

# DÁIL ÉIREANN

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## AN COISTE UM CHUNTAIS PHOIBLÍ

## COMMITTEE OF PUBLIC ACCOUNTS

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*Déardaoin, 27 Samhain 2014*

*Thursday, 27 November 2014*

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The Committee met at 10 a.m.

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### MEMBERS PRESENT:

Deputy Paul J. Connaughton,	Deputy Eoghan Murphy,
Deputy Joe Costello,	Deputy Derek Nolan,
Deputy John Deasy,	Deputy Kieran O'Donnell,
Deputy Robert Dowds,	Deputy Shane Ross.
Deputy Mary Lou McDonald,	

DEPUTY 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 first item on the agenda is the minutes of the meeting of 20 November 2014. Are the minutes agreed? Agreed.

**Deputy John Deasy:** I am not recorded as having attended the last meeting.

**Clerk to the Committee:** I apologise, as the Deputy certainly did attend. I can confirm that.

**Chairman:** It is not usual for the Deputy to go unnoticed.

**Deputy John Deasy:** Like yourself.

**Chairman:** Are there matters arising from the minutes? If not, I will proceed to the correspondence received since our last meeting on 20 November.

**Deputy Robert Dowds:** I presume communication was made with the legal people about them not being here last week.

**Chairman:** They were not asked to attend last week as they had already given the advice, which we sought in writing. Have we received it yet?

**Clerk to the Committee:** Not yet.

**Chairman:** Will it be forthcoming?

**Clerk to the Committee:** My understanding is they are not anxious to give legal advice in writing but I can ask them again if it is the wish of the committee. Members, and Deputy Dowds in particular, have asked for it.

**Deputy Shane Ross:** I did not hear that but it is fine.

**Chairman:** Would the Deputy prefer not to hear it?

**Deputy Shane Ross:** I do not know. Is it worth hearing?

**Chairman:** We are asking for the legal advice in writing. That is what members are seeking.

**Deputy Robert Dowds:** When will that come?

**Chairman:** We will ask again and insist on having it in writing, as requested by members. I will move to correspondence from Accounting Officers and Ministers. There is correspondence, dated 24 November, from the HSE, following up on the meeting of 6 November 2014, to be noted and published. There is correspondence, dated 26 November, from the Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton. It is regarding correspondence received from the committee regarding a protected disclosure dossier. We agreed to write to the Minister last week and we are now scheduled to discuss with representatives of the Revenue Commissioners next week its investigation into the Ansbacher accounts. This is the issue that was raised in the protected disclosure. After this, the committee can review whether any further

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examination is required on its part. Our first port of call is with the Revenue Commissioners and we can decide from that point what is required next. Is that agreed? Agreed.

**Deputy John Deasy:** Who is coming in?

**Clerk to the Committee:** It is the Accounting Officer of the Revenue Commissioners.

**Deputy John Deasy:** Will there be somebody from the Department of Finance?

**Chairman:** We can ask.

**Clerk to the Committee:** We can ask if the Deputy wishes somebody from the Department to attend.

**Deputy John Deasy:** It might be useful. I do not know who drafted the regulations or legislation followed by the Revenue Commissioners at that time. Was it the Department of Finance?

**Chairman:** It might be useful to complete the investigation.

**Deputy John Deasy:** It might be useful to delve into the area of constraints under which the Revenue Commissioners operated.

**Chairman:** Okay.

**Clerk to the Committee:** One of the constraints would probably be the tax amnesty.

**Deputy John Deasy:** That is really what I am getting at.

**Clerk to the Committee:** That is fine. I can ask the Department to send somebody. It is not a problem.

**Chairman:** We can have somebody here to explain it. After we hear from the Revenue Commissioners, we can decide on our next step with regard to Mr. Ryan's submission and so on.

I will move to individual correspondence. There is correspondence, dated 17 November, from Mr. Seán Ó Foghlú, Secretary General, Department of Education and Skills, regarding the code of practice for governance of education and training boards, to be noted. There is correspondence, dated 14 November 2014, received from Mr. Joe Hamill, Secretary General, Department of Arts, Heritage and the Gaeltacht, regarding the Abbey Theatre pension scheme, to be noted and a copy forwarded to Mr. Mark Darley. There is correspondence, dated 18 November 2014, received from Mr. Tom Moran, Secretary General, Department of Agriculture, Food and the Marine, regarding Horse Care Ireland's proposal for equines, to be noted and forwarded to Ms Majella Kavanagh.

I will move to correspondence relevant to today's meeting. There is briefing material from Bord na gCon; the opening statement by the chief executive officer, Ms Geraldine Larkin, received on 25 November 2014 from Bord na gCon; and the opening statement from the chairman of the board, Mr. Phil Meaney. All of these are to be noted and published. Reports and statements received to date are detailed in the members' document at section 4.1, 4.2 and 4.3. Is it agreed to note these accounts? Agreed.

Arising from our meeting last week with Mr. Ó Foghlú, we were to remind him of submis-

## BUSINESS OF COMMITTEE

sions the Department received nearly six months and we are to ask him for a detailed response to the queries. Our work programme has been made available to members. There will be a meeting on procurement to be held in early January.

**Clerk to the Committee:** Deputy McDonald raised the issue. The jobs committee has examined the procurement issue and I am working on pulling that into our brief. The finance and public expenditure and reform committee are to examine it next week or the week afterwards. I wanted to leave some time in order to pull in as much information as possible. We will bring in representatives of the Small Firms Association and the association representing companies which provide stationary and related items for schools. It is in the programme but I wanted to allow some time before dealing with it.

**Chairman:** A solicitor wrote to us about the cost incurred by the State relative to the Office of the Chief State Solicitor in defending cases that are withdrawn for one reason or another. Like the procurement issue, perhaps we should speak to individuals and the solicitor who gave us information to determine if there is a case to be answered. We can contact them and ask for further information for members. There is a letter dating back some time and it should be followed up. Is the Office of the Chief State Solicitor under our remit?

**Mr. Seamus McCarthy:** Yes, it is.

**Chairman:** I suggest that we ask its representatives for an early meeting with regard to the cost and administration of the office, including the cost to the State of mounting cases generally, although not any specific case. We will then move onto any other business members might have.

**Deputy Mary Lou McDonald:** In part of the correspondence from Mr. Ryan in respect of his dossier, his own legal advice from Mr. John Hennessy S.C. on the protection afforded him under the protected disclosures legislation is at variance with what we have been told orally by our adviser. This issue has come up at previous meetings. Has the committee done anything to reconcile those positions or get some definitive view? I read Mr. Hennessy's opinion and it is very persuasive in terms of the protection for the whistleblower. I am uneasy, however, that the advice we have from the service in the Houses is directly at variance with it. I am trying to figure out how all that will be straightened out because, whichever way we proceed, we need to be sure the whistleblower is protected under law.

**Chairman:** The response to that last week was that the legal advice was sought by the committee from the legal section in the Oireachtas. We got that advice. Mr. Ryan then gave us a copy of his advice. The respective sets of advice differ and both advisers hold their positions. Our legal advisers tell us we have their advice and it is what it is. If we want to get a second opinion on it - as discussed at the meeting last week - we would have to make a submission to the office requesting both sets of advice to be given to another person for consideration.

**Clerk to the Committee:** To whom would we send that request?

**Deputy Kieran O'Donnell:** The Office of the Parliamentary Legal Adviser.

**Chairman:** A request goes to the Parliamentary Legal Adviser.

**Clerk to the Committee:** We discussed this issue last week. There are two conflicting opinions, but both are simply opinions. We will not get a definitive answer until the issue is tested in the courts. One of the key concerns last week was the scope of the protection. It was

decided a risk analysis, covering both the committee and Mr. Ryan, would be carried out before any decision was made on bringing Mr. Ryan before the committee. This was the decision taken last week and it still obtains.

We will hear from Revenue next week and we have the letter from the Minister on the information Mr. Ryan gleaned from the Companies Acts, which has all gone to Revenue. Therefore, Revenue should have all the information. It is for the committee to decide if it wants to or not. In looking at the risks, which is what the committee decided to do last week, we will have to see what the Protected Disclosures Act 2014 protects this individual from. This is especially so in the context of the Companies Acts because they have specific penalties in terms of giving information to anyone other than designated people. This is my understanding of the situation. I have had just a preliminary discussion with those in the Office of the Parliamentary Legal Adviser. When the Parliamentary Legal Adviser was here, we asked if we could forward the dossier to Revenue. We were told we could not. The Chairman then wrote to the Minister about this. It is information gathered under an investigation under section 19. The Act offers very limited scope on where it can be sent. All of this will have to be thrashed out with our legal people. Whether the Protected Disclosures Act 2014 applies and whether it protects the individual will have to be examined again.

**Deputy Mary Lou McDonald:** The concern is that, even before carrying out the necessary risk assessment, there are not only two different views but absolutely conflicting views. Doctors differ and patients die. That is the nature of interpretation. However, the views are so radically different and the preliminary view taken will shape the nature of the risk assessment. That causes me concern. We do not want to jeopardise Mr. Ryan, in the first instance, or the committee. However, it makes more sense if clarity is obtained on that issue first. Whatever about a difference in interpretation, to have legislation that is amenable to such radically different interpretations suggests there is a problem with it.

**Chairman:** Yesterday, at a meeting of various Chairmen of committees in this House, I raised that issue and asked that the legal section in this House would carry out an overview of the legislation, which is related to the case before us and the whistleblower. In the case of Mr. Ryan, I do not think it is clearly understood what the legislation has brought about. It has left him using legislation under which he thought he was covered. The legal adviser to the House that passed the legislation tells us he is not covered under it. It is unfair to Mr. Ryan to have a standoff between the respective legal advisers. Clarity should be obtained by this House. The submission has been made to the Committee of Public Accounts. I support the idea of asking the parliamentary legal adviser to seek a second opinion on both sets of legal advice. Having regard to the overall work of the House, there appears to be a stand off at almost every turn on legal advice being sought and given and the direction that committees are being asked to take. I understand we have to protect the committee and the House, but we also have to do our work. It appears to me that we are being tied up in a legal tangle that does not allow the work within the remit of this committee to flow as freely as it should. It will also impact on other committees. We have to seek clarification. We should get another view on this and a view from the Attorney General on the legislation itself. The committees in the House have to be allowed to do their work. We have to be allowed to progress within the set limits. However, we need clarification when things like this happen. I am deeply concerned about the direction in which committees are going, and the interpretation of law in this case.

**Deputy Mary Lou McDonald:** Can I take it that we are going to ask for that second opinion? For the purposes of absolute certainty, no one here is doubting the good faith in which

legal advice has been given to this committee. Our colleagues in the office of the parliamentary legal adviser should not take this the wrong way but we now have two contradictory views. For the purposes of carrying out our work, as described by the Chairman, but perhaps more important for the sake of Mr. Ryan himself, we need to know if he is covered by the legislation. We should ask for that second opinion. It should be underscored as being a matter of some urgency. We may uncover a defect in the legislation, although I find Mr. Hennessy's advice very persuasive. It is, however, a matter of interpretation.

**Deputy John Deasy:** Sometimes I feel like it is groundhog day in here. We made decisions as a committee last week. It seems that when a decision is made, we come back the following week and question that decision and find ourselves on a completely different course. Some of us raised the point that, regardless of how the legislation is written, there will always be different opinions on different laws. We received one opinion. The senior counsel acting on behalf of the whistleblower gave a completely different take on the legislation. There might be two other completely different takes on both those legal opinions if a person tried hard enough to find them. We should wait and see what the Revenue Commissioners have to say on this issue before spending taxpayers' money on getting a second opinion. Ultimately, it will come down to the interpretation of the Act. I thought we had made a decision last week; we cannot continue coming back and redrawing decisions that have already been made. My understanding of what happened last week was that the legal advisers were to be here today to reiterate their advice on the specific issue of the whistleblower's attendance and the implications for him personally. We did it that way because the Comptroller and Auditor General made the point that if we had the whistleblower before the committee it might compound things negatively. For that reason, we wanted clarification from our legal advisers and the parliamentary legal advisers. It is like Groundhog Day here. I am experiencing a bit of *déjà vu* and I do not know why we are turning back on decisions we made last week.

**Chairman:** We are not turning back on decisions. We are just trying to clarify the position on this legislation by requesting an opinion from the Attorney General.

**Deputy John Deasy:** My point is that we are never going to get definitive opinions on a piece of legislation that is entirely up to someone's subjective interpretation.

**Chairman:** We have to try and get the best advice on this because it is the first case. The person in question has made what appears to be a significant disclosure and his position is now in difficulty. There is no harm in asking the Attorney General if we do not want to ask the legal advisers.

**Deputy John Deasy:** That is fine, but I do not think our job here is to interpret legislation. Our primary role is to deal with entities such as the Revenue Commissioners and question them on this issue and their investigation of it. We should make decisions after the Revenue Commissioners have been at this committee and let members decide then.

**Chairman:** Deputy O'Donnell may speak, followed by Deputies Costello and McDonald. Let us try to move on from here.

**Deputy Kieran O'Donnell:** It is relatively straightforward. The whistleblower has written to us and we have received legal advice from the parliamentary legal advisers about our remit. The Revenue Commissioners falls within our remit and we are requesting that its representatives come before the committee. They have already dealt with this. I am also concerned to ensure that anyone who comes in before us has protection. That matter has to be clarified. It



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would certainly be wise to go for advice to the Attorney General, but I think at this moment we are proceeding with the matter within the scope of our remit. There is unanimity across all legal circles that the Revenue Commissioners can come before us to deal with this issue next week. The other matters can be dealt with in parallel.

**Deputy Joe Costello:** I also thought a firm decision had been taken last week as to how we would proceed and that we would do so step by step. I thought the advice we got from our own adviser was to be circulated so we would have a hard copy of it and we could study that, because we have only a short time to study it, and we have already circulated the opinion from Mr. Ryan's counsel, so we have that in hard copy format as it is. I thought we had also decided to pursue matters with the Revenue Commissioners in order to ascertain the extent of work they have done on Ansbacher and other issues, which would clarify to a much greater degree how we might proceed subsequently. There is an issue of going around in circles with legal advice. We have discussed this for a very long time and we know we can get a variety of legal opinions. We have two opinions in front of us and the opportunity of having the Revenue Commissioners before us next week. Let us get on with that for the moment.

**Deputy Mary Lou McDonald:** I do not think what I raised here seeks to create a Groundhog Day scenario or to second-guess last week's decision. The risk assessment is necessary and that was decided last week. I am merely pointing out that, from the start of that process, we have had an immediate and very sensitive difficulty in respect of the protections afforded to the whistleblower. He wrote to us. This has been the turn of events and we need to find some level of clarity for ourselves as a committee on where things stand for him, within the bounds of what is reasonable. All I am suggesting is that we need to establish that. It does not disrupt the appearance before the committee of the Revenue Commissioners, which is a separate issue. If we are starting our risk assessment and one of the key elements is disputed - and the dispute is not just on the subtleties of interpretation; it is as stark and fundamental a question as protections either existing or not existing - that is a problem for us. I would like us to do what we reasonably can to try and resolve that. That is all.

