

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 17 Deireadh Fómhair 2013

Thursday, 17 October 2013

The Committee met at 10 a.m.

MEMBERS PRESENT:

Deputy Paul J. Connaughton,	Deputy Simon Harris,
Deputy John Deasy,	Deputy Mary Lou McDonald,
Deputy Robert Dowds,	Deputy Eoghan Murphy.
Deputy Sean Fleming,	

DEPUY JOHN MCGUINNESS IN THE CHAIR.

BUSINESS OF COMMITTEE

Mr. Seamus McCarthy (*An tArd Reachtaire Cuntas agus Ciste*) called and examined.

Business of Committee

Chairman: The arrangement of today's meeting is a meeting with Forfás as part of our first session and an examination of the accounts of Ordnance Survey Ireland, OSi, at noon. Are the minutes of our meeting of 10 October 2013 agreed? Agreed. Do matters arise? No.

We have received correspondence since our meeting on 10 October. No. 3B.1 is correspondence dated 7 October 2013 from Deputy Eoghan Murphy proposing the establishment of a sub-committee to oversee NAMA and related issues. The Deputy is not present, so we will defer this letter and raise the matter again when he is present to speak on it.

No. 3C.1 is correspondence received on 10 October 2013 from Mr. Martin D. Shanahan, chief executive officer of Forfás, regarding the briefing material for today's meeting, to be noted and published.

No. 3C.2 is correspondence dated 10 October 2013 from Mr. Colm Bray, chief executive of the OSi, regarding the briefing material for today's meeting, to be noted and published.

Two reports and statements on accounts have been received since our meeting on 10 October, Nos. 4.1 and 4.2, from the National Sports Campus Development Authority and the National Disability Authority. These are to be noted.

Our work programme is being displayed on screen. A meeting has been scheduled with the Department of Social Protection for 12 December to examine Chapters 19 and 20 of the 2012 report of the Comptroller and Auditor General. We will also meet An Garda Síochána on 23 January 2014 to examine Chapter 7 of the 2012 report of the Comptroller and Auditor General. Our meeting next week will be in private session and will deal with the bank stabilisation report and some other matters.

Deputy Sean Fleming: Why will it be private?

Chairman: We are finalising a report.

Deputy Sean Fleming: Our own report?

Chairman: Yes. We want to give members a chance to examine it and include whatever opinions they might have. Is the work programme agreed? Agreed. We asked the HSE to attend.

Clerk to the Committee: On this issue. Deputy Harris raised a further issue.

Chairman: Does the HSE understand that the meeting will be on budgetary matters?

Clerk to the Committee: Yes.

Chairman: Is there any other business? No. We have agreed the agenda for our meeting on 24 October. A revised copy of the report that we will be dealing with will be circulated tomorrow.

No. 7 is the Forfás annual accounts for 2012. We will invite the witnesses into the room.

Forfás Annual Accounts 2012

Mr. Martin D. Shanahan (*Chief Executive Officer, Forfás*), called and examined.

Chairman: We are dealing in this session with the Forfás annual accounts for 2012. Before we begin, I again remind members, witnesses and those in the Visitors Gallery to turn off all mobile telephones as the interference from them affects the sound quality and broadcast transmission of the meeting.

Witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. If they are directed by it to cease giving evidence on a particular matter and continue to so do, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a Member of either House, a person outside the House, or an official by name or in such a way as to make him or her identifiable.

Members are reminded of the provisions within Standing Order 163 that the committee shall refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government or the merits of the objectives of such policy or policies.

I welcome Mr. Martin Shanahan, chief executive officer of Forfás, and ask him to introduce his officials.

Mr. Martin D. Shanahan: I thank the committee for the opportunity to present to it this morning. I am accompanied this morning by Mr. Declan Hughes, divisional manager, enterprise, trade and innovation policy; Mr. Michael O’Leary, secretary and HR manager; Mr. Tom Clayton, chief financial officer, and Mr. Adrian Devitt, head of economic and competitiveness policy.

Chairman: Thank you. I now invite the Comptroller and Auditor General, Mr. Seamus McCarthy, to produce the accounts.

Mr. Seamus McCarthy: Forfás is the national policy advisory board for enterprise, trade, science, technology and innovation. It is an agency of the Department of Jobs, Enterprise and Innovation and works with it and its sister agencies, Enterprise Ireland, IDA Ireland and Science Foundation Ireland, to ensure the coherence of policies across the agencies in support of enterprise growth and job creation. The primary source of income for Forfás is Oireachtas grants, which totalled €51.4 million in 2012. These were paid from Vote 32 - Jobs, Enterprise and Innovation.

In addition to its policy functions, Forfás activities in 2012 also included the accreditation of laboratories, certification bodies and inspection bodies through the Irish National Accreditation Board, which is a sub-board and division of Forfás. Forfás also provides certain shared corporate services to its sister agencies, including property management of buildings occupied by them and responsibility for the costs arising from lease obligations for two properties previously leased for the former Industrial Development Authority.

In 2012, some 22% of Forfás expenditure related to its policy, corporate and shared services activities. Pension costs accounted for the remaining 78% of the agency’s expenditure in 2012. Forfás is the legal employer of staff across the development agencies, including Enterprise

Ireland, IDA Ireland, Science Foundation Ireland and some staff of the National Standards Authority of Ireland. Forfás centrally manages the pension schemes for all the agencies and their predecessor organisations. All pension benefits arising for retiring and retired staff are paid on an ongoing basis by Forfás. In 2012, payments to pensioners amounted to €43.4 million.

The Forfás Financial Statements for 2012 were certified on 27 June 2013 and an unqualified opinion was given. However, my audit certificate drew attention to non-effective expenditure of €1.4 million arising from rent and associated costs related to unoccupied office space. On foot of a Government decision, it is planned that the policy and research functions of Forfás will be integrated with the Department of Jobs, Enterprise and Innovation. I understand that the Government has agreed that Forfás will be dissolved by way of legislation and that all of its functions, responsibilities and liabilities will be transferred to other legal entities, with consequential changes in accounts and reporting arrangements. Forfás will continue as a legal entity until enactment of the legislation.

Chairman: Thank you. I now invite Mr. Shanahan to make his opening statement.

Mr. Martin D. Shanahan: As I have provided a detailed briefing note to the committee, in presenting the annual report and accounts for 2012, I will make a few introductory remarks.

Forfás is Ireland's policy advisory board for enterprise, trade, science, technology and innovation. Its primary function is to advise the Minister for Jobs, Enterprise and Innovation on the development of enterprise within the State. Forfás also has a co-ordination role with respect to Enterprise Ireland, IDA Ireland and Science Foundation Ireland. It is the statutory body in which the State's legal powers of industrial promotion and technology have been vested.

Forfás is also the legal employer of staff in Forfás, Enterprise Ireland, IDA Ireland and Science Foundation Ireland. It provides research and analysis and manages the work of a number of independent councils, including the National Competitiveness Council and the Expert Group on Future Skills Needs. In addition to its primary policy advisory functions, Forfás undertakes a number of other functions. The Irish National Accreditation Board is a sub-board and division of Forfás. In 2012, Forfás provided a range of shared services to Enterprise Ireland, IDA Ireland and Science Foundation Ireland, including pensions management and properties and facilities management. In 2012, Forfás was the legal host for the Office of Chief Scientific Adviser to the Government and for the Euroscience Open Forum, which was a significant international event held in Dublin in July of last year.

In September 2011, the Minister for Jobs, Enterprise and Innovation announced his intention to integrate the policy and research capability of Forfás with the Department of Jobs, Enterprise and Innovation. Government agreement was secured in April 2013 to commence drafting legislation to provide for the dissolution of Forfás and the transfer of its staff and functions to the Department and other legal entities, as necessary. In anticipation of the dissolution of Forfás responsibility for certain functions previously undertaken by Forfás and which did not require statutory adjustment have already been transferred to other bodies, including, for example, property management, the discover science and engineering programme and the Office of Chief Scientific Adviser to the Government.

On the core function of Forfás in 2012, the agency provided advice to the Minister for Jobs, Enterprise and Innovation and the Government across a wide range of policy issues, including strategies for the construction, manufacturing and social enterprise sectors; a review of the cost of doing business in Ireland; a review of Ireland's competitiveness performance; an audit of

the licensing requirements for business and the proposed measures to reduce the burden; identification of the key skills requirements of enterprise; the prioritisation of State investment in research and development; analysis of tax and finance issues for business and a study to identify changes in the operation of sector regulators that would enhance cost competitiveness.

A significant focus of Forfás work in 2012, as in 2011, was the development and implementation of the Government's annual action plan for jobs. Forfás has a number of roles in this regard. It works closely with the Minister and his Department in developing the action plan and liaises closely with other Departments and stakeholders in identifying the key actions required to support enterprise and jobs growth. Forfás is a member of the committee which monitors progress on the plan on a quarterly basis. It also has lead responsibility for implementation of a significant number of the actions in 2012 and 2013. Forfás is currently working on the development of the 2014 Action Plan for Jobs.

Forfás regularly reviews enterprise and sectoral policies and, through its annual surveys, monitors Ireland's and, specifically, the enterprise agencies', performance in terms of job creation, innovation and economic impact. In 2012, we also undertook evaluations to assess the impact of individual agency programmes, as part of the ongoing programme of evaluations across the enterprise agencies. Forfás operates effectively and efficiently and has delivered a substantial work programme, particularly in the context of significant decreases in staffing resources. This is achieved through the commitment and flexibility of its staff. Forfás policy work cannot be undertaken without partnership engagement and the commitment of others, including Departments, the enterprise agencies and the wider community of stakeholders.

While the focus of this meeting is the annual accounts for 2012, Forfás has a broad ranging and challenging work programme for the current year. We are working closely with the Department of Jobs, Enterprise and Innovation and the relevant agencies to ensure the successful integration of Forfás in the Department. I would be pleased to respond to any questions the Chairman and members may have.

Chairman: I thank Mr. Shanahan. May we publish his statement?

Mr. Martin D. Shanahan: Yes.

Deputy Robert Dowds: I thank Mr. Shanahan and his colleagues for coming before us today and providing the committee with its report. When will Forfás be wound up? Will all staff transfer to the Department of Jobs, Enterprise and Innovation? How will this change impact on the work done by Forfás? Will it all be done through the Department to which Forfás staff have been assigned? Are there any implications for staff pay and so forth given the restrictions on pay that apply in Departments? In a broad sense, how does Mr. Shanahan envisage the work of Forfás continuing? Will the winding up of the agency have a negative effect?

Mr. Martin D. Shanahan: The purpose of integration, as stated by the Minister for Jobs, Enterprise and Innovation at the time of the decision, was to improve the capability to develop and implement policy and to harness the capacity of Forfás and the Department of Jobs, Enterprise and Innovation in a synergistic way.

On the dissolution of Forfás, the organisation's policy research capability and staff associated with that function will transfer to the Department. A number of staff will transfer to other bodies and some have already transferred to IDA Ireland with the property function. The staff who are associated with the Irish National Accreditation Board, INAB, will transfer to the

Health and Safety Authority where the functions currently carried out by the INAB will be vested.

Implemented correctly, this change could have a positive impact in driving enterprise policy and implementation. As with any change, there are risks associated with it and we must be mindful of that. The protection of the policy research capability within Forfás is a key part of the integration. The Department and Forfás currently work together very closely, particularly in the policy area. The ability to undertake evidence-based analysis will be protected. The capability transferring from Forfás will form the core of a strategic policy division within the Department. All staff who are transferring will do so at their existing grades, which are analogous to Civil Service grades. As such, there is a direct mapping.

As to when the change will take place, the heads of the Bill have been published, the Office of the Parliamentary Counsel is drafting the appropriate legislation and the Bill is scheduled to be published in the autumn. The timeframe for its progress through the Houses then comes into play. One would envisage that the process could be completed in the first six months of next year, although that will be dependent on a number of things happening.

Deputy Robert Dowds: As regards the Forfás function, to what extent does it have a role in trying to encourage certain types of industry to locate here, whether through the IDA or by encouraging Enterprise Ireland to go down particular tracks Forfás believes would be useful in terms of employment creation? Tremendous work has been done in this area and it is extremely important, given the changing nature of business and the world, that we are at the cutting edge in this regard. I ask Mr. Shanahan to comment.

Mr. Martin D. Shanahan: Forfás currently works very closely with our sister agencies, Enterprise Ireland, Science Foundation Ireland and IDA Ireland. We develop broad enterprise policy together with these agencies and the Department. The most recent review of industrial policy was in 2010 when we set out the strategy for the foreseeable future, Making it Happen - Growing Enterprise for Ireland. We work very closely with the agencies in identifying sectoral opportunities and developing sectoral strategies. We also undertake evaluations of the programmes run by Enterprise Ireland, IDA Ireland and Science Foundation Ireland. We are heavily involved in the development of the overall science, technology and innovation strategy which supports industrial policy and also the recent research prioritisation exercise. It is envisaged that this work will be undertaken from within the Department of Jobs, Enterprise and Innovation as part of the strategic policy division to which I referred.

