

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoín, 1 Deireadh Fómhair 2015

Thursday, 1 October 2015

The Committee met at 10 a.m.

MEMBERS PRESENT:

Deputy Áine Collins,	Deputy Mary Lou McDonald,
Deputy Joe Costello,	Deputy Gabrielle McFadden,
Deputy John Deasy,	Deputy Patrick O'Donovan,
Deputy Robert Dowds,	Deputy John Perry,
Deputy Sean Fleming,	Deputy Shane Ross.

DEPUTY JOHN MCGUINNESS IN THE CHAIR.

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Mr. Seamus McCarthy (*An tArd Reachtaire Cuntas agus Ciste*) called and examined.

The committee met in private session until 10.20 a.m.

Business of Committee

Chairman: We will deal with the minutes of our 24 September meeting first. There are no matters arising.

There are a number of items of correspondence from our last meeting that I would like to address separately, but today is not the day for that as we have a busy agenda. With agreement, we can consider them at a future date. Regarding our last meeting, we have asked for certain information from Waterford Institute of Technology and others. We will send a reminder. There may be a need to meet the Secretary General of the Department, Mr. Boland and WIT again. When the information is before members, they can decide.

To clarify a point about today's correspondence, we decided to ask whether the chairman of the Northern Irish finance committee or the committee itself wished to attend this session. The clerk of that committee and our clerk have been in contact and attendance has been arranged for today. The indications from Mr. Bryson are that he is available to give evidence, but that is a committee decision. I suggest we hear the evidence today and then decide on the steps we wish to take.

Deputy John Deasy: Whose evidence?

Chairman: The decision has not been made. We will make the decision. Today's meeting will be the statement from the chairman of the Northern Ireland finance committee to give us an overview of its hearings to date, after which we will hear directly from NAMA.

We will now deal with correspondence from Accounting Officers and Ministers. Correspondence dated 18 September 2015 has been received from Mr. Jim Breslin, Secretary General, Department of Health, regarding the south-east disability foster care review. This is to be noted and published. The issue of the remit of the review was raised by the committee, particularly by Deputy Deasy. We can take it up with the Accounting Officer at next week's meeting. Is that okay?

Deputy John Deasy: Yes, it is fine, thanks.

Chairman: No. 3B is individual correspondence. Correspondence dated 14 September 2015 has been received from Mr. Joseph Hehir on the cost of prescribed drugs on State schemes, to be noted, published and forwarded to the HSE for a note on the matter. I asked the HSE to respond to it in time for our meeting on 22 October, given that controlling the spend on drugs is central to budgeting at the HSE.

Correspondence dated 16 September 2015 has been received from Deputy Shane Ross regarding a commercial water bill issued by Kildare County Council, to be noted, published and forwarded to the Department of the Environment, Community and Local Government for a note on it.

Correspondence has been received from Mr. Douglas Fannin regarding unfair treatment by the Department of Agriculture, Food and the Marine's special investigations unit. This is to

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be noted and forwarded to the Department of Agriculture, Food and the Marine. We raised the Fannin case at our meeting with the Department on 18 June. The case raises serious concerns about how Mr. Fannin was prosecuted and we should receive a full transcript of the case and a copy of the report, which was prepared by the prosecuting counsel. It is becoming evident that there is a need for an independent judicial review of the case so all the evidence can be brought into the public domain. When we have received further information, we can review the case.

Deputy John Deasy: Last week, I raised the case of Mr. Tom Galvin and went through the process. A commitment was made at a committee meeting, which was followed through on, regarding the meeting, and the new steering group in the Department is examining it and re-viewing the case. I have asked personally what the timeline is regarding any decision from the review. Again, I ask the committee to ask the Secretary General when we can expect a decision or some kind of result regarding the review of the new steering group.

Chairman: I will undertake to do it.

Deputy John Deasy: It is ridiculous that the clerk cannot respond to it, although he has probably worked on it during the past week.

Chairman: He has been working on it and we can take it that the Deputy's wishes will be followed through.

Deputy Mary Lou McDonald: Regarding Mr. Douglas Fannin, am I to take it, based on what the Chairman read to the committee, that we are supporting, recommending or suggesting a judicial review or inquiry?

Chairman: We must get the information before us. All the information we have to date is pointing in that direction.

Deputy Mary Lou McDonald: Yes.

Chairman: We want to get further information to ensure we are on the right track and then make the recommendation clearly to the Department.

Deputy Mary Lou McDonald: I am happy that we are registering our concern. Thank you.

Chairman: Yes, and the sooner we make the decision, the better.

Deputy Mary Lou McDonald: Yes. Thank you.

Chairman: No. 3C is documents related to today's meeting. Nos. 3C.1 and 3C.3 are the opening statement and presentation for today's second session. All of these are to be noted and published.

Regarding No. 3C, the documents for today's meeting, at 9 p.m. last night, the Minister for Finance, Deputy Noonan, wrote to the committee and presented 41 documents running to hundreds of pages, which relate to the NAMA Northern Ireland advisory committee and the interaction between the Ministers here and in Northern Ireland dealing with the NAMA issues. The clerk to the committee received no advance notice that such information was being made available. The release of the information on the eve of the committee meeting with NAMA and, more important, with the chairman of a delegation from the Northern Ireland finance committee, is deeply frustrating and works against all principles of good accountability. I am sure the

members would not have had the opportunity to review the documents, which is a pity, given that we are entering public session and the documents are laid before us. The documentation will be available on screen, should the members wish to refer to any of the documents during the course of their contributions.

Deputy Mary Lou McDonald: The timing of the release of the documentation by the Minister for Finance, Deputy Noonan, and his Department is very telling. The experience to date has reflected the fact that the Minister has been markedly reluctant to give a full account and to answer questions on all the issues pertaining to NAMA and, more specifically, to the Northern loan book, Project Eagle. In order to be helpful, the documents would have had to have been published earlier this week. It might have proved helpful. They have been published, and I have had the opportunity only to scan them. This leads us to a position in which we must invite the Minister, Deputy Noonan, and his officials to come before the committee at the earliest opportunity so we can examine and question the contents of the documents they have put into the public domain.

Deputy First Minister of Northern Ireland, Mr. Martin McGuinness, MLA, has been in contact with the clerk to the committee seeking the earliest opportunity to come and give evidence, which would be useful. After this meeting, we are to deal with the issue of Mr. Bryson, and we can deal with it then. We also need to consider hearing evidence from Mr. Sammy Wilson, former finance minister in the North, Mr. Simon Hamilton and the First Minister, Mr. Peter Robinson, MLA. For the purposes of this jurisdiction, it is unthinkable, having released the documentation at the 11th hour, that the Minister for Finance, Deputy Noonan, would not very promptly make himself available to the committee, along with his officials.

Deputy Shane Ross: I agree with most of what Deputy McDonald said. It is shocking and extraordinary that the documents should be issued when it is almost impossible to digest them, and they are deliberately and nakedly politically divisive and provide a distraction to what is happening today. I can only conclude that it is deliberate on a day when we are doing important work and when we have invited the MLAs from Northern Ireland here. It contrasts very starkly with the extraordinary decision by NAMA, with the Minister's support, not to co-operate with the inquiry in Northern Ireland. There is a paradox and contradiction in what the Minister is doing by releasing the information at this time, just before this committee meeting, given that he could have released it any time since 2 September and he is not encouraging NAMA, a semi-State agency, to provide any evidence to help the inquiry in Northern Ireland. We should make this point clear to the Minister and NAMA.

Deputy Joe Costello: Given that it came late last night, it is obviously too short notice for the members to deal with it adequately. We will have to address the situation again and the contents of the documents should be dealt with as comprehensively as possible. This would be an opportunity for the Minister to come before us, and the invitation should be extended to him. If there is material relevant to any other players, the invitation should be extended to them also. The documentation has been received too late to be relevant in a meaningful fashion to our discussions and we should agree to deal with it subsequently.

Chairman: The meeting today was to deal with the hearing of evidence or rather, a statement from the Northern Ireland committee, to get an overview of its work to date and to get its input into our hearing with NAMA. That was very constructive and the right approach to take. What happened this morning in private session is that we were cautioned as to how we conduct our business. As I said then and repeat now, I believe that every member of this committee has acted responsibly, is aware of Standing Order 163 and understands full well the extent to which

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we can go with these inquiries. The caution that we received this morning might well have been given to others outside this committee because I consider that to be an effort to frustrate the committee. The releasing of documentation like this, before the hearing today, is nothing short of interference with the work of the committee. We now have those 41 documents as well as an e-mail which has been given to me by the clerk, which I will read:

I am writing on behalf of Martin McGuinness, MLA. Following disclosure from the Department of Finance of papers to the Public Accounts Committee, Martin McGuinness would like to appear before the PAC at the earliest opportunity. Please contact me by return e-mail to arrange same.

We are now faced with these papers being in the public domain and a number of individuals have now asked to come before us. We have been cautioned this morning about that and we need to make a decision on it. However, for today's meeting, we should proceed in the manner in which it was arranged, by having the statement and then by dealing with NAMA. Perhaps after that we can discuss all of what has happened, both overnight and this morning and decide what we are going to do.

Deputy Shane Ross: Chairman, I apologise but I was outside when Mr. Hearne came in and cautioned the committee. I ask the Chairman to tell us the basis of that caution.

Chairman: We were just reminded of our Standing Orders and reminded of what I read out before each and every meeting concerning how we take evidence, who we take evidence from and about not making findings, which we understand clearly. Mr. Hearne also mentioned the fact that any aspect of criminality is a matter for An Garda Síochána.

Deputy Shane Ross: I do not think this committee needs a civil servant to come in here to tell us that. We knew that and I do not think this committee needs a civil servant sitting in the Gallery, watching what we are doing either. I do not understand why he is there or what he is doing there. If ever there was a waste of public money, it is having a civil servant sitting in the Gallery here, watching what we are actually doing. If that is meant to intimidate us, it does not do so. That, added to what the Chairman said already about the purported interference by the Minister for Finance and the fact that we got a letter last week, of which the public may not be aware, warning us that the clerk to this committee is not allowed to speak in public and is, in fact, being muzzled makes me very suspicious that the work of this committee is being frustrated and affected in a way that is detrimental to freedom of speech and transparency. The committee's work is being hindered by hidden hands outside this room.

Chairman: In defence of the two civil servants, they are simply doing what they have been instructed to do and the Deputy needs to understand that.

Deputy Shane Ross: Correct, and I have no personal problem with any member of the Civil Service but I do not see any reason that somebody should send in a civil servant to sit in the Gallery and see that we are doing what he or she wants us to do.

Chairman: Given the work programme for today, we can deal with these matters later today or at another meeting. I would like to get to the agenda. Deputies Deasy and Perry have indicated that they would like to speak but I remind members that they should be brief so that we can get back to-----

Deputy John Deasy: We are not doing the talking. I am not sure how one can characterise the release of documents to the committee as an attempt to frustrate the committee. If people

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have an issue on the timing, that is fair enough. If these documents had arrived this evening, then the Chairman would have a legitimate issue. We should ask the Minister for Finance and the Department to explain their reasoning and to come before the committee. I cannot speak for them with regard to what their response might be but we should just get on with this hearing now. We are agonising over issues that have been talked to death, to be honest. We should just get on with our work.

Deputy John Perry: I am amazed at how political this meeting has become this morning. The allegation that this committee is being muzzled is extraordinary given that the documents have been released. When one looks at the documentation, one can see that this meeting was not going to deal with all of the issues therein. I have scanned through the papers. We must be honest about the fact that politicians often get briefs with very little notice. It is not in any way unreasonable to expect, given the backup provided to all of the parties here, that we could scan the documentation enough to know what is contained therein. I totally resent the accusation of outside interference by the Minister. We do not want to pre-judge the outcome of the meeting with an inference that information has been provided in order to interfere with today's proceedings. That is far from the case. I was Chairman of the Committee of Public Accounts for over two years and laid great emphasis on the importance of impartiality. We are here to investigate the report of the Comptroller and Auditor General. Obviously there are limitations on the role of the committee which have been in place since the foundation of the State. There is no point in pre-empting the debate that will take place. The fact that there are witnesses who are prepared to come from Northern Ireland is entirely at their discretion. Nobody who has been asked to come before the committee has declined to do so. We must look at this in the context of the matter before us. The allegations that are being made relate entirely to the Northern Ireland jurisdiction. We cannot be accountable for allegations related to another jurisdiction. We must be very careful in how we handle this.

Deputy Gabrielle McFadden: I want to put on record that it is 10.37 a.m. now. We have been here since 10 a.m. but have not yet done any of the business that we are here to do. We had a private meeting beforehand which I fail to see the reason for if we are now discussing what was discussed in private. It is very unfair to point fingers at civil servants who are here and are only doing their job. That has happened before and I do not think it is fair that elected representatives would do that. I must say that I joined this committee last year thinking that it was a non-political committee that had a job of work to do. Today's meeting is very political and a lot of people here are playing to the press gallery. It is now 10.38 a.m. and we should start. That is all I have to say.

Deputy Mary Lou McDonald: I think it is obvious that we will have to deal with the documentation later. Just to make it clear, there is no issue with the documentation being published. That is correct and proper. It is a matter of the timing and the motivation for the timing. I entirely agree with Deputy McFadden that it is not fair to point fingers at civil servants. I do not think that is what was intended but it is important to say that this looks and feels like a manoeuvre by the Minister, via his officials, in advance of the meeting. That is most unfortunate and it is important that when a manoeuvre such as that is pulled, those in question, in this case the Minister for Finance, Deputy Noonan, have their cards marked and that it is acknowledged. It is important that he and his officials present themselves before the committee and we can investigate and consider those documents at that stage.

Chairman: We will now move to No. 4.

(Interruptions).

Chairman: Sorry, we have agreed to deal with those matters at a later date. On No. 4, I will ask Mr. McCarthy to comment on some of the exceptional items in the audit of the various agencies that is before us.

Deputy Joe Costello: Chairman, before we get into the business, I would like to raise an important issue which relates to something the committee dealt with previously. At this very moment, 600 residents in Longboat Quay are threatened with evacuation. It is something that we on this committee dealt with before. Some 12 months ago the matter came to our attention and it was mentioned at that time that there was a serious fire safety issue. The DDDA undertook to look into that matter and I understand it put in a sum in the region of €1 million towards remedying the situation. Other issues have developed since then that have shown this to be far more serious, with the results that the 600 plus residents in 300 apartments may have to be evacuated if the faults are not rectified. The initial work was carried out by the DDDA, which was the planning authority. The question now is who will take care of the €4 million that is required.

The Dublin Docklands Development Authority, DDDA, is about to become part of Dublin City Council. Quite clearly Dublin City Council is at risk from the charge.

The property belonged to Bernard McNamara who went into receivership. It is incredible that somebody can walk away. It would be similar to what happened in the case of Priory Hall. The person who is responsible for the damage caused is now one of the people who will probably not have to pay to have it rectified. I wonder if NAMA has a role, given that NAMA would have taken over those properties when Bernard McNamara went bust. I wonder whether it would be appropriate to ask NAMA some questions on this at a later stage. In the first instance I propose that we deal with NAMA in respect of it.

Second, the flaws have only appeared in this property which was built in 2006, some nine years ago. What about all the other properties built during the Celtic tiger years in the Docklands and elsewhere?

We will get a report from the clerk in respect of the Docklands in due course. Can the report be extended to include a survey of the various properties that were built during the Celtic tiger years when only cursory compliance was required? It was not until 2014 that strict regulations were put in place that require a quantity survey and an architect.

Chairman: The DDDA report is at an advanced stage and we can include a commentary, as Deputy Costello suggested in that report as well as some recommendations in regard to the issues at Longboat Quay. Deputy Costello can certainly raise the issue with NAMA, as part of its accounts. We will come back to these issues under the DDDA report. Does Mr. McCarthy wish to comment on the audit?

Mr. Seamus McCarthy: In respect of the accounts that are presented for the attention of the committee, Nos. 4.1. to 4.5 are the accounts for the semi-State sector. I am drawing attention to the ongoing Garda Síochána investigation into the theft of some valuable artefacts from the National Museum of Ireland and the steps being taken by the museum to prevent further thefts.

No. 4.6 is the finance accounts, the account of the Exchequer Central Fund and is one of the major accounts for the attention of the committee. In my report on the accounts of the public services for 2014, I have a chapter that is based on the finance accounts with additional mate-

rial, drawing together information in relation to assets and liabilities of the Exchequer.

Nos. 4.7 to 4.47 are the Appropriation Accounts for all of the Votes that were presented on Tuesday. Again, they will form the basis of work for the committee for the forthcoming year. There is a clear audit opinion in respect of all of the Votes. What has been outlined in the schedule in front of the committee is the relationship between the Appropriation Accounts and the Chapters in the report on the accounts of public services. One of the recurrent items to which I am drawing attention is instances of material non-compliance with procurement rules. It is something to which attention has been drawn previously. I know it is a matter that continues to be of interest to the committee. I also draw attention to cases where there have been significant control failures that are explained in the statements of internal financial control at the front of each of the Appropriation Accounts. There is an item in Vote 20 - Garda Síochána in relation to a lapse in control in the oversight and authorisation of claims and staff absences in An Garda Síochána.

In No. 4.31, Vote 31, there is disclosure of irregularities in relation to the manner in which public funding was applied by three local development companies. The grant funding in respect of those was a charge on Vote 25. I think most of the remaining items relate to chapters, which I expect the committee will be dealing with in detail.

Finally, Vote 34 in relation to the National Gallery of Ireland is the final Appropriation Account for the National Gallery. It will continue with more comprehensive annual financial reporting in the future with its funding coming from the Department of Arts, Heritage and the Gaeltacht.

Deputy Patrick O'Donovan: The Comptroller and Auditor General mentioned irregularities within local development companies in No. 4.31. Is the Office of the Comptroller and Auditor General looking at this or is it being looked at in the Department? At what stage will we get more information? Do we know which development companies are involved?

Mr. Seamus McCarthy: Certainly they are known to the Department. It is a disclosure which relates to 6.8 in the Appropriation Account for the Department. It relates to three Leader groups and the local development companies they are funding.

Deputy Patrick O'Donovan: Do we know the scale of the irregularities?

Mr. Seamus McCarthy: The amount that is disclosed in the note is €691,000. It is a matter that can be taken up with the Accounting Officer.

Deputy Patrick O'Donovan: Is that the sum involved between the three of them.

Mr. Seamus McCarthy: Yes.

Deputy Patrick O'Donovan: Who are the three companies?

Mr. Seamus McCarthy: I do not have that detail and it is not disclosed in the note, but I think the Deputy can raise it with the Accounting Officer.

Chairman: We can raise that matter. We note the accounts

We will now proceed to Nos. 5 and 6, our work programme. We have agreed the Department of Health will be followed by the HSE. Next week we will deal with Vote 29 - Health, Chapter 13, Irish Blood Transfusion Pension Scheme and the National Paediatric Hospital De-

velopment Board, financial statements 2013.

Northern Ireland Assembly Finance Committee: Discussion on NAMA Project Eagle Sale

Chairman: I invite Mr. Daithí McKay from the Northern Ireland Assembly, Chairman of the Committee for Finance and Personnel together with his committee colleagues to attend our meeting. I extend a warm welcome to them.

Before we begin the business of the meeting, I advise witnesses that they are protected by absolute privilege in respect of the evidence they are to give this committee. If they are directed by the committee to cease giving evidence in relation to 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 they are asked to respect the parliamentary practice to the effect that where possible they should not criticise nor make charges against a Member of either House, a person outside the House or an official by name or in such a way as to make him or her identifiable. Members are reminded of the provision within Standing Order 163 that the committee should also refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government, or the merits of the objectives of such policies.

I invite Mr. McKay to make his opening statement.

Mr. Daithí McKay: I thank the Chairman. I am quite hoarse as I was up late reading documents last night. I welcome this opportunity to present to the Committee of Public Accounts. I believe this informal engagement between representatives of our two committees will be a timely and viable opportunity to explore how we might work collaboratively on our respective inquiries into the NAMA Project Eagle sale. In addressing you formally I will refer to our respective areas of focus and I will outline the activities and outputs from my committee's work to date. I shall talk about the next steps and suggest some ways in which we might collaborate in a practical way. Clearly both committees have different areas of focus; the PAC's specific interest is in investigating whether the Project Eagle sale provided value for money for taxpayers in the South while the Assembly committee is to examine the role of Stormont's Department of Finance and Personnel, the DFP, in NAMA's operations in the North. This includes the relationship with the Northern Ireland Advisory Committee in the context of Project Eagle. However, I believe there are key areas where our interests cross over and where a co-ordinated action could offer mutual benefit. I have some specific suggestions in this regard to which I will return.

Shortly after the Northern Assembly finance committee initiated its review in early July, the PSNI announced its investigation. In order to minimise the risk of prejudicing this or future court proceedings the committee developed terms of reference for its work which was informed by a meeting with investigators and by independent legal advice. Investigators held another useful meeting with senior National Crime Agency personnel last week. The committee has collated a growing body of written and oral evidence which is published on its website. This includes written communications with NAMA including questions and answers; correspondence with DFP; written submissions from other key players including Cerberus and Mr. Cushnahan; Hansard reports of the five oral hearings to date; and the papers released last night from the finance department.

Despite the significant public interest in the review, the efforts of the committee have been frustrated by some key witnesses. The continued reluctance of NAMA to appear before the committee is very much regretted. As its reason for not travelling to the North, NAMA has said that the appropriate forum to which it should account for its activities is the Oireachtas, and to committees established by the Oireachtas. This point is not disputed by my committee but greater co-operation from NAMA will be crucial if we are to fully understand its relationship with the Northern Assembly's Department of Finance and Personnel since 2009, including the role of the department in making nominations to the NI advisory committee. While NAMA has agreed to answer questions in writing, I believe there is increased onus to appear before the committee out of pure courtesy and respect for the institutions in the North. While critical of NAMA on this point I acknowledge that it has been more forthcoming than some witnesses who continue to cite the criminal investigation as a reason for not providing further written or oral evidence to the committee. I believe this position is becoming more untenable by the day.

Although the committee's review is still at a relatively early stage I can report some tangible outputs already. It is beginning to establish a public record of key documents, including records of meetings and written submissions from key players. The committee has also prepared a comprehensive timeline of events that is updated as and when evidence and documentation is received. The oral testimony received to date is also highlighting the differing accounts of events which raises further questions and areas for scrutiny. Moreover, the publication of this emerging body of evidence has also informed the wider public discourse including in the media.

The committee is in the process of formulating and issuing further written questions to a range of witnesses and these include NAMA, Pimco, Cerberus and Mr. Frank Cushnahan. Invitations to oral hearings have been issued to the First Minister, former finance Ministers Simon Hamilton and Sammy Wilson, former permanent secretaries, former special advisers in the Department of Finance and Personnel and members of the NI advisory committee. The finance committee is expecting that all of these witnesses will make themselves available willingly and co-operate fully with the review. However, it will keep open the option of using its powers to compel persons and papers should that become necessary.

In conclusion, I wish to suggest some potential areas of common interest and practical measures which we might take to support our respective efforts and to assist each other in adding pieces to this complicated jigsaw. A key concern for both committees should be to investigate the information flow between NAMA and its northern advisory committee. In its written response to the committee on the 4 September, NAMA stated and I quote: "No specific information relating to debtors or assets was ever provided to external members of the NIAC". However, a question remains of precisely what information was shared. We know from the minutes of advisory committee meetings that commercial and confidential matters were discussed in some detail. Indeed, NAMA has redacted parts of the minutes which it has provided to the committee. It would be interesting to have an explanation for those redactions. It was also highlighted in the advisory committee minutes that section 202 of the NAMA Act which deals with the handling of confidential information also applies to the advisory committee including external members. Presumably that provision exists for a purpose.

We also know there was a crossover of membership between the NAMA board and the advisory committee. On 7 October 2013 at Tughans' offices in Belfast, the advisory committee discussed the unsolicited bid by Pimco and feedback was sought from the external members in order to inform the NAMA board's consideration on 10 October 2013. We need therefore to establish the full facts on this relationship, not just in terms of the formal exchange of information

but also the opportunities which individuals may have had to develop commercial intelligence on NAMA's assets and operations in the North.

A further area in which both committees may be able to support each other will be in getting to the bottom of the nominations and appointments of the external members to the advisory committee. A number of questions remain unanswered including where the responsibility rested for due diligence. In practical terms I believe that, as the inquiries progress, we could consider sharing information and papers as applicable. There is also scope for our respective committees to provide each other with suggested areas for questioning of witnesses whose oral evidence is of mutual interest. I thank the Cathaoirleach for this opportunity to address the committee and I welcome continued engagement. I am happy to respond to any questions that members may have and I look forward to hearing their views or suggestions.

Chairman: I thank Mr. McKay for his statement. I call on Deputy Ross.

Deputy Shane Ross: I wish to ask Mr. McKay one question. Mr. Bryson appeared before the Northern Ireland finance committee recently. On what basis was he called as a witness?

Mr. Daithí McKay: It is well publicised that this was a point of contention within the committee. The decision was carried by a majority vote to invite Mr. Bryson to make testimony to the committee and he provided a number of papers. There has been a mixed response to what Mr. Bryson has said. Papers which were provided were considered by the committee at its meeting this week. There were mixed views as to whether that information is credible. There is a divergence of views within the committee as there are divergent views within this committee here. Certainly Mr. Bryson's testimony, I think everybody can agree, did cause a bit of a storm as he did name other parties who are well known in the media coverage of this. This has led to our committee inviting the named parties to use their right to reply. I welcome the fact that the First Minister Peter Robinson, MLA, has replied via the media, to say that he will come to our committee. He will confirm by close of business today the timing of that appearance.

Deputy Shane Ross: That is fine but why did Mr. McKay's committee ask Mr. Bryson to appear before it and what criteria did the committee use in its invitation? Did he volunteer and did the committee say that it is was a good idea? Did it look for him?

Mr. Daithí McKay: It is well known that he has blogged at some length on this. It is also well known that he appears to have a lot of material which some believe may have been fed to him from another source. It was an issue of debate for the committee. What the committee agreed to do was to set a bar. The bar that has been set for him and future witnesses is that they have to prove that they have some connection to the terms of reference of the inquiry. He provided some information and gave testimony before giving full testimony, as it were, to show that he had information in regard to the Millmount development in east Belfast which was discussed between the Finance Minister and NAMA. In a sense, Mr. Bryson ticked the box in terms of some of the issues that the Department of Finance and Personnel in the North was discussing with NAMA.

Deputy Shane Ross: I have one other question, if I may. Mr. McKay referred to redactions in the minutes provided by NAMA. Did the committee ask NAMA why anything was redacted? Does Mr. McKay know why there were redactions?

Mr. Daithí McKay: We do not know why they were redacted. We are sending further questions and correspondence to NAMA to ask why the minutes were redacted. We believe,

particularly in regard to some of the advisory committee issues, that it would be of benefit to us as a committee to see that unredacted documentation.

Deputy Mary Lou McDonald: Cuirim fáilte roimh Mr. McKay and his fellow committee members. It is useful that Mr. McKay has echoed a position expressed at this committee in respect of the need for NAMA not just to correspond with the committee of the Assembly but, in fact, to appear before it. Perhaps the only efficient mechanism for getting answers to the redaction question that Deputy Ross posed is for NAMA to present before the committee and for the questions of Mr. McKay and his fellow committee members to be put to the agency.

My question to Mr. McKay revolves around the Northern Ireland advisory committee. Mr. McKay strikes what sounds to me like a note of scepticism on the assertion that there was no access to key confidential information regarding debtors or the portfolio. I would like to know why Mr. McKay has arrived at that view. I understand the committee's work is by no means completed but would ask Mr. McKay to set out for us some of the reasons for that scepticism. What is his or the committee's sense - in as much as they have a formed sense at this stage - of the relationship between the Northern Ireland committee and the board proper and the kind of access that committee members had to information? If Mr. McKay could sketch some of that out, it would be useful for our subsequent discussion with NAMA.

Mr. McKay has set out some ideas for co-operation but does he have any thoughts on the mechanisms that might apply to make those ideas or suggestions real?

Mr. Daithí McKay: The committee on a number of occasions has been very sceptical of a number of parties. A lot of that has been born out of frustration because from the outset in July, when we set about looking into this issue, a lot of doors were firmly shut in our faces. There was a debate at that time as to whether there was any point in us continuing with our inquiry. Personally, I am glad that we did continue with the inquiry because we are slowly but surely pushing some of those doors ajar and we are beginning to see that work bearing fruit.

