

Mr Enda Kenny TD  
Acting Taoiseach  
Government Buildings  
Upper Merrion St  
Dublin 2

and

Mr Micheál Martin TD  
Leader  
Fianna Fáil  
Áras De Valera  
65-66 Lower Mount Street  
Dublin 2

13 April 2016

### **Open Letter on the next Programme for Government**

Dear Sirs,

I write on behalf of Transparency International Ireland to urge you to place the fight against corruption and white collar crime together with the promotion of accountability and transparency in public office as priorities in the next Programme for Government.

Corruption and white collar crime pose a grave threat to Ireland's economy, society and the wellbeing of its citizens. And although Ireland is considered globally to be one of those countries least affected by systemic public-sector corruption, it is perceived to be far less clean than many of the world's advanced democracies.<sup>i</sup> Our research and that of other organisations, also highlight unaddressed corruption risks across a range of government functions including public procurement, privatisation, and land-management, and affect a number of vulnerable sectors including local government as well as Ireland's health and social services.<sup>ii</sup>

Our risk analysis is further supported by recent findings of the European Commission that more than 30% of Irish companies believed that they had lost out on a public contract due to corruption.<sup>iii</sup> This is consistent with the results from Ernst and Young's European Fraud Survey from 2011, that indicate that over a quarter of Irish senior managers are prepared to use 'gifts and entertainment' as well as cash payments to secure business in Ireland.<sup>iv</sup>

The social cost of corruption and white collar crime can be seen in growing inequality, poverty, and homelessness in Ireland.<sup>v</sup> It will be manifested in raised opportunity costs due to lost investment and higher prices for public goods and services.<sup>vi</sup> The direct financial cost of corruption and fraud is also shocking. In 2007, the accounting firm RSM Robson Rhodes estimated that Ireland was losing €2.5 billion a year from economic crime.<sup>vii</sup> This equates to €25 billion potentially lost to the Irish economy over a decade. A recent study commissioned by the European Parliament estimates that the European Union is losing between €180 billion and €990 billion due to corruption each year.<sup>viii</sup>

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Board of Directors: Alan Farrell (Treasurer), Gráinne Madden (Chair), Philip O'Dwyer, Dr Jane Suiter  
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Despite many of the welcome steps that were taken by the last government, including the introduction of the Protected Disclosures Act 2014 and the regulation of lobbyists, we believe that Ireland's public bodies are ill-equipped to address corruption risks in our public services. In order to reduce further losses to the Irish taxpayer, we believe that a tripartite set of reforms and measures should be undertaken by the next government to mitigate corruption risks and hold corrupt officials and serious white-collar criminals to account.

### Legislation

New anti-corruption legislation is essential if corporate bodies and individual executives are to be fully held to account for corruption offences and to allow for proportionate sanctions to be imposed on public servants and representatives who breach their trust with the public. We therefore urge you to re-introduce the **Criminal Justice (Corruption) Bill**, the draft of which lapsed before the General Election.

The **Public Sector Standards Bill 2015** should also be strengthened and reinstated on the Oireachtas order paper so that it can be enacted without undue delay. Furthermore, we ask you to pledge your commitment to continue the reform programme begun in 2011 and promote and strengthen the **Protected Disclosures Act 2014**; ensure that sanctions are introduced for breaches of the **Regulation of Lobbying Act 2015**; and build on Ireland's commitment to the **Open Government Partnership**.

### Enforcement and Institutional Resourcing

We also urge you to commit to the establishment of a **specialist body** to investigate corruption consistent with Article 6 of the United Nations Convention against Corruption. This might involve the establishment of an independent **Anti-Corruption Commission** or the continuation of the multi-agency approach that has been pursued until now.

If a multi-agency approach is to be maintained, we ask that you commit to a significant increase in **ring-fenced financial resources** to allow for the effective mitigation of corruption risks, as well as the detection and investigation of corruption in Ireland. We also ask that a commitment be given to creating a separate unit within **An Garda Síochána** to investigate and help in the prosecution of offences under the Prevention of Corruption Acts and related legislation.

### Transparency

The Panama Papers point to the need to enhance digital transparency further to tackle financial secrecy. We ask that work begins this year to follow the example set by the British Government by establishing an online **public register of beneficial owners** of all companies registered in Ireland and the removal of all fees for published company records.