Deputy Robert Dowds: One concern I have as regards Forfás being absorbed in the Department - the civil servants present may object to my phraseology - is that a dead hand sometimes operates in the Civil Service. Clearly, the most innovative and flexible minds are required. While I accept it is difficult for Mr. Shanahan to comment, will Forfás, once it has been absorbed, be able to draw on the expertise that it may require, even if it is outside the Department? What is the position in that regard?

Mr. Martin D. Shanahan: The challenge is to make this happen effectively and efficiently and to ensure we can continue to do as many of the things we currently do within the Department. I can speak to what makes Forfás successful. We are currently successful because we have the skills and expertise, albeit skills and expertise that have been significantly reduced since the moratorium on recruitment and promotion was introduced. We have recruited people for specific skills, whether they be in economics, business, science and technology or education or analytical skills around evaluations and data.

An important part of our current activity is our relationship with our sister agencies in developing a coherent industry policy not only on foreign direct investment and indigenous business or innovation, but also to ensure the three areas work in tandem. Our ability to engage with enterprise directly is an extremely important part of what we do. It will be necessary to ensure those facets of our current activity continue in so far as is practical within a Government Department in the future. This is what we will be mindful of as part of the integration. The process involves an implementation team chaired by the Secretary General of the Department of Jobs, Enterprise and Innovation of which I am a member. I assure Deputy Dowds that this issue is at the forefront of our minds as we go through the integration process.

There are also some upsides. The Department has primary function for enterprise, jobs and innovation policy. Co-locating Forfás in the Department will shorten the gap, as it were, between policy development and analysis and its implementation. That is a potential upside.

Deputy Robert Dowds: Is it envisaged that Forfás will be able to draw on external expertise when required?

Mr. Martin D. Shanahan: I do not see why that would not be the case. As I stated, we currently support the work of a number of councils which are populated by people with independent expertise, for example, the National Competitiveness Council and the expert group on future skills needs. We have established *ad hoc* committees from time to time to assist us with our work and I do not see any reason this cannot continue within the new paradigm.

Deputy Robert Dowds: As regards the Action Plan for Jobs, Forfás is responsible for 11 actions in 2013. The report describes some of these actions as disruptive reforms. I ask Mr. Shanahan to explain that reference. To take one of these actions, namely, trading online, what exactly is Forfás's input in that area and other areas? Is it making a significant impact on how people can do their business?

Mr. Martin D. Shanahan: Forfás has a number of roles in relation to the Action Plan for Jobs. We have been involved in developing the annual action plan for 2012-13 and are currently working on developing the 2014 action plan together with the Minister and the Department of Jobs, Enterprise and Innovation. Second, we are involved in the monitoring of the action plan. I am a member of the monitoring committee and we have some staff located in the Department of the Taoiseach who monitor and help that Department monitor the action plan. Third, we have an involvement, as the Deputy has pointed out, in a number of the actions which need to be delivered through the 2013 action plan and we had some actions in 2012.

In regard to the disruptive reforms, there were seven areas singled out for specific attention in the 2013 plan. So there is a broad swathe of actions within the plan. There are 333 actions within the Action Plan for Jobs. A significant number of them coalesce around seven areas. Forfás has a role in a number of those, including the big data analytics disruptive reform, where we are providing research and secretariat support to a group which is identifying the priority areas to take forward under that disruptive reform. There has been significant investment in that area. Earlier this year €80 million was invested by Science Foundation Ireland into the Insight programme. We are involved in the ICT skills disruptive reform. We are undertaking a detailed study as to what is required out to 2018 in relation to ICT skills. There are actions undertaken in the delivery of that disruptive reform, so the expectation is that there will be 3,000 additional ICT professionals available to industry who are desperately needed in 2013 and that we would increase the output to 2018.

In regard to trading online, that is an area that is led by the Department of Communications, Energy and Natural Resources together with the involvement of our parent Department, the Department of Jobs, Enterprise and Innovation and ourselves. It is identifying a mechanism by which we can support businesses, particularly small businesses, to trade online. The expectation is that would be done through a form of an e-trading voucher-type support, but the details of that are currently under way.

There are other disruptive reforms, like the JobsPlus, which was implemented on 1 July; and the health innovation hub, where there is currently a demonstrator project operating in Cork and the analysis is happening currently to set up the national innovation hub.

In terms of the action plan and tangibles, I suppose-----

Deputy Robert Dowds: I apologise for interrupting. Is Mr. Shanahan satisfied it is yielding new jobs to the best extent possible? Does Forfás have a function in tipping off the relevant educational or other agencies to indicate the areas of likely skills shortages where people need to be upskilled to be in a position to take up jobs coming down the line? I know there are problems in some areas in that regard.

Mr. Martin D. Shanahan: First, I am confident that it is having an impact. The premise of the Action Plan for Jobs is about making it easier for businesses to do business and for them in turn to create sustainable private-sector employment. If we look at the most recent figures available from the CSO, 33,000 jobs have been created year-on-year to Q2 2013. We also see very small increases in the labour force during that time and very small increases in participation. That is against the background, obviously, of a significant unemployment issue and against the background that there are other factors that come into play, like emigration. However, it is a positive trend.

If we look within that, private-sector employment has driven that increase and is, in fact, entirely responsible for that increase because it is against a background of public sector jobs continuing to decline. So the trend directionally is absolutely right. There is other evidence to support its working, which is that the competitiveness ratings are improving. They are an indication of the environment for private-sector business.

Skills is one of the more significant issues that we are involved in and we manage and support the work of the expert group on future skills needs. We have detailed evidence and analysis of where we believe the shortages are currently and what the likely future shortages are. We work very closely with the Department of Education and Skills and the Department of Social Protection in advising them of where we believe those skills shortages are. That includes the educational spectrum of what we should be doing at primary and secondary level, right up to third level institutions and universities. We also engage with those institutions directly where we can with the limited resources we have and advise them as to what courses we think are required and what curriculum is required. We bring the combined intelligence of what we can see in the broad macro-data together with the information we get from our agencies and their clients as to what their specific needs are.

Deputy Robert Dowds: I turn to the property over which Forfás has leasehold, particularly Carrisbrook House in Ballsbridge, where the current occupancy rate is only 15%. On a lease that is due to expire in 2034, it is currently costing Forfás €1.2 million per annum in vacant space. I know there is a minor problem with Knockmaun House in Mount Street, but that is obviously much less significant in terms of the waste of money. Is Forfás directly responsible for

those buildings, does it come under the Office of Public Works, or is there joint function in that regard? I understand there is a particular problem with Carrisbrook House because the Israeli Embassy is there. As that is an embassy that requires huge security it may be deterring potential tenants. It grieves me to see that kind of money going down the drain especially given that the other day we had to introduce cuts, some of which are quite painful to people.

It raises a more general question, which Mr. Shanahan may not be able to answer, of that being a problem right across the public service. Is there any way to get over that problem? I gather this house was put up for sale a few years ago and could have been sold for €12 million, which would equate to ten annual payments for this vacant space. The public would find that hard to take. It raises questions over the extent of the problem.

Mr. Martin D. Shanahan: In regard to Carrisbrook House, the Comptroller and Auditor General has referred to the expenditure as non-effective. I agree with the Deputy that I am not happy that this expenditure is effective either. I must point out that we have a contractual obligation to pay this money. The State is contractually obligated. A leasehold interest was taken out on this building by the State in 1969 for 65 years by AnCO. It passed from there to the former Industrial Development Authority, which had its headquarters there until 1985. Forfás took over responsibility for the building in 1994. As the committee has pointed out, it is a little more than 15% occupied by a single tenant. Management of the building has passed to IDA Ireland since 1 July this year. In the time that we have managed the building and had the leasehold interest, including 2012, we have made every effort to secure tenants. We have explored all options in respect of our leasehold obligations and in respect of the sublease. The building has been marketed heavily. There has been some interest in it and there were 12 site visits in 2012 although none of those who visited opted to become tenants in the building.

A question was asked relating to the Office of Public Works. We have made the OPW aware of its availability dating back to 2008 and we have continuously-----

Deputy Robert Dowds: What role did the OPW have in respect of this?

Mr. Martin D. Shanahan: As the Deputy is aware, the OPW manages public sector buildings. This building is managed by Forfás and now by IDA Ireland. The OPW does not have a direct role in that regard although it manages accommodation for public sector organisations. We have continually made the OPW aware of the fact that there is space available within Carrisbrook House. We have also engaged with our sister agencies, Enterprise Ireland and IDA Ireland, to make them, and, in particular, their client-facing functions, aware that there is available space in Carrisbrook House. We have engaged with other agencies and public bodies to say that there is available space there.

The committee alluded to another point. It is fair to say that the fact that we do not have vacant possession of Carrisbrook House is a hindrance in respect of securing a tenant or additional tenants for it.

Deputy Robert Dowds: I appreciate this is a sensitive issue. Might it be possible to encourage the Israeli Embassy to go to a one-off building that might suit its needs? Perhaps that might remove one of the obstacles for Forfás. I am unsure whether that is Mr. Shanahan's responsibility.

Mr. Martin D. Shanahan: Given that the State will have a commercial interest in this property, potentially out to 2034, it would be imprudent for me to go into the commercial details

around any discussions that we have or might have or that our sister agency might now have with tenants of the house. The Deputy has already alluded to the fact that there are some associated sensitivities.

Chairman: We are running out of time.

Deputy Robert Dowds: There is one other area that I wish to ask Mr. Shanahan about, that is, the Forfás throughput of expenditure with regard to pensions. I understand that Forfás is responsible for pensions for former Forfás, IDA, Enterprise Ireland and Science Foundation Ireland people. What will happen to that role when Forfás is subsumed into the Department of Jobs, Enterprise and Innovation?

Mr. Martin D. Shanahan: As Deputy Dowds has pointed out, a significant proportion of the Forfás budget, fully 78% in 2012, relates to our administration of pensions on behalf of the agencies mentioned, as well as former agencies, including An Bord Tráchtála, Eolas, The Irish Goods Council, NBST and IIRS. All of that is managed from Forfás and the future liability in respect of those pensions appears in the Forfás accounts, as is the convention under the financial reporting standard, FRS, 17. The liability relates to 1,120 serving staff, 1,200 pensioners and 420 former staff with preserved benefits. This will be dealt with within the legislation around integration. I have no wish to pre-empt what the Houses will decide but the expectation is that the administration of the pensions will be from within the Department of Jobs, Enterprise and Innovation. The agencies are likely to become employers of their own staff and Forfás will no longer exist at that point. Then, the liability in respect of pensions, or some proportion of it, will pass to the agencies. This is a matter which will be dealt with through legislation. It is a matter for the Office of the Parliamentary Counsel in terms of drafting the legislation and there will be engagement with the Comptroller and Auditor General in respect of the appropriateness of how that is accounted for.

Deputy Robert Dowds: Presumably it is basically a transfer from the Government to Forfás to pay those pensions. Is that the case?

Mr. Martin D. Shanahan: Yes, we pay pensions on an annual basis. We paid out €43 million in pensions in 2012. The Vote associated with that was a little over €40 million and the remainder is collected in the form of contributions from existing or serving staff.

Chairman: I raised the issue of Carrisbrook House with representatives of the OPW when they were before the committee because I had thought the OPW was responsible for the building. If you do not mind, I want to get some understanding of where this lease came from or how it originated. In 1969 an agency entered into that lease for 65 years. Is that correct?

Mr. Martin D. Shanahan: That is my understanding.

Chairman: What happened from there? Was the building then fully rented or fully used? I realise you were not responsible - I want to make that clear - but I am keen to find out the position.

Mr. Martin D. Shanahan: My understanding is that the building passed from AnCO to the former Industrial Development Authority, which used it fully as its headquarters.

Chairman: It was fully used. Is that the case?

Mr. Martin D. Shanahan: That is my understanding but we can check that and see if there

is information available. It passed to Forfás on foot of the restructuring of the enterprise agencies in 1994. It was fully let until 2008. We had a significant tenant that occupied many floors of the building. The tenant left in 2008. The committee has highlighted the fact that we have had significant difficulties in finding a replacement tenant since that period and the Comptroller and Auditor General has rightly pointed to non-effective expenditure in this regard as well.

Chairman: Was it the practice back then that 65 year leases without a break clause were agreed? I do not believe that was common.

Mr. Martin D. Shanahan: I cannot speak to it.

Chairman: We are going to have to find out why this was the case. Why is it that an agency of the State, even though it was in 1969, entered into a 65 year lease without a break clause? I would like to know the answer to that question. I realise Mr. Shanahan cannot give it but perhaps someone within a Department somewhere, whether the Department of Finance or otherwise, might have some answers. Who was the landlord in 1969?