In terms of NAMA and the advisory committee, obviously some of the key players in this saga, going back to the start of this year, include Tughan's solicitors and we do know that on 7 October at Tughan's offices in Belfast, the advisory committee discussed the unsolicited bid by Pimco and feedback was sought from the external members, including Mr. Frank Cushnahan and Mr. Brian Rowntree, to inform the full NAMA board's consideration on 10 October, some three days later. When we learned about that fact through our evidence gathering, it did not sit well with what Mr. Daly had said in terms of there being no risk in that regard at all. We have only some snippets of information in that regard but that in itself is something which is of major concern. It is a contradiction of what we have seen in the minutes and of what Mr. Daly has said.

Deputy Mary Lou McDonald: Am I right in assuming that Mr. McKay would like Mr. Daly to present himself before the Northern Ireland committee so that it can explore these matters with him?

Mr. Daithí McKay: Absolutely. Mr. Daly has said that he is not accountable to us. We do not expect him to be accountable to us. We just need Mr. Daly and NAMA representatives to come before us to assist us with our inquiry because all we want is the truth. All the public wants, North and South, is the truth. We have had representatives of Ulster Bank in Dublin, for example, come before a committee in the past so I do not see why NAMA should be any different.

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Deputy Robert Dowds: Cuirim fáilte roimh Mr. McKay and to the other members of the Assembly at Stormont. How will the work that Mr. McKay's committee is doing relate to any investigation being carried out by the PSNI? Are there problems there or are there areas that the committee is unable to visit because of police investigations?

Mr. Daithí McKay: It is a good question and one to which we have to keep returning on a regular basis as this unfolds. In early July, the PSNI announced that it was launching an investigation into this on the back of what Deputy Mick Wallace said in the Dáil. That has since been passed to the NCA.

Deputy Robert Dowds: What is the NCA?

Mr. Daithí McKay: The National Crime Agency. The agency met with our committee on Monday to give us an update. That information is, of course, confidential but I can make clear that the agency had no issue with our committee proceeding with our inquiry. We need to be very careful around certain areas because we do not want to prejudice any future proceedings in terms of a trial. We need to tread carefully. We put together terms of reference for our inquiry after meeting with the NCA to ensure that our focus would be mainly on areas where the risk of that is minimised.

Deputy Robert Dowds: So presumably the committee was getting legal advice to ensure that it did not stray into areas that-----

Mr. Daithí McKay: Yes, we got bogged down with legal advice over the summer.

Deputy Robert Dowds: I know from experience that it can be very frustrating.

Mr. Daithí McKay: It was very frustrating but it was worth it at the end of the day. The NCA, hopefully, will bring someone to book for this if necessary. We certainly made the point to the agency that we need to see some results in that regard.

Deputy Patrick O'Donovan: I welcome Mr. McKay. Has the committee sought a meeting with Deputy Mick Wallace?

Mr. Daithí McKay: We have. He was one of the first names put forward by the committee but Deputy Wallace declined the invitation to appear before the committee.

Deputy Patrick O'Donovan: While the committee members are in Dublin today, is it their intention to meet him? Has the committee requested a meeting with him?

Mr. Daithí McKay: We have not for our business today, no. We might run into him but-----

Deputy Robert Dowds: So he has refused to meet the committee?

Deputy Patrick O'Donovan: Has he refused to meet the committee?

Mr. Daithí McKay: He has refused to meet us, yes.

Deputy Patrick O'Donovan: He has refused to co-operate with the committee.

Mr. Daithí McKay: Yes.

Deputy Joe Costello: I welcome Mr. McKay and his fellow committee members and thank them for coming down here. We are delighted to have them with us. It was stated earlier that

NAMA has stated that the Oireachtas Committee of Public Accounts was the appropriate forum for it to conduct its business and that is the way the agency was established under law. NAMA is accountable to us. Mr. McKay has said that the committee is inviting NAMA to come along, while recognising that accountability. Has NAMA given any other reason for not appearing? Many other witnesses have expressed the view that because there are criminal proceedings taking place in Northern Ireland, or at least that the authorities are investigating Cerberus, they are not prepared to be witnesses but are prepared to give witness statements. Has NAMA said that its representatives would not appear because of the proceedings that are taking place in two jurisdictions with regard to Project Eagle?

Mr. Daithí McKay: To the best of my knowledge the only reason NAMA gave to the committee was the fact that it was accountable to the Oireachtas. NAMA may have said that there are other reasons in another forum, but that was the primary reason, as far as we were concerned, for not attending.

Deputy Joe Costello: I presume NAMA would have no problem with Mr. McKay being present during questioning by this committee and would have no problem with questions that Mr. McKay might pose to members of this committee being put to NAMA by us. Has Mr. McKay explored that as a possible means of dealing with the matter?

Mr. Daithí McKay: That is not something I have raised with NAMA but certainly if this committee wishes to put questions from our committee to NAMA, then-----

Deputy Joe Costello: If NAMA is adamant that this is the only forum it will deal with, then perhaps that is something that Mr. McKay might explore.

Mr. Daithí McKay: It is a proxy mechanism I suppose but I welcome the fact that what we are stating here today and the information we are bringing forward will, in all likelihood, be used to inform the Committee of Public Accounts' questions to NAMA. There is a cross over, of course, but our primary focus relates to issues, for example, concerning the Department of Finance and Personnel on which we have a degree of expertise. In terms of any attendance by NAMA at the Assembly, we would get a lot more out of that but at the same time, we would get a lot more out of co-operation with this committee than not.

Deputy Joe Costello: I appreciate all of that. This week, Deputy Mick Wallace raised some other issues in the Dáil relating to Project Eagle and other activities. The Taoiseach requested that Deputy Wallace would come before this committee but he has again declined to do so. Deputy Robert Dowds has e-mailed Deputy Wallace requesting that he put forward questions that this committee could pose to NAMA today if he is not prepared to come before us. Deputy Wallace has indicated that his statements in the Dáil, which were made under privilege, would contain all of the questions that he needed to put. In a roundabout way, therefore, we will be putting Deputy Wallace's questions to NAMA today. That is why I am asking whether we could explore a possible roundabout way of making NAMA answerable to the Northern Ireland committee through this forum.

Mr. Daithí McKay: We can certainly explore that and I am sure my committee would be open to exploring all of the options in terms of getting answers from NAMA. That is a decision for the committee but I presume members will be agreeable. We are sending questions to NAMA on a regular basis, in terms of written answers but I think-----

Deputy Joe Costello: Is NAMA giving the committee written answers?

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Mr. Daithí McKay: It has given written answers, to be fair but we would get more value from a face to face conversation.

Deputy John Deasy: I thank Mr. McKay for taking the time to come to this committee meeting today. To clarify that last point, the Northern Ireland committee is asking questions and NAMA is giving written responses to those questions. There is a jurisdictional issue which is the reason NAMA has given for not appearing before the committee. Has the committee asked to meet NAMA privately?

Mr. Daithí McKay: We have not asked for a private meeting. We have called NAMA-----

Deputy John Deasy: Why not?

Mr. Daithí McKay: The issue was never raised by NAMA, in terms of written correspondence. If the Deputy is asking-----

Deputy John Deasy: It just seems to be a case of all or nothing, with the committee wanting NAMA to appear before it. As Mr. McKay said, this is really about getting to the truth and finding out what happened here. Has the committee made a request to meet NAMA informally or privately to discuss these issues?

Mr. Daithí McKay: The issue and the contradiction that we flagged up to NAMA was that NAMA has been in Stormont before. NAMA representatives have been in parliament buildings, met with officials from the Department, with Ministers and with other arms of government but will not meet our committee. I do not accept the point that it is a jurisdictional issue-----

Deputy John Deasy: I see a contradiction here. There is some stonewalling going on with regard to NAMA but there is a good jurisdictional reason, in my opinion, for NAMA not going to Stormont and appearing before Mr. McKay's committee. If the committee has not asked NAMA to meet it informally, it should do so and perhaps NAMA would be open to that. The committee should do so, particularly if its only or ultimate goal is to find the truth in this matter. There is a contradiction here and more of an effort should be made by the committee to deal with NAMA, even if it is in an informal, private setting.

Mr. Daithí McKay: We have made efforts to communicate with NAMA through writing, phone calls and so forth and have asked it to appear before the committee. NAMA has had meetings at Stormont before in both private and public session. If it is an issue of public versus private, we can explore that but from the committee's perspective, we want to try to keep all of our sessions as transparent as possible.

Deputy John Deasy: That is fair enough.

Mr. Daithí McKay: We are responding to the calls from the public for that to be the case.

Deputy John Deasy: That is fair enough. I will ask Mr. Frank Daly and Mr. Brendan McDonagh if they would deal with Mr. McKay's committee on that basis. Maybe that would be helpful.

Deputy John Perry: Mr. McKay is very welcome here this morning. He made reference to information that he has brought forward today. What information has he brought forward that was not known before?

Mr. Daithí McKay: There is a lot of information. NAMA provided a few hundred pages.

All of our documentation is available on the finance committee-----

Deputy John Perry: I know that, but Mr. McKay made reference to information he has brought forward here today. Deputy Mick Wallace has refused to come before this committee today. It is very easy to make allegations in the Parliament when one has immunity but to act on those allegations outside of the House is the real point. Mr. McKay spoke about the information brought forward here today but I have not heard anything extraordinary from Mr. McKay this morning.

Mr. Daithí McKay: That is Deputy Perry's opinion but there is no doubt in my mind and I am quite confident that some of the information referred to in terms of NAMA minutes is of interest. Some of the information we received as a committee was not sent to the Committee of Public Accounts and that information is of benefit to the PAC.

Deputy John Perry: I think that it is very important that we do not damage the process and that parties are given a fair hearing. We should not act as judge, jury and executioner with regard to the integrity of NAMA which took over a basket case when it was set up. It also took over a basket case of properties in Northern Ireland, many of which were valueless at the time. What types of properties are we talking about in Northern Ireland?

Mr. Daithí McKay: The first point I would make is that we are not out to get NAMA. What we want to see is transparency and all of this is about asking questions. That is all we want from NAMA - answers to questions.

Deputy John Perry: That is our motivation too. I have no doubt at all about the integrity and transparency of NAMA. I would have concerns about people coming into Dáil Éireann, being fed information and then making allegations without being prepared to substantiate what they are saying. Mr. McKay's committee asked Deputy Mick Wallace to meet it. The committee members are here in Leinster House today but are not going to meet him. As Deputy Deasy has stated clearly-----

(Interruptions).

Deputy John Perry: My interpretation of what Mr. McKay has said is that there was collaboration between the seller and the buyer with regard to the Project Eagle properties in Northern Ireland. NAMA was selling the properties and the purchaser was a consortium which did what it had to do to put its bid together. It is a major leap to conclude that there was complicity but that appears to be the underlying message from Mr. McKay.

Mr. Daithí McKay: First, the purpose of our committee's visit today is to speak to the Committee of Public Accounts. We cleared our diary for the PAC today and were not going to make any other arrangements with any other parties out of respect for this committee and its members. However, I would make the point again that we are a committee that represents parties from across the political spectrum in the North and we have different opinions on this. The reason the committee has been so successful in its inquiry is that we have focused on getting answers to questions. If other political parties wish to take those answers and make points, that is for them to do but our work is about getting transparency, which is what the public requests.

Deputy John Perry: However, Mr. McKay must remember that if the Public Accounts Committee in Northern Ireland is conducting its inquiry on the due diligence of the sales, there

obviously is a PSNI inquiry to ascertain whether there are irregularities or criminal issues that have been raised. This is not a quick-fix solution if one looks at the documentation regarding accountability and if one considers the position of this economy when NAMA took over. I would like to hear about the properties in Northern Ireland because my information is it was a mixed bag of quite valueless properties with little to no title to many of them. Has the Northern committee carried out due diligence on the portfolio of Project Eagle?

Mr. Daithí McKay: We have not but that is not within our terms of reference.

Deputy John Perry: Would it not do so? It is easy enough to indicate the relevance of the locations, whether they are small businesses or otherwise, and the type of property. One would imagine one would have a portfolio, if the committee is conducting an investigation on the magnitude of this sale.

Mr. Daithí McKay: To answer that point, we have had a lot of difficulty in getting business people to come forward to the committee in this regard. Mr. Gareth Graham was the single exception but as individual committee members, we have heard anecdotally that businesses within our communities do not like how they are being treated by Cerberus, which was the successful bidder at the end of this process. That is another issue into which our committee will look after the sale - that is, how Cerberus has handled the portfolio and how it has treated businesses within our communities.

Deputy John Perry: Obviously there is the seller of the portfolio and the purchaser. I have no doubt but that the long-term ambition of the potential purchaser of these properties is to get a return on its investment and, undoubtedly, there will be some off-loading of the properties but I refer to the integrity of NAMA. One must be very careful on the international stage that due process is taking place at present, where we can have a media gallery on this issue. As for a Deputy making allegations, I note he is not prepared to go to Northern Ireland to meet the committee there. Moreover, he is not prepared to appear before a committee of this House. Mr. McKay places huge merit on what Deputy Wallace has said, whereas on the credible evidence that has been presented to his committee, even though it is documentary, Mr. McKay appears to be casting a doubt on it.

Mr. Daithí McKay: Deputy Wallace has declined to attend our committee. As for his views-----

Deputy Robert Dowds: He treats Mr. McKay's committee in the same way as he treats this committee.

Mr. Daithí McKay: Yes, so-----

Deputy John Perry: Would that not lead to a certain concern on Mr. McKay's part that its credibility would be questionable? If one makes an allegation with impunity and-----

Mr. Daithí McKay: That is more an issue for yourselves than for us. We have not spoken to Deputy Wallace and have no documentation within our inquiry to date linked to Deputy Wallace and we have drawn no conclusions from that.

Deputy John Perry: I refer to the point made by Deputy Deasy, as I am a great believer in finding the information first. Was there not potential for seeking a meeting with NAMA at head office? While it is important to have it in the public domain, did Mr. McKay seek a meeting with the board of NAMA to discuss the Northern committee's concerns?

Mr. Daithí McKay: We obviously sought a meeting with NAMA but it has not sought a meeting with us. If NAMA wishes to hold a private meeting with us, it should tell us so but that has not happened to date. We have no issue with meeting NAMA privately to discuss certain matters but ultimately, we want to see its representatives in public session and I believe the public also wants to see them answering questions in public session.

Chairman: We will raise some of those questions with NAMA. We will just move on Deputy.

Deputy John Perry: The due diligence on the property is important and I am a great believer in ascertaining the location of the properties. As I note the Northern property market has been flat compared with the increase in property prices here, can Mr. McKay compare property values in the North with those in the Republic?

Mr. Daithí McKay: That is not what I am here to do today-----

Deputy John Perry: But he is making-----

Mr. Daithí McKay: -----but if the Deputy is talking about the actual sale process, I believe that questions need to be asked about that. My committee has put a number of questions to Fortress to which it still awaits a response. We have asked Fortress why it bid as it did, that is, below the reserve price. We have asked it whether it has had any contact or representation from two of the main players in this regard, namely, Frank Cushnahan or Tughans. That absolutely is an area on which there has been a focus.

Deputy John Perry: Has Mr. McKay's committee sought the due diligence report from the potential bidders in respect of the properties?

Mr. Daithí McKay: No, we have not.

Deputy John Perry: It is amazing that it would not.

Chairman: Deputy Perry should conclude.

Deputy John Perry: It is an important point. It is amazing that the Northern committee has not sought the due diligence in respect of each property that is on sale because I have no doubt but that a report is drawn up on each property by the potential bidders.

Mr. Daithí McKay: The potential bidders have not co-operated with our inquiry. We still are at the stage of getting those witnesses to appear before the committee and getting them to respond to written questions. Certainly, however, that is a stage to which we will come as our inquiry proceeds.

Deputy John Perry: There appears to be a lot of non-co-operation with Mr. McKay's committee, if potential bidders are non-co-operative and Deputy Wallace is not co-operating. Is it correct that NAMA is not alone in not appearing before the Northern committee?

Mr. Daithí McKay: Yes but allegedly, a number of these parties have a lot to hide. I hope NAMA has nothing to hide but certainly, we believe the Department of Finance and Personnel in the North must begin to co-operate with our committee. We also believe that NAMA must co-operate because this is a huge issue of public interest North and South. This was the biggest property deal in the North and it is not good enough for these witnesses not to appear before our committee. It is not good enough that they are not responding to the allegations of corruption

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in the media. If there is no truth to them, these witnesses should come forward and make clear to our committee they have nothing to hide.

Deputy John Perry: Does Mr. McKay's committee not have powers of compellability?

Chairman: Can I ask Deputy Perry to conclude?

Deputy John Perry: Does his committee in Northern Ireland not have powers of compellability to bring in those witnesses?

Mr. Daithí McKay: We do. We have taken legal advice on that and are in the process of perhaps using those powers if this situation continues.

Chairman: Deputies McDonald and O'Donovan have a single question each, after which we will bring in the witnesses.

Deputy Mary Lou McDonald: This is more to be helpful, a Chathaoirligh, and to refer Deputy Perry to correspondence to this committee from 24 September in which NAMA, which one presumes holds all the due diligence information on the properties concerned, set out for it the geographic breakdown of the portfolio. It then broke down further the areas of the North in which the portfolios were and then beyond that into Britain. NAMA also gave us a county-by-county breakdown. This again is where members should come to NAMA, which is the holder of that information. It would not be reasonable to expect this committee to have that information, nor is it reasonable to expect the Northern committee would have it either. The Deputy perhaps should read our correspondence to assist him in his understanding.

Chairman: I thank Deputy McDonald. I call Deputy O'Donovan.

Deputy Patrick O'Donovan: Briefly Chairman, has the Northern committee requested Cerberus and the other unsuccessful bidders to appear before it?

Mr. Daithí McKay: Yes, we have.

Deputy Patrick O'Donovan: Have they responded?

Mr. Daithí McKay: Yes. Cerberus, Fortress and PIMCO have indicated they do not wish to attend the committee. Obviously, this is a trend of not co-operating with the committee. Yesterday, the committee signed off on four to five pages of questions to send to PIMCO and we will see what comes back but what we found to be productive were the written responses we received from NAMA. They contained some nuggets of information of which we had not been aware previously. We also have received written correspondence from Cerberus outlining its interpretation of how things have happened. As I stated earlier, our inquiry is in its early stages because there were legal issues to get over at its outset. After we receive those written responses, we will home in on who really needs to appear before us.

Deputy Patrick O'Donovan: Has the Northern committee received any reply from PIMCO?

Mr. Daithí McKay: PIMCO has been in correspondence with the committee. It has indicated it does not wish to appear at present but it will respond, hopefully, to the questions we sent to it yesterday.

Deputy Robert Dowds: May I make a proposal? I note Deputy Wallace has been requested

to appear before this committee. Could I propose that we again write to Deputy Mick Wallace and ask him to appear before this committee on the allegations that he has raised?

Chairman: In preparing for the previous committee meeting and for this one, I wrote to Deputy Mick Wallace asking him whether he would attend and he said, “No, not at this stage”, and that is his position. I call Deputy Costello.

Deputy Joe Costello: We have got a submission document from Cerberus that has been forwarded to us from the committee in Northern Ireland. I thank the committee very much for that. However, to the best of my knowledge we do not have anything from PIMCO, Fortress Capital or any of the other players involved. I understand that initially nine international consortia were contacted in Project Eagle.

Chairman: That is on the website. There is a document on the Northern Ireland committee website.

Deputy Joe Costello: This was circulated to us as part of our documentation.

Chairman: It has not been circulated yet, but we can circulate that.

Deputy Joe Costello: Some of the other players who have declined to appear before the Northern Ireland committee as witnesses have made written submissions. Has the Northern Ireland committee asked Deputy Wallace to make a written submission?

Mr. Daithí McKay: We have not, but that is something we could consider and perhaps look favourably on.

Chairman: I thank Mr. McKay, his colleagues and staff that travelled with him today. They have been very helpful to the committee. I thank Mr. McKay for his statement and answers. We will now invite in NAMA.

The witnesses withdrew.

National Asset Management Agency: Financial Statements 2014 (Resumed)

Mr. Brendan McDonagh (*Chief Executive, NAMA*) and **Mr. Frank Daly** (*Chairman, NAMA*) called and examined.

Chairman: I welcome Mr. Brendan McDonagh, CEO of NAMA, to the meeting. Could I ask him to introduce his officials please?

Mr. Brendan McDonagh: I am accompanied by Mr. Frank Daly, chairman of NAMA, Ms Aileen O'Reilly, head of legal, Mr. Donal Rooney, chief financial officer, and Mr. Michael Moriarty, head of asset recovery, and by Mr. Declan Reid from the Department of Finance.

Chairman: Could I ask the Comptroller and Auditor General for his statement please?

Mr. Seamus McCarthy: As this is a resumed session on the NAMA financial statements I do not propose to outline again the key results in relation to NAMA's 2014 financial statements.

I did mention previously that under section 226 of the 2009 NAMA Act, I am required every three years to carry out a review of the progress NAMA has made towards achieving its overall

objectives. The next report will cover NAMA's progress up to the end of 2015. I indicated to the committee in July that when preparing the next section 226 report I intended to look in detail at a sample of NAMA's disposals and a sample of properties held by it for investment. Work on the examination has commenced. Given the size of the Project Eagle disposal and the scale of the loss incurred on the Project Eagle sale, relative to the amount paid by NAMA to acquire the loans, my intention is to examine that disposal as part of the review. I will consider preparation of an interim special report to present my findings on the disposal process.

Deputy John Deasy: Time-wise, could Mr. McCarthy tell us when he thinks the interim report will be finished?

Mr. Seamus McCarthy: I would expect to have a draft report by the end of the year. Then a clearance process will have to be undertaken with NAMA and the Department of Finance, so one is looking at the early part of next year.

Deputy John Deasy: The draft report will be ready by the end of this year.

Mr. Seamus McCarthy: That is what I expect at the moment.

Deputy John Deasy: I thank Mr. McCarthy.

Chairman: That will not reach us, or be completed for us, until 2016.

Mr. Seamus McCarthy: Exactly.

Chairman: Could I have Mr. Daly's opening statement please?

Mr. Frank Daly: Good morning, Chairman, and Deputies.

My comments this morning relate specifically to the sale of the Northern Ireland loan portfolio, Project Eagle, which has received much attention on both sides of the Border in recent months. When the chief executive and I appeared before the committee in July, we spoke at length about the Project Eagle sales process. There has been much coverage of various aspects of the transaction over the past three months, much of it related to what may or may not have happened on the purchase side of the transaction and particularly in Northern Ireland, but the key points that we made to the committee in July are still valid and I want to reiterate them.

If there was wrongdoing on the part of some parties involved on the purchase side of the transaction in Northern Ireland, including those who acted as professional advisers to potential purchasers, we in NAMA have no more knowledge of that than what has been publicly disclosed to date. The facts, as they pertain to those individuals and their activities, are a matter for the relevant authorities in Northern Ireland and other jurisdictions to establish. If an alleged payment involving Tughans did find its way to an account in the Isle of Man, as has been alleged, it did not emanate from the sales proceeds that were due to NAMA and to Irish taxpayers. When NAMA became aware of a concern surrounding the participation of one of the bidders for Eagle, we immediately, and without hesitation, took steps to ensure that potential bidder withdrew from the loan sale process.

The chief executive and I met the UK's National Crime Agency some weeks ago and provided it with an overview of NAMA and the chronology of the sale of Eagle. It is our clear understanding, based on that engagement, that its investigation is not in any way concerned with the NAMA sale side of the transaction. Its focus appears to be very much on the purchase side and what may or may not have taken place in Northern Ireland.

The loan sales process for Eagle was well-managed and competitive. The sale was conducted in line with best international practice, independently overseen by Lazard, and NAMA took care at all stages to ensure the integrity of the process was fully protected. The implication of many of the allegations is that parties in Belfast either had influence over NAMA's decision-making on Project Eagle and/or had access to confidential NAMA information that could have afforded certain bidders a competitive advantage in the sales process. On the first point, let me make it very clear that no pressure from any source, North or South, political or otherwise, influenced NAMA in regard to the commercial decision to sell the loans of NAMA's Northern Ireland debtors or influenced the decision to accept the winning bid from Cerberus. All decisions were made, as is correct and proper, by the NAMA board.

Let me also reiterate that members of the Northern Ireland advisory committee had no access to confidential NAMA information. In fact, all bidders had equal access to all of the information on the loans and the underlying security once they entered a controlled data room. No bidder could have had a competitive advantage over another because all bidders were given full and equal access to all relevant information held by NAMA. We have no knowledge of what third parties on the purchase side were allegedly saying in Northern Ireland but we can state categorically that they had no influence over NAMA's decision making, no access to NAMA confidential information and were in no position to confer an unfair competitive advantage on any of the bidders in the process.

I have little doubt that the commercial decision taken by the NAMA board to dispose of the Northern Ireland loan portfolio was the right one. The board took the view that the sale would provide the best financial outcome for Irish taxpayers, taking into account the quality of assets in the portfolio, the lack of liquidity in the Northern Ireland property market, the availability of a number of investors with the capacity to bid competitively on the portfolio and NAMA's need to focus on its assets in the Republic and London, which were more likely to gain from intensive asset management attention. NAMA set a reserve price based on the aggregate value of the assets securing the portfolio and NAMA achieved that price. I will address later in this statement the hearsay claim that the portfolio was sold for less than what it was worth.

There has been an attempt to suggest – without evidence - that Cerberus has made a huge profit on the Eagle transaction. Based on its own submission to the Northern Ireland Committee for Finance and Personnel, by letter dated 16 September 2015 which is publicly available, Cerberus stated it expected to write off a cumulative £2.8 billion of debt. That implies a realisation of £1.5 billion on a portfolio for which it paid £1.3 billion. On the assumption that funding, loan servicing and other costs will amount to 8% over an assumed workout period of 30 months, Cerberus would be left with a profit of approximately 7% to 8%. While clearly Cerberus invested in the portfolio with a view to generating a profit, the data provided by it to the Northern Ireland committee hardly suggest that the Irish taxpayer was robbed, as has recently been suggested by some of the more excitable commentary. There is no certainty that this projected profit will be achieved ultimately, given the difficulty of predicting the performance of markets and of economies. In essence, we were faced with a choice of taking a certain £1.3 billion in cash upfront or taking the very substantial risk of holding on for a potential upside of another 7% to 8% and putting this £1.3 billion at risk for a limited additional gain that may or may not be generated over a three to four-year period. Knowing what we know about this portfolio, this is a risk NAMA was not prepared to take.

There were also claims that the value of the Eagle portfolio increased by 20% in the 15 months since the sale was concluded. Based on independent data available to us, this claim

is without foundation. The most reliable data that we have been able to obtain suggests that Northern Ireland commercial property prices increased by 2.3% for the 2014 calendar year. No reliable updated data is yet available for 2015. I should point out though that the estimated 2.3% price growth was largely based on an investment portfolio of prime retail, office and industrial income-producing assets. By contrast, Project Eagle contained a significant proportion of lower-quality land and development assets and other assets that would not fit institutions' investment criteria. It is reasonable to assume that price recovery for this asset class would lag that of the better quality assets typically measured by price indices. Based on this, we have concluded that, at best, Eagle assets may have increased in price by a maximum of 2% to 3%, not the 20% claimed in some media reports. When account is taken of funding and management costs, NAMA could have made little or no gain from retaining the portfolio and working it out as far as 2020 by comparison with the option of selling it, as we did, in early 2014.

It is also important to point out that Cerberus has more flexibility in its ability to manage the portfolio than NAMA had. This is because section 172 of the NAMA Act prohibits NAMA from selling assets back to defaulting debtors. While we have no way of knowing the ultimate impact of section 172, one can speculate that, in some cases at least, debtors would be willing to outbid third parties, with the support of third-party financing, in order to ensure that they obtained control over their assets, given they had the best knowledge of them.

I now turn to a number of additional allegations which were made last week under Dáil privilege by Deputy Wallace. Deputy Wallace claimed that Cerberus or some "fixers" went to some of the major Northern Ireland debtors prior to the sale of the portfolio and offered to sell them back their loans for 50p in the pound. He goes on to imply that, having bought the loans from NAMA at 27p in the pound, Cerberus was then able to sell the loans at twice what they paid for them. This is a serious misrepresentation of the facts. Cerberus bought the Eagle portfolio at a price which corresponded to an average of 27% of its par value. The price that we achieved was based on the aggregate value of the properties securing the portfolio. Neither Cerberus nor any other bidder would ever pay the par value for the loans unless the underlying assets were worth at least as much as the loan par value. Nor would they pay more than what the aggregate underlying assets were worth, which was 27% of par value at the time of sale following open marketing of the portfolio.

It may well have been the case that the loan portfolios of certain individual debtors were priced at 50% of the par value because the properties securing them were better than the average. If that were the case, it would have made sense for Cerberus and the particular debtors involved to agree a buyout price at or about 50%. But it is utterly disingenuous to suggest that the whole portfolio could have been sold for 50% of par value. The price we agreed was based on our own valuations of the loans. We were fully aware that some loans were worth 50p in the pound, and some were worth far less; perhaps as little as 5p in the pound. The blended average across the portfolio as a whole represented 27% of par value. That is the highest that any bidder - out of nine major investment groups approached - was prepared to pay for the portfolio as a whole and the highest that could be achieved.