**Deputy Shane Ross:** We have to accept the difficulties we are creating for ourselves here. Obviously, the conflicting legal opinions create a serious difficulty. We have one solicitor and one senior counsel saying completely different things. I think the idea of getting another legal opinion is valuable. Sooner or later, we are going to have to decide which legal opinion we will take notice of. Nobody else can make that decision for us. I support what Deputy McDonald says but I do not think we should create a web of legal opinion that could be used as a method of obstructing our work. We should cut through this pretty quickly to make it easier and to facilitate Mr. Ryan in coming in rather than obstructing him. Legal advice is valuable, but it is not definitive and not something by which we should be ruled. In this case, we are looking to take the advice of the lawyers rather than to carry out our duty as a public accounts committee, which is to get him in and give him a platform.

**Chairman:** We can clarify all of that in the meeting with the Revenue Commissioners next week. We have asked for the legal advice in writing - Deputy Dowds raised the issue earlier - and we will seek that from our own office and have it circulated. We will get the risk assessment done as well.

At our meeting of 4 December 2014, we will deal with the account of revenues collected by the Revenue Commissioners in the year ended 31 December 2013.

**Special Report No. 86 of the Comptroller and Auditor General: Bord na gCon**

**Mr. Phil Meaney** (*Chairman, Bord na gCon*) and **Ms Geraldine Larkin** (*Chief Executive Officer, Bord na gCon*) called and examined.

**Chairman:** Before we begin, I remind members, visitors and those in the gallery to turn off their mobile phones as they affect the sound quality and the transmission of the meeting. I advise witnesses that they are protected by absolute privilege in respect of the evidence they are to give this committee. If they are directed by the committee to cease giving evidence in relation to a particular matter and they continue to do so, they are entitled thereafter only to a qualified privilege in respect of their evidence. Witnesses are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamentary practice to the effect that, where possible, they should not criticise nor 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 should also 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 policies.

I welcome Mr. Phil Meaney, chairman of Bord na gCon and Ms Geraldine Larkin, CEO of Bord na gCon. I ask Ms Larkin to introduce her officials.

**Ms Geraldine Larkin:** I am joined by Mr. Michael Murnane, chief financial officer of Bord na gCon; Mr. Colm Walsh, director of commercial operations; and Ms Hilary Forde, director of compliance and racing governance.

**Chairman:** I call on Mr. Gleeson, from the Department of Agriculture, Food and the Marine to introduce his officials.

**Mr. Brendan Gleeson:** I am accompanied by Mr. Dermot Ryan, deputy chief inspector and Ms Emer Mc Geough, assistant principal.

**Chairman:** I ask the Comptroller and Auditor General, Mr. McCarthy, to introduce the report.

**Mr. Seamus McCarthy:** Bord na gCon was established to provide a statutory basis for the control, regulation and development of the greyhound industry in Ireland. It operates its own racing activities through 11 subsidiary companies, and licenses greyhound racing at other privately owned tracks. In recent years, it has received annual State funding of around €11 million from the Horse and Greyhound Racing Fund. The level of State funding is anticipated to increase in 2015.

The main project undertaken by Bord na gCon under its 2007-10 capital programme was the development of a new racing stadium and administration headquarters building in Limerick. The project was completed in October 2010. Subsequently, concerns were raised publicly about certain aspects of the project, resulting in media reports and correspondence to this committee. In the course of the audit of the 2011 financial statements, we sought to examine the evolution of the project, and its impact on Bord na gCon's financial position. Because the issues were complex, we were unable to conclude that the project had been delivered in a satisfactory way, and continued the examination in parallel with the audit of the 2012 financial statements. Members will recall the discussion about the stadium last November with the representatives of Bord



na gCon in the context of examination of those financial statements. I felt it was necessary to present a report to allow finalisation of the matter by the committee and to address the public's concerns.

Redevelopment or replacement of the existing Markets Field stadium in Limerick had been contemplated since around 2000. Although public bodies are required to assess the business case for capital projects, we did not find evidence of any formal appraisal underpinning the decision to construct a new stadium on a greenfield site rather than to redevelop the existing stadium. At a public auction in April 2005, Bord na gCon bought a 16-acre site in Meelick, on the outskirts of the city. The purchase price was just over €1 million, and further expenditure totalling €935,000 was incurred on stamp duty, site investigations and development, and project planning and design fees. Prior to the auction, a firm of consultants hired by Bord na gCon identified a potential problem in relation to site access, and the fact that the Meelick site fronted a national road. There is no evidence that the consultants' report was presented to or discussed by the board in advance of the site purchase. Subsequently, Bord na gCon dropped its planning application to develop the new stadium at Meelick, due to anticipated planning difficulties over access. The site at Meelick is still held by the board, and was valued at the end of 2012 at €150,000. A total of €1.6 million spent on site purchase and subsequent development and planning costs has been written off.

In June 2008, the board purchased an alternative site of 11.5 acres at Greenpark at a cost of €3.4 million or €304,900 per acre. Bord na gCon had commissioned a valuation of those lands in 2003. This indicated a value of €160,000 per acre would be reasonable at that time. Despite a 91% increase in price per acre and a number of major changes in the site characteristics between 2003 and 2008, a fresh valuation was not sought at the time of the purchase.

When the board approved the purchase of the Greenpark lands, it was informed that the vendor would construct the car park for use by members of the public attending racing or other events, on the basis that it would also be available for use as an overflow car park for a nearby commercial development. The board was also told that the developer would provide necessary fill for the site at no cost to the board, subject to a landfill licence being granted. These features of the deal on offer could have reduced the overall cost of the development. In the event, these aspects of the deal did not work out as planned and Bord na gCon incurred additional costs and risks.

Department of Public Expenditure and Reform rules for capital projects require the preparation of a formal appraisal in advance of substantial commitments being made to a capital project. An initial capital project evaluation was presented to the board in June 2008. An updated evaluation was presented to the board in April 2009. This projected an excess of net project revenues of €1.4 million, in net present value terms, based on a capital investment of €19.8 million. My examination found that there was a lack of thoroughness in the manner in which this appraisal was undertaken by Bord na gCon. In particular, despite available evidence that revenues from greyhound racing activity were falling in 2008-09, high racing revenue was forecast for Limerick. As a result the projected net revenues from the operation of the Limerick track appear to have been overstated by an estimated €2.9 million in net present value terms. This was in contrast to the expenditure side of the analysis, which took account of the fall in construction prices being experienced in 2008-2009. In addition, cash from property disposals accounted for over one third of the total projected project revenues, and these were not backed up by current valuations, despite falling property prices. Finally, sensitivity analysis of the results did not appear to have been carried out. This would have allowed the board to identify

that the commercial viability of the project was heavily dependent on the assumptions around increases in tote betting contribution and track profit at Limerick.

The outturn on the project has been that profits from the track operation and the Tote at Limerick have been well below the levels projected and are forecast to remain so in the period to 2015. For example, the evaluation projected profits in Limerick of €800,000 in 2011, increasing to €1 million by 2015. In fact, Limerick generated a surplus of €208,000 in 2011, and recorded a loss of €107,000 in 2012. The stadium was at break-even in 2013.

My main conclusion is that had better analysis been done and more soundly-based assumptions used, it is likely that the analysis would have indicated that the Limerick stadium development was marginal in commercial terms. There might nevertheless have been strategic arguments in the interests of the greyhound industry in favour of proceeding with the project, or a scaled-back development, but in pursuing such a course, the board should have recognised that the project might adversely affect its financial position. In the end, Bord na gCon spent a total of €21 million on the development at Greenpark, including the site purchase at Greenpark, stamp duty and irrecoverable VAT. As indicated in the figure displayed on the screen to the committee, its borrowings increased from under €10 million in 2007 to around €22 million in 2012. Over the same period, its operating profits have declined from about €6 million a year to about €3 million a year. The chief executive officer will be able to brief the committee on the steps being taken to reduce the borrowing level and address the longer-term sustainability of Bord na gCon's operations.

**Mr. Phil Meaney:** It is a year since the Irish Greyhound Board appeared before the committee. Since then, we have had a number of significant reviews of matters of concern to the committee and to the board. The Comptroller and Auditor General report into the Limerick project, the construction of the new greyhound stadium and Irish Greyhound Board, IGB, headquarters, was published last October. It is clear from the report that over the timeframe of the entire project, from its conception in 2000 to its delivery in 2010, there were issues of concern to the Comptroller and Auditor General.

The Comptroller and Auditor General found that the project, notwithstanding that there may have been a case for undertaking it, was not subject to appropriate capital appraisal, particularly at a time in 2008 when IGB profits from its activities were declining, the year before the decision to proceed with the project was taken. This is, rightly, of concern to the Committee of Public Accounts and also very much to the IGB, which has inherited the consequences of the decision to proceed. There is a double impact here. Apart from the management of the finances arising from the Limerick project, its profile has meant that it has absorbed massive amounts of staff time. It has damaged staff and organisational morale, affected our relationships with some stakeholders and to this day has badly affected the IGB's capacity to focus on the future. There is a major opportunity cost.

The IGB accepts the findings of the Comptroller and Auditor General report and has implemented its recommendations. Since we last met, the independent review of the greyhound industry and IGB commissioned by the Minister of State at the Department of Agriculture, Food and the Marine, Deputy Tom Hayes, has been carried out by the economic consultancy Indecon. The IGB welcomed the commissioning of the report on an industry that was, and is, under pressure and on which commentary was generating a lot more heat than light. Indecon pointed out that the IGB faces many challenges in its efforts to restore financial stability and sustainability to the organisation. It was also prescriptive in its recommendations, to which the board has responded in great detail and in a time-lined fashion.

The board believes the Indecon report can make a very significant contribution to a re-energising and restructuring of the greyhound industry. The board hopes the publication of the report will be a defining moment and will facilitate closer working relationships with all stakeholders. Notwithstanding our current difficulties, the board shares the confidence of the consultants that with the implementation of the report's recommendations and the continued support of the Minister and Government, there is a positive future for the industry ahead. However, it will be hard-won, and the board and executive are under no illusions about that.

**Chairman:** May we publish Mr. Meaney's statement?

**Mr. Phil Meaney:** Yes.

**Ms Geraldine Larkin:** The Comptroller and Auditor General's review of the Limerick project raises serious concerns about the adequacy of the analysis informing the decision to proceed with the project. It accepts that there may have been strategic arguments in favour of proceeding with the project or with a less expensive development and concludes that the board should have recognised the project might adversely affect its financial position, if proceeded with at that time. That has come to pass. Our financial position has been seriously affected and that is the reality we now find ourselves in.

It would be remiss of me, as chief executive, not to point out to members that no one representing the organisation here today was involved with the Limerick project, whose genesis goes back to 2000. That is not intended to be a special pleading on my part. It is simply a fact that we were not privy to the discussions that took place at the time. Nor were we part of the contract negotiations, the sanction of borrowings or the supervision of the construction phase. While we have, as best we can, familiarised ourselves with detail from the files, ours is, at the very best, a remote and inadequate view and is limited as a result.

The current board and executive have the responsibility to deal with the legacy of the Limerick decisions. The implications of those have been compounded by the economic environment which coincided with the project. We are, in a sense, dealing with a perfect storm. We are servicing the additional borrowings arising from the Limerick project and endeavouring to manage an industry that faces many other challenges, some of the most acute of which have arisen from the impacts of the recession. Disposable income has come crashing down, affecting all our income streams, namely, gate receipts, food and beverage income, tote and sponsorship. While IGB has always carried borrowings, these have been doubled as a result of the Limerick project. While IGB has never breached any bank covenants, repayment of debt is our biggest challenge. The Indecon report states that this issue, not operational day-to-day cash flow, represents the biggest problem for IGB.

The issues we face are complex and even if we did not have significant legacy issues to manage, there are many other challenges. In the first instance, we need to stimulate, energise and restore confidence of the core elements of the industry, the foundations on which the industry is based. We need to increase the number of owners, breeders and trainers. We need larger dog pools to sustain the industry and ensure the quality of racing is such that it attracts not just an indigenous audience, but an international one. All of this must take place within a robust and clearly understood regulatory and welfare framework. We are in the entertainment industry, competing for discretionary income with other sports and hospitality venues. New technology, changes in consumer tastes and new demographics are all part of the challenge. To meet it, new product development, the exploitation of the global opportunities from streaming, getting more value from our assets, new forms of track ownership and operation and the rationalisation of

tracks all have to be considered.

As the IGB chairman said, we have submitted a detailed, time-lined response to the Indecon report. My obligation as chief executive is to restore the financial stability of the organisation and to oversee a transformation across IGB governance, regulation and welfare. It is a daunting task. If this industry is to survive and prosper, it will require tough decisions, ongoing assessment of the business model, the development of new income streams, and openness to new approaches across the sector. Together with the board and all industry stakeholders, the decisions will be made so as to ensure the long-term sustainability of the industry. The issues facing the industry are so pressing that leaving matters as they are is no longer an option for anyone involved. I hope we can demonstrate to committee members that the strategy now at work in IGB can deliver significant change and improvement and thereby best protect the State's interests.

**Chairman:** May we publish Ms Larkin's statement?

**Ms Geraldine Larkin:** You may, indeed.

**Deputy Joe Costello:** I welcome everybody here, both from Bord na gCon and the Department. Tomorrow, I will be going to Harold's Cross for races sponsored by the local football club, St. Finbar's in Cabra. I am sponsoring the politicians' race and I hope there is no conflict of interest between my asking the witnesses a few questions and turning up at one of their race-tracks.

**Deputy Kieran O'Donnell:** Has the Deputy got a dog running?

**Deputy Joe Costello:** No, I am afraid I have never indulged in training a greyhound. Harold's Cross and Shelbourne Park are very much part of the Dublin landscape and it is a very serious matter. I have carefully examined the briefing the IGB provided, the Comptroller and Auditor General's statement, which was a very strong and robust analysis of what has happened over recent years, the current situation and how we are moving forward, and what the chairman and CEO said today. I see some mixed messages in the report and what the chairman and CEO said today. The statements recognise the harsh, cold, dire realities of the situation. The Comptroller and Auditor General has indicated that at least €4 million in costs could have been avoided in the projects to which we refer. The average attendance was the same in 2012 and 2013, 392 per race, and is clearly unsustainable. There was a 32% reduction in greyhound ownership in Ireland between 2007 and 2013. Between 2008 and 2013 the debt doubled from €10.4 million to €21.8 million. There was a pensions deficit in 2012 of €8.6 million. These are serious matters. Bord na gCon is only paying interest on the debt and there is no indication of when the principal will be repaid. The witnesses tell us that next year they hope to restructure the debt. It is stated on page 3 of the briefing that the Irish Greyhound Board has reached agreement with its bank on the restructuring of loan facilities and that the agreement will come into effect once the security held by the bank has been legally perfected, whatever that means. There is no indication of how much of the principal will be repaid. Will the witnesses clarify whether repayment will continue on an interest-only basis?

I am concerned that following the reference in the briefing document to the restructuring of loan facilities there is a paragraph with wishful thinking:

As outlined the financial statements for 2013 continue to be prepared on the going concern basis. While the forecasted profits projected from new income streams did not materialise in 2014 due in principle to reconciliation of information technology platforms, IGB

remain confident that significant returns will be generated for the industry over future years from secured contracts with co-mingling partners and supply of live racing pictures to the wagering market. IGB are currently finalising contracts with an established tv provider within the wagering industry and have contracts with some of the largest wagering partners that are due to commence during quarter 1 2015. IGB are encouraged by the support and financial commitment made by these wagering outlets for their future use of the IGB racing product. The demand for the Irish greyhound racing product is greatly enhanced with the badge of a semi-State organisation.