Mr. Martin D. Shanahan: Perhaps my colleague, Mr. Hughes, might be able to shed further light on it but my understanding was that AnCO was the original lessor of the building.

Mr. Declan Hughes: That is right.

Chairman: The original what?

Mr. Martin D. Shanahan: The lessor of the building, that is to say, AnCO took out the lease.

Chairman: From whom? Who was the landlord?

Mr. Declan Hughes: I do not have the details to hand but we can certainly provide them to the committee. We have copies of the original leases, etc.

Chairman: I wish to know who was the landlord back then in 1969. Did the identity of the landlord change in the years between 1969 and the present? I am aware it changed recently. Can the committee have a list of the names of who or whatever was the landlord, be it a person, company, trust or whatever?

Mr. Martin D. Shanahan: We will provide the committee with any details we have.

Chairman: Moreover, there must be some sort of legal explanation or commentary on the fact that the State was going to enter into a lease for 65 years without a break clause. How much has this cost the State since 1969? I note that from 2008 onwards, there has been a single occupier of the building. In each year since 2008 to date, approximately how much has Forfás paid in total rent?

Mr. Declan Hughes: In 2008, the amount in respect of the vacant space was €743,000. In 2009 to 2012, inclusive, the amount in respect of the rent was €990,000 each year. There also were associated service charges and rates, which obviously were reduced on vacant space, but the amount in 2012, for example, with service charges and so on was €1.2 million, as we stated in our document.

Chairman: The amount was €1.2 million. Does the lease contain an upward-only rent review clause?

Mr. Declan Hughes: There is a rent review clause, it is upward-only and the most recent rent review was a nil increase.

Chairman: A nil increase. Prior to that, did the rent increase regularly over the years?

Mr. Declan Hughes: I do not have that detail to hand but we can revert to the committee in this regard.

Chairman: May we also have that detail? It would be interesting were the witnesses to provide the committee with a history of the building in respect of landlords, tenants, rents, losses for each year and so on as that would be important. When the building was offered for sale, is it the case the State took no interest in it? It sold in 2012 for €16 million. The witnesses have stated it might not be attractive for people to rent that building because of the single tenant therein or some other circumstances concerning the building itself. However, it was attractive to an investor of some kind because the building was sold for €16 million. Deputy Dowds made the point that had the State bought the building for that amount, it would have saved itself some money. Is this not the case or what happened at that point of sale?

Mr. Martin D. Shanahan: Forfás did not take an interest in buying the property at that point. We did seek to try to reduce our leasehold interest in the property and at the time thought it might be opportune to off-load our current leasehold interest in it. However, we obviously are not in a position to buy the property.

Chairman: Who is the landlord at present?

Mr. Declan Hughes: The landlord currently is an investment trust. We are not aware of the exact backers but it is an investment trust.

Chairman: An investment trust now owns the building but Forfás has the building and is left with the hot potato. At the time of the sale, what negotiations went on with the Office of Public Works, OPW, on the possibilities of reducing the State's exposure by purchasing the building or reaching some sort of solution around that?

Mr. Declan Hughes: As Mr. Shanahan mentioned, we have been in ongoing contact with the Office of Public Works. We have written to it on various occasions and brought to the OPW's attention that this is available. At the time of the sale, we had put our own interest on the market previously and had made that known to various estate agents. When it came to the actual sale, we again made it known to the market that we were interested in disposing of our own interest in the building. We have been advised throughout this by professional advisers in terms of the appropriate steps and so on. However, the key piece was making sure the market was aware that we would dispose of our own interest on a commercial basis.

Chairman: Yes, but from the point of view of purchasing, did the OPW have any comment on it? I am interested in this issue because the last time the OPW appeared before this committee, its representatives very quickly referred the problem to Forfás. In my opinion, the OPW manages the property for the State and should have had some sort of input into the consideration being given to the disposal of the property that ended up being disposed of for €16 million. It should have done so to save the State from losing €1.2 million on a seven-storey property with just a single floor occupied and from possibly continuing to lose on that property until 2034. The State is locked into a lease with an upward-only rent review until 2034 and has missed the boat in respect of reducing its exposure when the aforementioned property was sold for €16 million. Between the present and 2034, should the property not be occupied or

should matters continue as they are, the State will lose double the amount for which it could have bought the property in 2008. This raises a number of serious questions about the State's ability to manage its property.

I am not laying this at Mr. Shanahan's door, as the OPW has a highly significant role to play in this regard. I am astonished it was unable to or did not wish to answer the question the last day it appeared before the committee and that members find today there was no significant progress on the consideration of purchasing that property when it sold for €16 million. It appears to be the case that the OPW simply continued on to blindly ignore the fact the State was losing €1.2 million per year and will continue to lose it and perhaps more, unless the properties can be rented out and I note Forfás is having difficulties in this regard. I ask the witnesses to submit a full report to the Committee of Public Accounts outlining what has happened since 1969 regarding the landlords, the costs and so on in order that members can explore properly how much has been lost to the State from 1969 and perhaps forecast up to 2034, because I reiterate this raises serious questions in respect of property management. I ask Forfás to work with the OPW in this regard. At least the highlighting of this issue and the obligation to make a report to the Committee of Public Accounts might cause the OPW to get off its hands and do something in respect of that property.

Mr. Martin D. Shanahan: We will provide the committee with any information and data available to us in respect of it since 1969.

Chairman: Finally, I refer to Wilton Park House and note Forfás has a problem with, for example, Knockmaun House. What is the position there?

Mr. Martin D. Shanahan: Knockmaun House is 88% let at present. The lease on Knockmaun House expires in mid-2014, that is, in July 2014.

Chairman: Does Forfás intend to renew that lease?

Mr. Martin D. Shanahan: As I pointed out earlier, the responsibility for property and the leasehold interest in all these properties now has passed to IDA Ireland. I do not expect that IDA Ireland would renew the lease but that is a matter for it.

Chairman: Has it always been 88% occupied or was the rate lower or higher?

Mr. Declan Hughes: It was let fully up to 2007, at which stage one of the tenants in the building went into receivership. Given the downturn in the property market, it proved difficult to re-let the property.

Chairman: What will happen with the space Forfás currently uses in Wilton Park House? Will that simply continue?

Mr. Martin D. Shanahan: That is under consideration at present. I am aware that the Department of Jobs, Enterprise and Innovation is conducting an audit of its own space requirements and availability at present. In the event that Forfás and the Department do not have a requirement in Wilton Park House, I would expect it would be let to private or public sector tenants. As it is an attractive property that was let fully in 2012, it would be an attractive property space.

Chairman: We will rely on Mr. Shanahan to give us the report. As I said, the OPW passed the property to him and the IDA has now taken it over. It would be good for the committee if

he would take up the task of providing a background report on the building.

Mr. Martin D. Shanahan: That is fine, Chairman.

Deputy Simon Harris: I thank Mr. Shanahan and his team for attending. I concur with the comments made by the Chairman and Deputy Dowds on Carrisbrook House. It does not add up to have a 65-year lease. It stinks, to be honest, that a 65-year lease was taken out in 1969 that had no break clause and an upward-only rent clause. I accept that the blame for that decision does not land at the door of Mr. Shanahan and appreciate the report on the matter. We are, as the Chairman alluded to, being sent from Billy to Jack which is frustrating. Somebody somewhere let the ball slip when there was an opportunity to protect the taxpayer from losing even more money in 2012. I would like to know the name of that person. Understandably, Mr. Shanahan said that he cannot go back and explain the matter but the OPW has kicked the ball back to Forfás. We need clarity on the matter but that might involve bringing in other agencies.

I shall return to some of the issues that were raised about the work of Forfás. Can the chief executive tell me the staffing level of Forfás? On page 24 of the annual report he said that the moratorium on recruitment to the public sector has put a significant “strain on the organisation’s ability to deliver on its mandate”. Please outline the impact the moratorium has had on the organisation.

Mr. Martin D. Shanahan: Forfás, like many public sector organisations is subject to the moratorium on recruitment and promotion. Since 2008 the Forfás staffing complement has reduced by approximately 32% and the policy complement has reduced by 42%. In light of that we have re-prioritised, re-organised and redeployed in the organisation. We have not received sanction to replace staff who have retired or left us for other reasons. As I said, we have managed the situation with redeployment, re-organisation, prioritisation and so on. Obviously there is an element of cutting our cloth to measure. We examine our priority policy issues and try to address them in as full a way as possible.

Deputy Simon Harris: Is there a skills deficit? Is there a specific skill set that his organisation is missing as a result of the moratorium?

Mr. Martin D. Shanahan: We do not have the depth of skills in all of the areas that we would want, rather than having no skills in a particular area. Undoubtedly, we do not have the numbers and depth of skills in the areas of economic analysis, tax, labour market, evaluations and surveys.

Deputy Simon Harris: On 26 July last Dr. Constantin Gurdgiev - and he will have to excuse me if I have pronounced his name wrong - authored a commentary on the Forfás annual report. He was quite damning about the way Forfás divides its expenditure and concluded his analysis by saying that “less than 12.65% of the organisation grant actually went to fund its activities”. He said that €43.5 million was spent on pensions, €1.4 million was spent on what he termed “wasted rent”, a matter we have previously discussed, and that such expenditure does not give the taxpayer “confidence in getting value for money”. He continued by quoting a senior science body head in Ireland as saying:

I was gobsmacked to see this figure. I wonder how much of the country’s so-called ... ‘science’ budget goes on pensions? This is not to begrudge retired public servants their entitlements, but we should be transparent about what we spend.

We need to be careful what we spend on activities as opposed to just meeting wage and pen-

sion costs. I shall give the chief executive officer an opportunity to respond.

Mr. Martin D. Shanahan: I will not respond to the comments made in the article directly but to the Deputy's queries. As I made clear earlier in my responses to Deputy Dowds, Forfás receives funding with 78%, which was €40 million in 2012, to pay pensions. It is not a discretionary activity. We pay pensions and we receive money to pay pensions but that may look a little unbalanced to an uninformed commentator. However, it is worth repeating that we manage and administer the pension fund on behalf of Enterprise Ireland, Science Foundation Ireland, IDA Ireland, An Bord Tráchtála, the Institute for Industrial Research and Standards, the National Board for Science and Technology, Eolas and all of the retirees from those former agencies. I am talking about an accumulated pension liability and the pension payments related to retirees from all of those former bodies. That skews the accounts in terms of balancing them. It is not a discretionary activity and that is why we receive funding.

Deputy Simon Harris: That is a perfectly fair explanation of the situation. I ask the chief executive officer to comment further on the pension liability and the next deficit. Note 8 in the annual report states that "Forfás has no evidence that this funding policy will not continue to meet" its pension obligations. If the pension deficit is to continue then what impact will that have on other operations? What is the projected net deficit for the pension scheme at the end of 2013?

Mr. Martin D. Shanahan: I wish to clarify that the term "net deficit" may be a little misleading. The figure refers to a future liability that is actuarially derived and based on a number of assumptions, out in the future, for all of those pensioners. In that regard, the State does have a future liability. However, it is not a deficit in a sense because there is not a gap, at present, between the liability. The asset that is capitalised on the balance sheet is the State's continual obligation to pay those pensions. Forfás has no reason to believe that such a practice will be discontinued. Obviously there is a broader issue.

Deputy Simon Harris: Okay.

Mr. Martin D. Shanahan: I do not think that it is an immediate issue for the Forfás accounts.

Deputy Simon Harris: Where are we projected to be at the end of 2013, as opposed to the end of 2012?

Mr. Martin D. Shanahan: I do not have the assumptions that will underpin the 2013 figure, as yet. That will happen in the coming months.

Deputy Simon Harris: Thank you.

Chairman: I shall continue on from where Deputy Harris finished. Between 2011 and 2012 the cost of payments to pensioners increased by 23%. What figure did Forfás pay pensioners in 2012? What is the likely increase in that payment?

Mr. Martin D. Shanahan: The overall payment to pensioners was €43,445,000 in 2012. I do not yet have a clear sight of the payment in 2013. Obviously pensions will be paid up until the end of-----

Chairman: I am reading the income and expenditure account for Forfás which states that "pension costs" for 2012 was €61,372,000. What is the difference?

Mr. Martin D. Shanahan: I shall ask my financial controller to comment on the matter in a moment. I shall simplify my answer but we can also give a detailed answer. The €43 million figure is the amount that Forfás pays out in pensions. The €64 million figure that the Chairman alluded to relates to the amount that is accrued for pensions for the year 2012. Therefore, Forfás is required under FRS 17, the accounting convention, to account for pensions as they are accrued each year and that is the liability for 2013. The amount actually paid out was €43 million in 2012.

Chairman: What will that be in 2013? What is the projected figure?