It stretches credulity to suggest that Northern Irish, or indeed any other debtors, and their new investors or bankers would have paid 50p to buy back assets which were worth only 27p. Some of the commentary over the past week has been written by commentators who have been silent on this point but know very well how implausible it is or, at the very least, ought to know.

Deputy Wallace then goes on to ask why NAMA could not have negotiated with debtors to secure 50% of the loans' par value, which, as he claims, was achieved by Cerberus. Aside from

the implausibility of the claim that Cerberus was in a position to sell its whole Eagle portfolio at 50% of par value, there was nothing to prevent Cerberus or any other buyer, once they had bought the portfolio, negotiating deals with debtors, which would have involved the debtors buying the loans at a discount to par. Some loans may have been worth 50% of par value but many others were worth much less. The Deputy asks why NAMA could not negotiate such deals. The answer is straightforward: section 172 of the National Asset Management Agency Act prohibits it from doing so.

Deputy Wallace states that because the price paid by Cerberus was 27% of par value, taxpayers in the Republic had to cover the shortfall relative to par. The Deputy's implication is that if NAMA were to retain this portfolio for long enough, it would eventually recover par value. This is a totally unrealistic view of what is achievable within any reasonable timespan. If par value were ever to be realised from this portfolio, a realistic timetable for realising it runs into decades, not years. As we indicated to this committee in July, NAMA bought the portfolio at a heavy discount and then we had to impair it further after acquisition due to further property price declines and economic stagnation in Northern Ireland. The key point to bear in mind about the Eagle portfolio is the fact that five Irish banks advanced ST£4.5 billion to Northern Ireland debtors for the purchase of assets which were generally of mediocre or poor quality and which subsequently lost, in aggregate, over two-thirds of their value. Blaming NAMA for that is akin to blaming the fire brigade for a major fire which was set off by an arsonist.

Deputy Wallace states that some €45 million has been paid in what he describes as "fixers' fees". As the Deputy did not provide any detail as to what these fees represent, it is very difficult to comment in any detail on this point. I am aware, however, that it is normal practice for debtors to pay fees to new lenders when refinancing or buying back their loans and it is possible that this is what the Deputy has in mind. I understand that these fees – commonly referred to as arrangements fees – are typically charged at about 1% of buyout value, and this is normal banking practice. Even if 1% fees were paid on the whole portfolio, the total fee payment would amount to £13 million, not the €45 million as claimed. It is also possible that the Deputy is referring to fees which debtors might have paid to accountants, lawyers and corporate finance advisers to assist them in their engagement with Cerberus. However, in the absence of any further information about the fees involved, it is difficult for me to offer the committee any insight as to what the Deputy might have had in mind.

I can state categorically that these supposed "fixers' fees" do not in any way relate to NAMA. We have already disclosed that the fees incurred by NAMA in relation to this transaction were €9 million, which is about 0.6% of the sales price, and that they were principally fees paid to Lazard as our loan sale adviser and to a number of legal firms. We have no difficulty in publishing the full list of service providers and the fees paid to them by us as part of the Eagle sales process if that is required or useful. We have nothing to hide on this.

On a more general note, it is difficult for NAMA or indeed any organisation to properly address allegations where such allegations are vague or implausible and where no evidence is produced to support them. It is unfortunate to say the least that in some cases those making the allegations appear unconcerned about the reputational or commercial damage their unsubstantiated allegations may cause to the organisation concerned or to any individuals they may name. Often there are no consequences for them if their allegations prove to be without foundation whereas the reputational damage to the organisation or the individual may well be impossible to reverse.

If those making such allegations genuinely believe that the information that has been passed

on to them is accurate and reliable, we would again urge that they pass it on to us or to the appropriate authorities so that it can be objectively investigated. The committee will be aware that if a criminal act is alleged to have been committed, the individual making the allegation is obliged to report such matters to the Garda under section 19 of the Criminal Justice Act 2011.

NAMA is well on its way towards achieving its primary objective of redeeming close to €32 billion of senior and subordinated debt. In addition, we hope to generate a surplus, the upper range of which is currently estimated at €1.75 billion.

To put all this into context, we paid, as required by statutory regulations, €5.6 billion of State aid as part of the acquisition price of our loan portfolio, in effect €5.6 billion more than a private purchaser would have paid for this portfolio. We have also had to take a cumulative impairment provision of €3.5 billion. Against that strong headwind, I believe that repayment of senior and sub debt, and generating a surplus will be recognised in time as a significant achievement in very difficult circumstances.

In time also, I believe that the intensive planning and preparatory work that we are currently carrying out will make a major contribution to the development of the Dublin docklands, as will the funding we are providing towards delivery of private and social housing, particularly in the Dublin area, where housing need is most acute, and the chief executive will elaborate on those plans in his presentation.

Chairman: I thank Mr. Daly. Can we publish his statement please?

Mr. Frank Daly: Yes.

Chairman: Before calling Mr. McDonagh, I wish to acknowledge the Vice Minister of Foreign Affairs from the Republic of China, Taiwan, and the ambassador to Ireland. Your attendance at this meeting shows the interest we have created as a public accounts committee across the globe. You are very welcome, and we hope that your visit here will be successful and improve our relations and our trade figures. I wish you well.

Mr. Brendan McDonagh: We have been invited to reappear before the committee today to discuss our 2014 annual report and financial statements and to outline progress made since the end of last year. I also propose to comment on a number of NAMA related issues which are currently receiving media attention, not least the content of statements recently submitted to the Joint Committee of Inquiry into the Banking Crisis. Certain contentions made in these statements have been given widespread publicity and, if left unchallenged, could damage taxpayers' confidence in NAMA's capacity to carry out its work in an objective, commercial and professional manner. I will discuss this later in my statement.

With regard to progress on key targets, we have circulated to the committee a presentation which summarises our performance across a number of key areas on which I will highlight a number of points.

Last year, 2014, was an exceptionally strong year for NAMA. We reported after-tax profits of €458 million, an increase of 115% on 2013.

Cash inflows of €8.6 billion in 2014 enabled us to redeem €9.1 billion in senior bonds, almost a third of the senior bonds originally issued.

Yesterday, we submitted to the Minister for Finance our financial statements for the first six

months of 2015 and I am pleased to say that the profit for the first six months of 2015 exceeded the full-year profit figure for 2014. We expect that the half-year 30 June results will be published by the Minister over the coming weeks.

Since the end of 2014, we have redeemed an additional €4.5 billion of senior bonds, including €1.75 billion redeemed yesterday. This brings our cumulative redemption to €21.1 billion or 70% of the total of the €30.2 billion originally issued. It leaves us well placed to achieve our end-2016 target of 80% debt redemptions of €24 billion, and our ultimate aim is to have all our senior debt redeemed by 2018.

Based on our 30 June 2015 impairment review, we have increased our projected terminal surplus from €1 billion, which was estimated at the end of 2014, to €1.75 billion. We will undertake a further review at the end of 2015.

We are firmly on course to deliver 5,000 residential units by the end of 2016. This will exceed our 4,500 unit target. We will also deliver, and this is crucially important, 2,000 social housing units by the end of 2015.

In terms of our accelerated disposals strategy, total cash inflows since inception have now reached €29 billion. It is worth bearing in mind that, as recently as February 2013, the contingent liability on Irish taxpayers from Irish Bank Resolution Corporation, IBRC, and NAMA was in excess of €40 billion, which corresponded to about 24% of gross domestic product. Today, it is €9 billion or less than 5% of gross domestic product, which is a reduction of over 75% in the past 18 months. There have been some criticisms of NAMA's accelerated deleveraging strategy and, in particular, there have been suggestions that we would have been better off waiting, holding all our assets until the market had improved further. Let me make a number of points on this. First, NAMA is accountable under the NAMA Act to the Minister for Finance, to the Government and to the Oireachtas. We were asked by the Minister, following his section 227 review of NAMA in July 2014, to take full advantage, subject to commercial criteria, of the strong investor interest in Irish assets and to maintain a flexible approach with a view to accelerating disposals and senior debt redemptions beyond the 80% target that we had set for the end of 2016. That is what we have done and it reflects the agreed strategy.

The Minister, in requesting that we accelerate disposals to the greatest extent commercially feasible, was conscious of the wider positive impact of such deleveraging and, in particular, the impact that it had, and continues to have, in terms of reducing the State's contingent liability. The reduction in the contingent liability has been a major factor quoted by a number of credit rating agencies following their upgrades of Ireland's sovereign credit rating over the past year. These upgrades have had the effect of widening the pool of investors who may hold Ireland's sovereign bonds and, ultimately, they have contributed to a reduction in Ireland's borrowing and debt servicing costs. Reduced debt servicing costs on the national debt – currently over 100% of GDP - mean that Exchequer funds are available for other, more productive, purposes in the economy.

Second, as a major participant in the Irish property market NAMA did not have the luxury of taking a back seat in terms of instigating market recovery. To get activity going and then to consolidate market recovery, NAMA had to ensure that a flow of transactions was released to the market, not least to sustain emerging interest from investors. NAMA's market activity and deleveraging have contributed to the strong inflows of foreign capital which have been committed to the Irish commercial property market over recent years. Without this capital, and given that the domestic banking system has been slow to recover, it is arguable that there would have

been no property market recovery and that the overall recovery of the Irish economy would have been much more subdued.

The property market recovery has led to increased development activity and to job creation. It is entirely unrealistic to suggest that recovery would have happened if NAMA and other major participants had stayed on the sidelines. If we had not acted to instigate market activity, I can well imagine that we would have been subject to severe criticism from this committee and from others. Sitting on our hands, waiting for something to turn up, was not an option.

More generally, if one was to listen to some of the commentary over recent months, one would get the impression that some pundits hold the view that NAMA should only sell assets if it was absolutely certain that the assets concerned would never appreciate in price after their sale. This is a bizarre perspective and it would mean, in effect, that we would never sell anything. Why would any professional investor, mainly pension funds, sovereign wealth funds and investment funds, commit their clients' money to Ireland if they did not believe they could make a return on their investment?

The reality is that NAMA has been faced from the beginning with managing numerous objectives and stakeholder interests, namely, the public interest imperatives of reducing the State's contingent liability and facilitating the provision of housing and office accommodation where they are needed and the commercial imperative of optimising the disposal value of the assets under our control and the need to ensure that we manage, in a professional manner, our engagement with our debtors, receivers, investors and members of the public who have an interest in, or are otherwise affected by, assets under our control. What we have tried to do is to manage these potentially competing objectives and interests as professionally as possible while recognising that we cannot hope to satisfy all of them all the time. We have been crystal clear and open about our strategies.

As regards docklands and residential initiatives, NAMA has an interest in 14 of the development blocks in the SDZ and detailed strategies have now been developed for most of those sites. Construction activity has begun on one of the sites, 8 Hanover Quay, in which NAMA holds a minority interest as part of a qualifying investor alternative investment fund. The development is pre-let. Planning permission has been granted for three other sites, including the Boland's Mill site which is expected to deliver office, residential, cultural and retail accommodation totalling almost 400,000 sq. ft. Planning applications have been submitted to Dublin City Council on a further five sites. These include a site at 72-80 North Wall Quay for which Oxley Holdings Limited acquired a long leasehold interest from NAMA with the right to develop, manage and realise the site. NAMA retains the freehold interest and will receive a secure income stream in addition to a percentage of any future sales proceeds. It also includes a site in Point Village where the proposed development will consist of Dublin's tallest office tower, comprising over 200,000 sq. ft.

Of the remaining five sites, it is expected that planning applications will be lodged for one of them in the third quarter of 2015 with two more to follow in early 2016. In addition, it is expected that a planning application will be lodged for a planned new north-south road serving the Point Village area. Much progress, therefore, is being made in facilitating the delivery of new commercial and residential development in the docklands area. Based on appraisal work carried out to date, it is estimated that up to 3.8 million sq. ft. of gross commercial space and 2,000 apartments could potentially be delivered if all the sites in which NAMA has an interest were to be fully developed over the lifetime of the SDZ. Regarding the 3.8 million sq. ft. of office space, our asset management team has worked, over the past 15 months, towards securing

planning permission for over 2 million sq. ft. of this. This development will support the expansion of the financial services sector and the development of new FDI business and technology hubs in the docklands area.

As regards residential delivery, we made a commitment in late 2013 to fund the delivery of 4,500 residential units in the Dublin area by the end of 2016. Some 1,900 units have been completed to date and planning permission has been secured for another 6,350 units, 1,600 of which are under construction. With a total of 40 NAMA-funded sites now active, we are confident that the end-2016 target will be achieved. In addition to the units already delivered and the units for which planning permission has been obtained, planning permission has been sought or will be sought by mid-2016 for another estimated 7,200 units. We have sold, to a range of private sector buyers, sites that could potentially deliver over 11,000 units; only 900 units have been completed or are under construction on these sites to date.

As I mentioned earlier, NAMA's engagement with debtors has recently received considerable media attention, largely arising from certain witness evidence submitted to the Joint Committee of Inquiry into the Banking Crisis and associated debtor engagement with the media. We have written to the joint committee and have provided it with a detailed and comprehensive rebuttal of many of the contentions put forward in witness evidence. It is possible that the joint committee may approve publication of our detailed rebuttal and indeed we would be keen that they put the facts on the public record. As of now, however, the joint committee has advised us that we cannot publish our statement to it and, indeed, that we are prohibited from making any comment to the Committee of Public Accounts or any other public forum about specific witness evidence. Therefore, in the comments that follow, I must confine myself to observations about our engagement with debtors in general.

While debtors are free to discuss their engagement with NAMA, we, on the other hand, are constrained by law - particularly by sections 99 and 202 of the NAMA Act enacted by the Oireachtas - from disclosing details concerning our engagement with debtors. Let me state emphatically that NAMA deals with debtors objectively, commercially and professionally. There is no question of any bias in favour of, or against, particular debtors. NAMA deals with its debtors, regardless of their public profile or the particulars of any case, in a consistent and reasonable manner having regard to its statutory mandate. Any suggestion that NAMA had some kind of unwritten agenda to damage debtors is utterly without foundation. In fact, it is risible, not least given the considerable financial support that NAMA has provided over the past five years to a total of 265 debtors, large and small.

In its engagement with larger debtors in particular, NAMA adopted an approach which was far more patient, protracted and intensive than private investors would have been willing to adopt. However, at some point in any protracted process of negotiation, agreement has to be reached and debtors must start delivering on debt reduction targets. Engagement with debtors and their professional advisors can be robust on both sides as each side negotiates to enhance its commercial position. That is entirely to be expected. I would rather hear debtors complaining about our toughness than to hear that NAMA is being accused of being a pushover and not doing enough to extract the best return for taxpayers.

Did NAMA press its debtors to sell property in order to pay back some of their debt so that NAMA could reduce the State's massive contingent liability and thereby contribute to Ireland's exit from the troika programme? We certainly did, and we make no apology for that. Many of our debtors made it clear to us since 2010 that they wanted to sit tight, retain their assets and wait for years for prices to recover to pre-crisis levels. This was not an option, not least because

Ireland had entered into a programme of financial support in the form of the troika bailout with the EU, the ECB and the IMF and it was clear from our engagement with the troika that they regarded NAMA's commitment to redeem 25% of its senior debt by the end of 2013 as a major milestone that had to be achieved if Ireland was to successfully exit the programme. Furthermore, it was unacceptable to us, and I expect that it would have been unacceptable to the Government and to members of the Oireachtas, that NAMA debtors should enjoy long debt repayment holidays at a time when almost 100,000 personal borrowers with distressed mortgages, and indeed many others who were making huge personal sacrifices, were being placed under pressure to make their monthly debt repayments. Many of these personal debtors lost their jobs or had their incomes cut. Many may certainly legitimately feel that they bear no responsibility for the financial and property crisis that engulfed this country.

NAMA is still working consensually with 70%, by value, of its debtors. I will not suggest that all of these engagements are amicable; there has to be an inherent tension and robustness in a situation where NAMA is seeking to optimise the ultimate return for the Irish taxpayer and debtors want to optimise their own position. Some will look to repay as little as possible; in fairness, others will seek to repay to their full capacity. Needless to say, in those cases where it emerged that illegal attempts were made to put assets beyond our reach, we had to take appropriate action in the courts. That would certainly have coloured our view of the claims made by certain debtors that they were willing to work with us to maximise the ultimate return for the Irish taxpayer. We have recovered more than €800 million from these debtors.

It should be clear to everyone at this stage that NAMA debtors do not consider NAMA to be a cosy bailout. We make no apology for being rigorous, professional and fair. It has been suggested recently that NAMA staff lack the requisite experience in finance and property. That is untrue. From the outset of its operation, NAMA, through the NTMA, recruited staff with a diverse range of skills and experience in disciplines, including banking, finance, law, insolvency, property development, asset management, architecture, engineering, surveying, planning and construction. Indeed, an important rationale for the establishment of a single asset management entity in Ireland was the requirement for specialist skills, particularly specialist real estate skills, which had not been available in the banks responsible for the pre-crash lending.

We do not expect to receive eulogies from our debtors, but more objective commentators, such as the IMF, EU, ECB, World Bank, credit rating agencies, the Construction Industry Federation, CIF, and many of the witnesses before the Joint Committee of Inquiry into the Banking Crisis, have all stated that they considered that NAMA was carrying out its mandate successfully.

I commend the professional staff who work in NAMA and the NAMA board. They have a difficult job to do in often difficult circumstances and they perform it to the best of their abilities in the interest of taxpayers. I thank the committee for its time.

Chairman: I thank Mr. McDonagh. May we publish his statement?

Mr. Brendan McDonagh: Absolutely.

Deputy Mary Lou McDonald: Fáilte romhaibh uilig. Mr. Daly knows that we have in attendance members of the Northern finance committee. We heard a statement from their cathaoirleach. An issue that arose was NAMA's continuing refusal to attend that committee. Will NAMA reconsider its position? I insist that it is essential that NAMA make itself available to the committee. What is Mr. Daly's response?

Mr. Frank Daly: I thank the Deputy. I am aware that the chairman and members of the committee are present, but I have not had an opportunity to listen to their evidence to this committee. I have seen the chairman's statement, which was circulated last evening.

Let me put this in context. We have been at pains to be as accommodating with the Northern Irish committee as we can be. The cathaoirleach will be aware that we wrote to the committee in early September to answer 43 questions that it asked of us about Project Eagle and events around that. We gave tremendous detail, with approximately 300 pages involved, in our response. Admittedly, some of the material related to speeches that we had given in Northern Ireland. We gave minutes of all 20-odd meetings of our Northern Ireland advisory committee. We gave minutes of our meetings and conference calls with Ministers in the Northern Executive. We have been as open and accommodating as we can be with the committee. We have said that we will not attend the committee in Stormont. That remains our position, but I must mention a couple of factors. First, when we wrote to the committee-----

Deputy Mary Lou McDonald: I am sorry. Mr. Daly has put all of that on the record and we are aware of NAMA's correspondence with the committee. I have an eye on the clock, as this is my first question.

Mr. Frank Daly: Let me follow through quickly on two points.

Deputy Mary Lou McDonald: Very briefly, if Mr. Daly would not mind.

Mr. Frank Daly: First, we have not heard back from the committee in Northern Ireland, but I understand from Mr. McKay's statement this morning that it will be writing to us. That is to be welcomed, because evidence has been given to the committee since we wrote to it by a number of people, principally Mr. Gareth Graham and Mr. Jamie Bryson. There are points in their evidence on which we believe it would be helpful for us to comment to the committee. We are willing to do that. We were considering doing that unilaterally, but if the committee is going to write to us, we will wait and answer those questions. We will answer any other question that the committee wishes to put to us.

Deputy Mary Lou McDonald: I will say something to Mr. Daly before we move on from this point. Given what would be a matter of basic courtesy and common sense for the average person, the taxpayer in this jurisdiction would have no tolerance for NAMA's dodging or any mar dhea reason it might produce for not appearing before the committee. NAMA has appeared in Stormont previously, engaged with the Northern committee and attended meetings with Northern Ministers and officials. Its refusal to attend the committee is unacceptable and irresponsible and is a block in the thorough investigation of matters of public interest. That is how the matter sits.

Mr. Frank Daly: I know that the Deputy is watching the clock, but we are not dodging anything. Look at the document that we gave to the committee.

Deputy Mary Lou McDonald: I have studied the documentation in full.

Mr. Frank Daly: Look at everything else that we will give it if it reverts to us. It is not dodging. We have not appeared before other committees in Northern Ireland, as far as I am aware. We have had bilateral meetings with Ministers. The point that we are making about not attending the committee in Northern Ireland is that our accountability is to this committee.

Deputy Mary Lou McDonald: Thank you for that view, Mr. Daly, but-----

COMMITTEE OF PUBLIC ACCOUNTS

Mr. Frank Daly: There was a full and frank discussion in July and I am sure that there will be another today in respect of this matter.

Deputy Mary Lou McDonald: I thank Mr. Daly for that. As someone who is elected and living in this jurisdiction, I do not accept that view. For many people watching this exchange, I imagine that their difficulty with NAMA is that it seems at times to be accountable to no one, including this committee, but-----

Mr. Frank Daly: No. I am sorry,-----

Deputy Mary Lou McDonald: -----I will move on.

Mr. Frank Daly: -----but we are accountable to this committee, Deputy.

Deputy Mary Lou McDonald: Let us see that in action.

Mr. Frank Daly: I will make two points. We have never been discourteous to the committee in Northern Ireland. Indeed, I understand that Mr. McKay, in his opening statement at this meeting, acknowledged NAMA's helpfulness and contrasted it with-----

Deputy Mary Lou McDonald: And reiterated the position of his committee that Mr. Daly should attend.

One of the assertions that Mr. Daly made when NAMA attended us in July and that he reiterated today is that members of the Northern advisory committee "never had access to confidential information". He is emphatic about this.

Mr. Frank Daly: I am. It goes back to the origins of the committee and the ground rules that we set for it regarding when we discuss high-level strategic issues around NAMA's involvement in Northern Ireland.

Deputy Mary Lou McDonald: Okay. The difficulty with that is that some of the material provided by NAMA raises a serious question mark over the matter. I will draw Mr. Daly's attention to the fourth meeting of the Northern advisory committee, which was held on 7 October 2013 in, surprisingly, Tughans. What becomes evident from the minutes is that there was a full discussion of Project Eagle. I am sure that Mr. Daly is familiar with these minutes. The sales process was discussed. Mr. Daly provided an outline of that. The approach from Pimco was discussed in some detail. The discussion included external member feedback on the proposed approach. Mr. Daly sought that approach and wanted it for a subsequent meeting on 10 October. According to these minutes, Mr. Daly reminded members that this matter was politically sensitive and that absolute confidentiality was required. This is just a sketch of what transpired at the meeting, but it does not read like the substance of a meeting at which members of the Northern committee were precluded from confidential NAMA information. It reads like a full sharing of information with those members.

Mr. Frank Daly: That was under a discussion item on Northern Irish strategic opportunities, which was a discussion item at most meetings and related to the advisory role of that committee. I briefed the meeting on the fact that an unsolicited approach - not a bid - and expression of interest had been made by Pimco in the Northern Ireland portfolio. That is an issue that should be considered in any discussion on strategy for Northern Ireland.

Also by the way, I would remind this committee that when I was here in July I specifically said on the record that I had briefed the Northern Ireland committee on this, so there is nothing

new emerging. I acknowledged here in July last that I had briefed the Northern Ireland committee on 7 October about the expression of interest by PIMCO. That was coming at a time after a chain of events, which started with a letter from the then finance Minister in Northern Ireland to the Minister, Deputy Noonan, and the response from the Minister, Deputy Noonan, indicating that this was a matter for NAMA, and that is where-----

Deputy Mary Lou McDonald: That is correct. It was a letter from Sammy Wilson-----

Mr. Frank Daly: Sammy Wilson, that is right.

Deputy Mary Lou McDonald: -----the then Minister, but Mr. Daly did more than just advise of an unsolicited approach by PIMCO. He advised that the board would consider the matter on 10 October with a view to possible further engagement, that the Minister, Deputy Noonan, and Minister Hamilton, as it was then, had discussed the matter at the recent meetings. Mr. Daly also invited feedback from the Northern members and then he advised them that the matter was of the utmost political sensitivity.

Mr. Frank Daly: Yes. Of course I was interested in feedback in a strategic sense. We have been talking at Northern Ireland committee meetings for months about the lack of opportunity in Northern Ireland; there was no interest in the portfolio, no interest really in any of the debtors and no interest, in particular, in any proposals to NAMA for investment in any of those assets. Then suddenly we got an expression of interest, and of course I was interested in what they thought of it. I am just reading back on the note here and it does not seem that we got a huge amount of feedback from the external members.

As to telling them, here was an approach and the board would consider it in due course, that is routine sort of stuff. The Deputy talked about courtesy earlier. It would have been quite disingenuous of me to go to a meeting in October and talk about strategic opportunities in Northern Ireland and not indicate that suddenly there is an expression of interest and is it not great-----

Deputy Mary Lou McDonald: It is great to see that courtesy counts at times for you, Mr. Daly.

Mr. Frank Daly: Yes, with all committees.

Deputy Mary Lou McDonald: I notice also from documentation provided to the committee in the North that Mr. Daly itemised the meetings that NAMA held with various officials and with Ministers in the North. What really jumped out at me here - 11 meetings are cited, I think, between January 2011 and 7 October 2013, the same day ironically as that Northern committee meeting - is that Mr. Daly was in attendance at them and so too was Mr. Cushnahan, as a member of the Northern board. I am particularly focusing in on Mr. Cushnahan because obviously he has been cited very regularly in the midst of this controversy. The Northern Ireland Advisory Committee members met in what Mr. Daly says was a manner that respected no inappropriate or, indeed, illegal dissemination of sensitive information *vis-à-vis* debtors in the portfolio. We will see about that - that is Mr. Daly's position on it, but they also then attend a whole series of engagements with again Sammy Wilson, Simon Hamilton and Sammy Wilson again and again and again, Simon Hamilton again and various officials. At those meetings how did Mr. Daly ensure that no access to confidential NAMA information was either directly or indirectly given or picked up by these individuals?

Mr. Frank Daly: I can absolutely assure the Deputy that there was never any discussion at any of those meetings. The Deputy mentioned Mr. Robinson, Mr. Hamilton and Mr. Wilson;

there was also a meeting with Mr. McGuinness, do not forget that at which-----

Deputy Mary Lou McDonald: There was and let me acknowledge that.

Mr. Frank Daly: -----Mr. Cushnahan and Mr. Rowntree were also present.

Deputy Mary Lou McDonald: The was on 7 March 2011.

Mr. Frank Daly: Absolutely.

Deputy Mary Lou McDonald: For the purposes of fullness of the record, absolutely. The footnote says this was an introductory meeting; that was in 2011, Mr. Daly is quite correct.

Mr. Frank Daly: That is quite right. The meetings with Ministers, Minister Hamilton or Minister Wilson, and on one occasion with Minister Robinson took place and, always, I think, coincided with meetings of the Northern Ireland committee in Belfast. It was something we initiated at the beginning that after those meetings we would go along and we would meet; we did not always meet them, but where there was a meeting with Ministers, it was after the Northern Ireland Advisory Committee, NIAC, and there would always be myself as chair and there would usually be one or other members of the NAMA board who were members of the Northern Ireland committee and, on occasion, either Mr. Cushnahan or Mr. Rowntree, or both. There was really, I suppose, a continuing part of a dialogue about what, in general, NAMA was doing in Northern Ireland, what our approach was, and it was to address the very concerns that started the request for and the establishment of a Northern Ireland Advisory Committee in the first place.

Deputy Mary Lou McDonald: Can I just correct Mr. Daly, because it is not a case that on occasion Mr. Cushnahan showed up. On the list in front of me, Mr. Cushnahan was at every single meeting.

Mr. Frank Daly: No, I said, on occasion, both Mr. Cushnahan and Mr. Rowntree showed up. I think there was one occasion when Mr. Rowntree was not there because he had a previous engagement.

Deputy Mary Lou McDonald: And Mr. Daly considered that to be appropriate for members of the Northern committee.

Mr. Frank Daly: I am not sure how it is inappropriate, Deputy.

Deputy Mary Lou McDonald: Well, I will come to that in a moment.

I note Mr. Daly also gave information in respect of conference calls between himself and the Minister, Simon Hamilton. Mr. Daly has three listed there, or, I should say, four, and a call that he made to Peter Robinson, or I should say the First Minister, Peter Robinson, on 3 April 2014. That is when the deed had been done and Cerberus had-----

Mr. Frank Daly: That was in the evening; in fact, in the case of the First Minister, or Mr. Robinson, it was very late in the evening, after I had spoken to-----

Deputy Mary Lou McDonald: How would Mr. Daly characterise his relationship with Frank Cushnahan?

