

IRISH GREYHOUND BOARD

Mr. John McGuinness T.D.
Chairman
Committee of Public Accounts
Leinster House
Dublin 2



12/23/2013



Dear Deputy McGuinness,

As requested by the Public Accounts Committee, I have sent detailed responses to questions sent by the Committee on foot of the appearance of Bord na gCon before it on November 7th last to Ms Niamh Maguire of the Committee Secretariat. Bord na gCon welcomes the opportunity to furnish this information and I attach a copy of our responses out of courtesy to you, as Chairman.

As PAC chairman and as an experienced politician, it will not have escaped your analysis that the questions raised by the Irish Greyhound Breeders and Owners Federation (IGOBA) and by some PAC members, revolve almost verbatim around about two dozen points of criticism of BnG which are recycled regularly by the journalist, Mr. Conor Ryan, in the Irish Examiner.

In respect of virtually every aspect of its coverage, he and the Irish Examiner have been incorrect in fact, and lacking in context, fairness and balance. Bord na gCon has no issue with informed, robust media commentary. However, the members of Bord na gCon are astonished at the nature of coverage of Board affairs in the Irish Examiner and deeply disturbed at the motivation behind the policy of that newspaper NOT to carry statements or explanations from the Board on issues which the medium itself had asked for. This is unprecedented in the experience of the directors and executive of Bord na gCon. The newspaper has already published an apology to me as CEO and has offered a clarification to the BnG chairman for publishing content which received widespread coverage and which was defamatory. This matter is still the subject of legal correspondence between the Chairman, the Irish Examiner and Mr. Ryan.

It is inevitable that a public narrative has emerged in relation to the Board and its work which is substantially based on myopic Irish Examiner coverage. This narrative has informed the perspectives of some in the greyhound industry and based on our appearance before the Committee clearly informs some members of PAC. This is unfair, disturbing and damaging to the greyhound industry.

The responses which Bord na gCon has prepared for PAC are, as you know, the responses to the IGOBA questions which the Committee has passed on as reflecting those issues about which it also wanted clarity. So, in reality, the answers given to PAC/IGOBA are responses to each of the points which Mr. Ryan raises in his articles.



It would be instructive for newer members of PAC to read the Special Report from the Comptroller and Auditor General dealing with Bord na gCon from the period 2000 – 2007. The report outlines significant control deficits which cost the Exchequer over €6 million. Bord na gCon is a very different place now and anyone who suggests otherwise is not familiar with its history. There is a huge irony that those of us who have achieved significant cultural and ethical change within Bord na gCon in recent years - and at some personal cost and risk to ourselves - should be under sustained attack by a small minority disaffected by the necessary changes that have taken place in the organisation, supported by a journalist who had been demonstrably incorrect in his coverage.

There is no doubt but that Bord na gCon faces many challenges. But it faces those on the back of many achievements also. Bord na gCon has brought about huge efficiencies, perhaps more than any other semi-State body, including a 46% reduction in operational costs and payroll savings of 33% from 2007 – 2012. During the same period, Bord na gCon delivered a surplus of €23.64 million in the midst of the most difficult economic recession ever experienced in the country.

We are deeply conscious of our responsibilities and I hope the attached responses clarify matters for you and the Committee of Public Accounts.

Yours sincerely,

Adrian Neilan

Chief Executive Officer

IRISH GREYHOUND BOARD



23/12/13

Ms Niamh Maguire
Committee Secretariat
Committee of Public Accounts
Leinster House
Dublin 2

Dear Ms Maguire,

Further to your correspondence of November 12th last, I attach responses to issues raised by the Irish Greyhound Owners and Breeders Federation in their correspondence to the Committee of Public Accounts.

The independent report submitted to the Department of Agriculture, Food and the Marine regarding the Board's defined benefit pension scheme is still with the Department for their review. On that basis, Bord na gCon has to treat the report as confidential at this point in time and are not in a position to meet your request. Bord na gCon will submit the report to PAC once the Department has responded officially to it and all stakeholders, including staff, have been made aware of its content.

Bord na gCon apologises for the delay in furnishing its response to the Committee. This was caused by the imperative of having the most comprehensive availability of contract and all other documentation to reference in framing our responses. In the case of issues raised by PAC in relation to the Limerick Stadium and HQ, the Board required further time to cross reference data with consultants and contractors who worked on the project and to verify that detail in our responses to PAC is correct.