What does “due in principle” mean? This paragraph is nothing but waffle, making tentative references to “confidence” about “future years”. This is all wishful thinking. The reality is the level of greyhound ownership is down, track attendances are down and the Tote take is down. We received clear and realistic statements from the CEO and the chairman stating the situation was bleak. The chairman says staff morale and relations with stakeholders have been damaged and that this has badly affected the capacity of the Irish Greyhound Board to focus on the future. We are receiving mixed messages. It is suggested everything will be hunky-dory in the future, but the reality today looks serious. Will the witnesses address this issue?

I do not like being told that there is a new board that cannot take responsibility for things that happened under the old one. The suggestion is that we must accept the legacy of the old board, while acknowledging that the new one is not at fault. Representatives of the National Paediatric Hospital Development Board were before the committee three weeks ago and the board had impaired debts of around €40 million. To a large extent, it blamed the old board, but this is not good enough in the case of a commercial semi-State body that must operate on an ongoing basis. The witnesses cannot simply say these are legacy debts - I do not like that message. They must clarify the mixed messages.

**Ms Geraldine Larkin:** I will address the Deputy’s point on the new board first. Not only has the board changed but the executive has also changed. That was my main point. The executive that was in place at the time of these decision-making processes has changed and for a significant portion of the period in question the organisation operated without a chief financial officer.

**Deputy Joe Costello:** How can an organisation operate without a chief financial officer? When, how and why did this happen? Did the new board ask these questions?

**Mr. Phil Meaney:** Three years ago, when I was appointed chairman of Bord na gCon, deficits in the executive structure were the first things I recognised. I am not sure for how long the organisation operated without a chief financial officer, but I moved immediately with the board to appoint one. After this, we put a different operating structure in place, although I concede this has taken longer than we initially hoped. The point is that there is a new chief financial officer and that there is a very different structure in place for running the greyhound business than three years ago. This is apparent in the strengths exhibited by those members of the executive present.

**Deputy Joe Costello:** Is it not a serious defect, in terms of the debts incurred, that nobody was in charge of finances?

**Mr. Phil Meaney:** I am not sure if there was a chief financial officer in place at the time the decision was made. I think there was, but some time after that we were without a chief financial officer. I accept that every organisation should have a chief financial officer and, as I said, the



current board moved quickly to fill the gap.

Following on from what Ms Larkin said about the previous board, this board was not involved in the decision, but we recognise our responsibility to deal with the consequences, both as a board and as an executive.

**Deputy Joe Costello:** We are moving forward, but we must look back because that is what the auditor's report compels us to do. It seems decisions were made on the purchase of the original site, the Meelick site, when it should have been obvious to anyone that it was not satisfactory. As a result, it was purchased for €1.75 million, of which €1.6 million has been written off. What was the relationship between the executive and the board in this matter? How was a decision made to purchase an unusable site owing to its unsuitability and lack of access? Nothing was ever built on it. How was such a big decision made? How did Bord na gCon only discover subsequently that it could not be used for the intended purpose, for a new track and headquarters?

**Mr. Phil Meaney:** In one month it will be ten years since the decision was made to purchase the site at Meelick. All I can say is the paper trail and the findings of the Comptroller and Auditor General show that it was not a good decision. I accept this.

**Deputy Joe Costello:** It was not a good decision; it was an atrocious one. Any right-thinking person would not decide to buy a site where problems relating to access had been identified prior to purchase. The site was bought and, of course, the issue of lack of access prevented development. If the problem was identified in advance and if it was obvious that there was no access, is it not perverse that a decision to purchase the site for €1.75 million was proceeded with? What does the paper trail tell us?

**Mr. Phil Meaney:** This dates back ten years and, as stated, I was not privy to the thinking behind it at that stage.

**Deputy Joe Costello:** Did Mr. Meaney contact any member of the previous executive or board to discover why these decisions had been made?

**Mr. Phil Meaney:** I am saying that, from the paper trail available and in the light of the recommendations of the Comptroller and Auditor General, we are happy to accept that it was a decision which should not have been taken.

**Deputy Joe Costello:** Has anyone been held responsible for it? Has the finger been pointed in a particular direction? Has anyone been asked to explain how taxpayers' money was wilfully thrown around like confetti, particularly when it was obvious before the purchase took place that the property was unsustainable and could not be used for the purpose for which it was bought? The intention was – this was also the case with the next site – to spend a further €90.4 million on building new headquarters and a new racetrack. In the aftermath of the original decision which was incredibly negligible in nature, a great deal of good money could have been thrown after bad.

**Mr. Phil Meaney:** During my time no action has been taken against any individual.

**Deputy Joe Costello:** I presume no person has been identified as being culpable in this matter. It appears that people can make the most perverse decisions and get away scot free for doing so. The new board is stating this is the legacy of the previous board or executive and washing its hands of the matter. It is riding off into the sunset in the aftermath of taxpayers'



money being wasted.

**Mr. Phil Meaney:** I accept the Deputy's point. Perhaps the current board and executive might consider what, if any, action should be taken in respect of decisions made by previous boards and executives.

**Deputy Joe Costello:** In view of the fact that there was no reasonable basis for the action taken, it seems the current board and executive had a duty to do so. There was blatant negligence on the part of the previous board and executive in using taxpayers' money for a purpose which they knew beforehand to be invalid and contrary to what was originally envisaged. Mr. Meaney has stated he is going to seek to determine how such a perverse decision was made and who was responsible for it. Will he revert to the committee with his findings?

**Mr. Phil Meaney:** Yes. We will discuss it at a meeting of the board and determine the best way forward.

**Deputy Joe Costello:** What does Bord na gCon propose to do with the site now?

**Mr. Phil Meaney:** It is currently valued at €160,000. As the Deputy is aware, that is its agricultural land value. It is a non-core asset and our intention to dispose of it. We are somewhat concerned not to dispose of it by means of a fire sale. As a result, we are seeking to identify a way to sell it for more than its current value.

**Deputy Joe Costello:** Has Bord na gCon put together a portfolio of assets of which it might dispose in order to reduce its debt?

**Mr. Phil Meaney:** We have a number of non-core assets, including our head office on Henry Street, a parcel of land in Cork, the land at Meelick and, as the Indecon report points out, the Harold's Cross site.

**Deputy Joe Costello:** I note that the track I am going to visit tomorrow night has been identified as being expected to be disposed of. I think an overall figure of €8 million has been placed on the old head office building, the land at Meelick and Markets Field. It is also stated the Harold's Cross site is included in the list. Why does Bord na gCon propose to dispose of the site at Harold's Cross? Is it not a successful racetrack?

**Mr. Phil Meaney:** In the past there have been a number of proposals to sell the site at Harold's Cross as part of a rationalisation plan. The site at Harold's Cross and Shelbourne Park are located approximately two miles from each other. The site at Harold's Cross is very valuable-----

**Deputy Joe Costello:** Bohemians and Shelbourne Football Clubs are located approximately one mile from each other.

**Mr. Phil Meaney:** Football is not played at Shelbourne Park.

**Deputy Joe Costello:** The football clubs to which I refer are operational commercial entities.

**Mr. Phil Meaney:** In its report Indecon recommended that, with a view to writing down debt, we should sell the site at Harold's Cross. The Minister and the Government appear to be of the view that this is the best way forward. Leaving that aside, as a board and an executive, we are of the view that it makes more commercial sense to accommodate the people who attend

race meetings at Shelbourne Park and Harold's Cross, at which, as the Deputy indicated, a lot of good people attend meetings, at one venue.

**Deputy Joe Costello:** The profile of those who attend both tracks is different. Shelbourne Park is a more up-market venue, whereas Harold's Cross is the ordinary working man's track. Ordinary people are the mainstay of greyhound racing.

**Mr. Phil Meaney:** I am a lover of all sports. I have always been of the view that Croke Park is for Gaelic games, while the Aviva Stadium is for rugby matches.

**Deputy Joe Costello:** When Croke Park was redeveloped, the GAA did not dispose of Parnell Park.

**Mr. Phil Meaney:** I have enjoyed rugby matches at Croke Park. If we work through this very carefully, in conjunction with the people who operate the tracks at Shelbourne Park and Harold's Cross and the Department, I am sure we can put in place an absolutely great set-up at Shelbourne Park. Parallel with this, we can release a great deal of capital. Regardless of how we came to find ourselves in difficulty with our borrowings, it is the reality we have inherited. We can dispose of the site at Harold's Cross and accommodate both groups of racing people in one stadium.

**Deputy Joe Costello:** Do I take it that neither Shelbourne Park nor the track at Harold's Cross is a loss-making venture but that the racetrack in Limerick is incurring losses?

**Mr. Phil Meaney:** I will ask Mr. Murnane to answer that question.

**Mr. Michael Murnane:** The track in Limerick broke even last year. A profit of €907,000, including track and Tote operations, was recorded. The accounts filed with the CRO account for track operations only and do not include any Tote operations. As I explained this time last year, we only have one licence which is accommodated within Bord na gCon. Including its incidental income, the profit at Shelbourne Park was just north of €1 million. This includes the SIS arrangement in place at the venue. The profit at Harold's Cross last year was €203,000.

**Deputy Joe Costello:** Therefore, both operations are successful.

**Mr. Michael Murnane:** Yes. However, Shelbourne Park must close on Friday nights in order to accommodate racing at Harold's Cross. That is the way the tracks operate.

**Deputy Joe Costello:** I do not wish to pursue this matter to any great degree, but is it not the case that too many race meetings are being held, that less prize money is on offer as a result and that the average number attending meetings is 392, which is an extremely small level of attendance?

**Mr. Michael Murnane:** That is the average across over 1,750 race meetings. Included in the overall figure are attendances at stadiums located in more rural areas such as Youghal, Longford and other places. I intend no disrespect to the tracks at these locations.

**Deputy Joe Costello:** It is not necessarily true that if a racetrack remains closed on a particular night, it is not interfering with business elsewhere. It is not good to have too many race meetings.

**Mr. Michael Murnane:** It is like this: it does not make economic sense that you have two tracks within two miles of each other operating on the same night.

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**Deputy Joe Costello:** But they are both profitable. I do not want to take up too much time on this. If they are both profitable and the one that Mr. Murnane was just talking about down in Limerick has not been profitable for a period of time, we need to see Bord na gCon's business plan for the disposal of assets-----

**Mr. Michael Murnane:** That will be developed as-----

**Deputy Joe Costello:** -----and how that will deal with the overhang of debt and why Bord na gCon proposes to close down a profitable stadium. Presumably, if Bord na gCon were to sell the stadium at Harold's Cross, it would be a bit like Limerick. Unless Bord na gCon gets planning permission for a change of use, it will not go far with it. I presume that is a further projection. We need the business plan on the disposal of assets to see whether Bord na gCon is proceeding on a sustainable basis. Is it agreed that Bord na gCon will provide that to the committee?

**Mr. Michael Murnane:** That will be agreed. As I said, there was mention of the Indecon proposal. There is a timeline planned in the Indecon proposal and that will be part of the timeline plan.

**Chairman:** Excuse me; I do not think that is what Deputy Costello is asking. He is asking for a business plan, and Mr. Murnane's answer would seem to indicate that he will agree with the business plan on some sort of timeline down along the road. Deputy Costello and the other members would like to understand what exactly is Mr. Murnane's approach to this plan and what it will involve. Would that be correct?

**Deputy Joe Costello:** Absolutely.

**Chairman:** It is not just about answers some time in the future.

**Deputy Joe Costello:** We are talking about action now. That is what the Indecon report is about. Bord na gCon was supposed to have a strategic plan by September 2014, and I do not know whether that has been drawn up. Mr. Murnane might tell us about that. There were 27 recommendations in the Indecon report. What is Bord na gCon doing with those? Bord na gCon states it has taken on board the five recommendations from the Comptroller and Auditor General. We would like to see those as well, but what has Mr. Murnane done with the 27 Indecon recommendations and the plan that Bord na gCon was to have drawn up by September 2014? I am not talking about something occurring in the future. If Bord na gCon is to deal with its overhang of debt, then it needs a business plan for how it will dispose of the assets, if that is the main way it will deal with the matter, plus any other proposals it has.

**Mr. Michael Murnane:** The disposal of the fixed assets laid out in the Indecon proposal will involve a number of steps. There will be zoning issues to be addressed at Harold's Cross.

**Deputy Joe Costello:** Has Mr. Murnane drawn up a plan? That was proposed.

**Mr. Michael Murnane:** All these plans-----

**Deputy Joe Costello:** The first recommendation was that a plan would be drawn up for September 2014. The witnesses are the new board, with fresh faces and a new executive. Have they got a plan?

**Mr. Michael Murnane:** That plan, which is the reply to Indecon, was submitted to the Department on 10 October of this year.

**Deputy Joe Costello:** When can we expect to see that, if the Department is perusing it at present?

**Ms Geraldine Larkin:** If I can respond briefly, in terms of our response to the Indecon, that has been submitted to the Department and published on our website. A link to the document was included in the briefing.

To briefly give the committee an overview of our response to Indecon's - Deputy Costello is right - 27 recommendations, it indicates what we are going to do about each of the 27 recommendations and the timeframe in which we are going to do it. It is very clear, both within the document and then in a summary appendix at the back of the document, how exactly we are going to hit each of the recommendations.

Specifically, Deputy Costello talked about asset disposal and the consideration around Harold's Cross. I have two things to put forward in reply to that. First of all, when the board and the executive were formulating the response to the Indecon report, obviously we looked at what other proposals might be considered rather than an asset disposal of Harold's Cross. The proposals put forward by the executive included a review of all the stadiums that are currently under the control of Irish Greyhound Board, looking at them from the perspective of operational performance, operational surpluses, the freehold or leasehold arrangements on particular sites or stadiums, and, indeed, the particular zoning attached to each one. After that analysis, and, indeed, looking at the surplus that is generated on an annual basis by Harold's Cross and doing a projection on those figures, it was on that basis that the board decided to proceed with the sale of Harold's Cross. While Harold's Cross is in profit - to the tune of €200,000 in 2013 - the reality of the situation the IGB is in is that its debts are far greater than any continued operation of Harold's Cross would realise, assuming we can dispose of the asset with full zoning.

It also has to be considered that, while I accept what Deputy Costello is saying in-----

**Deputy Joe Costello:** For what purpose is Bord na gCon looking for it to be rezoned?

**Ms Geraldine Larkin:** In terms of realising maximum value from the sale of the asset.

**Deputy Joe Costello:** Has Bord na gCon submitted a proposal for that? Has it approached the local authority?

**Ms Geraldine Larkin:** Not yet. We are about to go to tender to procure specialists to do that. Obviously, we are not going to be able to run that part of the process ourselves.

**Deputy Joe Costello:** Is this all part of Bord na gCon's €8 million forecast for debt reduction?

**Ms Geraldine Larkin:** Yes. In fact, we hope to realise more from the sale of Harold's Cross.

**Chairman:** I ask Mr. Gleeson about the plan that was submitted arising from the Indecon report. Does it include a business plan on the disposal of assets?

**Mr. Brendan Gleeson:** We have a plan with a set of timelines, with projections for improvement in the financial situation over 2015, 2016 and 2017. There are proposals for disposal of assets.

