

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 7 Bealtaine 2015

Thursday, 7 May 2015

The Committee met at 10 a.m.

MEMBERS PRESENT:

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

DEPUTY JOHN MCGUINNESS IN THE CHAIR.

BUSINESS OF COMMITTEE

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

Business of Committee

Chairman: Are the minutes of the meeting of 23 April agreed to? Agreed.

We will move to correspondence received since the previous meeting. No. 3A.1 is correspondence, dated 1 May 2015, from the Department of Public Expenditure and Reform. It follows up on the committee's meeting with officials of the Department on 5 March. The correspondence is to be noted and published.

No. 3A.2 is correspondence, dated 6 May 2015, from the Health Service Executive to correct the record of the meeting of 23 April. The correspondence is to be noted and published.

No. 3B.1 is correspondence, dated 28 April 2015, from the Health Service Executive which provides a response on the issue of State-sponsored methadone treatment. The correspondence is to be noted, published and forwarded to Mr. Jim O'Connell.

No. 3B.2 is correspondence, dated 14 April 2015, from Mr. Noel Waters, Secretary General, Department of Justice and Equality, regarding the Thornton Hall project.

Deputy Joe Costello: I note a number of discrepancies between this document which provides a full account of the Thornton Hall project and the document the committee received on 6 February. For example, the document, dated 14 April 2015, states in respect of capacity that the proposed development at Thornton Hall would have provided a maximum of 723 places, in addition to the female prison. However, the original document, dated 6 February 2015, stated the new prison development would provide accommodation for 1,400 prisoners, with operational flexibility to accommodate up to 2,200. There is a major discrepancy between the figures presented for the numbers of prisoners who would have been accommodated at Thornton Hall.

The original document stated that following the decision not to proceed with the Thornton Hall project, the Department decided to focus resources on providing in-cell sanitation in Mountjoy Prison and noted that the project was nearing completion. The main reason cited by the Department for purchasing a site for a new prison at Thornton Hall was the lack of in-cell sanitation in Mountjoy Prison and the estimated cost of installing same of €400 million. Now that the Department has addressed the primary reason for spending €30 million on the purchase of Thornton Hall, it has not indicated what was the cost of providing in-cell sanitation in Mountjoy Prison. Clarification is required in this regard.

The document, dated 14 April 2015, only gave a brief description of the expenditure of €30 million on the Thornton Hall project and some additional minor expenditure in a couple of other areas, including acreage purchased for ancillary purposes. The document received on 6 February, however, indicated that total expenditure on the prison development project was €50.14 million. There is, therefore, a discrepancy of €20 million in expenditure. It is one of a number of serious discrepancies.

It should also be recalled that Mountjoy Prison was to be sold and that Shanganagh Castle, the only juvenile open prison in the State, was sold. There is now no juvenile prison to make up the shortfall in expenditure. The contents of the two documents suggest either that they were produced by two different people or that the author approached the issue from two perspectives.

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I suggest we seek clarification on their contents.

Chairman: Perhaps we should set out the differences the Deputy has outlined by sending a copy of the transcript to the Department to seek clarification on the matters raised. We should also state that if they are not clarified in a satisfactory manner, we will invite the Secretary General and the relevant officials to appear before the committee. I suggest this as a first step.

Deputy Joe Costello: That would be excellent.

Chairman: No. 3C is documents for today's meeting and comprises Nos. 3C.1 and 3C.2. They are to be noted and published.

No. 4 is reports, statements and accounts received since the meeting of 30 April. All four documents have a clear audit opinion and are to be noted and published.

The work programme is on screen. The next meeting will be with officials of the Office of the Minister for Finance to discuss the outturn for 2013, the issue of Government debt and the financial accounts for 2013.

This morning in the Dáil the Minister for Finance indicated that there would be some form of investigation into SiteServ and referred to the Joint Committee on Finance, Public Expenditure and Reform and the Committee of Public Accounts. My understanding is the deal in question was very much commercial in nature. At the last meeting, we, as a committee, decided we would ask for the papers relative to the decision-making process leading up to this. If we could have those for that meeting, then we can rightly deal with whatever queries that might arise in respect of the lead-up to this sale and the involvement of the Department officials. We could also seek clarification from them as to what their concerns were at the time about Siteserv and the other commercial deals that were done. Apparently, they were speaking about not only Siteserv but the other businesses that were sold.

We did ask for those papers.

Clerk to the Committee: I did speak to the Secretary General of the Department. He is aware of the committee's request and said he will have the appropriate people here next week to deal with the main issues on Siteserv. There is a bigger investigation ongoing at the moment so I presume they may be limited in what they can reveal.

Chairman: To make it clear as I understood it from the members last week, what we want is the information relative to the different businesses that were sold in respect of what the officials thought and what were their concerns that we read about every day in the newspapers and the media. It is our responsibility as the Committee of Public Accounts to have that information and to analyse it. That is where the members were coming from and it is the information we want. Beyond that, in terms of the sale from the bank to the business, that may be for another day. Is that correct from our last meeting Deputy McDonald?

Deputy Mary Lou McDonald: Yes, that is correct. In fact, at the finance committee yesterday, a motion was brought forward asking for different individuals to come before that committee.

On legal advice that motion was withdrawn on the basis that the commercial interactions, be it around Siteserv and the commercial wisdom of decisions made, are not for that committee or for our committee to scrutinise or second-guess. The point was made very strongly that the

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policy oversight, as well as the political oversight and interaction between the system and the IBRC, Irish Bank Resolution Corporation, is very much a legitimate space. It is not something KPMG will delve into. It will be very much a technical and, in my view, a wholly inadequate mechanism for investigating all of these matters. I support what the Chairman is doing and I would hope that we would have the relevant documentation in advance of next week's meeting so we can prepare ourselves for the exchange.

The second question is this but I do not know if it can be answered today. We need to get some clarity from the Minister because he has made several references to committees of the House and he has referenced our committee in particular. We need to know not only that we will be in receipt of whatever report KPMG produces but to what end. What level of scrutiny at the end of the day will we be able to apply to such a report, giving our remit, standing orders, Abbeylara, etc?

It strikes me there is a strong element of playing for time on the part of the Government. We are being referenced as part of a very drawn-out sequence. That is my own view. Apparently, we are going to get this report. We are not sure what form it will take or the level of data and information we will be given, however. The experience has been that all of these interactions are cloaked in a veil of commercial sensitivity. We have no guarantee that this will not be the case when we finally see the report from KPMG. We receive it but what next? What level of scrutiny will we be able to apply to it?

Chairman: We will come back to that. I call Deputy Costello.

Deputy Joe Costello: We indicated at our last meeting that we were dealing with the matter arising from remarks made by the Taoiseach that he would hope to refer it to this committee and that it would involve the Comptroller and Auditor General. Then some other issues arose. The general opinion around the table was that the committee would play as big a role as it could in the matter. I would welcome the Committee of Public Accounts playing that role because we are, after all, the committee that deals with taxpayers' money and the use and abuse of that money.

The system that has been set up is to report by the end of August. I do not know if the Minister for Finance mentioned this committee. He did mention the relevant committees of the House. The Taoiseach mentioned this committee. We do need clarification that this is the committee that will deal with the report when it does come out. It is to be completed by the end of August. Presumably, the intention would be that it would be dealt with by the committees of the House in early September. In the meantime, regarding whatever documentation might be required, I would be agreeable that it would come before the committee and we could be prepared for it.

Deputy John Perry: I agree with Deputy Costello that it is important to get clarification on the Government's intention as to what role the committee will have once the report is published after September. This would be the appropriate committee for dealing with the report. I also agree with the Chairman on getting the documents before the officials attend the committee next week. Will the clerk get clarification as to what increased powers the Committee of Public Accounts would require to investigate this report once it is published in September?

Deputy Robert Dowds: To what extent will the remit of this committee have to be altered for us to consider something like the Siteserv issue? If that will be the case, then there is an argument for the remit to be examined for other matters.

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Chairman: To be clear about the committee and where we are going, next week the Department of Finance officials will attend the committee. We have indicated to the Department that we will ask questions about its involvement and whatever concerns it might have had, not only with Siteserv but the other companies and transactions that have been brought into the public domain by way of general comment. Any paperwork relevant to those transactions from the Department's side is what we are entitled to discuss. We shall send a clear message to the Department of Finance that this is within our remit, this is what we want to discuss and there is more than just Siteserv. In a general way we want to deal with that.

It is only fair then, on the other side of this, that we would make clear that it is misleading of either the Taoiseach or the Minister for Finance or any other Minister to say the Committee of Public Accounts will deal with this. The committee's remit will not allow it to go into the IBRC or call witnesses. If the Committee of Public Accounts is to conduct any analysis of this, then an order of the Dáil needs to be made. The KPMG report, if it is to be referred to us, will have to be given to us with the appropriate powers to analyse it and to call witnesses.

Whatever statement has been made on this, from a public interest, it should be specified and clarified that whatever committee deals with this, it will require a certain set of powers to be able to do it properly. It is wrong to leave it hanging in the air with the public expectation that the Committee of Public Accounts will be able to discuss it when it is clearly not the case.

In response to what is happening, we should reflect that fact to the Taoiseach and the Ministers concerned to ensure we are all clear about it. I think that is the right thing to do. Is that okay? Yes.

We are dealing with the work programme. We will have the Department of Social Protection after that and then the Department of Education and Skills. We have that special report from Cork VEC. Will that come up on that day?

Clerk to the Committee: I think we are dealing with SUSI that day.

Chairman: Will the special report come up later on then?

Clerk to the Committee: Yes.

Chairman: There is just one other item then under the work programme. We had a meeting yesterday - a briefing session - which went on for two and a half hours. I thank the members who were present and who listened to what was said. It was a shocking story of events and abuse of power by the State in relation to a number of individuals and companies. The need for investigation is quite clear. In the light of what we heard yesterday, I will ask the clerk to do a full report of what was presented to us. He should attach the appropriate paperwork collected by the individuals and businesses concerned because it relates to a huge waste of public money and an abuse of governance and power. We can then circulate that to members with a view to having a hearing specific to the expenditure of public moneys in relation to those matters. We are due to meet with the Department of Agriculture, Food and the Marine on 18 June. We could perhaps use that as a timeline and bring forward the report prior to that. The committee can agree the report and then we will be armed with the information should we wish to raise it at the meeting.

Deputy Paul J. Connaughton: In relation to that meeting, while we would hope to be able to discuss it at that time, given the angle that it appears we can come from, will we be able to get the people who might know a lot more about it from within the special unit? Will it be possible

to bring them in to answer questions at that time?

Chairman: We will request that they be here. It is important too that the Chief State Solicitor's office would be represented as well at the meeting, because then all the players responsible for the expenditure and governance issues will be present. The members can decide for themselves then what questions to ask from the report the clerk will provide for us. We will have a dossier of information.

Deputy Mary Lou McDonald: Subject to the report being compiled and circulated to members, we may be seeking fairly specific figures at the meeting relating to specific expenditure on specific actions. Once the clerk has compiled the report, could we then hone it down to specific instances because in fairness to the officials, if we are asking for very specific figures we must give them notice of that?

