

Sunday Business Post 24 July 2011

Murdoch's culture of profit infests our media too

Fifteen years ago, executives of companies controlled by Tony O'Reilly, the then controlling shareholder in Independent News and Media (INM), had a meeting with officials working for the then taoiseach, John Bruton.

At that meeting, the INM people made it clear that, unless Bruton's Rainbow government acceded to O'Reilly's demands on the MMDS television transmission system, it would lose the Independent Newspaper Group ' ' a s friends".

In the final days of the 1997 general election campaign, the most prestigious newspaper in the INM stable, the Irish Independent, published a front page editorial under the headline "It's payback time", urging readers to reject the incumbent government and vote Fianna Fáil.

Previously, newspapers in that group had been generally favourable to Fine Gael but, over the following decade, newspapers in the INM group - notably the Sunday Independent - appeared to be generally supportive of Fianna Fail-led governments, the same governments that dragged the country into the calamity we are now enduring.

Some eight years previously, in June 1989, executives of Fitzwilton, another company controlled by Tony O'Reilly, visited the then communications minister, Ray Burke. They gave him a cheque for IR>30,000 from a subsidiary company, Rennicks, as a contribution to Fianna Fáil. O'Reilly said he had no knowledge of the donation.

During the course of the 2007 election campaign, the then taoiseach and the then finance minister, Bertie Ahern and Brian Cowen respectively, had a private meeting with Tony O'Reilly. There was no official disclosure that the meeting had taken place and, when it eventually became public, nobody would say what transpired, other than the claim that the meeting and discussion were of no consequence, ie, it was just a "normal" meeting with a media owner.

I cite this because of the controversy that has arisen in the past week in Britain about secret meetings which David Cameron had with executives of the Murdoch corporation, at which the complete takeover of BSkyB was discussed; and the related controversy over countless secret meetings between Rupert Murdoch and Cameron's two predecessors as prime minister, Gordon Brown and Tony Blair.

I am not suggesting that there was anything improper in anything Tony O'Reilly did or arranged to have done on his behalf. That is not my point. My point is that for political party leaders and/or taoisigh to meet in secret with powerful media owners necessarily gives rise to questions, not about the media owners but about the politicians and the possible conflict of interest that are likely to arise in such situations.

And as of the media, the same imperative to increase profit relentlessly operated here as it did in Britain with the similar pressures on standards and practices. Those connections are now under scrutiny in Britain.

So where does this leave similar liaisons with media owners here on the part of our prime ministers here?

Looking at the media more generally here, there is little reason to believe that the kind of things that went on in Britain within and without the Murdoch corporation, did not happen here too - especially since the debased media culture that Rupert Murdoch did so much to create has been imported here in spades.

In many sections of the media, ever increasing profits became the imperative here as it had become in Britain. And the same celebration of media "scoops" on matters of almost no importance at all, prevails here too.

An unwitting memorial to the trivialisation of the media was published by the late and unlamented News of the World in its final edition two Sundays ago. It published the front pages of the editions carrying their greatest "exclusives", among which were: "Andrew and the playgirl", "Princess Margaret love letters sensation", "Hugh told me I was his sex fantasy", "I'm secret dad of Paula Yates", "Cabinet minister and his secret love", "Boris Becker secret love child", "Hewitt sells Di sex letters", "Beckham's secret affair", "Kerry on coke", "Cheating Roo beds hooker", "Hurley cheats with Shane" and, last but not least, "Giggs' 8-year affair with brother's wife".

All designed to boost sales and profits, all devoid of any significance to the common public good, at the expense of hurt and invasions of privacy. Many journalists and editors here feel this is entirely legitimate - indeed, laudable.

They and others believe that any interference by the state with their freedom to engage in the abuse of privacy for profit is an infringement of press freedom, the cornerstone of a democracy, and all that malarkey.

When we look back at the record of those of us who have been part of the media for some time, I don't think we have reason to be self-congratulatory.

How was it that women could be enslaved in laundries throughout their lives, raped while in enslavement and have their children taken from them, not just without their consent but even without them being informed in advance? How could we not have come across this when it went on only a few hundred yards from the newsrooms of the Irish Times, the Irish Independent and the Irish Press?

How was it that the epidemic of clerical child sex abuse was never exposed by us, never investigated, never even suspected by us super sleuths?

How was it - indeed, how is it - that the far wider epidemic of child sex abuse was not and is not being investigated and exposed then and now?

And how is it that a large section of our population live in poverty, some in hunger, denied appropriate health care, denied proper education, denied status, denied respect and denied even the chance to live as long as those of us in the middle classes, and this is almost entirely ignored by the media?

Rupert rules.

The Sunday Times 8 July 2007

Carry on Mahon

Barely a week now passes without the Mahon tribunal's inquiry into planning corruption being denounced by a politician or delayed by a legal challenge.

Influential vested interests appear to be doing everything in their power to shut down the investigation.

The charges levelled at Mahon are well-rehearsed: the inquiry has gone on too long; its running costs are astronomical; the public has grown weary of the often tedious minutiae pouring forth from Dublin Castle. Much of this is true, but the reason the tribunal has been so drawn out, with the attendant strain on the public purse and patience, is that its work has been frustrated at every turn by those who are the focus of its inquiries.

It has been a victim of its own success. If Judge Alan Mahon, his predecessor Justice Feargus Flood and their teams had not made such commendable headway in illuminating previously darkened corners of the planning process, they would no doubt have been permitted to complete their inquiries years ago.

The more progress the tribunal makes, the more intense the efforts to restrict its jurisdiction. The inquiry has faced a succession of Supreme and High Court challenges by corporations and wealthy individuals with immense resources. Most of these challenges have been rejected by the courts, but not all. Last week the Supreme Court upheld an appeal by Sir Anthony O'Reilly's Fitzwilton Group preventing the tribunal from holding public hearings into a payment of IR£ 30,000 (about E38,000) to the former minister Ray Burke in 1989. Fitzwilton insists the payment from one of its subsidiary companies was intended as a donation to Fianna Fail, yet Mr Burke passed on only IR£ 10,000 to his party.

Investigation of this matter would have involved examination of an investment by Sir Anthony's Independent News & Media group, and others, in MMDS, a television transmission system venture, the licences for which were issued in 1989 when Mr Burke was communications minister. The Supreme Court ruling, however, appears to mean that the findings of extensive private inquiries conducted by the tribunal will not now be made public. Time, effort and money expended by Mahon has apparently been to no avail.

The political offensive against Mahon has been relentless. Successive government ministers have wondered aloud whether the tribunal has outlived its usefulness.

Backbench deputies, not renowned for thoughtful contributions to public debate, have been wheeled onto radio and TV discussion programmes to suggest, more in sorrow than anger, that the inquiry be wound up.

The tribunal's most virulent political detractor has been the taoiseach, who will shortly appear before it to be quizzed about loans and gifts he received while finance minister in the early 1990s and about an allegation he was given IR£ 80,000 by a property developer. Mr Ahern has consistently denied wrongdoing and says he is looking forward to vindicating his good name in the witness box.

Nevertheless, his legal counsel has already launched a scathing attack on Judge Mahon and his associates, accusing them of bias and abuse of their position.

This political sniping is absurd. The tribunal was set up in 1997 by order of the Oireachtas. TDs and senators voted for its establishment because they believed serious questions had been raised about planning and politics that needed to be addressed. To call now for the tribunal's curtailment or disbandment, just as the answers to some of these questions are emerging,

makes a mockery of their stated demand for a full and frank inquiry.

Politicians are either serious about exposing and eradicating corruption or they are not. If they are, it is essential they give the Mahon tribunal their wholehearted support. The inquiry must be permitted to continue its work to the bitter end.

