

# DÁIL ÉIREANN

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## AN COISTE UM CHUNTAIS PHOIBLÍ

## COMMITTEE OF PUBLIC ACCOUNTS

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*Déardaoin, 26 Feabhra 2015*

*Thursday, 26 February 2015*

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The Committee met at 10 a.m.

### MEMBERS PRESENT:

Deputy Paul J. Connaughton,	Deputy Derek Nolan,
Deputy Joe Costello,	Deputy Patrick O'Donovan,
Deputy John Deasy,	Deputy John Perry,
Deputy Mary Lou McDonald,	Deputy Shane Ross.
Deputy Gabrielle McFadden,	

DEPUTY JOHN MCGUINNESS IN THE CHAIR.

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

### **Business of Committee**

**Deputy Mary Lou McDonald:** I want to raise the issue of the HSBC and Revenue. Will I do so under correspondence?

**Chairman:** We will get to it in correspondence.

No. 3A is correspondence from Accounting Officers and-or Ministers.

No. 3A.1 is correspondence from Tom Boland, chief executive officer, Higher Education Authority, HEA. It is a follow-up letter from our meeting on 22 January. This is to be noted and published. We will be returning to a number of issues relating to the HEA and there is a number of pieces of correspondence outstanding, especially relating to the merger between Waterford and Carlow. I also understand that the Comptroller and Auditor General is currently doing a report on the HEA. There are figures in that correspondence that do not correspond with the information we had received previously so that might be a matter that can be dealt with when the Comptroller and Auditor General is examining it.

**Deputy John Deasy:** The Chairman said the figures do not correlate.

**Chairman:** I had a note on it. It is to do with figures we got the last day to do with expenses and so on. I think the figure we got the last day came from the briefing we got and they do not correspond with the figures in Mr. Boland's letter. We have to examine it in more detail, and the way to do that is perhaps through the Comptroller and Auditor General.

**Deputy John Deasy:** From memory they were fairly similar, but is there a wide variance between what Mr. Boland has given us?

**Chairman:** I will have to examine those because I have not got my note here.

**Deputy John Deasy:** Fair enough.

**Chairman:** We will get them and flag them for the members.

No. 3A.2 is correspondence dated 16 February 2015 from Mr. Seán Ó Foghlú, Secretary General, Department of Education and Skills, re follow-up to our meeting on 22 January 2015. That is to be noted and published.

No. 3A.3 is correspondence dated 18 February 2015 from Mr. Joe Hamill, Secretary General, Department of Arts, Heritage and the Gaeltacht, which is again a follow-up from our meeting on 29 January 2015. This is to be noted and published.

**Deputy Joe Costello:** On the correspondence from the Department of Arts, Heritage and the Gaeltacht concerning the airstrips, could I request that we would get a further breakdown of the detail? A very considerable amount of money was spent. The feasibility study was conducted in 1997. Two airstrips were completed, one in Clifden and the other in Inisbofin, in 2009 and 2011, respectively. Another study was done on how to manage them and so on. The total amount of money was in the region of €9 million, and the ongoing managerial aspect involves

a very substantial amount also.

In regard to the amount of money spent on the purchase of the airstrip, the contract for the construction, in one case it is over €5 million and over €3 million in the other case. Could we get a breakdown of where the money was spent? It is not in the reply that was given. There are two replies. One from the Secretary General, Mr. Hamill, and the other reply is from the Department itself, presumably in Mr. Hamill's name, but there are two separate documents. It is not in Mr. Hamill's document but in the other document. There is the reference to the timescale and so on. Could I request that we get a full breakdown of the costs in regard to all the items of expenditure that brought about the situation where close to €10 million was spent?

There was no detail either on the future use of those airstrips. There is the optimistic hope that they might be used by the Coast Guard or by a private person to set up some sort of tourist resource but there is no firm information on that. We do not even know whether these people are still engaged with the Department on it. It is very much up in the air. There was no extra detail on what was given to us when they appeared before the committee. Could we get a full breakdown of that?

**Chairman:** We can do that. We will write to the Department on that.

**Deputy John Deasy:** I was looking for the correspondence from the Secretary General of the Department of Arts, Heritage and the Gaeltacht; I do not know if it was sent to me. The Clerk to the Committee might remember this. I asked the Secretary General a question specifically about Department's specific plans to memorialise the people who died in 1916. The Department spent a good deal of money in 2014. I believe it was €22 million, but the witnesses were to come back and outline the specific plans they had to memorialise those individuals who died in the Rising. I have not read this but-----

**Chairman:** Was it in the last paragraph?

**Deputy John Deasy:** It is just the same old raméis that I have seen in the past year. It is vague. There are no specifics.

**Chairman:** We can write to them and ask for clarification on that, saying what the Deputy has just said.

**Deputy John Deasy:** What I told him was very clear, and he was clear in his response, but that is anything but clear.

**Deputy Joe Costello:** Could I raise another point? On the invitation we received from the National Library of Ireland, a number of us around the table visited yesterday to inspect the system and see the difficulties in the system. A large quantity of priceless documents are housed in circumstances that are unacceptable from an environmental point of view. If a problem arose and it involved paper, it would go up in smoke and the building would disappear rapidly. Also, damage is being caused because documents are not being housed in a sustained environment in that it is too hot or too cold. This is a priceless treasure in the library which is at imminent risk. Having listened to what was said and inspected the conditions under which they operate in the National Library, I believe there should be some response from this committee to the need for urgent action to protect that invaluable resource, which goes back hundreds of years. A great deal of the material in the library is not digitised so there is no other record of it in many cases. The documents are in their original format but they are being housed in dangerous conditions. We should contact the Government or make a special effort to ensure some action would be

taken to protect them.

**Chairman:** That is agreed.

No. 3A.4 is correspondence from NAMA in regard to the De Vere Hunt case. I want to put on record that I am not one bit phased by this correspondence. While it may be factual in terms of how it quotes what the members have said and the action that was taken, the fact of the matter is that this letter was sent to us on the day they had a meeting with this lady. It is clear from that, therefore, and from what is in the correspondence, that they are attempting to tick off the Committee of Public Accounts, and I reject that approach. There is a reference to nominating a solicitor in this case and it mentions various things that were discussed in the course of the meeting, such as the serving of papers. In my view, in a case where a person has died by suicide, it is not acceptable to serve papers by throwing them at the porch door. There are other ways of doing business than using such tactics, particularly when a person is acting on behalf of the State. I wish to put my view about that on record. The correspondence also quotes Deputy Mary Lou McDonald.

**Deputy Mary Lou McDonald:** I have not had the opportunity to look at the transcript but I have no doubt they quote me accurately. The impression I was given as a member of this committee was that mediation was the preferred channel of resolution. A reasonable person who went back and read the totality of the exchange would come away with that impression, although I am prepared to go back and look at exactly what was and what was not said. I may have been too emphatic in my understanding of what the delegates were saying but it does not, at any rate, resolve the issue and I do not know where it leaves this particular family or other people caught up in this process. My impression of the delegation was that they were quite sure-footed and I felt reassured that they were committed to mediation as the best and first option.

This correspondence leads one to a different view. It states that it outlined how mediation works, which it did, and the purpose of mediation. It also states: "NAMA's evidence about its attitude to mediation was very clear, as is evident from the various excerpts of the transcripts of the meeting. It cannot be reasonably well argued in the circumstances that the committee was misled." I am not saying they were deliberately misleading us but I took a different meaning from them on the day from the meaning I get from this letter. This letter is mediocre in tone as regards NAMA's commitment to mediation but that was the whole basis of our discussion in regard to the matter we were probing in respect of Mrs. De Vere Hunt and her family. Rather than clarifying matters, I feel this correspondence has confused things. I would like clarity from NAMA and would like them to write to us to amplify the position they took while before the committee. I would like to know what their commitment to mediation is in general and in the particular case of the De Vere Hunt family.

**Chairman:** The clerk has taken a note of that and we will do it.

No. 3A.5 relates to the Revenue Commissioners and HSBC. Deputy Mary Lou McDonald wants to comment.

**Deputy Mary Lou McDonald:** The response we got from Revenue is extremely helpful. It is fairly detailed but it still leaves us with the reality that the recoup for the State was extremely low when measured against the full asset value in the accounts. I suggest we ask Revenue to attend the committee to walk us through the information they have provided and give members the opportunity to raise other matters. For example, one thing that jumped out at me was the

statement that 33 investigations were initiated, 27 had been completed, six were ongoing and a small number of cases were being considered for investigation. In other words, the process is not complete even though they first had notice of this in 2010. Given the extent of public concern and interest in the matter and the money involved, I propose we invite Revenue to attend to explore the issues further.

**Chairman:** We have an available slot on 12 March. Does that suit?

**Deputy Joe Costello:** I agree with Deputy Mary Lou McDonald that we need to explore this further. There are serious questions to be asked about all the circumstances surrounding the HSBC offshore accounts. It is a live issue with Revenue at the moment and it would be valuable to explore it in further depth.

**Chairman:** The clerk will contact Revenue and we will try to set up a meeting.

**Deputy John Deasy:** Based on what has been in the news in the past few months and on what Revenue has sent us, is there new information arising from what has appeared in the media recently or does Revenue say they knew this back in 2010 and acted? As I understand it, 27 cases have been completed out of 33 and six are ongoing.

**Chairman:** We have the information from Revenue and we are going to go through the figures with them. We will be asking about the overall take, how it happened and so on.

**Deputy John Deasy:** I have no problem with doing that but I have a word of caution. If six cases are still ongoing and involve criminal prosecutions, the final figure will not be known. What they say in the committee will have to be open-ended in that regard.

**Deputy Joe Costello:** The week before last there was a police raid on HSBC offices in Switzerland relating to offshore accounts and various documents were taken. Can we get an update on that? It is still a live issue but it would be interesting to know whether any new documents have come into the public domain.

**Chairman:** We will check that point with Revenue and what we do will depend on their reply.

**Deputy John Deasy:** Is there any intention of asking a representative from HSBC to come before the committee? The head of HMRC, the UK equivalent of the Revenue Commissioners, testified in Westminster yesterday along with the CEO of HSBC.

**Chairman:** We have different terms of reference. I would love to extend an invitation to someone from HSBC to attend and if they were willing to do so, I would love to hear what they had to say. Our remit, though, is to work directly with Revenue in this case. It might be worthwhile to write to HSBC to ask if they want to be present at the meeting.

**Deputy John Deasy:** If the chairman and CEO showed up in Westminster, I think they would find it very hard to refuse to show up here.

**Chairman:** We will extend an invitation to them.

I wish to go back to the HEA correspondence and wish to clarify what I was saying. Under the details for WIT, it states the institute has incurred direct costs of €152,000 and it gives a breakdown of the expenditure. It includes travel and subsistence of €5,900 and office and other expenses of €5,000. I am trying to relate that to the cost of the merger as set out in our briefing

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document. Perhaps we can clarify these figures before we talk to the HEA again. There are a number of points in this letter. We had asked about the projected costs for Carlow and Waterford and, despite of the significant amount of work already done on this, the letter states that the costs are not yet available. This is the very point we were making, that they do not have a business plan or a forecast of the costs or what it entails. Yet they are going down the line of this amalgamation without knowing what the costs are. It just does not make sense. I believe we should ask the HEA to address that fact before it comes before us again. The other issue I want to raise on this correspondence relates to Carlow Institute of Technology. At our meeting we referred to the costs of the two communication companies and as we can see from the reply, the tender for the press liaison and public relations service of Wednesday, 18 September 2013, provided by Kearney Melia Communications was €4,070 plus VAT per month. That is €78,000 per year they are paying one company for public relations. The second company they use, by tender on Friday, 9 May 2014, provided by the Communications Clinic, was €30,645. That is €109,000 simply on PR and we have not gone into the procurement process in this. We need clarification on these points as to the plan, the costs of these PR firms and the whole procurement process that is gone into. We may be better informed when they come before us again.

I will turn to correspondence from individuals. There is correspondence to be noted from Mr. William Tracey of Horse Racing Ireland and from Mr. Thomas Duggan of Millstreet Equestrian Services around the ongoing issue with Horse Sport Ireland. I would advise the committee that arising from this correspondence the clerk and I met with Mr. Kieran Mulvey and Mr. John Treacy of the Irish Sports Council and we discussed the detail of the correspondence in order to move the issue on. What came from that meeting was that the mediation process initiated by Mr. Mulvey had failed to bring the parties together.

It is to be suggested to Millstreet that a binding arbitration process be entered into by both parties. On the matter raised today in the letter from Mr. Duggan, the Irish Sports Council will now audit the State funding to Horse Sport Ireland and will come back to the Committee of Public Accounts with that outcome. These are the two points of action agreed upon.

No. 3B.3 is correspondence from Mr. Gary Delaney of Loc8 Code regarding the national postcode tender process. I will ask the Comptroller and Auditor General for a response to that.

**Mr. Seamus McCarthy:** Yes Chairman. The Department of Communications, Energy and Natural Resources is undertaking a project to develop postcodes. It is ongoing for a number of years. This correspondence, as I understand it, is from an underbidder in the process. We are examining the development of the project at the moment and we expect a report on that in September.

**Chairman:** No. 3B.4 is correspondence received from Ms Marie Hickey-Dwyer regarding a Health Service Executive matter which will be passed to the HSE for its comments. Correspondence dated Friday, 13 February 2015 from the HSE is a reply to an anonymous correspondence regarding cover up and corruption in the HSE. This is to be noted and published. Correspondence dated 2 February 2015 from Mr. Brian Lynch and Associates solicitors regarding the school transport system, is to be noted and published. Correspondence dated 16 February 2015 from Ms Anne-Marie Swift regards the cost of the central access scheme in Kilkenny. This is a matter for the National Roads Authority so we propose to forward that correspondence to the NRA for a note on the matter.

No. 3B.8 is correspondence dated 10 September 2014 from Mr. John O'Connell regarding State-sponsored methadone clinics. This is to be noted and forwarded to the HSE for a note



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on the matter. No. 3B.9 is correspondence dated 23 February 2015 from Ms Claire McGrath, chairperson of the Office of Public Works. It relates to the Irish Jewish Museum and will be noted and forwarded to Mr. Jim O'Callaghan.