Chairman: Once we examine the dossier of information, members can decide what questions to ask and what information we should seek from the Department, or what indication we should give the Department as to what questions might be asked so that officials are prepared before they come to a meeting. All that can be worked out prior to 18 June.

Deputy Mary Lou McDonald: What we heard yesterday was more than alarming. I found it very shocking.

Deputy Patrick O'Donovan: As someone who was here yesterday also, I left the meeting nauseated at some of what we were told. I never met the individuals concerned before. I do not know them or the sky over them but we have an obligation to try to do something about it in the event of any of the stories being repeated on any family farm anywhere in the country. It was probably the most disturbing thing I have heard since I came into this House.

Chairman: I share those views. Aside from the work we can do on this committee, I would recommend to members that they might consider fully what we heard yesterday and perhaps use the floor of the House to raise this issue in the context of a debate, which I believe is absolutely necessary given the evidence we heard and the documents that are available.

Deputy Patrick O'Donovan: From what we heard from one of the farmers who was present, it seems there is more than just the Department of Agriculture, Food and the Marine that could be discussed. When the clerk is drawing up a report on the presentation that was made yesterday, will there be an opportunity for us to go beyond the Department and the unit concerned because references were made yesterday to costs being incurred by the State across a range of Departments, the Courts Service and the Garda?

Chairman: Yes. Once it is a cost to the State, and it is within a Department and it is relevant to what we heard yesterday, based on the dossier of information the clerk will provide to us, we can then decide that we should also invite others to attend our meeting on 18 June. We will meet prior to that and members can contact the clerk and make their suggestions. From what we heard yesterday, it is clear that there needs to be a very open debate about the issues that were raised. Some issues might be better raised in the House rather than in this committee. Members should consider a significant and appropriate way to raise those matters.

Deputy Paul J. Connaughton: I did not get a chance to ask yesterday, but I imagine the cases have come up previously in another committee or elsewhere in the Houses of the Oireachtas. Has the matter come up and has work already been done? We do not want to cover old ground if information already exists on which we can work.

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Chairman: No, it came forward through other Members. Those concerned were in contact with other Members of the House, including previous Ministers, some who are still Members of the House. That is the way they tried to highlight their issues. We heard about the totality of issues yesterday, but when one separates them out, some issues are relevant to this committee and others are more suited to the Dáil Chamber. I encourage members to read the report and to give their suggestions to the clerk in order that we can have a pretty full hearing on the matter. We will have the hearing on 18 June. Is there any other business?

Deputy Joe Costello: I requested that we would bring in the Courts Service to discuss the general management of juries, arising from the Bailey case. Is there any progress in that regard?

Chairman: We are working with the Chief State Solicitor's office and other Departments in order to get them all in together. We will set a date for a meeting in due course that suits all parties. We will give the matter priority.

Deputy Shane Ross: Could I ask that the clerk write to seek that the investment committee come in?

Chairman: Yes.

Clerk to the Committee: We can look at that.

Deputy Shane Ross: Last week we agreed that we would ask them in.

Clerk to the Committee: I will talk to the Deputy about it afterwards. There is a huge problem about remit in terms of that investment committee because it is headed by a judge.

Deputy Shane Ross: Why would that be a problem?

Clerk to the Committee: It is not audited by the Comptroller and Auditor General.

Deputy Shane Ross: Sorry?

Clerk to the Committee: It is not audited by the Comptroller and Auditor General.

Chairman: It is not audited by the Comptroller and Auditor General.

Deputy Shane Ross: We can ask them in though because we are having the wards of court in.

Clerk to the Committee: I will talk to the Deputy about it.

Deputy Shane Ross: I do not think we should be frightened of asking a judge to come before the committee.

Clerk to the Committee: No, it is not for that reason.

Deputy Shane Ross: We would welcome-----

Chairman: I do not think-----

Clerk to the Committee: There are issues concerning remit.

Chairman: We can check the remit and detail of that. I did not know that was agreed last week. We will work on it.

Deputy Mary Lou McDonald: Could I commend our clerk on his diplomatic skills in terms of how he tried to step around the issue?

Chairman: He was not frightened either of Deputy Ross. We have agreed our meeting for next week.

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

Vote 29 - Communications, Energy and Natural Resources

Chapter 8 - Operation of the Emergency Call Answering Service

Mr. Mark Griffin (*Secretary General, Department of Communications, Energy and Natural Resources*) called and examined.

Chairman: I want to begin by asking members, witnesses, and those in the Public Gallery to please turn off their mobile phones as they interfere with the transmission and sound quality of the meeting. I want to advise witnesses that they are protected by absolute privilege in respect of the evidence they are to give this committee. If they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, 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, nor an official by name or in such a way as to make him or her identifiable. Members are reminded of the provision of Standing Order 163. They 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 want to welcome Mr. Mark Griffin, Secretary General of the Department of Communications, Energy and Natural Resources. Can I ask him to introduce his officials, please? Mr. Griffin is welcome back again.

Mr. Mark Griffin: It is great to be back. I thank the Chair.

Chairman: Mr. Griffin is making a second appearance in a short time.

Mr. Mark Griffin: With me are Finola Rossi, Brendan Whelan, Martin Finucane and Rebecca Minch, and my colleague from the Department-----

Chairman: Mary Austin from the Department of Public Expenditure and Reform.

Mr. Mark Griffin: Yes, and Mr. Brian Walsh in the back, as backup.

Chairman: The witnesses are all very welcome. Will Mr. McCarthy please make his opening statement?

Mr. Seamus McCarthy: I thank the Chairman. The appropriation account for Vote 30 - Communications, Energy and Natural Resources, had total gross expenditure of just under €394 million in 2013. Figure 1, which could now be brought onto the screen, indicates how that expenditure was divided between the various Vote programmes. The largest programme was in relation to broadcasting, under which a total of €242 million, or 61%, was spent. The bulk of the expenditure under that programme was in the form of grants paid to RTE - just under €182 million, and to Teilifis na Gaeilge - €33.7 million. €14.4 million was paid into the Broadcasting Fund. €11.2 million was paid to An Post in respect of the costs of collecting broadcasting licence fees. The fees collected by An Post are remitted to the Department, and account for the bulk of the appropriations in aid of the Vote. In 2013, a total of just over €216 million in broadcast licence fee income was received by the Vote. The net expenditure on the Vote was around €27 million less than was provided for the Vote for 2013. The Department got the agreement of the Department of Public Expenditure and Reform to carry over €8.5 million in unspent capital funding to 2014. The balance of the surplus was due for surrender.

The report before the committee this morning relates to an examination of the arrangements for the provision of a national emergency call answering service, which comes within the responsibilities of the Department of Communications, Energy and Natural Resources. By way of background to the examination, I should explain that, in the course of carrying out the audit of the financial statements of ComReg for 2011-12, we noted that the regulator had incurred legal costs of over €310,000 when it settled a legal case taken against it by a telecoms provider. The company had challenged ComReg on the manner in which it had made a decision to increase the emergency call handling fee by 50%. It also complained about the absence of an appeal process in respect of fee changes. Our initial review established that the Department had put in place a complex framework to underpin the emergency call system, and I decided to review the arrangements in parallel with the audit of the 2013 appropriation account for Vote 30.

Historically, emergency call answering was done by Eircom operators. Since July 2010, the service has been provided by BT Communications Ireland, which won the contract following a tender competition run by the Department between 2007 and 2009. The contract is for a period of five years, with an option to extend for up to two more years. I understand that the initial five-year term is due for completion in July of this year. The emergency call service is fully funded by the telecom service providers. The companies are charged a handling fee for each call made through their networks. There is no direct charge for the person making an emergency call. In practice, the costs are passed on by the companies to their customers through the normal user charges.

The emergency call fee charged to the telecoms companies by BT is regulated by ComReg and is based on the expected cost of providing the service and the anticipated volume of emergency calls. Annual revisions of the call handling fee by ComReg take account of any under- or over-recovery of costs by the service provider in prior periods. We found that the volume of emergency calls received over the period 2010 to 2014 has been relatively constant at around 2.8 million calls a year. This is around 42% lower than projected when the service was put out to tender. The much lower than anticipated call volume, together with some other cost changes, led to a 50% increase in the call handling fee, from the initial rate set of €2.23 per call, to a rate of €3.35 per call. There were subsequent reductions and increases in the rate, which, in the period 2014/2015, stood at €3.08 per call. Legislation provides for ComReg to determine the costs BT may recover through fee charges. The scope of what costs are reasonable is set out in the concession contract. This specifies that the costs include a guaranteed rate of return of 6.63% on the capital sum invested by BT, which applies for the duration of the contract.

Our examination found that the guaranteed return is calculated on the gross book value of its capital investment - just over €11 million - giving a flat-rate guaranteed return of around €750,000 each year. This is factored in as a reasonable cost in the fee-setting model. As BT is also allowed to include a depreciation charge in its costs, its effective rate of return on its capital investment is significantly higher than the 6.63% set out in the agreement. The rate of 6.63% in the contract was arrived at from a base rate set by the Department, plus a margin proposed by BT in their tender. The National Development Finance Agency advises State authorities on the optimum financing of public investment projects. I recommended that the Department should consider consulting with the NDFA on any future projects of a similar size and involving similar complex structures, in order to ensure that the most appropriate terms are agreed, including advice on whether it is appropriate to specify a base rate of return.

The governance arrangements for the call answering service are set out in figure 2, which can now be shown on the screen. The concession agreement between BT and the Department envisaged the establishment of a project board, with representatives of the emergency services, and a liaison committee to facilitate communication on all matters between the Department and BT. In fact, the liaison committee was never established. Instead, meetings are held at least quarterly between a Department representative and BT's representative. The planned project board, referred to as the Emergency Services Group, has been established but it has no formal terms of reference and formal minutes of the group's monthly meetings are not recorded. I recommended to the Department that it should draw up formal terms of reference for the group and maintain formal records of its meeting, and it has agreed to do so.

BT reports monthly on its performance against service delivery standards specified in the concession agreement. The reports are reviewed by ComReg and the Department and any instances where performance fails to meet the specified standard are raised and addressed with BT. Overall, performance standards are being met. Although provided for in the concession agreement, no annual reviews of BT's performance have taken place. However, as part of its 2014 annual review of the call-handling fee, ComReg planned to engage an independent consultant to formally review and test the methodology by which BT compiles and calculates its performance reports. The Department has also agreed to a recommendation to publish an annual report on the performance of the emergency call answering service.

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

Mr. Mark Griffin: I am appearing here this morning in relation to two issues, the emergency call answering service and the 2013 audited accounts of the Department.

The ECAS is responsible for answering all 112 and 999 calls to the emergency services in the State. Following a tender process, BT Ireland was appointed as operator of the ECAS and the concession agreement with BT commenced operation in July 2010. Emergency calls are free of charge to the caller on all telecommunications networks. The ECAS system is funded through the call-handling fee payable by the presenting telephone operators.

