



An Roinn Airgeadais
Department of Finance

Oifig an Aire
Office of the Minister

Ref No: 17/3291/MF

12^m December 2017

Mr Michael Creed TD
Minister for Agriculture, Food and the Marine
Dáil Éireann
Kildare Street
Dublin 2

Dear Michael

I am writing to you in relation to your letter on behalf of a constituent of yours who had queries regarding variable mortgage rates.

As you will be aware, the Joint Oireachtas Committee on Finance, Public Expenditure and Reform, and Taoiseach has carried out pre legislative consideration of the Private Members' Central Bank (Variable Rate Mortgages) Bill 2016 and it has produced a scrutiny report on the Bill. However, the Bill remains before the Dáil Committee and, as it is a Private Members' Bill, it remains a matter for the Private Member and the Committee to advance its further consideration through the Oireachtas process. However, significant legal and policy issues were raised regarding the content of the Bill and, following consultations with the Attorney General's Office, the Department of Finance has suggested that an independent ex ante economic analysis of the Bill be undertaken.

The Department of Finance has no role in the setting of interest rates but I understand the intention behind the Bill to try to deliver lower mortgage interest rates, and I have assured the Committee that the Government will constructively engage with the issues raised by this Bill as it progresses through the Houses of the Oireachtas.

As you know, the issue of mortgage interest rates is an important one for this Government and we have made it clear that it is not acceptable for lenders to charge excessive rates on mortgages, in particular variable interest rates. The Programme for a Partnership Government sets out a number of measures in this area to help reduce the cost of borrowing and lower variable

mortgage interest rates. The Competition and Consumer Protection Commission (CCPC) has conducted a review of the Irish mortgage market and produced a report outlining a range of options for the Government in terms of market structure, legislation and regulation with a view to reducing the cost of secured mortgage lending, and to improve the degree of competition and consumer protection. The Government are now considering these options in detail. A web link to the report is attached for information: <https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/06/CCPC-Mortgages-Options-Paper.pdf>

I hope this will be of assistance to you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paschal Donohoe', written over a horizontal line.

Paschal Donohoe TD,
Minister for Finance and Public Expenditure and Reform