Mr. Martin D. Shanahan: Until the end of the year, it is very difficult ---

Chairman: Given that it increased by 23% between 2011 and 2012, is it Mr. Shanahan's expectation that there will be a similar increase in 2013?

Mr. Martin D. Shanahan: I do not expect that it will be similar but, again, I would caution that we are not at the end of the year yet. The year 2012 had a certain set of circumstances that caused that increase. I would not expect that to be repeated in 2013.

Chairman: Does the net deficit of €1.2 billion increase in 2013? Is that on the cards?

Mr. Martin D. Shanahan: Again, it depends. The figure for the future liability depends on the assumptions underlying the liability. It is primarily driven by the discount rate and we will have to decide at the end of the year what discount rate should be applied to this. It is actuarially derived. That is the liability out into the distant future in terms of pensions. It could increase in 2013 but if a higher discount rate was applied, it might reduce slightly.

Chairman: On the internal audit function, is the audit itself outsourced?

Mr. Martin D. Shanahan: The audit is outsourced, yes.

Chairman: How much does that cost each year?

Mr. Martin D. Shanahan: I will defer to my colleague on that question.

Mr. Michael O'Leary: Currently, the cost is in the order of €40,000 per annum.

Chairman: Has that figure been more or less the same for the last few years? Has it gone up or down?

Mr. Michael O'Leary: It has been negotiated down significantly in the last few years.

Chairman: I ask Mr. Shanahan to provide the committee with a copy of that report. I also ask him to give a copy to the IDA, given that it is now responsible and we will be anxious to bring the matter up with the authority when it appears before us. I thank the witnesses for coming along this morning.

The witnesses withdrew.

Sitting suspended at 11.25 a.m. and resumed at noon.

Ordnance Survey Ireland Annual Accounts 2011

Mr. Colin Bray (*Chief Executive Officer, Ordnance Survey Ireland*) called and examined.

Chairman: I ask members, witnesses and those in the Gallery to turn off their mobile phones as they interfere with sound quality and transmission. Witnesses are protected by absolute privilege in respect of the evidence they are to give to the committee. If they are directed by it to cease giving evidence on a particular matter and continue to do so, they are entitled thereafter only to qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and asked to respect the parliamentary practice to the effect that, where possible, they should not criticise or make charges against a Member of either House, a person outside the House, or an official by name or in such a way as to make him or her identifiable.

Members are reminded of the provisions within Standing Order 163 that the committee shall refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government, or the merits of the objectives of such policy or policies.

I welcome Mr. Colin Bray, chief executive officer, Ordnance Survey Ireland and ask him to introduce his officials.

Mr. Colin Bray: I am accompanied by Mr. Charles Collier, general manager for finance and corporate affairs with Ordnance Survey Ireland, Mr. Hugh Mangan, business and marketing manager; and Ms Geraldine Murphy, human resources manager.

Chairman: I ask Mr. McCarthy to introduce the accounts.

Mr. Seamus McCarthy: Ordnance Survey Ireland, OSi, which was established as a State body in 2002, is the national mapping agency. It operates under the aegis of the Department of Communications, Energy and Natural Resources. As part of the programme of rationalisation of State bodies, it is planned that OSi will merge with the Valuation Office and the Property Registration Authority by the end of 2013. I understand there may be some delay in this regard because legislation will be required to give effect to the merger. OSi's income comes primarily from sales of spatial data and mapping products, which generated income of €19.5 million in 2011. OSi is also in receipt of grant-in-aid from the Vote for communications, energy and natural resources. The total grant-in-aid paid in 2011 was €7.45 million. Around three quarters of OSi's expenditure in 2011 related to salaries and pension costs. OSi also invested €2.2 million in capital additions over the year.

In 2011, OSi formalised its interest in a joint venture called An Post GeoDirectory Limited, in which OSi and An Post have collaborated to provide a definitive database of addresses in the State. OSi's financial statements for 2011 received an unqualified audit opinion. However, my audit certificate drew attention to a number of disclosures in the financial statements. Bonuses totalling €30,000 were paid to four staff members in 2011. These bonuses were not in accordance with the provisions of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009. Accrued bonuses for 2008, 2009 and 2010 relating to the former chief executive officer had not yet been paid. These were payable without contravening the 2009 Act but payment was deferred based on an agreement with the former chief executive officer. Payment of interest on the amounts deferred was part of the agreement. An overpayment of salary was made to the then chief executive officer while the application of the provisions of the 2009 Act was being clarified. The chief executive officer will be able to update the committee on the

final legal settlement with the former chief executive officer in relation to remuneration matters. Following completion of the audit, the 2012 financial statements for OSi were certified on 11 October 2013.

Chairman: I invite Mr. Bray to make his opening statement.

Mr. Colin Bray: I am grateful for the invitation to attend the Committee of Public Accounts to discuss Ordnance Survey Ireland, OSi. OSi has been the national mapping agency for Ireland since 1824. We operate under the Ordnance Survey Act 2001 and we have a dual remit covering both public service obligations and commercial activities.

OSi operates and is funded differently to other public sector bodies. As part of our remit is commercial, we must design and sell products that can compete in a cutting edge marketplace. We have been successful in carving out a significant commercial market for OSi products and services, despite the impact of the recession. Like many organisations in the private and public sectors, large portions of OSi's revenue, particularly in the construction sector, were wiped out by the recession. However, through proactive development of new products and markets, extensive change management and judicious cost cutting, a substantial percentage of lost revenue was restored over time.

Public bodies, both national and local, and public utilities are the primary users of high quality spatial data sets and high resolution mapping. OSi's total revenue is €23 million, of which almost €10 million is derived from a variety of public service customers, including Departments, State agencies and local authorities. A further €8 million comes from private and commercial sector customers.

Today we are an organisation of 240 people with a focus on supporting the public service by providing it with the authoritative spatial data needed to support planning, conveyancing, construction and effective management of State assets and key national programmes. When OSi was set up as an independent entity under the 2001 Act, we continued to operate as an aligned public service organisation. As the national mapping agency we adhered to the Act by putting in place commercial strategies to enable the generation of revenues from the public and private sectors. The benefit of this was two-fold, in that it provided commercial income to allow us to further invest in surveying infrastructure, technology and product development while at the same time impOSing a commercial culture in terms of how we evaluate and deliver services.

As the committee is aware an issue has been identified relating to the need to build our commercial marketing ability in the context of the recession and the loss of revenue in specific market segments. Prior to the moratorium, therefore, we recruited on a fixed-term contract a marketing expert to assist us in addressing this need.

In the development of the digital economy, OSi has been an early mover in ensuring that the database infrastructure is in place to support related EU directives such as INSPIRE, and developed and maintains, *geoportal.ie*, the national environmental data portal, as a shared service on behalf of the Department of the Environment, Community and Local Government. We have also been intensely focused on future-proofing the management of spatial data by investing in a national spatial data infrastructure which will enable consistent and accurate referencing and management of location information. Further developments in the use of this database will support e-Government and the wider public sector reform agenda and public service planning.

The committee will be aware that the Government has decided to proceed with the merger

of Ordnance Survey Ireland, the Property Registration Authority and the Valuation Office. A project board comprising senior officials from the three parent Departments and the chief executive officers of the three organisations has been established recently to oversee the process. As an outcome of this measure we will be positioned to enhance public service reform and planning for the future by being more closely aligned with our public service clients and Civil Service colleagues to drive efficiency, value for money initiatives and transformation through the effective use of our spatial data.

Chairman: May we publish Mr. Bray's statement?

Mr. Colin Bray: Yes.

Deputy Paul J. Connaughton: I welcome Mr. Bray. The Comptroller and Auditor General noted that OSi's 2012 accounts were certified in the last several days. Was there any reason for the length of time it took to certify them? Given that we are now discussing the 2011 accounts, why were the 2012 accounts only certified within the last week?

Mr. Colin Bray: The 2012 accounts, as per normal activity, were submitted to the Comptroller and Auditor General at the end of February. A number of activities that occurred during that period can explain some of the delay. We had a change in the Ordnance Survey Ireland, OSi, board and so there was a period of a number of months there. In addition, in laying those accounts before the House, there was a delay in respect of the summer recess and that is the reason they came before the summer recess.

Deputy Paul J. Connaughton: On that point, will it be possible to have Ordnance Survey Ireland back before the committee in respect of the 2012 accounts? It is quite unusual to be discussing the 2011 accounts in October 2013.

Chairman: Yes, we can of course. I am sure that if the Deputy refers to the accounts in terms of any question he might have, the witnesses might be able to answer him.

Deputy Paul J. Connaughton: That is okay, it is just that most people who appear before the committee would have accounts for 2012. Mr. Bray stated, in the third paragraph of his statement, "OSi, operates and is funded differently to other public sector bodies." Can he explain briefly how it is that much different?

Mr. Colin Bray: As a public sector body, we actually create products and services. The running of our organisation and our funding model are based on the generation of commercial income and as such, we must compete with cutting-edge developments and the private sector in developing our products and services.

Deputy Paul J. Connaughton: Okay. I wish to concentrate on one matter that arose in the report, that is, on bonuses paid to certain employees. I understand this was in 2009 and 2010. Were they not in contravention of the financial measures legislation that was in effect at the time? If this is the case, why were they paid out?

Mr. Colin Bray: I thank the Deputy for his question. That issue was raised in the report of the Comptroller and Auditor General. The amount refers to a payment of €30,000 between four Ordnance Survey staff members. As for the Comptroller and Auditor General's note, there are two separate elements to be addressed within the figure. The first is a payment of €20,000 to a marketing expert as per the terms of a contractual commitment and the second element is a payment totalling €10,000, which was paid to three Ordnance Survey staff members. If I may

elaborate on the first point regarding the payment of €20,000 and going back to my opening statement and OSi's dual remit, we are fully dependent on our commercial revenue for our funding model. As referred to in the opening statement and given the downturn in the economy and the economic challenge we faced in respect of our commercial revenues, we were obliged to ensure that we were able to manage the commercial revenues for the running of the organisation. It was a necessity that we were obliged to bring in external commercial acumen to the organisation on the business and marketing side to ensure we could sustain that downturn in the economy and could grow. The sum of €20,000 relates to the procurement of a marketing expert for the organisation on a fixed-term temporary contract. That expert came into the organisation to carry out activities such as development and mentoring of business staff, the management of the development of our online business and the growth thereof and to grow the tourism and leisure product part of our business. The remuneration in question, that is, the €20,000, was part of a commercial contract for this individual. The €20,000 related to performance-related activities. The moneys involved were aligned with the costs of such expertise on the open market. A decision was made that a percentage of that salary would be related to performance measures, which were evaluated on a quarterly basis. Consequently, the €20,000 relates to that performance-related measure.

Deputy Paul J. Connaughton: Who made that decision?

Mr. Colin Bray: That decision was recorded in board minutes as a requirement to bring in the expertise and the approval was sought to go out and bring in that expert. The process of bringing in that expert was subject to strict controls and proper procurement and took place in 2008, prior to the moratorium.

Deputy Paul J. Connaughton: Following on from that, what of the €10,000 that was paid to three OSi staff members?

Mr. Colin Bray: The €10,000 that was paid to the three OSi staff members was a once-off achievement payment to three individuals in recognition of significant progress on change management initiatives. These initiatives would have been during the timeframe of 2010. I ask the committee to reflect back on that time, when we really were concentrating on and were fully engaged in securing our revenues, reacting to the downturn in the economy and ensuring that our revenue model was generated. Members can see from the figures provided in the briefing document the significant progress that was made in reducing the operating costs of the organisation over those years. Doing so obviously involved a number of activities with regard to changing work practices or getting rid of outdated work practices and this was prior to the Croke Park and enhanced Croke Park expectations. Consequently, this was a once-off achievement payment to those three members of staff.

Deputy Paul J. Connaughton: However, this happened in 2010.

Mr. Colin Bray: Yes.

Deputy Paul J. Connaughton: The financial emergency measures in the public interest, FEMPI, legislation of the time already was in place.

Mr. Colin Bray: Yes.

Deputy Paul J. Connaughton: Was the OSi not covered by that?

Mr. Colin Bray: We were covered by that legislation at the time.

Deputy Paul J. Connaughton: Should those bonuses have been paid?

Mr. Colin Bray: Those bonuses were paid in recognition of extensive work that was done both in putting in place the change management processes and in delivering on the requirements of the organisation and for its revenue. The Comptroller and Auditor General has recommended that we seek retrospective sanction on that and we have formally sought retrospective sanction.

Deputy Paul J. Connaughton: However, that is since 2010.

Mr. Colin Bray: Yes.

Deputy Paul J. Connaughton: As it now is October 2013, what has happened since?

Mr. Colin Bray: On foot of the signing-off of the accounts and working with the Comptroller and Auditor General on the recommendation of the Comptroller and Auditor General to seek the retrospective sanction, we now have sought such retrospective sanction from our parent Department.