It is clear from a review of the transcript of the PAC hearing on November 7th, that much of the Members' focus is on the Limerick project and the issue of "fill" for the Greenpark site. For easy reference and for the convenience of Members, Bord na gCon has added a brief aide memoire to the responses which we submit to the Committee.

Yours sincerely,

Adrian Neilan
Chief Executive Officer

New Limerick Stadium

1. What was the reason for IGB not taking the advices of the Company Solicitors, Holmes O'Malley Sexton Solicitors, regarding the appointment of LRC (Limerick Racecourse Company) Consultants i.e. John Keane of Freeman Keane Associates and Michael Punch of Michael Punch & Partners? How does this appointment comply with procurement rules?

IGB was perfectly within its rights to accept the vendor's project manager in this role, as a condition of sale. Apart from making economic sense and to expedite planning, the IGB decision was allowable under exemptions to EU and Public Procurement Directives, (EU Directive 2004/18/EC, Article 16 (A) and the Quigley Report "Award of a contract without a competitive process.

2. What was the reason for IGB ignoring the Rooney Auctioneers and Atkins documented advice from 2003 regarding the costing's of filling the site off €1.5m? Pat Rooney says "alarms bells should start to sound if IGB are to fill the Greenpark Site; Atkins said "marshy land," This was referenced in the Rooney Report, Atkins Report, and Board Minute of 2003.

BnG did not ignore the advice of its consultants and the fill did not cost €1.5 million. All issues relating to the site, e.g. soil conditions and the requirement for filling and for piling were pointed out in consultants' reports ahead of the purchase. In fact, they form part of the Environmental Impact Statement which formed part of the planning application in 2007. From the very outset of the Limerick project, the question of fill was clearly identified as a requirement. It was flagged in the valuation report, the report of our engineers and is referenced in the Notification of Grant of Planning Permission. The cost of fill, always a pre-requisite, was €1.04 million.

The decision to purchase the site was taken only after comprehensive examination of all the options. Eleven sites in all were assessed by consultants before Green Park was selected. The site had many advantages over other sites examined, including some price-referenced at €300,000 an acre. .

An IGB appointed design evaluated number of sites around Limerick. However in a majority of these cases there were problems with zoning issues, access, services, layout or location of the site.

The price paid for Greenpark at €3.4m for 11.25 acres (€302k per acre). The price paid referenced that the site, unlike its position in 2003 when first examined, now had:

Had full services including unrestricted road access

Had all conservation concerns resolved

Was near the new road network around Limerick, making it easily accessible to all Munster counties

Was properly serviced by ESB, Gas and Sewerage

Had road access to the new stadium provided

Would have car parking provided at a very attractive commercial cost

The price paid factored in all the site advantages outlined above in addition to the savings of €1.4 million involved in avoiding the land purchase price and the capital and development cost of a 450 space car park.

3. JJ Casey was appointed as Project Manager for an agreed fee of €100k (ex VAT) to Project Manage from foundations to completion as Freeman Keane Associates were contracted to manage the planning to foundation stage. Were both of these contracts properly procured? What was the final fee paid to JJ Casey and Freeman Keane Associates?

Yes. JJ Casey was properly procured

Freeman Keane was not subject to procurement as previously outlined (Question 1) and was never paid a fee by BnG.

JJ Casey was appointed through appropriate public procurement guidelines; details of this tender remain available on the e-tenders website. JJ Casey was paid fees of €218,250(ex VAT). The additional €118,250 was accounted for by significant extra project management and supervision of work generated by change orders outlined in the response to question 10. An incentive fee of €26K was paid for value engineering which brought the project construction costs in at €2 million under budget.

4. What other projects has JJ Casey being involved in that were funded by IGB? Can IGB provide letter of appointments and terms of conditions of all work completed by JJ Casey since January 2007 to date for IGD at all Tracks

JJ Casey's appointment was effective from November 2008 and was based on this firm being successful in the tender launched on 21 December 2007 and this was given effect by their letter of appointment.

JJ Casey has been involved in two other development projects in Youghal and Clonmel. Clonmel is a privately owned stadium.

5. Were all Consultants on the Limerick Project obtained by the Public Procurement guidelines? Were all Consultants properly appointed and have all warranties been put in place?

Yes. On both counts.