Mr. Frank Daly: My relationship?

Deputy Mary Lou McDonald: Yes.

Mr. Frank Daly: It was a relationship based on, or I should say, first of all, he was appointed to the Northern Ireland committee in May 2010. I did not know him before that. Our relationship on that committee was, I suppose, professional.

Deputy Mary Lou McDonald: Is Mr. Daly still in touch with him?

Mr. Frank Daly: No.

Deputy Mary Lou McDonald: Mr. Daly was on another board with him, were you not?

Mr. Frank Daly: Yes.

Deputy Mary Lou McDonald: A charity board.

Mr. Frank Daly: I am on a board of a charity, a *pro bono* charity.

Deputy Mary Lou McDonald: Could Mr. Daly tell the committee about that charity?

Mr. Frank Daly: It is a charity related to the disbursement of funds for educational and other purposes in undeveloped countries. It is called Ciorani Limited.

Deputy Mary Lou McDonald: Ciorani.

Mr. Frank Daly: There is nothing secret about it. This has been mentioned before in the media.

Deputy Mary Lou McDonald: When was Mr. Daly appointed to the board of that charity?

Mr. Frank Daly: I think it was late 2010.

Deputy Mary Lou McDonald: Late 2010.

Mr. Frank Daly: Yes.

Deputy Mary Lou McDonald: Of course, Mr. Cushnahan was also a member of that board.

Mr. Frank Daly: He was and he resigned from that board in November 2013.

Deputy Mary Lou McDonald: So you would have spent about three years----

Mr. Frank Daly: Yes.

Deputy Mary Lou McDonald: How often did that board meet?

Mr. Frank Daly: I think, maybe twice or three times a year.

Deputy Mary Lou McDonald: Obviously Mr. Daly had a working relationship with him in respect of that also.

Is Mr. Daly aware of a letter that was sent by Mr. Cushnahan to NAMA? I understand it was sent to him but I am open to correction. In this letter Mr. Cushnahan discusses with NAMA the return or secure disposal of documents he acquired during his time on the bad bank's Northern advisory board. Is Mr. Daly aware of that correspondence? Are you familiar with that letter?

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Mr. Frank Daly: Yes, I am generally aware of it. It would be a standard requirement after somebody leaves a board where the secretary to the board would write to them. Is this the letter dated 25 November 2013?

Deputy Mary Lou McDonald: Yes. Who is it addressed to?

Mr. Frank Daly: It is addressed to the secretary to the board of NAMA.

Deputy Mary Lou McDonald: Okay. With respect to the kind of documents that he would have acquired, what sort of information or documentation was that? Did he dispose of that documentation himself?

Mr. Frank Daly: The only documentation that he would have had was agendas for the Northern Ireland advisory committee and if there were minutes of those committee's meetings, they would obviously have been circulated to the members as well. I am not aware that he had any other documentation. Obviously, he would have had letters of appointment and all of that but that is it. I do not have a schedule of what it was but, generally, the documentation provided to that committee was the agenda for each meeting. If there were briefing papers, which were very limited, they would be sent. Again, I stress, in case this is what the Deputy is getting at, there was no confidential debtor information in any of those papers and the general practice-----

Deputy Mary Lou McDonald: All right, and yet Mr. Daly was concerned that the documents would be-----

Mr. Frank Daly: That is a standard-----

Deputy Mary Lou McDonald: There is no need to be defensive, I am just trying to establish the facts.

Mr. Frank Daly: No, I am not. I am just saying that is a standard corporate governance requirement on any board when any director or member of a committee retires.

Deputy Mary Lou McDonald: When Mr. Daly appeared before the committee in July, I asked him a question regarding Mr. Cushnahan's relationship with Tughans solicitors. As we know from previous hearings, a number of the Northern Ireland advisory committee meetings were held at Tughans' offices. That struck me as odd and deeply inappropriate but that is what they were held. I asked Mr. Daly to clarify what he knew about this relationship between Mr. Cushnahan and Tughans and he gave me a mixed answer. He said he became aware of it in September 2013; I acknowledge he has revised that to April 2013. I asked him at the time if he was aware of, or if there had been, any suggestion that Mr. Cushnahan was using Tughans or their facilities to give advice, assistance or anything else to NAMA debtors or to others. Can I put that question to him again? Can he explain what records he has to establish that it was, in fact, April 2013 that he became aware of this relationship between Mr. Cushnahan and Tughans?

Mr. Frank Daly: The answer I gave the Deputy on the day, for which I did not have the opportunity to look up any details, was that I became aware of it when Mr. Cushnahan offered to give a room to us in Tughans for Northern Ireland advisory committee meetings because, prior to that, when we were in Belfast, they had been held in the offices of the Northern Ireland Housing Executive, NIHE. Brian Rowntree, the other advisory committee external member, was chairman of the housing executive so he had made a room available to us there. When Mr. Rowntree resigned from that post, the NIHE was no longer available to us so Mr. Cushnahan said, "I will get you a room in Tughans", and we accepted. In hindsight, I am sorry we did but

I did not know then what I know now. What I said to the Deputy in July was that I thought, therefore, that my knowledge of Mr. Cushnahan's connection with Tughans arose from that offer and I thought then that was around October. When I checked back afterwards, I found our first meeting in Tughans was actually in April so I wrote to the Chairman-----

Deputy Mary Lou McDonald: To confirm that. I thank Mr. Daly for that.

Mr. Frank Daly: -----correcting that. The second question is: did I before that, or afterwards, indeed, ever become aware that Mr. Cushnahan, from an office in Tughans, was advising? No, I did not.

Deputy Mary Lou McDonald: To this day, Mr. Daly has no knowledge of that?

Mr. Frank Daly: Only from what I have read in the media since.

Deputy Mary Lou McDonald: I thank Mr. Daly. The letter I referred to earlier, which Mr. Daly said is standard when somebody departs a board, is, therefore, interesting. I can confirm this is Mr. Cushnahan:

... I have returned to you/securely disposed of all documentation obtained while a member of the Northern Ireland Advisory Committee of Nama. This includes all information received on my behalf by my designated assistants at Tughans. I confirm that the documentation was returned to you/securely disposed of in a manner as to fully protect the confidentiality of its contents.

I have to acknowledge that this letter came to light on foot of an FOI application by the *Irish News*, a Belfast-based newspaper. It seems from this that there was an institutional knowledge of Mr. Cushnahan's tie-in with Tughans and he refers to "all information received on my behalf by my designated assistants at Tughans". What was that all about?

Mr. Frank Daly: I presume that the agenda would have been sent to somebody who was his secretary or something like that, if that was at Tughans. I would not have had personal knowledge of that. It was only when I saw that letter that I would have twigged that agendas, maybe, were being sent-----

Deputy Mary Lou McDonald: When did Mr. Daly see that letter? Was he aware of the letter when he appeared before the committee in July?

Mr. Frank Daly: I would have been generally aware of it but it would not have registered with me.

Deputy Mary Lou McDonald: Would it not have registered with Mr. Daly when he was asked specifically about Mr. Cushnahan's relationship with Tughans?

Mr. Frank Daly: The Deputy asked me about my knowledge of Mr. Cushnahan.

Deputy Mary Lou McDonald: Yes, but is this not part of Mr. Daly's body of knowledge?

Mr. Frank Daly: I am not sure it was part of my body of knowledge-----

Deputy Mary Lou McDonald: It is part of Mr. Daly's institution's paperwork.

Mr. Frank Daly: I do not read every single piece of paperwork in NAMA. If I did-----

Deputy Mary Lou McDonald: Do not be cute. This is hardly-----

Mr. Frank Daly: Hold on. I would engage with the secretary to the board and ask whether we had covered off the fact that when somebody resigns or retires or whatever, they are written to by the secretary to the board and asked to confirm that they have destroyed, disposed of or returned all confidential information. That is a standard formulation in terms of returning. In most cases, my recollection at meetings of the Northern Ireland advisory committee is that, generally, at the end of the meeting, the papers were handed back. That is the norm.

Deputy Mary Lou McDonald: I would have assumed that. Mr. Daly stated there was no access to confidential information by people who were clearly on the inside track in terms of membership of the advisory committee and access to meetings alongside his good self with Ministers and officials. Of course, we subsequently know that the same Mr. Cushnahan, along with other political figures - Mr. Robinson, in particular - was meeting some of the bidders. If ever a man had the inside track on Project Eagle, it was Frank Cushnahan.

Mr. Frank Daly: The Deputy is saying that he met the bidders; I do not know about that. I have no knowledge of that and that is stuff that is being alleged. I have to be fair to everybody here.

Deputy Mary Lou McDonald: Were Tughans not on the NAMA panel?

Mr. Frank Daly: Can I just make one point on that? The issue is whether Mr. Cushnahan or, indeed, Mr. Rowntree had any information relating to Project Eagle, the bidders, pricing or anything of that nature that would have been of benefit to a particular bidder. They did not; they never did. I will not say it is a complaint but Mr. Rowntree said publicly, "We were kept in the dark". In my statement to the committee-----

Deputy John Deasy: A lot of people are saying that these days.

Mr. Frank Daly: Mr. Rowntree has no particular axe to grind on this but he clearly made a public statement to the effect that the members of the committee were kept in the dark on Project Eagle and it was more by nature of a complaint, indeed, than anything else.

Deputy Mary Lou McDonald: Notwithstanding Mr. Daly's position on the committee and the comings and goings of Mr. Cushnahan and his relationship with NAMA, were Tughans on the NAMA panel of solicitors?

Mr. Frank Daly: They were, yes, and we-----

Deputy Mary Lou McDonald: There were meetings at their offices and NAMA's guy not only has an office on their premises, he also has designated persons to whom the agency sends information or correspondence or whatever, which we have gleaned from the letter. That was poor oversight and bad management, at the very least, on Mr. Daly's part.

Mr. Frank Daly: No, I do not agree, Deputy. If there was any sense in that, that confidential debtor information, or confidential information regarding, for example, what pricing, analysis, etc., was being done around Project Eagle, if there was any sense in which that was being disclosed I would agree with the Deputy. However, there was not and I therefore do not agree with the Deputy. We were very upfront when we came in here in July about Tughans and their involvement. They are on the NAMA legal panel - the competitive panel. This is the third largest firm in Northern Ireland so it would be expected that they would appear, possibly, there.

The total cost that we paid to Tughans since the inception of NAMA is €223,000 and that is for work in 2011, 2012, 2013, 2014 and 2015.

Deputy Mary Lou McDonald: The difficulty arises, Mr. Daly-----

Mr. Frank Daly: And-----

Deputy Mary Lou McDonald: As Mr. Daly well knows, a member of his advisory committee - Mr. Daly is in charge of this operation, as is the Minister for Finance, Deputy Noonan in his role in the Government-----

Mr. Frank Daly: Well, sorry, there is a board of NAMA.

Deputy Mary Lou McDonald: Yes, and Mr. Daly is the chairman. Is that correct?

Mr. Frank Daly: Yes.

Deputy Mary Lou McDonald: Yes. So Mr. Daly's man has this relationship with Tughans and has personnel based in Tughans and, it is suggested, may have been giving advice or information to debtors and so on. Mr. Daly has said he knows nothing about that. Tughans, themselves, have acknowledged that he was a person who sent them business and clients. If ever there was a situation riddled with conflict of interest, screaming it, then that is the scenario. One could not make it up. I remain astonished to this day. Given that Mr. Daly did know and has now acknowledged the dynamic between Tughans and Mr. Cushnahan, given that the organisation, Mr. Daly's people, were sending documentation to personnel in that place, I am astonished that Mr. Daly allowed that to go on.

Mr. Frank Daly: I do not know what documentation was being sent to personnel.

Deputy Mary Lou McDonald: Can Mr. Daly go and check?

Mr. Frank Daly: Again, the Deputy has conflated two issues. She has conflated the fact that Mr. Cushnahan had a relationship with Tughans and that it is now alleged, and I do not have the protection in here maybe that other people have, it is alleged that he was carrying on meetings or introductions in Belfast with debtors, I do not know. Could he have conferred any benefit on anybody from his relationship with NAMA and his membership of the NIAC? I absolutely do not believe it because I was at every meeting.

Deputy Mary Lou McDonald: Sorry, Mr. Daly, can I suggest that the answer to that question perhaps lies in the fact that he pops up as an adviser to PIMCO, having left the board, and that he was in line for a very substantial fee. Does that help to answer that question for Mr. Daly as to whether or not there might have been some conflict of interest?

Mr. Frank Daly: But sure-----

Deputy Mary Lou McDonald: It is beyond laughable-----

Mr. Frank Daly: But sure, Deputy-----

Deputy Mary Lou McDonald: -----that Mr. Daly is still in a position of denial.

Mr. Frank Daly: I cannot be responsible for what Frank Cushnahan or somebody else does.

Deputy Mary Lou McDonald: Mr. Daly is responsible for the northern committee of

NAMA.

Mr. Frank Daly: It needs to be put on the record that NAMA had absolutely no knowledge whatsoever of Mr. Cushnahan's involvement with PIMCO until PIMCO came to us on, I think, on 10-----

Mr. Brendan McDonagh: March.

Mr. Frank Daly: -----March 2014. They told us about it. The board met and within two days, or a day and a half, PIMCO had exited that process.

Deputy Mary Lou McDonald: Okay.

Mr. Frank Daly: When we became aware of this we took it very seriously and we made sure that PIMCO-----

Deputy Mary Lou McDonald: Right.

Mr. Frank Daly: They did not like it.

Deputy Mary Lou McDonald: Let us move on to that matter, Mr. Daly. I have to say for the record that I do not accept his account or his "I know nothing" approach in respect of Mr. Cushnahan and Tughans and the clear conflict of interest that represents. I think Mr. Daly failed, he failed NAMA and he failed the northern committee of NAMA in allowing that to go on because he was in charge.

Mr. Frank Daly: Sorry, Deputy, just for the record, I do not accept that.

Deputy Mary Lou McDonald: That is fine. I did not imagine that Mr. Daly would.

The second contention in Mr. Daly's presentation today is that the loan sales process was well-managed and competitive. That is what Mr. Daly said in July and he has reiterated it here today. Let us just explore the matter. I will keep an eye on the clock, Cathaoirleach.

The well managed competitive process involved the first preferred bidder, PIMCO, with Mr. Cushnahan in tow, being excluded from the process because PIMCO came forward, let us give it credit for it, to blow the whistle and to tell NAMA that there was funny business going on and there were requests for "payola", to use that term. PIMCO say that and get excluded from the process.

We then move on. Cerberus, who finally succeeded in this regard, has surprise, surprise, the same cast of characters around it - Brown Rudnick, Tughans, etc. - advising it. At the tail end of this, which is where the criminal piece impinges on this discussion, there is money resting in an Isle of Man account that found its way through Tughans. All of threads sort of come together.

Let us take it from the point at which NAMA decided. It came to Mr. Daly's attention that there were difficulties with PIMCO, not least because Mr. Cushnahan said they need to be excluded. Mr. Daly communicated that to the Minister. Mr. Daly has told us that he took the view that NAMA should motor on and the Minister agreed. That was a crazy decision but none the less it is the decision that Mr. Daly took. Mr. Daly said thereafter that there was what he called a "competitive tension" that remained in the process. Mr. Daly is going to have to help us with identifying where this competitive tension resided because there were two players left on the field. Is that so?

Mr. Frank Daly: At the final point, yes.

Deputy Mary Lou McDonald: Cerberus and Fortress.

Mr. Frank Daly: And Fortress, yes.

Deputy Mary Lou McDonald: The reserve price for Project Eagle, for the portfolio, was what? It was set in April, was it not?

Mr. Brendan McDonagh: No, it was set in January.

Deputy Mary Lou McDonald: Please tell the committee what it was, Mr. McDonagh.

Mr. Brendan McDonagh: It was £1.3 billion sterling.

Deputy Mary Lou McDonald: It was £1.3 billion sterling. What did Fortress come in at?

Mr. Brendan McDonagh: Just less than £1.1 billion sterling.

Deputy Mary Lou McDonald: A sum of £1.1 billion. And Cerberus?

Mr. Brendan McDonagh: They bid just slightly above the bid level when it was adjusted for sales that happened between that.

Deputy Mary Lou McDonald: Yes. So it came in on the money.

Mr. Brendan McDonagh: Slightly ahead of it, yes.

Deputy Mary Lou McDonald: The others came in slightly under. So how can Mr. Daly suggest that there was anything competitive going on when one of the bidders, it seems Fortress, came in with a price that clearly was not going to be accepted as it was under the reserve price. Tell me about that, Mr. Daly.

Mr. Frank Daly: First, to go back-----

Chairman: Time, Deputy.

Deputy Mary Lou McDonald: I thank the Chairman.

Mr. Frank Daly: One needs to go back to the fact that there were nine people involved. During this process nine people looked at this portfolio and all of them managing big funds and all of them whom Lazard, who was our adviser, thought had the capacity and possibly the interest in this portfolio. PIMCO pulled out for the reasons that we have spoken about. Six, sorry seven others pulled out for various reasons - not interested, thought it was too dear possibly, whatever. I do not know. The Deputy would have to ask them. Fortress and Cerberus were there at the end. They were very active in the data room, right to the end, looking at all of the loans, all of the debtors and all of the information that was put there. We had indicated to them, via Lazard, what our reserve price was. That is not unusual, Deputy, in a sale like this because what one does not want-----

Deputy Mary Lou McDonald: So they knew what the reserve price was.

Mr. Frank Daly: Yes.

Deputy Mary Lou McDonald: I am not questioning Mr. Daly. That is fine.

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Mr. Frank Daly: There is nothing unusual about this because what one does not want is-----

Deputy Mary Lou McDonald: I am not questioning that so Mr. Daly can move on. It is fine.

Mr. Frank Daly: These people will spend millions on due diligence.

Deputy Mary Lou McDonald: Yes.

Mr. Frank Daly: It is very unfair to let them go on with that-----

Deputy Mary Lou McDonald: I agree.

Mr. Frank Daly: -----when they are nowhere near the ballpark figure.

Deputy Mary Lou McDonald: Yes.

Mr. Frank Daly: At the end of the day, Fortress took the view that the portfolio was not worth our reserve price and that happens. They will still kick in with a bid though, and that happens, in the hope that maybe nobody else is ahead of them, and in the hope that maybe NAMA, or whoever is selling, and it would be the same in the bank, would say, "Okay, they didn't quite make the reserve price but it is good enough". So there was the competitiveness element. It is not just NAMA, it is not-----

Deputy Mary Lou McDonald: Seriously, would Mr. Daly describe that scenario as competitiveness?

Mr. Frank Daly: I would, yes. We had a very successful sale earlier this week in Project Jewel.

Deputy Mary Lou McDonald: That will arise later.

Mr. Frank Daly: No, but there were only-----

Deputy Mary Lou McDonald: I want to talk to Mr. Daly about this matter.

Mr. Frank Daly: I am just making the point that there were only two people in that project at the end as well and I have not heard anybody suggest that it was not competitive or there was not competitive tension.

Deputy Mary Lou McDonald: Mr. Daly's entire logic, that he has presented consistently-----

Mr. Frank Daly: Yes.

Deputy Mary Lou McDonald: -----for motoring on with a bidding process that had been corrupted-----

Mr. Frank Daly: No.

Deputy Mary Lou McDonald: -----with the goings-on around PIMCO.

Mr. Frank Daly: Sorry, I do not agree that the bidding process had been corrupted.

Deputy Mary Lou McDonald: The bidding process had been corrupted.

Chairman: I ask you to conclude, Deputy.

Mr. Frank Daly: PIMCO had been allowed in.

Deputy Mary Lou McDonald: Mr. Daly explained several times his decision to move ahead rather than to abandon what had become a corrupted process and start again, which would have been the correct thing for him and the Minister, Deputy Noonan, to do. His rationale was that a competitive tension still existed that would allow for the best return for the taxpayer in the final analysis.

Mr. Frank Daly: Absolutely.

Deputy Mary Lou McDonald: I am saying, and I am not the only one saying it, that looking at those figures I do not see the evidence of that. Others have gone further than that. Mr. Bryson, to whom Mr. Daly referred earlier, in the course of his evidence to the committee in the North that Mr. Daly refuses to attend, speculates as to whether Fortress was, to use his terminology, a stalking horse. That is his question. Can Mr. Daly understand his worry?

Mr. Frank Daly: I have read Mr. Bryson's evidence to the committee, and sometimes I read his blog. Evidence in much of what he says is missing. When somebody like that throws out an allegation or suggestion that Fortress might have been a stalking horse in this, with absolutely no evidence, it is extraordinary that people just swallow it. I have no evidence that Fortress was a stalking horse. I believe there was competitive tension here. It is not just I and the board of NAMA who believe it but Lazard, our corporate finance adviser on this and which is a very well respected London merchant bank, also believed it and made a recommendation on the basis that there was, right to the end, competitive tension in this bid.

I do not accept the Deputy's labelling of this process as corrupt. I accept that the reason PIMCO was encouraged to exit by NAMA was because of the Frank Cushnahan involvement, about which PIMCO informed us. I give it credit for doing that as well. However, once it was out, I do not believe one can in any way label this bid process as corrupt or anything like it.

Deputy Mary Lou McDonald: To sum up, as far as Mr. Daly is concerned, there is nothing to see here. The process was run well, the committee was unproblematic, people should move on and there is nothing to see.

Mr. Frank Daly: I have already-----

Deputy Mary Lou McDonald: That is what I hear from Mr. Daly and it is extraordinary.

Mr. Frank Daly: I have already acknowledged that I am not at all happy with the fact of the allegations surrounding Frank Cushnahan and PIMCO. It is something I acknowledged in July and I state it here today. I am not happy about it. I am not happy about the allegations in Northern Ireland around activity on the purchase side of this deal, and I look forward to the day when they are investigated and reported on-----

Deputy Mary Lou McDonald: Mr. Daly takes absolutely no responsibility for the flaws and the lack of management on the sale side. That is incredible.

Mr. Frank Daly: On the sale of this,-----

Chairman: I ask you to conclude, Deputy McDonald.

Mr. Frank Daly: -----and the Comptroller and Auditor General will be examining this, I absolutely stand over the integrity of the process and absolutely stand over the fact that the taxpayer got value for money out of it.

Chairman: I call Deputy O'Donovan.

Deputy Patrick O'Donovan: I welcome the witnesses. In his statement earlier and previously in July, Mr. McDonagh referred to NAMA's difficulties with the retention of staff. It was one of the issues he was concerned about for the future. He said that from the outset NAMA recruited staff with a diverse range of skills in the assessment of assets, including property development, asset management, architecture, engineering, surveying, planning and construction. In the last 24 hours it has come to everybody's attention that there are severe problems associated with the development at Longboat Quay in Dublin. What the unsuspecting home owners are left with is unsatisfactory. How can NAMA reconcile a situation where these people are living in a fire trap, given all of the skill sets that are available within the agency? These people now have a situation foisted upon them where they are living in a fire trap and they may very well be liable for remedying their properties, which were built by somebody who was one of NAMA's biggest debtors.

Mr. Brendan McDonagh: It is a very unsatisfactory situation and it is very difficult for the people involved. That building was built by a debtor who was one of our biggest debtors and who decided to go bankrupt. It was built in 2006, almost four years before NAMA came into operation. We had appointed a receiver over Mr. McNamara's asset and among those assets are 18 apartments in Longboat Quay.

Deputy Patrick O'Donovan: When NAMA appointed a receiver, was an assessment carried out of those assets?

Mr. Brendan McDonagh: It was the receiver's responsibility to do that assessment.

Deputy Patrick O'Donovan: Did the receiver assess this building, and all of the others, to determine whether they were in compliance with the building regulations?

Mr. Brendan McDonagh: The receiver has legal responsibilities to look after the assets once he is appointed. He steps into the shoes of the debtor. In our experience many of the issues around apartment blocks in Dublin, in particular those that were built during the boom, are that there was no regulation carried out, while they were being built, by the local authorities, which were responsible for ensuring that they were built properly. Where a receiver gets charge of an asset and becomes aware of a problem, the receiver works with the owners and the management company to try to find a solution. There has been ongoing engagement between Dublin City Council at executive level, the fire people in Dublin City Council, the receiver and Dublin Docklands Development Authority, which has the largest ownership within that and which has nothing to do with NAMA, about trying to resolve that issue since the problems were discovered. A lot-----

Deputy Patrick O'Donovan: Has NAMA a role now-----

Mr. Brendan McDonagh: Yes.

Deputy Patrick O'Donovan: -----in resolving this issue for the people who are living in a fire trap?

Mr. Brendan McDonagh: The receiver must work with all the other parties involved to find a solution to this very difficult problem. We have allocated over €100 million of NAMA's funds to fix fire and other issues in assets we acquired from debtors when problems became known. The receiver, in our view, would take a positive part in working with Dublin City Council, the owners and Dublin Docklands Development Authority to try to find an amicable solution.

Deputy Patrick O'Donovan: The people who are at the centre of this were on the news last night. They have to rear their families and live in this development. They bought the properties in good faith. This wound up, along with everything else, almost pulling down the country. It is a symptom of everything that was rotten in this country. They are stuck in the middle of it. A receiver was appointed. It appears that the expertise that was available did not carry out as good a due diligence as should have been done in respect of citing a very obvious flaw, that this building is not in compliance with the building regulations. What the owners are hoping to hear today is that somebody, namely, NAMA, will take responsibility for this and fix it.

Mr. Brendan McDonagh: This is taxpayers' money at the end of the day. We have 18 of the 300 apartments in that block. The receiver, from our discussions with the receiver, is working with Dublin City Council and Dublin Docklands Development Authority to find a solution. There would be a meaningful contribution made by the receiver. Let us be honest about it, the receiver does not have the money. It is us giving the money to the receiver towards meeting the cost of remediation. It must be remediated. It is a terrible situation for those people.

Deputy Patrick O'Donovan: How big a problem is this in respect of the other assets of this debtor? Obviously, NAMA has wound up with other blocks of apartments from the same debtor.

Mr. Brendan McDonagh: Yes.

Deputy Patrick O'Donovan: Has NAMA assessed those on the basis of what the fire services have said?

Mr. Brendan McDonagh: Yes. Another major block which was built by that same debtor had some serious issues and we have spent multi millions of euro fixing that issue to the satisfaction of Dublin City Council fire department.

Deputy Patrick O'Donovan: Are there other problems out there?

Mr. Brendan McDonagh: There are other problems across other debtors-----

Deputy Patrick O'Donovan: From this particular debtor.

Mr. Brendan McDonagh: No. There is one other major block that-----

Deputy Patrick O'Donovan: There is another major block. Is that correct?

Mr. Brendan McDonagh: It has just been remediated.

Deputy Patrick O'Donovan: There is a reason I am asking this. The NAMA annual report cites a number of development sites in Dublin along by the docklands which the agency hopes to develop for badly needed units, offices, commercial units, houses, apartments and so on. Let us cut to the chase. Will we wind up with a situation involving people who have resurrected themselves and entered a process where they could wind up with a tender from NAMA to build apartment blocks across the river or further down the river from the mess that we are now left

with? Is something going to be done to prevent that? If I bought a banger of a car or a dud from a garage, I would hardly go back for a second one from the same garage. As a taxpayer, I want to know whether NAMA will ensure that the people who landed us with this mess are going to be excluded from the process in future.

Mr. Brendan McDonagh: I assure the committee that the whole issue of new buildings is subject to much stronger and tighter controls in terms of building regulations, something I strongly welcome. Every day we deal with difficult problems and historical legacy issues that we inherited. Between ghost estates, fire issues and other issues involving houses and apartment blocks, our job has been to fix and resolve them. Any new buildings will be built to appropriate regulations. Clearly, in terms of any prospects for people who have a poor track record - I will not be more specific than that - and where we have known of issues, I assure the committee that the track record would certainly not favour such people in winning any work.

Deputy Patrick O'Donovan: When Mr. McDonagh was before the committee in July I asked a question on the role of NAMA in housing. At the time, Mr. McDonagh said a local authority in Dublin had refused an offer of properties to try to alleviate in some way the housing crisis it was facing. As I remember it, South Dublin County Council had refused an offer. Does Mr. McDonagh have any further information on the take-up of offers made to local authorities?

I am asking the question because the NAMA annual report states that 5,753 properties have been identified by the agency for social housing and 3,360 are no longer under consideration. Then, of that 3,360, over 1,000 have been sold or let and in the case of 2,135, there is no demand or they are deemed unsuitable. This means a great many houses have been deemed unsuitable or there is no demand from local authorities, which seem to be jumping up and down looking for resources - rightly so - to deal with the housing crisis. Can Mr. McDonagh elaborate on which local authorities have received offers from NAMA and refused them?