To ensure the highest level of availability and adequate contingency arrangements, fully replicated data centres are located in Navan and Dublin and three operator centres have been deployed in Navan, Dublin and Ballyshannon. The ECAS is performing to a consistently high standard and exceeding all the performance levels set out in the concession agreement. Under the concession agreement, BT is required to ensure 99.999% availability of the service each year. In other words, the service cannot be unavailable for more than a total of five minutes per annum. It has handled a total of over 10 million calls since it launched in July 2010. Of that

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total, it has filtered out over 6.2 million, thus ensuring the emergency services can deal with genuine emergency calls. The average speed of answer for a caller to ECAS is 0.6 seconds which is one of the fastest in Europe. Ireland is one of the first countries in Europe to provide an emergency SMS service.

In so far as the 2013 appropriation account is concerned, total gross spend under the Vote in 2013 was just over €393 million, some €33 million below the budget allocation of €426 million. The underspend is primarily due to slower than expected expenditure on the post codes project, on energy research programmes and on broadcasting expenditure due to lower than forecast TV licence receipts.

I will briefly set out some of the key projects supported from the Vote in 2013. There was expenditure in 2013 of almost €23 million on communications, multimedia developments and the information society. This expenditure was primarily on the national broadband scheme and the second level schools broadband programme. Some 234 second level schools in counties Dublin, Kildare and Meath were provided with a 100 Mbps broadband connection in 2013, thus bringing high speed connectivity to 516 schools under the first two phases of the national roll-out programme. The programme was completed in 2014.

Some €75 million was spent in the energy sector in 2013, with €57 million of this expended by the Sustainable Energy Authority of Ireland on the delivery of energy efficiency upgrades. The schemes funded include residential grants, grants to low income energy consumers through the warmer homes scheme and group community projects. During the year, over 26,000 homes benefited from an energy efficiency upgrade, supporting around 3,000 jobs and highlighting again the importance of the State's involvement in this area.

Expenditure in 2013 in the broadcasting area amounted to €242 million. Of this, €181.5 million was paid in grant aid to RTE in respect of the revenue from the sale of television licences. A total of €24.4 million of Exchequer funding and licence fee funding of €9.2 million was provided to TG4 to deliver on programme commitments. A total of €14.4 million in grants from the broadcasting fund was provided to the audio and audiovisual media sector, supporting about 300 projects. During the year, the procurement process was completed for the national post code system.

Almost €32 million was paid to meet the administration and operational costs of Inland Fisheries Ireland and the Loughs Agency. This funding enabled IFI to undertake almost 140,000 patrol hours and nearly 6,000 habitat inspections. A total of €5.4 million was spent on various geoscience projects, including mapping over 3,000 sq. km of the national seabed under INFO-MAR, the national seabed survey project.

The Department's administrative budget has been significantly reduced from €40 million in 2007 to just over €21.5 million in 2013. Notwithstanding this, the Department has continued to oversee and implement a wide range of new and existing programmes, undertake regulatory functions and provide policy advice across its wide brief.

I have separately provided the committee with the Vote outturn figures for 2014. These indicate gross expenditure of €424.7 million in 2014 compared to €393.6 million in the 2013 outturn. A breakdown of the 2014 outturn by subhead has also been provided. I look forward to assisting the committee with any questions it may have on the issues under consideration today.

Chairman: May the committee publish the statement?

Mr. Mark Griffin: Yes.

Deputy Robert Dowds: I welcome Mr. Griffin and his team to the meeting. It is difficult to know where to start because the Department is so diverse and deals with such a variety of areas. I will begin with an aspect of its work which I regard as very important. I refer to the question of the roll-out of broadband services. I am fortunate in that I am an urban Deputy in Dublin so I am not as familiar with what some of my rural colleagues refer to as bog band. I understand that the high speed broadband will be rolled out to everybody by 2020. What is the current situation? It is obviously a matter of great urgency for people outside the major centres who need to be able to compete and have good access to something which is essential nowadays.

Mr. Mark Griffin: As someone who was born and reared outside Dublin, albeit that I have lived and worked here for over 30 years, I still have plenty of relatives down the country and every time I visit them I get it in the neck about the national broadband plan. It is a project which for a whole range of reasons is very dear to my heart. I know it is among the top priorities for the Minister.

The national broadband plan needs to be considered in its broadest sense. This involves both what the commercial sector is doing and what the State plans to do. Part of our effort over the past couple of years has been on enabling the commercial sector to be involved to a greater extent in the provision of broadband infrastructure. For example, I refer to the work carried out last year in bringing forward legislation to allow ESB engage in the provision of broadband infrastructure. Next week, ESB and Vodafone will launch their joint venture which will set out the first 50 towns where they plan to invest and which will benefit under the joint venture programme.

One also needs to consider what the other big players in the sector are doing. There has been a substantial increase in what Eircom had originally targeted to do when the national broadband plan was rolled out in 2012. The footprint of the Eircom plan which it indicated covering under its NGA programme was approximately 1.2 million households. This has increased to approximately 1.6 million, if not more. There has been very significant progress in the private sector in terms of the commercial interventions.

Looking at what the Government needs to do, the Minister published a national high speed coverage map last November which set out where the commercial sector was going to intervene by 2016 and what the State needed to do under its own intervention strategy. The coverage map is divided in two. A blue area reflects where the commercial sector will intervene and an amber area reflects where the State needs to intervene. Effectively, there is a 70:30 split between the commercial and State interventions. Approximately 700,000 properties need to be covered in the State intervention. It covers 96% of the land area of the State. The commercial companies will invest where it is commercially viable to do so. Therefore, the main focus is on the towns and the larger villages. The map was published at the end of November 2014. Public consultation on the map was initiated at that stage and closed on 12 February 2015. We received 29 submissions and these are being assessed.

Deputy Robert Dowds: How much further progress will be made by this time next year?

Mr. Mark Griffin: I will outline some of the highlights over the next 12 months. There is intensive work under way in the Department on a range of issues, including the detailed nature of the intervention strategy, the cost-benefit analysis for the programme and how the programme is to be funded. This work is expected to be completed over the next month or so.

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The intention then is to present a comprehensive draft strategy to Government for approval, to include consideration of a whole range of important issues such as the appropriate ownership model for the infrastructure, whether a single contractor or multiple contractors will be engaged to build this infrastructure, the intervention cost - which is a critical component of the overall project - how the funding will be secured, to what extent it will impact on the Exchequer, the duration of the contract and so on.

Deputy Robert Dowds: Can Mr. Griffin give an indication of what new areas will be covered within a year?

Mr. Mark Griffin: By the end of this year we will have initiated the tender process, leading to the commencement of the proposed network build in the second half of next year. The Deputy will have heard the Minister say in response to parliamentary questions that he expects the network build to cover a three to five year period. It is an ambitious roll-out. As I said, we are talking about-----

Deputy Robert Dowds: Is it the intention to provide coverage for the maximum number of people in the first year of operation and then to move gradually to the more remote areas?

Mr. Mark Griffin: We await the companies' bids in terms of the tender process. We would hope that the programme proposed by the commercial companies would be ambitious and that we could achieve the greatest level of coverage within the shortest possible timeframe. If the Deputy is asking what percentage of people I expect to be covered within the first 12 months, I cannot give a straight answer on that. There are 700,000 properties to be delivered with broadband infrastructure over a three to five year period. This means that, on average, 150,000 properties will need to receive broadband coverage each year.

Deputy Robert Dowds: In terms of company selection, will the decision be based on who can roll out the programme quickest or on tender bid?

Mr. Mark Griffin: In terms of the procurement process, a range of factors are taken into account. Cost will be a considerable factor. In the heel of the hunt, the most economically advantageous tender will be selected. We will obviously take into account the capacity of the company to deliver a significant proportion of the intervention area within a relatively short time. If the Deputy is asking if cost will be the only consideration, the answer is "No". Cost, quality of service, ability to meet the basic thresholds set out in the NGA, which will be a minimum threshold of 30 Mbps per second, and the extent to which fibre will be a component of the network build will be taken into account. We see fibre as being a future proof technology which will have to form a considerable part of the overall network build. There will be range of issues, other than cost, taken into account. Obviously, cost will form part of the consideration.

Deputy Robert Dowds: In regard to roll-out of broadband to second level schools, Mr. Griffin referred in his opening statement to a programme having been completed in 2014. The counties to which he referred in this regard are Dublin and its three surrounding counties. Am I to take it from that that delivery of second level school broadband for counties Dublin, Meath, Kildare and Wicklow has been completed?

Mr. Mark Griffin: Yes.

Deputy Robert Dowds: What is the position in regard to the counties beyond the greater Dublin area?

Mr. Mark Griffin: This was a phased implementation, commencing in 2012. In 2012, some 202 schools across 14 western and midland counties were connected, including Cavan, Clare, Donegal, Galway, Laois, Leitrim, Longford, Louth, Mayo, Monaghan, Offaly, Roscommon, Sligo and Westmeath. In 2013, as mentioned, a further 236 schools in counties Dublin, Meath and Kildare were connected. The remaining 269 post-primary schools in Carlow, Kerry, Kilkenny, Limerick, Tipperary, Waterford, Wexford and Wicklow were provided with 100 Mbps connectivity by the end of 2014. In total, when account is taken of the schools and education centres, we are one short of 800 schools that have been covered by the programme. We met all of the capital costs. We paid the current cost for the year in which the connection was made and for the subsequent 12 months. The feedback we have received is that the programme is very effective.

Deputy Robert Dowds: This is an excellent programme that is absolutely essential given the world in which we now live. Presumably, as in the case of business and domestic customers, broadband coverage in the schools in remote areas is poor.

Mr. Mark Griffin: Connectivity for second level schools in all of those locations is 100 Mbps per second. They have been provided with that connectivity. The difficulty is that a student in a second level school in some of those locations, even if remote, will have access to broadband but he or she might have that access at home. That is the challenge that the national broadband strategy brings in terms of where we need to focus.

Deputy Robert Dowds: In some cases, the schools will have by far the best broadband service of any organisation in that area.

Mr. Mark Griffin: Potentially. This reflects the need to ensure that there is a robust and comprehensive intervention under the national broadband plan.

Deputy Robert Dowds: Does Mr. Griffin have any sense of how business is adversely affected by the delay in good broadband delivery to remote areas?

Mr. Mark Griffin: The amount of parliamentary questions which the Department receives on a daily basis in regard to the difficulties being experienced by businesses in obtaining a decent connection in local areas indicates the frustration which businesses outside the areas being targeted by the commercial companies are experiencing. A number of months ago I watched a programme - I think it was "Ear to the Ground" - which highlighted the case of a small company in the food sector and the difficulties it was experiencing, because it was outside an NGA area, in doing the most basic things in terms of broadband connectivity. One of the driving forces behind the introduction of the national broadband plan was why it was acceptable that people who live in urban areas have access to high speed broadband. In my case, I can have Sky, UPC or Eircom broadband. Some of the other larger towns that will be provided with broadband under the UPC-Vodafone joint venture will also have that choice. However, in areas outside of the county towns it is only possible to get 1 Mbps to 1.5 Mbps of broadband, which is simply not fit for purpose.