No. 3B.10 is correspondence dating 24 February 2015 from Ms Eileen Creedon of the Chief State Solicitor's Office regarding a Probation Service project. No. 3B.11, correspondence dated 24 February 2015, is again from the Chief State Solicitor's Office and regards the costs of the Fleury and Shine cases. The committee will recall that we wrote and asked for the cost of various cases that were taken by the Chief State Solicitor's office but which were abandoned or terminated for various reasons. She quotes the Act in her response to us and reference is made to not commenting on individual cases. We have asked that the Chief State Solicitor's Office would come before this committee for examination of its spend on administration and so on. We are not interested in names in cases, what we are interested in is the approach to how cases are taken, the cost of each case from any Department or agency which may have gone on for years and have been lost or dropped by the State for various reasons. The committee wants to determine the spend on those cases without needing to know who was involved in the cases. I believe we are in agreement with the contents of the letter but we certainly want to get more detail on the administration of the Office of the Chief State Solicitor, the cost of the office and the cost of the cases I have described. We will write back in that vein and set a date for the office to come before the Committee of Public Accounts.

No. 3C.1 and No. 3C.2 are briefing documents and opening statements for today's meeting. These are to be noted and published. No. 4 is statements and accounts received from Waterford Institute of Technology financial statements 2012. Could I ask the Comptroller and Auditor General to explain?

**Mr. Seamus McCarthy:** Yes Chairman. I draw attention to two things in relation to the institute. The accounts for the past two years show that it incurred deficits in both of those years. If one looks at income and expenditure for the institute there are substantial transfers to the group of companies which provide services on the campus. The results of those companies are not yet consolidated into the financial statements of the institute. A process is under way to make them subsidiaries of the college and to incorporate their results. I understand they will be in position to consolidate the full results for the 2013-14 financial statements.

**Chairman:** What is the deficit?

**Mr. Seamus McCarthy:** In 2012 the deficit was about €0.5 million. The income and expenditure is quite substantial at about €100 million a year, but a deficit incurred in two successive years is something that needs to be monitored.

**Chairman:** We then have No. 4.2, No. 4.3 and No. 4.4. The Horse Racing Ireland annual report is No. 4.5. Any comments on that?

**Mr. Seamus McCarthy:** Yes. I just draw attention to an unsanctioned loan taken by one of Horse Racing Ireland's subsidiaries. It is a relatively small sum. Horse Racing Ireland has the sanction of the Department to borrow up to €40 million on condition that any specific element of borrowing is subject to departmental approval and it did not seek that approval. We note this as an irregularity.

**Chairman:** These accounts are all to be noted. We have had our attention drawn to the two issues by the Comptroller and Auditor General. Last week, as part of the work programme, we

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went to Howth to see the situation out there. A number of members examined the properties and heard from local business people. It was quite a shocking experience to listen to the story of properties being vacant for considerable periods of time and no plan either to develop or assist local businesses. There was also very little information on the background to what was happening regarding the leasing of these properties. I propose that we draw together the information we have and get the information about leasing. Would we ask the Office of the Chief State Solicitor about that or is it independent?

**Mr. Seamus McCarthy:** The Department would be involved in the business aspect of the leases. The Chief State Solicitor would probably be advising and draw up the leases.

**Chairman:** Lest there be any doubt about this, we wish to find out where the leases have been stalled and whether it is within the Department or from a legal perspective, either in house or out of house, to determine each lease across Howth and in the other locations we are discussing. Does any member who was there wish to comment?

**Deputy Shane Ross:** It should be fully investigated. It was quite shocking. The type of reasons we were given were open to challenge, to put it most euphemistically.

**Chairman:** Our work programme is set out. Next week we will have the procurement issues we discussed previously in respect of school supplies and so forth. The members of the group that were in the Visitors Gallery will be present also. Will members indicate to the clerk to the committee whether they are available next Wednesday? It is our intention to travel to Northern Ireland.

No. 6 is reports of the committee. A copy of our draft report on wards of court will be circulated to members this week and we can consider it at next Thursday's meeting. A number of other reports on the fishery harbours, Bord na gCon and the glass bottle site are now in preparation. I was speaking to the clerk to the committee yesterday about general governance issues across different Departments and agencies. We should look at that and compile a report from the hearings we have had to date.

Is there any other business?

**Mr. Seamus McCarthy:** May I point out that Ciaran Wright is leaving as liaison officer and returning back to my office on promotion? His place will be taken by Deirdre Shields, who is in the Visitors Gallery. She will make herself known to you in the coming weeks and will take over the briefing role.

**Chairman:** I thank Ciaran and welcome Deirdre. We look forward to working with her.

In the first session at 10 a.m. next week we will have the Small Firms Association and the Irish Schools Arts Supply Federation. The second session will be at 12 p.m. with the Department of Public Expenditure and Reform to examine Vote 11 - Office of the Minister for Public Expenditure and Reform; Vote 12 - Superannuation and Retired Allowances; Vote 18 - Shared Services; and the Comptroller and Auditor General Special Report 87 - Effectiveness of Audit Committees in State Bodies and Issues with Public Procurement.

**Mr. Seamus McCarthy:** I should point out that a special report will be published on Tuesday next week. It is a report on an examination that was done in conjunction with the Comptroller and Auditor General in Northern Ireland relating to a grant to a specific company, the management of that and difficulties arising from it. I expect that to be available on Tuesday



morning.

**Deputy John Perry:** Regarding the Small Firms Association and the Irish Schools Arts Supply Federation, is that dealing with the issue of procurement and supply?

**Chairman:** Yes.

**Deputy John Perry:** Would it be advisable to have somebody from the Office of Government Procurement in attendance?

**Chairman:** The representatives of that office are appearing before the committee immediately afterwards. We are hearing first from those who are affected by, or have a view on, procurement. After that we will deal with the Accounting Officer and their staff.

**Deputy John Perry:** What outturn do you hope to achieve? I see that the committee dealt with it previously with the procurement office.

**Chairman:** We are giving the opportunity to both organisations to give their views about procurement, why it is not working for them and how they have been adversely affected by the procurement process. Having dealt with that, as an example, we have other examples from previous hearings that we will be able to put to the Department's officials and to the section that is responsible for procurement. We will be reasonably well informed of what the Small Firms Association and the federation consider to be wrong with the procurement process and we can address that with the Department. If there are recommendations to be made following that, we will be able to put them forward in our report on procurement.

**Deputy John Perry:** Do you anticipate a resolution in that area? It is a very difficult area because there are so many different school suppliers for the national procurement office. Is that what you are hoping?

**Chairman:** Yes. We will suspend until 11 a.m. when the officials from the Office of Public Works are due to meet us.

*Sitting suspended at 10.47 a.m. and resumed at 11 a.m.*

## **2013 Annual Report of the Comptroller and Auditor General Appropriation Accounts 2013**

### **Vote 13 - OPW**

#### **Chapter 4 - Accounting for OPW Agency Services**

**Ms Clare McGrath** (*Chairman, Office of Public Works*) called and examined.

**Chairman:** I remind members, witnesses and those in the Public Gallery to please turn off their mobile phones. Witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on

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

Members are reminded of the provision 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 Ms Clare McGrath, chairman of the OPW, and invite her to introduce her officials.

**Ms Clare McGrath:** On my far right is Mr. Michael Long, accountant for the OPW, beside me is Mr. John McMahan, commissioner with responsibility for heritage services and property maintenance, also beside me is Mr. Tony Smith, director of engineering services, and beside him is Mr. John Sydenham, commissioner with responsibility for property management within the organisation. Also present is our colleague from the Department of Public Expenditure and Reform, Mr. Dermot Quigley.

**Chairman:** Mr. Quigley needs no introduction.

**Mr. Seamus McCarthy:** The main responsibilities of the OPW relate to management and maintenance of the State's property portfolio, day-to-day management and operation of national monuments and historical properties, and flood risk planning and management. The appropriation account for the OPW Vote shows gross expenditure of €399 million in 2013, mainly comprising expenditure of €71 million on flood risk management and €323 million on estate portfolio management. Expenditure of €5 million was incurred in 2013 on the national procurement service, which engaged in central procurement of goods and services for public bodies. Since 1 January 2014, the service has been incorporated into the Office for Government Procurement, and the related expenditure is accounted for in the Vote for that office.

Under its flood risk management programme, the OPW spent approximately €35 million on flood relief schemes, €15 million on ongoing maintenance of arterial drainage and flood relief schemes, and €2.3 million in the form of contributions to minor flood relief works carried out by local authorities. Over €7 million was spent on studies and development of river catchment flood risk assessment and management plans, referred to as the CFRAM programme. These are required to meet Ireland's obligations under the 2007 EU floods directive. My office has examined progress on the CFRAM programme and a special report on the findings is being drafted. I expect to complete that report in the next couple of months.

Expenditure by the OPW on estate management included €97 million spent on rent and other charges related to property rented for use by public bodies; €54 million was spent on maintenance of Government property and related supplies; and €48 million was spent on new works, alterations, and additions. The committee may wish to note that the latter included payments in 2013 totalling €8.9 million in relation to an unsuccessful land swap deal at Harcourt Terrace, which I have previously reported on, and which has previously been examined by the committee. Payments under a public private partnership contract relating to the National Convention Centre in Dublin in 2013 amounted to just over €48 million, while expenditure of €36 million was incurred on heritage properties and related visitor services.

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Apart from the estate management expenditure accounted for in Vote 13, the OPW also incurred expenditure of the order of €59 million in 2013 on a range of services and capital projects that it was carrying out on an agency basis for other public bodies, including other central Government Departments and offices. Chapter 4 of my report outlines the results of our examination of the manner in which the accounting for this arrangement was managed in 2013.

The concept of providing certain required services on an agency basis on behalf of other public bodies is potentially useful, such as where the agent makes available specialist skills and expertise to other organisations that have no long-term requirement for such services, and which it would be costly or complex for the principals to procure in other ways.

The standard procedures to be applied by agents and principals in controlling and in accounting for such arrangements in cash-based appropriation accounts are set out in the Department of Public Expenditure and Reform's *Public Financial Procedures*.

In most cases, the OPW receives funds in advance from the principals for each project or service required. The OPW operates a separate suspense account for each project or service, with a corresponding suspense account on the principals' side. Corresponding entries should be made in each account pair. The amounts paid out by the OPW to suppliers should be notified promptly to the principals, who adjust their own suspense accounts accordingly and charge those costs to their own appropriation accounts. In 2013, the OPW operated suspense accounts in respect of around 3,700 projects being carried out on an agency basis for a variety of principals.

Allowing for inevitable timing differences, balances in the OPW suspense accounts should match the balances in the corresponding principals' suspense accounts. However, our analysis found that at the end of 2013, the OPW recorded that it held €20.8 million in respect of 35 vote principals. In contrast, the principals' accounting records indicated that the OPW held funds of €11.4 million. There were both positive and negative variances, resulting in a net difference of €9.4 million. As a result of this analysis, the Department of Children and Youth Affairs made an adjustment of almost €7 million in its appropriation account. This reduced the difference between the OPW and the principal suspense accounts to a net €2.4 million.

The examination found that some departments did not operate suspense accounts when they made advances, which they charged directly to their appropriation accounts. In other cases, confusion about who was principal for individual projects had arisen when functions were transferred between Departments. The OPW was late in notifying principals of some payments made in 2013, with the result that a number of appropriation accounts under-recorded their 2013 spend. Unspent balances from advances on some accounts had not been refunded to the principals, and there were many cases of transfers and reallocation of fund balances between projects.

Overall, I concluded that the system of accounting for agency services provided by the OPW did not appear to be operating efficiently and effectively. Improvements in accounting and control systems need to be made both by the OPW and by the Departments availing of its services. I have made a number of recommendations for improvement, which have been agreed by the Department of Public Expenditure and Reform and by the OPW. My Office will monitor the implementation of changes to ensure that a more rigorous system evolves, and that any discrepancies in records are reconciled promptly.

**Chairman:** I thank Mr. McCarthy and invite Ms McGrath to make her opening statement.

**Ms Clare McGrath:** I am pleased to be here today before the Public Accounts Committee to present the 2013 appropriation account for the Office of Public Works and to answer any questions that may arise. I will first deal with today's item on Chapter 4: Accounting for Office of Public Works Agency Services, which the Comptroller has just spoken about. In order to update the members, I have provided a short briefing note to the committee on the actions implemented to date in dealing with the recommendations. As the Comptroller has said, the OPW provides many services on an agency basis to Government Departments. Funding is provided to the OPW by the sponsoring Department and ultimately it appears as a charge on the account of the client organisation. The value of these contracts and services where the OPW acts as agent, accounted for over €120 million in 2014 - the Comptroller has referenced €59 million in 2013 - with the main areas of investment being capital works on Government buildings, including schools, the leasing of accommodation for departments and agencies and the maintenance works on State-owned premises.

The chapter under consideration today looked at the extent of these agency services provided by the OPW and the procedures in place, in both the OPW and client Departments and agencies, in accounting for these services. The chapter, in its findings, highlighted discrepancies in the suspense balances recorded by the OPW and the client Departments in the annual appropriation accounts. In summary, the OPW has continued to work with client Departments to reconcile these balances. The biggest difference recorded in the report, of €7 million has since been amended in the principal's appropriation account to agree with the OPW position at the end of 2013.

Together with this reconciliation exercise the OPW has implemented a process of making detailed statements available to clients on a quarterly basis to bring to attention the early identification of any discrepancies. These quarterly statements were issued to all clients in October 2014 and January 2015.

As highlighted in the chapter, the Department of Public Expenditure and Reform, "is satisfied that the OPW, as agent, provides a centralised service to a high standard of expertise which avoids potential problems in respect of procurement, contracting and inter-departmental competition that might arise if departments were to engage in construction projects on their own account".

I am of the view, as I have mentioned in my response to the Comptroller and Auditor General, that a review of public financial procedures could be of benefit, identifying the optimum manner of funding these agency services so that they can be provided efficiently. In particular, when a contract is being placed by the OPW on behalf of a client, the certainty of funding required for the delivery of the project needs to be secured within the Estimates process, if necessary on a multi-annual Estimate basis. The existing annual Estimates process and cash-based accounting sometimes present challenges for Accounting Officers when funds voted to a Department in one financial year are not fully expended, albeit contractually committed, and even though the works may have been completed, with no guarantee that those unexpended funds will be made available in the following year. This creates an unnecessary pressure on principals to charge available funds to their Vote. I would suggest to the committee that this practice might be considered further in terms of robust, flexible, multi-annual budget and expenditure systems. I note that a report of the committee in October 2014 made reference to this. I welcome that.

I will now, in summary, refer to some important aspects of the work that was funded through the 2013 appropriation account and touch on the challenges that lie ahead in the two main areas

of work for the OPW.