Mr. Brendan McDonagh: The figure now is even higher than in our annual report. According to the latest figures I have before me, we have offered 6,569 housing units to various local authorities throughout the country. In the case of only 2,500 demand has been confirmed. This means over 4,000 were not required. There is a list of local authorities throughout the country, although perhaps it is too numerous to set out in this committee.

Deputy Patrick O'Donovan: Let us focus on the Dublin region.

Mr. Brendan McDonagh: We have offered 828 units to Dublin City Council and the council confirmed demand for 399.

Deputy Patrick O'Donovan: The council has refused over 500 units. Is that correct?

Mr. Brendan McDonagh: Yes, 50% of them. We offered 321 to Dún Laoghaire-Rathdown County Council and there was demand for 132.

Deputy Patrick O'Donovan: Again, that is less than 50%.

Mr. Brendan McDonagh: Yes. We offered 270 units to Fingal County Council and the council confirmed demand for 105 units.

Deputy Patrick O'Donovan: Are these completed units, in general?

Mr. Brendan McDonagh: They are a combination of completed units and units that we are prepared to put funding into to complete, if the council agrees to lease them.

Deputy Patrick O'Donovan: NAMA was prepared to make these units liveable and the four local authorities in Dublin have refused over 50% of the offers. Is that correct?

Mr. Brendan McDonagh: The local authorities work through the Housing Agency, which is part of the Department of the Environment, Community and Local Government. We make them available and they decide whether they want them. If we have an incomplete unit and we believe it is feasible to fund it to completion, they agree a lease with us. We will not even ask the councils to buy the unit from us; we will buy the unit ourselves and agree a long-term lease through the Housing Agency or an approved housing body. In the case of anything we offer up, we are prepared to follow the money and make it liveable.

Deputy Patrick O'Donovan: Do they give NAMA any reasons for refusing them?

Mr. Brendan McDonagh: The main reason seems to be that sometimes the unit may be in the wrong location.

Deputy Patrick O'Donovan: How could it be in the wrong location in Dublin?

Mr. Brendan McDonagh: I cannot answer questions for third parties who are not here. I am telling the Deputy what they are saying to us. Sometimes, they maintain they already have too high a concentration of social housing units in a given area where the units may be available. That is a question the committee would have to put to the Housing Agency. All I can do is make as many units as possible available, something we have done in good faith - the figure is over 6,500 units. The councils have confirmed demand for 2,500 units. A total of 4,000 units were made available-----

Deputy Patrick O'Donovan: What is happening with those 4,000 units?

Mr. Brendan McDonagh: The reality is that the 4,000 units not taken have been taken up by the private sector. I was looking through some figures yesterday-----

Deputy Patrick O'Donovan: Can Mr. McDonagh give an indication of what percentage of those 4,000 units are in the buy-to-let category and how many are owner occupied?

Mr. Brendan McDonagh: The 4,000 units are not buy-to-let or owner occupied. Effectively, these units were built or almost built when we acquired the loans from the banks. Many of them had not been previously occupied when we offered them. However, they have now been completed or we have given funding to complete them and they have been rented to the private sector. Approximately 8,500 units are left in the NAMA portfolio at present.

Deputy Patrick O'Donovan: Where are these 8,500 units predominantly based? Can Mr. McDonagh give a headline figure?

Mr. Brendan McDonagh: Yes. The figure is 8,900. In Dublin West, we have 1,322 units. The number of houses in that figure is 150.

Chairman: Would it be better if we got a copy of the document and circulated it to members?

Mr. Brendan McDonagh: Yes, but I will illustrate the point. In Dublin, across the four local authorities, where we have the majority of the units, we have approximately 300 units which were vacant as of yesterday, because they have all been taken up by the private sector.

Deputy Patrick O'Donovan: Sorry, what is the position of the 300 units?

Mr. Brendan McDonagh: Some 300 units are vacant in total in Dublin as of yesterday. The figures I have are correct as of yesterday. One of the largest allocations within that figure relates to an apartment block where we cannot let people in because-----

Deputy Patrick O'Donovan: Is that one of the fire traps?

Mr. Brendan McDonagh: Yes.

Deputy Patrick O'Donovan: How much is that going to cost to fix?

Deputy John Deasy took the Chair.

Mr. Brendan McDonagh: It will probably cost between €10 million and €11 million to fix.

Deputy Patrick O'Donovan: Does NAMA have a plan post that? Is the plan to put it on the market?

Mr. Brendan McDonagh: We have a plan. We are in discussions with Dublin City Council on a remediation exercise that will satisfy the council. Once that is agreed, as in the case of a site resolution plan for an unfinished housing estate, we will probably invest the funding and then sell it afterwards.

Deputy Patrick O'Donovan: What has the Department of the Environment, Community and Local Government said to NAMA about the thousands of units available being refused by local authorities? The Department of the Environment, Community and Local Government is aware of this. Is that the case?

Mr. Brendan McDonagh: Absolutely, the Department is aware of the statistics. The Department has overall responsibility for the Housing Agency, which is the intermediary between ourselves and the local authority.

Deputy Patrick O'Donovan: I want to get my head around this. Essentially, there are thousands of houses available at the moment that local authorities are not taking up.

Mr. Brendan McDonagh: Sorry, Deputy. There is not now, because they have all been taken up. We offered them during the past four years.

Deputy Patrick O'Donovan: Yes, but they have missed the boat.

Mr. Brendan McDonagh: Yes, they have missed the boat.

Deputy Patrick O'Donovan: NAMA has ongoing engagement with the city and county managers. How often does NAMA meet them to make them aware of the portfolio NAMA has?

Mr. Brendan McDonagh: We have a dedicated team in-house which deals with the Housing Agency and local authorities officials in the relevant local authorities. That is a regular engagement. Two people are assigned full-time to interact on that.

Deputy Patrick O'Donovan: So two people are interacting full-time with the-----

Mr. Brendan McDonagh: Yes, with the Housing Agency mainly. The agency deals with local authorities, but we also have direct engagement with local authorities on an ongoing basis at executive level across a number of issues, including planning, housing and everything else.

Deputy Patrick O'Donovan: I will ask a final question before I finish. Can Mr. McDonagh remind the committee of the total number of units that NAMA offered to local authorities only to see those offers refused?

Mr. Brendan McDonagh: We offered 6,500 units; 4,000 of them were turned down and the other 2,500 are under consideration.

Deputy Patrick O'Donovan: I thank Mr. McDonagh.

Vice Chairman: We are going to suspend for half an hour. We will return at approximately 1.45 p.m. Before we suspend, it might be helpful for me to suggest, in the presence of the members of the Stormont committee in the North, what I said I would suggest to Mr. Daly. I would like to know whether the committee has asked to meet Mr. Daly in private in an informal way and whether that is something he would consider. There is a difference of opinion here with regard to jurisdiction. Is the suggestion that he should meet the committee at some point something that Mr. Daly might put to his board with a view to being considered or agreed?

Mr. Frank Daly: Is the Chair referring to the Northern Ireland finance committee?

Vice Chairman: Yes.

Mr. Frank Daly: I should say, in response to the first part of the Chair's question, that they have not asked to meet me.

Deputy Shane Ross: Mr. Daly can meet them for lunch now.

Vice Chairman: I asked-----

Mr. Frank Daly: If that is a suggestion-----

Vice Chairman: Just to be clear-----

Mr. Frank Daly: I would be bothered if anybody was left with the impression from some of the earlier exchanges that we wanted in any way to be discourteous or unhelpful. We think there is an issue of accountability and jurisdiction, as the Chair has put it. The chairman of the committee might want to talk to me about a private meeting. I do not think it should be a one-to-one meeting, as I am not a fan of such meetings.

Vice Chairman: Fair enough.

Mr. Frank Daly: I believe there is a need for someone else to be present on both sides. If the chairman wants to seek a private meeting, I will certainly discuss it with the board.

Vice Chairman: The impression is being given that NAMA is stonewalling in response to the suggestion that it should meet the finance committee. That is why I am asking this question. Will representatives of NAMA meet the committee informally? Will Mr. Daly consider that?

Mr. Frank Daly: I will certainly put that to the board. If members of the committee want to come down and meet us informally, we will certainly do that. While it might not be possible for the full committee to attend, the chairman and one or two others could certainly do so.

Vice Chairman: I thank Mr. Daly.

Mr. Frank Daly: There has been no stonewalling. I will not go over my earlier reply.

Vice Chairman: Fair enough.

Sitting suspended at 1.12 p.m. and resumed at 1.55 p.m.

Vice Chairman: We will resume. I call Deputy Costello.

Deputy Joe Costello: I welcome NAMA here once again and thank its representatives for their regular attendance as requested.

The most startling fact that has come out of the proceedings so far is the statement made by Mr. McDonagh in regard to the failure by the local authorities to pick up on social units and sites that were being made available by NAMA. Perhaps Mr. McDonagh might clarify that. He referred to 6,500, and that 4,500 were refused. If that is the case, it is an incredible statistic. Mr. McDonagh might indicate how many local authorities were involved. He might indicate how many were sites and how many were units of accommodation, and whether there was planning granted for these units. In the middle of a housing crisis when Dublin City Council is looking for 20 sites on which to place modular housing to get some units in place before Christmas, I am amazed that a local authority would refuse any offer of a site. Was it that NAMA was putting an exorbitant price on these units? Was NAMA simply giving them back? In the present circumstances with the shortage of housing, with the shortage of accommodation and with people homeless, how could the local authorities have refused all of that? Mr. McDonagh might clarify that for us and then indicate how many units still remain.

Mr. McDonagh indicated in his original contribution that 11,000 units had already been made available. As he put it, "We have sold to a range of private sector buyers sites that could potentially deliver over 11,000 units". Does that include the units that the local authorities have refused? He further states, "only 900 units have been completed or are under construction". If the local authorities declined to accept the units, why sell them on the open market when the construction sector is simply not building? The sector has only built 900 to date. Over what period of time are we referring to?

Mr. Brendan McDonagh: Thank you, Deputy. I should clarify that we have offered 6,500 units to the local authority and Housing Agency since 2011. Effectively, it is not sites. It is houses, and primarily apartments, which are built or partially built that could be completed to make them liveable for people. From my list here before me, we have offered them to 31 local authorities across the country through the Housing Agency. As I said, the demand has been confirmed for 2,500 of the 6,500 that we offered.

In regard to sites, my understanding, from various local authorities, is that they have a lot of sites already in their own portfolio and that is not the issue. It is built product, which is the issue and where the demand is and the concentrations.

In terms of the 11,000 sites that we sold, we are constantly selling product out of the portfolio. We have sold a land bank which could have 11,000 sites for houses and on that, only 900 have been built to date. It is mainly the private sector-----

Deputy Joe Costello: Is that the same period? Is that since-----

Mr. Brendan McDonagh: No. In the last 18 months, we have sold land that has the potential of 11,000 sites and 900 housing units have been built on those sites to date by the private sector.

Deputy Joe Costello: Could Mr. McDonagh outline the amount of social housing NAMA itself has produced?

Mr. Brendan McDonagh: Yes, by the end of the year we will have delivered 2,000 units out of our portfolio for social housing purposes through a combination of sales to local authorities and approved housing bodies, but there will be more as time goes on. Due to the tight budgetary constraints the Government has been under, we have mainly been buying the properties ourselves from our debtors and receivers and leasing those properties back to the approved housing bodies and the local authorities.

Deputy Joe Costello: Mr. McDonagh said the 4,500 sites that have been declined by the local authorities are in a state of partial construction.

Mr. Brendan McDonagh: These have been offered up since 2011, so some of them have been completed and have now been sold into the private market or have been rented by the debtors and receivers to the private sector rental market, which is very strong.

Deputy Joe Costello: If they had availed of this offer, we could have 4,500 extra units of accommodation in the social housing market.

Mr. Brendan McDonagh: Yes, assuming that they were suitable for them. They decided that they were not suitable.

Deputy Joe Costello: It sounds extraordinary. The local authorities have a lot to answer for in that respect. I wish we could deal with the local authorities, but unfortunately they are not bound by our remit. We should write to them, arising from this. They have spurned 4,500 potential units of housing in the middle of a housing crisis. That is extremely serious.

In respect of Longboat Quay, I do not know how many unit sites Bernard McNamara had in Dublin central public private partnerships, in O'Devaney Gardens, Dominick Street, Seán Mac Dermott Street and Croke Park. He had at least four major developments and we thought it was terrible that he had not availed of the opportunity to construct them. He did not put a brick down in any of them. Now we are rather thankful that he did not or we could have the same problems as Longboat Quay. What can NAMA do in relation to Longboat Quay? That is an immediate issue, with the threatened evacuation of the 600 or so residents. Mr. McDonagh stated in the past, if I took it up right, that NAMA had spent something in the region of €100 million in refurbishing property that was not compliant with decent standards and regulations.

Mr. Brendan McDonagh: The board has allocated €100 million across the whole portfolio to remedy problems in the portfolio we had acquired. There are about 300 apartments in the Longboat Quay development. The receiver appointed by NAMA only has 18 of those. The rest are all owned by the Dublin Docklands Development Authority, DDDA, and the private sector. We have been working actively with the receiver, DDDA and Dublin City Council to try to come to a resolution. A resolution has to be found because the people living there are deeply affected by these problems. Nobody should be put at risk in this day and age in my view. I am hopeful that the DDDA, Dublin City Council and the receiver will work towards achieving a satisfactory resolution before the dire situation of evacuation has to occur. We must also be respectful of the fire officer. He has his job to do and he does not want to put people at risk. I am sure everybody is working to get a solution to this very difficult situation. As I said to Deputy O'Donovan, this situation unfortunately does not only apply to this particular development. It is quite common, particularly in apartment blocks that were built during the boom, long before

NAMA existed. It affects not just NAMA assets, but also other banks' assets.

Deputy Joe Costello: Is NAMA in a position to make a contribution to the cost? I understand it is in the region of €4 million.

Mr. Brendan McDonagh: I suppose we have to be careful here. We understand that the receiver, because of his legal responsibilities, will be making a meaningful contribution where he will be seeking funding from NAMA towards meeting the cost of that.

Deputy Joe Costello: NAMA can make some contribution.

Mr. Brendan McDonagh: The receiver will, I think, take a sensible approach. That is all I can say at the moment. I am hopeful it will be an approach that will bring a resolution.

Deputy Joe Costello: I have one or two more questions for the chairman of NAMA. It would seem to an outsider that Project Eagle was not handled that well, that there was a lack of judgment in terms of pursuing it, in retrospect. Nine international consortia were involved at the very beginning and we have only talked about the three final ones, Fortress, PIMCO and Cerberus. When the other six were gone and when PIMCO pulled out or NAMA let it be known to PIMCO that it should pull out, we were down to two. Considering that Fortress has made an underbid to the reserve, and had made that clear at a relatively early stage, as I understand, was it prudent to press ahead with the sale even though it reached the reserve by just £1.241 million? In those circumstances, there could be a question mark as to whether this was a prudent move, considering all the circumstances and the reason NAMA had to get a commitment by Cerberus that it had not paid any fees and so on and that it had indicated that might compromise the situation. NAMA was relying on a great deal in those circumstances in making a judgment call.

Mr. Frank Daly: On the nine who were involved, without naming them, they were very substantial international investment funds with the wherewithal to finance a project such as this if they were interested. The fact that six of them pulled out, leaving PIMCO aside for the moment, is testimony more to the fact that they did not think there was value in the portfolio to them compared to-----

Deputy Joe Costello: Did they pull out after due diligence?

Mr. Frank Daly: Yes, some did.

Deputy Joe Costello: Had they all-----

Mr. Frank Daly: They had the data room access, they had the full picture. They would have spent, in some cases, quite a bit of money on it. They obviously decided along the way that this was not for them. I cannot speak for the reasoning of that, but it is very reasonable to assume that some of them have decided that the portfolio was not value for them, particularly at the reserve price that we were indicating. In one way, that is testimony to the fact that we did get value for the portfolio in the end. PIMCO pulled out for all the reasons we have rehearsed here. Everybody, including ourselves, would have preferred if the background to that had not happened and if PIMCO had been allowed to stay in the deal but we were not prepared to countenance that, given what had happened. At the end of the day it was down to two bidders. It is not unusual that a reserve price would be just met or barely met. That would be a feature not just in NAMA, but also across other types of portfolios like this that are sold regularly by other banks and other asset agencies. At the risk of repeating much of what I said this morning-----

Deputy Joe Costello: If PIMCO was gone and Fortress was clearly not going to meet the reserve and the reserve was public-----

Mr. Frank Daly: We had no-----

Deputy Joe Costello: It was clear then to Cerberus that it only had to go one penny above the reserve.

Mr. Frank Daly: That is not the way it works. We had no idea that Fortress was not going to meet the reserve until the final bids came in on whatever day it was, at the same time, from Cerberus and Fortress. We had no idea that Fortress was not going to make the reserve price and neither did Cerberus have any idea that Fortress was not going to make it. That is where the competition is, and Lazards in particular would be very clear that this competitive tension was there. It is not unusual for a reserve price to be just met or barely exceeded, or exceeded as it was in this case. It is not unusual, either, for somebody to come in below a reserve price. As I explained earlier, they might just be trying it on, they might hope that nobody else-----

Deputy Joe Costello: Is it unusual that there should be only two competitors at the end?

Mr. Frank Daly: No, it is not. Generally one goes through a process of seven, eight, nine, maybe more, maybe fewer, at the first stage. One would get indicative bids in the first round and then go into a second round when one might choose two, three or four bids to go ahead. It is not unusual that there would be only two or three left in a process. The important thing is that one has two bidders who are independent of each other. There is no suggestion that they were not - two bidders aware of the reserve price, one coming in above it and one coming in below. There would be many other asset sales across the world where that would not be unusual. We did not, by the way, just continue. It is kind of implied that PIMCO exited and then, without consideration or anything like that, we ploughed ahead. We did not. We took account of the PIMCO exit but we also took advice from Lazard to see whether there was still competitive tension and whether we still had a chance to get our reserve price and, if so, to go with it. That is not at all to address the opportunity cost of not going down that road.

Deputy Joe Costello: Absolutely. Is there not a sense of *déjà vu* when we look at Project Arrow, which is also down to two bidders currently? I am not sure exactly where it is, but the third bidder has pulled out. Goldman Sachs has pulled out, so there is only Apollo and Cerberus left. Cerberus has been involved in the Northern Ireland one in very similar circumstances to what seems to be happening in Project Arrow.

Mr. Frank Daly: The circumstances are not similar at all. In Arrow - again one is back to an initial list of quite a number of interested people - one got down to two, three or four which were very interested in round two - all of them in the data room, very actively, and putting their own pricing on the portfolio. I am going on reported stuff that in recent times, one of them, Goldman Sachs, would have pulled out, but there are two still in there. Contrary to some incorrect reporting, there is no preferred bidder in relation to Arrow. It is still in a competitive process and will be until some time in the next month or so when we get bids from whoever is left.

Deputy Joe Costello: What is the par value of Arrow?

Mr. Brendan McDonagh: It is €6.3 billion currently.

Deputy Joe Costello: What is the reserve price?

Mr. Brendan McDonagh: We started off with a reserve price of over €1 billion, but transactions have happened in the meantime and the reserve price has been adjusted accordingly. Given that the bids are due on 12 October, however, the Deputy will appreciate that we will not disclose it.

Deputy Joe Costello: That would be a huge cut on the par price, would it not?

Vice Chairman: Time, Deputy.

Mr. Brendan McDonagh: That is what the assets are.

Mr. Frank Daly: The assets are non-performing loans. They are very small, very granular and very difficult and anybody pricing, whether it is us pricing a reserve or Apollo, Cerberus or whoever else comes in, will have to take that into account.

Deputy Joe Costello: I was going to ask about Project Jewel, which seems to be the jewel in the crown, but perhaps somebody else will do that. It seems to be quite a successful achievement. It will give the witnesses the opportunity to talk about the good things as well as the question marks. I want to make a point which relates to the SDZ in the docklands. NAMA has been in existence since 2010 and we are half way through its timespan. We have moved away from a bargain basement market in Ireland where it was very hard to attract any investors. Clearly, NAMA has been successful in the recovery that has taken place. There is no doubt about the fact that it has given a base to the market through the property which has attracted foreign investment. Is it not the right time to do a complete review of NAMA's operations in the context of going forward on the basis of what it is doing in the docklands, which is a special development zone, where it is jointly involved with the developers and where there is planning for the future as distinct from simply an issue of the sale of properties? NAMA owns 75% of the debt that is there and there should be long-term investment and long-term engagement by NAMA rather than to simply dispose of property as has largely been the approach to date. Is it not time to engage with the Minister for Finance, come back to the table, and refocus the operations of NAMA rather than to come to a conclusion that it will shut up shop by 2018?

Mr. Frank Daly: It is not too long since there was a section 227 review of NAMA, which was a strategic view of how it performed and where it is going. The strategy we are pursuing now is basically the one which emanated from that review. It is really three strands. It is repaying our senior debt and subordinated debt. The chief executive referred to that in his opening statement and it remains the key objective. Unless that is done, there will still be a very serious contingent liability on the backs of Irish taxpayers, even after the repayment today of another €1.75 billion and the fact that there is now approximately €9 billion left of senior debt. That is an extraordinary performance because if we had been in here three or four years ago or even less where we had paid off €21 billion with €9 billion left, people would have laughed at us had we predicted anything like that. The reality would have been that we would have been lucky to have had €9 billion paid off and only €21 billion left. We have actually reversed it. I believe, and I think the Minister also believes, that the key objective of repaying all of that debt should not be compromised for all of the reasons outlined in the chief executive's statement. There are bigger issues there for Ireland about our credibility in the markets and with rating agencies and with access to finance.

The other two strands we are involved in very firmly include the SDZ. Nobody is saying that NAMA will shut up shop in a year or two and abandon the SDZ. We have always indicated that however long that takes, we will be involved in it. It is similarly the case with residential

development. We are committed to 4,500 houses at the end of next year and the social housing we talked about earlier. We are doing a great deal of work on planning and infrastructure issues around housing. There will be a long-term deliverable from NAMA in relation to that whether it be in planning, infrastructure or whatever. We will stay there for as long as that takes.

The Deputy's other issue is whether we should suddenly slow down and stop selling, which is what I presume he means.

Deputy Joe Costello: Well, not just to move-----

Mr. Frank Daly: If we do that, it will undoubtedly compromise our capacity to repay our debt and to be involved in housing and the SDZ. There are conflicting objectives here. The key to our success, as the Deputy so very kindly put it, has been cash generation. We must keep generating the cash and we have to do it while there is investor interest in Ireland. One does not know that there will be investor interest in Ireland in two, three or five years' time. I am not sure.

Vice Chairman: I am going to keep going. On a point of information, the Department of the Environment, Community and Local Government will be here in two weeks' time, so we can raise this then.

Deputy Shane Ross: I preface my remarks by saying that nobody is suggesting NAMA is guilty of wrongdoing or crossing lines it was not expected to, or should not cross, or of any criminal act or anything like that. Nobody is suggesting it has been involved, or complicit, in anything like that. It is important for people to realise that. What is significant about what Mr. Daly has been saying here today, however, is that it may well have been utterly incompetent in what happened and got a very bad deal as a result of swimming with sharks or, possibly, due to naivety or incompetence. It appears that something is very badly wrong with this particular episode and that NAMA has certainly had an important role to play in it. That is where I differ with the witnesses so strongly about NAMA going to Northern Ireland. The excuse that NAMA is publicly accountable to us, which is absolutely true, does not merit its refusal to co-operate fully with the inquiry being carried out by the Northern Ireland finance committee. Could Mr. Daly explain to us why he is prepared to give written, and not verbal, replies?

Mr. Frank Daly: I thank the Deputy for the acknowledgement at the beginning of his intervention that there is no suggestion of any malfeasance by NAMA. The Deputy will not be surprised if I totally disagree with his characterisation of NAMA's activities and the suggestion of incompetence. We are well used to swimming with sharks in many areas. The Deputy said we had refused to co-operate fully with the Northern Ireland committee. We certainly have not refused to co-operate. The issue is around whether we go to the Northern Ireland finance committee in Stormont and present ourselves there as witnesses. While I do not want to go back over old ground, our view is that we present ourselves here to the members of this committee as witnesses. There has never been any suggestion that we are not accountable to this committee, although that has been said in the Dáil, which was wrong; we are accountable to the committee. There has never been any suggestion that the questioning that happens in the committee is not rigorous enough to get from NAMA any information it wants.

We have co-operated extensively with the committee in Northern Ireland. This morning, Deputy Deasy made a suggestion regarding the chairman of the Northern Ireland finance committee and I have responded positively to it, subject to discussing it with my board. This is an indication of our willingness and real interest in helping the Northern Ireland committee and

anybody else involved in the investigation of events that followed the sale of the NAMA book in Northern Ireland. It is in our interests, as much as anybody else's, to get to the bottom of it. We have met the National Crime Agency, NCA. We have not been asked to meet anybody else about it. We will fully co-operate, and the suggestion of a meeting with the chairman of the Northern Ireland committee is useful. I hope my board will agree, and we will proceed on this basis.

Deputy Shane Ross: Mr. Daly has not answered my question as to why NAMA will provide written replies but will not appear before the committee.

Mr. Frank Daly: For the reason I explained at length this morning and in my letter to the Chairman of the committee, that we believe we are accountable to this-----

Deputy Shane Ross: The NAMA representatives are not defendants. They would be going there to help the committee, as witnesses to say what they saw, what happened to them and what they can offer. That is all.

Mr. Frank Daly: We have done it to a very great degree in the documentation. The Northern Ireland finance committee asked us 43 questions, which we answered at length. If they want to ask us any more questions, we are prepared to do it. There is the added initiative, which emerged from this morning's meeting, of a meeting with the chairman of the Northern Ireland finance committee. I met him during lunch. We introduced ourselves to each other and he is going to write to me.

Deputy Shane Ross: This is a small bit of progress. However, I suggest NAMA appear before the committee. There is a world of difference between giving written replies and appearing before a committee and giving live evidence. I cannot, for the life of me, understand why NAMA will not do it. I do not think NAMA is involved in any of the activities in Northern Ireland about which we have read so much. The only reason I can think of is that NAMA's competence would be questioned further. NAMA representatives must go there as witnesses and give evidence that would help the inquiry. The NAMA representatives are obstructing the inquiry by refusing to appear there, and Mr. Daly knows it. He is going to a half-way house.

Mr. Frank Daly: We are certainly not obstructing the inquiry. We have been extraordinarily co-operative with the inquiry and the chairman of the Northern Ireland committee has acknowledged that we have been more helpful than some others.

Deputy Shane Ross: It is not a great recommendation. Some of the others are being-----

Mr. Frank Daly: Given that it is one of the few positive things said about us, the committee will pardon us if, from time to time, we remind people of it.

Deputy Shane Ross: Maybe deservedly so. Maybe Mr. Daly could take account of the fact that there are members of the committee here who would like NAMA to help the Northern Ireland committee further. My second question is a follow up to an issue Deputies McDonald and Costello raised. Why did PIMCO withdraw?

Mr. Frank Daly: PIMCO was the first company to indicate that it might have an interest in buying the portfolio and was fully engaged in the process and involved in the data room. Most of PIMCO's engagement with us was on the commercial side. In the data room, PIMCO staff would have been asking questions and, presumably, trying to put their own price on the portfolio. PIMCO's compliance department came to us and indicated that, as part of the arrangements

it had made with advisers, a success fee, or a part thereof, was to be payable to Mr. Frank Cushnahan, who was a former member of our advisory committee. On 10 March, PIMCO came to us to ask whether it would be a problem for us, which was putting it mildly. We had a board meeting on 11 March, at which we decided it certainly was a problem. We told our executives to return to PIMCO and indicate that, in the circumstances, we did not believe it could continue in the process and either they should leave the process or we would take steps to ensure they were not entertained any further. This was the process, and PIMCO exited on 12 March. It did not exit for commercial reasons. It was interested in the portfolio.

Deputy Shane Ross: Is Mr. Daly saying Mr. Cushnahan had no confidential information?

Mr. Frank Daly: Yes.

Deputy Shane Ross: Why did Mr. Daly not tell him to go ahead, given that it did not matter?

Mr. Frank Daly: There would be a perception. Had PIMCO stayed in and won the portfolio, and if what has emerged since had become known to the committee, I would be in here explaining a very different matter.

Deputy Shane Ross: That is right.

Mr. Frank Daly: That is right and correct. This is the perception issue. There is also the issue that it is just not right. To my mind, there was a conflict.

Deputy Shane Ross: He did not know anything.

Mr. Frank Daly: I must protect myself. I do not have the privilege that the Deputies do. We are working on the basis of what PIMCO told us about Mr. Cushnahan. When it told us he was to receive a fee out of the process, it seemed to us that it was not right, that there was a conflict and that there was the potential for major reputational damage. That was the reason.