In terms of the work under way in regard to the preparation of the intervention strategy, PricewaterhouseCoopers is currently examining the cost-benefit analysis. In terms of additional benefits for residences, business and public services in the intervention area that we will be bringing forward, PricewaterhouseCoopers has identified remote working options, transaction sales, bundle communications and high tech farming aids as issues that need to be addressed. By definition, there is a huge-----

Deputy Robert Dowds: The Department would be as keen as possible to get this rolled out as fast as possible. Presumably Mr. Griffin will see that no stone is left unturned to ensure that.

Mr. Mark Griffin: The Deputy can take it as an absolute given that both I and the team in the Department are driving this as hard as we possibly can. I think the Deputy will see from-----

Deputy Robert Dowds: I want to go on to some other areas.

Mr. Mark Griffin: The important thing to say is that I think the Deputy will see, when the Minister speaks on the national broadband plan, that he has put the full weight of his office behind the delivery of the plan. He publishes a monthly report for Deputies - I think the most recent one went out yesterday - which sets out a lot of useful information in terms of the plan itself.

Deputy Robert Dowds: May I move on to broadcasting? That is where the biggest tranche of money coming through the Department goes. A sum of €181.5 million goes to RTE and €33.7 million to Teilifis na Gaeilge. Does the amount they get vary according to what comes in from the broadcasting licence each year? That is my understanding.

Mr. Mark Griffin: Absolutely, that is the case. The grant to RTE is Vote-neutral and dependent on TV licence sales, which by their nature are difficult to predict.

Deputy Robert Dowds: By Vote-neutral, does Mr. Griffin mean there is no money coming from the general Government budget?

Mr. Mark Griffin: It is a direct pass-through from the TV licence.

Deputy Robert Dowds: Does the Department do any monitoring of RTE? As the national broadcaster, are there criteria under which it has to operate to demonstrate it is broadcasting in the interests of the country in the widest sense, without having too much political control or whatever? There is always going to be tension between politicians of every hue and the media. Does the Department do any monitoring in that regard?

Mr. Mark Griffin: There are different types of monitoring. The BAI has a very significant role in monitoring the organisation in terms of compliance with its public service objects and making sure it is balanced in its commentary and so on. One will see the BAI making comment one way or the other on specific issues that have been referred to it or that it has identified. There is a very strong and formal regulatory role for the BAI.

Deputy Robert Dowds: What happens if the BAI decides that coverage of a particular issue is unbalanced?

Mr. Mark Griffin: It will issue a finding in terms of the direct impact on the company. As to whether it can issue a financial sanction or otherwise, I cannot say off the top of my head but perhaps I could give the Deputy a note on that.

Deputy Robert Dowds: For example, when my party colleague, the previous Minister in the Department, criticised RTE over its coverage of the water issue, did the BAI intervene to see if his allegations were regarded as fair or not?

Mr. Mark Griffin: That is absolutely the role of the BAI. Where organisations, political or otherwise, have a difficulty concerning the nature of commentary made by RTE or any of the other public service broadcasters, it is absolutely the case that they have a right to make a

complaint to the BAI which will be considered by its complaints committee. The committee will issue a finding.

Deputy Robert Dowds: Can it issue a direction?

Mr. Mark Griffin: I do not know the answer to that question but I will find out for the Deputy.

Deputy Robert Dowds: I would appreciate that.

Mr. Mark Griffin: I cannot give a direct answer on the nature of the sanction the BAI can impose on RTE but I will find out.

Deputy Robert Dowds: I would be interested, as I am sure would other members of the committee. Does the Department have any say in the running of RTE or TG4? For example, in respect of salary levels it is a point of contention that certain senior people in RTE are on very high salaries. Is that done entirely within RTE itself?

Mr. Mark Griffin: RTE is a commercial semi-State that operates independently of the Department. We do not have any direct line of sight or decision-making power in respect of what RTE would pay some of the better-paid presenters in the organisation. I do know, however, that the pay of some of the higher-paid presenters has been reduced over the last years in line with a very substantial general reduction in the RTE pay bill. It is interesting to note that, in fact, some of the higher paid presenters are on channels other than RTE. There is an issue for RTE of being able to compete and to attract people who are popular in terms of coverage and listenership and who also bring sponsorship to the radio station. That is a consideration for RTE.

Deputy Robert Dowds: To wind up the discussion of RTE, can Mr. Griffin come back to me on the exact role of the Broadcasting Authority of Ireland? If I could move to one or two other areas, I will then leave it to Deputy Perry, who is going to cover some other points.

On the area of energy research, to what extent does the Department feel this should be prioritised? Can Mr. Griffin outline the long-term approach to this area of growing importance, particularly in terms of non-polluting and renewable energy?

Mr. Mark Griffin: There are a few aspects to this. There is a substantial budget within the Department to fund energy research. One of the areas we flagged up in my opening statement was the extent to which there was an underspend during the course of 2013. We have to accept that some of the energy research programmes, particularly the offshore energy research for which we flagged the underspend in 2013, are at a very early stage. We completed an offshore renewable energy development plan in 2014 and that sets out very ambitious targets for research in the sector. In terms of the State's territory, its offshore, water area is about ten times the size of its landmass footprint. Technology such as wave and tidal energy are still at the research, development and demonstration stage globally. Realistically, in terms of the commercial application of those technologies we are probably looking several years down the road.

Deputy Robert Dowds: Would Mr. Griffin think there is a case for having a centre of excellence, probably somewhere in the west, examining renewable energies and how they can be best progressed? I am aware that not all renewable energy would come from the offshore direction but some of it would. I see it as an area in which Ireland could forge out into the future ahead of various other countries. I suspect we have quite a lot to learn from Scotland. I understand the islands of Orkney are entirely supplied by renewable energy. We are probably

in a better position to do that work than many other countries.

Mr. Mark Griffin: It is a fair point. A lot of the funding we are providing at the moment is with a view to building that research capacity, primarily on the west coast. A centre off the coast at Belmullet is being funded. Another centre off the Galway-Clare coast is being funded. We are also working to fund an energy resource cluster, the Irish Maritime and Energy Resource Cluster, IMERC, in Ringaskiddy. As a Department, we have committed to funding of €26.3 million over the 2013 to 2016 period, which is a substantial level of investment.

Deputy Robert Dowds: Is an organisation driving this project? I would envisage it being attached to a university where they could draw on the skills and knowledge of experts in various areas.

Mr. Mark Griffin: The principal partners in driving forward the energy research programmes are the Sustainable Energy Authority of Ireland, SEAI, which is an agency under our Department, the Marine Institute in Galway, and the IMERC in Cork, which is connected to the Tyndall institute. There is a collaboration between Government agencies in terms of the SEAI and the Marine Institute, universities which have technical and research capacity and expertise to bring to bear, and the private sector whose principal motivation is to advance the technologies to a commercial stage. That work is ongoing. For example, the IMERC is a partnership between University College Cork, UCC, Cork Institute of Technology and the Irish Naval Service. Therefore, a range of very competent partners are being funded through an EU programme for research in third level institutions and they are also being funded by way of a grant of €3 million from my Department over the 2012 to 2015 period. Aside from the ocean energy research side, there is also a very successful energy research programme in University College Dublin, UCD. The research end is well funded. While we can never have enough funding for research, we are committing funding of €26.3 million over the 2013 to 2016 period. We are in discussions with other Departments seeking to secure an additional €30 million in funding for research in the ocean energy area.

Deputy Robert Dowds: I have two further questions. Can Mr. Griffin outline the areas such as wave power or other energy resources in which they are working? Can he also indicate the extent to which there is commercial interest in this area or that commercial sector resources can be drawn in to help progress some of these projects?

Mr. Mark Griffin: To give the Deputy of the flavour of what is happening, the test site infrastructure in Galway and in Belmullet includes finalising the licence and arrangements in the development of the pier in Belmullet. In Belmullet we are developing a site to have a full-scale prototype of wave or tidal energy technology. Off Galway, the facility is a quarter of the size. The IMERC facility in Cork is a test tank facility to allow us do more of the experimental research.

Deputy Robert Dowds: What about wind or solar energy?

Mr. Mark Griffin: In fairness, this country is probably at the vanguard in terms of wind energy development. We have set ourselves a target of 40% of our electricity to come from wind energy by 2020.

Deputy Robert Dowds: Will we achieve that?

Mr. Mark Griffin: I am quite sure we will achieve that target by 2020. In terms of solar, we will be going out for public consultation shortly on future energy technologies, including

where solar might fit into the system because it is a technology that seems to be gaining primacy in many other jurisdictions and is something we must examine closely. There is a good deal of detailed research being undertaken in UCC on future renewables and the integration of renewables into the grid, and EirGrid, the transmission system operator, will be looking at that issue as well.

Deputy Robert Dowds: I will leave it at that. I thank Mr. Griffin.

Deputy John Perry: I welcome Mr. Griffin and his team. On the operation of the emergency call answering service, in terms of the Comptroller and Auditor General's detailed report, what would Mr. Griffin do differently now that the five-year contract will be due for renewal and there will be a two-year extension?

Mr. Mark Griffin: If the Deputy will permit, I will take the recommendations the Comptroller and Auditor General set out in his report, which the Department found very useful and instructive in assisting us in shaping the next procurement contract. He made three recommendations. The first was the terms of reference for the emergency services group. We have put in place formal consolidated terms of reference which have been presented to the emergency services group and which will be finalised at the next meeting of the group in the coming weeks. The group is now chaired at principal officer level in the Department and formal minutes of the meetings are being recorded. That is progress in terms of some of the governance deficiencies the Comptroller and Auditor General identified.

In terms of the annual review, perhaps we lost sight of that as an issue because our main focus was on identifying whether the system was performing to the key performance indicators, KPIs, outlined in the concession agreement. We got monthly reports from BT. They were assessed and they determined that the KPIs were being met. Notwithstanding that, we have put in place an arrangement for an annual report to be prepared. It is drafted and will be finalised and signed off during the course of this month.

On the National Development Finance Agency issue, notwithstanding the fact that this was a complicated enough procurement process, the view taken at the time was that the cost of the contract was likely to be less than €20 million. The NDFA was not consulted because the procurement process concluded at around €11 million. However, as a matter of process, we will ensure that when we go back out to the market for the next concession agreement, the NDFA will be consulted. We give a commitment to that.

Deputy John Perry: Mr. Griffin is giving a commitment that this will be the procedure. Is that what he is saying?

Mr. Mark Griffin: Yes, absolutely.

Deputy John Perry: Regarding the return on the investment, while everyone would agree that BT is doing a very good job, the call service would appear to be a cash cow when we consider the level of money, €3.86 million, it started with in 2011 and then it got €9.42 million in 2012, €9.3 million in 2013 and €7.76 million in 2014. When we consider also its profit margin of €750,000, which was in excess of the 4.2% rate agreed plus the additional percentage allowed, plus the fact that it can write off its initial investment, is it not the case that the risk was minimal and value for money was very poor?