Deputy Paul J. Connaughton: Why has it taken so long? As it is October 2013, why has that money not been recouped?

Mr. Colin Bray: No, that money has not been recouped and pending the decision on the retrospective sanction, as the Accounting Officer I will make that decision.

Deputy Paul J. Connaughton: No, with all due respect, that is not a good enough answer on the basis that this took place in 2010. While I do not doubt for one second the work they did, a great many workers across the public sector probably did a great deal of work that also deserved bonuses but did not get them. I am trying to find out the reason the FEMPI legislation was not adhered to at that time and, second, the reason, three years on, we only now know there will be sanctions against them but no sign of the money being recouped.

Mr. Colin Bray: A decision was made at the time, with the then board and then chief executive officer, and approval was given to make those payments.

Deputy Paul J. Connaughton: Was the Minister informed at the time?

Mr. Colin Bray: The Minister was not informed at the time.

Deputy Paul J. Connaughton: Would he have expected to have been informed?

Mr. Colin Bray: That was a decision that was made in the running of the organisation and it was felt that board approval was sufficient at that time.

Deputy Paul J. Connaughton: Was the board aware at the time that it was going against the legislation in place in 2010?

Mr. Colin Bray: At that time, the decision was made that this was the appropriate decision to be made and we now have sought retrospective sanction on that.

Deputy Paul J. Connaughton: I am sorry but I find it hard to believe the board simply decided that it understood the organisation's staff had done a great job and deserved a bonus and that although national legislation was in place that applied right across the country, it should pay the bonuses anyway.

Mr. Colin Bray: This particular incidence was a one-off extraordinary event for Ordnance Survey Ireland. The organisation was going through an extensive challenge to ensure that it brought in its commercial revenues during a challenging downturn in the economy. Moreover, prior to the Croke Park agreement, we had to implement many change management initiatives, which were very progressive at the time, with regard to changing work practices. In respect of bringing down the organisation's operating costs, we needed to put in place many change practices within our operations. We needed to increase a significant level of automation and process, which required extensive work in making that happen. The payment was seen as being just and fair at that point in time.

Deputy Paul J. Connaughton: I understand that but the problem is that while other State bodies were in the same position, their employees did not get bonuses and yet the board decided to overrule what was national policy at the time by paying out these bonuses. I do not understand how OSi could make that decision with an attitude of thinking that as it thought the work had been done well, it would not pay heed to the FEMPI legislation and would simply pay out these bonuses.

Mr. Colin Bray: At that time, that was the decision made.

Deputy Paul J. Connaughton: Was the Minister informed?

Mr. Colin Bray: The Minister was not informed.

Deputy Paul J. Connaughton: The legislation was not adhered to.

Mr. Colin Bray: The legislation was acknowledged.

Deputy Paul J. Connaughton: Acknowledged, but not followed.

Mr. Colin Bray: It was not followed in that situation.

Deputy Paul J. Connaughton: Since then, now we find out that there is a sanction to recoup this money but it has not yet been recouped.

Mr. Colin Bray: In relation to our request for retrospective sanction, that has been a recent request in discussions on the accounts.

Deputy Paul J. Connaughton: How recent?

Mr. Colin Bray: That would have been within the past month.

Deputy Paul J. Connaughton: Within the past month. Why has it taken until September 2013?

Mr. Colin Bray: Sorry, Deputy?

Deputy Paul J. Connaughton: Why has it taken until only a month ago? If these are in the 2011 accounts, why only a month ago was it sought to be retrospectively taken back?

Mr. Colin Bray: We were in constant discussions.

Deputy Paul J. Connaughton: If a bonus was paid out that should not have been paid out, what was in constant discussion? If I have missed something here, by all means, Mr. Bray should inform me. How can it take that length of time to say that those bonuses should not have

COMMITTEE OF PUBLIC ACCOUNTS

been paid out and the agency wants to recoup them?

Mr. Colin Bray: This was an issue that was being addressed and we have now sought retrospective sanction on them.

Deputy Paul J. Connaughton: It was not really being addressed.

Mr. Colin Bray: It is being addressed now.

Deputy Paul J. Connaughton: It is being addressed now.

Mr. Colin Bray: I can assure the Deputy and the committee that the processes are in place to ensure that this does not happen again.

Deputy Paul J. Connaughton: Is the money still sought to be recouped?

Mr. Colin Bray: Pending the decision on the retrospective sanction, that decision will be made.

Deputy Paul J. Connaughton: Are those three staff still working in OSi?

Mr. Colin Bray: They are, indeed. Yes.

Deputy Paul J. Connaughton: When will Mr. Bray finally have a decision on whether it will be recouped?

Mr. Colin Bray: I would hope to hear shortly on the decision on the retrospective sanction.

Deputy Paul J. Connaughton: Is there a date on that?

Mr. Colin Bray: That would be outside of my control but I will act as soon as that decision is made.

Deputy Paul J. Connaughton: Who is in control of that decision?

Mr. Colin Bray: That has gone to our parent Department.

Deputy Paul J. Connaughton: When can Mr. Bray find out? Could he report back to the committee as to when that decision will be made?

Mr. Colin Bray: I will, indeed.

Deputy Paul J. Connaughton: Could we have an idea of when Mr. Bray might report back this?

Mr. Colin Bray: I will report back within the week.

Deputy Paul J. Connaughton: There was also an issue with an overpayment to the CEO. What was the background story to that?

Mr. Colin Bray: The overpayment to the CEO was in relation to clarification that was being sought at that time. That overpayment was since recouped and no overpayment has been made.

Deputy Paul J. Connaughton: No overpayment?

Mr. Colin Bray: No overpayment exists at this point in time.

Deputy Paul J. Connaughton: At all. Did she not receive money she had to pay back?

Mr. Colin Bray: The money was recouped.

Deputy Paul J. Connaughton: The money was recouped.

Mr. Colin Bray: Yes.

Deputy Paul J. Connaughton: How long did it take for that money to be recouped?

Mr. Colin Bray: For that detail, I will come back to the committee.

Deputy Paul J. Connaughton: It all is a little vague. There seems to be a great deal of information out there from accounts in 2011 and in October 2013, there does not seem to be any clarity on a number of issues. Let us be honest, it is taxpayers' money that is going into the OSi. There are overpayments. Almost three years on, the OSi is not coming back with much clarity as to how these decisions were taken and how they have been fixed since.

Mr. Colin Bray: On the former chief executive, that was an ongoing discussion over an extensive period of time and that decision was decided. All payments made were in agreement with the contractual terms of the chief executive.

Deputy Paul J. Connaughton: How long did that period take? Were there legal costs involved?

Mr. Colin Bray: I am aware - I have recently received the final 2012 accounts - that there are legal costs within the 2012 accounts. I and the board will be dealing with that comprehensively in the 2012 report.

Deputy Paul J. Connaughton: How much were the legal costs?

Mr. Colin Bray: With the permission of the Chair, I will refer to that. The costs on that were in the region of €61,000.

Deputy Paul J. Connaughton: Where does the bill for that fall then?

Mr. Colin Bray: The bill for that falls with the Ordnance Survey Ireland.

Deputy Paul J. Connaughton: Will that be covered by OSi's private source of funding?

Mr. Colin Bray: That will be covered by the funding within the Ordnance Survey Ireland.

Deputy Paul J. Connaughton: Will there not be State funding provided to pay for the legal fees of an overpayment on the CEO?

Mr. Colin Bray: That would come out of the overall funding of the Ordnance Survey Ireland.

Deputy Paul J. Connaughton: Is that just it?

Mr. Colin Bray: On our revenue, we are at 90% cost recovery within our revenue model.

Deputy Paul J. Connaughton: On another area, I note the Comptroller and Auditor General mentioned that there might be a need for legislation on the merger of the different offices. In that regard, how far behind are we? I think it was due to end at the end of this year.

Mr. Colin Bray: I would like to report that there has been great progress on that merger. OSi is very supportive of the process. There has been a steering group formed to drive the process comprising three senior officials from the three parent Departments and the three chief executive officers. A number of working groups have now been established to address the merger issues and those working groups are active and making great progress.

On the timeline involved, obviously, this is a complex merger of three significant agencies with their own legislation. For the new organisation, this will require new legislation. A working group on legislation has been set up to drive that forward. I think the dependency on the timeline will be around the legislation.

Deputy Paul J. Connaughton: Does Mr. Bray have any idea yet when that legislation will be published?

Mr. Colin Bray: We would hope sometime next year but the time line of that legislation would be unknown at this stage.

Deputy Paul J. Connaughton: Obviously, Mr. Bray cannot control when the legislation will be done, but the timeline of this merger is way behind schedule.

Mr. Colin Bray: With the establishment of the working group and the establishment of all of the sub-working groups, an awful lot of progress has been made on the benefits that the new organisation would achieve and by the working groups around the shared services, legislation, finance, technology and developing a new corporate data model for the new organisation to really achieve the efficiencies of the merger.

Deputy Paul J. Connaughton: While I am not sure how many are on the board, the accounts show the attendance of all the board members and the level of remuneration they got. One individual only attended one meeting but seemed to get the same remuneration as everyone else. Would Mr. Bray explain how that could be the case?

Mr. Colin Bray: Could I come back to the Deputy on that point?

Deputy Paul J. Connaughton: What I am really trying to find out is how some members were there for every meeting and got the full remuneration, but one individual turned up for one meeting and seemed to get the same amount as well. How is that possible? How could it work out that way?

Mr. Colin Bray: I will come back to the Deputy in a timely manner on that point.

Deputy Paul J. Connaughton: On another point, while it might seem like a relatively small figure in the overall budget, there was €17,000 contributed to the staff social fund. How does that sum break down? Where did those figures go? Considering the times and how most organisations are living, how could the figure be that high? How was the money spent?

Mr. Colin Bray: If the Deputy could give me one minute on that, we will find that. We have done extensive preparation for this meeting and I will find that information.

Chairman: How long is Mr. Bray in position?

Mr. Colin Bray: I am in the position six months at this point in time. I took up the position of chief executive at the end of March.

Chairman: Generally speaking, the questions we are asking relate to before Mr. Bray's time.

Mr. Colin Bray: They do, indeed. Yes.

Coming back with that information, the above included staff social club contribution, but also retirement pension functions and employee team-building exercises. In our accounting, we put a number of heads within that heading. To say that it was all related to one thing would not be the case. That is related to a number of subheads, including team-building exercise, retirement presentations, etc. I can give a further breakdown on those figures to the committee.

Deputy Paul J. Connaughton: On the three employees who received the bonuses in 2010 and considering that we only have the accounts for 2011, were any bonuses or allowances paid to any members of staff in 2012?

Mr. Colin Bray: The 2012 accounts will be laid before the Oireachtas within the coming three weeks. Any issues in those accounts will be dealt with comprehensively by me and the board.

Deputy Paul J. Connaughton: Mr. Bray cannot confirm to me now from the 2012 accounts whether anyone has received any bonuses.

Mr. Colin Bray: No bonuses were given in the 2012 accounts.

Deputy Paul J. Connaughton: Or allowances?

Mr. Colin Bray: Within the OSi, we have sanctioned allowances in regard to our flying operations and other activities associated with care of vehicles, etc. That figure is in the region of €35,000. The majority of the €35,000 allowance would be in relation to our flying operations. Obviously we are dependent on the weather for our daily collection and flying operations. We have five flight crews on call at all times and they will fly 364 days per year. That is where the figure comes from.

Deputy Paul J. Connaughton: I understand fully, and as the Chairman said, Mr. Colin Bray is only in the position six months. However, I do not believe it is acceptable for the OSi, as an organisation, to have allowed the bonuses to be paid in 2010 when it knew it was against the financial emergency measures in the public interest legislation. I am trying to understand better how the decision was made, who made the decision, whether the Minister was aware of it and why the OSi felt it could proceed with the payment. It is important, considering the State money pumped into the organisation, that this committee would be informed of occurrences of this kind as soon as possible.

Mr. Colin Bray: As already stated, the process for that was such that the then board and then CEO approved the payments.

Deputy Paul J. Connaughton: I thank Mr. Bray

Chairman: Before I call Deputy McDonald, I would like clarification on a point. I fully appreciate that Mr. Colin Bray has been in his position only for so long. Mr. Collier is the financial officer. Is that correct?

Mr. Colin Bray: Yes.

Chairman: How long is Mr. Collier in the position?

Mr. Collier: I am there since 2006.

Chairman: What was the value of the fixed-term contract, whereby the €20,000 was paid? What was the overall payment minus the €20,000?

Mr. Colin Bray: The contract was made up of €80,000 and €20,000. That would have been the market rate at the time to bring to the organisation the level of expertise required to ensure we could manage the downturn in the economy and bring in our commercial revenue.

Chairman: It was €80,000. In the contract, there was a clause to pay €20,000 on performance.

Mr. Colin Bray: A decision was made that we would have control over the performance, and €20,000 of that salary was performance related.