On flood risk management, as the lead agency for the management of flood risk in Ireland, the OPW invested €45 million in capital on this programme in 2013 and a total of €411 million from 1996 to the end of 2014. Major projects in 2013 included schemes completed at Clonmel, Mallow, Tullamore, and Carlow, and the continuation of works at Bray, Fermoy, and Ennis, with €2.3 million provided to local authorities under the minor flood mitigation works and coastal protection scheme. The strategy for flood risk management is being addressed through the Catchment Flood Risk Assessment Management, CFRAM, approach. This has involved an unprecedented level of surveying and analysis of each and every river catchment area in the country. The members will be aware that the roll-out of a public information and consultation programme is under way through public consultation days to bring this mapping exercise and the mapping of areas at risk from flooding to the attention of the public for their comments and observations. This year much of the work in this area is focused on the development of the risk management plans for the 300 areas for further assessment identified in the preliminary flood risk assessment.

The National Procurement Service or NPS was established within the Office of Public Works in 2009 and was tasked with centralising public sector procurement arrangements for common goods and services. In 2013, contracts initiated by the NPS covered major procurement areas such as electricity and natural gas, uniforms and personal protective equipment. As the committee is aware, a Government decision of April 2013 agreed the outline plan for the development of an expanded central procurement function and from January 2014 the Office of Government Procurement has subsumed the NPS under its own Vote as part of the Department of Public Expenditure and Reform group.

The final programme, estate portfolio management, encompasses the management, maintenance and development of a large part of the State's property portfolio including the care, protection and presentation of national monuments and national historic properties. The programme utilises a wide variety of project management and professional services such as architecture, engineering, valuation, quantity surveying and property management.

Expenditure under this programme in 2013 included the payment of rents on behalf of all Government Departments to the value of €97 million, a much reduced figure from the 2008 outturn of €131 million. The annual reductions in both the rental bill and the State's accommodation footprint continue to be achieved through a targeted lease rationalisation programme and a dynamic approach to property management which will continue to be pursued through the property asset management delivery plan, a priority reform area for the Government.

In 2013, some €54 million was expended on property maintenance, which includes the facilities management function of the OPW and the management and maintenance of cultural buildings such as Leinster House and Dublin Castle. However, in 2013, the OPW also assumed funding responsibility for all non-elective building maintenance on departmental property. Essential maintenance is now provided on a shared and prioritised basis to Government Departments from one central maintenance fund managed by the OPW.

The management, conservation and presentation of 780 national monuments and 30 national historic properties continues each year with a combined provision of 70 visitor centres accounting for an outturn of €36 million in 2013. I am glad to report that visitor numbers at these sites are steadily increasing with over 4 million visitors recorded at our heritage sites in 2013 and 4.4 million in 2014. There are, of course, many millions more unrecorded visitors.



As part of the capital works programme in 2013, the €48 million invested included works at the Irish Museum of Modern Art, improvement works at Garda stations and Government offices country wide and a wide-ranging energy conservation programme.

Ireland hosted the EU presidency in 2013, with the OPW providing a facilities and conference management role at properties such as Dublin Castle, Farmleigh, Castletown House, the Royal Hospital Kilmainham and the Botanic Gardens, providing the Government with a centralised and cost-effective Presidency for the 245 events hosted in the six month period.

I thank committee members for their attention today and am happy to take any questions they may have on the 2013 appropriation account, the chapter on agency services, or any other matters they wish to raise.

**Deputy Patrick O'Donovan:** I welcome the officials from the OPW. I wish to start with decentralisation and the property portfolio. A reply to a parliamentary question that I tabled in January 2015 stated that the Road Safety Authority, RSA, has a lease on a property in Ballina costing €442,828; in Carrick-on-Shannon, the Department of Social Protection has a 20-year lease for €600,000; while in Limerick the Department of Foreign Affairs and Trade has a 20-year lease for €900,000. These are just three examples from that reply, which went on to state that 142 capacity places were provided in Ballina. Will Ms McGrath tell me how many public servants there are in each of those locations, Ballina, Carrick-on-Shannon and Limerick?

**Ms Clare McGrath:** All property solutions, irrespective of whether they are part of the decentralisation programme, take account of whether we should go to the market or if we should use a pre-existing opportunity in an area. Long-term leases are a property solution for the provision of accommodation for public servants. We operate in the market and a long-term lease is one of the solutions we use. As the Deputy knows, lots of private companies use that option too, rather than acquiring property on a permanent basis. When we provide the accommodation, we do so based on the brief and the number of places required. We are in the business of providing the seats but the actual occupancy is a matter for the occupying Department.

**Deputy Patrick O'Donovan:** Does Ms McGrath have details of the occupancy?

**Ms Clare McGrath:** No, we would not record that *per se*. However, when we conduct surveys on the estate in the context of rationalisation, we would have regard to the current occupancy. In respect of civil servants, for example, we would approach PeoplePoint which would provide us with the numbers. In the ordinary course, however, we would not be recording the numbers actually occupying a premises. We would be recording the places. Our work would be on the basis of a brief at the outset, outlining the requirements. In recent years, Civil Service numbers have reduced which is partly why we are in a position to surrender leases and to undertake rationalisation.

**Deputy Patrick O'Donovan:** At the Department of Social Protection building in Carrick-on-Shannon, there is capacity for 186 people and €600,00 is being paid under the lease arrangement. How does the OPW know that it is value for money if it does not know how many people are there?

**Ms Clare McGrath:** We do this on the basis of what we have provided the accommodation for when we are taking the lease.

**Deputy Patrick O'Donovan:** How many people are in Carrick-on-Shannon at the moment?



**Ms Clare McGrath:** I would not have that figure.

**Deputy Patrick O'Donovan:** How does the OPW know that it is getting value for money if 186 places have been provided but it does not know how many people are there? How can the OPW rationalise the value for money element in that?

**Ms Clare McGrath:** We take a lease on the basis of the brief which outlines a requirement for a particular number of places. We also take a lease on the basis of costs per square metre or square foot in the market. We have regard to what is available in a location, the market rates in that location and we pay rent commensurate with the market rates in that location, based on the size of the property. I take the point the Deputy is making on the effective use of the accommodation.

**Deputy Patrick O'Donovan:** How does the OPW monitor the effective use?

**Ms Clare McGrath:** In terms of the utilisation of the accommodation, we would have regard to the square-metres-per-person occupancy and what we would provide. We are looking at this area and are taking what I described earlier as a dynamic approach to property management. We are looking at normalising space accommodation to in or around 12.5 sq. m per person. When we take accommodation, we have regard to the demands of the client and what we will allocate per person.

**Deputy Patrick O'Donovan:** That does not answer the question I asked. How does the OPW monitor this on an ongoing basis? The Department of Social Protection said that it needed 186 places but how do we know that €600,000 is value for money if we do not know how many public servants are there?

**Ms Clare McGrath:** One of the issues raised by us in the context of the Government's initiative on property asset management reform is the requirements of individual Departments. As the property manager, the OPW carries the rent and we need to know how the Departments are incentivised to be at their optimum in terms of occupancy. In that regard, the plan is that Departments will report to us annually on the utilisation of space allocated to them and will have regard to numbers.

**Deputy Patrick O'Donovan:** To take the example we are discussing, did the Department of Social Protection communicate to the OPW in 2013 that it had a sufficient amount of space for the number of people who were in Carrick-on-Shannon?

**Ms Clare McGrath:** The proposal within the property asset management reform plan will be given effect in 2015 for some Departments and beyond so I would not have that information to hand. I will have to revert to the Deputy.

**Deputy Patrick O'Donovan:** The point I am making is simple. How can the OPW determine if the taxpayer is getting value for money for office space that is rented if it does not know how many people are in that office?

**Ms Clare McGrath:** What I am saying is that the Departments are now going to account for their occupancy in their annual reports. They will be reporting on the numbers.

**Deputy Patrick O'Donovan:** They have not done that up to now. Is that correct?

**Ms Clare McGrath:** Up to now, when we take a space, we do so on the basis that it will be occupied to a certain level and that is-----

**Deputy Patrick O'Donovan:** Is it the role of OPW to seek to get value for money in terms of the leases?

**Ms Clare McGrath:** Yes.

**Deputy Patrick O'Donovan:** How do we know we are getting value for money if, as part of the review, we do not know whether the building is fully occupied?

**Ms Clare McGrath:** What we are talking about here is demand and supply.

**Deputy Patrick O'Donovan:** Exactly. I know that the supply is 186. I just want to know how many people are in there.

**Ms Clare McGrath:** That is a question I will have to get back to the Deputy on.

**Deputy Patrick O'Donovan:** Intreo offices have been rolled out recently by the Department of Social Protection, and that is ongoing. At what stage in that process was OPW asked to seek out suitable properties?

**Ms Clare McGrath:** I might refer to my colleague on this issue. I think it was in the course of 2012 when the decision was made by Government to actually change the methodology in relation to the social protection offices and what might be delivered from those services. We were asked to respond to a demand for 63 locations. In looking at that, I will come back to the property management reform agenda. We had regard to space currently occupied by the Department in those locations and whether they had capacity, and we had regard to whether there were other public bodies in those vicinities. Certain local authorities provided us with accommodation. If those two were not met, we had to go to the market, and in that regard, we would be looking mainly at leasehold. One of the issues on the Government's reform agenda is that the State wants to know what the State holds. We have developed a register of State property which is currently being populated by public bodies. As part of that, all public bodies can have regard to it when they need space, and they can see what other public bodies are in the area. Those other public bodies will be identified through the register.

**Deputy Patrick O'Donovan:** Is that register complete?

**Ms Clare McGrath:** No. The register is created. It is being populated.

**Deputy Patrick O'Donovan:** One of OPW's tenant agencies is the Road Safety Authority.

**Ms Clare McGrath:** Yes.

**Deputy Patrick O'Donovan:** It established the National Driver Licence Service about two years ago. Did it consult the Office of Public Works in respect of vacant properties that could be used for this?

**Ms Clare McGrath:** Yes. The RSA would come to us in respect of a demand it has and we would then have regard to the existing estate-----

**Deputy Patrick O'Donovan:** Is there a reason the National Driver Licence Service is predominantly in rented accommodation in the private sector rather than in publicly owned buildings?

**Ms Clare McGrath:** Yes. I must point out that private rented accommodation is an absolutely proper way to provide long-term accommodation. One has regard to all the demands. In

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some respects it is the fastest way, as one does not have to acquire a site and one does not have to build unless there is capacity at the location. In other areas it gives great flexibility because if there are changes in respect of decisions, as in the contraction of numbers, we have been able-----

**Deputy Patrick O'Donovan:** But there is a cost.

**Ms Clare McGrath:** Yes.

**Deputy Patrick O'Donovan:** The point I am coming to is this: as the Government has abolished all town councils, surely there should be in every town where there was a town council a supply of office accommodation. Why then was there a requirement to rent office accommodation for the National Driver Licence Service in the private sector?

**Ms Clare McGrath:** When were the town councils abolished?

**Deputy Patrick O'Donovan:** In June.

**Ms Clare McGrath:** The information is obtained through the property register as to whether there is property capacity available in a particular area. Any other public body in need of accommodation can have regard to that register.

**Deputy Patrick O'Donovan:** The register is not complete.

**Ms Clare McGrath:** No, but at the minute all bodies that have space should be on the register.

**Deputy Patrick O'Donovan:** But they are not.

**Ms Clare McGrath:** I cannot know which bodies have the space.

**Deputy Patrick O'Donovan:** From the taxpayer's point of view, if we are to rent accommodation in the private sector while there is unused or under-utilised office accommodation in the public sector, that is a total waste of money.

**Ms Clare McGrath:** I have been at this committee, and this is from my point of view. With the proper register in place, as I have said previously, I will be looking to ensure that demand for accommodation external to the public sector is much minimised by the sharing of information and the sharing of space. I have to say that public bodies are doing this. Could there be more of it? Yes, but it is-----

**Deputy Patrick O'Donovan:** Is it not up to the OPW to make sure that happens?

**Ms Clare McGrath:** Sorry. The Government has charged me with being the senior responsible owner, and I chair a committee, but in fact, it is every public property holder who must step up. I am interacting with-----

**Deputy Patrick O'Donovan:** But the leases are taken out in the name of the Office of Public Works.

**Ms Clare McGrath:** No. The leases for central Government and Civil Service Departments are taken out-----

**Deputy Patrick O'Donovan:** I am talking about leases for all these agencies. The accom-

modation for the Road Safety Authority, HIQA, Sustainable Energy Ireland and the Revenue Commissioners is all leased through the OPW.

**Ms Clare McGrath:** Leases for central Government Departments and some of their agencies would be taken out by us, but we would not be the only lease holders in the State sector.

**Deputy Patrick O'Donovan:** The property register is not complete.

**Ms Clare McGrath:** The register exists but the data - the content - is not complete.

**Deputy Patrick O'Donovan:** So a public body seeking office accommodation which goes to the register will not find the required information.

**Ms Clare McGrath:** It will get the information about the OPW. It is all there.

**Deputy Patrick O'Donovan:** But that is not the full-----

**Ms Clare McGrath:** That is what I am saying.

**Deputy Patrick O'Donovan:** So the taxpayer is exposed.

**Ms Clare McGrath:** A public body will have regard to other public bodies in its area, and they will be talking. I suggest the register is a more straightforward and more accurate way of sharing the data, but that does not mean that public bodies would not communicate with each other. It certainly is the case in regard to the Civil Service. As we are the providers of all of that accommodation, we know within our own estate-----

**Deputy Patrick O'Donovan:** Is the building that housed the Government Publications Office on Molesworth Street privately or publicly owned?

**Ms Clare McGrath:** It is a privately owned building.

**Deputy Patrick O'Donovan:** Was a lease taken out on it by OPW?

**Ms Clare McGrath:** Yes. There was a lease.

**Deputy Patrick O'Donovan:** Did the lease transfer after Government Publications Office closed down?

**Ms Clare McGrath:** That lease was surrendered.

**Deputy Patrick O'Donovan:** From the closure of Government Publications Office to the surrender of the lease, there was nothing going on in that building.

**Ms Clare McGrath:** I will ask my colleague Mr. Sydenham-----

**Mr. John Sydenham:** As a specific example, if one is surrendering a lease there is a lead time in terms of what is known as dilapidation. One has to put the leased premises back into a certain condition and give the landlord ample notice so one can get out on time. We have significantly reduced our services. The Molesworth Street lease is an example. We have exited from many of the major leases we had in that block, which we call the Setanta-Molesworth centre, with huge savings to the Exchequer.

