

**Statement by Brian Conlan to the PAC, January 16<sup>th</sup> 2014.**

Chairman, deputies, senators, ladies and gentlemen, I want to thank the PAC for this opportunity to make a statement regarding recent events at the CRC and my role in those events. My primary intention today is to give a full account to the Committee pertaining to my role and knowledge of the CRC and to provide any information I can to assist the Committee in its work.

Firstly I want to say that I recognise the importance of the Committee's work in this regard on several levels, not least in its role of flushing out the ambiguities that exist around how public monies, no matter where they are sourced from, are used by Section 38 agencies. Everything should be clear and transparent to all stakeholders in charities and, in terms of the CRC, that has not been clear or transparent enough prior to the Committee undertaking its work.

Given the public access to this Committee through the media and without seeking to justify for a moment the apportionment of monies, that is not my aim I respectfully ask that everyone with an interest in the continuation of the CRC's good work take into consideration a few facts. Firstly, the importance and excellence of the CRC'S services to its clients is not being questioned and that vital work depends on public support. Secondly, the percentage of the overall CRC budget that is under scrutiny with regard to additional salary payments is less than 1% of its annual budget. Thirdly, the practice of paying allowances is being phased out. The office of the Chief Executives salary has been pegged to a HSE payscale for the first time ever and this will give the next Chief Executive of the CRC a strong basis on which to address the 5 remaining allowances. Fourthly, a new Board and Chief Executive will be able to start with a clean slate with greater transparency and will be able to seek the public's continued vital support for its work.

Finally in this regard, I want to address the public perception that has developed that charitable donations were siphoned off specifically to pay for salary allowances. That was never my understanding of how funds were managed. The CRC pools all its revenues from many sources each year into one fund and applies them jointly to the central overheads which includes some salary allowances. Of course all monies received by CRC is public monies of one form or another and there is no support for salary payments in excess of HSE payscales – but I think the idea that there was a transfer of monies from public donations directly into the salaries of a number of Executives is inaccurate in itself.

**Refusal to attend**

The second point I want to address relates to my appearance at this Committee. When I was first asked to appear on the 11 December 2013, I was not in a position to be an effective witness. I had just returned from my honeymoon in the United States where I was for three weeks and where I first learnt of the questions being raised. As you may appreciate I was highly stressed by all that had transpired, particularly the tone and volume of the media coverage and I had just tendered my resignation from the CRC. Because of this, I was told I had no access to my files in the CRC. In addition, prior to the PAC meeting that week, my

home was literally besieged for days by journalists forcing my wife and I to leave for several days in order to maintain some level of privacy. I simply hadn't the time or resources to prepare adequately for such an appearance and to be an effective witness. When these circumstances changed, I was happy to accept the invitation. I want to assure the PAC that no disrespect was intended by my failure to attend.

### **Appointment**

A number of issues have risen, which I would like to address, the first being the manner of my appointment. I was not responsible for my own appointment. Nor was I responsible for setting the salary I was offered.

When the position of CEO became available in the CRC, in April 2013, having worked as CEO of the Mater Hospital for 8 years until December 2012 and having served on the Board of the CRC also for 8 years, I felt very qualified to apply. I inquired of the then Chairman whether as a member of the Board I could apply as an internal candidate. When he indicated that I could, I formally removed myself from any involvement and discussion on the recruitment process and formally applied for the position to Amrop Strategis the external recruitment consultancy appointed to manage the process. Please note that I would have done this whether the search was taking place on an internal or external basis.

I then attended an interview coordinated by Amrop Strategis, and 3 members of the CRC Board. I was subsequently offered the position with a salary of €125,000. I found out later that there were 3 other internal candidates interviewed for the position.

On my appointment, I became aware of the HSE issues with the salary that my position and been awarded and I set about establishing a salary scale for my job. The salary was 48% lower than my predecessor and approximately €15,000 higher than the line managers that reported to the CEO's office. A salary range was eventually agreed with the HSE of Group 1 Chief Executives, on a scale of between €82k and €98k and my own salary was reduced to reflect this. As the salary awarded had been greater than the HSE approved figure I have since returned any excess paid to me.