Mr. Mark Griffin: I would not say the risk was minimal. It must be borne in mind that BT had to come in and invest significant capital moneys, which I mentioned in the opening

statement, in two data centres in Navan and Dublin and three call centres in Navan, Dublin and Ballyshannon. There is a range of factors for us in considering how to structure the-----

Deputy John Perry: Is it not a fact that the investment was underwritten and guaranteed? The investor did not have to take the risk of building the centres and having to bear the cost of them.

Mr. Mark Griffin: It is certainly the case that the investor was able to recoup the investment and we needed to come up with a structure that would allow that to happen. Let us return to the invitation to tender. One will see that it included a base rate of 4.2% based on euribor rates at the time. Our concern was that if the invitation to tender had not included a base rate, there would have been no competition. In our view there was a real risk that if one did not provide for some guaranteed rate of return for the tenderers, the existing operator which had assets in place could bid a low management fee and undercut all other bidders and one might not have had a competition. We needed a competition to ensure we would have the most effective outcome in terms of having an emergency call answering system that would deal with what were life saving issues. Fundamentally what happened was that bidders bid for a management fee which was required to operate the service. The bottom line is that the winning bidder, BT, submitted a tender which was significantly lower than the other bids received. Its bid was an order of magnitude lower than the other bids received.

Deputy John Perry: Will Mr. Griffin explain the reason the initial fee was €2.38 per call and why within a very short period, one year, the charge was 38% higher? Was the charge not capped, as an increase of 38% is extraordinary?

Mr. Mark Griffin: The increase reflected the fact that there had been a very substantial drop in the volume of calls predicted.

Deputy John Perry: In the projected tender contract the company received €3.86 million, while in the following year it received €9.42 million. Was the investor given a guaranteed income stream before the contract was signed, similar to what applied in the case of the national toll bridge?

Mr. Mark Griffin: There was a guaranteed rate of return.

Deputy John Perry: That is not the point. Did the investor have a guaranteed income stream? Had it based the contract on achieving a turnover of €9 million?

Mr. Mark Griffin: The company based its tender on a predicted level of incoming calls based on the information provided by the incumbent at the time.

Deputy John Perry: Did the cash flow projections not indicate, apart from calls, that to break even the investor would have to reach certain cash levels? That is why it received an increased rate to bring it up to the figure indicated in the cash flow projections.

Mr. Mark Griffin: The estimate the tenderer made was that it would require a specific amount to be able to manage the service. That amount in the round was estimated at €750,000. The other costs included in the-----

Deputy John Perry: Is the figure of €750,000 the return on the investment which was more than 2% over the euribor rate? It is separate from the number of calls.

Mr. Mark Griffin: It is separate. It is effectively the management fee.

Deputy John Perry: The investor is receiving that figure regardless. Is it also receiving a write-off on the investment?

Mr. Mark Griffin: The investor is receiving €750,000 which is effectively the management fee for running the service. There is a range of other costs allowable under the contract and they are independently-----

Deputy John Perry: As my time is confined, will Mr. Griffin confirm the following? Is the guaranteed rate of return 6.63%?

Mr. Mark Griffin: Yes.

Deputy John Perry: Does the investor also have a margin of 2.43%? Does Mr. Griffin agree that when one considers the write-off on capital investment, the rate is far higher than 6.63%?

Mr. Mark Griffin: Let me put it this way. If one had used a net book value approach, the likelihood is that it would have had to bid for a margin greater than 6.63% to achieve the amount the investor had determined was required to manage the service, which was €750,000.

Deputy John Perry: Will the investment of €11 million not be totally written off by the State?

Mr. Mark Griffin: The €11 million investment will be written off by the company. It was to be depreciated on an ongoing basis.

Deputy John Perry: Is it a tax write-off or is it a depreciation allowance? In effect, is the investment funded by the State? When one takes account of the depreciation allowance, plus the allowance of 4.2%, in addition to the margin of 2.43%, it is a massive return based on the initial contract. We need to consider that at the time the contract was awarded none of the others who had submitted tenders had carried out sensitivity evaluations.

Mr. Mark Griffin: The fact that the other tenderers did not submit a sensitivity analysis is a matter for them. The invitation to tender required the submission of a sensitivity analysis. If the tenderers did not submit it, that is a matter for them. Let us look at the costs allowed under the contract and bear in mind that they are independently assessed by the Commission for Energy Regulation. They are broken down between pay and non-pay costs. The non-pay costs include the premises, backhaul infrastructure, network maintenance, annual depreciation, the guaranteed rate of return and transfers to the sinking fund. The total figure the Deputy sees in the Comptroller and Auditor General's report also includes the guaranteed rate of return. The figures quoted by the Deputy which are to be found on page 108 of the Comptroller and Auditor General's report, are €3.86 million up to 11 February 2011 - that figure is not for a full year - €9.42 million, €9.3 million and €7.76 million. They have been independently assessed by ComReg and include the list of issues I have just mentioned.

Deputy John Perry: With regard to the audit of stacked up costs and the annual return on the investment, did BT provide its operational profit figure for this facility?

Mr. Mark Griffin: Effectively, the management fee was what the company determined was required to make it profitable.

Deputy John Perry: Did the management fee not represent a major top-up in what was a very profitable business? One must take account of the increase in the call rate and the fact that

the contract was signed in 2009 but not taken up until July 2010.

Mr. Mark Griffin: The call handling fee did increase and there is no disputing this. If one looks at the figures I have quoted, the actual cost of providing the service reduced in the last period. If the number of calls declines, that will have an impact on the call handling fee and drive up the cost. The overall cost of the service does not rise.

Deputy John Perry: Do the call handling fee and the number of calls determine the number of staff required? In any business if one faces a decline, one reduces the number of staff. When a company employs 100 operators, it does not mean that each of the employees is on a permanent contract.

Mr. Mark Griffin: No.

Deputy John Perry: Is Mr. Griffin inferring that the staff had permanent contracts and that the company could not adjust its cost base to a lower one?

Mr. Mark Griffin: Not at all. I think the number of operators reduced from 76 to 52; therefore, there has been a reduction in the number of operators provided to reflect the reduction in the number of calls to the centre.

Deputy John Perry: The break-even and due diligence figures indicate that the operation's cost base was based on turnover?

Mr. Mark Griffin: Yes; that is reflected in the reduction in the costs set out in the Comptroller and Auditor General's report.

Deputy John Perry: When one considers the transformation in the telecommunications industry since 2009, does Mr. Griffin agree that with the latest technology, costs have come down internationally? The call centre service has changed completely since 2009 to the extent that the cost bases have dropped.

Mr. Mark Griffin: The cost bases dropped, but the level of infrastructure required by ECAS to run the service has not particularly altered. In spite of the need for redundancies, it still has to provide three geographically spread call centres and two data centres to act as backups for each other. Therefore, the need for that core infrastructure will not decline all that much, irrespective of the reduction in the level of calls. The upshot for us, as a Department, is that in terms of procurement we will be looking for a new concession agreement at some stage in the not too distant future. We have to reflect on the recommendations of the Comptroller and Auditor General and the suggestions set out in the report and will absolutely do this. One of the things on which we will reflect is whether there is a better and less complex way of structuring an invitation to tender to make sure that whoever bids will bid for a service that will deliver what needs to be delivered, given the critical nature of these services. Perhaps, we need to be a little less obscure in how we structure the invitation to tender around the guaranteed rate of return, the base rate, and so on and simply ask tenderers, "What is it you require by way of a management fee to run this service for the next number of years?"

Deputy John Perry: The Comptroller and Auditor General's report is very clear. Will BT exercise the option for the two remaining years?

Mr. Mark Griffin: We have already exercised the options.

Deputy John Perry: If one takes a public private partnership as an example of a return

and the other developments in PPPs at which the Comptroller and Auditor General has already looked, the return in public private partnerships in the State would not be as high as this. Is the Department calling it a public private partnership?

Mr. Mark Griffin: It is a concession agreement. Therefore, I do not think, in a classic sense, one would see it as a public private partnership.

Deputy John Perry: Is a breakdown provided in the report of the figures for 2014?

Mr. Mark Griffin: Absolutely. I do not have it available to me, but the costs are determined by ComReg. There is a very detailed analysis by ComReg which, effectively, regulates the costs. It will look at every single line item submitted by the concessionaire in terms of the projected costs for the year in question and make whatever hard calls it deems appropriate in ensuring the cost is pitched at the appropriate level.

Deputy John Perry: I have one final question on this section. Will Mr. Griffin explain to me the legal case taken against ComReg? Was the Department involved in it?

Mr. Mark Griffin: No, the short answer is that we were not involved in it. Perhaps I might give the Deputy a little more detail in a note afterwards on what it was exactly.

Deputy John Perry: Did the legal case not indicate unhappiness with the rates at the time? Did the outcome impact on the setting of future rates? ComReg is independent and this was a service adjudicated on by it, but the contract and terms are set by the Department. Is that correct?

Mr. Mark Griffin: Yes. I would not say there was a degree of dissatisfaction on the part of ComReg about the contract. ComReg has a role in relation to the contract which involves oversight of the costs incurred and making a determination on which costs are eligible or ineligible. I will come back to an earlier point made by the Deputy about the NDFA and its role in PPPs. One of the things the Comptroller and Auditor General clearly sets out in his report is the preference to have the NDFA involved in the process. We accept this, albeit that the cost was below the threshold set. It is a complex undertaking. Certainly in terms of the new contract, we will consult the NDFA and take whatever advice is given.

In terms of the court case to which the Deputy referred, I understand the proceedings were withdrawn as a result of an out of court settlement. I gather the terms of the settlement are so confidential that I do not even know what they are. Therefore, I cannot be particularly helpful to the Deputy.

Deputy John Perry: Mr. Griffin is aware of the new Office of Government Procurement under Mr. Quinn which is part of the Department of Public Expenditure and Reform. Its job is to achieve value for money. Will this contract be put through that office?

Mr. Mark Griffin: We will consult Mr. Quinn as required and certainly in terms of-----

Deputy John Perry: What does Mr. Griffin mean by “consult”?

Mr. Mark Griffin: We do not need to do so. Certainly if there is a gap in the advice we acquire in determining the structure of the contract and where the Office of Government Procurement can assist us, we will absolutely consult Mr. Quinn and his team. We have a very good relationship with him and his team.

Deputy John Perry: If one takes the NDFA and the Office of Government Procurement, one wants to ensure transparency. Obviously, with the Comptroller and Auditor General's report, things are a lot clearer now. Does Mr. Griffin agree?

Mr. Mark Griffin: I think the recommendations the Comptroller and Auditor General has set out in his report are very helpful to us and we will take them on board in the next stage.

Deputy John Perry: I have an issue to raise on fracking. It has caused a lot of concern with regard to exploration licences. How many such applications were received by the Department in 2013 and 2014?

Mr. Mark Griffin: We have three onshore petroleum licensing options which were issued in February 2011, one to Tamboran Resources, one to Lough Allen Natural Gas Company Limited and one to Enegi Oil plc. The options gave the holder first right to an exploration licence and were valid for up to 24 months. I think the Minister of State made it very clear in the Dáil that there would be no further progress in this area until such time as the research programme initiated by the EPA, the Department and the Northern Ireland Environment Agency was completed. We expect it to be completed in 2016 at the earliest. Until such time as that work is done, there will be no further progress.