6. Was the site purchased using best practise in acquiring an asset for a Semi State body? Considering this portion of the Developers land bank purchased by IGB satisfied the Developers "Open Space" requirement was this factored in to the value of the site

A full cost benefit analysis was undertaken as advised by the Comptroller and Auditor General in March 2008. Eleven sites in all were assessed by consultants before Green Park was selected. The site had many advantages over other sites examined, including some price-referenced at €300,000 an acre. The project was subject to a NPV (Net Present Value) analysis.

Limerick City Council granted planning permission for the development and all planning conditions are complied with.

7. Who was involved in closing the deal to purchase the site in 2008? Why wasn't the fill "agreement" included in the sale contract as per legal advices? The omission of this from the sale contract cost IGB 1.5million euro

The Chairman and CEO of BNG were directly involved in the final negotiations on the site purchase. The final decision to purchase the site was approved by a board meeting attended by six of the seven directors on 28th June 2007.

Fill, its value or availability was never an element in the negotiation of the purchase price for the land. It was not a requirement of sale from the vendor nor was not a determining factor on which the decision to proceed with the purchase of the land.

The availability of free fill for the site was a viable option given the extent of construction work being carried out in Limerick at the time of the purchase of the site. The collapse of construction locally (and nationally) removed the option. Even though the LRC had commenced filling the site and had its machinery on site, the pace of the provision of sufficient fill from local construction sources became a concern to the project management team. The team was also aware of economies that could be availed of given the downturn in construction, provided alternative sources of fill were activated which would allow the project to quickly proceed.

Once the option to access free fill for the project became not a valid option, Bord na gCon's alternatives were to continue operating Markets Field at substantial losses or continue with this project in a cost effective manner. It decided to proceed with the project.

At all times, there was a budgetary provision for fill but the scale of that had to be significantly increased as the option to access fill locally, at no cost to the Board, ended.

The cost of the fill was €1.04 million.

Should the vendor's offer been specified in a legal contract to oblige him to supply fill or to face sanctions if he did not? If this were a standard commercial arrangement where a supplier was providing services or goods for a specific price, the answer is yes. In this case, however, the offer from the vendor was to supply fill at nil price to the IGB. Is it simply not credible that anyone making such an offer would expose himself to commercial sanctions in the event of issues arising which would preclude him from delivering the fill. An insistence on such a contract would have made it certain that the offer which was accepted by IGB to reduce cost to the project would have been withdrawn and IGB criticised for not availing of the option.

The increase in the budgetary provision for fill of €1million was more than mitigated by cost-reducing opportunities within the construction project for the stadium and headquarter building as a result of the economic collapse and rigorous value engineering.

Please refer to the Aide Memoire at the end of this document for further clarification on this question.

8. What is the agreement relating to the Car park at the present moment as the land was not purchased? Is there a potential financial liability here?

The land was not purchased because that would not have made any commercial sense. The licence agreement for a consideration of €1.17 million was agreed by the Board of BnG at the outset of the project in 2007. Car parking facilities were offered by the vendor on a licence only basis. BnG was happy to enter a licence agreement to run for 999 years, for the vendor to provide car parking for that consideration. This allowed the Board to avoid land purchase, capital cost and design and development costs for a 450 space car park estimated at €2.5 million.

There is no automatic obligation on BnG to buy the car park lands. In the future, should planning permission for retail development on lands adjoining the stadium specifically preclude the vendor from using the stadium car park for overflow shopping parking, then the Board is required to buy out the freehold on the existing car park at a fixed price of €250,000 an acre.

In the event of that single planning outcome only- and that is by no means certain and in fact, is quite unlikely - would purchase of the car park land become requirement and in that particular circumstance, the Board would have a period of five years to complete the purchase. As things stand, the Board saved itself capital outlay and development costs for parking of circa €1.4 million. Even in the event of planning decisions in the future being of such a nature as to trigger a requirement to purchase the car park freehold, at a cost of €925,000 – this would mean the Board would still be in credit to the tune of €475,000 approximately over what it would have cost it to develop car parking originally.

9. Is there a written warranty from John Sisk & Sons Ltd. to IGB regarding the risk of the new Limerick Stadium and IGB Head Office block in relation to subsidence and the recent local Authority decision which identifies as the site as a flood risk.

The developed site is not a flood risk and John Sisk and Co. had all warranties and bonds in place. John Sisk and Co. has given an extended commitment and warranty on site subsidence for 50 years.

10. The tender price by John Sisk & Sons Ltd was published at being €8.6m. What was the final contract sum for the Development.