Chairman: The OSi obviously certified or examined the performance. What performance impressed the OSi so much that it paid €20,000?

Mr. Colin Bray: The actual salary was based on €100,000. That was the contracted amount, and €20,000 of that was associated with performance. Very prudently, that gave us control over an individual coming into our organisation.

Chairman: I understand that. What performance did the OSi measure? Was it turning up on time or going home on time?

Mr. Colin Bray: There was a strict set of criteria concerning what was to be delivered within the period of the fixed-term contract. The individual was assessed in relation to that performance. There were a number of key activities involved, one of which was developing our online presence and online revenue facility. Also included was growing our tourism and leisure industry, which had taken a significant hit as a result of the downturn in the economy, and developing and mentoring our sales staff so that knowledge would be transferred to them when the individual finished the job.

Chairman: What specific function did the three staff who received the €10,000 fulfil to qualify for it?

Mr. Colin Bray: The function they fulfilled involved achieving significant change within the organisation, facilitating the change within our production environment and operating of processes, and proactively removing outdated work practices within the organisation. This had a significant impact on the organisation.

Chairman: Was it not part of their job to perform to a better level and introduce change, as was happening in the private sector and throughout the country at the time? What exceptional function did the staff have to warrant paying them €10,000?

Mr. Colin Bray: The exceptional function that was involved was the effort and time devoted above the normal activities that were involved in undertaking this activity while, in parallel and at the same time, carrying out their day-to-day jobs, which were extensive at that point, bearing in mind the downturn in the economy and our need to sustain our revenue model. The decision by the then board and CEO was that the payment was warranted.

Chairman: I echo what Deputy Connaughton said in regard to the legislation. I find it incredible that the board, giving each board member's responsibility, would just ignore the legislation. As I understand it, it did not make an application at the time to the Department seeking approval prior to the payment, in the full knowledge that the legislation states one cannot make the payment. I presume the Minister makes the final decision on this.

Mr. Colin Bray: That would have been-----

Chairman: The approval Mr. Bray is now seeking, having paid the €10,000.

Mr. Colin Bray: Having paid, the retrospective sanction would be sought through our parent Department.

Chairman: I understand that, so it is the Minister and the Department that would make the decision.

Mr. Colin Bray: And ultimately-----

Chairman: How can Mr. Bray expect them to make that decision when they introduced legislation at the time in question saying what occurred should not happen? What makes the OSi different from anybody else?

Mr. Colin Bray: In relation to the activities of the OSi and the level of effort required – I fully appreciate the effort of all public servants-----

Chairman: It does not give Mr. Bray the right to ignore legislation. That is the point I am making; it is a simple point. The OSi blatantly ignored the legislation and is asking that the legislation be parked or ignored for three individuals – this is not personal but an administrative matter relative to legislation – considering that the whole country was doing as much as it could to keep on track, and much more than was expected.

Regarding what Mr. Bray said about his predecessor in the role of CEO, €61,000 was paid in legal costs regarding the arrangement the OSi reached. Am I correct?

Mr. Colin Bray: Yes, that was the legal cost involved.

Chairman: Surely that CEO had a standard rate of pay. Was the pay €147,659 with the use of a company car? The bonuses paid over the various years – the years are 2010, 2009 and 2008 although the figure for 2011 was nil – were around €37,000 each year.

Mr. Colin Bray: Any payments made to the chief executive were in line with the terms and conditions of the contract.

Chairman: What did the chief executive do to warrant a bonus of €40,000 or, to take the figure from 2010, €37,000? The board would have had to approve that. What work was exceptional in that case?

Mr. Colin Bray: No bonus was paid in 2010 in line with FEMPI, the Financial Emergency Measures in the Public Interest Act. The bonuses were paid for the terms 2008 and 2009.

Chairman: What caused the disagreement that cost €61,000 in legal fees? What was the end result of that?

Mr. Colin Bray: The end result was the termination of the contract and the discussions

COMMITTEE OF PUBLIC ACCOUNTS

involved with that. That will be contained in the 2012 annual report and will be dealt with comprehensively by the board and I in the 2012 report.

Chairman: Mr. Collier must know what is in the 2012 report.

Mr. Charles Collier: Yes.

Chairman: Will he give the details to the committee?

Mr. Charles Collier: The 2008 and 2009 bonuses were paid out.

Chairman: Did the bonuses for 2008 and 2009 come to €40,000 each?

Mr. Charles Collier: Yes, it was about €40,000 per year.

Chairman: How much was paid after 2009?

Mr. Charles Collier: Nothing.

Chairman: Was that the only figure paid to the chief executive officer whose contract was being terminated?

Mr. Colin Bray: All of the payments were in line with the terms of her contract.

Chairman: How much was paid along with the €80,000?

Mr. Colin Bray: The detail of that will be provided in the 2012 accounts.

Chairman: Yet, Mr. Collier knows the figure.

Mr. Charles Collier: What was paid were the back pay arrears of €24,171 based on the contractual terms. This was paid along with the bonuses in 2008 and 2009.

Chairman: There was interest on that figure.

Mr. Charles Collier: Again, per the contract, there was interest of €7,187.

Chairman: How much?

Mr. Charles Collier: It was €7,187.

Chairman: I will come back to that later. I call on Deputy McDonald.

Deputy Mary Lou McDonald: I find that exchange more confusing than clarifying.

The fees concerned were over €61,000. How much was recouped by the organisation on foot of that spend?

Mr. Charles Collier: We paid €61,000 in legal fees to ensure the termination of the contract. We got nothing back from that.

Deputy Mary Lou McDonald: How long has Mr. Bray been working in the Ordnance Survey of Ireland, OSi?

Mr. Colin Bray: I have been working there for 16 years.

Deputy Mary Lou McDonald: Was his predecessor an OSi man?

Mr. Colin Bray: No, my predecessor was not a surveyor but had been in the organisation for ten years.

Deputy Mary Lou McDonald: Is it the trend that the chief executive officer is recruited from within the OSi?

Mr. Colin Bray: The former chief executive was the first from outside of the organisation. The trend would have been to take from within the organisation. It is 190 years old next year. Until several decades ago, it was very much a military organisation where the commanding officer would have been the head of the organisation. The trend would have been to have a senior surveyor as the head of the organisation.

Deputy Mary Lou McDonald: Mr. Bray spoke earlier about the OSi contracting in a commercial marketing expert. Was this an unusual move for the organisation or is there a pattern of that also?

Mr. Colin Bray: The market we operate in is cutting edge. We would have contracted in certain expertise from time to time to help us do a knowledge transfer of what we needed to do. That would have been the last instance of that.

Deputy Mary Lou McDonald: Would those contracts, typically, have been salaried with a performance-related element?

Mr. Colin Bray: We would feel that this would give us more control over an individual.

Deputy Mary Lou McDonald: Was that contract type standard practice?

Mr. Colin Bray: That was the standard practice we would have implemented and would have reflected what was in the private sector at the time.

Deputy Mary Lou McDonald: Is that base salary plus performance-related payments?

Mr. Colin Bray: Obviously, it was not standard for our own staff but for expertise coming in.

Deputy Mary Lou McDonald: How did the OSi recruit this marketing expert?

Mr. Colin Bray: The bringing in of this individual into the organisation was subject to strict controls. There was a formal process which included the chief executive and board approval. The sourcing of the marketing expertise was through a recruitment agency which would have short-listed candidates. Then there would have been a panel interview and selection.

Deputy Mary Lou McDonald: When was this person recruited?

Mr. Colin Bray: In 2008.

Deputy Mary Lou McDonald: What was the involvement of the parent Department in this process? Did the board require clearance from it?

Mr. Colin Bray: It was done within the organisation and did not involve our parent Department. It was 2008, so it was prior to the public sector recruitment moratorium.

Deputy Mary Lou McDonald: This was not a State appointment. This person was coming in on a very different contractual basis from the 200 odd public servants in the organisation.

Mr. Colin Bray: It was a temporary fixed-term contract to provide us with expert resources.

Deputy Mary Lou McDonald: We have now established that the parent Department was not involved in any part of the recruitment process. Is that good? For the record, I believe the OSi is a good operation. However, when it decided to bring in outside expertise and strike a contractual deal but excluded the parent Department, it does not wash with me to claim there is a commercial arm to the organisation's activities. In the first instance, the OSi is a public service entity and provider. It receives a large subvention from the State which dwarves any of the commercial income it makes. In addition to this €20,000 bonus, in defiance of FEMPI, there is a larger issue around how the OSi would go about bringing in this marketing expertise. It is not acceptable that it would have decided or have had the authority to bring in a marketing expert without a sanction from the parent Department. I presume the board was acting within its authority.

Mr. Colin Bray: Yes, this was in 2008 prior to the public sector recruitment moratorium. We are a public sector State body. We have a dual remit where we do commercial and non-commercial activities. We need to contextualise this in respect of 2008, when the downturn in the economy had a significant effect on the OSi. We had to react very quickly to the changing economy.

Deputy Mary Lou McDonald: I do not doubt that.

Mr. Colin Bray: Our funding model is dependent on commercial income, which is considerably more than the State subvention. Our responsibility was to ensure that this revenue was protected. The consequence of not taking that approach - bringing a temporary transfer of expertise into the organisation - would have had a negative effect on our bottom line and the revenue line. This would have meant looking for further funding for the organisation, which is not in our interest or that of the State.

Deputy Mary Lou McDonald: How long was this marketing expert with the OSI?

Mr. Colin Bray: The person was with us for three years and nine months.

Deputy Mary Lou McDonald: So the total value of the contract would have-----

Mr. Colin Bray: For this individual, the total value of the initial contract was €100,000, which was made up of 80% fixed salary and a 20% variable in respect of performance. During that period, the figure of €80,000 was reduced in line with reductions in salary for all of our other staff. This was a fixed-term contract for two years. It was extended because of the extension of the downturn in the economy and the challenges we faced. That contract was terminated when the job was done, we had control over our bottom line and the delivery had been completed. Obviously, there was no pension liability with regard to the additional 20%. In respect of the challenges we faced, if we had changed the terms of the engagement with that expert, there was a high risk that the expert would not have remained to complete what we needed to do to ensure we had control over our bottom line.

Deputy Mary Lou McDonald: So it was 2008 when the person came in and they left in late 2011 or 2012?

Mr. Colin Bray: Yes; it was late 2011.

Deputy Mary Lou McDonald: Late 2011?

Mr. Colin Bray: Yes.

Deputy Mary Lou McDonald: During the time they were there, was the contract was revised and renewed?

Mr. Colin Bray: Yes, it was.

Deputy Mary Lou McDonald: I think that is bad practice, notwithstanding the OSi's commercial remit, and particularly at a time when the Financial Emergency Measures in the Public Interest Act was writ large and there was a moratorium in place. It may not have been in place when this individual, whoever they are, entered the OSi but had it not kicked in by the time the OSi renewed the contract?

Mr. Colin Bray: It had, and the commercial challenges were still facing us. This individual was brought in for a specific activity. When we were satisfied that this activity had been completed, we terminated that contract at the appropriate time. Obviously, there was an extension to the level of activity involved due to the extension of the downturn in the economy and the challenge facing our funding model.

Deputy Mary Lou McDonald: Let me preface my next remark by saying that I am not a fan of the moratorium, which is hugely damaging to public services, or the financial emergency measures in the public interest legislation as it has been designed and passed by the Oireachtas, but that is neither here nor there for the purposes of this discussion. The fact is that the OSi cannot and should not have any misconception within its board or anywhere else that it can defy the law or that it can set aside the moratorium that has hit the public services like a hammer. There is the issue of the bonus, but there is a much larger issue that I hope will be addressed in respect of the merger, which I want to move on to.

Mr. Bray says OSi is supportive of this merger and mentioned a subgroup or subgroups or working groups. One of them is composed of the three CEOs of the bodies in question. Can I assume that when the merger takes place there will be a single CEO for the new merged entity? Is that Mr. Bray's understanding?

Mr. Colin Bray: A CEO-designate has been appointed to that position.

Deputy Mary Lou McDonald: Who is that person?

Mr. Colin Bray: That person is Mr. John O'Sullivan, who is currently the commissioner of valuation in the Valuation Office.

Deputy Mary Lou McDonald: So Mr. Bray's career as CEO will be a short one?

Mr. Colin Bray: The organisation and the benefit that national mapping can provide to the State will be enhanced. When one looks at the merger of these three organisations which deal with valuation, registration and surveying, one can see they are substantial spatial information organisations. When combined, these organisations become a very valued asset to the State in terms of providing the largest spatial information platform available not only for traditional OSi activities but for the provision to the State of a spatial data infrastructure and e-Government.

Deputy Mary Lou McDonald: I do not doubt any of that. How many staff does the OSi have? Is it 250?

Mr. Colin Bray: It is 240.