Deputy Shane Ross: Did he know anything that was confidential?

Mr. Frank Daly: While I do not believe he knew anything that was confidential, that might not stop somebody making claims. Without referring to Mr. Cushnahan or anybody else, there are many people in this country, North and South, who put themselves about and say they have the inside track and the right connections to make this, that and the other. I do not know what he was doing. I could not say. I do not know in any great detail what his engagement with PIMCO was. However, once we were told he was to receive a success fee, it was fatal to PIMCO's involvement. I give PIMCO credit for telling us.

Deputy Shane Ross: Could he have been any use to PIMCO?

Mr. Frank Daly: I do not believe so.

Deputy Shane Ross: Then maybe Mr. Daly should have let PIMCO stay in.

Mr. Frank Daly: No, no, sorry. How could we-----

Deputy Shane Ross: Of course he should have.

Mr. Frank Daly: The Deputy is contradicting himself.

Deputy Shane Ross: No, Mr. Daly is.

Mr. Frank Daly: I am not. As chairman of a responsible board, having learned a former member of our advisory committee was to receive a fee following the successful bid from one particular investment group, I am not sure how the Deputy can seriously suggest we should have let him stay in.

Deputy Shane Ross: I am not. I am saying it would be consistent with Mr. Daly's stand, given that I do not believe for one moment he did not know things which were material. I think he knew a large number of things which were material.

Deputy John McGuinness took the Chair.

Mr. Frank Daly: He absolutely did not. All the people who expressed an interest and went into the data room in the process, just as in any other process, had access to exactly the same information. It was detailed information, given to them on the basis of non-disclosure agreements, which is the norm in these sales processes. I do not believe that Mr. Cushnahan had any information that would have been of particular use to a bidder - any bidder.

Deputy Shane Ross: I refer Mr. Daly to the reports of the Northern Ireland advisory committee. The 2010-11 one states: "The Committee continues to review all opportunities to bring creative and innovative solutions in respect of NAMA's portfolio in the expectation that this will also deliver benefits to the communities across Northern Ireland." In several other cases it pays great credit to Mr. Cushnahan for the role he played in strategically placing the portfolio. How on earth could he have strategic interest, making suggestions about the position and solutions for the portfolio, if he did not know what was in the portfolio?

Mr. Frank Daly: Where is the Deputy saying "for ... strategically placing the portfolio"?

Deputy Shane Ross: It refers to sales strategy. It refers to the strategy of the committee and the portfolio in other places. It refers to overview of the Northern Ireland portfolio. If he is overviewing the portfolio, how can he do it without knowing what is in it?

Mr. Frank Daly: One would get that if the Deputy read our annual report any year, where there is a special section in it on Northern Ireland and other markets.

Deputy Shane Ross: Then why does NAMA need a board?

Mr. Frank Daly: I am not saying we needed the advisory committee but if one goes back to the origins of this and NAMA in 2009-10, there was an extremely sensitive issue in Northern Ireland because here was a Southern body suddenly owning or controlling a huge chunk of assets in Northern Ireland. There was great sensitivity actually around that. During discussions with the then Minister, Mr. Lenihan, in 2009, it was agreed that part of the response to this would be to create a Northern Ireland advisory committee with no decision-making powers, but which would advise the NAMA board on broad strategic issues around Northern Ireland. That is the committee that Mr. Cushnahan and Mr. Rowntree were appointed to.

By the way, I am making the point very clearly that Mr. Cushnahan got no inside or useful information from his Northern Ireland advisory committee activities. It is not beyond the bounds of possibility that he picked up other information in relation to all of these debts and debtors and whatever in Northern Ireland. It is a small business community up there, as we know. There is lots of talk. Debtors talk about their indebtedness to NAMA. Debtors talk

about the types of assets they have in NAMA. So there are plenty of other ways in which somebody who wants to put it about that they have an inside track can get information, but he did not get it from NAMA.

Deputy Shane Ross: So Mr. Daly is saying that he was pretending that he had the inside track. He could have.

Mr. Frank Daly: No. I am not making any assertions about Mr. Cushnahan or anybody else like that. I am saying that people from time to time can actually put themselves about as people who have knowledge of a certain development or transaction. I am not talking about Eagle; I am talking generally speaking. All I am saying is that in Eagle's case, he did not get it from NAMA.

Deputy Shane Ross: Mr. Daly asked me about the strategic positioning. I will just quote something about the committee in, I think, 2010. It is from the Department's website last night.

The Committee continues to review all strategic opportunities to bring creative and innovative solutions in respect of NAMA's portfolio in Northern Ireland. To that end the Committee benefitted enormously during 2013 from the insightful contributions of External Committee Members, Frank Cushnahan and Brian Rowntree

Is that true?

Mr. Frank Daly: What is the Deputy quoting from?

Deputy Shane Ross: I think it is the 2013 or 2014 Northern Ireland advisory committee annual report.

Mr. Frank Daly: Yes, the Chairman's report.

Deputy Shane Ross: That is from Mr. Daly.

Mr. Frank Daly: Yes.

Deputy Shane Ross: It is his own report and he stated that they review strategic opportunities of the portfolio and it goes on to pay great tribute, particularly to Frank Cushnahan.

Mr. Frank Daly: In a very strategic macro high-level sense, yes. That is what we do. What would be the point of the committee if they were not actually doing that?

Deputy Shane Ross: How can one tell what the strategic opportunities for a portfolio are, if one does not know what is in the portfolio?

Mr. Frank Daly: There is a general understanding of the make-up of NAMA's portfolio which has been published from the very beginning - how much of it is residential; how much of it is land and development; how much of it is in Belfast; how much of it is the rest of Northern Ireland, in Derry or wherever. That is all high-level strategic information. How many houses are in it? What are the other opportunities? What else is going on in the housing sector? Mr. Rowntree, for example, would have been very useful in that sense because he was chairman of the Northern Ireland Housing Executive. There would be contributions if we were thinking about the opportunities for our residential portfolio in Northern Ireland or maybe developing out some of the land we had and investing in that. However, those are high-level strategic contributions. They do not get into debtor information.

Deputy Shane Ross: Okay, we will go on.

Why was Project Eagle sold in one job lot?

Mr. Frank Daly: First of all, we need to go back to the portfolio. The chief executive, I think, outlined in detail in his opening statement in July the make-up of the portfolio.

Deputy Shane Ross: When was it decided to sell it in one job lot? Was it before Mr. Cushnahan left or after?

Mr. Frank Daly: It was decided following the approach that came initially in September 2013 from PIMCO.

Deputy Shane Ross: So he would have known.

Mr. Frank Daly: But sure were we not through it this morning? When I was here in July I told the committee that I had briefed the Northern Ireland committee in October 2013 that there had been an expression of interest from PIMCO. That was all. So that was the first indication we had. After a period of a couple years of almost stagnation where there was very little interest in the Northern Ireland assets or very little interest, by the way, in somebody from Northern Ireland coming to us and proposing that we might invest or do this, that and the other.

Then one gets an indication that there is. Here is a very credible international investment fund that is interested. Of course we looked at it and we assessed it, and decided - against the wishes of PIMCO by the way - that we would go for an open-market transparent process, and that is what we did. Initially we decided, I think, at a board meeting in October that we would pursue the thing with PIMCO and see how seriously they are interested - is this a try-on? Then when we determined that they were, we decided to go with an open-market process. In the December 2013 board meeting we decided to go with the open-marketed process. In January we appointed Lazard as the loan sales broker, which is what we would do. It is quite normal in a lot of large portfolio sales. That was the process.

We did, obviously, look at whether there were other options. What would the other options be? Sell it in smaller lots; sell each asset; wait in Northern Ireland until 2020 or whatever. What was the opportunity cost of that? I mentioned that to Deputy Costello. The opportunity cost is we were going to be tied up in those individual assets - not great assets in an economy that was, at the time, pretty stagnant - there was no great interest in them - with greater opportunities elsewhere for NAMA to manage its assets and invest in its assets; opportunities here and opportunities in London. All of that was taken into account in the decision to pursue a single sale with a reserve price, which was the one we calculated was the minimum value we would take for this and which was reached in the end.

Deputy Shane Ross: I ask Mr. Daly to enlighten me on reserve prices. The reserve price was known to the bidders. Was it known publicly at the time or just to the bidders?

Mr. Frank Daly: No, it would not have been known. We would engage with Lazard, which was managing the sale process. We set the reserve price based on our own analysis of what each individual asset or loan was worth. We allowed Lazard to convey that to the people who were interested, for the reasons I outlined earlier that one does not want people wasting millions, actually, in due diligence if they are not going to be anywhere near the reserve price.

Deputy Shane Ross: That is fair enough. What is the story with Project Arrow? Is the

same procedure being followed now with a reserve price?

Mr. Brendan McDonagh: Yes.

Mr. Frank Daly: Yes.

Deputy Shane Ross: The two bidders know what the reserve price is at the moment, and Cerberus is one of them.

Mr. Frank Daly: Yes.

Mr. Brendan McDonagh: There are more than two bidders now because-----

Deputy Shane Ross: More than two bidders?

Mr. Brendan McDonagh: Anyone who did due diligence at stage one would know we had a reserve price.

Deputy Shane Ross: Okay. How many bidders are left now?

Mr. Brendan McDonagh: There are two bidders left now.

Deputy Shane Ross: I want to ask about the non-executive board. How often does the board of NAMA meet?

Mr. Frank Daly: The full board?

Deputy Shane Ross: Yes.

Mr. Frank Daly: We meet at least once a month, but we meet quite regularly for short notice meetings. I am not sure what meeting we are at. We are probably near our 20th meeting this year so far.

Deputy Shane Ross: Did the board pass the Project Eagle deal? Did it approve it?

Mr. Frank Daly: Yes.

Deputy Shane Ross: Was there any discussion?

Mr. Frank Daly: There was indeed, yes. There was lots of discussion.

Deputy Shane Ross: Was there a vote on it?

Mr. Frank Daly: No.

Deputy Shane Ross: Was there disagreement about it? Was anybody opposed to it?

Mr. Frank Daly: No, there was no disagreement about it. For any decision like this there is a paper, obviously, from the executive. There is usually a recommendation from the executive. Some cases go through the credit committee first, but in Eagle's case because of the scale of the transaction it came to the full board. The board goes through the recommendation and the paper in great detail I can assure the Deputy. As the meeting progresses I, as chairman, try to see whether there are issues, clarifications, disagreement or, at the end of the day, consensus. There was no dissent.

Deputy Shane Ross: No dissent at all from the board?

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Mr. Frank Daly: No. There were lots of questions but no dissent.

Deputy Shane Ross: What about the Minister? Did Mr. Daly inform the Minister in advance?

Mr. Frank Daly: In advance of the decision? No.

Deputy Shane Ross: Not at all? What type of relationship does Mr. Daly have with the Minister on the question of going to Northern Ireland to meet the Northern Ireland committee? Has he communicated to him about this?

Mr. Frank Daly: The Minister asked me about it after our decision not to go had been made public and I-----

Deputy Shane Ross: What did he ask you?

Mr. Frank Daly: What?

Deputy Shane Ross: What did he ask you?

Mr. Frank Daly: I think he rang me and said he was going to be asked about why we were not going to Northern Ireland, and I gave him much the same rationale as I have given this afternoon to the committee. He did not say yay or nay but effectively said it was the board's decision.

Deputy Shane Ross: And Mr. Daly has had no communication with him about it since?

Mr. Frank Daly: I think he said to me recently that the finance committee would be writing. Sorry, no, I saw in a report in the media that the finance committee here was writing to NAMA urging us to go to the Northern Ireland committee, but we have not had any communication from the finance committee. I think I mentioned that to him recently.

Deputy Shane Ross: He has not suggested to you that you go to Northern Ireland?

Mr. Frank Daly: No, his view, I think, is that it is a matter for the NAMA board.

Deputy Shane Ross: And the board is fully behind that, is it?

Mr. Frank Daly: Yes.

Deputy Shane Ross: Which are all ministerial appointees, are they not?

Mr. Frank Daly: Obviously, yes.

Deputy Shane Ross: Okay.

Mr. Frank Daly: By the way, most of us were not appointed by the current Minister, just for completeness.

Deputy Shane Ross: One political appointee is as bad as the other as far as I am concerned, Mr. Daly.

Mr. Frank Daly: I think that depends on the chair.

Deputy Shane Ross: All right. We heard from the Northern Ireland committee this morn-

ing about material which NAMA sent to it, some of which was redacted. Why was it redacted?

Mr. Frank Daly: It was redacted because we have tried to be consistent with freedom of information legislation, to which we have been subject since last April, contrary to some statements made in the past week when it was alleged a freedom of information request cannot be sent to NAMA. We have actually been subject to freedom of information legislation since April and we have answered hundreds of freedom of information requests since then. There are 135 pages of minutes of the Northern Ireland committee, and out of this there are 32 redactions. I know the Deputy will say this does not tell anything and it depends on what the redactions are. All of these redactions consist of individual names or sentences related to individual names. This is done under the freedom of information legislation. As the Deputy knows, there are a number of exceptions to protect certain information, including personal information, commercially sensitive information and information which may have an adverse impact on the management of the organisation. The majority of the redactions, 21 of them in total, refer to personal information; three of them relate to information protected from release under the Ethics in Public Office Act; and the rest relate to information about market counterparties or commercially sensitive information. What I can say is none of the redactions, and I looked at them again recently, relate to Project Eagle. I think it is important for the committee to know that and important perhaps for the Northern Ireland finance committee to know it also.

Deputy Shane Ross: Okay. I want to go through the whole competitive issue. We had three bidders which ultimately ended up being one. It looks very bad from the outside, and I think Mr. Daly will accept this. One pulled out, or was driven out and was told to withdraw by NAMA. That is what Mr. Daly has said.

Mr. Frank Daly: We indicated to it we would not be comfortable with it continuing and it withdrew.

Deputy Shane Ross: It withdrew?

Mr. Frank Daly: It is the same thing.

Deputy Shane Ross: Not quite.

Mr. Frank Daly: As far as we were concerned it could not continue.

Deputy Shane Ross: So basically NAMA took it off the pitch.

Mr. Frank Daly: It would have a slightly different take, that it withdrew.

Deputy Shane Ross: What is Mr. Daly's take on it?

Mr. Frank Daly: Maybe that is important to it.

Deputy Shane Ross: What is Mr. Daly's take on it?

Mr. Frank Daly: We would have said to it that we were not comfortable with it continuing and it should consider this. As a consequence it came back to us and said it would withdraw.

Deputy Shane Ross: Okay. So one went off the pitch; one way or the other NAMA was not going to let it back.

Mr. Frank Daly: Semantics.

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Deputy Shane Ross: A second one made a bid which would not succeed because it was below the reserve.

Mr. Frank Daly: That is at the end of the process.

Deputy Shane Ross: Yes.

Mr. Frank Daly: After the final bid.

Deputy Shane Ross: Then we have one which made a bid on the button of the reserve plus £1 million. Does Mr. Daly know what this looks like?

Mr. Frank Daly: It looks to me like we got our reserve pricing right, and it looks to me like the bidder did its due diligence in a very rigorous way, as most of these funds often do.

Deputy Shane Ross: It does not look like that to me.

Mr. Frank Daly: Well we-----

Deputy Shane Ross: And I do not think it looks like that to a lot of other people.

Mr. Frank Daly: I think we have different perceptions on this.

Deputy Shane Ross: Yes.

Mr. Frank Daly: I do not have data on it, but I am sure if the Deputy looks right around the commercial world at portfolios and assets sold I imagine a very high proportion of them come in around the reserve pricing, up and down.

Deputy Shane Ross: Does Mr. Daly ever look at these and wonder, and I do not suggest it happened in this case, whether this is just one coincidence too many? Did he look at this and say these guys are right on the button of the reserve, another lot came in at £1.1 billion and the other withdrew? Does he ever say this is a bit odd?

Mr. Frank Daly: I think that is not to appreciate the investment that companies like these put into their examination of the portfolio or the asset for sale. One of them can have hundreds of people in the data room over a particular period of time going through each asset line by line, so it is not surprising to me that they get it close to the button.

Deputy Shane Ross: Does it ever occur to you that NAMA was the victim of a bit of a stroke?

Mr. Frank Daly: No.

Deputy Shane Ross: That it is a patsy in this particular game?

Mr. Frank Daly: No, and I do not believe that, Deputy.

Deputy Shane Ross: That is what it looks like to me, I must say. It looks to me like there are so many coincidences happening here. Big players are withdrawing, another lot are coming in with a bid which they know will not succeed, and one group gets through the hoops by £1 million, a tiny amount. That is not competition. I still cannot understand how, when NAMA saw this, it could say there was competitive tension, which is a pretty diluted phrase. Surely it should have said, "This stinks. We are going back to the drawing board."

Mr. Frank Daly: I believe it is competitive, but do not just take my word for it because I am just part of a board and an organisation. We have within NAMA - and I give them credit for it - some of the canniest people I know in the whole property financial sector. We put them together over a period of three to four years. I do not think any of those experts believes this was all a coincidence or that there was not competitive tension. Lazard, which advised us on this - I presume the Deputy is familiar with Lazard and its-----

Deputy Shane Ross: Very familiar.

Mr. Frank Daly: It advised us on this on competitive tension. I have just been handed the figure in regard to the amount of money that Cerberus and Fortress would have spent on due diligence. They would each have spent between €3 million and €5 million. That is a huge amount of forensic, rigorous examination of the portfolio. I am not surprised that two or three of them pulled out. Just as in other portfolio sales by NAMA and the banks and other institutions, people come in, do some due diligence and pull out because it is not for them. I think that if the Deputy is advancing the theory of a grand coincidence here, it is not that.

Deputy Shane Ross: That is what it looks like to me, and I think that theory should be entertained. After all this extraordinary fuss, an investment house from America, which is really a vulture fund, took the Project Eagle portfolio. Does NAMA not feel a bit uncomfortable that Cerberus is coming at it again for Project Arrow?

Mr. Frank Daly: I think this kind of pejorative comment, “vulture fund” and “coming after us”-----

Deputy Shane Ross: They buy up distressed assets. That is what vulture funds do.

Mr. Frank Daly: Absolutely.

Deputy Shane Ross: That is what Cerberus does.

Mr. Frank Daly: That is what they do, and there is no contradiction of that. On the other hand, if one reads their submission to the Northern Ireland finance committee, one sees they are also very clear about their commitment to Northern Ireland and investment and all of that. That is what these funds do. They are the ones that are interested in it. I agree with the Deputy that some of them are in it for the longer haul more than others. Is it surprising that Cerberus is bidding for Project Arrow? No. It is not surprising that Apollo is interested or that some others are interested either.

The Deputy used the phrase “coming at us”. We advertised Project Arrow and we have Cushman & Wakefield managing that portfolio for us. They would have been off looking for people, trying to generate interest in it. I do not want to talk down the portfolio, because we obviously want to get the price we can for it, but what is in it does not make the most attractive portfolio in the world. It is granular, non-performing, regional, and has very small loans - a huge number of them.

Deputy Shane Ross: Does Mr. Daly believe that Cerberus is flipping NAMA’s portfolio now? Mr. Daly said they were going to make a profit of 7% or 8%.

Mr. Frank Daly: In Northern Ireland? No. Again, one would have to look at the letter to the Northern Ireland finance committee in which Cerberus indicates what it is doing with the portfolio in Northern Ireland. As I mentioned in my opening statement, from the figures it ad-

vances - I have no reason to doubt them and presume they are regarded as evidence - it would seem to me that they are going to write off an extensive part of that portfolio. They seem to be - in net terms, before costs, fees and so on - thinking that a return may come over 30 months or so of about 7% or 8%.

Deputy Shane Ross: That is what you say, but I am not sure whether Cerberus is saying that.

Chairman: Keep an eye on the time, Deputy.

Deputy Shane Ross: I am just finishing up.

Mr. Frank Daly: I am only quoting what Cerberus has said publicly.

Deputy Shane Ross: Unfortunately, considering its history, Cerberus is still going to raise its heads again in this bid. What about Goldman Sachs? Why did it pull out?

Mr. Frank Daly: Of Project Arrow?

Deputy Shane Ross: Yes.

Mr. Frank Daly: I am not sure whether it has given us a detailed indication of why.

Mr. Brendan McDonagh: I had a conversation with a senior executive in Goldman Sachs after it pulled out. Basically, the reason he gave was that we had continued to sell assets once we put the portfolio onto the market. We were able to sell some of the income-producing assets within that portfolio at very good prices. Then, when Goldman Sachs looked at the portfolio when it went to stage two, some of the income-producing assets that had been there in stage one had been sold and the portfolio that went to stage two had been recut. They said there were not enough income-producing assets left in the portfolio and they were pulling out because there had been very few income-producing assets in it in the first place.

Deputy Shane Ross: Okay. I am finishing now. Having listened to Mr. Daly, I think I would stand by what I said earlier. Obviously, NAMA's integrity is not in question. Nobody questions that at all, but on this deal, NAMA has done the taxpayer absolutely no service at all and it should be making a victim impact statement here rather than appearing as a witness.

Mr. Frank Daly: I must put on the record my total disagreement with that statement. I do not think anything has been adduced here in any form of strong evidence that backs that up. I still believe the taxpayer has got a very good return from this. There will obviously be another examination of this - of the process involved, at least. I understand that the Comptroller and Auditor General will examine it, so no doubt we will be back to it. However, I am very confident that this has turned out to be a good deal for the Irish taxpayer and do not think that thesis will be undermined.

Deputy John Perry: I welcome Mr. Daly, Mr. McDonagh and the team from NAMA. I was somewhat astonished by the comments made by Deputy McDonald in regard to the integrity of the board of NAMA due to the allegations made. They were quite outrageous. I am even astonished by the assertion made by Deputy Ross regarding integrity and his assertion that the taxpayer did not get a deal. I think NAMA has been extraordinarily successful, even this week with the sale of Project Jewel. The stabilisation of and the level of growth in the economy would be quite different without this. People are always looking at issues retrospectively, but when we look at the portfolio of properties in Northern Ireland and their location, we know

there would be another question asked here today if those properties had not been sold.

The point has not been made clear here in regard to section 172 of the National Asset Management Agency Act. Deputy Ross is very much aware that this legislation embodies protocols regarding the sale of assets. We should consider the job opportunities, the redevelopment of the Docklands, the return from sales and the bond redemption. Could Mr. Daly explain what has been achieved? I believe what NAMA has achieved is extraordinary. I have been in the Oireachtas a long number of years and was here at the time of NAMA's formation under the former Minister, Brian Lenihan. We should look now at the return to the Exchequer and the profit that was projected by 2018. It is very easy to evaluate property now, but nobody knew the value in 2008 and 2009 when these were all unsecured bad debts.

It is very easy to cherry-pick, or for Deputy Wallace to come in and cherry-pick a property that might double its value, but he is not looking at the properties that might be getting a 5% gain. Will Mr. Daly give us a run through of the aggregate? It is more about the net profit overall rather than the amount of profit on every item. We have to take into account the whole bag of the mixed portfolio that was handed over to NAMA. I am very disappointed by the unfounded allegations made by a Deputy who is not prepared to attend any committee as a witness but who could throw out a statement that, seemingly, Sinn Féin wants to use as a political statement in the Northern Ireland Executive. It does not surprise me that many of the institutions of the North are not fully functioning with Sinn Féin's style of operation.

Mr. Frank Daly: I do not think I will get into the political debate, North or South, on this.

On the overall figures, the CEO is probably better placed to deal with this, as he outlined in his statement this morning. Today we have the extraordinary situation in which we have repaid €21 billion and there is just over €9 billion left of debt. A few years ago, if we were before the committee we would have felt lucky to be able to say €9 billion had been paid and only €20 billion or €21 billion was left. The situation has been totally reversed.

The docklands investment by NAMA will certainly be well over €1 billion and probably between €1 billion and €2 billion over a period of years. The investment by NAMA in housing will be in the billions as well and all of that is facilitated by good and clever management of assets and cash generation. Members referenced Project Jewel and we got a very good price for that. We would not have got as good a price if, during the process of managing that asset, some of the very bright people in NAMA had not suggested to the board that it needed to tidy up the loan, the asset, because there were loans within the portfolio held by KBC and Ulster Bank and it would, therefore, be a good move by NAMA to buy them out so that NAMA held the whole portfolio.

There were other clever asset management activities during the period so that when we put a portfolio on the market it was clean, intact and easy for investment houses to understand. That happens all the time in NAMA, in big portfolios, small portfolios and assets and it is something we should highlight a bit more. I do not know if the CEO wishes to come in on that but that is where we are. All of the portfolio sales, including Project Eagle, from which we got €1.3 billion, have contributed to the developments and the investments and to the bond repayment NAMA has been able to make. We will have repaid all our senior bonds by 2018, which is way ahead of schedule and way ahead of any reasonable predictions that people would have made a few years ago.

Deputy John Perry: It is important to put on the record and duly recognise what an ex-

traordinary achievement there has been in a relatively short period. The property market has improved in the past year and a half but it was on the floor in Dublin, Galway and Cork and in various locations in Northern Ireland. NAMA has reasonably sold its loans as a job lot in order to do a deal and to get its cheque within a short timeframe. Let us be honest, people buy them for a return on their investment. The consolidation of NAMA's role by Lazard has been skipped over. It provided an independent valuation and due diligence on the properties and, while people can say a firm may have doubled its money on a property, many would not be sold otherwise.

It is regrettable that alarmist reports have emanated without foundation. This damages Ireland. We are a country with the biggest property conglomerate in the world, with a huge portfolio of property in Ireland, the UK and the US. With section 172 in place, where would one find the people with the capacity to do these deals? The integrity of the board, which includes a former chairman of the Revenue Commissioners, is being brought into question by some remarks made today but I am not impressed with them at all because the figures speak for themselves. NAMA has sold difficult properties in bad locations without title but NAMA and Ireland Inc. are damaged by unfounded allegations against the board, whatever it does in Northern Ireland. If somebody is selling a product that person is not responsible for the purchaser or if they are it is something new that I do not understand. People have been trying to imply there was some collaboration but that is an outrageous allegation.

Mr. Frank Daly: I thank the Deputy for his comments. In my opening statement I said that a lot of the unfounded allegations and inferences that are drawn about NAMA are obviously damaging to the organisation and to the individuals involved. Some 400 people work in NAMA. They all have families and some of the comments made from time to time are very difficult for them to take.

I have not gone so far in my statement as to address the question of whether these statements, inferences and untrue allegations are damaging to the country in a broader sense. Statements can be damaging if they are unrefuted, though we will continue to refute them, whether NAMA is successful or not and whether or not it enhances Ireland's standing with markets, rating agencies and internationally.

The Deputy spoke about the slow recovery in the property market. I think NAMA played no small part in this because of its strategic decisions around investment and divestment in the Irish market. We did not sell when the market could not absorb it and when it could have damaged it further. We began to sell assets when the market could absorb them and we created a dynamic in the market which is now having broader positive effects.

Mr. Brendan McDonagh: NAMA has a very difficult job to do and we do the job to the best of our ability. The market was in a very difficult place for a couple of years. Ireland was in a bailout and it was very important we put our shoulder to the wheel. NAMA was part of getting our debt repaid to get us out of the bailout and it was transformational in getting Ireland back into the debt markets and able to raise funding itself rather than being reliant on institutions such as the IMF.

There is instant media now, so anything that is said here is reported around the world in seconds, be it good or bad. In the overall scheme, people whom I meet and who are buying assets in Ireland and in other jurisdictions which have bad banks, rate NAMA as an organisation which is performing very well and is ahead of schedule in terms of the targets it set for itself in 2010. Comments around Project Eagle are not helpful but we are very sure we did nothing

wrong. I am very proud of the people who work in NAMA. The board works very hard with us and we do our best for the taxpayer. When NAMA has done its work it will, I think, be seen to have done its job very effectively, having come from a very difficult place at the outset.

Deputy John Perry: With NAMA being ahead of schedule, what is the estimated saving on interest payments to bondholders? What does Mr. McDonagh feel will happen in the future? I see that NAMA has developed a lot of public-private partnerships and joint ventures, as against sales. Does he see the role of NAMA changing to one where it can stimulate jobs rather than selling property, on account of the liquidity it has in its pocket at the moment?

Mr. Brendan McDonagh: We are trying to repay our senior debt by 2018 to get rid of the contingent liability hanging over the State, whose debt is still 100% of the size of the economy. It has gone from 24% just over 18 months ago to 5% now, which is great for investors who can look at Ireland and see that there is no black hole in its finances.

The Deputy asked about accelerated debt repayments. One of my colleagues looked at this a few months ago; it is not up to date. However, by paying off our senior debt by 2018, we estimate we will probably save €500 million over the lifetime of NAMA by bringing forward our debt repayments, which is not insignificant in terms of the work that we do.