Deputy Costello mentioned earlier the risk of relying on increased revenue streams for

reducing debt. Indecon came to the same conclusion and felt that really it was not possible to reduce the debt without some programme of asset disposal. Harold's Cross, I suppose, was the most valuable of the potential assets for sale.

In terms of the detailed management of the sale of Harold's Cross, those details remain to be worked out; we do not have a detailed plan. What we have is a programme of actions which follow on from the Indecon recommendations, and we would expect that an amendment to the strategic plan of the board would be required, but we do not have the details of the proposals for the sale of Harold's Cross at this point.

**Chairman:** What the Department has is a general approach to a plan-----

**Mr. Brendan Gleeson:** Yes.

**Chairman:** -----with some timeframes in it-----

**Mr. Brendan Gleeson:** Yes.

**Chairman:** -----but nothing really specific, because Ms Larkin and the board are working on that in the context of zoning, etc.

**Mr. Brendan Gleeson:** Correct.

**Chairman:** So there will be a period of time from now into the future within which some of this may or may not be achieved, because zoning is not an immediate matter. It could take Bord na gCon a considerable length of time. Is that correct?

**Deputy Joe Costello:** Or it may not happen at all. It will depend on a large number of circumstances. Rezoning is quite a delicate business and applications for rezoning are often rejected for a wide variety of reasons, particularly in an area that is already built up. There is no guarantee. If Bord na gCon does not get it rezoned, of course, the value it expects from the site is hugely diminished, because it is of no value unless it is rezoned for the purpose it seeks. It is those matters that need to be teased out carefully, and then we can consider whether it is desirable that a profitable race track should be disposed of, whether the new unit in Dublin is the way forward, whether the same racegoers who went to Harold's Cross will now go to Shelbourne Park - as it is a different clientele that goes to the two race courses - and whether what has been successful to date might be best to build on. These aspects are very relevant to the sustainability of Bord na gCon and its future activities. We need to see the business plan that Bord na gCon is considering to reduce the significant overhang of debt, which has more than doubled in the past five or six years, and for the disposal of assets, which includes, I presume, the Markets Field in Limerick, which was the original track. I ask for a commitment that the business plan will be forwarded to the committee once it has been finalised.

**Chairman:** We can come back to the business plan before the end of the meeting.

**Deputy Joe Costello:** I am asking for a simple commitment at this stage.

**Ms Geraldine Larkin:** That is not a difficulty. The Markets Field site has been disposed of; the site remaining to be disposed of in Limerick is the original site purchased at Meelick.

**Deputy Paul J. Connaughton:** I welcome the delegation. Deputy Costello has mentioned much of what I intended to raise, including the debt problems and the pension plan. The Indecon report sets out how assets are to be sold. I know the delegation will not divulge what



Bord na gCon would like to receive for these places, but I ask what is the plan B if sales are not realised.

**Ms Geraldine Larkin:** In addition to asset disposal, the Indecon response is grounded in a very stringent overview of the performance of stadiums and a change in the mindset when considering the performance of stadiums and the awarding of prize money, as compared with the contribution of each individual stadium back into the industry. One of the key issues for the IGB and for the industry is that we will need to target money where it is giving the best return for the industry. In that vein, we have proposed in our response to Indecon to start measuring the performance of each individual track. That measurement will not be solely financial. In addition to financial measurements, we will also be considering from an industry perspective the relative size of the dog pool within each area, the relative attendance at each stadium, the level of sponsorship attracted to each stadium, growth and development and the local involvement at each stadium. We will also consider the level and state of development of a stadium so that we are not comparing an undeveloped stadium with one that has received significant capital investment. Over time, these figures will give us a much better overview as to where we are getting best value for the taxpayers' money. In the short term we will work with stadiums in order to explain and evaluate these metrics. However, the reality is that we have to focus prize money and our subvention on those tracks that are contributing the most back to the industry. If we do not realise the asset sale, or if the expected value is not realised, as indicated in our briefing, then the emphasis on the performance of those tracks will become even more severe. The bottom line is that it is down to the individual stadiums having to improve performance on a wide variety of measures.

**Deputy Paul J. Connaughton:** On that point, Bord na gCon is in a financial hole at the moment as a result of previous years. The new board's job is to try to fix the situation. Has the Department imposed a deadline? I note that Bord na gCon did not have a chief financial officer before this new board was established. Who is the financial expert telling the board that this plan is credible?

**Ms Geraldine Larkin:** We have in-house financial expertise in the form of our chief financial officer, and, where necessary, we also have sought external validation of the approach we are taking, particularly our approach and response to Indecon at key critical financial junctures.

**Deputy Paul J. Connaughton:** Who is giving the external validation?

**Ms Geraldine Larkin:** We are receiving external professional validation.

**Deputy Paul J. Connaughton:** From whom?

**Mr. Michael Murnane:** It is a combination of bodies. We have a financial panel of some of the main financial accountancy firms around the place, such as Deloitte and Grant Thornton. There are four or five firms on the panel from which to choose.

**Deputy Paul J. Connaughton:** What is the cost of that service?

**Mr. Michael Murnane:** The cost to date has not been substantial because much of the research contained in the Indecon report originated in our own resources. We looked at the tracks from 2008 to date to check the performance of tracks based on attendance and on the number of dog pools and to work out the averages. We have put together a set of KPI metrics which are built on the facts of the industry.



**Chairman:** What are the costs to date?

**Mr. Michael Murnane:** I do not have the review figures to hand.

**Chairman:** You should have those figures with you, Mr. Murnane.

**Deputy Paul J. Connaughton:** When was that review completed?

**Mr. Michael Murnane:** The whole proposal was not reviewed. Our reply to Indecon was not reviewed by an independent firm, if that is what the Deputy wants to know. We did not outsource that to any firm.

**Deputy Paul J. Connaughton:** There is a massive financial problem here, and to be very honest, for the past hour, the witnesses have been a bit woolly on the detail of when deadlines and guidelines were going to be hit and the details of the rescue plan. Does Bord na gCon see itself as needing more State funding? Will the Government need to put in more money because of the financial hole?

**Ms Geraldine Larkin:** Our response to Indecon details our financial proposals. The additional funding we have received in the recent budget will enable us to drive forward that process further and faster and will ensure that we can deliver.

In response to the 27 recommendations in the Indecon report, we have set out key actions under each of the 27 recommendations, with associated timeframes indicating where we are going to be and when the action will be done. A significant portion of that work will be completed by the end of 2015. We have also committed to reporting back to the Minister regarding our progress on those responses.

Our analysis of performance includes details such as examining the subvention per attendee at various tracks in order to see where we are spending our money, to understand where the best value can be obtained and to examine how we will provide financing into the future. Our structure is the same as when Bord na gCon was established in 1958. We must now decide whether that structure is still the best fit for us in the future. This is apart from any asset disposal we might consider. We will be looking at the core underlying structures in order to assess whether they are a best fit for the future. We have taken soundings of the views of industry stakeholders as to how racing might be best structured.

There are inherently too many races. There has been an assessment of the cost of running races relative to the contribution being made. We have identified unprofitable races which we would be better advised not to run on a particular night. As part of our calibration exercise in response to Indecon, we have identified at least 86 race nights that will not go ahead in 2015. This decision will be subject to ongoing review. In some cases the shoulder nights actually arise during the summer. Therefore, it is a question of being as specific as looking on a night-by-night, stadium-by-stadium and track-by-track basis at what it is costing both to deliver the racing, the impact on the industry itself, the stakeholders, the dog pool and the prize money we are issuing. It is a very tight analysis going forward.

**Deputy Paul J. Connaughton:** I know there are a lot measures in the Indecon report.

**Ms Geraldine Larkin:** Yes.

**Deputy Paul J. Connaughton:** One of the measures was the immediate appointment of a risk officer.

**Ms Geraldine Larkin:** Yes.

**Deputy Paul J. Connaughton:** Has that happened?

**Ms Geraldine Larkin:** The IGB has established a risk committee which is drawn from all the senior executives of IGB. We have produced a revised risk register. The risk register is structured under three broad categories.

**Deputy Paul J. Connaughton:** Has a risk officer actually been appointed?

**Ms Geraldine Larkin:** The risk mechanism is in place.

**Deputy Paul J. Connaughton:** I am asking about the appointment of a risk officer.

**Ms Geraldine Larkin:** As I have said, the management of risk, rather than employing it in a single individual, has become the responsibility of the entire senior executive. The entire senior executive is constituted as a risk management committee.

**Deputy Paul J. Connaughton:** What I am trying to get at, though-----

**Chairman:** That is a “No”, I take it.

**Ms Geraldine Larkin:** No. We have adopted an alternative approach.

**Deputy Paul J. Connaughton:** As regards the Indecon report’s recommendations, is the IGB saying that it may like some, but can change others if it sees fit?

**Ms Geraldine Larkin:** No, it is not a case of changing them if we see fit. We obviously have to evaluate the Indecon recommendations and put an implementation plan in place. Our executive has been recognised by Indecon as being under-resourced, due to the numbers that were removed from the organisation in recent years because of cost-cutting measures. Consequently, we do not have the facility to appoint a single individual with responsibility for risk and nor do we currently have the capacity to incur that additional resource. Therefore, the risk officer role is deployed through a risk management committee. That committee comprises the entire executive. The risk management committee has completed a risk register with three different gradings of risk. That risk register is then considered by the audit committee of the board and all high risks are considered at every single board meeting until they come down to an acceptable level.

The solution we have proposed is robust. It recognises the limitations of the resources we have available to us, but at the same time delivers a strong risk management policy. From the recommendations in the Indecon report, the key was that we manage the risk and ensure that key personnel have responsibility for addressing the risk as it arises under those areas. Ultimately, it is governed and controlled both by the audit committee in the first instance and by the board in total which has responsibility for it. There are layers of risk governance within that.

**Deputy Paul J. Connaughton:** I accept all that, but the line in the Indecon report is that at all times the board should ensure that an experienced risk officer and an effective internal audit function are in place. Ms Larkin has mentioned the internal audit function.

**Ms Geraldine Larkin:** No, Deputy. The audit function I mentioned is the audit committee of the board. In terms of internal audit, since the Deputy has raised it, that function is externally contracted because we do not have that capacity internally.

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**Deputy Paul J. Connaughton:** Is there anyone on the board with experience as a risk officer?

**Ms Geraldine Larkin:** Yes. One of the board members has a financial background.

**Deputy Paul J. Connaughton:** As a risk officer?

**Ms Geraldine Larkin:** Not as a risk officer. They have financial expertise.

**Chairman:** Ms Larkin said that the audit function is outsourced, but to what company?

**Mr. Michael Murnane:** AMQ Financial Services is the company based in Ennis.

**Deputy Paul J. Connaughton:** Another measure was strengthening the board of directors and management. Has that taken place?

**Ms Geraldine Larkin:** There are a number of proposals stemming from the strengthening of the board and directors. One of the key recommendations under that broad general category was that board members would no longer act as directors on the local boards of all our stadiums. That proposal is in place so that over the next quarter board members will step back from local boards. That is the first part of that. The Deputy will appreciate that this plan only went in on 10 October. Within the first quarter, the other strengthenings that will happen within the whole governance area include the further training of board members and the executive in board governance. That will also be accompanied by a review of the governance, operation and effectiveness of the board. That is all scheduled to take place. Obviously that work will be tendered to bring in an external person to evaluate it and work with the board. That work is scheduled to be done in quarter 4 or January 2015.

**Deputy Paul J. Connaughton:** I know this is before Ms Larkin's time, but what is Bord na gCon's track record over the last 20 years concerning the disposal of property and land that she is aware of?

**Ms Geraldine Larkin:** I certainly cannot answer the Deputy concerning a period of 20 years.

**Deputy Paul J. Connaughton:** Even the recent history of it?

**Mr. Michael Murnane:** There was an asset disposal in 2011, which was the Old Markets Field. It was sold for €1.5 million.

**Deputy Paul J. Connaughton:** Before that, were bits of Shelbourne Park sold off?

**Mr. Michael Murnane:** That dates back to 2001 and we are trying to research it. We do not have details of that transaction back in 2000 or 2001.

**Deputy Paul J. Connaughton:** How much was involved in that?

**Mr. Michael Murnane:** I just do not have those details here at present. It is dating back to 2001.

**Deputy Paul J. Connaughton:** So the land was sold in 2001, just beside Shelbourne Park, and Mr. Murnane does not know how much Bord na gCon got for that?

**Mr. Michael Murnane:** No, I do not have that accurate information here today.

**Deputy Paul J. Connaughton:** Can Mr. Murnane supply it to the committee?

**Mr. Michael Murnane:** Yes, I can.

**Deputy Paul J. Connaughton:** I imagine that shows up in the accounts somewhere.

**Mr. Michael Murnane:** It would be back in the 2001 annual report. We are looking at that from previous Dáil committee meetings. We are in the process of researching that data, so we must dig up some old records to see what it was sold for and the costs associated with it.

**Deputy Paul J. Connaughton:** It is remarkable that Mr. Murnane would have to do so much research into one sale of land in 2001.

**Mr. Michael Murnane:** I do not have the data. The head office is in Limerick and I do not have the data on that 2001 transaction. That is being quite honest with the Deputy. I just do not.

**Deputy Paul J. Connaughton:** I understand that, but Mr. Murnane said it was already brought up at a committee meeting, so he was aware that perhaps this question would be floated again today.

**Mr. Michael Murnane:** Yes, that is right. We are looking at it and are trying to research the data to see what the situation is. When we get them, we will revert to the committee.

**Deputy Paul J. Connaughton:** Are the data missing?

**Mr. Michael Murnane:** I do not think so. They are probably in the old building in Henry Street. That is where we will try to get them.

**Deputy Paul J. Connaughton:** Is there anyone in the old building in Henry Street?

**Mr. Michael Murnane:** No, there is not but it is under lock and key, so the data are secure.

**Deputy Paul J. Connaughton:** Does Mr. Murnane have the key?

**Mr. Michael Murnane:** The key is in Limerick, yes.

**Deputy Paul J. Connaughton:** I am not trying to be flippant but I find it unusual that a previous Dáil committee raised questions over this, yet when this committee deals with it we still cannot get the answers about the cost or what was taken from the sale of that part of Shelbourne Park.

**Mr. Michael Murnane:** The priority for the last couple of weeks was trying to finalise some audit approaches. It is something that we will just have to get to. It is as simple as that.

**Deputy Paul J. Connaughton:** I imagine that Mr. Murnane's priorities should also be, as he said, to move on from the previous board and show a level of competence and confidence going forward so that people can say this is the board that will fix it. When I cannot get a figure for a sale in 2001 that was already raised at a previous committee meeting, it is hard to understand.

**Mr. Michael Murnane:** I just do not have the files. If I had the files for 2001, I could give the Deputy whatever the sale price was that was included in the annual report, but I just do not have that.

**Deputy Paul J. Connaughton:** But Mr. Murnane will be able to supply it to the committee?

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**Mr. Michael Murnane:** I will be able to supply that figure easily. That figure is in the 2001 annual report and I know the annual report is in head office. It is just that if the Deputy is looking for contracts in that type of situation, I cannot find those at present.

**Deputy Paul J. Connaughton:** I know that Mr. Murnane was not there at the time of the Limerick situation as part of the report, but the Department would be aware of what happened at the time when the Limerick situation was going on. Were any red flags being raised?