COMMITTEE OF PUBLIC ACCOUNTS

Deputy Mary Lou McDonald: What figure is it down from?

Mr. Colin Bray: We are down from a figure in the region of 330.

Deputy Mary Lou McDonald: How have the OSi's pension costs gone? I am looking at a table and I can see the costs are going up. I think it is in the OSi's briefing document on page five. I am running across the line from 2008 to 2012.

Mr. Colin Bray: The pension costs are considerable and are rising.

Deputy Mary Lou McDonald: Could Mr. Bray explain the magnitude of that rise?

Mr. Colin Bray: With the permission of the Chairman, could I ask a colleague to answer that question?

Mr. Charles Collier: In 2011, we had €2.5 million in pension payments, of which €700,000 was in pension lump sums paid out.

Deputy Mary Lou McDonald: How much was there in lump sums?

Mr. Charles Collier: €700,000. In 2012, almost €4 million was paid out, of which €1.7 million was in pension lump sums. There were 18 retirees in that year.

Deputy Mary Lou McDonald: How many were there in the previous year?

Mr. Charles Collier: There were 11 retirees in 2010.

Deputy Mary Lou McDonald: What about the year prior to that?

Mr. Charles Collier: There were 13 retirees in 2009 and seven retirees in 2008. We expect there to be seven or eight this year and the same will happen next year.

Deputy Mary Lou McDonald: I also note that the OSi has a voluntary redundancy scheme with an exit date of March 2014. Am I right in saying that? If the OSi currently has 240 employees, what number does it envisage that falling to following this redundancy scheme?

Mr. Colin Bray: That will be dependent on how many people come forward. The numbers are a challenge for the OSi. We have come down from 330 to 240 since 2008, which is considerable. The fact that we must have an ECF of 195 by the end of this year is an additional challenge for our organisation.

Deputy Mary Lou McDonald: Could Mr. Bray give me that figure?

Mr. Colin Bray: By the end of the year, we must have an ECF of 195.

Deputy Mary Lou McDonald: Could Mr. Bray tell the committee what an ECF is?

Mr. Colin Bray: It is the employment control framework - the staff numbers we are required to come down to.

Deputy Mary Lou McDonald: Of 195?

Mr. Colin Bray: Yes.

Deputy Mary Lou McDonald: So the numbers must fall by 45?

Mr. Colin Bray: Yes, 45, so that is a huge challenge.

Deputy Mary Lou McDonald: Is the operation sustainable with a fall of that magnitude?

Mr. Colin Bray: With a fall of that magnitude things would be very difficult for this organisation. It would bring on significant challenges which we would have to react to. We have done significant workforce planning as an organisation.

Deputy Mary Lou McDonald: I see that.

Mr. Colin Bray: We have determined what it takes to run the national mapping agency for the State. We would have to examine our operations to achieve the figure of 195.

Deputy Mary Lou McDonald: That is not great. Does OSi take on interns? Has it used schemes such as JobBridge?

Ms Geraldine Murphy: JobBridge has not worked out for us. We have taken on interns in the past but this year our managers are under fierce pressure with the roll out of a major project called Prime2 and are not available to help me with JobBridge. We have been trying but we cannot take interns from colleges this year because of the current pressures on staff.

Deputy Mary Lou McDonald: How long has Ms Murphy been in her position?

Ms Geraldine Murphy: I have been in my current position three years.

Deputy Mary Lou McDonald: Would there have been a tradition in the organisation of taking interns?

Ms Geraldine Murphy: Absolutely, and we have great relationships with Dublin Institute of Technology and similar universities but this year we have been under too much pressure to facilitate that.

Deputy Mary Lou McDonald: Are those pressures directly related to short staffing and the drop in numbers?

Ms Geraldine Murphy: Yes, completely and utterly.

Deputy Mary Lou McDonald: What kind of people would OSi have typically taken on internships?

Ms Geraldine Murphy: Graduates with GIS qualifications. Deputy McDonald may have seen in our briefing my concern about the age profile in the organisation. For succession management we brought in recruits in 2008 and 2009, who were at serious risk of the last-in-first-out policy under the redeployment scheme introduced along with this employment control framework, but mechanisms such as the voluntary redundancy scheme are helping us address that but not to the extent that they would like us to.

Chairman: Could Mr. Bray tell us more about the previous CEO? Did she serve there for ten years?

Mr. Colin Bray: Yes.

Chairman: Was she appointed or did she come through an interview process?

Mr. Colin Bray: She would have gone through an interview process. Before her term as

COMMITTEE OF PUBLIC ACCOUNTS

chief executive, the former chief executive would have been the financial controller of the organisation for three years.

Chairman: Regarding the €61,000 and the termination of her contract, how and why was her contract terminated?

Mr. Charles Collier: It was a combination of discussions between the Department and the board. The termination agreement was finally reached and the €61,000 was a combination of the costs of the OSi, the council and the individual.

Chairman: Why was the contract terminated? Immediately after that Mr. Bray was appointed CEO.

Mr. Colin Bray: It was a period of three months. The termination of the contract was at the end-----

Chairman: It was not that the position was no longer there, because Mr. Bray is CEO now. Why was the last CEO's contract terminated?

Mr. Colin Bray: There were a number of issues to be resolved. My board and I will deal with those issues comprehensively in the 2012 annual report.

Chairman: Can Mr. Brady tell us now?

Mr. Colin Bray: I am not aware of the detail.

Mr. Seamus McCarthy: I understand that it was a fixed-term contract that was due to expire at the end of 2012. Is that correct?

Mr. Colin Bray: Yes.

Mr. Seamus McCarthy: That may answer the Chairman's question.

Chairman: It does. That was a simple answer without having to extract it from Mr. Bray. Deputy Connaughton referred to the report that is the correspondence between OSi and the Department on the approval or not of the €10,000 payments. When OSi has concluded that, which I hope will be soon, it might make that information available to us.

Mr. Colin Bray: Yes, Chairman.

Chairman: Another question was not answered. Why was a board member who attended only one meeting paid in full? Presumably Mr. Collier knows the answer.

Mr. Charles Collier: I do not and, again, we will get back to the committee on that. It was the previous board, which finished in February 2012.

Chairman: In what year did this payment take place?

Mr. Charles Collier: In 2011.

Chairman: This is 2013, and Mr. Collier does not know the answer.

Mr. Charles Collier: I will get back to the Chairman on it.

Chairman: I find that incredible. OSi is a relatively small organisation and while it may

have come through some difficulties regarding restructuring and having to deal with this contract and other issues, I find it incredible that the witnesses lack some of the answers and keep referring to the 2012 accounts. When dealing with the Committee of Public Accounts in 2013, the witnesses should know the answers. Why did OSi pay someone the full amount of €7,684 for attending one single meeting? Was that a decision by the board?

Mr. Charles Collier: It was a decision by the chairman of the board.

Chairman: Who was the chairman of the board?

Mr. Charles Collier: Mr. Kevin Bonner.

Chairman: On what did he base his decision? He brought a proposal to the board, I presume.

Mr. Charles Collier: I do not know what he based his decision on. I only know it was approved by the board and the chairman.

Chairman: Do Mr. Mangan, Ms Murphy or Mr. Bray know anything about it?

Mr. Hugh Mangan: No.

Mr. Colin Bray: No, we will follow up with the committee on it.

Chairman: Does Mr. Bray know anything about it today?

Mr. Colin Bray: I do not.

Chairman: It is in the 2012 accounts, is it? The witnesses were already asked about the €17,000 retirement and team-building account and referred to the fact that it was something to do with team building and retirement. Can they outline how much was spent under each heading within that €17,000?

Mr. Colin Bray: We will provide that information in detail-----

Chairman: When was that €17,000 spent?

Mr. Colin Bray: Within that year, 2011.

Chairman: We are examining those accounts today and it is not good enough for Mr. Bray to say he will come back to us. They are 2011 accounts. Mr. Collier is here, Ms Murphy is here to answer on staff issues and Mr. Bray should have the answer now. Surely the answer is in the accounts.

Mr. Charles Collier: The breakdown is not there.

Chairman: Why not?

Mr. Charles Collier: We will get back to the committee. We just do not have-----

Chairman: I know Mr. Collier will get back to me. Why is it not there? Will Mr. Collier give me the general breakdown of the headings under that €17,000. Mr. Bray said it was team building and retirement. Did he mean presentations for retirement?

Mr. Colin Bray: Presentations for retirement.

COMMITTEE OF PUBLIC ACCOUNTS

Chairman: How would he describe that fund? Was it for social events?

Mr. Colin Bray: It was not for social events. It was for marking significant points in the OSi. We had a significant number of retirements, but on the full detail we will-----

Chairman: When these retirements took place, the people who retired received lump sums according to Mr. Bray's earlier comments.

Mr. Colin Bray: Yes.

Chairman: So, they received lump sums and then the organisation made some sort of presentation to them in 2011.

Mr. Colin Bray: In addition, those presentations would have involved providing a function internally within Ordnance Survey Ireland to the staff-----

Chairman: Like what?

Mr. Colin Bray: -----including tea, coffee, sandwiches and the like.

Chairman: The sum is €17,000. Regarding team building, what would you do for that?

Mr. Colin Bray: The team building exercise would include developing the staff, doing joint activities whereby they would learn together, develop a sense of team-----

Chairman: Would they do that on-site or off-site?

Mr. Colin Bray: It would have been a mixture.

Chairman: I find it incredible that Mr. Bray's organisation would come before the Committee of Public Accounts to deal with the 2011 accounts and Mr. Bray would not have the detail he should have. Mr. Bray said earlier that he prepared very well for this meeting. I appreciate it was not in his time but this is a serious committee and when we meet here we should get the answers. When is he likely to make all the information he promised to this committee available to the committee? How long will it take him to get these answers for us?

Mr. Colin Bray: We will make that available to the committee within a week.

Chairman: Within a week.

Mr. Colin Bray: Yes.

Chairman: My last question is on the lease of offices. Ordnance Survey Ireland has a number of regional offices, is that right?

Mr. Colin Bray: We do. We have six regional offices.

Chairman: Does it own them or lease them?

Mr. Colin Bray: Four of those six offices would be in Government buildings and we would lease two of those offices. That would be the Tuam office and the Sligo office.

Chairman: What will happen when the organisation merges? How will those offices be affected? Does it have long leases on them?

Mr. Colin Bray: They are not long leases on those offices. In fact-----

Mr. Charles Collier: One is 2014 and one is 2017.

Chairman: Are there upward only rent reviews in those leases?

Mr. Charles Collier: They are leased by the OPW. We are not charged the rent. The cost does not come back to us.

Chairman: Can Mr. Collier obtain from the OPW the lease details and the costs because this committee is tired chasing the OPW and other State agencies and being pushed from pillar to post to get information? Mr. Collier might get that information for us and make it available to the committee.

Deputy Eoghan Murphy: I thank Mr. Bray and his officials for attending. My apologies if I ask questions that were asked already and if I do, please stop me because I will have to leave for a vote.

I will begin by looking at the basic accounts and the OSi's revenue streams. What is it making money from commercially?

Mr. Colin Bray: Our revenue streams commercially are leasing of spatial information. As the national mapping agency we maintain the national spatial database, the topographic database. We create products and services from that and they would be in relation to mapping, with which the Deputy may be familiar, tourism and leisure maps and hill-walking maps, but primarily the use of our data would be the use of digital information. That is under a contract term whereby we maintain the data and supply data under that contract term.

Deputy Eoghan Murphy: Would a semi-State utility company, for example, be regarded as a commercial contract or is that-----

Mr. Colin Bray: It would indeed.

Deputy Eoghan Murphy: Does commercial revenue make up about 90% of money coming into the OSi?

Mr. Colin Bray: Yes.

Deputy Eoghan Murphy: And the rest is made up by the Department.

Mr. Colin Bray: Yes.

Deputy Eoghan Murphy: Are there two elements to what the Department is paying the OSi? Is the agreement in place to make up the shortfall that commercial revenue does not make up or how does that work?

Mr. Colin Bray: We have a service level agreement with the Department and that is negotiated annually. That has firm deliveries within that where we deliver on our programme, on our commitments. That is monitored in a formal process internally with our board as well.

Deputy Eoghan Murphy: The only payment made is the service level agreement.

Mr. Colin Bray: And the pension as well.

Deputy Eoghan Murphy: I am aware the pension arrangement is new as of the beginning

of 2011 but before that it was just a service level agreement, SLA.

Mr. Colin Bray: Yes.

Deputy Eoghan Murphy: Would the final figure of that be decided at end of year? Does OSi have to make up the 10% difference? If it is down-----

Mr. Colin Bray: The SLA is not about making up the difference; it is around value for money in relation to that SLA. It is not there as a mechanism to cover a shortfall. We run ourselves as a commercial operation, and that would be one element of the funding. It is my responsibility to manage that bottom line as in bringing in additional commercial revenue and reduce operating costs. The SLA is only one part of our funding model but it is not there to bridge a shortfall; it is there as a legitimate activity for national interest work that would not be undertaken by another organisation. In managing the bottom line, that is within our control and that is our responsibility.