Daily Mail 5 July 2007

Mahon forced to drop probe into O'Reilly payment 'taken' by Burke

Supreme Court judge in scathing attack on slowness of Mahon Tribunal

PAUL CAFFREY

MEDIA magnate Sir Anthony O'Reilly has escaped a Mahon Tribunal grilling over a Â£30,000 payment to Fianna Fail £20,000 of which was pocketed by the disgraced Ray Burke.

The tribunal had planned to question Sir Anthony and executives of his then private investment vehicle, the Fitzwilton Group, over the 1989 payment later this year.

Sir Anthony was executive chairman of Fitzwilton at the time the payment was made by one of its subsidiaries.

The tribunal wanted to establish if Mr Burke performed any favours for Fitzwilton while he was minister for communications.

In particular, it was expected to examine the granting of contentious television rebroadcasting licences to Independent Newspapers at this time.

Both Fitzwilton and Mr Burke have said that the payment, which was made by cheque through Fitzwilton subsidiary, Rennicks Manufacturing, was a legitimate political contribution. It was paid to Fianna Fail through Ray Burke.

Hearings were scheduled to begin after the Quarryvale module, which includes inquiries into Taoiseach Bertie Ahern's personal finances, wraps up this summer.

But yesterday, the five-judge Supreme Court ruled that the tribunal has no jurisdiction to investigate the payment – because it failed to inform the Oireachtas of its intention to hold public hearings into the affair. Last December, Fitzwilton lost its High Court bid to stop public hearings. But yesterday's unanimous decision overturns that ruling.

In her 15-page judgment, Miss Justice Susan Denham also launched an outspoken attack on the planning tribunal, saying that the fact it was still inquiring ten years after it was set up is the 'antithesis of an urgent public inquiry'.

The planning probe was set up in 1997 to investigate payments to politicians in the Eighties and Nineties.

This is the first judicial appeal against a tribunal inquiry to succeed. But Miss Justice Denham's comments appear to reflect a growing frustration on the bench with the pace of Judge Mahon's inquiries.

The ruling also means there will be no further public hearings once the Quarryvale module is finished.

Up to 60 companies could be spared a tribunal investigation.

The Fitzwilton payment was first revealed by Magill magazine in May 1998. The controversy it provoked led to a significant widening of the terms of reference of the tribunal.

The tribunal has already found that Mr Burke received two corrupt payments, from JMSE and Oliver Barry, around the time he accepted the £30,000 payment from Rennicks intended for Fianna Fail – shortly before the 1989 general election.

Fianna Fail has said it was expecting a donation from Fitzwilton before the election in June 1989. When the company said it had given money to Mr Burke for Fianna Fail, party fundraisers contacted the minister, who presented them with a bank draft for £10,000.

When they asked for the balance, Mr Burke told officials: 'That's as much as you're getting. Good luck.' Fitzwilton says that the money was intended as a political donation for Fianna Fail and that it only learned in 1998 that Mr Burke had retained £20,000.

Fitzwilton said it had first learned, from a July 2005 letter, that the tribunal was to hold a public hearing into the payment, and this came as 'a bombshell' to the group. Businessmen Robin Rennicks and Paul Power travelled to Mr Burke's home in Swords on June 7, 1989, to make the payment.

Mr Rennicks was a director of Fitzwilton, to which he had recently sold his sign-making company, Rennicks Manufacturing.

At a short meeting in the house, Briargate, the two men handed over a £30,000 cheque, made out to cash, on behalf of Fitzwilton.

Fitzwilton was a regular donor to political parties, but normally the company gave its money to Fianna Fail headquarters through an established conduit. This was the first time money was paid through a minister.

As minister for communications, Burke was responsible for issuing licences for the operation of the MMDS television transmitter system that predated satellite TV.

Twenty-nine licences were offered to interested bidders. Independent Newspapers applied for 14 and were awarded seven. They subsequently bought two other companies which had been awarded further licences.

In a statement yesterday, a spokesman for the Fitzwilton Group said the Group was 'pleased' with the Supreme Court's decision, adding: 'We had always believed that the tribunal had failed to comply with its terms of reference. This was a critical issue of law that required clarification.' In December 2004, the Oireachtas amended the terms of reference of the Mahon Tribunal. The tribunal was then required to consider which additional matters should go to public hearing and give the Oireachtas its decision by May 1, 2005, but the Fitzwilton payment was not on the list.

Miss Justice Susan Denham concluded that the tribunal 'has no jurisdiction to proceed with the £30,000 Fitzwilton module'.

The Irish Times 25 January 2005

An able man with a dark past

Burke Sentencing

Burke's life and times: Bully, fixer, liar, cheat, crook, and now prisoner - Ray Burke's fall from grace is finally

complete, a full 30 years since suspicions were first aired about his activities, writes Paul Cullen.

It was October 1997 when one last scandal in a career marked by scandal brought his career to a premature end at the age of 54. Bertie Ahern told the Dail that "an honourable man" had been "hounded" from office, but within days the Fianna Fail image-makers were busy airbrushing the North Dublin poll-topper out of history.

So successful have they been that one young passer-by was heard to ask "Ray who?" on the last occasion Burke appeared on our television screens.

Yet Burke was a towering presence in Fianna Fail for three decades, a bruiser who demanded respect through the power he wielded. He exerted absolute control over Dublin County Council in the 1970s and early 1980s - the halcyon days of land rezoning - even when he had left the local authority for the higher calling of cabinet office. Being on the defensive from the start of his political career led him to develop a savage but effective debating style, and the party unleashed him regularly as a political Rottweiler for media interviews.

The shame about Ray was that he was an able man, too, even if those he surrounded himself with made him seem cleverer than he was. Though never taoiseach material, not least because of his dark past, he held most of the cabinet portfolios that matter - foreign affairs, justice, communications, energy, industry and commerce, environment. He played an important role in the Northern peace process, introduced important reforms in the areas of family law, rape and homosexuality, and worked hard in all of the positions he held.

Through all the years of controversy, though, the real Ray remained hidden. Vainglorious and arrogant he certainly was, but he betrayed few personal emotions in public. He could be charming and witty when he chose to, even if the threat of verbal violence always loomed.

His entire career was devoted to politics and the pursuit of power: "My life was seamless. I was a politician from the time I got up in the morning until I went to bed at night," he told the planning tribunal. Ironic, then, that this calling left him with so few friends in Leinster House, something that was painfully evident after he resigned.

For all his energy, it was hard to tie down his political beliefs, beyond the naked goal of personal advancement. These veered from one side of the Fianna Fail leadership struggle to another, from conservatism to liberalism, and from republicanism to soft nationalism, depending on circumstances and the fashions of the day. He was for nuclear power in the 1970s; against Sellafield in the 1980s.

If Ray Burke's loyalties lay anywhere, they were to be found at home, with his wife Ann and daughters; buying drinks for his cronies in Swords; and with the "Mayo mafia" he inherited from his father Paddy Burke, himself a backbench TD known as "The Bishop" for his diligent attendance at constituents' funerals.

Something else Ray Burke had his father to thank for was the site for Briargate, his former house in Swords. One of the oldest rumours about the family told how Paddy Burke acquired the land from an inmate of Portrane mental hospital, where he worked as a nurse until the mid-1950s.

His son angrily denounced the allegation as a "complete and utter lie". He told the Dail in 1997 that he bought

the site and a house on it in a "normal commercial transaction".

The rumour might have been somewhat garbled, but Burke was being economical with the truth with his fellow TDs. As the planning tribunal later established, the land had indeed been owned by a psychiatric patient and ward of court. A building company part-owned by Tom Brennan, Burke's crony and financial backer, bought the land and built a house on it for Burke. No money changed hands and the conveyancing solicitor was told to "bury or lose" the file on the transaction. It was hardly a "normal commercial transaction".

Burke sold this particular fruit of corruption in 2000 for over EUR 4 million.

Brennan and his business partner, Joe McGowan, also figured in the first public airing of Burke's dirty laundry in 1974. The Sunday Independent discovered a GBP 15,000 payment (almost EUR 300,000 in today's money) to Burke by a company owned by the two builders. The builders owned land near Dublin airport which had been rezoned thanks to the efforts of both Burkes on Dublin County Council.