**Mr. Brendan Gleeson:** The answer is “No”. I am reluctant to say this, but it is factually correct that we only took over Bord na gCon in March 2010. The Limerick project would have been well under construction at that point. We would have been briefed on the construction and met a number of times with Bord na gCon, but we would not have been aware of the deficiencies in the process around construction and the purchase of the Meelick site until we had sight of the Comptroller and Auditor General’s report.

**Deputy Paul J. Connaughton:** The Department was not aware of the position in Limerick until 2010.

**Mr. Brendan Gleeson:** We were aware of the construction of Limerick stadium, but we were not aware of the process issues that have been highlighted in the Comptroller and Auditor General’s report.

**Deputy Paul J. Connaughton:** Does Mr. Gleeson believe information was withheld from the Department or was it the case that Bord na gCon did not have to report to it?

**Mr. Brendan Gleeson:** The reality is - again, I am reluctant to say this, but it is a matter of fact - that what we are speaking about is a commercial State agency, the legislation around which is designed to allow it a certain amount of latitude and flexibility that does not apply to Departments. We have an accountability system that involves certain burdens on the board, the chairman and the chief executive, but it is audited independently by the Comptroller and Auditor General. We have a monitoring system which is very much based on reporting. We hold regular governance meetings, at least biannually, with Bord na gCon and also meet it to discuss specific issues. I am being asked to interpret events before the Department of Agriculture, Food and the Marine took over this body. I am not sure I can do that. I do not believe information was being wilfully withheld from us.

**Deputy Paul J. Connaughton:** It is frustrating that, despite the report in front of us, everybody on Mr. Gleeson’s side of the room is saying while what happened was terrible, they cannot tell us anything about what happened.

**Chairman:** What is amazing about that?

**Mr. Seamus McCarthy:** It is important to remember that a previous report by my predecessor as Comptroller and Auditor General in March 2008 which was published in June 2008 was considered at a meeting of the Committee of Public Accounts. I do not have the exact date when it was considered, but that report followed on from an examination conducted by Mr. Tim Dalton, former Secretary General of the then Department of Justice and Equality, of governance matters arising, I think, from the development of Shelbourne Park. The report pointed out that there were difficulties with governance. Some of the key findings included considerable day-to-day involvement by directors in the business of the organisation, including the provision of services; a failure to clearly outline the functions reserved to the board and those delegated to the executive until September 2002 when Bord na gCon formally adopted a code of corporate



governance; a division of duties which served to limit the CEO's involvement in a key part of the organisation - Shelbourne Park and Harold's Cross - in the period from 1997 to 2003; a tendency for the chairman to adopt a hands-on approach and, at a later stage, ineffective communication between the board and the CEO and a failure to adequately involve the board in the planning and development of Shelbourne Park in 2005. There is a history of difficulties in Bord na gCon around these developments and their governance and oversight. What is disappointing is that in the period on which we have now reported these problems continued. It could be that they were not adequately dealt with at the time and that adequate structures were not put in place. There are resonances of these findings in the report now presented on the situation in Limerick. That is part of the legacy with which the current board and executive are dealing.

**Chairman:** Arising from that contribution and previous questions, what Department, prior to the Department of Agriculture, Food and the Marine, was responsible for oversight of the operations of Bord na gCon?

**Mr. Brendan Gleeson:** The then Department of Arts, Sports and Tourism.

**Chairman:** Did officials from the relevant section of that Department transfer to the Department of Agriculture, Food and the Marine?

**Mr. Brendan Gleeson:** No.

**Chairman:** Was there any conversation with them?

**Mr. Brendan Gleeson:** Yes; we received a briefing from them and had a number of meetings with them. We also had a number of meetings with Bord na gCon.

**Chairman:** There were one-to-one meetings with officials. Did they indicate there was a problem? I was a member of the Committee of Public Accounts which examined not this issue but other issues prior to 2007. Did officials of the then Department of Arts, Sports and Tourism flag to the Department of Agriculture, Food and the Marine that it was taking on a problem case?

**Mr. Brendan Gleeson:** We were briefed on the Dalton report and the previous issues. My earlier response was to the question put by Deputy Paul J. Connaughton. We were aware of the Dalton report and the previous history in this area.

**Chairman:** Arising from the governance issues which led to the Dalton report and the Comptroller and Auditor General's report of 2008, at the time when approval was sought to double the borrowing capacity of the group what examination took place? What in-depth analysis led the Department of Agriculture, Food and the Marine to agree to this?

**Mr. Brendan Gleeson:** First, approval was sought and given in 2009, before the Department took over responsibility for the body.

**Chairman:** I know that Mr. Gleeson was not in the Department in 2009, but I would like him to focus on the information he received relative to that request, or did he receive any?

**Mr. Brendan Gleeson:** We have a copy of the correspondence received. Sanction was granted in the context of approval of a strategic plan from Bord na gCon. In the context of that strategic plan, sanction was sought to increase the borrowing limit. The development of Limerick stadium would have formed part of the plan. At that stage it was a very high level document. Sanction was granted on the basis that if borrowing was increased, there would have



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been no State guarantee for the money which would have had to be met from Bord na gCon's own resources.

**Chairman:** Did the Department believe at the time that there was an onus on it to ensure the strategic plan was tested to the point where issues arising from that examination would be highlighted for Bord na gCon? What happened? Was the plan tested in any way? Mr. Ryan may respond, if he so wishes.

**Mr. Dermot A. Ryan:** The plan was presented to the then Department of Arts, Sport and Tourism in 2006 or 2007. It envisaged significant capital development at Limerick and a few other tracks. On the basis of the plan, Bord na gCon sought to have the borrowing limit increased to €25 million. It submitted an application to the then Department of Arts, Sport and Tourism in 2009. Arising from it, Bord na gCon received approval to increase its borrowing limit to €25 million.

**Chairman:** I understand that, but was the strategic plan tested prior to the decision being made to allow Bord na gCon to increase its borrowing limit?

**Mr. Dermot A. Ryan:** We were not involved in that decision.

**Chairman:** I understand that, but the Department was. The administration of the State was involved. I am not being personal because Mr. Ryan was not there but would somebody tell me if the administration of the State, whoever it was, tested that strategic plan or was it just impressed by the story it was told?

**Mr. Dermot A. Ryan:** I do not have the answer to that question.

**Chairman:** Mr. Ryan is in the same category as Mr. Murnane who does not have answers to some of the questions he was asked.

**Mr. Dermot A. Ryan:** No. It is quite different. The Department was not involved until May 2010.

**Chairman:** Would Mr. Ryan find out what official dealt with that strategic plan in 2006 and 2007? Who signed off on that plan? Was it tested in any way, given the background, from Mr. Dalton's report right through to the Comptroller and Auditor General's report? Who tested it and who signed off on the plan? He might be able to tell us, and he should feel free to do so, whether it was just a political decision.

**Mr. Dermot A. Ryan:** Is the Chairman asking me to check this out in the former Department of Arts, Sport and Tourism from around 2008 or 2009?

**Chairman:** Yes. Will Mr. Ryan do that for me?

**Mr. Dermot A. Ryan:** I will endeavour to do it. I cannot guarantee that I can dig out the information.

**Chairman:** Why?

**Mr. Dermot A. Ryan:** I will certainly endeavour.

**Chairman:** No endeavour. I am asking for the information. If Mr. Ryan or the Revenue Commissioners asked me for my accounts from 2007, I would have to produce them. I am asking Mr. Ryan, on behalf of the taxpayer, to produce his analysis of that strategic plan, which

allowed an organisation double its borrowings. That is all I want. The Department has a responsibility to answer that question. It is not Mr. Ryan's Department in this case but the previous Department. There has to be some link to it. I will ask the clerk to write on behalf of the committee to the Accounting Officer in that Department as well as asking Mr. Ryan to try to get this information. It is critical to how this has unfolded.

During the time of Mr. Nealon's tenure of office there was no financial officer. Is that right?

**Mr. Phil Meaney:** Prior to my becoming chairman of Bord na gCon, there was no chief financial officer, CFO.

**Chairman:** That was during Mr. Nealon's term of employment?

**Mr. Phil Meaney:** Part of it, yes.

**Chairman:** What audit committee was present at that point?

**Mr. Phil Meaney:** We had an internal audit-----

**Chairman:** The board either had an internal audit committee that has a function or, as Ms Larkin has said, it could outsource it. What was the structure at that time within the internal audit? Was there an audit committee or not?

**Mr. Phil Meaney:** Absolutely, there was an internal audit committee. From memory, I would say it was when Mr. Murnane became chief financial officer he took the internal audit function external.

**Chairman:** Who was on the internal audit committee during that time? Who made the decisions on the audit?

**Mr. Phil Meaney:** I do not know off the top of my head who was on it at that stage.

**Chairman:** Can somebody find out for us who was on the audit committee at that time?

**Mr. Michael Murnane:** There were three members of the board on the audit committee at that time.

**Chairman:** Is it normal for good governance that board members would be members of the audit committee?

**Mr. Michael Murnane:** It is, provided one of the board members has the appropriate experience.

**Chairman:** Who had?

**Mr. Michael Murnane:** I cannot say for certain who in 2008 had it. In the latter part, I think it might have been Ms Teresa Wall.

**Chairman:** I hope there are no taxpayers watching this committee meeting this morning. Bord na gCon gets almost €11 million a year of taxpayers' money and while this is historical stuff it has to be based on something in the past in order to move into the future but from the Department right down questions are not being answered in any way that would give confidence to those taxpayers that this case is in hand. The other issue that arises-----

**Mr. Phil Meaney:** On that point, while I accept what the Chairman is saying about the his-

torical issue, it is only fair to the current board to say we recognised the importance of an audit committee and of its being outsourced. While we may not have all the historic answers, we are putting our house in order on functions such as the internal audit.

**Chairman:** Deputy Connaughton just asked about the risk officer. Indecon understands that during its review Bord na gCon indicated that it was proposing to appoint a risk officer and said it should take place with immediate effect. It added that at all times a board should ensure that an experienced risk officer and an effective internal audit function are in place.

Mr. Meaney is giving his version of a risk officer which is fine, but this was a recommendation to appoint the risk officer that seemed to have been agreed. I am trying to establish detail here as to what we have learned from the past because the board gets €11 million a year. I am anxious to hear about Mr. Nealon's time in office which we covered the last time the witnesses were here.

The Department of Agriculture, Food and the Marine was asked at some stage for permission to extend Mr. Nealon's time as chief executive officer, CEO. What was the response to that?

**Mr. Brendan Gleeson:** We agreed to a limited extension under diminished contractual conditions. It was for two years on the basis, as we understood from the board and the chairman, that Mr. Nealon had experience and certain skills critical to the delivery of the strategic plan for Bord na gCon so we supported the request.

**Chairman:** Did not all of this happen during Mr. Nealon's time? I am not blaming him, I am just asking the question. Is that right?

**Mr. Phil Meaney:** I wrote to the Department on behalf of the board seeking an extension of the CEO's contract. With the help of an external facilitator we had put a strategic plan in place. Any strategic plan in any organisation is very much based on the CEO. We felt it was prudent to maintain the CEO to deliver that strategic plan. Parallel to that, he was the project manager on commingling and certain other things that we felt would lose momentum if we did not maintain the CEO for a period. As it happened, his extension was granted but he did not accept it and we have moved on.

**Chairman:** The point I am making is that he was there during the course of the historical stuff we are talking about. The board then decided in October 2013 that it wanted to extend his time. He is referred to in the correspondence as being a transformational character. I am trying to marry up all of that presentation of his qualities to the Department and whether they shone through in the previous years when he or the board was doing this deal. It is lost on me.

**Mr. Phil Meaney:** I have given the Chairman the reasons for putting a new strategic plan in place. The CEO and the CFO were central to that. We felt as a board it was the best decision for the organisation for a bedding-in period and because parallel to that he was the project manager on commingling and the sale of television rights.

**Chairman:** How did he perform at that time with regard to his qualifications on examination, and for the project we are discussing?

**Mr. Phil Meaney:** It depends on whether the Chairman is looking at a specific part or at the total. At the time, the biggest thing facing the board was the implementation of the strategic plan. There was no more and no less to the decision than that.

**Chairman:** I will ask Mr. Murnane one final question - I know Deputy O'Donnell wants to come in. It relates to the Tote. Will you explain it to me in layman's language? How does it function?

**Mr. Michael Murnane:** How does the Tote operate? A person places a wager on the Tote, and fully 80% of the Tote goes into the Tote pool. Depending on the margin, the winnings that accrue in the Tote are paid out accordingly in a dividend to the winner. A total of 20% is retained by Bord na gCon and the 20% is used to pay whatever operating costs, etc., relate to the Tote.

**Chairman:** The Tote is at all the stadia. Is that correct?

**Mr. Michael Murnane:** That is correct. We have 17 stadia.

**Chairman:** How much prize money was there in 2013, for example?

**Mr. Michael Murnane:** It was in the region of €5.7 million. I am referring to the prize money sponsored by Bord na gCon. That was the prize money we paid. Sponsorship and race entry fees are added to that.

**Chairman:** Does that have anything to do with the Tote?

**Mr. Michael Murnane:** No.

**Chairman:** Does Bord na gCon take that out of the Tote?

**Mr. Michael Murnane:** No. The sponsorship comes in. We simply administer the payment out to the winner of the race.

**Chairman:** Was there an application for €2 million extra this year, or did the organisation simply get it?

**Mr. Michael Murnane:** Was there an application from Bord na gCon? There was no application for €2 million this year. Is the Chairman referring to 2015?

**Chairman:** Yes.

**Mr. Michael Murnane:** Bord na gCon made no application for 2015.

**Chairman:** How much do you expect to get for 2015?

**Mr. Michael Murnane:** I expect we will get €13.6 million, based on the budget announcement.

**Chairman:** You expect it will be €13.6 million. Did you lobby for that money?

**Mr. Michael Murnane:** Did the Irish Greyhound Board lobby for that money? No lobbying was undertaken by Bord na gCon for that money.

**Chairman:** Therefore, the €2.6 million came as something of a windfall to the organisation. Were you surprised by it?

**Mr. Michael Murnane:** There was no lobbying done by Bord na gCon.

**Chairman:** I did not ask you that. I asked whether you were surprised by the fact that it was

automatically increased from €11 million to €13.6 million.

**Mr. Michael Murnane:** Yes. It was a surprise. Let us consider the financial projections that went into the Indecon reply. In the projections we have maintained the support of the Horse and Greyhound Fund at 2013 and 2014 levels.

**Chairman:** Why do you think you got €2.6 million? One would imagine such a sum would have been reserved for the best child in the class in terms of performance.

**Mr. Phil Meaney:** It was a recognition of the employment in the greyhound industry, especially in rural parts of Ireland where there may not be much alternative employment. I think it came after we submitted our replies to Indecon. My view is that it is a supported industry that is good and positive.

**Chairman:** You did not ask for it. Is that the case?

**Mr. Phil Meaney:** Certainly, we did not lobby for it.

**Chairman:** What do you think about that, Mr. Gleeson?

**Mr. Brendan Gleeson:** It has traditionally been the case that the amount of money given to the Horse and Greyhound Fund has been associated with the receipts from the betting tax. There is an adjustment to the betting tax and next year receipts will go up to €25 million. A decision was made to increase the subvention to HRI and Bord na gCon.