The overall construction cost (Sisk) is €10.62 million, as distinct from their tendered sum of €8.6 million (excl. VAT) reflecting a difference of €2.013 million.

The increase in Sisk's costs was due to five change orders.

Change Order No. 1: This was made up of the ground improvement works, i.e. vertical drainage, surcharging, monitoring of the works (€1.1 million)

Change Order No. 2: Additional costs associated with the Accessibility report Audit, running rail to the track, and 900 mm diameter pipe requested by the OPW. (€310,000)

Change Order No. 3: Additional Works requested by the fire officer, new parade ring area, additional headwall to the OPW Drain and additional mechanical & electrical works (€201,000)

Change Order No. 4: Additional Fitted furniture, additional layer of silica sand throughout track, increase in scope of works to ADA security. (€193,000)

Change Order No. 5: Increase in scope to the mechanical and electrical works, drug store f it out, works to bookies pit and around track and a cold store. (€200,000)

The first item relates to specialist works the design team felt should not be included in the tender documents as insufficient information on settlement levels was not available at the time of tendering. Tendering contractors would have to price a "RISK" element without sufficient monitoring information. It was agreed that when this ground compaction monitoring information became available then the successful contractor on site would price these works as a change order.

Vertical Drainage and surcharging (process whereby you speed up the process of ground settlement) was always going to have to take place and costs for these works were always factored into overall budgets as you can see in the documentation.

This cost, €1.1 million, was accepted by Sisk and the works carried out for that figure. IGB's decision to effectively "buy out the risk" was good business and value engineering and the work was provided for in budget as you can see from the documentation. We had originally put in a provision of €1.7 million for this and would have thought to achieve at €1.1 million would be exactly what would be welcomed.

Change Order 2 was in essence a cost associated with future proofing the entire stadium for the requirements of disability and accessibility of public buildings.

The three remaining change orders come under the heading of design development costs. All construction projects no matter how big or small will have some changes during construction. We had always included for some contingency /design development within our development budgets from the outset.

IGB had provided €19.66 million for the construction project. The construction project came in at €17.72 million which was a substantial saving. Hence the total project including land cost was €21.27 million. Furthermore the sale of the previous stadium in the Market's field raised €1.5 million. This means the project is currently €19.77 million before the sale of its old Head office building in Henry Street.

Newbridge Stadium

11. David Morgan (former IGB Commercial Manager) was paid a cheque for €25,000 in his own name by James Barry, IGB Accountant in 2011, when he took over the running of Newbridge in 2011 and was paid his full 2013 Operating Grant of €30,000 in January 2013. Newbridge Stadium closed in May 2013. Did David Morgan repay the proportion of the grant for the 7 months of 2013 that he was not operating the track

The question raised includes some factual inaccuracies:

A cheque of €30,800 was issued on 31/8/11 made payable to Morwell Racing Ltd and not to David Morgan, as BNG records show. This total included the operational grant for the 3rd quarter of 2011, €7,500.

Quarter 1 2013 operating grant was processed for Newbridge in 2013 for €7,500. This was paid on the 18/2/13, in line with normal BNG practice for supporting private stadia.

Mr Morgan ceased racing in Newbridge on March 30 2013 which was the end of quarter 1 2013. He was paid for that quarter and not paid for anything else.

12. With regard to Development grants for Newbridge were the conditions of all grant agreements complied with.

Yes, all conditions were complied with.

13. Considering IGB tracks lost 1.1m in 2012 was this a prudent commercial decision for IGB to take over Newbridge Stadium in May 2013. What are the projected losses for 2013 for Newbridge Stadium

The performance of IGB stadia is misrepresented in this question as it excludes tote performance which is an integral part of the commercial operations of its tracks and stadia.

A summary of the full track performance for the year ended 31 December 2012 is as follows:

➤	performance (€1,001,902)	Track
➤	Performance €2,740,019	Tote
➤	Performance €1.738,117	Total

The board undertook the decision to support the loyal and important greyhound public in the Newbridge area where the greyhound pool totals 206. Additionally a Tote profit was generated from Newbridge in 2012 totalling €87,440. Furthermore it has been the experience of BnG that it will take a considerable amount of time to regenerate this tote income should a track remain closed for a prolonged period.

The goal of Newbridge is to contribute total surplus of €47,000 from track and tote activities for the year ended 31 December 2013.