Ray Burke, who was one of seven estate agents then sitting on the council, claimed at the time he couldn't comment on his commercial interests. The builders said the money was commission due to Burke for selling houses. The accountant said it was a typing error. The offending document in the companies' office was destroyed. The journalist who wrote the story emigrated. The controversy went away.

Brennan and McGowan stayed, however, and redoubled their generosity. Between 1975 and 1982, they paid Burke GBP 1,000 a month, said to be his commission for selling houses. The fact that he was made a junior minister in 1979, and a minister in 1980, didn't stop the estate agent's fees rolling in.

That was only the start of it. At the tribunal, the two builders spun colourful stories about their heroic "fundraising" for Burke at social events at Ascot and Cheltenham: "On occasion, the drink was flowing like a river," McGowan waxed.

Even by their own account, they raised about GBP 150,000 for "Mr Burke and Fianna Fail" between 1972 and 1984 - although Fianna Fail never saw any of the money. The money was real alright, but the horsey stories were just a cod.

Burke used the money to build a formidable election machine in north Dublin, where he topped the poll in 12 elections. While his henchmen looked after constituency business, the ambitious new minister was left free to buy drinks and kiss babies.

He appointed his constituency manager and the architect of his house to An Bord Pleanála and boasted how he was going to get "those arrogant fuckers" in RTE.

Gardai investigating allegations of planning corruption came knocking, but he brushed them off. "Did ye hear," he boasted to the political correspondents in Leinster House shortly after, "I'm the most interviewed deputy in the House."

"That's great, Ray," said a journalist. "Yeah, by the fuckin' guards," Burke retorted.

Stories abound about his quick temper. When he was minister for environment during the Dublin West by-election in 1982, he arranged for the planting of young trees in a new housing estate. After Fianna Fail lost the

vote, he ordered the local authority to dig them up again to show what he thought of the voters' unfaithfulness.

Burke's career took a dive in the 1980s when Fianna Fail lost power, so he redirected his attention to the council. As chairman from 1985-87, he ran the council with an iron fist, with councillor Pat Dunne, now deceased, whipping party colleagues into line on a series of controversial rezoning motions.

One day in 1986, Jim Geraghty, a Fianna Fail councillor from Balbriggan, was in Burke's office discussing a planning matter when a well-dressed man came into the office and deposited a sports bag on the table. Burke dismissed Geraghty, who walked down the corridor.

However, Geraghty realised he had forgotten his briefcase and returned to Burke's office to retrieve it. On entering, he saw the bag was open. It was full of money, probably in GBP 20 notes, according to Geraghty. He heard the unidentified man refer to a figure of "60", which Geraghty understood to mean GBP 60,000. Burke claimed the money was a development levy he was handling.

By the 1980s, Brennan and McGowan were Dublin's biggest housebuilders, notwithstanding a reputation for unfinished and often shoddy work. Their combined assets were worth over GBP 11 million and they lived the lives of squires on their stud farms. They kept Burke on tap, but moved their funding offshore; between 1982 and 1985, the politician received almost GBP 125,000 in payments, channelled through banks and solicitors in Jersey.

The question that remains is what Burke did in return for this largesse.

The planning tribunal, while finding these payments were corrupt, was unable to link them to any specific favour performed by the politician.

At this remove, all we can do is admire Brennan and McGowan's ability to waltz their way through the planning system. Take the example of the Plantation site on Dublin's Pembroke Street, which was the subject of eight previous planning refusals until the two builders acquired it. When their own application to build offices and apartments was refused, they appealed it to An Bord Pleanála.

The appeals board overturned the decision.

Burke's relationship with Charles Haughey is hard to untangle. There was bad blood between the two from the day Haughey attacked Paddy Burke in the Dail, shortly after the Arms Trial. "Sit down, you old fool," Haughey hissed at the elderly backbencher.

Twice Burke opposed Haughey in Fianna Fail's leadership battles, and twice he fought his way back into the inner cabal. The price Haughey extracted for this is not known, but on one occasion "Rambo" was seen reduced to tears after a bruising session with the party leader. With Haughey's return to power in 1987, Burke was made minister for energy and communications. He liberalised the granting of exploration licences by abolishing royalty payments and State participation in oil finds, to the delight of the industry.

SIPTU has frequently called for an investigation of this area of Burke's handiwork, but to date no evidence of wrongdoing in this area has emerged.

He also set to work dismantling RTE's monopoly in broadcasting, by setting up the Independent Radio and

Television Commission, which awarded the first commercial radio licence to Century Radio in 1989.

The same year was an annus mirabilis for Fianna Fail's money-getters, and Burke was determined not to be left out. Besides, with Brennan and McGowan having wound down their fundraising efforts, he needed alternative sources of funding.

And the money rolled in: at least GBP 30,000 from JMSE; GBP 30,000 from Rennicks Manufacturing on behalf of Tony O'Reilly's Fitzwilton; GBP 35,000 from Oliver Barry, founder of Century Radio. Only GBP 10,000 of this money was passed on to Fianna Fail.

These payments sowed the seeds of Burke's destruction.

A decade later, Jim Gogarty, the company executive who made the JMSE payment, blew the whistle at the tribunal about his payment. Further investigation uncovered that the Barry payment was a bribe, and a year-long public hearing into Century Radio showed how Burke had moved heaven and earth to ensure his friend's venture succeeded (it still flopped).

For reasons which have not been explained, the tribunal has not publicly investigated the Rennicks payment. The money was paid at a time when Burke was minister for communications and O'Reilly-linked companies were particular successful in obtaining MMDS rebroadcasting licences.

As rumours about payments to Burke started to multiply, Albert Reynolds sent the North Dublin TD into internal exile when he became Fianna Fail leader in 1992. Two lawyers put up a reward for information on planning corruption and Gogarty's allegations started to leak in the media, thereby increasing the pressure on Burke.

He responded with his usual mixture of lies, threats and bluster. He denied any wrongdoing, misled the Dail (telling his colleagues, who at that stage knew of only one payment, that GBP 30,000 was the "largest single contribution" he had received) and threatened legal action.

Yet in 1997 Bertie Ahern brought him back into the cabinet, claiming to have been "up every tree in north Dublin" to investigate the rumours.

In October that year, his political career finally came to an end when The Irish Times revealed how, as minister for justice, he had issued passports to a Saudi Arabian businessman and his family under the "passports for sale" scheme. "I have done nothing wrong," he said as he resigned from the cabinet and the Dail.

His subsequent downfall is well documented. The tribunal picked apart his evasions and stonewalling, and caught him lying about the offshore money he got from Brennan and McGowan. New accounts were discovered in the Channel Islands, London and the Isle of Man, some of them held in disguised names.

In 2002, Mr Justice Feergus Flood's report found that all the main payments received by Burke were corrupt. Then it was the turn of the Criminal Assets Bureau, which raided the home of the disgraced former politician, served him with a GBP 2 million tax demand and brought the charges which have resulted in his imprisonment.

Today, Burke sits behind bars for lying when availing of a tax amnesty, he has made a GBP 600,000 settlement with the Revenue and he faces a multi-million legal bill.

His career and reputation are destroyed and he faces the possibility of further investigations and charges. Yet

he remains unrepentant, and has resolutely refused to lift the lid on the culture of sleaze he presided over for so long. The full extent of his misdeeds will probably never be known.

It is possible to feel sorry for Burke. Those he helped are millionaires now, and their money is safely stowed away in offshore locations. Of the five others implicated by the tribunal in corruption, he is the only one so far to face criminal charges or end up in jail.

A big bad apple, yes, but hardly the only one.