**Deputy Patrick O'Donovan:** How long was the office close before the lease was surrendered?

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**Mr. John Sydenham:** We scaled down initially and we did a partial surrender because the operations of the Government Publications Office had been scaled back to gain efficiencies. We actually got out of a portion of that building. We surrendered that to the landlord early, and subsequently, the balance was actually-----

**Deputy Patrick O'Donovan:** What was the timeframe between closure and-----

**Mr. John Sydenham:** I have not got the exact time but it was a matter of-----

**Deputy Patrick O'Donovan:** What was the annual rent for that building?

**Mr. John Sydenham:** I have not got that figure with me.

**Deputy Patrick O'Donovan:** How many Garda stations are leased? There was a high profile case in west Clare recently where it was suggested in the media that a closed Garda station was being reopened, but I do not think it was. I think it was an open Garda station on which the lease ran out and a closed Garda station was taking the flak.

**Ms Clare McGrath:** I would have to get back to the Deputy on that, but the number is very small. Out of more than 700 Garda stations, the number leased is quite small.

**Deputy Patrick O'Donovan:** In regard to those in the ownership of the State, how does the Office of Public Works identify Garda stations in need of refurbishment, repair, extensions and new builds?

**Ms Clare McGrath:** I appreciate this question. The properties are held by the Office of Public Works and the actual demand for operations comes from the Garda Síochána. Priorities are set by An Garda Síochána in relation to refurbishments, extensions and whatever. In regard to own capital allocation, which was referenced, a third of it is expended on behalf of An Garda Síochána. An Garda Síochána's present prioritisation is cell refurbishment. After that it is property evidence stores and then extensions. It does this on an operational basis. Since January 2013, the year in question in relation to the accounts, the maintenance of Garda station funding was held by An Garda Síochána. That transferred on a shared service basis to the Office of Public Works and we are now funding and responsible for the maintenance.

**Deputy Patrick O'Donovan:** In terms of extensions, I have in mind west Limerick, where two districts are merged into a single district and the accommodation is inadequate. How does that-----

**Ms Clare McGrath:** The inadequacy is determined by An Garda Síochána. It will then request us to consider the matter and we might devise a scheme. However, the prioritisation of the realisation of any scheme is decided, in the first instance, by the Garda.

**Deputy Patrick O'Donovan:** However, the Office of Public Works will pay for and carry out the works.

**Ms Clare McGrath:** It depends on the scale. For example, there are three major projects to be undertaken in respect of Galway, Wexford and Kevin Street Garda stations. Funding for those projects is channelled through the Vote of An Garda Síochána.

**Deputy Patrick O'Donovan:** Does the OPW have a prioritisation function as regards such works?

**Ms Clare McGrath:** No, the prioritisation is undertaken by An Garda Síochána.

**Deputy Patrick O'Donovan:** Does the OPW feed into that at all?

**Ms Clare McGrath:** We have two things going on. The first concerns our responsibilities regarding the fabric and maintaining buildings in a good, operable state of repair, for which we are never fully funded. The second element is operational and related to new demands. There is a constant cross-play between maintenance and what we would call fabric repair works and-or elective works, but some of those elective works derive from operational requirements. Those are prioritised by An Garda Síochána and we do the planned maintenance. We are beginning now to have the opportunity on a planned maintenance basis to prioritise funding, but always having regard to An Garda Síochána. That is about the fabric.

**Deputy Patrick O'Donovan:** There are commercial telephone masts located in some Garda stations. Does the rental income deriving from those masts go to the Garda or the OPW?

**Ms Clare McGrath:** It goes to both. There is a sharing of that income.

**Deputy Patrick O'Donovan:** How much does each body receive?

**Ms Clare McGrath:** I will locate that figure and give it to the Deputy later.

**Deputy Patrick O'Donovan:** Have some of the Garda stations at which masts are located been closed?

**Ms Clare McGrath:** Yes.

**Deputy Patrick O'Donovan:** How will that work out?

**Ms Clare McGrath:** We will continue to maintain the income. As to how we would treat the asset in terms of use-----

**Deputy Patrick O'Donovan:** If a Garda station is closed and there is a mast located there, will that prevent the sale of the property?

**Ms Clare McGrath:** Each case would have to be looked at individually. In general terms, however, the answer would be "No".

**Deputy Patrick O'Donovan:** Is there an ongoing cost to maintaining a closed Garda station which has a mast at the location?

**Ms Clare McGrath:** Yes, there is a cost.

**Deputy Patrick O'Donovan:** When the Department of Justice and Equality or the Garda authorities were doing up the list of Garda stations to be closed, was the location of masts taken into consideration?

**Ms Clare McGrath:** I understand operational matters were what was considered by An Garda Síochána. These were very much operational decisions, not to do with the properties *per se*.

**Deputy Patrick O'Donovan:** How many Garda stations that were closed are still in the hands of the OPW?

**Ms Clare McGrath:** Of the Garda stations that were closed and handed to us by An Garda



Síochána as being unoccupied, we have disposed of some, assigned some to community use, transferred some for other public functions, and others we are in the process of disposing of.

**Deputy Patrick O'Donovan:** What is the cost of maintaining the properties that are in the process of being disposed of?

**Ms Clare McGrath:** It is minor. I will come back to the Deputy with a specific figure.

**Deputy Patrick O'Donovan:** Moving on to the heritage element of the OPW's brief, the office has a €36 million allocation for visitor attractions. The OPW's heritage card allows visitors to access any OPW site free of charge, but it cannot be purchased online. Why is that?

**Ms Clare McGrath:** That is something we plan to address in 2015. We have been communicating with Fáilte Ireland to see whether there is some way of doing it online. It has been a problem for us and we are looking, as I said, to deal with it this year. There was a technology issue.

**Deputy Patrick O'Donovan:** Has the OPW already made an investment in this regard?

**Ms Clare McGrath:** No, we have not invested. It is about making the card available for people to purchase online.

**Deputy Patrick O'Donovan:** When does Ms McGrath expect that facility to be available to customers?

**Ms Clare McGrath:** We hope to do it this year.

**Deputy Patrick O'Donovan:** Does Ms McGrath intend to develop a relationship with Fáilte Ireland?

**Ms Clare McGrath:** That relationship is already there. The €36 million allocation to which the Deputy referred is largely related to national monuments and historic properties, that is, the cost of manning them, presenting them and also our statutory responsibility regarding maintenance. A considerable element goes to staffing and resources. In regard to any elective works, we would be very concerned to have regard to national strategies on tourism, and we are supported by Fáilte Ireland in identifying which areas should be prioritised. Fáilte Ireland funds us for some of our works at some of our historic properties. It provides the investment to us to undertake the work.

**Deputy Patrick O'Donovan:** How much does it provide?

**Ms Clare McGrath:** It is providing funding for Castletown House and Garinish Island, also known as Inacullen, in County Cork. I will give the figures to the committee.

**Deputy Patrick O'Donovan:** Going back to leases and property costs, the relevant figure has dropped from €107 million in 2012 to a budgeted cost of €86 million this year. Is it fair to say that in the years leading up to the crash, the public was not getting value for money? If we can now save in excess of €21 million on the property portfolio as budgeted for 2015 versus what was paid in 2012, is it correct to say the taxpayer got a raw deal in preceding years?

**Ms Clare McGrath:** This issue has come up previously. When we take leases, no less than any private company, we operate within the market. We have never been at the high end because we have chosen not to be. We are not about taking properties on a speculative basis;

we do so because we have demands for accommodation. Two factors here are, first, the reduction in numbers in the Civil Service and, second, as I have said here previously, the concern to optimise our utilisation of the estate and increase densities, that is, have greater numbers in accommodation. We are using the owned estate more for that. When we are taking leases, I do not have any greater say than anybody else against whom I am competing in the market. Taking leases is an appropriate solution in certain instances.

**Deputy Patrick O'Donovan:** I have a question regarding public procurement. I realise there is a changing role here in the context of the national procurement service and so on. As I understand it, contracts must be advertised on the eTenders website where the cost will be €25,000 or more. Below that cost, the requirement is to secure three quotes. Is that correct?

**Ms Clare McGrath:** Yes.

**Deputy Patrick O'Donovan:** If I advertise on that website for a training course in health and safety, say, is it not the case that any service user assessing that advertisement will know that the very fact it is on eTenders means the minimum the OPW or any other procurement agency is prepared to pay is €25,000? Why would any bidder bother submitting an offer of €18,000, for instance, when it is clear the budget is at least €25,000? Is that not potentially costing the State money?

**Ms Clare McGrath:** For many projects, one will find public bodies advertising on eTenders irrespective of value.

**Deputy Patrick O'Donovan:** However, there is no requirement to do so below €25,000.

**Ms Clare McGrath:** While there is no requirement, it is moving into the space of best practice that one would advertise.

**Deputy Patrick O'Donovan:** If one is seeking to provide a service to the State and the projected cost is, say, €17,000 or €18,000 but the tender is posted on eTenders, one will know the minimum the relevant public body is prepared to pay is €25,000.

**Ms Clare McGrath:** However, one does not know what one's competitor will offer.

**Deputy Patrick O'Donovan:** A competitor would need rocks in his or her head to come in below €25,000.

**Ms Clare McGrath:** We are allowing people to compete but we cannot make them competitive. That is for them to do.

**Deputy Patrick O'Donovan:** My point is that the fact a contract is advertised on eTenders suggests a minimum cost threshold of €25,000. It is counterproductive.

**Ms Clare McGrath:** I will refer the issue the Deputy has raised to the Office of Government Procurement.

**Deputy Patrick O'Donovan:** What is wrong with getting three quotes for every service rather than putting all of them on eTenders where service users know the minimum budget is €25,000?

**Ms Clare McGrath:** That is the methodology for getting the quotes. It is Government policy.

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**Deputy Patrick O'Donovan:** However, it surely must be costing the State money.

**Ms Clare McGrath:** As I said, it is Government policy. I will refer the matter.

**Chairman:** It is a matter we could take up next week when we deal with procurement matters.

**Deputy Patrick O'Donovan:** It is a little bizarre that we openly set a minimum and everybody advertises, presumably at the minimum figure. If advertising for something related to health and safety, why would someone come in at the figure of €18,000?

**Mr. Seamus McCarthy:** If we do not set the threshold at €25,000, what could we possibly set it at? The same threshold issue would apply if we were to set it at €100,000.

**Deputy Patrick O'Donovan:** That is the point I am making. There should be no threshold. Everything should be on the e-tenders site.

**Ms Clare McGrath:** If a competitor can do it for €18,000, I presume he or she will put in a bid of €18,000.

**Deputy Patrick O'Donovan:** I would love to see someone who knows the State is prepared to pay €25,000 making a bid of €18,000.

**Ms Clare McGrath:** It is a competition.

**Chairman:** Let me clarify what Deputy Patrick O'Donovan was asking. In section 6.4 of the appropriation accounts, under the heading of "Services supplied to Departments and Offices 2013 (Subhead C9 Rents, Rates etc.)", a few examples include the Houses of the Oireachtas and the figure was more or less the same in 2012 and 2013, at €1.128 million. Does it involve repairs or rent?

**Ms Clare McGrath:** Rent.

**Chairman:** To whom are we paying rent?

**Ms Clare McGrath:** We have additional accommodation in the vicinity for Houses of the Oireachtas staff. I do not know if my colleague, Mr. Sydenham, can help in that regard.

**Chairman:** May we have an example? Does it relate to this building?

**Ms Clare McGrath:** No.

**Chairman:** Where else? Is it located on Kildare Street?

**Mr. John Sydenham:** We have accommodation on Kildare Street which we are vacating. We are moving to 91-93 Merrion Square which we are refurbishing. We will be getting out of the lease.

**Chairman:** Is Kildare House State-owned?

**Mr. John Sydenham:** Yes.

**Chairman:** Does the figure represent the rent for the Passport Office?

**Mr. John Sydenham:** It accounts for a portion of it.

**Chairman:** How many other buildings are included? That is the point. That is part of the request for the information Deputy Patrick O'Donovan was tracking down. As an example, can the OPW provide a breakdown of the bigger figures for the Houses of the Oireachtas in terms of the location of properties and rents? The rented properties figure for the Department of Social Protection amounts to €14.523 million, while the outturn in 2013 was €13.3 million. Was it all on rent?

**Ms Clare McGrath:** Yes.

**Chairman:** Are there are a number of buildings and, if so, how many?

**Ms Clare McGrath:** If not the biggest, it is the second biggest Department in terms of the number of staff.

**Chairman:** Perhaps we might receive a breakdown.

**Ms Clare McGrath:** Yes.

**Chairman:** The figure for the Revenue Commissioners is €17.9 million. Does it also refer to rents?

**Ms Clare McGrath:** Yes. As I said, some 50% of the properties in the portfolio are leased, but the leasehold numbers include other bodies also, including agencies of these bodies.

**Chairman:** To enable me to understand it better, can we take the bigger figures and break them down for the properties on which the highest rents are paid. Are all of the leases in order? Are they for a period of 25 years or could we get out of them through get-out or break clauses?

**Ms Clare McGrath:** I am happy that we are maximising the rationalisation of the estate to get out of leases. However, that means I have occupiers who must move somewhere else. It is not the case that the functions have ceased and a building is vacant.

**Chairman:** I understand that, but I am trying to understand the rent being paid by the State and to receive comfort that at some stage, if the OPW wanted to get out of a big lease and relocate to a cheaper property, it could be done. That is all I am asking.

**Ms Clare McGrath:** I hope I am demonstrating through the reduction in the lease figures that we have been doing so.

**Chairman:** I want to get an idea of the properties involved and what is being leased.

**Deputy Patrick O'Donovan:** If that information is being compiled, may we obtain details of capacity and occupancy?

**Chairman:** That information should be provided by every Department. A Department gives the OPW the brief for 100 employees and the OPW must deliver. The Department must account for the employees. Perhaps a question for each Accounting Officer in coming before the committee might be how many employees are involved, where they are located and whether there is value for money being achieved.

**Ms Clare McGrath:** Yes, but the committee may want to wait because we will include that information in Departments' annual reports. We must work with them to tell them their locations. The property asset management reform plan is working to deliver on this. We do not want to completely anticipate it.

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**Chairman:** In the context of all leases, are there properties that continue to be vacant and on which the OPW is continuing to pay rent?

**Ms Clare McGrath:** In respect of leased accommodation, unless we have surrendered it and transferred to new accommodation, the answer is no. Before surrendering accommodation, one must spend a number of years planning for the transfer to the other location.

**Chairman:** Therefore, there are no vacant properties.

**Ms Clare McGrath:** The OPW does not have leasehold property.

**Chairman:** What about the HSE and other agencies?

**Ms Clare McGrath:** Where other bodies have leaseholds and vacated properties because their numbers have reduced, this can be identified on the property register. If there is a demand, I can have regard to it through the register.