General Finances

14. How is IGB going to repay its debts of €25m bank debt and €7m pension deficit? We understand the CEO created surpluses since 2007, however this money did not pay down its debts. Where was this surplus money used.

From 2007-2012, the Board has reduced its operating costs by 46% and has generated surplusesⁱ of €23.64 million in that period.

The financial statements for both 2011 & 2012 continue to be prepared on the Going Concern basis based on the following assumptions that:

- i. BnG continues to avail of agreed bank facilities*

- ii. *Increased turnover from racing facilities, which has been reinforced with the agreed co-mingling (sale of the Irish greyhound racing product to international online gambling audience).*
- iii. *Continued support from the Horse and Greyhound Racing Fund; €11.258m received in 2012 with €11.004m receivable in 2013.*

By the end of 2014, BnG will have benefited to the extent of €950,000 in additional sales equating to €825,000 in net profit from contracts bringing Irish greyhound racing to a new global online gambling audience.

By the end of 2017, The Board's Strategic Plan forecasts that this figure, conservatively drawn, will be €1.5 million per annum in net profit from international Tote sales.

This additional income stream does not include on course Tote activity and other commercial improvements in the Irish market from the sale of our product for e.g. Independent Newspapers. This deal will widen the audience for greyhound racing in Ireland and will enable readers of independent.ie to watch racing and place bet via the internet. We will be announcing details of significant contracts in the coming months.

These contracts reflect considerable focus on on-line wagering income through what is termed co-mingling arrangements which stream live Irish greyhound racing in other jurisdictions, allow on-line access to Tote and stream live races to betting companies. This new income stream has the potential to grow exponentially and can be transformational for the Board.

Our net Bank position (total of loans, overdrafts & funds on deposit) at €22.2m remained unchanged from 2011 through to 2012 and forecasts indicate that this position will remain broadly similar in 2013. All bank covenants and conditions have been and continue to be met in full. The Board is confident that by 2017, bank debt will have been reduced by 22% or €5 million by adopting the principles envisaged within the strategic plan.

BnG has delivered an operating surplus similar to the surplus delivered in the preceding 5 year period (2002-2006) whilst paying an extra €624,000 in prize money industry support, in spite of a reduction of €748,000 from the Horse and Greyhound Fund.

In both 2011 & 2012 BnG have experienced a decline in turnover from racing activities. This underpins the importance of the new income streams forecasted from international co-mingling deals thus reducing reliance on the Irish domestic market.

In addition the board suffered further reduction in allocations from the Horse and Greyhound Fund for both 2011 & 2012. The allocation from the Fund in 2013 (€11m) will now have now been reduced by 28% from levels experienced in 2008 (€15.3m)

The board generated operating surpluses of €2.56m in 2012 as compared to €3.44m in 2011 (€3.49m – 2010 excluding depreciation & amortisation). These surpluses facilitated:

- i. Capital grant payments to private stadia of €1.5m in 2011 and a further €1.1m in 2012. These capital grant payments honoured a 2006 board commitment of €2.5m to Dundalk racing stadium.*
- ii. Payment of loan interest of €0.53m in 2012 and €0.55m in 2011 (€0.27m – 2010).*

The Board will have a significantly reduced capital programme going forward and therefore future surpluses are planned to be invested in financial support to the greyhound racing pool and repayment of bank debt.

15. Why was the originally newly appointed Team by the CEO in February 2007 all paid settlements by the CEO to leave the company? How many of the original Head Office appointed Team in February 2007 involved legal representation prior to their departure from IGB. What was the total cost to the Taxpayer to dismantle this Team?

The decision to rationalise reflected a key objective of the Strategic Plan of 2007 to ensure the management of the business was ad idem with the organisation's financial profile.

The overall cost of the redundancy caused by the changed economic climate and the need to cut costs was €2.07 million, including legal representation. The payback period for BnG was 1.16 years.

16. What was the cost of the redundancies programmes rolled out since 2007? What rationale was used to determine what services the Industry required given the level of administration required by all Semi State Bodies so as to stay in compliance with laws and regulations and good corporate governance practices were the necessary resources retained

The net cost of the redundancy programme was €2.07 million, with a payback period of 1.16 years. Business needs were identified and staffed accordingly.