The Irish Times 29 January 2005

Unfinished business

Former minister for justice Ray Burke was jailed for tax offences this week, but he leaves a trail of unanswered questions in his wake, argues Paul Cullen

The planning tribunal investigated him for years, the Criminal Assets Bureau raided his house, the Revenue Commissioners made a EUR 600,000 settlement with him and he's now in jail. Yet when it comes to Ray Burke and his dark secrets, we may only have scratched the surface.

The irony is that, for all the time he has spent in the public glare over recent years, only a fraction of the decisions Burke took during his lengthy political career have undergone thorough public scrutiny.

The tribunal spent five years investigating two specific payments made to the former minister, as well as a 20-year financial relationship with his major supporters, builders Brennan and McGowan.

But large swathes of his career, particularly the early days when he was a dominant figure on Dublin County Council, have never been the subject of detailed public hearings. Decisions he made as a minister in various portfolios have also attracted controversy, but few have been the subject of detailed investigation.

At this late stage, these matters may never be investigated. Many of the controversies date back several decades, so any relevant documents or records would be scarce. Some of the main figures involved have passed on.

The law of diminishing returns may apply.

The tribunal is the logical place for further investigation of Ray Burke. However, it plans to pull down the shutters in another two years, and already has a full workload unrelated to the former minister. Justifiably, too, the lawyers may feel they have had their fill of "Rambo".

As for the Criminal Assets Bureau, it also seems to have finished with Burke. He has made a substantial settlement with the Revenue and is now tax compliant. CAB's prosecution was taken for tax offences, rather than the corrupt payments identified by the tribunal.

Indeed, there seems to be no enthusiasm in the DPP's office for prosecuting anyone for corruption until more stringent legislation is introduced. The case of George Redmond, whose conviction on corruption charges was quashed last year, has only served to confirm this view.

But before we consign Burke completely to the dark and dusty past it's worth taking another look at some of the controversies that have raged about the man from Swords and which have been overshadowed by subsequent events.

Dublin County Council

For years, Ray Burke was Mr Big on Dublin County Council. He wore dark glasses and a showband suit, and his bullying manner quickly put manners on fellow councillors.

As an estate agent, he sold houses on commission for the very builders who were benefiting from the rezonings passed by the councillors at their monthly meetings. For Brennan and McGowan alone, he sold 1,700 houses in the 1970s and 1980s, according to the builders.

This dubious situation was summed up in a Sunday Independent headline in 1974, which read "Conflict of interests on council". The journalist who wrote the article, Joe McAnthony, had uncovered a document which showed a GBP 15,000 payment to Burke by one of Brennan and McGowan's companies.

Three years earlier, Burke had co-sponsored a motion to rezone land at Mountgorry, north Dublin, on which the two builders had an option. The GBP 15,000 represented his share of the proceeds when the land was eventually sold.

The Garda investigated, the usual denials were issued and nothing happened. Instead of winning an award for his investigative work, McAnthony was sidelined at his newspaper and he decided to emigrate with his family.

Speaking this week from his home in Canada, McAnthony identified this controversy as a watershed. He had thought Burke would go to jail, he told Newstalk FM. Instead Burke was exonerated and "the floodgates opened".

Thereafter, the councillors seemed impervious to criticism. Each month, the small public gallery filled up with property developers, landowners and their agents waiting for rezoning decisions, with the celebrations spilling out into Conways pub nearby.

Brennan and McGowan were interviewed again about allegations surrounding the rezoning of land at Fortunestown, near Tallaght. This came after Dublin Corporation's plans to acquire 700 acres in the area by compulsory purchase order had been resisted by a consortium of six landowners, including the two builders. Burke, who said there was "absolutely nothing improper" about the episode, supported the developers' proposals because they were "in line with Fianna Fail policies of promoting free enterprise".

When he became minister for environment, Burke appointed known party supporters to An Bord Pleanala and the controversy over planning raged even wider. Builders were in a "win-win" situation, where a refusal of planning permission could result in a hefty compensation claim.

When the board refused permission for a scheme at Fortunestown, for example, the authorities were left exposed to a GBP 2 million compensation claim from a company involving Tom Brennan.

Even Burke was moved to complain about the "excessive rezoning decisions" of the council in the early 1980s, but he did nothing to curb their activities.

In 1989, Burke was again investigated as part of another largely fruitless Garda investigation. A local authority official told detectives the Fine Gael TD Nora Owen had told him Burke received GBP 5,000 for his help in obtaining planning permission for a fuel yard in north Dublin.

Owen told gardai the source of this information was another Fine Gael TD, Michael Noonan. They asked her to set up a meeting with Noonan but this didn't happen.

Burke had made representations on behalf of the party supporter who owned the yard, which was on the main Belfast road. However, gardai concluded there was "no foundation" to the allegation.

The Plantation was a tree-filled oasis in the heart of Georgian Dublin, on Herbert Street. The Pembroke Estate, which owned it, applied for planning permission to develop the site on many occasions, but without success.

Auctioneer John Finnegan, a director of the estate, then introduced builders Brennan and McGowan to the property. They bought it through a GBP 2 subsidiary company, Criteria Developments, for GBP 40,000 in 1979.

Criteria applied for planning permission for offices and apartments, but this was refused on multiple grounds. The company appealed to An Bord Pleanala, which overturned the original decision in March 1984.

In the same month, Burke set up an offshore company in Jersey. A company, Caviar Ltd, was set up in the name of "P.D. Burke", using a false address. A fortnight later, GBP 35,000 was deposited to Caviar's bank account.

The Flood tribunal report in 2002 was unable to identify the source of this money but rejected as "not credible" Burke's explanation that the money was a re-lodgement of money from an Isle of Man account.

Criteria sold the site to Green Property in 1986 for GBP 261,000 and it was later built upon. A dispute broke out between Brennan and McGowan and Finnegan over the shareout of the GBP 150,000 profit. Finnegan sought GBP 50,000 but settled for GBP 20,000, even though he hadn't invested any money in the deal.

Rennicks

It sticks out like a sore thumb, the only known payment Ray Burke got in May/June 1989 that hasn't been investigated by the tribunal. It is five years now since lawyers at the inquiry said the GBP 30,000 payment by Rennicks Manufacturing to Burke would be the subject of public hearings, but nothing has been heard about it since. Now, with the tribunal likely to wind up within two years, it's looking probable that no public examination of this payment will be held.

It was June 7th, 1989, a week before a general election, when Robin Rennicks and another businessman, Paul Power, travelled to Burke's home in Swords to make the payment. Rennicks was a director of Fitzwilton, to which he had recently sold his signmaking company, Rennicks Manufacturing.

At a short meeting in Burke's home at the time, Briargate, the two men handed over a GBP 30,000 cheque, made out to cash, on behalf of Fitzwilton. Burke later passed on GBP 10,000 of this money to Fianna Fail, but kept the rest for his own purposes.

Fitzwilton, which was controlled by newspaper magnate Sir Tony O'Reilly, was a regular donor to political parties, but this contribution marked a major departure from established practice. Normally, the company gave its money to Fianna Fail headquarters, through an established conduit. This was the first time money was not given to the party's election fund, and the first time it was paid through a minister. It was unusual, too, that the cheque was made out to cash.

Burke told the Dail in September 1997 that GBP 30,000 was the "largest single contribution" he had received during an election campaign. It was only in the following year, after he had resigned, that it emerged that there were two such payments, from Rennicks and JMSE.

As minister for communications, Burke was responsible for issuing licences for the operation of the MMDS television transmitter system. Of the 29 licences granted in 1989, a majority went to companies linked to O'Reilly.

The licencees were supposed to have a legal monopoly on television signals but illegal operators spoilt this in many areas of the State. Burke promised, in a letter to the O'Reilly interests, to apply "the full rigours of the law" to illegal operators, but no action was taken against the illegal operators for many years after.

Oil

As minister for energy in 1987, Burke significantly eased the terms for oil companies prospecting off the Irish coast. Royalties were abolished and the State relinquished any stake in an eventual oil or gas find.

