and radically reform the banking sector**
- 2. Make good corporate governance the law, not a luxury**
- 3. Control land and property speculation**
- 4. End the link between big money and politics**
- 5. Legislate to regulate the practice of political lobbying**
- 6. Introduce Whistleblowers Protection legislation**
- 7. Extend Oireachtas powers of oversight and investigation**
- 8. Restore the Freedom of Information Act**

## **LABOUR'S ANALYSIS OF THE CURRENT PROBLEM**

For the second time in a generation, Fianna Fáil have brought Ireland to the verge of bankruptcy.

Pulling Ireland out of its present difficulties will not be easy. There will be sacrifices required, but people are ready to make sacrifices, if they know the burden will be fairly shared, and if they know that there is a better future ahead.

Part of that better future must be an assurance that this will never happen again.

- Never again can we allow a 'golden circle' to bring down our economy, and to curtail the opportunities and living standards of millions.
- Never again can our country and our banks be run on Galway Tent economics.
- Never again can the culture of Crony Capitalism – of who you know, counting for more than what you know – dominate our economy and our society.

If we fail to learn the lessons of this crisis, we will be doomed to repeat them. Unless we take firm and determined action, we will not restore our damaged reputation abroad.

It is never too soon to say 'Never Again'

In this document, Labour is proposing a set of first steps towards breaking up the Golden Circle, and moving Ireland towards a Merit Society. Labour has a strong track record of taking on vested interests, and of driving reform. We have done so before, we can do so again.

# LABOUR'S SOLUTIONS

## 1. Clean out the boards, and radically reform the banking sector

We need to send a clear message abroad that corporate wrongdoing in Ireland will not go unpunished. The most unambiguous signal of a clean break with the past would be a clear-out of the boards of all banks covered under the guarantee scheme.

**Labour in Government would establish an Irish Banking Commission**, which would oversee the rebuilding of the banking sector according to much stricter criteria. This independent body would be composed of people, both Irish and non-Irish, of the highest calibre and reputation.

The Irish Banking Commission would be charged with:

- the approval of appointments to the boards of banks
- the approval of senior banking executive appointments
- vetting and approval of business plans
- monitoring of overall debt
- setting of board remuneration and executive pay

### Labour's Record:

- Labour was the only party to vote against the bank guarantee scheme in the Dáil in September 2008, for a number of reasons including that the proposed scheme did nothing to change the culture or practices of the banks which caused the crisis in the first place.
- Subsequent information which emerged about inappropriate lending practices within and between banks, and the continued lack of confidence by international investors in Irish banks prove that Labour was right to make reform a condition of taxpayers' support.

## 2. Make good corporate governance the law, not a luxury

Ireland's principles-based code of financial regulation led to this country being branded the "Wild West of European Finance" by the *New York Times* (April 1st 2005). It is clear that this lightest of light-touch regulation was grossly insufficient to prevent abuse of our banking sector and excessive risk-taking, or to protect bank customers.

In the wider corporate sector, best practice in corporate governance is optional. A company may choose not to comply with the Combined Code on Corporate Governance of the Financial Reporting Council, but as long as it notes in its annual report that it is not in compliance, it is not in breach of the code. This is a blank cheque for corporate misconduct.

It is clear that voluntary codes of conduct do not now provide sufficient reassurance to investors, who need to be convinced that Ireland is a fair, transparent place to do business.

**Labour in government would enact legislation that would provide for a binding code of practice for corporate governance**, which would be obligatory for companies wishing to be listed on the Irish stock exchange.

Labour's proposed Corporate Governance (Code of Practice) Bill will:

- Provide for the drawing up of a binding code of practice for corporate governance
- End the practice of cross-directorships
- Limit the number of boards on which a non-executive director may sit
- Prohibit the positions of chairman and chief executive of a company being held by the same person
- Prohibit a former chief executive from being elected chairman
- Prohibit non-executive directors from serving on a board for more than seven consecutive years
- Require companies to establish independent auditing committees, comprised of members with relevant expertise
- Require the chairman and chief executive to assume direct responsibility for ensuring good corporate governance and transparency in corporate reporting
- Require non-executive directors to demonstrate the time and skills necessary to contribute effectively to the board
- Regulate the appointment of non-executive directors who are connected to the company's bank or auditors

### **3. Control land and property speculation**

Runaway speculation in land and property, fuelled by tax incentives for investment property, cost the Irish taxpayer billions in public procurement, from land for roads, schools and offices, to prisons and public transport. The same speculation increased the price of a home by 270% between 1996 and 2005, putting upward pressure on wages in the private and public sector, and private and commercial rents.

The cost of property also pushed first time buyers further and further away from urban centres. The result is urban sprawl so pervasive that it prompted the European Environment Agency to use Ireland as a cautionary tale for new member states.

Ireland's speculation-driven property boom made a small number of people extremely wealthy, but has left the country with;

- some of the costliest public infrastructure in Europe
- half-finished ghost estates, empty hotels and unoccupied apartment blocks
- a society locked into high carbon emissions from private transport

- a generation facing negative equity in their homes, and;
- a banking sector in jeopardy over vast, speculative loans secured against now almost worthless land and property.

Labour has consistently proposed that the recommendations of the **1973 Kenny Report**, as subsequently updated by the Oireachtas Joint Committee on the Constitution, be implemented. This would allow local authorities or central government to purchase development land at current use value, plus 25 per cent, in order to provide for schools, social housing, roads, public transport, sporting facilities and other public investment.

The Oireachtas Joint Committee on the Constitution accepted Labour's submission that this would not infringe constitutional property rights, but the Government voted down subsequent Labour Party legislation which would have passed this common sense proposal into law.