**Chairman:** Who made that decision? Was it a political decision or in-house?

**Mr. Brendan Gleeson:** It was made by Government, through the budgetary process.

**Deputy Kieran O'Donnell:** I welcome Mr. Meaney and his colleagues. I am a Deputy for Limerick city. The greyhound track at the Greenpark site is a fantastic amenity for the city. I have fond memories of Markets Field when it operated as a greyhound track as well. I welcome that it is now being developed for Limerick Football Club. It is a fantastic amenity. Nevertheless, let us go back. Much of this is historical. Bord na gCon was before the committee a little over one year ago. Is that correct? We have a special report from the Comptroller and Auditor General. Mr. Meaney will appreciate that as members of the Committee of Public Accounts we are duty-bound to go through what is presented to us. What is the annual budget of Bord na gCon?

**Mr. Phil Meaney:** What is the budget for the industry?

**Deputy Kieran O'Donnell:** Yes. What annual budget does Bord na gCon have?

**Mr. Michael Murnane:** What is the annual expenditure?

**Deputy Kieran O'Donnell:** Give me the income and expenditure in gross figures.

**Mr. Michael Murnane:** The gross turnover from racing activities for 2013 - this is a factual figure – was €28.8 million. From that-----

**Deputy Kieran O'Donnell:** I am not looking at detail. I am trying to make a point. It seems extraordinary that for a critical period between April 2008 and February 2012 there was no chief financial officer in place, despite a budget at that level. Let us consider it from a governance viewpoint. This is critical in terms of strategic dates. Bord na gCon purchased the site

at Greenpark in June 2008. Does Mr. Meaney not think it extraordinary that during that period no chief financial officer was in place?

**Mr. Phil Meaney:** There may have been a chief financial officer when the site was bought. I am uncertain.

**Deputy Kieran O'Donnell:** I am reading notes provided by the Comptroller and Auditor General. They state there was no chief financial officer in place for the period from April 2008 to February 2012. That is from the Indecon report.

**Mr. Phil Meaney:** Yes, I agree with Deputy O'Donnell. Within weeks of being appointed I took the view it was one of the first things that was absolutely necessary. It is important to point out that although there was no chief financial officer, obviously a financial team existed within the IGB. There was a financial team but no chief financial officer.

**Deputy Kieran O'Donnell:** Who was the boss over the finance team? Who looked after things? In any situation someone must be responsible for the overall financial function. Who was responsible for the overall financial function at that time?

**Mr. Phil Meaney:** I suppose until we got a chief financial officer the chief executive was effectively taking responsibility, but he had a team supporting him.

**Deputy Kieran O'Donnell:** Hindsight is great. I realise the organisation now has a separate set-up. Anyway, the situation that existed, regardless of the personalities, should not have been allowed to continue. Is that a fair comment?

**Mr. Phil Meaney:** Absolutely.

**Deputy Kieran O'Donnell:** We are working off the Comptroller and Auditor General's report at the moment. It has not come up before, but it appears that the first site Bord na gCon looked at was the Greenpark site. That was in 2001. At that stage the organisation got the site valued. In 2003, it was valued at approximately €2.2 million.

**Mr. Phil Meaney:** From memory, it was €160,000 per acre.

**Deputy Kieran O'Donnell:** Then, in 2005 the organisation decided to proceed to put a cap on the amount of money that it would use. The cap was €1.4 million on the purchase of a site. Greenpark was valued at €2.2 million. Of the face of it, it appeared to be a better site given its strategic location. It was on the site of the old racecourse and within in the bounds of the city. It is a good location. Why was that site not pursued at the time?

**Mr. Phil Meaney:** Again, I have no wish to be accused of giving the dead man's excuse but I do not know. If I gave an answer, it would not be a correct answer because I do not know.

**Deputy Kieran O'Donnell:** Let us follow on. Let us consider it in the context of the Comptroller and Auditor General's report. It strikes me that the Greenpark site was identified in 2000. Bord na gCon was looking at it at that stage. It was valued at €2.2 million. That was not pursued because the organisation was looking into getting the Markets Field site rezoned. Subsequently, nothing happened. The organisation was looking at the Coonagh site as one of various sites. It put a value of €1.4 million on that site. Then, it appears, a report was completed for the organisation which examined the Coonagh site. It appears the organisation bid on the Coonagh site without any preplanning with Clare County Council and without the specific project having been approved by the board.



**Mr. Phil Meaney:** Is Deputy O'Donnell referring to the Meelick site?

**Deputy Kieran O'Donnell:** Yes, the Meelick site. I know it as the Coonagh site. Locally, it is known as the Coonagh site. I am unsure whether it is in Coonagh or Meelick. I think it is in Coonagh but I am open to correction. Am I right?

**Mr. Michael Murnane:** Yes.

**Deputy Kieran O'Donnell:** Let us call it the Meelick site. It seems extraordinary that the organisation bid at public auction without getting any preplanning from Clare County Council and without getting formal approval of the board. The organisation got a report produced which does not appear to have gone to the board. It stated that there were severe risks in terms of access to the site. Am I correct in what I say?

**Mr. Phil Meaney:** Yes, that is clear from the Comptroller and Auditor General's report.

**Deputy Kieran O'Donnell:** That should not have happened. Side-by-side with that, there was a site at Greenpark that the organisation had identified some years before. It was valued at approximately €2.2 million. The site was available at that price. The organisation ended up paying €3.4 million for that site. That occurred in June 2006.

The organisation did not nail things down. Clearly, proper preplanning was not done in respect of the purchase of that site, because once the organisation got on that site it did not nail down with the vendor that it should carry out the fill-in of the site in terms of parking. Then the organisation put in for planning for parking on the site that it did not own, only to be told by Limerick County Council that it would only allow for greyhound parking and that the vendor would be unable to use it for other activities. The vendor wanted to appeal the case to An Bord Pleanála but Bord na gCon was against the idea because it would delay the project. The vendor had Bord na gCon over a barrel.

Then Bord na gCon had an issue or problem with the type of filling being carried out. It appears that due to the absence of any proper form of planning Bord na gCon ended up spending €4 million more than it should have spent, at a minimum. A total of €1.6 million was spent on the site being written off in Meelick, €1.4 million went on costs incurred in respect of the site fill at Greenpark, something the vendor was supposed to do originally, and €1 million was spent on a call option held by the vendor with Bord na gCon whereby the vendor could call upon Bord na gCon to purchase the freehold. If proper preplanning had been carried out with Limerick County Council then, at a minimum, the organisation would have gone to the vendor and made the case that it would only buy the site if the vendor extended the site to include an area where Bord na gCon could get parking as well.

It appears the board has a reserve function in terms of capital acquisitions. Was the chief executive bypassing the board? Was there proper reference back to the board? Was it simply too loose?

For me, it is simple. Bord na gCon does great work in the dog and greyhound industry, which is of major importance. The Greenpark racecourse is a fantastic amenity in the city. I come from a county and I represent a portion of Clare where dogs are a major activity, but it is fair comment to say that fences were rushed and improper attention was paid in terms of due diligence prior to the purchase of the sites. Was Mr. Meaney on the board at the time?

**Mr. Phil Meaney:** No.

**Deputy Kieran O'Donnell:** Is there anyone before the committee today who was on the board at the time? In hindsight, was the board consulted properly at the time on the purchase? I am not in any way saying that people were doing things that were in any way underhand. I am not questioning the motives. If I was buying something and I had a report with a question over right of access at the Meelick site, I would have gone to the public auction. However, if the site did not make the bid price, I would have contacted the vendor and agreed to buy it, but only subject to planning. There is no way any State body could buy land in those circumstances in future. It had agricultural zoning not commercial zoning. The site had problems with access. Clearly, it was an unsuitable site.

The organisation put in €1.4 million. The site was bought for €1 million. Was the organisation being penny wise and pound foolish at the time? The board, for whatever reason, decided on a cap of €1.4 million when in fact there was a site further up the road at Greenpark for €2.2 million, that is €1.2 million less than the organisation eventually ended up paying. Is that fair comment?

**Mr. Phil Meaney:** It is fair comment. As I said earlier, I have done everything I could to read up on the development in Limerick.

**Deputy Kieran O'Donnell:** Ironically, I reckon it ended up in the best site. However, at the same time, the process has, ultimately, incurred €4 million of taxpayers' money as it went the scenic route.

**Mr. Phil Meaney:** As I said at the beginning and as the Comptroller and Auditor General is aware, there was a good deal of frustration at the last meeting. The Chairman asked the Comptroller and Auditor General to do a report on the Limerick development. We have that report. There are five recommendations. We have implemented or we are in the process of implementing all five recommendations.

**Deputy Kieran O'Donnell:** Was the Meelick site sanctioned by the board?

**Mr. Phil Meaney:** I do not know.

**Deputy Kieran O'Donnell:** Was the Greenpark site sanctioned by the board?

**Mr. Phil Meaney:** The paper trail suggests it was but, again, I was not there and any comment in the years after the event is anecdotal in many ways.

**Deputy Kieran O'Donnell:** Has Bord na gCon put procedures in place? I am mindful of the people on the board and of the work people do on boards. At the same time we are challenged with putting the questions. This applies whether I am a Deputy for Limerick city or otherwise. I acknowledge the fantastic facility that is there, the employment Bord na gCon provides and the fantastic work it does. Nevertheless we must ensure things are different in future. In hindsight, there should have been a procedure.

Let us consider Markets Field. Either Limerick City Council was going to provide rezoning or it was not. Then we should consider where the best site was strategically. Greenpark was clearly identified initially as the best site. A racecourse had been there previously in the heart of the city. The site was associated with sport and people recognised it. The racetrack had gone to a big facility at Greenpark but that represented a loss to the amenities in the city. Therefore, it would have made more sense to pursue the Greenpark site. Did the board go to the Department at the time? Did the Department indicate it would not sanction such a site? Can the Department

comment on the matter? Does that ring a bell? Were impediments put in the way to pursue the Greenpark site at the time?

**Mr. Brendan Gleeson:** I am not aware of that. I will set out the exchanges of which I am aware. Approval was sought for a strategic plan which included the development of the Limerick greyhound stadium. I am not aware of-----

**Deputy Kieran O'Donnell:** What time was that? When was that?

**Mr. Brendan Gleeson:** That was in 2009.

**Deputy Kieran O'Donnell:** It all predates that. It is interesting. Will the Comptroller and Auditor General comment? Is my analysis accurate?

**Mr. Seamus McCarthy:** I think the analysis of Deputy O'Donnell is spot on. There was a problem with the quality of record-keeping in Bord na gCon at the time. We pointed this out to Bord na gCon in the 2008 report and in management letters and so on.

From the records that exist I have seen no evidence of any external involvement in those decisions. We did not see any correspondence with the Department of Arts, Heritage and the Gaeltacht or with the Department of Agriculture, Food and the Marine in relation to 2003, 2004 and into 2005 when a decision was initially being made on the purchase of Meelick.

**Deputy Kieran O'Donnell:** It appears that if the consultants' report commissioned on the Meelick site had gone to the board, there is a fair chance that the bid on the site would not have been pursued. It might have been a timing thing at the time as the timescale was very short in terms of completing a report before the public auction. Once one goes to public auction, one is on a hiding to nothing on a risk basis as, ultimately, the site is locked in. I am asking if it was a case of penny wise and pound foolish in getting a site for €1 million which appeared to be good value at the time, but ending up at Greenpark at the road which cost €1.2 million more at the time. In terms of moving forward, those issues must be acknowledged. Is that fair comment?

**Mr. Phil Meaney:** Absolutely, and we have acknowledged them here today.

**Deputy Kieran O'Donnell:** Can I move forward? What are Bord na gCon's current debt levels?

**Mr. Phil Meaney:** They are at €22 million.

**Deputy Kieran O'Donnell:** How much of that relates to Greenpark?

**Mr. Phil Meaney:** It is €12.5 million.

**Deputy Kieran O'Donnell:** What does the rest relate to?

**Mr. Phil Meaney:** There is a performing overdraft.

**Deputy Kieran O'Donnell:** What would Bord na gCon regard as a sustainable debt level?

**Mr. Phil Meaney:** The challenge we have is the €12.5 million. That is calling it straight and something that has to be addressed.

**Deputy Kieran O'Donnell:** Does that have to do with Greenpark?

**Mr. Phil Meaney:** Yes.

**Deputy Kieran O'Donnell:** Bord na gCon identified in the business plan that was formulated at the time that it would sell Markets Field, which has been sold and which is providing a fantastic amenity that Limerick FC will shortly use. It is a civic amenity that is very good. Where does Bord na gCon stand in terms of the sale of other assets? It was indicated that €8 million would be identified. Of that €12.5 million, what would be a sustainable debt level in terms of the Greenpark racetrack?

**Mr. Michael Murnane:** It would be in the best interests of Bord na gCon if that €12.5 million was repaid sooner rather than later.

**Deputy Kieran O'Donnell:** Is the entire debt being serviced currently by way of interest-only payments?

**Mr. Michael Murnane:** Our entire debt is currently interest only, including the €12.5 million portion.

**Deputy Kieran O'Donnell:** Has the body made any capital repayments?

**Mr. Michael Murnane:** We have not made any capital repayments to date.

**Deputy Kieran O'Donnell:** Has Bord na gCon had any negotiations with the banks at this point to look at capital repayments?

**Mr. Michael Murnane:** The agreement with the bank is concluded.

**Deputy Kieran O'Donnell:** Which bank?

**Mr. Michael Murnane:** AIB. The only issue currently with AIB that is subject to the conclusion of the contract is that it is perfecting the titles held in relation to the three stadiums securing that part of the loan. They are at Harold's Cross, Clonmel and Cork. We are just going through the legal paperwork at this point.

**Deputy Kieran O'Donnell:** Is that sustainable?

**Mr. Michael Murnane:** That will be paid over on a staged basis based on the cash flows presented to the bank. That will be starting on a payment basis and phased over time.

**Deputy Kieran O'Donnell:** Is there a capital structure in place with the other greyhound tracks?

**Mr. Michael Murnane:** Yes.

**Deputy Kieran O'Donnell:** Is Limerick still interest only?

**Mr. Michael Murnane:** Limerick is still interest only. Limerick is in contract until 9 December 2016 on interest only.

**Deputy Kieran O'Donnell:** The model that was pursued at the time to go after and develop Greenpark was based on the forecast realisation of €8 million through the sale of assets. The numbers do not change. What happened in the past should not have. Will the racetrack break even in 2014?

**Mr. Michael Murnane:** I cannot see it breaking even in 2014.

**Deputy Kieran O'Donnell:** How large will the losses be?

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**Mr. Michael Murnane:** It will depend on Christmas, but I estimate that the losses in Limerick will be in the region of €20,000 for 2014.

**Deputy Kieran O'Donnell:** What were they in 2013?

**Mr. Michael Murnane:** The track broke even - €907.

**Deputy Kieran O'Donnell:** It is at a level at which in terms of just being interest only it is washing its face. It is not a burden on the organisation bar the fact that there is a massive debt hanging over in terms of capital repayments. Can the witnesses go back to the €8 million figure and set out the plan for reducing the debt burden in respect of Greenpark?

**Mr. Michael Murnane:** Without going into the specifics of the assets and projecting-----

**Deputy Kieran O'Donnell:** It is in the Comptroller and Auditor General's report. The organisation has the old buildings on Henry Street.