**Deputy Derek Nolan:** I welcome Ms McGrath and her officials. In section 5.1 of the appropriation accounts the figure for overtime payments for OPW staff stood out. In the 2013 accounts more than 78 OPW specific grade staff received overtime payments in excess of €10,000. One person received €38,690 in overtime payments in 2013, while another person received €33,831 in 2012. This seems to be extremely high and shocking, given that it is higher than the average salary. Will Ms McGrath explain why the figures are so high for one or two individuals?

**Ms Clare McGrath:** I am not clear that the individuals are one and the same. The year 2013 was the year of the EU Presidency and much of our work was focused on particular facilities. Staff are involved in particular specialties and there was additional demand for overtime in arranging functions. I referenced the fact that there were 205 to 245 functions. There was, therefore, increased demand during the six month period. It was in respect of specific OPW grades. In the Houses of the Oireachtas there are evening sittings and we provide maintenance facilities to ensure the electrics, which means we have people on standby. This is due to the nature of the work we do. It also covers heritage sites. Employment contracts for heritage sites are centralised agreements and where staff have to work outside hours where sites are open, there are extra attendance and overtime payments.

**Deputy Derek Nolan:** How can someone earn almost €40,000 in overtime payments? Ms McGrath mentioned individual cases, but as overtime payments are included in the report, I thought she might answer the question. The figures are not confined to 2013, the year of the EU Presidency. In 2012 one individual was paid €33,831 in overtime payments. Therefore, it is not isolated to 2013.

**Ms Clare McGrath:** It arises from it being a facilities management organisation dealing with event management. Those are not necessarily nine to five. So we would have specialist staff - one or two, a couple of individuals - who would then, in working in those areas, be working outside of hours. So that would be where overtime would arise.

**Deputy Derek Nolan:** On those individual cases where people are earning so much overtime, what is the base salary upon which almost €40,000 was earned in overtime?

**Ms Clare McGrath:** I will come back on that figure. I do not have that figure.

**Deputy Derek Nolan:** Reading into it and analysing it, it implies that the OPW's skills mix,

contracts or staff policy does not fit. It is not new for the OPW to have engagements late into the evening, for example on heritage sites. It has been doing that since its inception.

**Ms Clare McGrath:** I would point to the moratorium; it affects us as much as every other Department, going from an authorised number of 2,200 in 2007 to 1,620 now - albeit that the MPS moved to the OGP. That has an impact on our abilities. Our responsibilities in certain areas have not changed. So then one has to use alternative methods to fill that.

**Deputy Derek Nolan:** With some projects the OPW has the choice to use its own staff or outsource it for specific functions.

**Ms Clare McGrath:** It is a constant. As the commissioners of public works, we are constantly commissioning work.

**Deputy Derek Nolan:** Exactly. Does that not militate against Ms McGrath's key argument? Unlike other organisations the OPW has the ability to bring in agency staff, outsource or redirect staff.

**Ms Clare McGrath:** We have that ability. It comes up in the measured term contract, about which I can talk. We have outsourced. We have been early adapters in a certain respect in public sector reform because where our numbers have contracted we have used external service delivery to deliver. We are doing that quite considerably. There are certain things where we do need the resources to be in house. In that instance we would use overtime, but I hear the point that is being made.

**Deputy Derek Nolan:** Do these particular payments as outlined in the report not ring alarm bells? Is there not a discussion on paying someone €40,000 in overtime? Surely it should not all be concentrated on one person. Other people should have a shot at overtime.

**Ms Clare McGrath:** Those conversations do happen. I am not saying it is the same individual in both instances.

**Deputy Derek Nolan:** So there is a policy being put in place to try to bring these payments down.

**Ms Clare McGrath:** Yes.

**Deputy Derek Nolan:** I ask Ms McGrath to send us a note on 2014 if it is available, outlining the numbers of people who received over €10,000 and also the maximum number.

I have a question on the agency issue for both Ms McGrath and the Comptroller and Auditor General. While I might be reading between the lines, is there a suggestion that some of the accounting procedures were done so that Departments would not have to surrender money at the end of the year? We have come across other Departments where money was transferred to a different organisation, spent quickly or accounted for differently so that the Vote surrender would not happen at the end of the year. Is there any suggestion that was going on with some of the discrepancies between the two accounts?

**Mr. Seamus McCarthy:** I think that is the risk. It certainly is in the interest of a Department to pay what it can pay in a particular year rather than surrender it and have to then meet the cost the following year. The Chairman has alluded to that being a difficulty for Departments. I suppose the point of end-of-year accounting procedures is to make sure they are done in a proper way in compliance with the accounting and payment rules, and that there is not any



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massaging of the figures or whatever. That is what we try to identify in the course of audit to ensure that if there is a charge that is not proper to the year, then it is not charged to the account.

**Deputy Derek Nolan:** It could seem that there is no harm done or no money embezzled. However, this was happening at a time when cashflow was extremely restricted and the State was borrowing at extremely high rates. Also money that was spent and not surrendered was effectively borrowed and interest was being paid for on it. It was not exactly a harmless accounting figure, if it was being done deliberately or if it was being done to save budgets.

**Mr. Seamus McCarthy:** I think a key objective of a set of financial statements is to represent the activity in the year properly and accurately. That is the focus. We need to know what the costs of services are. So there is an argument that could be made that if it is charged on one account as opposed to the other, it is circular anyway, but in terms of identifying the cost of a service in a year, it is better that charges that are proper to that service in that year are properly accounted for in that year.

**Deputy Derek Nolan:** Was there any investigation of the motivations for doing so?

**Mr. Seamus McCarthy:** Motivations are very difficult to audit.

**Deputy Derek Nolan:** Or explanations even.

**Mr. Seamus McCarthy:** We can identify what happened; we cannot identify why it happened and it is not appropriate for me, as an auditor, to speculate.

**Deputy Derek Nolan:** I think I have speculated on the Comptroller and Auditor General's behalf anyway.

**Ms Clare McGrath:** Subject to it being either eight or nine, between 2009 and 2013 the office expended €434 million in agency work for other Departments and we received €435 million. In terms of the entirety of the work being done, I hear what the Deputy has said. I demand that we would be pre-funded because we are entering contracts on their behalf. There can always be issues on timing, whether it is the weather or in terms of the contractor getting started. They have made plans based on one thing.

As I said in my opening statement, I am minded that Government accounting could be looked at in this area. I might say the Office of Public Works should be treated as a mature liability from the point of view of the demand to avoid this kind of re-accounting. In certain respects on what I call our maintenance side, that has now been eliminated by one of 13 transferring the funds to us. We are now dealing with them, and doing the work and the funding, so that has eliminated some of this issue.

**Deputy Derek Nolan:** In the past when the OPW demanded that the money was paid upfront, which was probably good business practice, did Ms McGrath notice in November and December, for instance, more money was coming in than at other times of the year? We have come across in other Departments previously where in order to beat the end of year deadline cheques were suddenly written for capital projects at the end of the year. Was that something the OPW would have remarked upon or seen?

**Ms Clare McGrath:** I think no less than what the Comptroller and Auditor General has said, we would be minded. There is one there that is very significant of €7 million, for example, in relation to one project. From our point of view we were pre-funded for that. The Depart-

ment brought it to account but has changed it since. That money was expended within the first couple of months of the following year; we paid the contractor. It is this timing question that relates to it.

**Mr. Seamus McCarthy:** The use of suspense accounts is appropriate. So one can pay the money to OPW but one does not charge it in the year. It is holding funds for one. It is as if one had it in one's own bank account. That is the whole point of the suspense account - so that the transfer is not charged in the year because it may or may not have been spent by OPW at the balance sheet date.

**Deputy Derek Nolan:** One of my first interactions with members of the OPW following my election as a Deputy was to have people knock on my door to ask if they could look at my paintings. They came in and lifted the paintings from the wall. We stood out for a minute and they catalogued everything. It later emerged that there was an intense investigation into missing paintings in the Leinster House complex. Media reports suggest up to 24 paintings are missing, some of which are of considerable value. I know one McEntaggart painting is worth about €2,400. I ask Ms McGrath to update us on that process.

**Ms Clare McGrath:** I am glad to hear people are seeing the surveys going on. We wish to bring this matter to a conclusion in this year. It is a question that the paintings are not located. With the-----

**Deputy Derek Nolan:** Does that mean they are missing?

**Ms Clare McGrath:** No, I do not believe it does. We have changed our methodologies on that. In the instance of art being allocated to occupiers of this building the Superintendent's office takes responsibility. We would not have previously had that be the case but would have relied on our own resources. With changes of Government, people decant and there are changes in where people are located. Things are boxed up and moved. A lot of the art has been located in boxes that were on the move. It is a considerable amount. Taking the Chairman's point, the Leinster House complex is not just this building, but all of the offices that attach to it. We will conduct a further survey, which we should do anyway, of the assets. As the Deputy mentioned, there is only one piece of art that is worth a substantial amount. Largely speaking, the value of the art is low, but that in itself is not a reason not to locate the missing pieces. I hope that this exercise will be completed during this summer.

**Deputy Derek Nolan:** The OPW started the process a few years ago.

**Ms Clare McGrath:** Yes. We look after 16,000 pieces of State art, 98% of which are in buildings. We referenced some of the leasehold buildings throughout the country. It is a small group. We are working on an asset register for the art collection. I would like to draw the process to a close this year.

**Deputy Derek Nolan:** Has there been any voluntary return? Have people found art that they did not know they had in their living rooms? Have paintings miraculously appeared on walls where they were not previously?

**Ms Clare McGrath:** I am not aware of anything like that. The paintings have been mislaid within areas, but art has shown up within the complex or staff have moved to other Departments.

**Deputy Derek Nolan:** What is the value of the total amount outstanding?

**Ms Clare McGrath:** Approximately €5,700 for the 21 pieces.

**Deputy Derek Nolan:** One painting would account for almost half of that amount.

**Ms Clare McGrath:** Yes.

**Chairman:** Is there a confidential recipient to whom it can be handed over?

**Deputy Derek Nolan:** No response to that one, Chairman. Will Ms McGrath update the committee on the operation of the National Convention Centre? It has been in the news a great deal lately. How is the public private partnership faring against the OPW's original projected costs?

**Ms Clare McGrath:** As the State contracting party with what I call the PPP companies, we are satisfied by the operation of the convention centre as set out under the project agreement. We will monitor the agreement for the contract's 25-year duration. The State has acquired a dedicated convention centre that is being operated by the PPP company to international standards. It has won numerous awards for its operation and exceeded expectations in terms of international delegate numbers. We have been making the payments under the contractual agreement. Some relate to the capital cost of the facility, which the State owns, and the rest relates to the unitary charge.

The State recognised from the outset that the lack of a dedicated convention centre was disadvantaging the State in terms of business commercial tourism. Fáilte Ireland has identified that €1,275 per person is the wider economic benefit that accrues from international delegates attending. Some 110,000 international delegates have attended the convention centre to date. Under the project agreement, the operators of the convention centre have targets to achieve annually in that regard. We will work through that project agreement.

There has been a share ownership change in respect of the centre, but it has no impact on the centre's operation. We are the State body that will consent to that change. We were advised of it today or yesterday. We will work through a process with our advisers on the matter.

**Deputy Derek Nolan:** Who is the new owner?

**Ms Clare McGrath:** I am not sure whether that information is in the public domain. If it is, I will advise the committee.

**Deputy Derek Nolan:** My final question is on flood management. A number of years ago, flooding caused devastation throughout the country. In the recent storms, there was also damage to coastal areas. The OPW faces major demands in that regard. A process to identify areas is under way, but how will the OPW progress its plans in the short term? What is its budget and what budget does it need to complete the works required?

**Ms Clare McGrath:** The catchment flood risk assessment and management, CFRAM, programme was established as the national flood policy. Under the EU floods directive, we have undertaken a preliminary flood risk assessment throughout the country. Following consultation, we have identified 300 areas that are at risk. I am treating this matter separately from what we are doing at the moment in terms of our capital programme. CFRAM is the strategy for the future. We are involved in initial consultations in respect of the 300 areas. We are publishing the flood risk maps. The process is ongoing and we have undertaken 145 or 150 consultations on the maps. Towards the end of this year and into the beginning of 2016, we will publish the

outline designs. They will not just be a document. They will be outline designs for the 300 areas that are at risk, of which 90 are coastal. The designs take account of climate change. The return period on the fluvial side is 100 years, which is the international standard. On the coastal side, our return period is 200 years due to the tidal impact. The designs take account of all of these elements.

Our programmed capital allocation is in the order of €45 million through to 2016. Works are in train at some of the 300 areas, but it will not be until we have the outline designs that we have clarity on indicative costings. We expect that there will be a significant increase in the demand for capital to give effect to the implementation of the schemes. Given the current position, we expect the additional demand to occur from 2017 or 2018 onwards, depending on the Government's opinion on the duration of the programme. If it is to be a ten-year programme, which might be our suggestion, the capital will be allocated accordingly. We must discuss with our colleagues in the Department of Public Expenditure and Reform the setting out of capital figures, but there will also be an internal capacity issue if we are to move to that level of re-sourcing. We will identify it as a demand. While we might commission consultants to develop the schemes, we will manage the schemes internally.

The Deputy mentioned coastal storm damage. Following the events at the beginning of 2014, the Government made an allocation for the repair of flood defences. That €19.1 million was channelled through the OPW's Vote. Of that amount, €7.5 million was drawn down in 2014. Local authorities applied to the Department of the Environment, Community and Local Government for funding based on the damage caused. Based on those local authority demands, the Government decided on what was more or less an equivalent amount, which has been channelled through us. The local authorities have undertaken the work. Subject to agreement, on seeing that the work is done, they recoup the money from us, or they draw it down to undertake the works. There is the remainder for 2015. As they did not get to do it all in the year, an element of it comes within the allocation for 2015.

**Deputy Derek Nolan:** A total of €19 million was allocated, of which only €7.5 million has been drawn down.

**Ms Clare McGrath:** Yes, a total of €7.5 million was drawn down by the local authorities in 2014.

**Deputy Derek Nolan:** Is that an example of capital which will be available to be drawn down over a number of years?

**Ms Clare McGrath:** It is, in fact, a once-off allocation. It was intended that the money would be spent in 2014. We would not normally do repairs, but a one-off Government decision was made due to the storm events in January. We receiving funding through the Estimates process and the remainder of the €19.1 million relates to 2015.