To ensure that Ireland is never again devastated by a property bubble, **Labour in government would:**

- Legislate for the purchase of land by the State at current use value plus 25 per cent.
- Immediately end all tax incentives and shelters related to property development, with immediate effect. For example, Section 23-type reliefs which allow individuals to write off their investment against all other income.

**Labour's Record:**

- Planning and Development (Acquisition of Land) (Assessment of Compensation) Bill 2003

#### **4. End the link between big money and politics**

In the words of anti-corruption non-governmental organisation, Transparency International, "at a national level, influence-selling in Ireland has yet to be completely outlawed." (*National Integrity Systems Country Study: Ireland 2009*)

It is not enough to fold up the Galway tent. We have to end the culture that created it: a culture where money can buy access, at the very least. To restore its citizens' faith in democracy, and its reputation abroad, we need to send a clear message that influence in Ireland is not for sale.

**Labour in government would:**

- Introduce spending limits for all elections, including Presidential and constitutional referendums.
- Impose spending limits on political parties for a period of six months in advance of scheduled Local, European, General and Presidential Elections.

- As it is not constitutionally feasible to eliminate political donations, significantly reduce the limit on political donations to political parties and candidates to €2,500 and €1,000 respectively, and require disclosure of all aggregate sums above €1,500 and €600 respectively. This is considerably lower than the revised limits announced by Fianna Fáil, which would still allow donors to give up to €4000 each to political parties, and up to €2500 without having to declare their interest.
- These donation limits should also apply to referendum campaigns. No one individual should be able to use his or her personal wealth to decide the content of our Constitution.

**Labour's Record:**

- Electoral (Amendment) (Donations to Parties & Candidates) Bill 2000
- Local Elections Bill 2003, 2008
- Ethics in Public Office (Amendment) Bill 2006,2008

## **5. Legislate to regulate the practice of political lobbying**

It is in the public's interest to know who is paid to seek to influence public policy and decision making, at national and local level. Labour's proposed legislation would, for the first time in Ireland, regulate the practice of political lobbying.

**Labour in government would:**

- Implement legislation establishing a register of lobbyists and a statutory code governing the practice of lobbying.
- This legislation would also debar a TD or Senator from being a paid lobbyist, and prohibit certain categories of people, such as members of state boards and ministerial special advisors, from becoming paid lobbyists in respect of their previous brief for two years after leaving office.

**Labour's Record:**

- Registration of Lobbyists Bill 1999, 2000, 2003, 2008

## 6. Introduce Whistleblowers Protection legislation

Whistleblowers play an extremely important role in exposing institutional wrongdoing. Whistleblowers were responsible for the establishment of tribunals of inquiry into planning corruption; inquiries into Garda corruption in Donegal; and the uncovering of a major overcharging scandal in AIB.

### **Labour in government would implement Whistleblower's Protection legislation.**

This would:

- Protect an employee who reports misconduct from losing their job, or being otherwise penalised, encouraging greater transparency within the public service, and private institutions such as banks.

#### **Labour's Record:**

- Whistleblowers Protection Bill 1999

## 7. Extend Oireachtas powers of oversight and investigation

The Oireachtas has an important role to play in scrutinising Government and governance, and in protecting the right of citizens to hold their elected representatives accountable.

Unfortunately, this democratic right is often obstructed. Most frequently, oversight of Government is hindered by the delegation of functions and responsibility to agencies beyond the scrutiny of the Oireachtas. More worryingly still, where there is a question over the exercise of power by the Government or a Minister, or the administration of a public service, the Oireachtas has no power to seek an investigation.

Effective scrutiny is a prerequisite for a functioning democracy. **Labour in government would improve the transparency of – and confidence in – governance in Ireland by:**

- Empowering the Dáil to inquire into and report on any exercise of executive power in the State, or in relation to the administration of any public service.
- Obliging Ministers to ensure that questions are answered in full, and not passed off to a State agency.

## **8. Restore the Freedom of Information Act**

Transparency is one of the most powerful weapons against corruption. Far better to prevent corruption at source, rather than having to clean up the consequences.

### **Labour in government would:**

- Restore the Freedom of Information Act so that it is as comprehensive as was originally intended.
- Reform the fee structure for Freedom of Information requests so that cost does not discourage individuals and organisations from seeking information.
- Extend the remit of the Freedom of Information Act, and the remit of the Ombudsman Act, to the Garda Síochána, the Central Bank and many other statutory bodies, and bodies significantly funded from the public purse, that are currently excluded.

### **Labour's Record:**

- Freedom of Information (Amendment) Bill 2000, 2003, 2006, 2008
- Official Secrets Reform Bill 2000

## LABOUR'S RECORD

The Labour Party has published a number of Bills (listed below), designed to ensure that public life is carried out as transparently, ethically and democratically as possible. However, the only one of these Bills to be passed into law – the Ethics in Public Office Bill – was enacted when the Labour Party was last in government.

For the past twelve years, this Fianna Fáil-led government has consistently rejected legislation that would have stamped out the secrecy, cronyism and insider dealing that has contributed significantly to our current economic crisis.

<b>Title</b>	<b>Published</b>	<b>Enacted</b>
Ethics in Public Office Bill	1991	1995
Ethics in Public Office (Amendment) Bill	2006,2008	No
Whistleblowers Protection Bill	1999	No
Registration of Lobbyists Bill	1999, 2000, 2003, 2008	No
Freedom of Information (Amendment) Bill	2000, 2003, 2006, 2008	No
Official Secrets Reform Bill	2000	No
Prevention of Corruption Bill	2000	No
Electoral (Amendment) (Donations to Parties & Candidates) Bill	2000	No
Local Elections Bill	2003, 2008	No
Planning and Development (Acquisition of Land) (Assessment of Compensation) Bill	2003	No
Corporate Governance (Code of Practice) Bill	2009	To be laid before the Dáil