His move effectively reversed the terms introduced by the Labour energy minister, Justin Keating, in 1975, which had given the State the right to take a stake of up to 50 per cent in any discovery, and also allowed for the payment of royalties. The former Labour leader, Dick Spring, amended these terms in 1985 and 1986.

Early hopes of an oil rush that would ease the country's economic woes were dashed. By the time Burke became minister, the only discoveries were a "small marginal" oil field off Waterford and a "possible" gas field off the coast of Cork. Some 98 wells had been drilled and GBP 400 million spent by the exploration companies.

Burke was his usual trenchant self in fending off criticism of the change. "I am realistic enough to appreciate that we cannot have our cake and eat it," he said on September 30th, 1987, when announcing new licensing terms for the offshore sector.

"Perhaps when we are a recognised oil province, we will be able to afford the luxury of more stringent terms, but for now it is clear that concessions of a radical nature are necessary to offset to the greatest possible extent the effects of low oil prices on exploration in Ireland and the recent disappointing results." The thinking was that the oil multinationals would be more eager to prospect in Irish waters if they were promised a larger slice in the profits. The State would then take its cut in the form of taxation. The terms were similar to those in Britain and Spain, according to the minister.

However, Burke's decision was something of a solo run and followed a meeting with the oil companies that took place contrary to the advice of a senior adviser in his department.

SIPTU's national exploration committee has claimed the changes "totally distorted" the balance in favour of the oil companies. It wants the Mahon tribunal to investigate the matter and says all licences issued from 1987 on should be frozen in the national interest if any undue influence is proven.

In any event, the hoped-for manna did not fall. The new terms dictated by Burke failed to produce an oil rush and no substantial deposits were found.

Passports

The passports affair in 1997 was the scandal that led to Burke's resignation, but in many ways it was simply "the straw that broke the camel's back".

The then minister for foreign affairs spent most of that summer fighting the rising tide of allegations over the GBP 30,000 he got from JMSE in 1989. He seemed to have survived that crisis, only to succumb to one final controversy that erupted with a report in The Irish Times in October that year.

The scandal dated back to December 8th, 1990, when Burke, as minister for justice, signed certificates of naturalisation for 11 people - eight Saudi Arabians and three Pakistanis - in his home in Swords. On the following day, the man for whom the passports were intended, Sheikh Khalid bin Mahfouz, the owner of Saudi Arabia's only private bank and one of the kingdom's wealthiest men, received them personally over lunch in the Shelbourne Hotel in Dublin. It is believed they were handed over by the then taoiseach, Charles Haughey.

The passports were given as part of the passports-for-investment scheme, in return for a promised GBP 20 million sterling investment programme in Ireland by the sheikh.

While Burke refused to meet representatives of the sheikh, in other respects the would-be Irish citizens got very special treatment. In breach of statutory regulations, the passports were issued on the day before naturalisation certificates were signed. Other standard procedures, including the need to swear fidelity to the State, the payment of fees and the requirement that applicants be resident in the State for about 60 days, were put to one side.

In addition, the passports were issued before the investment was in situ, as was normally required. It was normal, too, for naturalisation certificates to be signed by a senior official, rather than the minister.

Four years later, questions were raised about the scheme when Sheikh Mahfouz became embroiled in the giant BCCI banking scandal. The new minister for justice, Maire Geoghegan-Quinn, recorded her alarm at what happened. She described the details as "highly unusual to say the least" and said the information provided about the promised investment was "extraordinarily scanty by any standards". The certificates of naturalisation for the 11 individuals should be revoked, she said.

However, the government changed and while an internal report later highlighted a series of "errors and discrepancies" in the matter, no further action was taken.

In 2002, the Taoiseach, Bertie Ahern, said Geoghegan-Quinn had shown him the file and it "didn't raise any alarm bells". The file had been sent to the tribunal, he said.

Meanwhile, it was reported that half the promised GBP 20 million sterling investment could not be traced.

Last year, the Government announced it planned to outlaw the passports-for-sale scheme.

The Irish Times 3 April 2004

**On the paper trail
Did the Independent
newspaper group flex its**

muscle to get government action on issues close to its own commercial interests, asks Colm Keena

At the end of the Moriarty Tribunal's consideration this week of relations between Independent News & Media (IN&M) and the 1994 to 1997 Rainbow Coalition, the public has been left with two versions of that relationship, only one of which can be correct.

As the evidence heard on the issue by the tribunal is tangential to its inquiry into the granting of a mobile phone licence to Esat Digifone in 1995/1996, the chairman, Mr Justice Moriarty is unlikely to rule on the matter in his final report.

However, the issues raised are very serious. A powerful newspaper group using the content of its titles in pursuit of particular policies or decisions from a government, can have a distorting effect on the politics of a jurisdiction. The British government and the power of the Murdoch newspaper group could be cited as a case in point.

It is an allegation about a minor comment that led to Sir Anthony O'Reilly's appearance at the tribunal. During his two hours in the witness box on Wednesday, he denied that a comment he claims was made to him by Michael Lowry, then minister for transport, energy and communications, concerning the 1995 mobile phone licence competition, was "made up" or was conveyed to the tribunal out of a sense of malice. The alleged comment was: "Your fellas didn't do so well today."

The comment, concerning the performance of a consortium bidding for the licence in which IN&M had an interest, could, if it occurred, indicate Lowry had access to information in September 1995 that he should not have had at that time. Lowry denies making the comment.

It was while exploring this matter that the whole issue of the Rainbow Coalition's relationship with IN&M arose. At the heart of the obviously difficult relationship was IN&M's investment in Princes Holdings Ltd (PHL), a company set up to deliver TV channel signals to homes around the State.

The investors in PHL were IN&M and two US shareholders, TCI and UIH/Phillips. A licence for such a service, an MMDS (Multi-channel Microwave Distribution System) service, was issued to PHL in September 1989. There followed some negotiations between IN&M and the Department of Communications concerning assurances PHL were seeking in relation to the service. The assurances included a commitment from the minister that unauthorised operators providing a similar service - TV deflector operators - would be shut down once the MMDS system came into being.

The minister for communications at the time of the licence issue and during these negotiations was Ray Burke. Burke received a cheque for £ 30,000 made out to cash from Rennicks, a subsidiary of Fitzwilton, in June 1989, during the then general election campaign. Fitzwilton is a company associated with Sir Anthony. The matter may yet be investigated by the Mahon Tribunal.

In a letter issued from Burke's office in early 1991, IN&M was given assurances by Burke that had been sought by the company and that had been advised against by his officials. Notation on the letter included rarely-used coding by a civil servant that served the purpose of highlighting that the content of the letter was a ministerial as against a departmental decision.

PHL began investing in its new service but matters did not develop in accordance with its business plan. Losses began to build up, as outlined in a letter sent to the home of the then taoiseach, John Bruton, on Monday, July 29th, 1996, by Brendan Hopkins, a senior executive with both IN&M and PHL.

"Accumulated losses since 1992 have reached £ 18.5 million by the end of 1995 with further losses expected in 1996 and bear no resemblance to the original business plan. The principal difference relates to the non-achievement of anticipated subscriber growth which is directly related to on-going pirate activity.

"The failure to police exclusive licences granted by the government and issued by Minister Ray Burke in 1991, has led to significant pirate activity, particularly in the area of Carrigaline (Co Cork) where we estimate in excess of 30,000 homes pay illegal operators £ 30 to £ 40 per annum." IN&M was a 50 per cent shareholder in PHL. Total investment by shareholders at that date was £ 75 million. By mid 1996 IN&M had a real reason to feel sore with the Rainbow Coalition.

As explained by Bruton in his evidence to the tribunal, he found when he came into office in December 1994 that there were legal restrictions on what he could do about the TV deflector issue. His senior adviser, SeaDonlon, told the tribunal that the issue had become political by 1996 and that seats in the upcoming general election were at risk.