Deputy John Perry: Public private partnerships could stimulate NAMA properties.

Mr. Brendan McDonagh: Absolutely. We have done joint ventures with people on certain properties where we thought it would help to get co-investors in to make certain things happen and we are always open to those opportunities. We also worked well with local authorities and the Department of Education and Skills in trying to facilitate school sites and funding for roads or infrastructure if it made sense in terms of opening up land which could have been landlocked when we inherited it. We have shown we have done many things over the life of NAMA. We would never not try something if we thought we could make it work.

Deputy John Perry: How does Mr. McDonagh rate the remainder of the portfolio? Is there good stock on the books?

Mr. Brendan McDonagh: Absolutely. We have approximately €14.4 billion worth of assets remaining, of which €7.3 billion, or 50%, is in Dublin. We have €3 billion in the rest of Ireland but most of it is in Dublin, Cork, Limerick and Galway. We have approximately €800 million in the rest of the world but most of that is in Germany, France and Portugal. We have approximately €800 million left outside of London and €2.2 billion in London. We are gradually selling down the portfolio but we are doing it in a structured way. Effectively, we will be left with assets primarily in Dublin and London, which are two very good markets.

Deputy John Perry: Would the projected profit of €1.75 billion be a low estimate if that portfolio is taken into account?

Mr. Brendan McDonagh: No. We said there would be a €1 billion profit at the end of 2014. We had a look at it at the end of June because we do a half-yearly review of the exercise. It is a big exercise, as there are approximately 30,000 individual assets involved, and we increased that to €1.75 billion. We will do it again at the end of 2015 but we would hope to do better than €1.75 billion.

Deputy John Perry: I refer to the stability of the economy and the perception of Ireland as a location for foreign direct investment and the industrialisation of Ireland through IDA Ireland.

Some sites have progressively been moved to become job creators. My experience of working with FDI companies is there is a shortage of advanced unit sites. NAMA has played a critical role in the 6% growth in the economy. What interaction has NAMA with IDA Ireland on job creation? Does Mr. McDonagh see that as a channel?

Mr. Brendan McDonagh: Absolutely. We have a good relationship with IDA Ireland. Its officials are always thinking two years ahead in terms of who they are talking to about coming into the country and, depending on the product, whether they will locate in Dublin, Cork, Limerick, Galway or elsewhere. If they are looking for sites or accommodation, they come to us and ask whether we have anything in the area that could be of help to them. We have also worked with IDA Ireland in the context of companies that set up here and were small to begin with but are now expanding and looking for opportunities to acquire adjoining properties or bigger premises and we try to facilitate that wherever it makes sense.

Deputy John Perry: Does Mr. McDonagh feel section 172 is restrictive, given some people do not understand it? It has allowed the development of outside consortia. NAMA has performed well within the tight constraints of the legislation.

Mr. Brendan McDonagh: Section 172 was provided for in a highly-charged environment back in 2009 when the economy was going south and it was inserted to ensure we could not sell assets back to defaulting debtors. Other banks do not have that restriction but we worked our best with it. It causes difficulties from time to time but that is the law. We have to live with it and we have to be upfront with debtors and say no matter what bid they can make on the asset, if they are in default, we cannot sell it back to them.

Deputy John Perry: How did NAMA find Lazard in the context of independent evaluation?

Mr. Brendan McDonagh: Lazard was very good, as one would expect, as an international merchant bank. They are a professional outfit and they take their reputation seriously. They gave a letter of recommendation to the board of NAMA and they do not give such recommendations lightly.

Mr. Frank Daly: I would like to comment briefly on jobs because, in response to the question the Deputy asked, Mr. McDonagh talked about IDA Ireland and jobs coming in. The reality is, right now, NAMA directly supports 6,500 to 6,600 jobs in the Republic and that is not to mention subcontractors, service providers or other jobs that are still there as a consequence of that. That is no small figure.

Deputy John Perry: It proves the point that people never acknowledge the good deals that are done. Regrettably, they look for the negative. When one considers the extraordinary success, the achievements and the jobs that have been created directly, while people can speculate on what might be the case, the facts speak for themselves and I am delighted to hear them today.

Deputy Robert Dowds: I welcome Mr. Daly, Mr. McDonagh and their team, as well as the members of the Northern Ireland Assembly who are present. I am glad that Deputy Ross, as a prominent Opposition Member, opened his remarks by acknowledging NAMA's integrity as an organisation. That is important in these days of great cynicism because there has been major wrongdoing in the property market, politics and so on in this country. It is easy for people to assume lack of integrity across the board and, therefore, I welcome the fact that he acknowledged the agency's integrity. It is important that it should be acknowledged because of the work the

agency is doing for the country to help us get out of the appalling hole we have been in.

I refer to the interventions of Deputy Wallace in the Dáil over the past week or so. Mr. Daly gave a strong response to them in his opening statement. Am I correct in thinking that he regards those allegations as a puff of smoke that have no serious content?

Mr. Frank Daly: I do not want to talk about any particular Deputy. There have been many allegations around the project and I do not propose to go back in there. On the generality of allegations around Project Eagle, we absolutely refute any allegation there has been of wrongdoing or incompetence by NAMA. It is worth putting on record yet again that there is nobody investigating the agency for any wrongdoing in respect of Project Eagle. In so far as I know, any investigations that are under way relate to the purchase side in Northern Ireland and allegations around that. It is striking that many of the other allegations made by Deputy Wallace relate to activities that he alleges took place after the sale event in Northern Ireland. A lot of it is focused on-----

Deputy Robert Dowds: It is, therefore, the other side of the deal.

Mr. Frank Daly: Yes, a lot of it is focused on fixers. He alleges that Cerberus went on behalf of Cerberus to some of the debtors up there. I cannot speak for Cerberus; I cannot speak for what happened after NAMA sold the portfolio but what I can say is what I have said in my opening statement to refute those. I will not go into detail on them. He has made suggestions that NAMA sold at 20 pence in the pound. The implication is that Cerberus is selling everything at 50 pence in the pound and, therefore, it is making a fortune. I hope I have refuted that in my opening statement. What he is forgetting to look at is the whole portfolio. It is totally disingenuous to suggest that the whole portfolio could have been sold for 50% of par value. You must look right across the portfolio and the blended average across the portfolio was 27%. I said in my opening statement that it would be incredible to me that any debtor, North or South, or anybody financing them would pay 50 pence in the pound to buy back assets that are only worth 20%.

Deputy Wallace asked why we could not negotiate at 50% even for those ones that were worth 50 pence in the pound. The answer is, as has been alluded to by Deputy Perry, because of section 172. We cannot do it. We are not allowed to do it. I presume Deputy Wallace knows that. He is a Member of the Legislature that deals with the National Asset Management Agency Act and that is in the Act. Those are the type of allegations that are damaging and they are totally without foundation. The most recent allegation is that €45 million has been paid as fixer fees. I have no idea where that figure came from or where it could have come from. It just does not stand up to the realities of the type of-----

Deputy Robert Dowds: In a sense, Mr. Daly is leading into my next question which he may not feel able to answer. Does he have any sense of where these allegations may be coming from and whether they have an obvious malign intent? I appreciate if he does not wish to say anything about that.

Mr. Frank Daly: It is very hard for me to say anything about that. I have survived a long time without getting paranoid and I will not start-----

Deputy Robert Dowds: Mr. Daly could not possibly be a politician then.

Mr. Frank Daly: Well I am not a politician. I do not know. Sometimes I might ask whether there is an agenda out there to stop NAMA in its tracks and slow us down. There seems to be a

lot of focus on Project Arrow and whether we should stop it. I am not just talking about Deputy Wallace. There is a lot of that. I go back to my Latin teacher a long time ago who was fond of quoting Cicero. Cicero had a phrase, *cui bono* - who benefits? It is not for me but I sometimes think that maybe it is for others to wonder if there is a campaign to stop NAMA and slow it down. Who would benefit? I know who will not benefit. The ordinary taxpayer in this country will not benefit.

Deputy Robert Dowds: Could I move to a totally different area? I was quite shocked by some of the conversation between Deputy O'Donovan and the witnesses about the housing situation. As a Dublin Deputy, I deal with people with serious housing questions every week. How many housing units were offered to each of the four Dublin local authorities and how many of them were accepted? What comes out from that is quite stark.

Mr. Brendan McDonagh: We offered 828 units to Dublin City Council and it took 399. We offered 321 units to Dun Laoghaire-Rathdown County Council and it took 132. We offered 270 units to Fingal County Council and it took 105. We offered 581 units to South Dublin County Council and it took 121.

Deputy Robert Dowds: Over what period did that happen?

Mr. Brendan McDonagh: It is from 2011 to recently.

Deputy Robert Dowds: From 2011 up to the present day. Continuing in the housing vein, to what extent does NAMA have land that could be used for housing construction either private or social, particularly in the Dublin area but more generally?

Mr. Brendan McDonagh: There is a lot of land held by debtors in the NAMA portfolio. It is something we believe could be used for housing - somewhere around 7,600 acres.

Deputy Robert Dowds: That is in the whole country?

Mr. Brendan McDonagh: Yes.

Deputy Robert Dowds: What proportion of that would be in Dublin, Cork and Galway?

Mr. Brendan McDonagh: A large proportion of that would be in the four major cities - Dublin, Cork, Limerick and Galway.

Deputy Robert Dowds: Is there any chance that this is likely to become available?

Mr. Brendan McDonagh: It is, Deputy. We are certainly funding some of our debtors and receivers to build houses on some of that land. As I said earlier, we have sold land in the past 18 months that could build 11,000 houses and only 900 houses and apartments have been built on that land to date. There are much deeper structural issues about why the private sector is not building on land. One of the misnomers about NAMA was that we hold all the land in the country. It is actually not true. When we acquired the portfolio in 2010, we only had control through debtors and receivers of 30% of the land in Dublin so the 70% is being held by others players.

Deputy Robert Dowds: So in other words, of the land that NAMA sold in the past 18 months, only about one-twelfth of what could be built has been built on it?

Mr. Brendan McDonagh: Yes, and I think there would be a lot of debate around that. There is lots of commentary. People say it is not viable and talk about the Central Bank mort-

gage restrictions and development levies. I will give the Deputy an example. There is an area in Dublin where 2,000 much-needed houses could be built and the development levies on that are about €55,000 per house, which is extraordinary when in most other local authorities in the country, the levies are about €10,000 per unit. There are additional levies to fund infrastructure which are set down by legislation but it is a complete impediment to anybody being able to build a house at a reasonable price and being able to sell it in the current market.

Deputy Robert Dowds: Which local authority is that?

Mr. Brendan McDonagh: It is part of Dún Laoghaire-Rathdown County Council.

Deputy Robert Dowds: That situation is so painful. I am very appreciative of the information Mr. McDonagh but it frustrates me and I know that the Minister for the Environment, Community and Local Government is hugely frustrated with the slow delivery on some of these fronts. So, basically, NAMA is not an impediment to that progress and it really lies elsewhere?

Mr. Brendan McDonagh: We took this on board back in 2011 when we were asked by the previous Minister to make product available as there was a big social housing problem. We offered up 6,500 units since then. Of them, 2,500 have been deemed acceptable and 2,000 of those units will be delivered by the end of this year, which is good.

Deputy Robert Dowds: Going back to those 6,500 units, are there any more dwellings that are likely to come or is that-----

Mr. Brendan McDonagh: I think any further dwellings that will come will be any new housing developments that we would fund under the new legislation.

Deputy Robert Dowds: So that would be really under the 11,000 that could-----

Mr. Brendan McDonagh: Yes, 10% of them would have to be for social housing purposes, which I think is good because it brings certainty that local authorities cannot take cash anymore and will have to take housing units.

Deputy Robert Dowds: Is there anything else Mr. McDonagh can say that might help the housing crisis before I leave that subject?

Mr. Brendan McDonagh: We went through a property crash and it has been very painful. A lot of people are stuck in negative equity. They overpaid for houses and are still stuck. In respect of the 5,000 houses we are funding and that will be built by the end of 2016, we are certainly seeing that in the starter home market since the new mortgage restrictions came in earlier this year - the €220,000 limit introduced by the Central Bank - people are finding it very difficult to get into the starter home market. Once the price of a three-bedroom, 1,100 ft. house in Dublin goes above €315,000, we find that people cannot get the extra money. It might be an extra €10,000 or €15,000. They would love to get that money to buy a home, but they cannot make it up. One can see the reason for the Central Bank's prudential rules, but this is a matter for the Central Bank. It is independent, but this is creating a major issue. If the people in question cannot buy their own houses, they will stay in the private sector rental market, and if rents increase rapidly, they will not be able to save the difference quickly enough to make up the shortfall.

Deputy Robert Dowds: I will ask what is perhaps an unfair question, but Mr. McDonagh can refuse to answer it. Are builders dragging their feet?

Mr. Brendan McDonagh: In fairness, no. To be honest with the Deputy, we have examined the cost of building across the market, including for projects that we are funding. On that €315,000 house, the builder is probably making between €6,000 and €10,000. That is not a large amount of money for the risk involved, given issues of development levies, the high cost of borrowing to build the product and the chance that builders will be stuck with properties if people cannot get mortgages to buy them. It is a difficult situation and unlocking it requires the sensible coming together of a number of stakeholders. This is a serious issue, given a demand in Dublin of at least 20,000 household formation units per annum.

Deputy Robert Dowds: I agree. On a different note, Project Jewel relates to the Dundrum town centre. Will Mr. McDonagh talk me through that and the level of profit that he expects? Where will it leave the loans associated with, for example, Mr. Joe O'Reilly? Will his company be able to operate again?

Mr. Brendan McDonagh: The Deputy must appreciate that, under the legislation, I must be careful in what I say. I will speak in general terms.

Deputy Robert Dowds: Okay.

Mr. Brendan McDonagh: Hopefully, that will help the Deputy's understanding. When we put a debtor's loans on the market and someone buys them, that is the debtor's new banker and he or she will have to deal with that person or group the next day. Whatever happens then happens then, and we cannot control it. As Mr. Daly stated, once we have sold a portfolio, whoever buys it can do what he or she needs to do.

Deputy Robert Dowds: NAMA has divested itself of the whole loan.

Mr. Brendan McDonagh: On particular loans under Project Jewel, yes. I must be careful-----

Deputy Robert Dowds: I know.

Mr. Brendan McDonagh: -----because I do not want to breach someone's confidentiality. We are satisfied with the outcome.

Deputy Robert Dowds: Okay. A politician whom I did not admire finished his career by saying: "I have done the State some service." Whatever about him, the witnesses have done the State some service, and I thank them.

Deputy Sean Fleming: I welcome Mr. Daly, Mr. McDonagh and their colleagues. It has been a long day. I will briefly address an issue that a number of members mentioned. It would be helpful if NAMA attended the Northern Ireland Assembly's committee meeting to assist in the latter's inquiries. I also agree with those members who asked that another Deputy appear before this committee to help us with our inquiries. He has made various allegations. I do not doubt that those who believe NAMA should go North will be consistent and agree that the Deputy in question should appear here to help us, but that has not happened. It swings both ways.

The Deputy made various remarks in the Chamber. The witnesses mentioned that NAMA's engagement with its debtors had attracted quite a bit of media attention. I will attempt to be reasonable when paraphrasing the Deputy. He referred to a situation in which a debtor paid €30,000 to a NAMA employee and, consequently, was able to exit NAMA. Deputy Ross stated that he accepted NAMA's bona fides, good intentions and assertions that there was no corrup-

tion or wrongdoing, but it is a serious allegation of wrongdoing against NAMA and an agent for whom it is responsible. Are the witnesses aware of whom the other Deputy was referring to and can they comment on the matter? It is on the public record and is a statement that challenges NAMA's integrity, something that no committee member has done while I have been present today.

Mr. Brendan McDonagh: I must be careful in what I say because I have met the Garda about the allegation. In fact, I wrote to the Garda Commissioner on the very same day that Deputy Wallace made the allegation and I asked that it be investigated. The Garda is investigating and has asked me not to say anything about it. All that I can do is assure the House that the company that allegedly paid money to exit NAMA is still in NAMA. It owes its full debts to NAMA and has had no debt write-off from NAMA. Whether the money was paid is for the Garda to investigate, but the company that was mentioned to us is, for want of a better term, still with us.

Deputy Sean Fleming: Going by the aspects that NAMA has been able to verify, was what was said in the Chamber untrue?

Mr. Brendan McDonagh: All that I can say is that the company that was mentioned to me as supposedly being involved is still in NAMA, owes its full debts to NAMA and has had no debt write-off from NAMA. Whether a payment was made is being investigated by the Garda. The premise, according to Deputy Wallace, is that the company paid €15,000 before it got out and €15,000 after it got out. I do not believe that people would have paid €30,000 if they were still stuck in NAMA.

Deputy Sean Fleming: The company has not exited NAMA at all.

Mr. Brendan McDonagh: No. It still owes its full debts to NAMA.

Deputy Sean Fleming: Okay. That was a particular allegation.

Mr. Brendan McDonagh: It was a serious allegation.

Deputy Sean Fleming: Yes. We would all like to-----

Mr. Brendan McDonagh: It is being investigated by the Garda, but the company's name was given to me and it is still in NAMA.

Deputy Sean Fleming: The minute Mr. McDonagh heard the allegation, he took the matter seriously and wrote to the Garda Commissioner to ask for an investigation.

Mr. Brendan McDonagh: Absolutely. The integrity of NAMA is important to me, the chairman, its board and the people who work in it. This shadow was hanging over everyone in NAMA. I asked the Garda to investigate, and it is doing so. I am sure that it will get to the bottom of the issue. The company that is allegedly involved is still in NAMA and has had no debt write-off from NAMA. It does not seem like the money would have been paid by that company, but that is for the Garda to establish.

Deputy Sean Fleming: We will move on. I was concerned by the mention of wrongdoing, particularly the allegation made by a Member of the Oireachtas, and I wanted to air the matter with the witnesses.

I wish to ask about NAMA's presentation to the committee today so that people can get a

fix on NAMA's overall situation. We could address a large number of issues exclusively, but I just want a picture. Instead of my asking a question, the witnesses might tell me whether I am right about the document they have provided. They stated that NAMA had generated €29 billion in cash collections to date and repaid bonds of €21.7 billion. The difference between the cash generated and the amounts repaid is €7.9 billion. The balance sheet shows the agency has €1.8 billion in cash, or cash equivalent. Could Mr. McDonagh tell us where the €6.1 billion is or has gone? NAMA has collected €29 billion and repaid bonds worth €22 billion, and it has cash in hand worth €1.8 billion. There is about €6 billion remaining to be accounted for. Could Mr. McDonagh talk to me about that and tell me where it is? I do not see it.

Mr. Brendan McDonagh: The Deputy is one of the people whom I know understands financial statements. It is in our report but concerns our cash flow statement as opposed to our profit and loss statement. About €3 billion of the €6 billion of the cash difference has been used for interest payments and hedging the portfolio. We have operating costs across the portfolio of about €750 million, and we have lent out additional money in the portfolio that we have invested since inception of €2.5 million. That is the lion's share of the money.

Deputy Sean Fleming: Those figures were not in the summary Mr. McDonagh gave us today. NAMA paid €3 billion in interest so far. What is the average interest rate being paid?

Mr. Brendan McDonagh: Our average is around 2.4%. We hedged our portfolio to try to remove the volatility in case interest rates rose, and so we will know the costs associated with our portfolio until we get our debt repaid.

Deputy Sean Fleming: The next question I want to ask concerns the €23.5 billion in disposals to date. In respect of the actual disposals - those loans are gone now - what impairment had NAMA against them? In other words, what was the book value of NAMA's actual disposals to date? I am not talking about the book value in the banks but am saying the €23.5 billion was realised by NAMA on a certain amount of loans that it took over. What was NAMA's book value for those and what impairment crystallised on the sale of that €23.5 billion to date? Could I have a pen picture of where NAMA is?

Mr. Brendan McDonagh: We have cumulative impairment of €3.5 billion.

Deputy Sean Fleming: That is in respect of the assets NAMA still has. I am talking about the assets disposed of by NAMA that led to the receipt of the €23.5 billion. I am referring to the current impairment. I will come to Mr. McDonagh's point in a moment.

Mr. Brendan McDonagh: Again, the Deputy understands this a lot better than most people. As included in our financial statements that are published, our crystallisation of impairment to the end of 2014 - I do not have the end-of-June figures for this year with me at the moment - was €663 million.

Deputy Sean Fleming: Since inception, given the €23.5 billion, what was the impairment on that? What was the book value of those loans?

Mr. Brendan McDonagh: I do not have the figures for the period in question today. All I will say to the Deputy is that to the end of 2014, at which stage we had about €19 billion in disposals, we had crystallisation of existing impairment provision of €663 million.

Deputy Sean Fleming: In 2014 alone.

Mr. Brendan McDonagh: No. Up to the end of 2014. It was cumulative.

Deputy Sean Fleming: Cumulative.

Mr. Brendan McDonagh: Regarding the €19 billion in disposals we had to the end of 2014, we had €663 million in impairment.

Deputy Sean Fleming: I wish to understand this. Mr. McDonagh is saying NAMA has sold two thirds of its portfolio, by and large, and had only €600 million-----

Mr. Brendan McDonagh: Let us say €660 million.

Deputy Sean Fleming: But Mr. McDonagh is telling us NAMA has €14 billion left. What is the impairment?

Mr. Brendan McDonagh: It is €3.5 billion.

Deputy Sean Fleming: So how could NAMA have five times the impairment on the 40% or the 35% of its portfolio?

Mr. Brendan McDonagh: It is based on the valuation of the remaining assets of the portfolio versus our acquisition value. When we took on the portfolio for the banks, we had a day-one valuation of the portfolio. On the valuation of the assets we have left, amounting to €14 billion, we have a €3.5 billion impairment.

Deputy Sean Fleming: Can we reasonably expect - one probably has to be a bit prudent on this - that the current cumulative impairment value of €3 billion or €4 billion-----

Mr. Brendan McDonagh: It is €3.5 billion.

Deputy Sean Fleming: Will most of that be written back in terms of surplus based on the fact that NAMA sold two thirds of its portfolio to date and has had only €600 million of a realised impairment? Is there a lot of reserve accounting-----

Mr. Brendan McDonagh: There is no reserve accounting. We did disclose that we had unrealised profit at the end of 2014 of €1.6 billion. Impairment, as the Deputy knows, only lets one record the assets that are below one's carrying value. We do not record the €1.6 billion where it is above the carrying value. If one nets the two of them off against each other, one is back to a net figure of €1.9 at the end of 2014. What I am saying to the Deputy today is that if we rolled our portfolio out, took account of the unrealised profit and the impairment and looked at all our cash flows, we would predict that we would have €1.75 billion left over after repaying our senior debt and sub-debt.

Deputy Sean Fleming: Mr. McDonagh said a moment ago to Deputy Perry that NAMA has about €7 billion to repay on its bonds.

Mr. Brendan McDonagh: We have €9 billion in senior bonds to repay, plus €1.6 billion in sub-debt.

Deputy Sean Fleming: We will move on. Mr. McDonagh might send us a summary for each of the five financial years on the book value of what NAMA sold compared with the actual amount generated, and the value of the crystallised impairment.

Mr. Brendan McDonagh: We have got a table on that.

Deputy Sean Fleming: I did not see it. Perhaps Mr. McDonagh has it to hand.

Mr. Brendan McDonagh: It is in our annual report but we will get it for the Deputy.

Deputy Sean Fleming: What page? I will look at it.

Mr. Brendan McDonagh: I think it is around page 36 but I do not have the bound document. It is note 38, I think.

Deputy Sean Fleming: I am looking at that but it does not give a breakdown by year.

Mr. Brendan McDonagh: We can get it for the Deputy.

Deputy Sean Fleming: Mr. McDonagh might send us a breakdown of NAMA's portfolio based on geography. This was mentioned in general to Deputy Perry. Mr. McDonagh gave some key headlines a moment ago. Could the details be sent on to us?

My next question is on a point that might have caught people's eyes. On page 118 of the accounts, NAMA refers to the payments to the Northern Ireland Advisory Committee. Mr. Frank Cushnahan resigned on 8 November 2013. He was paid fees of €3,000 in 2013 and Mr. Brian Rowntree was paid €2,025 in 2014 and €5,000 in 2013. Mr. McDonagh might tell us the payments. The bit that intrigues me on page 118 and which Mr. McDonagh might explain is that included under travel expenses, accommodation and subsistence is a sum of €9,855, which represents NAMA's tax liability on benefit in kind in respect of board expenses paid in 2014. The equivalent figure in 2013 was €25,338. Could Mr. McDonagh talk to us about why NAMA was paying tax on benefit in kind? It is a note in the accounts Mr. McDonagh must have felt was worth printing.

Mr. Brendan McDonagh: We are always up front about these things. It was as a result of a clarification by the Revenue Commissioners in 2013.

Deputy Sean Fleming: He had the expert beside him but had to go get clarification.

Mr. Brendan McDonagh: No. This was a general clarification issued by the Revenue Commissioners to all public and private sector companies stating board directors who were being paid expenses to travel to board meetings were getting a benefit in kind on which tax should be paid. The Institute of Directors in Ireland has been petitioning on this to say it is unfair. The Revenue Commissioners say their position is what the law states. Effectively, if we pay expenses to any of our board directors who travel from different parts of Ireland or from the United Kingdom or elsewhere to board meetings, that is regarded as a taxable benefit in kind.

Deputy Sean Fleming: That was a figure of about €35,000. Was that a voluntary disclosure or did the Revenue Commissioners come in and require it?

Mr. Brendan McDonagh: It was a voluntary disclosure. I understand the Revenue Commissioners issued a notice to every company in the country.

Deputy Sean Fleming: So it was a voluntary disclosure. I found the reference in the accounts unusual.

NAMA is managing a lot of its portfolio itself but it has participating institutions managing some of the activity. Mr. McDonagh mentioned AIB and Capita. To be helpful, we see on page 13 that NAMA made 181 insolvency appointments and the other companies working as agents

for NAMA appointed 275. What percentage of NAMA's portfolio is being managed by NAMA and what percentage is being managed on its behalf by third parties? Will Mr. McDonagh give us a breakdown of those third parties?

Mr. Brendan McDonagh: At the outset we made a strategic decision that we would manage the top 200 debtors in-house, which was €61 billion of the €74 billion we acquired, and that the other 600 debtors would be managed by the participating institutions because they were the smaller debtors. They would be managed by them, which was €13 billion per debt. It is mainly those loans managed by Capita and AIB which are now up for sale as part of Project Arrow. What we will be left with then is all NAMA managed debtors.

Deputy Sean Fleming: Did Bank of Ireland manage its own?

Mr. Brendan McDonagh: Bank of Ireland used to manage its own but last year the portfolio got so small we removed Bank of Ireland from managing them and transferred them to Capita to manage.

Deputy Sean Fleming: And the remnants of IBRC-----

Mr. Brendan McDonagh: They went to Capita after liquidation.

Deputy Sean Fleming: In other words, Capita has taken over the management and AIB and Capita are the only people left. Of the €14 billion portfolio remaining, is NAMA managing practically-----

Mr. Brendan McDonagh: Yes. About €13 billion of the €14 billion is managed by NAMA in-house and €1 billion is managed by Capita and AIB.

Deputy Sean Fleming: By the others.

Mr. Brendan McDonagh: Yes.

Deputy Sean Fleming: That is interesting. NAMA had a bigger volume of debtors to manage but the quantum of money was less.

Mr. Brendan McDonagh: Yes. The value of assets was much lower because many debtors in their portfolios effectively had borrowed money to invest in property but they were not property developers as such, and many of them resulted in receiverships. There is a high number of receiverships but the value of the assets is quite low.

Deputy Sean Fleming: I have two final questions. We all know since 2010, although we are probably a bit rusty on it, the breakdown of the loans transferred to NAMA from the various institutions including Anglo Irish Bank, AIB, Bank of Ireland, etc. Of the €14 billion in place now, can Mr. McDonagh give us a breakdown of the banks those loans came from originally? How much of that is AIB? How much of it is Anglo Irish Bank?

Mr. Brendan McDonagh: No, because we merged all the loans together to manage them by debtor connection. We do not rate them back to the original institutions.

