



Ms Sarah Cremin
Committee Secretariat
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Ref: S1173 PAC33

Dear Ms Cremin,

I refer to your letter, dated 10th February 2023, referring to correspondences from Dr. Thomas Reed to the Committee of Public Accounts dated 19th November and 31st December 2022 and requesting an information note on the matters raised therein.

Background

Horse Sport Ireland (HSI) is responsible for devising and implementing strategies for the development, promotion and marketing of all aspects of an internationally competitive Irish sport horse industry (breeding, sport and leisure aspects). In March 2018, a complaint was lodged with the EU Commission in relation to state aid paid to HSI by this Department to support breeding and marketing initiatives for the Irish Sport Horse Sector. In addition, the complainant argued that HSI was granted the operations of the studbooks (Irish Sport Horse and Irish Draught) without a public tender and fair competition process.

Following communications between this Department and the Commission, it was agreed that a public procurement process would take place in 2022 in respect of certain services previously provided to this sector by HSI - i.e. studbooks, national breeding function and marketing services.

Request for Tender (RFT) Process

Three RFT documents were publicly advertised in February 2022. This included the RFT for the Provision of Studbook services. The studbook services were divided into 3 lots as follows:

- a. the Irish Sport Horse and the Irish Sport Pony
- b. The Irish Draught
- c. The Irish Cob and the Irish Part-bred Cob

There is no public funding to be provided to the successful tenderer of these Studbook services as part of the contract. The closing date for receipt of submissions to this tender was initially 31st March 2022, but this date was extended to 21st April 2022.

The evaluation process for the submissions received consisted of a 2-stage process which included:

- 1) compliance checks and selection criteria evaluation, and
- 2) award criteria evaluation.

Applicants who failed to meet the selection criteria in Stage 1 were eliminated from the competition. The Compliance/Selection panel consisted of three DAFM officials. The Award Criteria panel was chaired by the Department and included three external evaluators.

The findings of the tender evaluation panel were accepted by the Minister on the 20th September 2022. Standstill letters issued to all respondents for each of the RFTs on 22nd September, informing them of the outcome of the RFT. HSI were deemed the most economically advantageous tenderer for the Provision of Studbook services which included the lot entitled 'the Irish Sport Horse and the Irish Sport Pony'. The term of the contract for this tender is 24 months, with the right to extend it for a period or periods of up to 24 months with a maximum of 1 such extensions.

Studbook Development Ireland Ltd (SDI) statement to DAFM and subsequent letter to Minister McConalogue

On 18th October 2022, Dr. Thomas Reed, Director of SDI, trading as the Warmblood Studbook of Ireland, submitted a statement alleging that the [Studbooks tender] process was biased in favour of HSI and against SDI. This Department responded on 9th November 2022 (dated 8th November 2022) rebutting the allegations of bias. The following points in relation to SDI's allegations were included in this reply:

- Following communications between DAFM and the EU Commission, it was agreed that a public procurement process would take place in respect of certain services provided to DAFM - i.e. studbooks, national breeding function and

marketing. DAFM have undertaken this process and the contracts were awarded to the highest scoring tender proposals following objective, transparent and fair procurement processes.

- The allegations that two DAFM officials, were biased in their role in the procurement process in favour of HSI are unfounded. The role of the officials in the compliance checks was to assess if the required documentation and other compliances as outlined in the RFT had been met/submitted as part of the tender submission. They had no other role to play in the evaluation of the submissions against the award criteria and were not present nor had any input during the deliberations of the evaluating panel and awarding of individual scores. It should be noted that they deemed SDI, as well as HSI to be compliant in this check.
- DAFM is satisfied that all members of the evaluation team were impartial and independent in the context of the procurement procedure. All members of the evaluation team properly completed confidentiality/conflict of interest declaration forms. The independent evaluation panel were selected for the individual skills and professional expertise they could bring to the process.

I would add that the tender evaluation and awarding of scores is based on the tenderer's submissions. Full feedback was provided to SDI in sufficient detail to enable it to fully understand the decisions taken on behalf of the Minister in this competition and the reasons for those decisions

In a letter, dated 7th December 2022, to Minister McConalogue, Dr Reed reiterated his allegations of bias against SDI by the Department and its failure to appropriately manage conflicts of interest. The Chair of the Evaluation panel replied on behalf of the Minister on 10th January 2023 indicating that she was confident that proper procedures were followed in the evaluation process and that there was no bias either for or against SDI.

Competition and Consumer Protection Commission (CCPC)

This Department has received no communication from the CCPC concerning these matters nor has Dr Reed communicated in writing his interactions with CCPC to Department officials.

HSI Governance

In response to Dr Reed's correspondence to the PAC on 19th November 2022, I would add that, against the background of significant divisions among the then board and a series of board resignations, Minister McConalogue moved quickly to appoint an interim Chair and three board members to HSI. I am satisfied that the interim appointees will act independently and will work closely with industry stakeholders in the best interest of the HSI and the sport horse industry. I am also sure that the interim board will cast an objective eye on the running of HSI, the further development of the sector and the stewardship of almost €7 million in public funds annually.

Conclusion

I believe that the matters raised by Dr Reed in his correspondence both to the Public Accounts Committee and this Department were comprehensively and adequately addressed and responded to. Furthermore, I am satisfied that the correct procedures were followed in conducting the public procurement process for the Provision of the Studbook Services for the Irish Sport Horse and Irish Sport Pony Studbooks and there was no discrimination against Dr Reed or SDI. Finally, I am equally satisfied that all principles of procurement law were law were observed in the way the process was conducted, including the principles of transparency and equal treatment.

If you have any further queries, please do not hesitate in contacting me.

Yours sincerely



Brendan Gleeson
Secretary General