Lowry, as minister for transport, energy and communications, had responsibility for the whole MMDS/TV deflector issue. Donlon, a former secretary general of the Department of Foreign Affairs, made clear in his evidence that it was his view that IN&M adopted a "hostile" attitude towards the government from early on in its existence, and that the cause was the government, and Lowry's failure to take action against the "pirates".

The TV deflector issue was before the courts in 1995, but as 1996 wore on IN&M became increasingly concerned about government inaction. In late July 1996, Bruton travelled to west Cork for the weekend. A dinner was organised by a local Fine Gael activist, Bernard McNicholas, and Sir Anthony was among approximately 75 guests. It was arranged that Bruton would visit Sir Anthony the following morning, Sunday, July 28th, at Sir Anthony's holiday home, Rushane, in Glandore, west Cork. The meeting between the two men lasted about an hour and no notes were taken.

Both men agree that the main issue discussed was the government's failure to crack down on the illegal deflector operators. Bruton came with suggestions for addressing the issue, but Sir Anthony, he said, was not interested. Both men agree Sir Anthony expressed a general dissatisfaction with the government in relation to a number of commercial matters with which he was connected. Bruton said Sir Anthony mentioned his disappointment at not winning the mobile phone licence. Sir Anthony was sure that this was not the case.

Donlon, who said he received a faxed note on the meeting that night from Bruton, said he was informed in that fax that the licence competition was mentioned

at the meeting. The fax has not been located. Other matters mentioned included the size of a grant to a Heinz factory in Co Louth, and access to an Arcon mine in the midlands.

On Monday, Hopkins wrote to Bruton. On Tuesday, Sir Anthony wrote a longer letter to the taoiseach, again to his home address. He listed the range of areas in which he was involved in Ireland - Heinz, IN&M, Fitzwilton, Waterford Wedgwood, Arcon and a number of hotels. "We employ over 10,000 people in Ireland and well over 100,000 people worldwide." He raised issues to do with a number of sectors, including the newspaper sector and Competition Authority, the recent conduct of which he described as "frankly disgraceful". The issue had to do with IN&M's market share here.

He said that to "opine that the Irish newspaper market need not take account of UK newspapers (sold here) was completely incompetent in defining the 'relevant market' . . . It must be clear to even the most biased observer that the enemy is not within but without - in the person of Rupert Murdoch - whose affection for Ireland is not among his most discerning characteristics." He said the indigenous industry needed support if it was to prevent Murdoch from taking over the Irish media scene.

Sir Anthony referred to Hopkins's letter on PHL. The figures speak for themselves, he wrote. "What is required is an immediate meeting with Sean Donlon and the committee of PHL, which should address each of the points raised in Brendan's (Hopkins) letter."

A meeting took place on September 4th, 1996. (Bruton had been away on holiday for August.) Present were Donlon, Hopkins, Liam Healy, then chief executive of the Independent group, and Mike Burns, a consultant acting for IN&M. Donlon raised the issue of not taking action against the TV deflectors because of the danger of losing seats. He said four seats could be at issue.

The Independent executives, for their part, pushed a number of measures that had been noted in Hopkins's letter to Bruton, including a clampdown on illegal operators. The meeting ended without any progress being made. A memo, kept by Hopkins, finished off: "We said they (the government) would lose Independent Newspapers as friends and would mean any future administration would have to pay a large bill."

Donlon reported back to Bruton. He told the tribunal that the meeting, though cordial and relaxed, left him "in no doubt about Independent Newspapers' hostility to the government parties if outstanding issues were not resolved to their satisfaction."

Bruton said he could not recall the detail of the report given to him by Donlon, but that he would have taken the reference to losing IN&M as friends to mean hostile coverage of the government parties in the newspapers, and not a threat of litigation. He agreed that the words could be seen as a "threat". During the meeting, the Independent executives had made clear that the US shareholders in PHL were anxious to take the State to court over its failure to "police the exclusivity of the licences".

Sir Anthony, in his evidence, said this was what was meant by the government losing IN&M as friends. "I think it is absolutely, unequivocally clear . . . that this particular use of the word friends related specifically to losing us as friends in this debate internally within our consortium (PHL), to stop them (the US shareholders) from taking the State to law, and allowing us to exhaust all the various means that we could to remedy

the deflector crisis." He said the US shareholders had been "seething with us as well as with the government, at the amount of money they were losing in Ireland". It was this straightforward issue of the possibility of a major suit that was at issue.

The commercial situation was being conveyed to Donlon.

In 1997 a claim was lodged by PHL against the State for £ 100 million in damages. It has not since come to court. Earlier this year IN&M sold its shareholding in Chorus, as PHL had come to be called, for one euro. It invested more than E100 million in the venture over the years, but has now written this off in its books. Chorus is in examinership.

On June 5th, 1997, the day before the general election, the Irish Independent carried a front page editorial, headlined Payback Time and calling on voters not to vote for the government parties. John Coughlan SC, for the Moriarty Tribunal, said both Bruton and Donlon had seen this as an expression of IN&M's hostility and arising from the government's handling of matters linked to "O'Reilly interests" or "Independent group interests".

Sir Anthony said Fine Gael actually increased their vote in the 1997 election. "It could be that the front page editorial helped them." Sir Anthony agreed that the editorial was "unusual". He said he had no input into it. "Absolutely none, nor do I interfere in the editorial process whatsoever in the IN&M group throughout the world." He said he did not cause the editorial to come into being and "nor did I know that it was going on the front page". He said the board of IN&M does not interfere in the editorial policy of Independent titles. "That can be ascertained by direct contact with any of the editors in the group," he told the tribunal barrister.

(In Thursday's Irish Independent, its editor, Vincent Doyle, was quoted as saying the editorial was not the result of a directive from Sir Anthony.) Sir Anthony told the tribunal: "The general view, I would say, about Independent News & Media, is that governments always feel they are being maligned by it, whatever government, and opposition feel that they are being ignored."

The Guardian 15 June 1998

The Burke controversy. An independent story?; Have Tony O'Reilly's Irish interests got themselves linked to a controversy over donations to political parties? Rory Carroll and John Mullin trace the story that Magill (right) broke and has Ireland hooked

RORY CARROLL AND JOHN MULLIN

THE GOVERNMENT minister was categorical. Cash, he said, make the IR pounds 30,000 cheque payable to cash. His two visitors, believing that the money would

be a contribution to a political party, complied and eight minutes after the meeting began they were walking out of the minister's home into the summer sun. Next day the cheque was lodged, the following week the minister kept his seat in the general election and returned to cabinet to make important decisions about the communications industry.

And that was that. Cheque number 9922 was a ticking bomb at the heart of the country's political establishment, but no one heard it. Nine years on, it has exploded under Ray Burke, the man who received the cheque and is now a disgraced ex-minister. Caught in the blast wave is Tony O'Reilly, the billionaire tycoon who dominates Ireland's newspaper industry. The payment to Burke was by Fitzwilton, a company chaired by O'Reilly. Now a tribunal investigating political sleaze, which will examine the payment, is to question O'Reilly. Opposition politicians, under parliamentary privilege, have called on O'Reilly to explain his view of Fitzwilton's cheque. Four months after receiving the cheque Burke gave seven television transmission licences to a different O'Reilly company. Pure coincidence, said an O'Reilly spokesman. Those who claim a link are begrudgers, intent on smearing the man who controls the Independent and Independent on Sunday in Britain. The allegations have fuelled a near-hysterical reaction from O'Reilly's Irish media empire, Independent Newspapers. An unprecedented blitz of editorials, opinion pieces and news reports have denounced the allegations and those who made them. The invective against O'Reilly's accusers is withering, sustained and coordinated - an awesome onslaught from a group that controls two thirds of the market. The sheer scale of the group, dwarfing in relative terms Rupert Murdoch's News International, is intimidating and unhealthy, said Pat Rabbitte, a member of parliament and former cabinet minister. 'If ever there was a doubt about the undesirability of a dominant position in such a sensitive industry then the conduct of Independent Newspapers over the weekend removed that doubt. Journalists and columnists were used in such an overkill to defend the economic interests of their proprietor that the public were given a glimpse of what abuse of dominant position means in practice.' Critics say that by its campaign the Independent has punched a gaping hole through its insistence that all its editors enjoy total editorial freedom and that O'Reilly would never dream of telling his journalists to sing for their supper. At stake is the credibility of the Independent newspapers.