Deputy John Perry: I know that the Environmental Protection Agency was commissioned by the Government to undertake a two year study of fracking to examine if it could be conducted in a way that would not cause significant environmental pollution. In August 2014 the EPA, the Department of Communications, Energy and Natural Resources and the Northern Ireland Environment Agency awarded the contract to a consortium led by CDM Smith. Was the Department satisfied with the interim report on fracking produced by the EPA? When can we expect to see the final report?

Mr. Mark Griffin: There was an interim report produced by the EPA in the past month or so. I may be corrected, but it is my understanding that the interim report was, in fact, put up on the Department's website. It was summary in nature. We subsequently received a more detailed report from the EPA which set out a lot more information on the milestones to be reached in the next 12 to 18 months. Again - I cannot confirm this, but I will revert to the Deputy on the matter and let him know - my understanding is that it has either been put up on the Department's website or will be.

Deputy John Perry: I have two final questions. It was reported in *The Irish Times* on 17 April that CDM Smith, the lead company employed to carry out a study of fracking in Ireland, was pro-fracking and involved in the use of the controversial gas extraction method in the United States and Poland. This issue has been raised locally. Given that a pro-fracking consultant carried out the report, did the Department consider the question of that consultant's impartiality in advance of awarding the contract? It is quite extraordinary.

Mr. Mark Griffin: One has to take account of the fact that CDM Smith is a massive company employing multiple thousands of people with expertise in a whole range of areas, including the area we are discussing and other areas such as groundwater and fresh water. It has already done a huge amount of work for the State on river basin management planning and so on and it has a broad spectrum of expertise. CDM is one of perhaps five or six organisations that will be involved in doing work in this particular area. There are mechanisms within the contract to ensure that, in the discharge of the work, where there are conflicts of interest they will be identified. I am not in the least bit uncomfortable about the fact that CDM is leading the team. We

expect the team to bring to bear the range of expertise available to it in the areas required for the contract and to do so in the most professional of manners. We answered a parliamentary question on this matter in the past couple of weeks and the Minister dealt with it comprehensively.

Deputy John Perry: We all know what we get when we get a reply to a parliamentary question. It is what is not in the reply that would concern me.

Chairman: That is a terrible thing to say. That never happens.

Deputy John Perry: Mr. Griffin may be happy with CDM Smith but a lot of people are very unhappy.

Mr. Mark Griffin: If one looks at the work of any consultants in the past five, ten, 15 or 20 years, one will find a skeleton or two but that does not mean that a consultant should be ruled out of consideration.

Deputy John Perry: Would Mr. Griffin not agree that the fact that a pro-fracking consultant company in the US, which operates in Poland and advocates for fracking in every sense, means the integrity of this report will be somewhat dampened? It amazes me that the EPA does not include the issues of epidemiology and public health in this report. It is extraordinary that the EPA never considers the issue of public health. What is Mr. Griffin's opinion on that?

Mr. Mark Griffin: I am not concerned about the fact that CDM is co-ordinating the group. I should know the members of the group but I do not. I will, however, get the list for Members. There are four or five other organisations, including the British Geological Society, that will bring a wealth of independent expertise to the study. The decision and the recommendations that come forward in the report will not be a matter for CDM alone. The Deputy should bear in mind that the team undertaking the work is overseen by a steering group of very competent people. As far as I am aware, the EPA research programme includes impacts on human health. It also includes assessments of environmental impact.

Deputy John Perry: I can state for certain that there is no epidemiologist or public health medical expert in the EPA to study the public health impact, which is a major concern outside Ireland. People are concerned that a report on the specific impact of fracking on public health is not being carried out and no such role is detailed in the terms of reference given to this company. Is Mr. Griffin aware of that?

Mr. Mark Griffin: In my notes in front of me, I am reading that the research programme does include a consideration of the impact of health.

Deputy John Perry: A consideration of something is quite different.

Mr. Mark Griffin: My interpretation of the word "consideration" in this context would include the detailed analysis and assessment.

Deputy John Perry: This is a very important issue. The committee should know that this question has been asked time and time again but an answer has been constantly refused. There have only been evasive answers and expressions like "being considered". Is there a public health specialist on this report? That is the question people want an answer to. The report does not include a public health medical consultant. Is Mr. Griffin saying there is one?

Mr. Mark Griffin: No, I am not saying that because I do not have the specific information available to me but I will check it out for the Deputy and I will advise the clerk.

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Deputy John Perry: I want this to be reported to the clerk because I have studied every one of the parliamentary questions and every one of them is totally evasive. The Department has evaded every opportunity to answer the question directly. There is a huge concern for the well-being of the people affected by fracking. It is quite extraordinary that the EPA carries out environmental reports on every aspect except public health. Why is there not a public health consultancy team in the EPA? I ask that question not just in the context of fracking.

Chairman: Mr. Griffin will come back with the detail on that.

Mr. Mark Griffin: Absolutely.

Chairman: If there is not such a team, can he state clearly that there is not? If there is, will he state who they are? He can always contact the clerk.

Mr. Mark Griffin: I will do that. If there is not such a team, I will also find out why there is not.

Chairman: Can he provide the information as soon as possible? Deputy Perry is anxious to have it.

Mr. Mark Griffin: I will.

Deputy John Perry: I am very grateful for the latitude the Chairman has shown. I would be glad to get clarification, Mr. Griffin, because I have been trying to get this information directly. It has been chased around for the last year and a half and, despite what the Minister and the Minister of State have said, they have not answered the question directly.

Mr. Mark Griffin: I will come back to the Deputy on that specific point. As the Secretary General of the Department, we do not have a custom or a practice of being evasive when answering parliamentary questions.

Deputy John Perry: Mr. Griffin said his Department collaborated with universities. There are eminently qualified public health medical professionals available. Given the commitment to consultation, inclusion and integration why are they not included in this?

Mr. Mark Griffin: I will certainly come back to the Deputy on whether that issue is being dealt with as part of the research programme.

Deputy John Perry: Mr. Griffin will also ask, "If not, why not?"

Mr. Mark Griffin: Yes, I will.

Deputy John Perry: Can he also find out if the terms can be revisited to include it?

Mr. Mark Griffin: I will deal with all the questions.

Chairman: We will also refer the transcript of the meeting to the EPA. I do not want that to hold up Mr. Griffin's response.

Mr. Mark Griffin: We will respond.

Chairman: He also spoke of custom and practice in answering parliamentary questions. I do not refer specifically to Mr. Griffin but the bureaucracy of the State has become so accustomed to the practice of not answering parliamentary questions that it has forgotten how to use

custom and practice to answer them.

Deputy John Perry: I thank the Chairman.

Chairman: It is only because Deputy Perry used to be Vice Chairman.

Deputy Paul J. Connaughton: The majority of issues have been covered. Deputy Perry mentioned ECAS. Why is there such a variation in the number of calls the Department was expecting and the number which there actually were? Who was involved in the calculation and how did such a disparity occur?

Mr. Mark Griffin: The number of calls would have been determined by the incumbent at the time, which was Eircom, and would have been based on experience. That would have been the basis for the estimate of call volumes in the tender process. In my opening statement I referred to the fact that ECAS had handled 10 million calls in the four or five year period since it came into operation in 2010, with 6.2 million effectively non-calls, silent calls or hoax calls.

Deputy Paul J. Connaughton: How many were hoax calls?

Mr. Mark Griffin: It is difficult to say how many were hoaxes. When classifying them, the emergency call answering service, ECAS, uses terms like “abandoned calls”. These involve people ringing but the calls not being followed up. “Silent calls” are, for example, having one’s mobile telephone in a back pocket and hitting the emergency dial by accident. The technology has changed in the past 12 months or so, in that one needs to do a bit more to issue an emergency call.

I do not have the statistics on the number of hoax calls but the trend in the volume of calls in recent years is interesting. In 2009, the precursor to ECAS was operated by eircom and received 3.57 million calls. In 2010, that figure was 3.23 million while in 2011, it was 2.8 million. In 2012, it was approximately the same but decreased to 2.6 million in 2013. There was a significant reduction in 2014 to 2.1 million. The projection for 2015 is approximately 1.8 million. There has been a substantial reduction in the number of calls. Much of this is down to investment in the State’s telecomms infrastructure, particularly eircom’s copper network. Thanks to upgrading the network, the so-called noisy calls have decreased substantially in the past year or two.

In fairness to ECAS, it had to operate on the basis of the information provided to it. A service was pitched based on an expected level of calls but the number of calls reduced, which had an impact on the call handling fee and the service’s overall level of costs, which have declined in the past 12 months in particular, as I told Deputy Perry.

Deputy Paul J. Connaughton: Mr. Griffin does not have a figure for hoax calls.

Mr. Mark Griffin: I do not, but-----

Deputy Paul J. Connaughton: Does he know the cost attributed to them?

Mr. Mark Griffin: I could get information on the proportion of the calls that were handled that were considered silent, abandoned, noisy or misdialled. I do not have it with me, but I will get it.

Deputy Paul J. Connaughton: A cost can be attributed to it.

Mr. Mark Griffin: Yes.

Deputy Paul J. Connaughton: Has anything ever been done to get that money back from those callers to the emergency line?

Mr. Mark Griffin: Every call that ECAS receives must be handled. ECAS does not know the nature of the call until it tries to engage with the caller. As I understand it, where there are hoax calls, ECAS refers the top 20 to the Garda every month. It is a matter for the Garda to determine whether follow-up is required.

Deputy Paul J. Connaughton: Does the Department ever follow up with the Garda to see if that is done? It is a cost to the State.

Mr. Mark Griffin: I do not follow up that matter, but I am sure that ECAS does. From having spoken to ECAS last week, I understand that the list of the top 20 hoax callers changes monthly. I suspect that the Garda is doing follow-up of a sort, albeit probably short of pursuing people through a legal channel except in the most exceptional of circumstances.

Deputy Paul J. Connaughton: I will move on. I imagine that BT will tender for this again. How will the competition process be made fair and open to others, given all of the experience that BT has gained in the past five years?

Mr. Mark Griffin: We must consider all of those issues when structuring the tender process. One of the matters we were conscious of in the original tender process was how to devise a competitive process that did not give an unfair advantage to the incumbent. This is perhaps the reason the convoluted base rate and the guaranteed rate of return process was introduced. We will have to go through a similar process of determining the best way of ensuring that the incumbent does not unduly benefit from the invitation-to-tender process. We will consider this issue as part of structuring the procurement process so as to determine in what way the existing service provider cannot benefit by virtue of being the existing service provider.

Deputy Paul J. Connaughton: The Comptroller and Auditor General's report mentioned that some governance issues had been addressed.

Mr. Mark Griffin: Yes.

Deputy Paul J. Connaughton: How did those issues start? I am referring to simple minute taking at meetings. How did no one at the start of the process say that it was not correct?