17. The Tote Turnover projected by the CEO in 2007 in the Strategy Plan presented to the Minister was to reach €75m by 2012 from €48m and states IGB were "confident" in achieving this. Why did the Tote disintegrate to €19m in 2012? The HRI Tote fell by a minimal amount yet

The figure is incorrect and is, in fact €22.5 million. On a like for like basis, comparing specific on-track Tote activity, excluding international co-mingling arrangements, BNG's Tote performance compares very favourably with HRI's.

Compliance

18. Is IGB compliant with procurement of all contracts? Considering an audit by the C&AG of thirty invoices in the 2011 audit only four complied with procurement guidelines. Considering an audit by the C&AG of thirty invoices in the 2011 audit only four complied with procurement guidelines.

C & AG drew attention to some procurement practices within BNG, in its audit of the 2011 accounts, finalised in March of this year and in its audit of the 2012 accounts, just completed.

The Board gave detailed explanations to the C & AG on the procurement queries. In many cases, existing suppliers were employed due to their unique knowledge and understanding of the issues affecting the greyhound industry. The most significant instances highlighted by the C & AG included legal services, professional services associated with the BnG pension scheme and some advertising activities. It is important to state that these costs were for services essential for the proper functioning of the industry and in those situations where procurement guidelines were not followed, the decisions did not represent poor value for BNG. Continuity of service and issues of confidentiality influenced decisions taken on suppliers chosen.

The Board fully accepts that the correct process would have been to apply a formal procurement framework for all services. Since C & AG raised issues about procurement, the Board has appointed a Procurement Officer from outside the organisation both to deal with the issues advised in March 2013 by the C & AG and the tenders which are falling due for renewal in 2013 (Tote Tender). BnG has introduced enhanced formal internal audit mechanism and new protocols relating to the purchase of goods and services.

19. What are the conditions of contract between IGB and Forsport Ltd? Has this service been properly procured?

The contract was properly procured in 2008. The contract has now expired and a new tender process (etenders ID 79600) is being set up.

20. What is the status of the Dundalk investigation and what has this breach in the regulations cost the taxpayer

The Dundalk Inquiry is over. An independent review of an internal Bord na gCon's investigation into the running of a winning greyhound at Dundalk Track in 2009 concluded

that there were breaches of racing regulations involved. The review found that, on the balance of probabilities, the substitution of the dog entered into the race by another dog occurred.

The review carried out by barrister, Ms Aoife Forrest, followed an internal investigation which had been accepted in draft form by the Bord na gCon Board in January of this year, subject to legal advice on the publication of the investigation's finding being sought. That legal advice strongly warned that publication of the draft report would be suppressed by the High Court in any judicial proceedings.

On the basis of the legal advice, the Bord na gCon Board ordered an independent review of the investigation following the same terms of reference as the internal investigation and this has been published by Bord na gCon today (Friday 20 September). The review made findings and drew conclusions based only on the objective evidence obtained by the internal investigation.

A full copy of this report is available on the 'Talking Dogs' segment on Bord na gCon's website. Since this occurrence in 2009, IGB has implemented significant improvements to IT security on its Race Management System (RMS). Time variations are a particular focus of Stewards and clear guidelines have issued to Race Officials on the circumstances when an inquiry should be instigated.

The cost of the inquiry and review was under €30 K

21. Why did the CEO continue to act as the CFO for four years with no qualifications for the role? Considering serious financial decisions that have heaped debt on IGB and the greyhound Industry how did the Board allow this to happen?

During this period the CEO was served by three qualified accountants as well as ancillary staff in payables & payroll.

Financial affairs of the Board's subsidiary companies were administered by seven finance personnel. These were significant resources. Furthermore there was an internal audit function and each year during this period the government auditors (C&AG) audited all IGB accounts in a vigorous & thorough fashion. The CFO position was filled in early 2012.

BNG's level of debt was planned to fund a capital programme which had been a cornerstone of BNG strategy since 2002. The level of debt and bank facilities was approved by the Department of Finance. The overall programme cost €29 million, €21 million of which was funded by surpluses generated. The capital programme has concluded and the focus is now on paying off bank debt.

22. What bonuses, educational courses and other remuneration have been paid to the CEO since 2007.

The CEO was paid a contracted performance related bonus in 2007 of 25% of salary. Although surpluses generated in 2008 exceeded the 2007 figure, the budgeted figure was not reached and no bonus was paid. No bonuses have been paid to the CEO since 2007.