The story begins with the June 1989 visit to Burke's home by two executives from Fitzwilton, an investment holding company founded by O'Reilly. Fitzwilton says the two men, Robin Rennicks and Paul Power, were handing over a political donation to Fianna Fail, the Republic's biggest party. Fitzwilton, which says it has made contributions to all the main political parties, decided to give the party IR pounds 30,000 (pounds 27,000). Power and Rennicks were selected to hand the money over to Burke in person rather than hand the cheque into party HQ.

The meeting was an eye-opener. Rennicks asked Burke if he should make out the cheque to a specific account. According to Power, Burke asked for it to be made out to cash, to facilitate some going to the local constituency". Power explained: 'He said he had a few constituency expenses and the impression was that it was a couple or three grand that was going down that channel with the rest going to the party.' Instead, Burke held on to pounds 20,000 of the donation. Power was unimpressed when he learned that only pounds 10,000 had found its way to party

headquarters. 'I was bloody annoyed about it, I can tell you,' he said. As the story broke in this month's edition of Magill, the investigative current affairs magazine, Fitzwilton said that O'Reilly was 'absolutely not' aware that the payment was made. Kevin McGoran, chief executive, had instead authorised it. O'Reilly was also 'absolutely not' aware at any time that the money had been paid by way of a cheque made out to cash. It is accepted that the Fitzwilton representatives were acting properly.

Burke retained the communications portfolio even after he was promoted to Minister for Justice after the 1989 general election. Four months later, he awarded Princes Holdings, an Independent Newspapers' subsidiary, seven of the franchises to operate the multi-channel, multi-point microwave television distribution system, known as MMDS. Companies in which Princes Holdings had a stake won another 11 of the 29 franchises, and it has since taken them over.

Burke decided against giving Princes Holdings a further seven of the franchises for which it had applied in 1989. MMDS, like cable television without the wires, is suitable in areas of low population density, such as large tracts of rural Ireland and was a potential money-spinner. Those in the east of Ireland were always able to pick up British television for free. Further inland, people had to rely on illegally erected deflectors, which amplified the signal and sold it on to viewers. Unsatisfactory was how most people described it. But for MMDS to work, the government had to close the deflector operators and fulfil its promise at the time the 10-year franchises were granted that successful applicants would be granted exclusivity for their area. It has consistently failed to do that, mainly for political reasons. Rural voters felt so strongly about retaining cheap TV that they elected Thomas Gildea, who stood for parliament as an anti-MMDS candidate. The outcome has proved a disastrous investment so far for Princes, now 50 per cent owned by American companies. Through investment in technology and takeovers, it has spent an estimated IR pounds 70 million on MMDS. It may have lost IR pounds 25 million, and is planning legal action against the state. There is no suggestion or evidence that the payment to Burke was in any way improper but in the wake of Magill's scoop, John Bruton, leader of Fine Gael, the main opposition party, used parliamentary privilege to link Ray Burke to Independent Newspapers. Did Fitzwilton's cheque, he asked, influence any official decision? Executives on the second floor of the Independent's Middle Abbey Street headquarters in Dublin watched Bruton's televised speech with horror. How to respond? Sub-editors grew restless as executives dithered. Eventually, the temptation to bury the affair in inside pages was resisted in favour of an all-out attack on its accusers, in tones of outraged innocence. A May 29 editorial dismissed Bruton's 'ill-informed jibes' and demanded 'fair treatment' for the Independent, without mentioning O'Reilly. In a highly unusual move, Saturday's front page led with an unsigned comment piece, headlined 'Lying letters, phantom meetings and calculated smears'. Bruton claimed in a speech to parliament that Vincent Doyle, the editor, spiked an opinion piece by one of his most senior writers, Bruce Arnold, because it suggested Fitzwilton had questions to answer. The last sentence of Arnold's column stated that the publication of the column proved O'Reilly's claim about editorial independence. It was never published.

Next day's Sunday Independent, also owned by O'Reilly, splashed on a story that Burke had adhered rigidly to his civil servants' advice about

issuing MMDS licenses. Two centre pages rubbished any link between the licences and the Independent. And so it went on. The front page of Monday's Independent set a precedent by putting in miniature an Irish Times splash and trashing it as slanted and a travesty of fair reporting.

Again, outraged articles filled two centre pages, attacking the Irish Times, politicians and the state broadcasting service, RTE. Deadlines were pushed back further and further. Sports sub-editors, often the last to leave, were amazed to see senior staff poring over articles until well past midnight. A consistent theme emerged: the accusers were all motivated by envy and malice.

'Plainly the main target is Dr O'Reilly. He is rich, successful, and self-made, all qualities hated by begrudgers," said the editorial. Overkill? 'Absolutely not," said Willie Kealey, deputy editor of the Sunday Independent. 'We had a number of people writing about this but that's because it was the main news story of the week." David Norris, a senator, heaped scorn on the practise of donations to political parties in a letter to the Irish Times. 'I will guarantee to confer no benefit, favour or advantage whatever on my benefactor. Indeed to encourage such disinterested acts I am prepared to follow what I understand is now recognised as the required etiquette for recipients and will, in return for a sufficiently large donation, publicly snub my benefactor." Privately

some Independent journalists said they were mortified by what appeared to be a coordinated corporate backlash. Said one reporter: 'Shameless stuff. It was so obvious we were pouring shite on whoever was in our way. First the Irish Times, then the opposition and then the government. It's embarrassing." The Independent had never previously pulled the stops out in the same sort of way. In 1996 O'Reilly personally asked the then prime minister, Bruton, to crack down on the television deflector pirates. Bruton did not act. At a follow-up meeting Independent executives warned that the government would 'lose INP as friends". The Independent's own minutes also noted: 'We said that large numbers might be at stake and that this surely would not be good for the government in an election year." On June 5, the day before voting, the Irish Independent ran an astonishing page one editorial urging voters to dump Bruton and the Fine Gael-led government which had bled them white. It concluded: 'We have had decades of a (sic) harsh tax regimes. Let us start to enjoy some payback." Observers were amazed. This was a major departure for a traditionally pro -Fine Gael paper. What made the u-turn even odder was its ostensible reason - tax - an issue on which the government and opposition had difficulty disagreeing. Many believe the editorial had a dual effect: a strike against Bruton and a pat on the holster to warn the incoming government of its power. Pat Rabbitte said politicians tried to avoid falling foul of the Independent. 'Raise your head above the parapet and they shoot it off. They decide the message. The issue is fundamental for the quality of our democracy." An Irish Times editorial noted: 'It is a matter of public record that Dr O'Reilly does not intervene in the editorial content of his newspapers. It is remarkable therefore that so many on his payroll, unbidden and unprompted, will respond with one unvarying and uncritical voice at a time like this. This is employee loyalty of a kind which is all too rarely to be found in today's world and Dr O'Reilly and his fellow-shareholders must consider themselves exceptionally fortunate to be its recipients.' David Palmer, managing director of Independent Newspapers (Ireland), said corporate meddling was inconceivable. 'I have never

given any offer of any kind to any editor in our group, in any context. I've never had any direction from a more senior level on any issue about what appears in our papers. The whole idea that the Independent is some vast machine working towards the same end is completely crackers."