The revelations exposed by the RTÉ Investigations Unit into local authorities last December also highlight the urgency of establishing a centralised online database of **financial interest declarations** by public representatives and office holders, as well as local authority members and officials.

In addition, the Banking Inquiry and Tribunals of Inquiry underscore the need to create a **legal duty to create records** by public servants so that a full account of decisions can be effectively scrutinised by the Oireachtas, Commissions of Inquiry and other agencies.

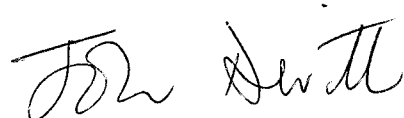
This list of reforms is not exhaustive and we recognise that proposals have already been pledged on Oireachtas reform and codes of ethics for local government. However, those measures on their own will not go far enough to address the risk of corruption in public office or serious white collar crime.

Ten years ago, Ireland was labelled as the 'Wild West of European Finance'.<sup>ix</sup> The findings of Tribunals of Inquiry also did enormous damage to Ireland's international reputation. It will take some time for Ireland to undo the harm done to its image by corruption and crony capitalism and to restore trust in Ireland's government and business sectors. In order to do so, we believe that the proposed measures can send a signal to citizens at home and observers overseas that Ireland is serious about stamping out corruption. Whatever the composition of the next Government, it has an opportunity to position Ireland as a world leader in fighting corruption and white collar crime. We hope you will help seize that opportunity.

We would be happy to provide whatever assistance we can to help implement the new Government's commitments to stop corruption and promote accountability in public life.

Please let me know if you should like further information in the meantime.

Yours sincerely,



John Devitt  
Chief Executive

#### About Transparency International Ireland

Transparency International Ireland (TI Ireland) is the Irish chapter of the global movement against corruption. It has conducted extensive research on anti-corruption controls, political reform, whistleblowing and responsible lobbying with support from the European Commission, the Department of Justice and Equality, as well as its core funder, the Joseph Rowntree Charitable Trust. It has operated Ireland's only Freephone helpline, Speak Up, for whistleblowers and witnesses of corruption and other wrongdoing since 2011. TI Ireland also provided detailed advice to the Department of Public Expenditure of Reform (DPER) on the Protected Disclosures Act 2014. With support from DPER, TI Ireland will begin to provide access to free legal advice to whistleblowers and witnesses this year; be undertaking a national survey on attitudes to whistleblowing this Spring; and publishing its second report on the findings and trends from the Speak Up helpline.

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## Notes

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<sup>i</sup> [http://transparency.ie/news\\_events/fighting-corruption-must-be-higher-priority-next-government-says-transparency-internatio](http://transparency.ie/news_events/fighting-corruption-must-be-higher-priority-next-government-says-transparency-internatio)

<sup>ii</sup> See [http://transparency.ie/news\\_events/transparency-international-ireland-launches-first-speak-report-whistleblower-helpline](http://transparency.ie/news_events/transparency-international-ireland-launches-first-speak-report-whistleblower-helpline), and <http://transparency.ie/resources/NIS>

<sup>iii</sup> <http://ec.europa.eu/COMFrontOffice/PublicOpinion/index.cfm/Survey/getSurveyDetail/instruments/FLASH/surveyKy/2084>

<sup>iv</sup> <http://www.ey.com/IE/en/Newsroom/News-releases/Press-release-2011---Ernst---Young-European-Fraud-survey>

<sup>v</sup> <http://www.eapn.ie/eapn/training/beyond-income-inequality>;  
<http://www.eapn.ie/eapn/training/poverty-in-europe>; <https://www.pmvtrust.ie/news-media/facts-and-figures/?gclid=COWh3rGokMsCFQfnwgodEOUBfw>

<sup>vi</sup> <http://www.mitpressjournals.org/doi/abs/10.1162/003465300558533#.Vw57IqQrLIU>

<sup>vii</sup> <http://www.irishtimes.com/business/corporate-crime-costs-2-5bn-1.1198206>

<sup>viii</sup> [http://www.rand.org/pubs/research\\_reports/RR1483.html](http://www.rand.org/pubs/research_reports/RR1483.html)

<sup>ix</sup> [http://www.nytimes.com/2005/04/01/business/worldbusiness/for-insurance-regulators-trails-lead-to-dublin.html?\\_r=0](http://www.nytimes.com/2005/04/01/business/worldbusiness/for-insurance-regulators-trails-lead-to-dublin.html?_r=0)