**Mr. Michael Murnane:** The €8 million figure was based on €3 million for the Markets Field site, which realised €1.5 million, and €4 million to €5 million for Henry Street.

**Deputy Kieran O'Donnell:** It was €3.5 million for Henry Street and €1.5 million for Meelick.

**Mr. Michael Murnane:** Yes. Meelick is now worth €150,000 at agricultural values.

**Deputy Kieran O'Donnell:** As a matter of interest, how many acres are there at Meelick?

**Mr. Michael Murnane:** There are 15 or 16 acres.

**Deputy Kieran O'Donnell:** Is it rented out?

**Mr. Michael Murnane:** Yes.

**Deputy Kieran O'Donnell:** Is that for agricultural use?

**Mr. Michael Murnane:** Yes. It is at a nominal rent.

**Deputy Kieran O'Donnell:** When one looks at it, that was the turn Bord na gCon took off the road and got lost for a while. The organisation should have gone straight to Greenpark. The head office was deemed to be worth €3.5 million. What is it currently valued at?

**Mr. Michael Murnane:** Optimistically, if we could generate €1 million from a sale, the board might consider it. I do not speak for the board, however.

**Deputy Kieran O'Donnell:** We are talking about the potential to realise €1 million. A total of approximately €2.5 million has been realised.

**Mr. Michael Murnane:** Yes, but €1.5 million was realised in 2011 and that has not been used to repay debt.

**Deputy Kieran O'Donnell:** I ask Mr. Murnane to tell me about the balance of €6.5 million. Can he give me a level at which Bord na gCon as an organisation will be in a position to be sustainable and to make capital repayments in respect of the Limerick greyhound track at Greenpark?



**Mr. Michael Murnane:** The principal task in relation to the bank loans is to deal with the €12.5 million development loan associated with Limerick. That is the principal challenge facing Bord na gCon between now and December 2016. The sale of the assets originally envisaged will generate approximately €1 million or €1.1 million, depending on Meelick. That will leave a deficit of €11 million. The realisation of the asset disposal strategy as laid out in Indecon is being forecast to try to deal with that debt in some portion or another.

**Deputy Kieran O'Donnell:** Are the witnesses at liberty to say what assets will be involved?

**Mr. Michael Murnane:** From the assets disposal strategy, there is a parcel of land in Cork and, specifically, Harold's Cross.

**Deputy Kieran O'Donnell:** Could they realise that level of funding?

**Mr. Phil Meaney:** That is part of the plan envisaged to try to realise that €11 million.

**Deputy Kieran O'Donnell:** I ask Mr. Meaney about the lessons that have been learned from what has happened. Ultimately, we are charged with asking about the public purse and taxpayers' money. What has Bord na gCon learned from what has happened and what measures has it taken to ensure it never happens again?

**Mr. Phil Meaney:** I will answer the second part of the question first on what we have put in place. We have taken on board the five recommendations of the Comptroller and Auditor General, which will prevent any recurrence of this.

**Deputy Kieran O'Donnell:** What is the body's timescale for dealing with the €12.5 million overhang by way of disposals? When will Bord na gCon be in a position whereby the debt levels in Greenpark are at a sustainable level or, ideally, wiped out.

**Mr. Michael Murnane:** As I said the contract is due to expire on 9 December 2016. At that stage, Bord na gCon has the option to repay or refinance. That is the timeframe within which we must work.

**Deputy Kieran O'Donnell:** Over the next two years, a structure will be put in place. What does Bord na gCon anticipate it will do with the Meelick site?

**Mr. Michael Murnane:** We have no real plan for the Meelick site. It is worth €150,000. We will have to consider as a group whether we will place it on the market or not.

**Deputy Kieran O'Donnell:** How many acres are there?

**Mr. Michael Murnane:** There are roughly 15 or 16 acres.

**Deputy Kieran O'Donnell:** How many acres is the Greenpark site?

**Mr. Michael Murnane:** It is on just over 11 acres.

**Deputy Kieran O'Donnell:** Who owns the parking area at Greenpark?

**Mr. Michael Murnane:** The parking area in Greenpark is owned by Limerick Racecourse Company but Bord na gCon holds a 999 year lease over the-----

**Deputy Kieran O'Donnell:** At a nominal rent of-----

**Mr. Michael Murnane:** It is €1 or something like-----

**Deputy Kieran O'Donnell:** In, essence, it is freehold.

**Mr. Michael Murnane:** It is effectively freehold.

**Chairman:** Is that the one the €1 million call option is on?

**Mr. Michael Murnane:** That is the one the €1 million is on.

**Chairman:** Therefore, it is not exactly-----

**Deputy Kieran O'Donnell:** That is the point I was getting to. It is not strictly correct to say it is €4 million. That €1 million will never come into being.

**Chairman:** There is a call on it.

**Mr. Michael Murnane:** There is a call on the carpark. There is a condition in the planning permission associated with Greenpark that the carpark adjacent to Limerick greyhound stadium cannot be used for any other purpose other than greyhound racing. There are 100 acres around the Greenpark estate, if I can call it that. If other commercial entities wanted to use it as an overflow carpark, the condition in the planning permission refuses that. If that continues for the next 30 years, Bord na gCon is on call for that €1 million.

**Chairman:** If that €1 million is called on, then Bord na gCon has freedom to deal with any planning issue.

**Deputy Kieran O'Donnell:** What would be the situation in which the vendor would instigate that call option?

**Mr. Michael Murnane:** If it goes for planning permission for whatever purpose-----

**Chairman:** If who goes for it?

**Mr. Michael Murnane:** If the owner of Limerick Racecourse Company goes for planning permission for whatever purpose on the adjacent lands and, within the planning, uses our carpark for the overflow and is turned down, it is entitled to call on that €1 million. He has 30 years to make that planning application. That is the period of the risk.

**Chairman:** What is the likelihood that person will call on that €1 million?

**Mr. Michael Murnane:** I would say remote because the lands that are-----

**Chairman:** Would he say it is remote?

**Mr. Michael Murnane:** I have not spoken to him about it. I have no cause to speak to him about it.

**Deputy Kieran O'Donnell:** Will Mr. Murnane explain that again?

**Mr. Michael Murnane:** If he applies for planning for whatever reason on the other lands - there are 100 acres to be developed-----

**Deputy Kieran O'Donnell:** I know that.

**Mr. Michael Murnane:** If he applies for planning for that and the planning application projects, or whatever, our carpark as an overflow and that is turned down, he can call on the €1

million at that stage.

**Deputy Kieran O'Donnell:** I assume that is a contingent liability because, ultimately, the risk is that if there is any development on the site and he applies for planning and gets refused for the overflow carpark, he can call on that €1 million.

**Mr. Michael Murnane:** Bord na gCon is under an obligation to pay that within five years of the call being made. If he makes that call, we have five years to pay it.

**Chairman:** It is a serious risk.

**Mr. Michael Murnane:** It is a risk.

**Chairman:** Deputy O'Donnell has added up these figures.

**Deputy Kieran O'Donnell:** I did.

**Chairman:** Is that the carpark on which €1.7 million was spent?

**Mr. Michael Murnane:** It was spent on buying the 999 year licence. Some €1.4 million was spent on that.

**Chairman:** Was that the one that was resurfaced?

**Mr. Michael Murnane:** That is the one that was resurfaced with 450 spaces.

**Chairman:** The total spend on that was €1.7 million.

**Mr. Michael Murnane:** Yes, €1.7 million.

**Chairman:** There is a call on it for €1 million.

**Mr. Michael Murnane:** Yes.

**Chairman:** There is a likelihood that call will be made and, therefore, it has to be a risk.

**Mr. Michael Murnane:** It is a risk, yes.

**Chairman:** In summing up that €4 million, which Deputy O'Donnell outlined, there is an additional €1.7 million that could be lost.

**Deputy Kieran O'Donnell:** No. Some €1.4 million in costs was incurred in regard to the site filling at Greenpark but is that separate from the carpark?

**Mr. Michael Murnane:** The liability-----

**Deputy Kieran O'Donnell:** No. Some €1.4 million was incurred on site filling at the Greenpark site. This was originally provided by the vendor at no cost. Is that separate from the carpark?

**Mr. Michael Murnane:** The €1.4 million is the filling under the Limerick greyhound stadium.

**Deputy Kieran O'Donnell:** The €1.7 million is in addition.

**Mr. Michael Murnane:** The €1.7 million is in addition.

**Deputy Kieran O'Donnell:** In the original contract, was the vendor supposed to provide that surface for the carpark as well?

**Mr. Michael Murnane:** That was the agreement with the vendor at that time.

**Deputy Kieran O'Donnell:** Therefore, the Chairman is correct that in addition to the €4 million, another €1.7 million was incurred which was not expected to be incurred.

**Mr. Michael Murnane:** My understanding of the decision was that there were four acres in that carpark, so four acres at €300,000 an acre would have cost around €1.2 million. The cost of filling that carpark could have cost another €1 million, so that was the €2.2 million. That was roughly the justification beyond the licence.

**Deputy Kieran O'Donnell:** With due respect, if proper pre-planning had been done on the Meelick site and the Greenpark site, many of these issues would have been avoided. There were clearly complications with both sides. Unfortunately, if one goes into an agreement with a vendor and does not check out pre-planning, the vendor is playing with the ace of hearts or with the trump card. The vendor was playing with all the aces and played his hand. Looking back, not enough due diligence was done at pre-planning stage. Having said that, the site at the greyhound track is a fantastic amenity.

**Chairman:** Bord na gCon sold an asset for €5.1 million but did not use it to pay down debt.

**Mr. Michael Murnane:** No, not when it was sold.

**Chairman:** Where is it?

**Mr. Michael Murnane:** It went into finishing off the building of the Limerick facility in 2011.

**Deputy Kieran O'Donnell:** It is an excellent facility.

**Mr. Michael Murnane:** It went to pay for the building. The extra money went to pay whatever creditors were there at that particular point in time.

**Chairman:** In terms of the past, which we touched on a lot this morning, what about minutes of board meetings, audit committee meetings and so on? Are they all available to Mr. Murnane?

**Mr. Michael Murnane:** They were made available to us when we were doing the research for the Comptroller and Auditor General for the report.

**Chairman:** Are they extensive and comprehensive?

**Mr. Michael Murnane:** I have to take the comment made by the Comptroller and Auditor General into account in regard to 2008. There are summaries of decisions but the background to the conversation is sometimes missing and sometimes it is left up to one to decide what was said, what was the assumption and what information was provided.

**Chairman:** I would like to ask the Comptroller and Auditor General about the minutes of the audit committee and the minutes of the board meetings. I presume he has seen them.

**Mr. Seamus McCarthy:** We have.

**Chairman:** Are they what he would expect? Did they fall far short?

**Mr. Seamus McCarthy:** In terms of the scale and complexity of the proposal - I am just speaking about the Limerick stadium - I think a more comprehensive record could have been kept by the board.

**Chairman:** What outside auditors were used in more recent times? What outside auditors are used now? We were given the name of one - AMQ. Is it the only one or were there others?

**Mr. Michael Murnane:** I joined the board in 2012 and at that stage, we had our own full-time internal auditor who was an employee of the company. I think he had been with the company since 2008.

**Chairman:** Who was he an employee of?

**Mr. Michael Murnane:** He was a full-time employee of Bord na gCon.

**Deputy Kieran O'Donnell:** From when and to what date?

**Mr. Michael Murnane:** I think it was from 2008 until 2013. That internal auditor was out sick for a very long period of time in 2013.

**Chairman:** Were there any outside auditors?

**Mr. Michael Murnane:** Not during that time, outside the Comptroller and Auditor General.

**Chairman:** There was nobody else involved at any stage.

**Mr. Michael Murnane:** No.

**Chairman:** Who is involved now apart from AMQ?

**Mr. Michael Murnane:** AMQ is doing the internal auditor services for Bord na gCon and that is subject to tender at the start of 2015.

**Chairman:** What is the panel about which Mr. Murnane spoke?

**Mr. Michael Murnane:** That is a financial advisory panel.

**Chairman:** Who is on that panel?

**Mr. Michael Murnane:** Grant Thornton, Williamson's in Dublin and Deloitte & Touche.

**Chairman:** Which has been used from that panel?

**Mr. Michael Murnane:** I am using Deloitte & Touche and Grant Thornton.

**Chairman:** Which would have the biggest contract - Deloitte & Touche or Grant Thornton?

**Mr. Michael Murnane:** It would be 50:50 between Deloitte & Touche and Grant Thornton.

**Chairman:** That covers the records. Looking back on those records, did the auditors, the internal auditors or the others employed - Grant Thornton and Deloitte & Touche - discover any conflict of interest or anything-----

**Mr. Michael Murnane:** In relation to what?



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**Chairman:** Anything.

**Mr. Michael Murnane:** Not that I am aware of.

**Chairman:** There was nothing there in the past. The 2013 accounts are now with the Comptroller and Auditor General. Is that correct?

**Mr. Michael Murnane:** We have to finalise one or two queries relating to the annual reports.

**Chairman:** How are they looking?

**Mr. Michael Murnane:** Some €850,000 of earnings before interest and depreciation.

**Chairman:** How much?

**Mr. Michael Murnane:** Some €853,000 of a surplus.

**Deputy Kieran O'Donnell:** Before interest. What about after interest?

**Mr. Michael Murnane:** After interest and depreciation, there will be a loss of €171,000.

**Deputy Kieran O'Donnell:** What about last year?

**Mr. Michael Murnane:** A profit of €308,000.

**Deputy Kieran O'Donnell:** To what does Mr. Murnane attribute the downturn?

**Mr. Michael Murnane:** The majority of the downturn in 2013 owed to an increase in prize money of €700,000 and a decline in Tote sales and turnover from racing activity. There was a general economic decline.

**Chairman:** I asked Mr. Murnane about the Tote, a matter in which I am interested. He might correct me if I am wrong in my understanding, as I obviously am. The income from the Tote at the 17 stadia is approximately €20 million.

**Mr. Michael Murnane:** Yes.

**Chairman:** That generates a margin of approximately 10%.

**Mr. Michael Murnane:** A gross margin of 20%.

**Chairman:** Bord na gCon pays out of that.

**Mr. Michael Murnane:** We retain 20% and pay out 80%.

**Chairman:** If Bord na gCon takes 10%-----

**Mr. Michael Murnane:** The average operating cost accounts for 10% of the turnover.

**Chairman:** Therefore, the Irish Greyhound Board, IGB, is obliged to pay the prize money at each stadium.

**Mr. Michael Murnane:** It sponsors the prize money for each stadium.

**Chairman:** The IGB pays for that.

**Mr. Michael Murnane:** Yes.

**Chairman:** That is €5.6 million.

**Mr. Michael Murnane:** That is the board's contribution.

**Chairman:** But 10% of €20 million is €2 million. It does not even cover the-----

**Mr. Michael Murnane:** Correct. It does not cover the prize money. Traditionally, the prize money has been paid out of the allocation from the Horse and Greyhound Racing Fund.

**Chairman:** The profits do not cover the prize money.

**Mr. Michael Murnane:** Not the profits from the stadium operations.

**Chairman:** On the Tote?

**Mr. Michael Murnane:** Yes.

**Deputy Kieran O'Donnell:** Did it historically?

**Mr. Michael Murnane:** No.

**Chairman:** What does Bord na gCon do about that?

**Mr. Michael Murnane:** The prize money is taken from the Horse and Greyhound Racing Fund allocation. That has been-----

**Chairman:** Is that €11 million?

**Mr. Michael Murnane:** Yes.

**Chairman:** I wish to ask about correspondence that most members have received. Sent to Mr. Murnane in August 2013, it queried expenditure of €541,231 under the heading of travel, promotion and entertainment. What was the reply? Did Mr. Murnane reply to the query?