The Irish Times 6 June 1998

Barrage of fresh criticism after revelations of second donation to Ray Burke

MICHAEL FOLEY REVIEW OF THE WEEK

Saturday/Sunday

The Government continued to face a barrage of criticism over how the former minister, Mr Ray Burke, handled the MMDS licence issue. The Fine Gael leader, Mr John Bruton, said the Taoiseach, Mr Ahern, would be the focus of Fine Gael's attack on how he handled the (pounds) 30,000 contribution made to Mr Burke by Rennicks, which is 50 per cent owned by Fitzwilton, the company chaired by Dr Tony O'Reilly, who is also the chairman of Independent Newspapers.

The GAA voted to retain rule 21, which bans members of the RUC and British security forces from membership of the organisation.

A compromise reached was that Rule 21 would be deleted when effective steps were taken to implement the amended structures and policing arrangements envisaged in the Belfast Agreement.

The political donation crisis continued. The Labour leader, Mr Ruairi Quinn, accused the Government of politicising the Flood and Moriarty tribunals by requiring the chairmen to make decisions on the (pounds) 30,000 donation from Rennicks.

Tuesday

It was learnt that Fianna Fail did not inform the Flood Tribunal that Mr Ray Burke received (pounds) 30,000 from the Rennicks subsidiary of Fitzwilton. The tribunal was told that (pounds) 10,000 had been passed to the party by Mr Burke.

An appeal by the former Taoiseach, Mr Albert Reynolds, against the 1p award given to him in his libel trial against the Sunday Times opened in London.

Wednesday

The Taoiseach cited legal advice, confusion over the amounts and a lack of independent verification as the reason why Fianna Fail had not informed the Flood Tribunal that Mr Burke had received (pounds) 30,000 from Rennicks. The Dail voted, on a Government proposal, to have the tribunal investigate the revelations relating to Mr Burke.

The Minister for Defence welcomed a High Court decision to award only (pounds) 3,000 to a former soldier who claimed hearing impairment. The Government hopes the decision will bring an end to the avalanche of claims by soldiers and former soldiers. The decision means the courts can accept the State's official guidelines on hearing damage. At one stage it was

estimated the potential costs to the State were running as high as (pounds) 2 billion.

Tax revenue is expected to be (pounds) 500 million higher than budgeted for the first five months of the year, according to the Department of Finance.

There was anger in Government circles after the British government unilaterally ended discussions on the composition of the Independent Commission on Policing in Northern Ireland and announced the names of its members.

Scotland on Sunday 14 June 1998

TV SCANDAL OPENS A CAN OF WORMS FOR THE BEANS BARON

The Integrity Of Tony O'Reilly And His Newspapers Is Now In Question, Writes Rob Brown

THE Beans Baron has had a good press in Britain up to now. Tony O'Reilly attracted that charming sobriquet during his time at the head of Heinz and has tended to be portrayed as the genial, globe-trotting tycoon who saved the Independent from the Full Monty, namely David Montgomery and his fellow bean counters on the Mirror Group.

But some of his Irish compatriots would currently portray him in a somewhat less glowing light. O'Reilly is on the rack back home, where he stands accused of making improper payments to a cabinet minister in order to expand his media empire. The former Irish rugby star could even be hauled before an official inquiry to explain his conduct.

The revelations have already catapulted Bertie Ahern into his most awkward crisis since becoming Taoiseach.

The few Dublin titles not owned by the richest man in Ireland are having a field day and O'Reilly's own flagship daily has stooped to the crudest form of censorship in order to protect the reputation of its embattled proprietor.

The worst aspect of the whole affair for the chairman of Independent Newspapers is that branching into multi-channel TV - which the backhander is alleged to have facilitated - has so far brought him few financial returns.

It's a fairly complicated affair, but this much has been established. In the run-up to the 1989 election, Ray Burke, a leading Fianna Fail minister, received GBP 30,000 from a road sign manufacturing company called the Rennicks Group.

Rennicks is 51% owned by the investment company Fitzwilton, whose chairman is none other than O'Reilly.

Burke was then minister for industry and Rennicks had applied to the Irish Development Authority for financial support. That alone might satisfy as an explanation for the donation had Burke's ministerial brief also included communications - the one part of his portfolio he insisted on dragging across the cabinet table when he subsequently became minister of justice.

One of his first ministerial actions at the Ministry of Justice was to dish out a batch of local TV licences. In September 1989, just four months after receiving GBP 30,000 from the subsidiary of a company which O'Reilly chairs, Burke awarded seven of these

licences to Princes Holdings, a subsidiary of O'Reilly's Independent Newspapers. Within two years Princes Holdings had acquired another dozen licences, giving it control over 19 of the 28 available franchises.

MMDS (multipoint microwave distribution system) is an Irish solution to an Irish problem, an affordable means of bringing multi-channel choice to predominantly rural parts of the country where cabling is not feasible. Yet, to O'Reilly's immense frustration, the growing popularity of multi-channel TV in Ireland has not proven a great money-spinner for Princes Holdings.

Long before short-range microwave transmitters, the resourceful inhabitants of remote western counties such as Cork and Donegal had devised their own ingenious means of picking up British TV signals.

They constructed what were known as deflectors to boost the reception and formed local co-operatives to provide a cheap service to their neighbours on a communal basis.

Far from amused by such legally dubious operations were O'Reilly and the two big American cable giants, UIH and TCI, which he had persuaded to stump up GBP 11m for a 50% stake in Princes Holdings.

Deflectors were deflecting subscribers and hence potential profits away from their far more costly multi-channel service. As minister for justice, and the man still in charge of communications, Ray Burke gave assurances to O'Reilly's representatives and to the Irish Cable Operators Association that he would bring the "full rigours of the law to bear on the illegal operations." But, when it came to the crunch, neither he nor any other power-seeking politician has been prepared to clamp down on the deflector groups, which have proven adept at stirring up local resistance to big business and the Dublin state.

In November 1994, John Bruton, then leader of the opposition, swung a by-election in Cork in favour of Fine Gael by assuring the locals that he would defend the deflectors.

Bruton did subsequently become Taoiseach and the Fine Gael-Labour coalition which he led did indeed refuse to deal with the deflectors.

Meetings between government officials and O'Reilly's representatives in August 1996 ended on an extremely sour note with O'Reilly's men warning that Bruton's government could lose Independent Newspapers "as friends".

The following June, Fine Gael found out exactly what was meant by that remark. On the final day of a cliffhanger general election campaign, the Irish Independent ran a front page editorial backing Fianna Fail and the Progressive Democrats. It claimed that the deciding factor had been the failure of the Fine Gael-Labour coalition to bring down taxes for its mainly middle-class readers. "Let us start to enjoy some payback," the leader concluded.

This phrase was joyfully dredged up during an emergency debate in the Dail to debate the Ray Burke Affair.

"It's payback time, Taoiseach'," a Fine Gael deputy gleefully shouted across the floor to Ahern, as he struggled to explain the actions of a former Fianna Fail minister.

Payback time is, indeed, proving painful for the Beans Baron. The opposition attack has been led by John Bruton, who has called for a probe of all dealings with O'Reilly's companies. This prompted the Irish

Independent to suggest in an editorial the next day that Bruton was motivated by a desire for revenge because it had come out against him in the last election.

It then ran a front page editorial the next day claiming that Independent Newspapers had been "the subject of a vicious, calculated and damaging smear campaign" simply because it is the biggest media group in the country.

Independent Newspapers is certainly big, accounting for a hefty majority of both daily and Sunday sales in the Republic of Ireland. That makes Dr AJF O'Reilly - as he is always referred to in his own titles - much more of a potential kingmaker in his homeland than even Rupert Murdoch is in the UK.

It isn't only journalists not on O'Reilly's payroll who believe he has questions to answer about the Burke Affair.

This month, Bruce Arnold, a veteran political commentator on the Irish Independent, penned a column in which he posed some possible questions for his proprietor. Arnold ended his article by stating that the publication of his column was proof that Tony O'Reilly was truly committed to editorial independence. His column did not appear the next day.