Deputy Sean Fleming: Can we tease that out because there is a little lack of follow-through of information on behalf of the taxpayer that I will ask Mr. McDonagh to revisit, if I am hearing him correctly. He will understand when I make clear what I am coming at. When NAMA was being set up, approximately €70 billion of loans were transferred to it at whatever figure. There

was approximately 50% of a discount, and there were different levels of discounts depending on the particular bank. From recollection, and Mr. McDonagh will appreciate I have not looked at this recently, NAMA had a much bigger write-down in respect of the Anglo Irish Bank loans. They came at a bigger discount whereas the Bank of Ireland loans that came to NAMA were probably a little better. Of the loans transferred to NAMA, the taxpayer knows the banks from which they came. It is only right at the end of the process, and Mr. McDonagh said NAMA is nearly there, or at least 70% there, that we would like to know the outcome with regard to those. Mr. McDonagh is saying that in his handling of it he could have had a debtor who had loans across the institutions. That is fine, but I am putting Mr. McDonagh on notice, in the interest of accountability and transparency, that we would like to see the outcome in terms of the way those loans of financial institutions actually worked at the end of the day because that will tell us how much Anglo Irish Bank, AIB, Bank of Ireland and Permanent TSB or whoever cost us.

However, if Mr. McDonagh is telling us that at the end of that process the loans NAMA took in from Anglo, for example, book debts of €20 billion, we need to know at the end of NAMA's work what we got back out of that €20 billion. Did we get €25 billion or €12 billion? Mr. McDonagh seems to be telling me now that in terms of that line of accountability and traceability with regard to what happened the biggest financial institution and property management company in the State, it is possible we might lose that. I am saying we cannot lose it. The Irish taxpayer will want to know that final breakdown. We know what we gave NAMA. The Irish taxpayers know the write-down in terms of what went in. They are entitled to know what came out at the bottom end for those relevant institutions. I think Mr. McDonagh gets my point.

Mr. Brendan McDonagh: I get the Deputy's point but-----

Deputy Sean Fleming: Mr. McDonagh may not be in that space but from the outside, that is an important question. I would ask Mr. McDonagh to take it into account.

Mr. Brendan McDonagh: I will certainly take everything into account in terms of what the Deputy said but what I will say is that because we merged all the loans together, if there was a surplus on one loan it was used to meet a deficit on another loan. We had to manage them on a total debtor basis as opposed to a debtor who had loans from five different institutions. It is a huge logistical exercise and would cost a lot of money to do this but-----

Deputy Sean Fleming: NAMA is costing us a lot of money.

Mr. Brendan McDonagh: But this will cost a lot more money. This will cost millions of euro to do.

Deputy Sean Fleming: How many debtors are we talking about?

Mr. Brendan McDonagh: There are 770 debtors in NAMA which had 5,000 borrowing entities, which had 12,000 loans and over 60,000 properties.

Deputy Sean Fleming: We will forget about the properties because-----

Mr. Brendan McDonagh: We cannot do this without doing it from a property level up.

Deputy Sean Fleming: The loans came from institutions, is that right?

Mr. Brendan McDonagh: Yes.

Deputy Sean Fleming: Some of the properties might have had loans from more than one

institution. Somebody could have got money to develop a site. Somebody else could have got it to commence construction.

Mr. Brendan McDonagh: They had all sorts of things.

Deputy Sean Fleming: I am surprised to hear that, based on what Mr. McDonagh is saying to me now, when NAMA winds up sooner or later we will not be able to see the outworking of the loans it took over as to what each of the institutions cost. The biggest issue as a result of the banking and the property crisis is how much went in to bail out the banks. If NAMA comes out with a surplus or something else at the end of it, people will want to know whether most of the surplus came from the Bank of Ireland loans, the Anglo Irish Bank loans or as the case may be. There might be a simpler way to do this. Mr. McDonagh might not get it down to the last euro but he said NAMA manages 250 cases.

Mr. Brendan McDonagh: About 200 cases.

Deputy Sean Fleming: That represents €60 billion of the approximately €70 billion, which is 85% of it. In terms of 250 cases, it cannot be impossible for people to break down the loans because if, hypothetically, NAMA did a deal with a debtor - I am not talking about any one case - and €100 million went into it but, ultimately, it only got €50 million and that money was spread over institutions, one can take an average across the institution. However, at the end of the day, NAMA will not get away with coming back and thanking us for the loans we gave it from six different institutions while saying it cannot tell us how each of those institutions worked out at the end. That will not work. Mr. McDonagh should try to come up with a simple formula to give us some information because if at the end of this process, NAMA turns out to be a black hole and we cannot get information on the loans that went into it, the organisation will be doing itself a disservice.

Chairman: I take the point Deputy Fleming is making, and it is a valid one, but can I suggest that in some way Mr. McDonagh might look within his organisation to see if some general analysis like that can be carried out without it costing millions of euro? It is easy for us to be put off by Mr. McDonagh telling us it will cost millions of euro but Deputy Fleming is looking for that type of general analysis that will give us some idea of what happened, what NAMA took over, the gain or loss, and what each institution looks like at the end of the process. Perhaps he would consider it and come back to us.

Mr. Brendan McDonagh: We will certainly look at it, but all I am saying to the committee is that, as of today, that is not the way our systems have been set up to manage the loans. We will have to see how we can disaggregate the information.

Chairman: That is grand.

Mr. Brendan McDonagh: As the Deputy will appreciate, it will be a logistical exercise. We will certainly look at it and come back to the committee.

Deputy Sean Fleming: It would be good to have a breakdown for the 250 big ones anyway, or even some analysis. Mr. McDonagh must have a gut feeling about it himself.

Mr. Brendan McDonagh: Okay. We have never refused to try something if there is something we can do to help.

Deputy Sean Fleming: Is there anything preventing NAMA at this stage from paying a big

dividend back to the Irish taxpayer today, tomorrow, next week or before the end of the year? Mr. McDonagh has told us NAMA has made €1 billion and that it will make €1.75 billion, and that is a prudent figure. What is stopping Mr. McDonagh from handing the Minister for Finance a cheque for €1 billion today or tomorrow as an interim dividend? Why does he not do it?

Mr. Brendan McDonagh: Today all of our resources are applied towards divesting assets and towards repaying our senior debt. Our senior debt has to be paid by 2018. Then the sub-debt holders will be next in line to get repaid and they will have to be repaid. So the surpluses will only be known when, effectively, those two entities are paid off.

Deputy Sean Fleming: I believe Mr. McDonagh is confident about the figures he has given us. I can understand him not wanting to pay back anything to the taxpayer until everything else is sorted out, but I do believe he has confidence in his projection that NAMA will make €1.75 billion. It is a different issue if he is not confident that he will achieve that, but I do not believe that is the case. If Mr. McDonagh believes his own figures, why would he not consider a dividend to the taxpayer? It is unfair for the taxpayer to be sitting on a big debt.

Mr. Brendan McDonagh: We would not be putting figures out there unless we had confidence in them, but those resources must be applied towards paying off the senior debt and sub-debt before anything is paid back to the Minister.

Deputy Sean Fleming: But Mr. McDonagh has said he is two years ahead of schedule.

Mr. Frank Daly: It is not as if we had €1.7 billion sitting down in NAMA doing nothing at the moment.

Deputy Sean Fleming: NAMA has €1.8 billion.

Mr. Brendan McDonagh: No, we do not. It is not sitting around.

Deputy Sean Fleming: I went through the NAMA figures a moment ago and I read them out at the beginning of my contribution. NAMA has €1.8 billion sitting in cash, as we speak.

Mr. Frank Daly: Yes, but whether it is €1.8 billion or €1.7 billion, it is not sitting there without a purpose.

Mr. Brendan McDonagh: As Deputy Fleming-----

Deputy Sean Fleming: Is it something NAMA could consider, or is it prevented from-----

Mr. Frank Daly: We just repaid €1.75 billion today. We have another target before-----

Deputy Sean Fleming: Does NAMA still have that amount of money in its bank account after that?

Mr. Frank Daly: Yes, but we have a target to pay more by the end of this year, within the next couple of months, and we have another-----

Deputy Sean Fleming: Is is something NAMA could consider? Is it prevented from looking at it?

Mr. Brendan McDonagh: The biggest thing-----

Chairman: Mr. Daly has confirmed that NAMA will have to pay out more by the end of

the year.

Deputy Sean Fleming: Yes, but it will have more income.

Mr. Frank Daly: When we repay our senior debt, that is indirectly a dividend to the State because it is reducing the contingent liability on the taxpayer.

Deputy Sean Fleming: It does not feel like it.

Mr. Frank Daly: Does it not?

Deputy Sean Fleming: Repaying a senior bondholder does not feel like a dividend to anybody. That is all I will say.

Mr. Brendan McDonagh: Unfortunately, it is a liability on the State.

Deputy Sean Fleming: I will conclude. Mr. McDonagh and Mr. Daly can think about it. The taxpayer could do with getting something back in the meantime, as an interim payment. That is all I will say.

Chairman: In his opening statement, Mr. Daly mentioned that he would consider publishing the list of service providers and the fees paid to them as part of the Project Eagle sale. Could he let us have that information?

Mr. Frank Daly: Yes.

Chairman: If NAMA is prepared to publish it, then it can let us have it. Does Mr. McDonagh have a list of the offers for housing there? If so, we will copy it and give it to members. I am anxious to see the full list.

Mr. Brendan McDonagh: We will e-mail it to clerk this evening. That might be easier.

Chairman: That is grand.

Deputy John Deasy: Could I speak?

Chairman: I will call Deputy Deasy to speak in a moment.

Deputy John Deasy: I have not contributed yet. That is all I am saying.

Chairman: Okay. I wish to refer to two matters. I will allow Deputy Deasy to speak in a moment.

Deputy John Deasy: That is okay. No problem.

Chairman: On our way in this morning, we received from Deputy Maureen O'Sullivan and a group concerned about Project Jewel a list of questions regarding the sale of the portfolio. It refers to issues regarding the National Museum and its report. I can go through the questions if the witnesses wish, or give them a copy, but if possible I would like to get replies to some of them. Did the group ask to meet with NAMA?

Mr. Brendan McDonagh: A number of groups-----

Chairman: It is the relatives of those involved in 1916.

Mr. Brendan McDonagh: We are talking about a number of groups.

Mr. Frank Daly: Yes.

Chairman: Did NAMA meet with them?

Mr. Brendan McDonagh: We met with some groups.

Mr. Frank Daly: We met with some groups. Yes. Was that relating to Moore Street?

Chairman: Yes.

Mr. Frank Daly: The point to be made about Moore Street is that before Project Jewel was sold, those houses in Moore Street were bought from NAMA by the Department of Arts, Heritage and the Gaeltacht.

Chairman: Rather than delay the meeting, I will give the witnesses a copy of the questions. Could they also confirm whether they were asked to meet the relatives of those involved in 1916 and whether they did so? Will they provide replies to the seven questions that were passed on this morning to members, or certainly to me, as I came to the House?

Mr. Frank Daly: Deputy O'Sullivan has been in touch with us directly on these issues as well, but we will respond.

Chairman: I want to put this in as part of the correspondence from the committee to ensure there is a follow-up to it. On general matters, I will not delay the witnesses, as we are here for quite a while.

Without going again into the allegations that were made by Deputy Mick Wallace in the Dáil, I listened to what the witnesses had to say. When the allegations were made in the House, did NAMA consider contacting Deputy Wallace to say it had the answers to all of that and that he should go and talk to NAMA, or did it take each of the allegations and write to Deputy Wallace saying, as the witnesses explained today, that it was not true? Did NAMA consider that course of action?

Mr. Frank Daly: We did not engage directly with Deputy Wallace on the allegations but we would be happy to do that at any stage if he wants to engage or he wants to contact us and come and talk to us.

Chairman: Would Mr. Daly not consider sending him a letter? Mr. Daly covered the allegations in his opening statement.

Mr. Frank Daly: We will certainly send it to him. I am sure he has already seen it.

Chairman: Deputy Perry raised the issue earlier of damage to NAMA and its reputation. I fully understand that, but I also understand that when Members of the House get queries or are told things, some of us will act responsibly and check them out and perhaps raise them afterwards, but every man and woman has his or her own way of doing business. Deputy Wallace has done it this way, and although he has been invited on two occasions to this meeting, he has not accepted the invitation. In order to deal with the matter in a very public way, I am simply asking that Mr. Daly and Mr. McDonagh respond to Deputy Wallace in the way they have responded to the allegations today. That is a reasonable request.

Mr. Frank Daly: We will take that on board, Chairman. You are quite right; a lot of Depu-

ties do get in touch with us about allegations, and fair play to them for that. Deputy Wallace, as I understand it, did not get in touch with us in relation to any of the material, but on your suggestion we would be quite happy to send him the essence of the rebuttals we have made here today.

Chairman: I thank Mr. Daly. In relation to the data room, entry to it and how information is exchanged there, is there a set of rules laid down for those who use the data room? Is one of those rules that one does not go out and talk to those who are associated with the loans and other such areas? What action is taken to ensure the rules are adhered to, because once one is in the data room and has the data, surely one can then talk to whomever one likes? Is that one of the problems we have here?

Mr. Brendan McDonagh: The rules we set down are what any other person who puts loans on the markets would generally set down. To get access to the data room, people have to sign non-disclosure agreements with us, which is a legal contract. We regard the entities with which we sign non-disclosure agreements as reputable institutions that would be concerned about acting professionally and appropriately and following the rules of the process.

Chairman: Is that an extensive set of rules or is it a simple set of rules? Could Mr. McDonagh give us a copy of the rules that people are following within the data room?

Mr. Brendan McDonagh: There generally is a standard form of non-disclosure agreement, it is a blank form, and we can provide that to the committee.

Chairman: Okay. These are just small issues but NAMA does not talk about the statements of Johnny Ronan and Michael O'Flynn because it has been before the committee of inquiry. Is that it? I am just taking it from-----

Mr. Brendan McDonagh: We have been before the banking inquiry. The banking inquiry has written to us and-----

Chairman: So NAMA cannot do that, no?

Mr. Brendan McDonagh: -----it has asked us not to discuss it. That committee has stated it is dealing with it and we should not discuss it.

Chairman: On the Northern Ireland committee, I acknowledge NAMA has answered the various questions, but is its non-appearance there because it is outside the jurisdiction?

Mr. Brendan McDonagh: In essence, yes.

Chairman: In essence, that is it. I note this committee co-operated with the Public Accounts Committee in Northern Ireland on another issue and in that regard, I found that to be highly beneficial to the whole process of understanding where the money went, how it all functioned and so on. It was a worthwhile exercise for this committee and it showed how the two different jurisdictions can function well in the interests of the taxpayer. I am of the view that I believe NAMA's representatives should attend the Northern committee. The witnesses have heard that echoed around this meeting room today and I encourage NAMA to reconsider its position. I do not see what it has to lose and can only view what is to be gained by NAMA's attendance, even in respect of the optics of so doing, which is important. Mention again was made about damage to NAMA, perception and all the rest. Sometimes, the little things one does or does not do cause more harm and in this instance, I consider that to be a minor detail in terms of how NAMA presents what story it has to tell. It is like its appearance here today, some

members thought NAMA was under attack or whatever. I look at it differently and perceive its attendance here today to be an opportunity for NAMA to clarify all the issues that have been raised and to deal with the public concern that exists. That exchange within this Parliament is hugely positive and equally, in acknowledging the Northern Ireland Assembly and what it is attempting to do, it would be equally as important for NAMA to attend there. It would remove the perception down here there must be something odd going on in NAMA if it did not follow through to another Government committee or committee of the Assembly in Northern Ireland. I will leave it at that and ask the witnesses to consider it.

Deputy Sean Fleming mentioned the €30,000. While I do not wish to go into it, Mr. McDonagh stated the Garda is investigating. Are the member or members of staff still engaged with or employed by NAMA?

Mr. Brendan McDonagh: Deputy, I have been advised by the Garda not to make any reference to that because it is investigating the matter.

Chairman: In Mr. McDonagh's opening statement, he mentions houses and how NAMA is supporting 6,500 jobs directly. Is it the case that NAMA is now a development company in terms of seeking planning permissions and building houses?

Mr. Brendan McDonagh: No, Chairman, what we are doing-----

Chairman: How does it operate?

Mr. Brendan McDonagh: How it operates is that we have debtors and receivers who we are helping to get planning and to whom we are providing funding to get in and have processed planning applications. If they are successful and if they are commercially viable, we are advancing funding to them to build those houses.

Chairman: When those houses are built, they are built by a developer.

Mr. Brendan McDonagh: Yes.

Chairman: There is a profit margin in it and it will not distort the market in respect of the provision of cheaper houses, which may be a concern.

Mr. Brendan McDonagh: No. Effectively, what is happening-----

Chairman: Is it a work-out process?

Mr. Brendan McDonagh: It is work-out. Effectively, what we have today is 100% of the risk and we are trying to de-risk it. If the debtor can add incremental value by the small profit that I stated they are making on these houses, €7,000 or €8,000 per house in some instances, they are putting that towards their debt repayment.

Chairman: There is a question from Deputy Deasy on which we will finish.

Mr. Frank Daly: Chairman, may I clarify something? You asked me about contacting Deputy Wallace and I have just been advised that we wrote to Deputy Wallace today as part of our wider communication to all Deputies and Senators after today's hearing and so we have included our rebuttal. We also wrote to him after the July hearings, just in case the impression was given-----

Chairman: NAMA had written to Deputy Wallace after the first set of allegations was

made-----

Mr. Frank Daly: Yes.

Chairman: -----and NAMA gave its rebuttal.

Mr. Frank Daly: Generally, after our appearance before this committee, we write to Deputies and Senators with our opening statements and a summary of the points.

Chairman: Deputy Deasy has a question.

Deputy John Deasy: I will be brief, as this has been a long day. I wish to ask the witnesses about Project Eagle. It is an important question because of what has happened since regarding the reputation of NAMA and the potential damage to public trust in NAMA as this matter has continued. Mr. Daly has made clear that when the agency found out that Mr. Cushnahan was to have taken a fee, it stepped in quickly, I think Mr. Daly said within a day and a half, and it considered the exit of PIMCO and consulted Lazard. I take it from this that Mr. Daly felt that the integrity of NAMA's process was still intact and that it should continue. In hindsight, was that a bad decision and has that caused damage to NAMA, to NAMA's reputation and how the agency is perceived? Mr. Daly himself talked about Cicero's quote, "who benefits?", and about the people who tried to damage NAMA by leaking information such as failed bidders or underbidders. However, it is not only people who leak information to damage NAMA who are involved in this regard; it also is NAMA's decision-making process and this must be thought about. Should NAMA have considered this in greater depth at the time? Did NAMA discuss it sufficiently? Should it have stepped out of this process? Having given some thought to that question at this point, one journalist framed this issue by suggesting NAMA has lost the narrative and there may be some truth to that. However, it stems from the decision made to continue with the process after NAMA found out the individual in question was taking a fee. Consequently, it comes back to Mr. Daly and the decisions he has made or rather, not him personally but the decisions NAMA's board has made. Was that a mistake and in hindsight, was it correct to proceed with this or should NAMA have stopped the process when it had the chance? Have the witnesses considered this point in the interim?

Mr. Frank Daly: First, we always consider these things at the time and we continue to consider them. There has been a lot of consideration of this issue in NAMA. The damage, if there is damage, has been driven quite a bit by the conflation of issues that have emerged after the sale with the actual sale process itself. There has been huge conflation of issues in this regard and if the Deputy considers what the Northern committee is investigating, it by and large is focused on issues that arose after the sale on the purchase or the buying side. Once the word "NAMA" is mentioned anywhere in a narrative, certainly down here, the message or narrative gets a little garbled and misunderstood. I accept that point. As to whether damage has been done to NAMA, there are different constituencies out there. As for NAMA's standing with the investor community, the markets, the rating agencies or with many of those people who think through these things and look behind the headlines, I do not believe NAMA's reputation has been damaged and I do not think it has in any way compromised our capacity and ability to do our job. I do not wish to go back over the entire narrative or discussion on the decision-making process at the time. It was not something we did not consider - whether we should just abort the sale. We weighed up the pros and cons and, in essence, we still had two competitive bidders in there for this. We had exited the one of which we thought there would be reputational or perceptual damage if it had continued. We still got our reserve price. We still believe we got a very good deal on this.

COMMITTEE OF PUBLIC ACCOUNTS

We always would examine our decisions both with hindsight and at the time. One thing we did learn from this, and one change we have made, is that we now always ask for a declaration from whoever is buying any portfolio that there is no success fee or any money payable to anybody connected with NAMA. We pitch that very widely, whether it be a board member, an advisory committee member or a member of the executive or staff. We get declarations from them.

I do not think I mentioned that this morning, although it has been mentioned before, that when Cerberus bought the Northern Ireland portfolio, it gave us such a declaration because we insisted on that after the PIMCO issue. Cerberus has assured us then and since, in terms of any payments it made as a result of the Project Eagle sale, that it stands over those payments as being legitimate and that it is not in any way in contravention of the Foreign Corrupt Practices Act in the states, which is something it takes very seriously as a US-based company. Cerberus stands over that very strongly to this day.

Deputy John Deasy: I have to ask Mr. Daly one very small, constituent question while he is here. It is a weakness of mine.

Chairman: It is not allowed.

Deputy John Deasy: The Michael Street development.

Mr. Frank Daly: Yes.

Deputy John Deasy: We have been trying very hard to come up with the funds to continue this in terms of the European Regional Development Fund, ERDF, funding as well as matching funds from the council. It is almost there I think. We are not sure how NAMA is getting on with the other end of things regarding the developers and the disposal of this. Can Mr. Daly bring us up to speed as to where NAMA is at?

Mr. Frank Daly: I am not totally up to date with it but I know at the moment, there is a planning application going into Waterford City Council, which is supported by NAMA. We funded, as I understand, a lot of the preparation of that. We are very positively disposed towards this as a good commercial opportunity.

Deputy Mary Lou McDonald: Mr. Daly referred earlier to the redactions of the minutes he provided to the Northern finance committee. There are three such redactions, on 27 June 2011, 18 October 2011 and 10 December 2012, of disclosures of interests made by Mr. Frank Cushnahan. I do not know if Mr. Daly can tell us here and now what those redactions were. If he cannot, I ask that he provides us with the unredacted content for 27 June, 18 October and 10 December.

It is also worth saying that Mr. Cushnahan made another declaration of interests on 18 April 2011. There is no redacted material there. Mr. Rowntree on several occasions made a declaration of interest in respect of different clár or agenda items. However, on these three occasions in June, October and December, Frank Cushnahan makes a disclosure of interest and the content of it is all blocked out.

Mr. Frank Daly: I will look at those but the Deputy has asked me to convey them to her and I do not believe I can. I believe they are protected under freedom of information and also under the Ethics in Public Office Act.

Deputy Mary Lou McDonald: Why would that be?

Mr. Frank Daly: Because it is personal information.

Deputy Mary Lou McDonald: I would remind Mr. Daly that a lot of play has been made of the fact that we have jurisdiction and that he is answerable to us. He sent these minutes in the first instance to the Northern committee, which does not have jurisdiction.

Mr. Frank Daly: I sent them to this committee as well on the same day.

Deputy Mary Lou McDonald: Given the content of this controversy, it is entirely unacceptable that those disclosures of interest are redacted in respect of Mr. Frank Cushnahan.

Mr. Frank Daly: Even in accounting to this committee, I cannot breach legislation. The Deputy is asking me to break the law and I cannot do that, even in terms of accountability to this committee.

Deputy Mary Lou McDonald: What would the nature of the disclosures have been, then, to make the disclosing of them illegal?

Mr. Frank Daly: It would be personal information which Mr. Cushnahan put on the record of the meeting. The ethics and freedom of information Acts would preclude us from that. I cannot breach that and cannot even tell the Deputy in general what they are about, because I think I would be in breach of the legislation.

Deputy Mary Lou McDonald: Could Mr. Daly then send a note to the committee setting out in writing the basis for the redaction of those three particular points at which Frank Cushnahan makes a declaration of interest?

Mr. Frank Daly: I can certainly tell the committee why they are redacted and what is the legislation.

Deputy Mary Lou McDonald: Could Mr. Daly do that for each instance, in turn?

Chairman: The question asked by Deputy Deasy was, I think, also asked the last time. A view was expressed by some members and certainly by me that there was a point in that process when it should have been abandoned. That is my view - I am just saying that.

In terms of constituencies and who NAMA addresses, it may not have lost the confidence of the investment community - I hope it does not - but there is another constituency which engages with us here, namely, the people. In some cases, they raise a lot of questions about NAMA, some of which are out of frustration at trying themselves to deal with the organisation.

The group of people I met this morning is an example. I do not know them; they are not from my constituency. I was interested in their line of conversation with me and others around NAMA. That may be the constituency which NAMA is losing. Something should be done immediately to address it. That is why I asked earlier about allegations made, in this House or anywhere. That is where we get our information; it is the constituency which some may feed off to get negative traction in respect of NAMA. NAMA has not won the battle there.

Mr. Frank Daly: It is not for want of trying. We meet all sorts of groups and respond on a very regular basis to issues that are brought to our attention by Members of the Oireachtas. In fact, I remember some years ago when we set up a dedicated e-mail address for Members of the

Oireachtas, there was a concern around whether that was a breach of the anti-lobbying provisions in the NAMA Act. We very firmly took the view at the board - it is my personal view - that as a public body, we should have extensive interaction with the body politic. It is a democracy and we are a State body. That e-mail address, and other contact which we have with Deputies and Senators, have been extremely useful.

If any constituent of any Member of the Oireachtas has an issue with NAMA, I urge Members to bring it to our attention. We have had hundreds of those interactions over the last few years and they are not breaching the lobbying. They are very useful to us as they enable us to engage on community and local issues.

Chairman: Correspondence that I see coming to the Committee of Public Accounts - there is not a big volume of it - expresses frustration in dealing with NAMA. Some is from clients with properties in NAMA and some from individuals who just do not know where to turn. Then there are those community groups, or at least that one group that I met this morning. That is echoed around the country. I ask Mr. Daly to hear that voice. I am not saying it here for the fun of it. I am saying it because I do not just believe in it; I have heard it. I hear it here from members. I am aware of the job you must do, and your integrity is not being questioned. What is being questioned is that part of the process that does not engage enough beyond the body politic, as you call it, and with those who come to your door. They are the people who concern me. I am not asking for a reply; I am making a statement. That is my experience, and that is not good.

Mr. Frank Daly: My reply will be brief, Chairman. We absolutely take this seriously and we hear what you are saying. We get engagement with people who are debtors, who are under-bidders and who might not be successful in a particular bid or engagement with NAMA. Sometimes you have to balance that against the community-----

Chairman: I put it all in the balance, Mr. Daly. I have done that. I am raising this with you because of the concern that has been expressed to me. I will come back to this every time you appear before the committee because it relates to the citizen and the right to get information, even though that person might be under pressure through NAMA or through a bank. The fact that they write to us is, in itself, an indication of the frustration they feel in dealing with the organisation.

Mr. Frank Daly: I do not wish to prolong this, Chairman, but I am truly amazed that people would have difficulty in getting information from NAMA. I take that very seriously.

Chairman: Mr. Daly, we had-----

Mr. Frank Daly: There is a difference between somebody who wants to get information from NAMA and somebody who thinks that NAMA should take a particular course of action that NAMA does not take. You will have to grant me that.

Chairman: You are clutching at straws here. The fact of the matter is-----

Mr. Frank Daly: No, I am not.

Chairman: -----that I believe you should be more up front with some of the people who deal with NAMA, and that is not the case. There are examples that come before this committee. Individuals are trying to get their lives back after the devastation since 2007 and they experience this frustration. An agency of the State should give more time, or as much time, to those

individuals as it might give to a bigger fish. They have that right.

Mr. Frank Daly: Chairman, I do-----

Chairman: Do not tell me you do, because I disagree with you.

Mr. Frank Daly: I disagree with you. I am sorry for disagreeing with you, but we do.

Chairman: There is a certain arrogance in some of the things you say. You must understand this.

Mr. Frank Daly: No.

Chairman: There is. There is sometimes an arrogance in the responses you and Mr. McDonagh give, when all we are trying to do here, sometimes from an uninformed or poorly informed position, is to extract information on what you are doing within NAMA on an issue. I can give examples as they are available. All I am asking you to do is to acknowledge some of these and look at the way you process them. They might not get what they want, but is not at issue. It is about how the issue is processed. It is the views that they are expressing. Please look at it.

Mr. Frank Daly: I will certainly look at that, but-----

Chairman: There you go again.

Mr. Frank Daly: My experience is that, at the end of the day, it will very often come down to the fact that NAMA and the individual are trying to reach an accommodation and it is not possible. I will not say any more. I will take the message.

Chairman: No, do not, because I had to hijack you one day. I was accused of that. There was also other correspondence and, in my opinion, we did not get a fulsome reply to it. Yes, we will leave it at that. Are you seeking to have the last word?

Mr. Frank Daly: No, I am not. I just do not remember being hijacked.

Chairman: There you go - you should have remembered being hijacked. I must try it again. Thank you very much for your attendance.

Members, there are other issues not being dealt with today. As we said at the start of the meeting, we will deal with them next week.

The witnesses withdrew.

The committee adjourned at 4.35 p.m. until 10 a.m. on Thursday, 8 October 2015.