**Mr. Michael Murnane:** I assume I did. The Chairman will have to forgive me; I do not have that detail in front of me. I remember the query. I assume a reply was put together. It would not be like me not to reply. That is all I can say.

**Chairman:** For what travel, promotion and entertainment did the €541,231 pay?

**Mr. Michael Murnane:** Give me a second. I will try to find the details.

**Chairman:** It was €10,000 per week, an increase over previous years. I am asking for two reasons - what did it pay for and how does Bord na gCon deal with such queries? Does it openly respond to them or does it simply acknowledge the queries without answering them?

**Mr. Michael Murnane:** If we can respond in an open manner, we will. We try to respond as openly as possible. The Chairman will have to forgive me, as I do not have the detail of the €541,231. It normally involves the travelling expenses of the entire organisation, including all 17 tracks. I can reply to the committee with the figure.

**Chairman:** It is €10,408 per week.

**Mr. Michael Murnane:** Correct.

**Chairman:** Is that vouched?

**Mr. Michael Murnane:** Every penny is vouched. I will give the committee a flavour of some of the expense vouchers that we have been receiving. The employees on a testing team that visits three or four tracks on a single night get travel expenses and a certain allowance for working at those tracks.

**Chairman:** Is it possible to get a copy of the reply?

**Mr. Michael Murnane:** Absolutely.

**Chairman:** Is it possible to get a copy of the submission on meeting timelines that was made to the Department?

**Mr. Brendan Gleeson:** We can send that.

**Chairman:** What governance over these issues is in place now?

**Mr. Brendan Gleeson:** From the chairman, we get an annual report as well as a statement of assurance that the codes of corporate governance are in place. We have biannual meetings with Bord na gCon where we go through all of these issues in detail. Where specific issues arise, we meet more frequently.

**Chairman:** Given the nature of what is happening and the fact that Bord na gCon has increased funding of €13.6 million, is it not time to have a clear line of oversight on a more regular basis? Consider the Indecon report, the timelines that are to be met and the new board and executive that are in place.

**Mr. Brendan Gleeson:** Yes. It is our intention to meet frequently on the Indecon report so as to monitor progress and ensure that it is being implemented. We have also introduced a provision in the Horse Racing Ireland, HRI, Bill allowing us to give a direction to the organisation where necessary and to have more control over the grants it receives. Where we are not satisfied that the strategic plan is being delivered upon or a direction has been complied with, we will have the explicit power to retain grant moneys from the organisation.

**Chairman:** To reclaim.

**Mr. Brendan Gleeson:** No. We would retain or refuse the organisation grant moneys in particular circumstances.

**Chairman:** The organisation's response to these reports must reach a certain level before the grant money is released.

**Mr. Brendan Gleeson:** Yes. That provision is contained in the heads of a Bill that has gone through the pre-legislative scrutiny phase and will revert to the Government for a slight redrafting. We expect it to be before the Houses in the new year.

**Chairman:** When Mr. Meaney made his case about the retention of Mr. Adrian Nealon, did he do so on behalf of the new board?

**Mr. Phil Meaney:** Yes. Since then, we have had two board replacements. I suppose it was a mixture-----

**Chairman:** Mr. Meaney was basing his case for the retention of Mr. Nealon on the agree-

ment of the board generally. Is that how it was done?

**Mr. Phil Meaney:** Yes. There was one board member who, at the time, had stopped attending meetings, but the decision was unanimously taken by the remainder.

**Chairman:** It is amazing. That is all I will say. Do members have other questions? Deputy Costello does, but Deputy Connaughton indicated first.

**Deputy Paul J. Connaughton:** I will be brief. Most of this discussion has been about how Bord na gCon will handle its debt, but what is the plan for getting more people through the turnstiles and boosting income? Are there deadlines?

**Mr. Colm Walsh:** We have considered the matter in great detail. Ownership and dog pools are at the core of what drives business and income in stadiums. The largest challenge - not just for the IGB, but all stakeholders and participants in the industry - is to increase the level of ownership and restore the dog pools. Working with the stakeholders to achieve these aims is the challenge that we as an executive and the board face. We have plans in place and in development to promote and develop ownership. We will engage with stakeholders in the near future on how to progress the situation. The level of ownership has decreased from approximately 17,000 in 2009 to approximately 8,000 currently. One can see the impact of this on income lines in the stadia, for example, admission fees, food and beverage sales and expenditure on the Tote. We must work through this critical issue with the people in the industry as well as with the organisation. There is no magic road to recovery. There is no quick six-month fix.

We have been examining how to use our food and beverage model as a driver of attendance in the domestic market, for example, special offers and tailored packages on off nights. We would use it as a means of encouraging people into stadia. It would also be a driver in the corporate, incentive and tour operator markets. We have had some success in recent years in growing the tour operator business and the volumes through the stadiums from tour operators. We are examining engaging with the tourism industry and international trade fairs to drive those numbers in the early part of 2015. Food and beverage is a critical part of that plan and how it looks and what we offer will help to drive attendances in the stadium network.

We are also examining having an increased sales resource and how we can do that effectively. The sales resource we have currently is very limited and stretched in that the people who are in the sales function cover a multitude of other tasks on a day-to-day basis in the stadiums. During the cost reduction phase staffing levels were reduced, therefore, the time available for selling and dealing with customers has been reduced. We are currently concluding a test whereby we are using third party call centres to provide support for the local stadium managers in terms of their sales. They do lead-generation work, business development and cold calling for us. That is very cost effective rather than trying to put a team of sales people on the road. We get an immediate response. We get database building and profiling of potential customers, be they corporate or individual parties. We will be running through an evaluation of that test programme in the coming weeks. If that is proved successful in terms of the revenue generated from it, we will then seek to run a number of those campaigns by stadium during 2015. It is a far more cost effective way rather than having sales people on the ground.

From a marketing strategy point of view, we are promoting the venues on the basis of a brand, a venue brand or entertainment brand within their local market. Previously the main plank of the marketing strategy would have been promoting the Irish Greyhound Board, IGB, but people do not travel to see the IGB. They go to Curraheen Park, Shelbourne Park or Har-

old's Cross stadium. We have individual websites and webpages and our digital strategy for 2015 will see the individual local brands in those areas. Their websites will act as a hub for all social media activity and all digital activity and we will be able to engage with people, understand the profile of people coming through the gates, have better segmentation and be able to tailor and customise our activity and our offers towards people based on databases that have been and will be built during 2015.

**Deputy Paul J. Connaughton:** On that point, I am from Galway and with regard to the track there, do all these tracks have individual targets to meet?

**Mr. Colm Walsh:** Yes.

**Deputy Paul J. Connaughton:** What happens if they do not meet them?

**Mr. Colm Walsh:** The way we work is that each track has its own business plan and its own P&L. We have monthly commercial meetings with stadium managers and we operate on a rolling quarterly basis. On that basis, the quarter forward is planned and reviewed and the figures are reviewed on a monthly basis. If the figures are not achieved for whatever reason, we review them, try to understand why they cannot be achieved and see how we deal with those issues as we move through the year.

**Deputy Joe Costello:** I have two brief points. The representatives told me previously that they were the new board and they would examine the manner in which the site was purchased at Meelick despite the fact that there was prior information that it was unusable for the purpose for which it was purchased, how that type of perverse decision could have been made which seems to have been a negligent squandering of taxpayers' money and that they would come back to us with a report on that. Can they also come back to us with some level of continuity between the boards in the sense that in the introductory remarks it was stated that these were legacy issues from the old board? Therefore, it is trying to deal with them but there is the sense that this is the legacy of the old board and that they can wash their hands of it to a degree. There should be some continuity in that we would not have a totally new board that would say these were legacy issues.

**Mr. Phil Meaney:** Indecon has recommended - and this will require amending legislation - our board size be increased from six to eight and that the appointments should be made in a staggered fashion, which covers the point the Deputy made.

**Deputy Joe Costello:** Can they not be appointed in a staggered fashion at present? Regardless of whether the membership is increased, the appointments could be made in a staggered fashion.

**Mr. Phil Meaney:** They can.

**Deputy Joe Costello:** In that way there would be an overlap, some continuity and all of that wisdom, or lack of it, of the past could be passed on.

**Mr. Phil Meaney:** I am sure that will happen as we move forward.

**Deputy Joe Costello:** That is a commitment.

Moving on to my second point, I see the wonderful expression in the presentation that the IGB will provide support to the rehoming of greyhounds. What is meant by the rehoming of greyhounds? Various reports are published from time to time indicating that greyhounds when



they have passed their sell by date are sold off to various countries - some of them travel to Spain and other countries - are not properly treated and so on.

**Ms Hilary Forde:** In terms of our welfare updates, the Retired Greyhound Trust is providing financial assistance to Clare Greyhound Project and Orchard Greyhound Sanctuary in Clare who rescue retired greyhounds from the Ennis Dog Pound. The Ennis Dog Pound accounted for almost 40% of all registered greyhounds that were put to sleep at the ISPCA-run pounds in 2013 and the Retired Greyhound Trust provides rehoming opportunities for these organisations through its network of rehoming agencies. We are conscious of new areas and working hard on them.

**Deputy Joe Costello:** With regard to the euphemistic term “put to sleep”, is Ms Forde saying that when greyhounds are finished on the track they are put down?

**Ms Hilary Forde:** Some greyhounds are put to sleep and some are rehomed.

**Deputy Joe Costello:** It is proposed that additional support will be provided for the rehoming of greyhounds. Is that to give them homes in different areas and how will that work?

**Ms Hilary Forde:** A total of 404 retired greyhounds were rehomed from January to November 2014, which represents an increase of 30% from 2013. Such rehoming agencies exist throughout Italy, the Czech Republic and, most recently, Canada. We are exploring every avenue that is possible to find suitable homes for racing greyhounds.

**Deputy Joe Costello:** Is a greyhound an acceptable pet in Ireland?

**Ms Hilary Forde:** Yes, they are very good pets, very docile and quite popular on the Continent, and we are constantly raising awareness.

**Ms Geraldine Larkin:** To add to that point, I acknowledge the work of the industry in this area. Significant work is being done by the industry on a voluntary basis. That deserves to be acknowledged in the context of any discussion on rehoming.

**Deputy Kieran O’Donnell:** Will Mr. Meaney indicate how often the board meets?

**Mr. Phil Meaney:** We meet once a month.

**Deputy Kieran O’Donnell:** Who attends the board meeting? Do the CEO and chief financial officer attend?

**Mr. Phil Meaney:** The CEO, all the executive for parts of the meeting on the relevant part and for an hour we would bring in the complete executive.

**Deputy Kieran O’Donnell:** The board meets every month. Obviously, it is vital to get the debt level of Limerick stadium under control. I wish the representatives well on that and hope that happens sooner rather than later and that it does not go to the wire. We have to comment on what happened in the past but the stadium where it is now located is a terrific amenity for the city. It is vital that debt level is dealt with in terms of its sustainability and getting it on a proper footing. I wish the representatives well.

**Chairman:** In regard to the board and the increase in its size that was mentioned, the members of the board presumably are appointed by the Minister, or are they appointed separately?

**Mr. Phil Meaney:** They are appointed by the Minister.

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**Chairman:** Does the organisation ask for particular skill sets in terms of board members because in this instance with the debt and everything else, I am sure that is important?

**Mr. Phil Meaney:** The Minister would seek information from the board and myself as to where we saw skill deficits and he would act appropriately.

**Chairman:** Are stakeholders represented on the board?

**Mr. Phil Meaney:** Yes, but to what level is a debatable point. Up to now we have just had six board members. They would have all come from different aspects of the industry traditionally but there is a move away from that. The most recent board appoint would have been a former vet with the Department.

**Deputy Kieran O'Donnell:** There are no nominees from the breeders' association.

**Mr. Phil Meaney:** No.

**Chairman:** Does Mr. Meaney not see merit in having insiders and outsiders, to use that phrase?

**Mr. Phil Meaney:** Absolutely.

**Chairman:** As one who comes from the outside track, I would like to see an outsider on the board.

**Deputy Kieran O'Donnell:** The Chairman is on the inside occasionally.

**Chairman:** Very occasionally. Every board must be challenged in some way, in the same way as we challenge the system every week here to one degree or another. I would certainly like to see a contrary or contrarian voice, preferably a contrary voice, on it which would reflect the view of the other side. There is always another side.

**Deputy Kieran O'Donnell:** Is the Chairman looking for the job?

**Chairman:** No, but I have a few people in mind.

**Mr. Phil Meaney:** It is very wrong to say we have no contrary voices on the present board.

**Deputy Kieran O'Donnell:** Tell us more.

**Mr. Phil Meaney:** Credit where credit is due; when I say we have contrary voices we have strong people willing to express their opinion. I have been involved in the greyhound industry for three years and I have tried very hard to bring all threads of the industry together. We will not have a good industry until this happens. Sometimes there are difficulties in getting the strands to agree among themselves but we are getting there. Since Ms Larkin was appointed as CEO she has put much work into trying to get all aspects of the industry to go in the same direction.

**Deputy Kieran O'Donnell:** Is there merit in examining the involvement of breeders on the board at some level?

**Chairman:** Would Mr. Meaney ever take a risk and recommend an outsider to the board? Would Mr. Meaney consider this for the future?

**Mr. Phil Meaney:** I would not consider that a risk, which is why I am smiling.

**Chairman:** Will Mr. Meaney take the risk and invite someone onto the board who may have been critical of it in the past or present, and who is recognised within the area of greyhounds, racing and breeding as being knowledgeable, but on the outside?

**Deputy Kieran O'Donnell:** All we need is a name.

**Chairman:** I would say he knows a few names.

**Mr. Phil Meaney:** Personally I have no hang-ups as to who might or might not be on the board. Unfortunately or fortunately it is outside my remit.

**Chairman:** Mr. Meaney would make a recommendation surely.

**Mr. Phil Meaney:** Sorry?

**Chairman:** The board would make recommendations on the skillsets-----

**Mr. Phil Meaney:** We have not-----

**Chairman:** Being an outsider gives one a great skillset because one must watch all angles and one's back.

**Mr. Phil Meaney:** We have not made recommendations in recent times.

**Chairman:** The Department of Agriculture, Food and the Marine is in charge. Deputy Costello spoke about the transfer of knowledge from the past to the present and the overlap. The Department has been asked questions on this overlap, and the board and chairmen have been asked similar questions, but we have not received an answer. They will be recorded in the transcript. I propose to leave the vote open until such time as we get these answers. Our experience is that getting the answers after the event is extremely slow. I am not referring to the board or the Department, but generally speaking this is what happens. I would like to see the answers in a timely fashion, and the risk is that the witnesses will be invited in again to give the answers directly.

I thank the witnesses for coming before the committee. I wish Mr. Meaney well and I compliment him on his work to date. As a constituent I know how hard he works on the board.

**Deputy Kieran O'Donnell:** We would never have noticed.

*The witnesses withdrew.*

The committee adjourned at 1.15 p.m. until 10 a.m. on Thursday, 4 December 2014.