### **Allowances**

When I took over as CEO of the CRC, five members of the senior staff in the CRC were on salaries in excess of HSE approved levels and were in receipt of what are now called top-up payments. While I totally understand the confusion that these payments have caused in the public domain I would like to provide some context to their payment. Top-up payments or allowances were ordinarily used where the amount received from HSE would not cover the full cost of a salary, they were also used in consideration of people taking on extra duties and responsibilities. In respect of the CRC it is my understanding that these payments were carried out with full knowledge of the HSE arising from discussions between them and the Board Chairman in July 2009. It has also been agreed with the HSE that this practice would be phased out and all salaries would be compliant over time.

In July 2013 when I took up my position of CEO allowances in the CRC amounted to a total of approximately €125,000 annually. I wasn't happy with this and resolved to end the practice as soon as practicable. As some of the recipients were coming close to retirement I decided to do this on a phased basis. I firmly believed that with time and a pragmatic approach from all involved that this matter could be resolved. I also instructed that all future recruitment would be done in a HSE compliant fashion.

### **CRC Medical Devices**

Questions have been also raised in this chamber and through the media about the sale of CRC Medical Devices which I would like to address.

CRC Medical Devices was set up in 2007 with the intention of raising extra monies to support and develop CRC activities. A loan of €550,000 from the Friends and Supporters of the CRC was approved for the venture. The business was in importing and customizing wheelchairs for individual users and was modestly successful, initially. However, due to the decline in the economy and the resulting pressure on prices and margins the company struggled in subsequent years. By December 2012 the accumulated losses were €462,000. On being appointed CEO of the CRC my number one priority was to sort out this matter. I set about exploring options of either closing the business or selling it. I decided on the latter and 3 companies expressed an interest in purchasing the business. One of these companies MMS signed a Sale Agreement to procure the goodwill, assets and stock last November for approximately €410,000 (€510,000) which will over time be paid back to the Friends and Supporters of the CRC. This agreement also had the added advantage of protecting the jobs of the employees of CRC Medical Devices. I fully recognise that it doesn't cover the full recovery of the investment however it is I believe the best deal we could have completed given the timescale and the losses being incurred.

### **Resignation**

Chairman, I have worked in medical administration for over 20 years. During that time I was CEO in the Mater Hospital for 8 years, Deputy CEO for 5 years and Finance Director for 7 years. During my time in the Mater I was responsible for 3000 staff and budgets of €200m to €250m. I also played a significant role in the New Mater Hospital Development Programme a €300m Project brought in on time and on budget. I was intrinsically involved with the Medical Specialists in bringing the Lung Transplant Programme to the Mater and I have served on many Boards on a voluntary capacity. I have always acted in a professional and honest way. Recent events and the way they have been reported have upset me greatly. Not just the way in which my own reputation was sullied without basis but the way in which the whole CRC Organisation has been cast under a shadow. I am well aware of the great work it does every day and am saddened by the effect these events are having on its ability to raise much needed funds for the good work it does.

As I said at the outset, I was in the United States when these events began to unfold. Due to the scale and nature of the coverage and commentary on the matter, I felt that the CRC was being damaged and for that reason I felt that tendering my resignation was the appropriate

thing for me to do if it was to have a chance to win back the public's trust that is so vital to its ability to raise funds to secure its annual operations and future enhancements.

As regards non-compliance on salaries, I have played a part in establishing a precedent for the CRC Chief Executives remuneration to be set in compliance with HSE for the first time in the CRC'S history. This will be a key factor in securing the adjustment, in time, of the remaining salaries that remain over the pay scales. This should position the CRC to be in full compliance with the HSE and form the basis for full transparency to all its stakeholders into the future. Hopefully these adjustments and changes will allow the public to see their way to continue their much needed support for an Organisation that has made a telling contribution to its clients, their families and the wider community every year since its establishment in 1960.

That concludes my statement. Thank you for your forbearance.