**Deputy Derek Nolan:** Has the delay in the drawdown surprised Ms McGrath?

**Ms Clare McGrath:** It was intended that the money would be spent in the year.

**Deputy Derek Nolan:** There was much commentary at the time that €19 million was nowhere near enough and that the scheme would be over-subscribed, yet after one year in operation just over one third of the funding has been drawn down. Has Ms McGrath been in touch with the councils to ensure they intend to draw down the funding and that they are doing the work?

**Ms Clare McGrath:** Yes.

**Deputy Derek Nolan:** Does Ms McGrath have any indication of how much they intend to spend or draw down?

**Ms Clare McGrath:** The balance of the €19.1 million.

**Deputy Derek Nolan:** They seem to be dragging their feet a little.

**Ms Clare McGrath:** I will not speak for them on the procurement they have to undertake to do the work, but having been allocated the funding, I would like them to draw it down in line with their original demand.

**Deputy Derek Nolan:** Has Ms McGrath indicated timetables for them?

**Ms Clare McGrath:** The timetable is 2015, based on the additional allocation.

**Deputy Derek Nolan:** I understand that, but I have been asking Ms McGrath when the councils are going to draw it down.

**Ms Clare McGrath:** We have written to them on quite a number of occasions because we were concerned in 2014 that if they did not draw it down, it would not be available. We wrote to them on that basis. It might be an issue of capacity.

**Deputy Derek Nolan:** It would be interesting if Ms McGrath could send a note on the topic listing the councils that have drawn down funding and those which have not done so.

**Ms Clare McGrath:** Yes, I think we have information on how much has been drawn down. The information is on the OPW's website.

**Deputy Derek Nolan:** It would be interesting to see the amounts requested by local authorities and the amounts actually drawn down.

**Chairman:** On the same point, we see reports on television about Cork city being flooded regularly. What is the up-to-date position on a flood relief scheme for Cork?

**Ms Clare McGrath:** I am pleased to have an opportunity to speak about the lower Lee Cork city flood relief scheme. The scheme involves the provision of new walls and embankments at the Curraheen, Glasheen, north channel and some parts of the south channel. It involves flow reduction on the south channel; the development of a detailed flood forecasting system; the development of optimised dam operating procedures for extreme events; and localised defences between Iniscarra and the city, where we are talking about a distance of 19 km; designation of upstream washlands – areas of agricultural land which will be temporarily flooded; flood gates and some footbridge and boardwalk locations; and localised surface water pumps. It will also involve channel clearing and maintenance at Blackpool, the removal of a pedestrian bridge at Orchard Court, the replacement of the roadbridge at Orchard Court and flood defence walls at Orchard Court. There is an alternative in that regard because following local consultation an issue arose about a wall that was not seen and there was a view that there should be a sealed culvert.

**Chairman:** Has an analysis been carried out and a list of works drawn up?

**Ms Clare McGrath:** Yes.



**Chairman:** As what stage is the process in terms of delivery?

**Ms Clare McGrath:** The outline design of the proposed scheme is being finalised following on from the comments and views submitted on and since the public information days. The required statutory public exhibition was originally to take place over a six-week period. In finalising the preferred option, following the public information process, we have had regard to the input of local stakeholders, in particular, in terms of how the dams will be used and the forecasting system. It has been quite complex. We are talking about mid-2015 for completion of the public exhibition phase.

**Chairman:** What roughly is the timeline for completion of the project, taking the process into account and given the complexity of the work involved?

**Ms Clare McGrath:** We will be phasing the work, as is usually the case.

**Chairman:** I understand that.

**Ms Clare McGrath:** In the phasing process the work at Blackpool might be brought forward. We see ourselves on-site in locations in 2016, but it will be a number of years before the entire process is completed.

**Chairman:** Is it the case that once a start has been made, it will be a work in progress and that the OPW will not give up until it is finished?

**Ms Clare McGrath:** Absolutely, but as the work will be done on a phased basis, there will be multiple contracts.

**Chairman:** I have one other question on the minor relief schemes operated by councils. It was outlined in an OPW report that during the extreme flooding in November 2009 and previous flood events drainage channels at this location had been blocked and that an issue had arisen with a bridge which had led to a house being flooded. The OPW carried out the report and described what was wrong at the location in the Ballinasloe engineering area in Galway. The problems were described and the council applied for funding, following which a total of €15,000 was allocated. The house of the individual in question and others in the general area continue to be flooded. Has the OPW examined works to determine in terms of the profile of work for which the council had applied for funding whether it was carried out and completed and, where it has not worked, as appears to be the case in this instance, does it examine the location again to determine the nature of the problem?

**Ms Clare McGrath:** We conduct audits of locations. I think I might have written previously to the committee on the particular location to which the Chairman referred. We are satisfied with the independent expert's report commissioned by the county council in question in identifying that value for money was achieved in what was done. We concur with this. The works in question and the drawdown, irrespective of the amount, were signed off on by a director of services. We are satisfied in this instance that value for money was achieved. It may be that further improvements are required, but that does not necessarily mean that the additional works would be cost beneficial. What has been done is.

**Chairman:** Let me refer to the report again. It states clearly that the channels overflow onto private lands and the public road and ultimately cause flooding in a particular house. The council carried out work. According to the owner of the house, flooding continues to be a source of danger. In spite of the expert report, has someone looked at the issue to determine whether there

is something that could be done to resolve the outstanding matters?

**Ms Clare McGrath:** I will refer the matter to my colleague.

**Mr. Tony Smyth:** When we design a flood relief scheme, we normally look for protection against the one in 100 years event. In the case of minor works we will not have that level of protection. It is designed to give some measure of relief that is sensible and moderately costed. An independent hydrological consultant was appointed to look at the issue. What was done has helped to reduce flood levels by about 370 mm. That offers a good measure of protection to the house but not against a significant flood. It has improved the condition significantly for the small sums indicated. To do further work would require much more work on the channel, including underpinning a bridge, the cost of which would probably run into hundreds of thousands, if not more. That would not be cost beneficial in protecting one house and a length of road. The road is protected because the council also raised its level and the benefit has been gained for the expenditure of €13,500 to €15,000. We paid 90% to the council. To go further would involve a great cost for very little additional benefit.

**Chairman:** Is there an interim measure between the major scheme Mr. Smyth outlined and-----

**Mr. Tony Smyth:** Not that I am aware of. It would require a considerable amount of work to the channel which would involve going under the bridge.

**Chairman:** Could the matter be re-examined by the council or the OPW? Was a report compiled on it?

**Mr. Tony Smyth:** We have considered it. A study was carried out by an independent hydrological consulting firm, Hydroconsult, in Galway and could probably be repeated. I have a copy which I can furnish to the committee.

**Chairman:** If Mr. Smyth would not mind, that would be great.

**Deputy John Perry:** From the point of view of the major difficulties with financial management, it is amazing that a multi-annual budgeting system is not in place. Am I correct in stating what is involved in this instance relates to the disbursement of funds on behalf of various Departments?

**Ms Clare McGrath:** It relates to works undertaken on their behalf in circumstances where they are funding such works.

**Deputy John Perry:** Is it fair to say the OPW's job in this regard depends to quite a degree on the co-operation of the Accounting Officers in these Departments?

**Ms Clare McGrath:** Yes, and Government accounting procedures.

**Deputy John Perry:** The OPW has a massive footprint across the State in terms of the work it carries out on national monuments, buildings, etc. Would it be normal procedure for Ms McGrath and her staff to meet on occasion with the Accounting Officers as a group?

**Ms Clare McGrath:** Officials from different divisions that undertake works on a programme basis for organisations meet at programme level to determine priorities and the nature of the works to be carried out.

**Deputy John Perry:** Obviously, the OPW takes responsibility for overruns or deficits. Is it not the case, therefore, that it is very much dependent on the level of co-operation provided by the Accounting Officers in the Departments?

**Ms Clare McGrath:** Yes. However, from my point of view and in the context of the chapter, the office is being funded in the form of a prepayment. As a result, the accounting issue, to some extent, becomes a matter for the Departments rather than, necessarily, the Office of Public Works.

**Deputy John Perry:** Perhaps the Comptroller and Auditor General might respond to my next point. In the light of the fact that, as part of Government policy, multi-annual budgeting applies across the various Departments, it is amazing that it does not obtain in the OPW. The work it carries out is not based on a 52-week process. A period of 52 weeks is a short timeframe for the type of work the office does, particularly in carrying out preparatory works and bringing projects to completion. However, it is amazing that, of all Government offices and Departments, it does not have a multi-annual budgeting process in place.

**Mr. Seamus McCarthy:** That is a matter for the Department of Public Expenditure and Reform, rather than for me.

**Mr. Dermot Quigley:** We remain in consultation with the OPW. We are conscious of the need to place expenditure on a multi-annual footing. This is part and parcel of a package which is going to be rolled out and give rise to considerable changes on the current expenditure side. A great deal of work has been done in the area of capital expenditure. However, the Department of Public Expenditure and Reform recognises that considerably more is required to ensure the problems which arose in the past through the lack of a multi-annual budgeting system are rectified.

**Deputy John Perry:** Does Mr. Quigley agree that by not having such a facility in place, huge pressure is being exerted on the OPW in managing its business from an accounting point of view?

**Mr. Dermot Quigley:** Yes.

**Deputy John Perry:** If one considers the repair work done to any of the State monuments, the funding involved is ring-fenced within a 52-week period. In that context, would Mr. Quigley not assume it is a priority?

**Mr. Dermot Quigley:** Yes, we would.

**Mr. Seamus McCarthy:** There is also provision for a capital carryover. Where moneys are provided in a particular year and they cannot be expended within that year because of delays in projects, an application can be made to the Department. If the Department is satisfied with the circumstances in which it is made, it can allow a specific amount of capital funds to be carried over.

**Deputy John Perry:** Does the Comptroller and Auditor General agree that the process in obtaining permission from the Department to carry over capital can be both long and tedious?

**Mr. Dermot Quigley:** The process is not unduly long. In most instances, Departments submit requests to carry over funds towards the end of the year. Decisions are taken very quickly. It is not a lengthy process, provided the Department involved has a convincing case to put. The

normal position is that the carryover is sanctioned and-----

**Deputy John Perry:** Perhaps Mr. Quigley might forward a report on the matter to the committee.

**Mr. Dermot Quigley:** Certainly.

**Deputy John Perry:** In the context of the very successful events held in 2013, including 260 meetings, held in Dublin Castle during the Irish Presidency of the European Union, I acknowledge the critical role played by the OPW in the massive refit of that extraordinary facility. What was done represents real value for money to the State. Is there an overview available of the role played by the OPW during the Irish Presidency?

**Ms Clare McGrath:** Our role would have been determined in advance because it was known when Ireland was going to assume the Presidency of the European Union, particularly how, in terms of economy, it might best be undertaken. The Departments of the Taoiseach, Foreign Affairs and Trade and others were involved in determining that they wished most of the meetings held during the course of the Presidency to be hosted in State-owned properties. We would have had regard to Castletown Estate, Farmleigh Estate and, in the main, Dublin Castle in that context. We would have had substantial engagement on our facilities side with the Departments involved to determine the nature of the varying demands and requirements related to intergovernmental meetings, ECOFIN meetings, break-out meetings and those which would take place on the margins, etc. An interdepartmental group led by the Departments of Foreign Affairs and Trade and the Taoiseach was put in place to oversee what was to be done. We were part of that group and responded by undertaking capital works such as those at Dublin Castle, where necessary. The facility we have would not have been able to be used to host some of the meetings. However, it is now being used to host Government and departmental meetings.

**Deputy John Perry:** It is important in dealing with the appropriation accounts to acknowledge the critical role played by the OPW in facilitating the Presidency by means of its work on State-owned properties. The feedback from elsewhere in Europe was that Dublin Castle was an extraordinary facility and that the events held there had been extremely successful.

**Ms Clare McGrath:** I thank the Deputy.

**Deputy John Perry:** The commemoration of the centenary of the 1916 Rising is going to be a huge event. Will Ms McGrath outline the works the OPW is carrying out to our national monuments in time for the commemoration? Will she indicate the numbers of tourists who visit these monuments each year? Which national monuments outside Dublin will be used in the 1916 Rising commemoration?

**Ms Clare McGrath:** The most significant works project we have in train is that relating to the property of which we have care, namely, Kilmainham Gaol. We obtained from the Courts Service the courthouse, which adjoins the gaol, and are undertaking substantial works to it. As the Deputy is aware, access to Kilmainham Gaol is restricted because of the fact that there is a single entrance and exit. This leads to people being obliged to queue to gain entry. We are, therefore, developing the adjoining historical property, namely, the courthouse, to enhance access to and increase throughput at the gaol. We are also carrying out works to improve visitor facilities at Kilmainham Gaol. The gaol will be a key element in the commemorations to be held in 2016. This project is the most extensive in which we are involved in terms of works being carried out.

The Deputy inquired about monuments outside Dublin. I point out that those at Arbour Hill, the Garden of Remembrance, Dublin Castle and St. Enda's in Rathfarnham which all come under our care will also be used during the commemoration. Outside of Dublin, in respect of Pearse's cottage in Rosmuc, County Galway, the Office of Public Works presents the site and the works there will be undertaken by the Department of Arts, Heritage and the Gaeltacht and Údarás na Gaeltachta. Galway County Council is also involved. This is a capital project related to 2016.

In terms of event management, we will be involved, as an organisation, in the event management around formal State events during the course of 2016. All of this is done under the auspices of an interdepartmental group. I understand a Government sub-committee is also overseeing this at various levels. We respond to that in terms of what we are doing on the programme of events.

**Deputy John Perry:** Seán Mac Diarmada's original home in County Leitrim and Lissadell House, the former home of Countess Markievicz, which is now in private ownership, are two notable properties associated with 1916. The Minister visited Lissadell House in the past two weeks as part of a collaboration with the owners of private properties associated with the 1916 Rising. Will the Office of Public Works have a role in this regard?

**Ms Clare McGrath:** I will have to revert to the Deputy on the position in respect of Seán Mac Diarmada's home. In the ordinary course, we operate on the basis of Government directions in relation to facilitations external to our own estate. We will largely present in relation to the estate we hold on behalf of the people, rather than externally. However, if we are asked by the Government to do so, we would have to respond.

**Deputy John Perry:** Certain national monuments are associated with 1916. The Department also co-operates closely with local authorities. Does the Department intend to publish a list of the 760 national monuments that are relevant to the history of the period? Would it be possible to provide flood lighting at these sites, as occurs as part of the St. Patrick's Day celebrations when iconic buildings worldwide are flood-lit? There are national monuments which have a significance to Nationalists and republicans. The whole cross-Border issue also arises in this regard.