Deputy Eoghan Murphy: Mr. Bray's position now is the new CEO in the organisation. Is he hoping to expand the OSi's commercial activities? The climate has been difficult in recent years but looking into the future, is he hoping to increase that figure more than 90%?

Mr. Colin Bray: Our *modus operandi* all the time is to increase and grow the business where possible. Obviously, over the past number of years that has been very challenging; one can see that from the revenue streams. However, we have put a number of initiatives in place to sustain and, in certain areas, grow that revenue.

Regarding the future revenue of the organisation, our activity is to grow that. Parallel to that we have the merger of Ordnance Survey Ireland, the Property Registration Authority and the function of the Valuation Office.

Deputy Eoghan Murphy: Prime2 is one of the new tools the OSi has brought out in the past two years. It is due for completion this year. Is that on schedule?

Mr. Colin Bray: The Prime2 is a significant project for the State, not just Ordnance Survey Ireland. We have been working on the Prime2 strategy for close on seven years and that is to put in a new national spatial infrastructure for the State. We talk about the digital mapping we have and how the local authorities, the telcos, etc., would use that information for their own operations.

Over the past seven years we have put in a strategy to develop a new digital mapping system for the State. The first four years involve research, development, understanding best in breed, and waiting for international standards to become robust. We have had a commercial contract over the past two years to re-engineer our data into that new data model, and that will be complete by the end of this year. That provides an international standards-based new platform for Ordnance Survey Ireland and also for the State. The data can be used by customers and by users in an industry-standard format of a very high quality.

Deputy Eoghan Murphy: When does OSi expect to start making money from that project on a commercial level?

Mr. Colin Bray: When we say "making money from that", that project as an initiative provides Ordnance Survey Ireland with the ability to get more efficiencies in how we maintain the national spatial database but also, because it is standards-based and is the latest of industry-

standard spatial information, it gives us the ability to leverage that to create new products and services.

Deputy Eoghan Murphy: When Mr. Bray looks at OSi's existing customer base, was that a project undertaken to keep OSi in the game or to enhance the value of the services OSi is providing and therefore charge more money? Was it to keep OSi in the playing field?

Mr. Colin Bray: It was a number of factors. The justification on the Prime2 project was threefold. One was sustainability. As an organisation we are one of the most technologically advanced national mapping agencies in the world. We have been within the digital environment for close on 30 or 35 years. The standardisation of that digital database for the State, conceptually, was nearly 30 years old. As a national spatial platform it was coming to end of life. From a sustainability point of view, therefore, we needed to create a new industry-standard database which will be one of the forerunners within Europe. That enables us to create new products and services from that. The second factor was productivity and efficiency. Because the system is standards-based and a single data holding - a combination of three existing databases - we have been able to rationalise maintenance flow lines. We have been able to reduce the amount of effort required by us in maintaining that database. That is the justification for that.

In terms of business growth, we now have an opportunity to create products we could not have created heretofore, including detailed road centre line products and enhanced web services. In terms of web service provision, this involves provision by us of digital information as a service over the Internet. By removing the overhead from the end user, they are able to access, stream and use our data. The functionality and detail of that web service is dependent on the quality and intelligence of the data with Prime2, which enables us to do far more in this environment. Enhanced opportunities and revenue from web services is-----

Deputy Eoghan Murphy: Will it help to close the 10% shortfall in the organisation?

Mr. Colin Bray: It will go a significant way towards doing that. In terms of what is required in addition to that, the investment made by Ordnance Survey Ireland in the Prime2 project also provides the State with significant opportunities. In terms of e-Government and ensuring greater interoperability in government services and data, this is all related to how accurately and consistently we can relate information to each other. Prime2 provides the State with a unique standardised way of relating spatial information, unique IDs, standard location, intelligent spatial information. When this is released as a platform to the State, in terms of how local authorities, the Valuation Office and Property Registration Authority do their work, there are significant benefits for the State in having a modern spatial infrastructure.

Deputy Eoghan Murphy: In terms of the merger, what will happen to the money which Ordnance Survey Ireland brings in? Will it be moved to a central fund following the organisation's merger with the Valuation Office or will it become the organisation's dedicated income stream?

Mr. Colin Bray: The steering group responsible for driving the merger forward is currently in discussions on the model of the new organisation.

Deputy Eoghan Murphy: Does Mr. Bray have a preference?

Mr. Colin Bray: Great emphasis is placed in the current Ordnance Survey Act on the need to reduce reliance on the Exchequer. This places a healthy obligation on the organisation in terms of its commercial thinking and how it deals with customers and product development.

COMMITTEE OF PUBLIC ACCOUNTS

Similar merged organisations around the world, including in other European member states, also engage in commercial activity.

Deputy Eoghan Murphy: Is Mr. Bray concerned that the culture within Ordnance Survey Ireland might be dampened by the merger?

Mr. Colin Bray: No. There are great synergies between the three organisations involved in the merger, which means the sum of the parts will be far greater than the individual pieces.

Deputy Eoghan Murphy: In terms of the funding which the organisation receives from the State, I presume in the context of the pooling of commercial revenue streams, there will be one single payment to the new organisation from the State. Will this be negotiated between the different entities?

Mr. Colin Bray: That matter is currently under discussion.

Deputy Eoghan Murphy: How will that be decided? If each of the bodies has a preferred choice, will the Minister making a ruling on the matter?

Mr. Colin Bray: That would be a policy decision.

Deputy Eoghan Murphy: It will be for the Minister to decide how the different elements of accounting are sorted out.

Mr. Colin Bray: In relation to the activities of the new organisation, we will be presenting updates to Government on the merger and activities involved. As of now, we are currently working through the end business model of the new organisation.

Deputy Eoghan Murphy: As part of that process, what will be the pension liability of the OSi? What in Mr. Bray's view will happen in that regard?

Mr. Colin Bray: That matter is currently under discussion in our parent Department.

Deputy Eoghan Murphy: Am I correct that following the change which occurred at the end of 2010-beginning of 2011, the Department took on that liability?

Mr. Colin Bray: Payment of pensions prior to that was by Ordnance Survey Ireland. Following the introduction of the service level agreement, this is now combined within the overall value for money offered to the State by OSi.

Deputy Eoghan Murphy: What is Mr. Bray hoping will happen in this space as part of the merger? Is he hoping that the pension liability will transfer to the new organisation or will it continue to be ring-fenced in a service level agreement which OSi maintains separately with the Department?

Mr. Colin Bray: In terms of the merger, the preference would be that post-merger all three organisations would be treated in the same manner.

Deputy Eoghan Murphy: Is Mr. Bray aware of the pension liabilities of the other organisations involved in the merger?

Mr. Colin Bray: No.

Deputy Eoghan Murphy: What is the timeline for completion of the different elements of

the merger?

Mr. Colin Bray: There are many working groups involved in reviewing legislation, finance, human resources and shared services. There is relatively modern legislation in place, dating from 2001 to 2006, governing the three organisations. However, they are considerable pieces of legislation. The effort of combing all of this legislation in respect of the new organisation will be considerable which, in turn, will determine the timeline.

Deputy Eoghan Murphy: Is the merger likely to happen in the lifetime of the current Government or is it likely to take more than two and a half years to complete?

Mr. Colin Bray: I would like to see it happening within the next two years.

Deputy Eoghan Murphy: I would like to also discuss the postcode issue with Mr. Bray. Has this issue already been discussed?

Mr. Colin Bray: No.

Deputy Eoghan Murphy: What is the involvement of Ordnance Survey Ireland in this matter?

Mr. Colin Bray: Ordnance Survey Ireland produces national mapping and spatial information. It also owns 49% of GeoDirectory, which is a company that produces and maintains the national address database. Ordnance Survey Ireland's interaction with the postcodes will be based on its understanding of spatial information. Spatial information is OSi's business and we will be very supportive of the postcodes initiative. As part of national infrastructure, it provides a significant element of the data management level. When we talk about consistently relating information, we talk also about decision making based on multiple data sources and analysis. Having a national postcode system will significantly enhance this process. It will be very positive for the geographic information industry.

Deputy Eoghan Murphy: Is OSi selling information as part of the roll out of the new postcode system? Will it, as an organisation, profit from the postcode system?

Mr. Colin Bray: Much will depend on the solution. I understand contract negotiations with the successful tender are ongoing. There are two potential elements for OSi, depending on the agreed solution. One would be the provision of addresses, which would be through GeoDirectory and the second is the provision of spatial information from the national mapping agency. In terms of the knock-on effects of this process for OSi, we would see as a positive outcome generating that other level of intelligence in the State's spatial information. We would see postcodes increasing the use of spatial information in the State, which is also good for national mapping.

Deputy Eoghan Murphy: Am I correct that OSi owns 49% of GeoDirectory?

Mr. Colin Bray: Yes.

Deputy Eoghan Murphy: Who owns the remaining 51%?

Mr. Colin Bray: An Post.

Deputy Eoghan Murphy: What is Mr. Bray's preferred model in terms of the roll out of the new postcodes system?

Mr. Colin Bray: That does not come within our remit. It is a task for the contractor implementing the postcodes.

Deputy Eoghan Murphy: Would OSi be consulted on the matter?

Mr. Colin Bray: As part of the procurement process, we provided all potential bidders with an expert understanding of the ordnance survey information.

Deputy Eoghan Murphy: That information would be provided to all the bidders, including An Post.

Mr. Colin Bray: We would include all the potential bidders for the postcode system.

Deputy Eoghan Murphy: That included An Post.

Mr. Colin Bray: It was within the grouping.

Deputy Eoghan Murphy: There is a partnership with An Post in GeoDirectory.

Mr. Colin Bray: Yes.

Deputy Eoghan Murphy: Is that unusual?

Mr. Colin Bray: GeoDirectory is one initiative and that is the national address database, which is separate from our other activities.

Deputy Eoghan Murphy: Who won the bid on the postcodes?

Mr. Colin Bray: That is a company called Capita.

Deputy Eoghan Murphy: Okay. How does the bidding process work when companies come to Ordnance Survey Ireland seeking information?

Mr. Colin Bray: That was part of a formal procurement process and Ordnance Survey Ireland was only invited in a consistent manner to provide information about the national mapping to that process.

Deputy Eoghan Murphy: The same information is provided to each party.

Mr. Colin Bray: Absolutely.

Chairman: The bad debt has increased by 59%. What is the bad debt in this respect and who owes money to the agency?

Mr. Charles Collier: We have approximately €8 million in business to private customers and in the past five years there have been a number who just could not pay. The bad debts over five years indicate we have written off - between provision and write-offs - approximately €50,000 per year. That is due to liquidations or people not being able to pay. We carefully manage debtors but in certain cases we could not do anything about it.

Chairman: It was €72,000 in 2010 and it has increased by 59% to €115,000 in 2011. What does it look like for 2012?

Mr. Charles Collier: It is approximately €25,000 from a write-off perspective and it has bottomed out.

Chairman: To make a comparison, it was €72,000 in 2010 and it was €115,000 in 2011.

Mr. Charles Collier: We provide for potential debts and continue to follow them up over a two-year period, for example. Eventually, if it is not recoverable, we write off the debt. There may be a one-year impact but it is provided for in the previous year or two years.

Chairman: Is the €115,000 collectable?

Mr. Charles Collier: What is provided for in the accounts is probably not collectable.

Chairman: That is €115,000. Without naming people, who are these parties? Are these private individuals, companies or local authorities?

Mr. Charles Collier: We would have approximately 1,500 smaller customers in the private professional capacity.

Chairman: Is that mainly where the bad debt comes from?

Mr. Charles Collier: Yes.

Chairman: What arrangement is there within the organisation to go after bad debt? Is there any substantial bad debt not being paid?

Mr. Charles Collier: There is no substantial bad debt.

Chairman: It is all small debt.

Mr. Charles Collier: It is a combination of factors. We have a continuous follow-up and one person does that full time on a daily basis. Much effort goes into ensuring we collect our debts.

Chairman: That brings us to the end of the meeting. We have already disposed of the annual accounts for 2012 for Forfás. I propose to keep the Ordnance Survey Ireland annual accounts for 2011 open until the 2012 accounts are received, and we can then consider both of them. That is also subject to the information we requested at this morning's hearing. I thank the witnesses for coming along, and although we may have dwelled on the negatives, unfortunately that is much of the work of our committee. I acknowledge the very fine work being done by the organisation but there are issues regarding governance and pension liabilities, etc., that we will have to deal with in the context of public expenditure and reform. I encourage Mr. Bray to get the information to us as soon as possible.

The witnesses withdrew.

The committee adjourned at 1.35 p.m. until 10 a.m. on Thursday, 24 October 2013.