All details of the CEO's salary are contained in the annual reports. The CEO's basic pay for 2012 represents basic salary of €160,531, together with arrears of pay following the finalisation of his contract in September 2011. Other remuneration represents the value of benefit in kind amounts received by the CEO which has been incorrectly included in the annual reports 2007 to 2011, at €15k, the correct annual charge being € 4k. This detail has been accepted by the C&AG. In addition the CEO took voluntary salary reductions of over €30k from 2009 to 2011.

Over the past seven years, the CEO has attended a number of courses/seminars of relevance to his role including a number on Wagering, Sport and Integrity, Corporate Governance, Performance Management and International Co-mingling.

23. Were all the Strategic Objectives of the 2007 to 2012 Strategic Plan achieved, if not what objective were not achieved and what was the resultant correction to the owner of not achieving his/her objective?

A significant number of the Strategic Plan objectives have been reached including increases in prize money, the introduction of new marketing initiatives, improvements to regulation and enhancement of dog welfare.

Track attendances and Tote turnover have not been reached in common with most activity dependent on discretionary income. Despite much changed economic conditions, BNG has still produced operating surpluses on a par with the previous five year period which is a significant business and management positive.

24. Given everything that has been said above what is the relationship between IGB and the Comptroller and Auditor General. Are the C&AG fully briefed on all matters relating to IGB and can the C&AG independently substantiate all evidence given by IGB to this Committee today?

BnG does not understand the question. What exactly "is being said" and by whom? BnG believes that a strong professional relationship exists with the C &AG. All queries raised by the C &AG are fully resolved. No information is withheld from the C &AG

25. The reduction in the breeding figures is showing a negative trend. Considering the investment by the taxpayer in the Greyhound Industry what measures have the IGB carried out to ensure there will be adequate stock to service the Industry?

The current Board and executive are the first to undertake a proper census of dog numbers in the Republic as an empirical basis for developing strategies to address breeding deficits. From 2007 to 2011 BNG allocated 52% of the Horse and Greyhound Fund or €66.8 million to prize money racing grants. The comparable figure for 2002 to 2006, in a much different economic environment, was 51% of HGF. A special breeding incentive scheme has been introduced to increase breeding numbers. A national ownership committee has been formed and a national media campaign through Independent Newspapers undertaken to encourage dog ownership.

26. The Retired Greyhound Trust is a registered Charity administer by IGB. Can IGB confirm that all monies have been appropriated correctly under Charity legislation?

Yes. All activities of the RGT are in line with the RGT Deed of Trust, a copy of this deed has been enclosed. This trust is audited annually by the Comptroller & Auditor who has issued an unqualified report.

27. Has the IGB complied with the guidelines for the allocation of the Horse and Greyhound fund within the Industry?

Yes. The annual allocation from Horse and Greyhound Fund is split between a capital and revenue allocation. The attached table details the capital expenditure incurred as compared to the annual capital allocation.

	Allocation from the Horse & Greyhound Fund			Group Capital Spend
	Capital Spent	Revenue Spend	Total	Combined
	€000	€000	€000	
2008	2,000	13,332	15,332	7,380
2009	2,087	11,539	13,626	4,063
2010	1,200	10,653	11,853	11,695
2011	1,200	10,260	11,460	2,716
2012	1,100	10,158	11,258	2,155
	<u>7,587</u>	<u>55,942</u>	<u>63,529</u>	<u>28,009</u>

28. Have IGB encouraged suppliers and consultants to Invoice stadia when the costs should be invoiced to Head Office. Is this a tactic to claim back VAT that head office is unable to do?

BNG is fully compliant with VAT protocols.

29. Can IGB produce a list of all the debtors for IGB tracks?

The attached is a total of Debtors from the 9 Track operations within the IGB group at year end date 31 December 2012, (date of last audited accounts).

Stadium	Balance as at 31/12/12
Shelbourne	€282,438
Harolds Cross	€279,150
Limerick	€130,378
Tralee	€27,731
Galway	€111,883
Cork	€213,223
Waterford	€115,020
Mullingar	€7,659
Youghal	€17,465
	<u>€1,184,946</u>

30. A deal with Eircom has been announced with a value of 1.1m. Was this contract with this service provider properly procured?

Yes. This tender project as completed by IGB with the assistant of Achilles Procurement Services (etenders ID 18699) The tender process was managed through the e-tenders website.

31. What was the net loss after the robbery at Limerick stadium in 2012?

The net loss from the robbery on January 30th 2012 was €22,167. The January 30th 2012 robbery still subject to an on-going Garda Investigation.