Mr. Mark Griffin: It was a greenfield operation. While a range of governance structures were put in place, there was an element of "suck it and see" to determine what worked best for managing the system. The fundamental concern for ECAS and for us was to ensure that adequate processes were in place to oversee the key performance indicators, KPIs. We received monthly reports from BT on compliance with the KPIs. Where there were issues with the operation of the service, we could demand data at short notice on a daily basis to see what was happening. While BT might not have strictly complied with the governance arrangements set out in the invitation to tender, we were satisfied, by and large, that the structures were at least working. The Deputy is right that missing basic elements like taking minutes is not acceptable. As to a commitment to produce an annual report, while the monthly arrangements worked, it would have been preferable to have had an annual report produced. The liaison committee and the emergency services group are being chaired at the appropriate level in the Department and minutes are being produced. Detailed terms of reference for the emergency services group will

be signed off at the meeting in May and we will produce the first annual report in May.

Deputy Paul J. Connaughton: This was all based on the Comptroller and Auditor General's report.

Mr. Mark Griffin: It is fair to say that it was.

Deputy Paul J. Connaughton: The Department was caught out.

Mr. Mark Griffin: I would not say that. Arrangements were in place that worked well, it was a greenfield operation, the-----

Deputy Paul J. Connaughton: Before the report, did anyone in the Department raise a hand and say that matters should be handled differently or were there changes to these processes or governance structures?

Mr. Mark Griffin: In terms of governance, no. I would not say that we were caught out.

Chairman: What would Mr. Griffin say?

Mr. Mark Griffin: The Comptroller and Auditor General has a role to advise and support the Department and to help us to improve procedures where necessary. We welcome the recommendations of the Comptroller and Auditor General.

Chairman: Would Mr. Griffin say that, having been caught out, the Department has improved the procedures?

Mr. Mark Griffin: Having noted the recommendations in the Comptroller and Auditor General's report, we acted upon them and improved the procedures.

Chairman: There is a bit of a bureaucratic speak for Deputy Connaughton.

Deputy Paul J. Connaughton: I imagine that one of the basic KPIs is how quickly calls are answered.

Mr. Mark Griffin: Yes.

Deputy Paul J. Connaughton: Calls are then moved on to the emergency services.

Mr. Mark Griffin: Yes.

Deputy Paul J. Connaughton: One of the main issues for emergency services of which I have been told is the location, particularly in rural areas. Does the Department have any involvement in this regard or is it down to the emergency services?

Mr. Mark Griffin: It is down to the emergency services. ECAS responds to the call, with 0.6 seconds being the average speed of answer. The routing time to the emergency services is approximately six and a half seconds. The average call handling time by the emergency services is 33 seconds.

Deputy Paul J. Connaughton: The subsequent location element, with an ambulance going out to rural Sligo or Galway, is not an issue for the Department.

Mr. Mark Griffin: No.

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Deputy Paul J. Connaughton: It is down to the ambulance service or whatever at that stage.

Mr. Mark Griffin: It is not a matter for ECAS. It is a matter for the emergency services to-----

Deputy Paul J. Connaughton: Would that fall under the Department of Health's remit?

Mr. Mark Griffin: It is a matter for the emergency services,-----

Mr. Seamus McCarthy: The Health Service Executive operates the ambulance service.

Deputy Paul J. Connaughton: The HSE.

Mr. Mark Griffin: -----be it the Coast Guard, the ambulance service or the Garda Síochána.

Deputy Paul J. Connaughton: Okay. I want to discuss just one final area, which is post offices. Is it Mr. Griffin's Department that set up this committee with Bobby Kerr, the Post Office Network Business Development Group?

Mr. Mark Griffin: Yes, it is.

Deputy Paul J. Connaughton: Can Mr. Griffin indicate where that group is at now and when it might report?

Mr. Mark Griffin: The group has met on a number of occasions and we expect an interim report shortly, perhaps by the end of May 2015. We expect a final report in, probably, the third quarter of the year.

Deputy Paul J. Connaughton: Can the witness give the committee a flavour of what the terms of reference were for that group?

Mr. Mark Griffin: The terms of reference are to examine the potential of existing and new Government and commercial business that could be transacted through the post office network; to identify new business opportunities for the post office network taking account of international experience; to engage as necessary with the public sector, commercial bodies and other interested parties in pursuit of these objectives; and to prepare an interim and a final report to the Minister, in accordance with an agreed timetable.

Deputy Paul J. Connaughton: Does that involve engaging with post offices?

Mr. Mark Griffin: The Irish Postmasters' Union are on the group.

Deputy Paul J. Connaughton: Where does the witness see the future of the country's post office network?

Mr. Mark Griffin: If we look at the post office network of 1,142 retail outlets it has huge potential as a front-line provider of Government services. One of the big issues I believe they need to look at is the whole banking sector, the standard bank account and that sort of service. As part of this we will be looking to see if additional Government services can be provided through the post office network, which are not currently provided. We need to look at the whole issue of procurement and that in directing additional Government services towards a post office network, we are compliant with public procurement guidelines.

It is interesting for our own Department. We are pushing the digital economy and the digital agenda - the facts are that consumers spend about €6 billion online every year, €700,000 an hour, 24 hours a day. Customer expectations are that they would be in a position to engage electronically with banks, Government services, post offices or whoever is providing services to them. The business development group needs to look closely at the digital agenda to see what way the post office network can engage further on that front. The programme for Government is crystal clear in regard to the future of the network. It wants the network to remain strong and robust. There has been a significant investment in IT infrastructure in recent years. Notwithstanding the concern among postmasters and the IPU and local communities - it is interesting that the level of closures is very low in recent years.

Deputy Paul J. Connaughton: How many over the past four years?

Mr. Mark Griffin: I believe in 2014 there were seven closures, in 2013 there were five closures, in 2012 there were four and in 2011 there were eight. If that is compared to the previous six or seven years - in 2010 there were 72 closures, in 2009 there were 12 closures, in 2008 there were 13, in 2007 there were 76 closures, in 2006 there were 47 closed - there has been a relative decline in the number of post office closures. I know that it is not a decision taken very easily by An Post. It does have an engagement process at local level in the event that a postmaster or postmistress intends retiring-----

Deputy Paul J. Connaughton: My personal belief is that the engagement process is a sham. They give this impression of a public consultation which does not exist. They say to local communities to submit information as to why their local post office is so important, but at the end of the day it is very hard to know how they make a decision between two different post offices. I give Galway as an example where they still have not been able to prove to me why post office A is different from post office B. Would Mr. Griffin not have an issue, when a postmaster passes away or retires, that the licence is taken back immediately? Someone may be happy to take over the licence and need 12 months to prove it as a viable business but that does not seem to be the way An Post is working with this situation. It seems to operate by getting its hands on the licence, taking it back and making applicants for the licence jump through hoops for six months before telling them if they like the idea or not. Would the Department not have an issue with that sort of consultation?

Mr. Mark Griffin: The information we have from An Post is that this is not the type of consultation process in which it engages. The Deputy's experience may be different but when it comes to making a decision, An Post takes into account the level of business at the post office, customer access to service elsewhere, capacity of neighbouring offices and network coverage. There are a range of factors, not only the level of business at the office. We have discussed this with An Post and I do not get the sense that when someone indicates their intention to retire, An Post immediately goes in and pulls down the shutters - far from it. I believe it is very conscious of the needs and concerns of local communities. It is also conscious of politicians at local level and the difficulty this poses for them. I do not have a sense from An Post that the process is as brutal as the Deputy describes.

Deputy Paul J. Connaughton: That is my experience of it. We have mentioned a whole range of areas here where Mr. Griffin used the term KPI - key performance indicators. I do not understand why An Post cannot be more strategic for the future of the post office network - people are going to use them or they are not. Is it up to the public to put back these individual post offices? Over the past four years I have heard the same sort of answer when it comes to post offices, "We love post offices, but". However, when digital-age aspects are considered

greater confusion arises. There is a great deal of sentimentality about, but it must be asked what is the practical situation on the ground.

Mr. Mark Griffin: I would hope that the Post Office Network Business Development Group will grapple with some of these issues. The IPU and An Post are addressing them so there is a real opportunity for people to meet and be creative about the retail opportunities that may present and that could maintain the strength of the network. Post offices will have to move away from the traditional types of services.

Deputy Paul J. Connaughton: Is that where the help of the Department will come?

Mr. Mark Griffin: Yes. It will also require investment. There has been a significant investment in computerisation but if the post offices move more into the banking arena that will cost money and require investment. We have discussed terms of the financial services working group with the Department of Finance on the roles of An Post and the post office network in delivering a basic bank account. The other thing An Post and the network are grappling with is the Department of Social Protection contract and the move from cash to electronic payments. Again, it is a reflection of the fact that some customers would prefer an electronic payment. When one looks at the costs of an over-the-counter cash payment versus an electronic payment, there is a ratio of about 10:1. It is over €1 for a cash payment but about 10 cent for an electronic payment. To support that approach would, therefore, have a big impact on the social welfare budget. That is part of the consideration of the post office development group. An Post has the DSP contract for two years and it will be bidding again for a continuation of that. It provides a great service but I hope the group is looking at the whole spectrum of issues facing the post office network and is being creative about the options available around additional business, and public sector business that may be transacted, as well as looking at the whole digital economy. Mr. Bobby Kerr is a successful retailer and he will bring a lot to bear in that process also.

Deputy Paul J. Connaughton: Thank you.

Chairman: Is it the case that the post office network comprises 1,142 retail outlets?

Mr. Mark Griffin: I may have overstated it by two, it is 1,139 give or take.

Chairman: What is the broadband speed in those offices? Has there been investment, similar to that in schools, to ensure that each post office has a broadband speed at the cutting edge of business in order to develop its services?

Mr. Mark Griffin: The Department has not funded a programme of that nature.

Chairman: Is it not essential for the Department to know that so that, on either Bobby Kerr's business group or the financial group Mr. Griffin spoke about, it would know just how much the post office itself was putting into its infrastructure? If it is not doing so, it is not showing much of a commitment to the 1,139 post offices.

Mr. Mark Griffin: There has been a substantial investment — I do not have the figure available to me — in upgrading and modernising the computer infrastructure in An Post and in the network over the last number of years.

Chairman: Is that the hardware and software in each post office or the feed of the broadband?

Mr. Mark Griffin: I cannot answer that question but I will-----

Chairman: Who can answer it?

Mr. Mark Griffin: I will find out for the Chairman.

Chairman: Do any of Mr. Griffin's officials here know?

Mr. Mark Griffin: I do not believe so. An Post is probably in the best position to answer, but we will get the information from it.

Chairman: The Department is quicker in giving the information to us than An Post would be.

Mr. Mark Griffin: Okay, we will get that information.

Chairman: The other issue in regard to An Post concerns the Post Office Network Business Development Group and the banking issues the financial group is talking about. It is a bit negative or poorly timed that, as the Department of Communications, Energy and Natural Resources is considering the future of post offices, the Department of Social Protection is writing to the clients of post offices encouraging them to open a bank account. Is that not robbing the post office of its clients, or an attempt to raid the post office of its clients, at a time when there are two different working committees deciding how best to promote the post office? Is it the case that one arm of the State is raiding the post office while another two arms of the State are attempting to protect, as best they can, the post offices for the future?