**Ms Clare McGrath:** We will respond to the Government's programme of events. The Department of Arts, Heritage and the Gaeltacht is the project office, as it were, for the programme and funding will be provided through that Department. I believe the local authorities have access, although I am not sure about the extent to which that is the case. We will respond to the Government's programme, rather than necessarily initiating actions.

**Deputy John Perry:** While the Government programme is important, given the knowledge available to the Office of Public Works, will it consider making a recommendation to the Minister on ideas it considers appropriate, Lissadell House, for example?

**Ms Clare McGrath:** It may be that we will identify circumstances around the estate that we hold on behalf of citizens. Those are the ones we would make recommendations around. I accept the Deputy's point, however.

**Deputy John Perry:** Will the Office of Public Works make recommendations given the importance of having a nationwide-----

**Ms Clare McGrath:** Policy on this issue is a matter for the Department of Arts, Heritage



and the Gaeltacht to lead on. We will act as facilitators and presenters and will respond to the Department's lead. As the Government has put in place a plan, that is the area under which we will operate.

**Deputy John Perry:** Perhaps the Office of Public Works will consider putting some of its ideas to the Department.

**Ms Clare McGrath:** We would do that with respect to the properties we hold.

**Deputy John Perry:** I have been impressed by community regeneration of former Garda stations as part of social enterprises. Will Ms McGrath outline the social obligation of the Office of Public Works and its role in making former Garda stations available to communities for social enterprise purposes? Does the OPW intend to work and engage with communities? I am aware of its duty of care and the contractual arrangements communities have agreed to with regard to tourism offices and so forth?

**Ms Clare McGrath:** On Garda stations, once the announcement was made on closures, this became a programme of work for us in relation to the operational responsibility for that part of the estate which was being handed to the Office of Public Works by the Garda Síochána. The policy on this is that we look in the first instance as to whether there is other public use. In that regard, eight stations have been put to other public use. This is where I also talk back to the register on the identification of these properties. Consideration must also be given to the value of some of these properties. We then look at their disposal or, depending on their location, they may be strategically held because we have to have regard to the future. We have looked at the communities initiative. Where communities have been able to make a business case and have the wherewithal to take on a licence and the legal obligations therein, we have been very happy to facilitate that within communities. I believe there are in the order of 17 such cases.

**Deputy John Perry:** With regard to social enterprise and community regeneration, the Office of Public Works has a large amount of fittings and furniture in storage which, while dated, could be beneficial to communities for fitting out community halls and other facilities. What are Ms McGrath's views on making available tables and so forth to help communities avoid the direct cost of purchasing such items?

**Ms Clare McGrath:** My obvious response would be that we would not be averse to doing that. My issue is one of capacity. The remit of the furniture division is the provision of accommodation for Departments for which we have responsibility. The division has received a green procurement award for the sustainability of its operation in relation to the contracts it has in place. Most Departments re-use their furniture unless there are very specific requirements. We have a policy of disposing of redundant furniture. I am not certain how this is done but it is a policy because we do not wish to hold substantial stores of furniture. I would have to examine the issue. We hold auctions in this regard and funds come back into the Exchequer.

**Deputy John Perry:** I ask Ms McGrath to provide the Chairman with a note on that issue. There is a strong connection with social enterprise and community regeneration. Communities have to invest in fitting out facilities and perhaps some of the redundant furniture to which Ms McGrath referred would be more than suitable for that purpose.

How many tourists visit the national monuments?

**Ms Clare McGrath:** I believe I indicated there were 4.4 million visitors to national monuments in 2014 and 4.1 million visitors in 2013. These figures apply to sites where we record

numbers. Obviously, in the case of the Phoenix Park and so forth, we do not record numbers.

**Deputy John Perry:** I congratulate Ms McGrath on the extraordinary work done by the Office of Public Works in respect of State buildings and its large property portfolio and in engaging with communities. I ask her to revert to the committee on the position regarding the 1916 commemorations. Ireland Inc. has many national monuments which could be used for this purpose in every county. It would require only a small investment and co-operation with local authorities.

**Ms Clare McGrath:** I thank Deputy Perry for his remarks on the heritage properties. To return to some of the earlier points, I must acknowledge front-line staff. In relation to the presentation of sites and work on sites-----

**Deputy John Perry:** They do a great job.

**Ms Clare McGrath:** Yes. These are in difficult times for them because staff numbers have been contracting. They have stepped up and done additional work to ensure access to the sites is maximised.

**Chairman:** Ms McGrath indicated that staff numbers have declined to 16,000. Is that the correct figure?

**Ms Clare McGrath:** Sorry, the staff now numbers 1,637.

**Chairman:** Are there many ongoing claims or cases from among those employees?

**Ms Clare McGrath:** I am not sure what the Chairman wants to know.

**Chairman:** Are there ongoing suits, court cases or HR issues?

**Ms Clare McGrath:** I am not aware of any, but I will have to revert to the Chairman on that. I would say there are few, if any, court cases relating to staff. What we may have, which is reported in the account, are compensation claims arising from accidents or-----

**Chairman:** I am coming to that but want to ask about the staff. Out of the number of staff, how many would have a dispute with the management of the local office generally?

**Ms Clare McGrath:** I am not aware of any disputes. However, in the ordinary management of staff, there will always be individual management issues.

**Chairman:** I know that, but I am asking about issues or disputes of a long-term nature. Perhaps Ms McGrath will let us know of any such issues.

**Ms Clare McGrath:** Okay, but I am not aware of any.

**Deputy John Perry:** I must ask a question regarding coastal erosion in Rosses Point.

**Chairman:** Sorry, I have not finished dealing with the issue I raised. Will Ms McGrath check that and send me a note on it?

**Ms Clare McGrath:** Yes.

**Chairman:** In regard to compensation, the figure on compensation payments for 2013 is €343,000. I presume this refers to compensation for land or to what does it refer? There is also €91,000 in leave accounts.

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**Ms Clare McGrath:** Those are claims for compensation that concern personal injuries and they are dealt with by the State Claims Agency.

**Chairman:** What happens in that regard? Will Ms McGrath explain this to me? If someone is injured, who is the claim made against?

**Ms Clare McGrath:** The claim is against the Commissioners of Public Works.

**Chairman:** Is it then referred to the State Claims Agency?

**Ms Clare McGrath:** Yes, we refer it to the State Claims Agency.

**Chairman:** Does it pay the compensation?

**Ms Clare McGrath:** No, it manages the whole claim process and then we fund the settlement.

**Chairman:** Approximately how many claims would €252,000 represent?

**Ms Clare McGrath:** I have that figure somewhere here.

**Chairman:** I have figures for two years here. In 2012, the legal fees were €314,000 and the compensation costs €570,000. The figures reduced in 2013 to €91,000 in legal fees and compensation costs of €252,000. Within those figures, how many claims were taken and were there any major awards in the context of the compensation figure?

**Ms Clare McGrath:** I apologise Chairman, I should have the figures to hand. My papers are in a muddle here, but I do have the information.

**Chairman:** While Ms McGrath is dealing with that, Deputy Perry can ask his question.

**Deputy John Perry:** I want to express my disappointment in regard to Rosses Point not being in receipt of funds from the €19 million allocated for dealing with coastal erosion. There has been significant erosion at Rosses Point golf course, which was visited by an official from the OPW in the past two weeks. Will Ms McGrath tell us about this fund?

**Ms Clare McGrath:** The €19.1 million was an allocation for works on damaged coastal areas and was allocated as applied for by local authorities. I am not sure there was an application in regard to Rosses Point.

**Deputy John Perry:** Is Ms McGrath saying there is an obligation on local authorities to get their act together?

**Ms Clare McGrath:** Yes. The criteria for applications is set out and available on the OPW website and local authorities should have regard to these criteria when making an application. The criteria must be complied with and include criteria on cost and benefit. In the main, the funding is concerned with the protection of public infrastructure and property, homes. Private infrastructure is different.

**Deputy John Perry:** Would the OPW consider a golf course public or private infrastructure?

**Ms Clare McGrath:** I would consider that private.

**Deputy John Perry:** It is public, so I would hope not.

**Ms Clare McGrath:** I have the numbers the Chairman sought earlier. There were 12 cases in 2013: eight personal injuries and four property cases. These relate to the settlement figure the Chairman asked about.

**Chairman:** Do they relate to the €252,000?

**Ms Clare McGrath:** Yes.

**Chairman:** Does Ms McGrath have a breakdown of the individual settlements? I do not want the names of the individuals, but would like to know how much each claim amounted to. Can we have that for 2013 and for 2012? It was a substantial figure in 2012, €570,000

**Ms Clare McGrath:** Yes, we will provide the figures for both years and the general breakdown.

**Chairman:** Why are there legal fees when it is the State Claims Agency that deals with this issue? Does it employ legal people?

**Ms Clare McGrath:** I understand that to be the case.

**Deputy John Deasy:** Can Ms McGrath give me an update on Mount Congreve and what is the state of play in regard to the OPW's involvement with Mount Congreve now? Unfortunately, I have to leave this meeting now, but I know Mr. Sydenham is involved in this matter and perhaps the Chairman will take up the issue with him after Ms McGrath has responded.

**Ms Clare McGrath:** I will refer this question to Mr. Sydenham.

**Mr. John Sydenham:** We are in the process of discussing the future and the State's long-term role. The Congreve Foundation has decided to remain *in situ*, which takes much of the pressure off us in terms of the opening of the gardens and the employment of garden staff. That area is secure. The Attorney General is involved, which is positive, and the local authority has now become involved as well. Given the location of the gardens, increased involvement at local level will be more beneficial. There is dialogue under way in regard to negotiating the long-term future of the gardens, the extent of State involvement and who the participants on the State side will be. This is being explored by the various parties and the Attorney General.

**Chairman:** This Congreve estate issue has been dragging on and the OPW has been asked about it a number of times. Deputy Deasy has raised the issue and is familiar with it as the estate is in his constituency. I visited the estate and believe the State would benefit by keeping ownership of it. It is a fantastic property and I am surprised the OPW has not got over the line in regard to reaching some form of agreement by now. It was reported that progress was being made and that matters were working out. Would it be wrong to suggest that the reason it has gone in a different direction is that the OPW has not been as proactive as it should have been?

**Mr. John Sydenham:** One of the key issues is that the Mount Congreve gardens are currently held in trust by three trustees, of which the State is one. The Congreve Foundation holds two seats of the trusteeship and operates the gardens. What is at issue is the cost of operating the gardens. The trust scheme goes back to the legacy of the late Ambrose Congreve, who received substantial tax benefits from the State and in return he was to provide funds to maintain and operate the gardens for the currency of the trust. The gardens will remain in trust for 20 years before they ultimately come to the State. The Attorney General advised there must be further examination of how this operates. This created a new set of issues for us. To answer

the question as to why there has been an inordinate delay, it has been because of the legal position, specifically provision of a fund to maintain and manage the gardens into the further currency of the trust. This has created issues and proceedings have been launched before the courts by the State. On the positive side, we are working our way through these but they are highly complicated. We must abide by the decision and advice of the Attorney General. As I mentioned earlier, the fact the local authority is involved in negotiations means we are hopeful we can progress this. We must have due regard to the legal advice we receive from the State's legal adviser.

**Chairman:** Will Mr. Sydenham give us a detailed note on it-----

**Mr. John Sydenham:** Yes.

**Chairman:** -----in order that we can continue to monitor the progress?

**Mr. John Sydenham:** Certainly.

**Chairman:** As I stated, Deputy Deasy has a particular interest, and so do I.

**Ms Clare McGrath:** Ultimately, the gardens will come in full title to the State after the duration of the trust period. In the intervening period, the local authority, ourselves and the Congreve Foundation are anxious the gardens are presented and accessed by the public. The Congreve Foundation, which is one element of the trust, is anxious to progress this and will obtain recompense for the opening from charging at the entrance. Long-term, this is a positive position to be in and we are anxious Waterford County Council, as the local authority, is involved. Ultimately, it will come to the State.

**Chairman:** I ask the witnesses to send us a detailed note on it and an indicative timeline for the court cases as this would also be of help.

**Deputy Gabrielle McFadden:** I thank the witnesses for coming before the committee. The disadvantage of coming last is many of my questions have already been asked. With regard to flood risk management, the witnesses spoke a lot about coastal flooding. The report mentions 300 areas, 66 of which are connected to the Shannon. In 2009, we were told major works would not be done because they would not be cost-effective and we would have to wait for the CFRAM report. To be parochial, I am concerned because in 2013, €71 million worth of work was done in places such as Mallow, Clonmel and Fermoy. When I was fighting for flood relief in my area, I was told the works would not be cost-effective and we would have to wait for the overall picture in the CFRAM report. Why have these works been done but not others? At the time, we were told various local authorities could receive small sums of money for minor works. What constitutes minor work? Of the money allocated, how much of it was drawn down and how much work was done? I speak in particular about the River Shannon. Those living in an area at risk of flooding have been waiting for the CFRAM report for a long time. I assume when the report comes out there will be a lead agency for the River Shannon which will be responsible for monitoring the river. There are many difficulties with regard to whether the OPW, Waterways Ireland or the ESB is responsible. Will this come out in the CFRAM report?

It seems a long time ago since Deputy O'Donovan spoke about rents. I was shocked to read €17 million was spent on rent for Revenue and €14 million was spent on rent for the Department of Social Protection. I am shocked because these are not new Departments. They have been in existence for a long time. Why do we spend this type of money on an annual basis renting property for a Department which will obviously be in existence for a long time? Why



do we not consider buying premises or using premises we already own? It does not seem cost-effective or business-like. One would not do it if one was running a private business.

**Ms Clare McGrath:** I will come back to the question on what is being drawn down by the local authorities in the areas affected in order that the Deputy will see what was sought and what was drawn down with regard to the River Shannon. In the 1980s, the Government made a decision to discontinue arterial drainage. After this, it was recognised there were urban areas where schemes were needed, and ten schemes were identified. The Office of Public Works undertook these schemes, and funds were made available. Since then, significant flood events have occurred in particular locations, and these have been an element in driving demands with regard to considering the feasibility of what could be done and what was viable. Much was determined on the potential costs and benefits and what would be the greater return, such as the number of houses protected. In this exercise, 300 areas have been identified, and multi-criteria analysis will determine the order in which work will be undertaken, subject to capacity and funding. We will use systematic and objective criteria to determine nationally what projects proceed. The Deputy mentioned 66 locations, but a considerable number of locations along the Shannon have been identified in the CFRAM report and among the 300 locations.