32. What have been the individual Board members expenses since 2007? Have these been properly vouched?

Appendix 19 outlines the board expenses between 2007-2012, these agree to annual reports from Bord na gCon.

All expenses claims for travel and subsistence expenses are thoroughly reviewed, vouched to supporting documentation and approved before the claim is paid. All expenses are subject to audit by the Comptroller and Auditor General. Bord na gCon are in full compliance with the travel procedures under the Code of Governance for State bodies.

Board Members Expenses	2012	2011	2010	2009	2008	2007
Phil Meaney	14,475	11,324	-	-	-	-
Teresa Wall	5,309	7,158	6,489	7,860	7,836	10,805
Tim Gilbert	8,104	12,582	11,769	10,300	8,404	-
Billy O'Dwyer	7,445	8,053	8,089	6,461	6,504	-
Brendan Moore	7,615	670	-	-	-	-
Martin Murphy	7,863	548	-	-	-	-
Tony McNamee	2,825	-	-	-	-	-
Dick O'Sullivan	-	5,119	7,635	19,031	15,650	29,995
Tony McKenna	-	24,264	21,311	30,908	47,294	51,252
Frank O'Connell	-	-	-	4,769	22,402	27,524
Daniel Reilly	-	-	1,918	5,542	6,294	2,843
Padriag Feeney	-	-	-	-	1,365	6,930
Cathal Curley	-	-	-	-	-	1,142
John Hegarty	-	-	-	-	-	150
Seamus Mallon	-	-	-	-	-	848
Board Meetings etc	2,565	4,734	1,274	4,926	19,269	4,100
	56,201	74,451	58,485	89,797	135,019	135,587

AIDE MEMOIRE

Bord na gCon is aware that much of the Members' focus at the PAC meeting of November 7th revolved around the development of BnG's Limerick Stadium and headquarter building and the issue of "fill" for the Green Park site. Although these issues have been dealt with in some detail earlier in this document under various responses to questions asked by IGOBF, the following summation may be helpful to Members.

1. The price paid for Greenpark was €302 k per acre, comparable to other project-suitable land prices in Limerick at the time.
2. The purchase of the lands was approved by a Board meeting of Bord na gCon on June 28th, 2007, attended by six of the seven directors.
3. The BnG stadium and headquarter building covering over 11 acres was the initial project of a proposed 100 acre development to be undertaken on a phased basis by LRC, the vendors of the site, based on a Masterplan submitted to Limerick City Council by them. That larger project required significant amounts of fill to be provided for site preparation across the full expanse of the site. It required the establishment of a full commercial fill infrastructure which LRC had initiated, the raw material for which was to be sourced from vibrant construction activity in the Limerick catchment. The development of a first flagship project such as the BnG stadium and headquarters was seen as a commercial imperative by LRC and the offer to provide free fill was made in that context.
4. BnG has already indicated in 2009 that a Board minute referring to fill could have been clearer but fill, its value or availability was never an element in the negotiation of the purchase price for the land. BnG signed the purchase agreement which did not contain any reference to fill, in June 2008.
5. The supply of fill by the vendor was not a requirement of sale.
6. All issues relating to the site, including soil type and the requirement for fill, were clearly laid out in consultants' reports, documentation submitted in support for the planning application and in the Notification of Grant of Planning Permission.
7. BnG did not ignore the advice of its solicitors or consultants. Legal advice changed, after the first project meeting on January 18th 2008, which allowed the BnG legal team who were present at this meeting to clearly understand all aspects of the site purchase, from that originally expressed. From that meeting legal advice focused not on the provision of fill as a condition of contract, but on the methodology and quality control of fill to be dispersed. This can be confirmed to PAC by solicitors, Holmes, O'Malley Sexton.
8. Advice relating to engineering matters being included in the conditions of sale of Greenpark should be seen in the context of documentation from Atkins. "as you are aware, we have had very limited involvement in the discussions surrounding the purchase of the site, so our comments will be quite general at this stage".
9. The cost of the fill was €1.04 million which represented circa 5% of the total contract price.
10. All contracts on the Limerick construction project were properly procured.
11. All consultant and builder warranties and professional indemnity insurances were and where still appropriate, are in place.

12. Due to cost saving opportunities that arose from the contraction of the construction industry and through strong cost-focused management, the Limerick project was delivered at € 2 million under budget.