It is not proposed to have a lead agency for the management of the Shannon. As it is, there are local stakeholders such as residents, the farming sector and other sectors and other stakeholders such as the ESB, Waterways Ireland, Inland Fisheries, angling associations and other amenity users of the Shannon, some of which have statutory responsibilities and others with ownership rights. There is also Bord na Móna and various other public bodies. Our role, through the CFRAM process, is management of flood risk. We do not control the Shannon and all of its elements. It is very important to us that all stakeholders come together, which is part of our public consultation effort, to ensure we achieve balance between the competing demands while providing flood protection.

**Deputy Gabrielle McFadden:** Given the number of agencies, there must be one lead. Meelick is not in my constituency, but a man-made cut there, which is overgrown, is affecting my constituency. We cannot get one half of it cleared because it is a special area of conservation and planning permission is required. One is passed from Department to Department because it is not its responsibility. There needs to be one lead agency in control of the entire situation. Otherwise we will be on a hiding to nothing. Farmers working on the shores of the Shannon know the river better than anybody. They want this piece of the cut cleared, but they cannot get it done because there is no lead agency. Waterways Ireland does not want it and neither does the ESB. It is a special area of conservation. It is absolutely ridiculous. We are spending a lot of money on a report for which we have waited since 2009. When the report comes out it will provide maps for the whole country. I know we have never had such maps before and it will probably be an advantage. The people who live in the region have been affected by floods. They are not just numbers; they are people who have homes and livelihoods in the region. They know the River Shannon better than anybody else and want this piece of land cleared. They cannot get that done even though they have jumped through hoops. It would be useful to have a lead agency, which one could approach with ideas of what needs to be done, and then the lead agency could give a directive for the work to be done. At present there are too many chiefs and not enough Indians. People are saying who should do what but nobody is doing anything. That is why I firmly believe that after the CFRAM report there should be one lead agency that will direct all the other agencies, an initiative which is very important to the people on the ground.

**Ms Clare McGrath:** With respect, Deputy McFadden has raised a policy issue.

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In respect of policy for the OPW entity, our responsibility is flood risk. The Deputy has asked a larger question on policy; our responsibility is to do with flood risk. If there is a particular instance or case of flood risk, we would probably treat it along with the local authority if something needed to be done.

It is fair to say - I did not mention this - that environmental issues are a consideration. In our maintenance works we must have regard to environmental issues, as well when we are in the river, and we comply with that. The Deputy has raised a policy question. I am saying, in respect of the policy for which the OPW is responsible, that we are developing CFRAMs. If there are cost benefits to be had then measures will be identified.

As the Deputy has rightly said, CFRAM is not a report. It is for all 300 areas and will be an outline design. There are flood risk maps but there will be outline design schemes for the 300 areas, which is a step towards detailed design. That means they will be ahead compared with where we were previously on identifying a location.

**Deputy Gabrielle McFadden:** I accept that.

**Ms Clare McGrath:** We will be much further on. Based on the multi-criteria analysis, that is how they will be prioritised.

**Deputy Gabrielle McFadden:** I welcome that development.

**Ms Clare McGrath:** The minor works are on the website. We will get back to the Deputy on those, if that is okay.

In regard to the Deputy's second question, it is the case that we would see that there are instances. The rent reflected here is the rent for the total country.

**Deputy Gabrielle McFadden:** Yes.

**Ms Clare McGrath:** It is not just in Dublin but relates to the whole country. In certain circumstances one could talk, in the long-term, about acquiring sites, building buildings or whatever, but for a small demand. One would have to look at numbers in locations. The better option is to look at this on a cost-benefit and value-for-money basis, maybe to take a lease at a location. It is good economically that we are availing of space in the local market. I take the point made by the Chairman earlier that we might, for larger projects, identify locations and rent. International companies that have been in this country for quite a long time rent, and they reassess the situation after a period if their circumstances change.

**Deputy Gabrielle McFadden:** They are not spending taxpayers' money.

**Ms Clare McGrath:** Otherwise, one would have to fund the capital investment for both acquisition and whatever. We have moved, in regard to our surrenders, to holding more owned estate. As I have said previously, at all times we will have regard to the property register. For example, if a local authority in an area has a local authority office then we could avail of it. We might have to pay the local authority rent, but it would still be movement within the public sector. In some of these instances, that is what some of these rents would be. The Deputy was right to say that we have largely obtained them in the market. We will revert to the Chairman on the matter for the larger ones.

**Deputy Gabrielle McFadden:** I thank Ms McGrath.

**Chairman:** Can Ms McGrath talk us through the budget figures for the President's household staff, wages and allowances?

**Ms Clare McGrath:** Yes.

**Chairman:** The Estimate for 2013 was €753,000 and the outturn was €809,000. As one can see in the tables set out here, the expenditure in 2012 was €779,000, in 2013 it was €809,000, in 2014 it was €771,000, and the 2015 Estimate is €824,000. Why such a difference in expenditure? How many staff are involved?

**Ms Clare McGrath:** In 2015, there are 12 permanent full-time staff and permanent part-time and eight casual fixed-term contracts.

**Chairman:** There are 12 permanent staff?

**Ms Clare McGrath:** Yes.

**Chairman:** Eight casual?

**Ms Clare McGrath:** Fixed-term, yes.

**Chairman:** Is that 20 staff in total?

**Ms Clare McGrath:** Yes, in that order at the present moment. In 2013 there were around 23 staff. The variance arises because events are held at the Áras. Depending on the number of events, we must fund on-call or additional attendance of household staff. These are household staff and not the President's office staff. The household staff work largely around events that happen at the Áras.

**Chairman:** Is Ms McGrath saying to me that the 12 permanent and eight casual people are household staff?

**Ms Clare McGrath:** Yes.

**Chairman:** Are there other staff? If so, is the OPW responsible for them?

**Ms Clare McGrath:** We are not responsible for them. They would not be on our Vote.

**Chairman:** Does Ms McGrath know how many more staff there are?

**Ms Clare McGrath:** No; I would not have that Vote.

**Mr. Seamus McCarthy:** The numbers would be in the Vote for the President.

**Chairman:** Is that separate?

**Mr. Seamus McCarthy:** Yes. Vote 1.

**Chairman:** Let us return to the issue of the 12 permanent and eight casual staff. What are their qualifications and responsibilities? How does the OPW describe them?

**Ms Clare McGrath:** They are executive chefs, catering service providers, household assistants and part-time assistants. It is of that nature.

**Chairman:** The OPW has set out the figures for 2012 to 2015 in a table. Do those figures

cover the wages and allowances?

**Ms Clare McGrath:** Yes.

**Chairman:** Does the OPW cover any other costs?

**Ms Clare McGrath:** Under this subhead, no. We would be responsible because the OPW maintains the property and grounds at the Áras.

**Chairman:** Does the OPW maintain the grounds and property separately from the 20 staff?

**Ms Clare McGrath:** Yes.

**Chairman:** On one side there are the President's staff. Are they catered for under a different Vote?

**Ms Clare McGrath:** Yes.

**Chairman:** Are they catered for by a different Department?

**Ms Clare McGrath:** Yes.

**Chairman:** Separately, are 20 people employed generally as catering chefs?

**Ms Clare McGrath:** Yes.

**Chairman:** Separate to that again, is the OPW responsible for the maintenance of the property?

**Ms Clare McGrath:** Yes. It is our shared service responsibility, or for the State's-----

**Chairman:** What is the cost figure for OPW's maintenance of the property, aside from the staff?

**Ms Clare McGrath:** I will have to get back to the Chairman on that.

**Chairman:** Does the OPW have permanent or semi-permanent staff at the location?

**Ms Clare McGrath:** As the property is located in the Phoenix Park, some element of the Phoenix Park complement would do some element of works within the Áras, but not in a permanent sense.

**Chairman:** Yes. I can see the Vote for the President. The number is 25 for 2012 and 2013. The cost was more or less the same for both years, at €1.622 million in 2012 and €1.627 million in 2013. What is the OPW's involvement?

**Ms Clare McGrath:** It is at that level.

**Chairman:** I ask the Accounting Officer for an overview of the project called the Arts for Peace Foundation.

**Ms Clare McGrath:** The Arts for Peace Foundation is a tenant of a State property. As some issues have arisen, it is currently a legal matter. The legal issues are being considered and have been referred.

**Chairman:** I see the issues have been referred to the Office of the Chief State Solicitor.

**Ms Clare McGrath:** Yes.

**Chairman:** In turn, that office has referred them to the Office of the Attorney General.

**Ms Clare McGrath:** Yes.

**Chairman:** Is it okay to ask the Accounting Officer what the value of that lease is?

**Ms Clare McGrath:** The lease itself is quite modest. It is a peppercorn lease. It is a full repairing and insuring lease, but the rent is a peppercorn one.

**Chairman:** What issues have arisen? Is it fair to ask such a question?

**Ms Clare McGrath:** Several issues have arisen but I would prefer not to discuss them.

**Chairman:** As it has been referred to the Chief State Solicitor's office and from there to the Attorney General's office, what is the timeframe for a resolution of this matter? Has it been going since 2007?

**Ms Clare McGrath:** No; that was when the lease was entered into.

**Chairman:** How long does Ms McGrath believe it will take to work that out? Is it heading towards the courts?

**Ms Clare McGrath:** As always, wherever there are disputes, I am hoping an amicable arrangement will be entered into. I do not have full control of it, however.

**Chairman:** Will the Attorney General's office come back to the Office of Public Works, OPW, directly with advice?

**Ms Clare McGrath:** Yes. From that advice, we will make a decision.

**Chairman:** What is the likely timeframe for this?

**Ms Clare McGrath:** I cannot say what the timeframe will be.

**Chairman:** We will keep in touch on it because it is an issue I know some detail. I am concerned about it and I hope it can be resolved with the Attorney General's office as soon as possible and that an end can be negotiated, rather than allowing a challenge in the courts, which will only prolong the affair.

Are the various archaeological artefacts that may be uncovered during the course of the construction of a flood relief scheme centrally stored?

**Ms Clare McGrath:** They are held by the National Museum as they are technically owned by the museum.

**Chairman:** If a significant artefact was found that was of local interest, could some local council office get it to display it?

**Ms Clare McGrath:** It would be up to the National Museum to make that decision. We would have the same interest too.

**Chairman:** To use an expression used by Deputy Gabrielle McFadden about hoops, there should be a hoop manager.



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**Ms Clare McGrath:** In that instance, it would be the National Museum.

**Chairman:** I presume consultancy services covers legal and accountancy fees. I see in one case investigators were hired. Does the OPW tender for these services?

**Ms Clare McGrath:** Our legal services provider is the Chief State Solicitor's office.

**Chairman:** So there are no fees?

**Ms Clare McGrath:** No, but occasionally the Chief State Solicitor's office has had capacity issues and has put in place some framework from which we could draw for legal services. In 2013, consultancy fees were in respect of ISO, International Organization for Standardization, accreditation for OPW systems. We were doing audits for these. There was a capacity issue around some of our internal audit functions, which meant the office had to use an external service provider.

**Chairman:** To what did those fees come?

**Ms Clare McGrath:** Approximately €5,000 and €7,000 each.

**Chairman:** Were investigators hired at some stage by the office?

**Ms Clare McGrath:** There were some investigations at personnel level. That was not a management question but something that needed to be investigated.

**Chairman:** Who were the investigators? Is there a figure for it in the accounts?

**Ms Clare McGrath:** No. I do not see it in these figures, unless it was in another year's accounts. I will revert to the committee on that. The 2013 subhead was in respect of two firms.

**Chairman:** What were the two firms?

**Ms Clare McGrath:** D'Arcy Lynch Partners and Brooker Consulting Management Consultants.

**Chairman:** With what did they deal?

**Ms Clare McGrath:** One was for an internal audit and the other related to ISO services.

**Chairman:** In cases of a dispute over land ownership with the OPW, where does that eventually end up? Who decides on ownership?

**Ms Clare McGrath:** It becomes a legal matter. It is not the OPW that decides but another Department and the local authority in the area. The office is careful about protecting the State's title and exercises its rights with the State's property. This is part of the property and asset management reform agenda. We are working with all our public sector colleagues to ensure all State lands are registered. We are working with the PRA, Property Registration Authority, to develop a programme around this, as well as prioritising to ensure we have clean title. If someone claims the land is theirs, we deal with it as a legal matter.

**Chairman:** On procurement, €1.3 million was expended on goods and services even though the original contract had ceased. No competitive procurement process took place when the original supply contract had expired. Why was that?

**Ms Clare McGrath:** There are instances which allow this in particular circumstances, such

as where a specialist is involved, the contract has gone on longer and did not finish in time, or it involves a proprietary product or sole rights. The services in question have all been re-tendered since.

**Chairman:** The office took back in two retired civil servants at a cost of €35,000. Why was that?

**Ms Clare McGrath:** One of them was possibly in respect of Ireland's Presidency of the Council of the European Union in 2013. For example, a person who is working on a project may retire. Given their knowledge and expertise, we engage them to allow for completion of the project. That would have happened in these instances. They finished in that year.

**Chairman:** For taking on that kind of staff, the office is confined by the public sector recruitment embargo. Does the office have to get approval from the Department of Public Expenditure and Reform?

**Ms Clare McGrath:** Yes; we revert to the Department. Some of these issues arise around, say, a clerk of works who may have been involved in a particular job and whom we want to finish the project. We look to hold them on the abatement principle.

**Chairman:** On the consultancy fees and value for money reviews, the outturn in 2013 was €13,000. In the Estimates provision, however, it was €49,000. Why was there such a difference?

**Ms Clare McGrath:** When we are preparing the Estimates, we might intend to look for external services for a particular task but we might be held up in the actual placing. It may then have gone into a subsequent year. I would have to look back on the Estimates process as to what we saw in regard to the 49 to give a specific response.

**Chairman:** I thank Ms McGrath. Before we end the meeting, I ask her to fix the castle wall in Kilkenny. It is still lying in a heap.

**Ms Clare McGrath:** The wall?

**Chairman:** Yes.

**Ms Clare McGrath:** Nobody told me it fell down.

**Chairman:** It fell down. It is a boundary wall. One part of it has been repaired.

**Ms Clare McGrath:** Yes, we have been repairing sections of it.

**Chairman:** I will keep an eye on it. I walk there and it is still in a heap. Something has to be done about it.

**Ms Clare McGrath:** I will take that away.

**Chairman:** I thank the witnesses for coming before the committee. The meeting now stands adjourned. We can dispose of the Vote and so on next week.

*The witnesses withdrew.*

The committee adjourned at 1.30 p.m. until 10 a.m. on Thursday, 5 March 2015.