Mr. Mark Griffin: I suppose it is the schizophrenia across government that one can sometimes see. In fairness to the Department of Social Protection, it has a very substantial payments operation that it has to administer, and it is a very costly operation. We have commitments under e-government strategies to ensure that, to the greatest extent possible, we engage with clients and customers of the State in electronic fashion, where that is feasible.

In talking to Deputy Connaughton, I mentioned that there is a very substantial price differential — I am not being an apologist for the Department of Social Protection on this — between an over-the-counter payment and an EFT payment. The recent exercise by the Department of Social Protection was a small trial. In fact, letters were issued to approximately 2,800 clients and the objective of the exercise was to determine the best means of communicating with people about payment options. There was no obligation or requirement on them to switch from an over-the-counter payment to an EFT payment. One should compare the 2,800 clients with the 800,000 clients who receive Department of Social Protection cash payments through the An Post network. It was a small trial and the timing was probably not ideal. The last thing we want to do is send mixed messages to the people involved in the Post Office Network Business Development Group, postmasters and post mistresses around the country that we are not serious about this process. We are serious about it.

Chairman: Has Mr. Griffin a breakdown for the 2,800 clients? Can he state whether 30 letters were sent to Kilkenny and 20 to Donegal?

Mr. Mark Griffin: I do not have it, but I am sure I can get it.

Chairman: Can he get that for me? The “schizophrenia across government”, as Mr. Griffin described it, is causing havoc in terms of business for post offices. Mr. Griffin can imagine the position of a postmaster in an office where customers come in waving the letter asking whether they now have to open a bank account, against the backdrop of a history of closures in the post

office network, despite there having been few closures in recent years. This causes a lot of difficulty. One must ask whether one should invest in one's business or not, whether one is going to be closed or whether the Government will close one's business. By the latter, I refer to an An Post business decision.

The other issue I see is that as the Department and all of us serve the digital agenda, there are those who will not march to the same drumbeat. There are those who are comfortable collecting cash because they are familiar with doing so, and there are those who are simply marginalised because, as I believe was said during the week, 25% of the population have no broadband. There are elderly people who simply do not want broadband. In fact, some people do not want to live in the fast lane. As governors of society, we have to accept that and accommodate it. I suggest that the Department of Social Protection and some activities and actions within An Post network are frightening the daylights out of businesspeople who are already under pressure. I suggest there is an onus on the Department of Communications, Energy and Natural Resources and An Post to ensure any negative actions, such as the issuing of the letter in question, are put to one side until such time as the two groups report.

Mr. Mark Griffin: I know there are no plans to issue further letters at this stage. In fairness to the Department of Social Protection, it will pay over €50 million to An Post under a contract for the cash payment services to welfare customers this year. As I mentioned, the contract may be extended. In fact, it can be extended up to the end of December 2019. My colleagues in the Department of Social Protection are better able to speak on this issue than I will ever be. I am sure that, at some stage, this committee will be speaking to them about it. One would imagine, however, that if the Department of Social Protection did not explore options to ensure the funding available to it to discharge its functions is being used to the best effect, it would be equally open to criticism. It has a very clear payment strategy, published a number of years back, that set out a schedule for the moving, where possible, from cash payments to EFT payments. I do not believe that schedule is in any way being complied with. In fact, those concerned are quite behind in terms of the process. However, we are engaging with the Department of Social Protection and a whole range of other Departments and State agencies in regard to what other services could realistically be provided through the post office network. As I said, the trial was a small trial, involving 2,800 letters out of a client base of 800,000 who receive cash payments through An Post.

Chairman: Mr. Griffin might classify it as 2,800 out of 800,000. Without doubt, it sounds small but one must understand that it is seen as a threat by the individual post offices whose clients have received the letter, against the history of the closures of post offices. Even today, as we discuss this, we do not know how much An Post has invested in broadband to ensure each post office is at the cutting edge of broadband technology. I agree the Department of Social Protection would be the first to be criticised for not reducing its cost in terms of payment but everyone in this House has to apply a certain degree of common sense also. Not everyone has a computer or smartphone so a balance has to be struck. I hope that it is being struck in the context of the work of the various committees.

Mr. Mark Griffin: Absolutely. The critical point is that there will be absolutely no obligation on any customer of the Department of Social Protection or An Post to move to an EFT payment system.

Chairman: May I ask about Inland Fisheries Ireland? Inland Fisheries Ireland would be responsible for the rivers and the condition of those rivers, the fishing and the application of legislation that applies to the protection officers on the rivers, is that correct?

Mr. Mark Griffin: Yes.

Chairman: What role do you have then in regard to reporting to the EPA, where you find that a river is heavily polluted by local authorities discharging effluent directly into the river? What action will your Department take with the EPA?

Mr. Mark Griffin: Inland Fisheries Ireland undertakes a range of habitats investigations, research and patrol hours. As to its reporting line in to the EPA, Inland Fisheries Ireland is part of an overall architecture in place to implement the water framework directive and to ensure river basin management plans for the seven river basins in the State are being implemented and are being complied with. I believe there were 6,000 habitat inspections last year and approximately 140,000 man hours of patrols. Where deficiencies are identified through the work the IFI undertakes, I do not know its specific role in how the dialogue or interaction works and how that is fed into the EPA, but I will find out.

Chairman: Numerous reports have been made in regard to pollution in the rivers Nore, Suir and Barrow, particularly the River Nore, and that pollution has worsened. Knowing this, it seems the State agencies stand by and no action is taken because it is a local authority. You are now being told, very publicly, about a particular river. I want to know what action the Department will take or is it a question that Inland Fisheries Ireland has to take action?

Mr. Mark Griffin: No. As I understand it, the way things are structured, Inland Fisheries Ireland has a statutory obligation to undertake monitoring for the EPA, in accordance with the water framework directive. It monitors fish at specified sites and reports the results to the EPA. I do not want to presume, but by identifying the process in that way it would appear that the issuing of enforcement or prosecutions - on foot of any issues identified by the IFI or any other statutory agencies involved in the water framework directive - would appear to a fall to the EPA, perhaps through the office of environmental enforcement. I will check that out for you.

Chairman: If Inland Fisheries Ireland, or any other body, has made a complaint to the EPA regarding river pollution caused by local authorities, and if the EPA has acted on that by issuing instructions to the local authorities to clean up their act and it does not happen, will Inland Fisheries Ireland then insist that the EPA brings the local authorities to court, or penalise or sanction them in some way? There are obvious cases where raw sewage is entering the rivers of this country and nobody seems to care that much about it. I am told by fishermen from many parts of the country that this is the case and is worsening. Your Department issues instructions about catch and release or other ways of improving the stocks in the rivers while the local authorities are killing the fish. Will you find out if that is the case and what actions are being taken?

Mr. Mark Griffin: I know there are mechanisms to initiate prosecutions against local authorities under the Water Pollution Acts. I am not familiar with the mechanism by which such prosecutions are made.

Chairman: Have any prosecutions been taken?

Mr. Mark Griffin: I do not know. In terms of whether the EPA has followed up with a local authority and whether local authorities have been prosecuted -----

Chairman: If your Department, under Inland Fisheries Ireland, pursues a complaint with the EPA about the condition of a particular river, then surely one could expect the EPA to take an action. If the local authorities, or anybody else, were found to be at fault and no action was taken, then surely it would fall back to Inland Fisheries to ask why no action was taken. Can

you tell this committee, in regard to Inland Fisheries Ireland, how many of these actions were taken, how many are pending, how many were successful and how many are ongoing - in the sense that the local authorities do not care and do not respond?

Mr. Mark Griffin: The short answer is that I cannot tell you now, but I will find out.

Chairman: Okay. Can you give the committee some information about patrols on the rivers and the protections involved? I have received many complaints from fisherman and organisations about fish being taken illegally - it is obvious to the protection officers - but there seems to be a complete lack of numbers available to Inland Fisheries Ireland to protect rivers to the extent that it should.

Mr. Mark Griffin: In 2014 there were approximately 180,000 patrol man-hours, there were 22,600 yards of nets seized, four boats seized and 82 prosecutions. There is a considerable degree of on-the-ground patrol work undertaken by the IFI, funded by the Department and by the IFI through its own resources. I had the opportunity to visit IFI staff over the last 12 months. It is an organisation that has moved considerably in adapting to technology in its work with the use of CCTV cameras and other surveillance technologies. That augments significantly the patrol work and on-the-ground coverage by IFI staff.

Chairman: Do you think it is adequate or have the numbers dropped in recent years?

Mr. Mark Griffin: The numbers have varied. In 2013 we had 190,000 patrol man-hours, in 2014 we had 180,000. The reality is that the funding available to the organisation to carry out patrols is a factor in its capacity to do that. Like every other wing of the Department we have been constrained in funding terms in recent years but the IFI has been progressive in adapting to new technologies.

Chairman: Will you let the committee have a note on that and how it is proceeding generally?

Mr. Mark Griffin: Yes.

Chairman: Are there boards, or is there a board for Inland Fisheries Ireland?

Mr. Mark Griffin: There is a board.

Chairman: One board?

Mr. Mark Griffin: Yes. Five or six years ago there were eight boards of the regional fisheries boards. That was collapsed into one board.

Chairman: How many people are on the Inland Fisheries Ireland board now?

Mr. Mark Griffin: I will see if I can get that proper figure.

Chairman: Is it the appropriate mix of gender and so on?

Mr. Mark Griffin: I do not know what the gender balance is.

Chairman: Can we find that out? Is there an audit committee also attached to these boards? Could we have the details of both? Do the boards own properties?

Mr. Mark Griffin: They own properties. They own a number of fish farms. They have

been involved over the past few years in consolidating their property ownership. The organisation was previously based in Swords and Blackrock. The property in Swords was leased and they owned the property in Blackrock, which is now for sale. They have consolidated their premises in Citywest. There has been a considerable cost saving in terms of reducing the number of offices and consolidating the overall office space required by the organisation. They own a number of other properties around the State.

Chairman: Have the various titles and leases, etc. associated with each property been examined?

Mr. Mark Griffin: In consolidating the staffing and the premises required to support core staff in the organisation, we would have got out of the lease in Swords and saved money in that regard. The premises in Citywest were purchased. We are hoping to raise a reasonable cash sum from the sale of the property in Blackrock.

Chairman: There is no concern about leases or titles. Everything is okay and in order. On the other side, with respect to harbours, we had issues with respect to properties, etc. I am asking out of interest in the fishery organisation.

Mr. Mark Griffin: It certainly has not been flagged to me as an issue but let me look at the issue. If there is an issue, I will come back to the committee.

Chairman: The inland fisheries section is audited separately so we can bring in the agency.

Mr. Mark Griffin: I will provide a note.

Chairman: We may very well ask in that agency. With respect to broadband, the metropolitan area networks, MANs, was quite an expensive project overall. Have we got value for money out of it and are they all in use? There was a long period when a number of them were not in use and there was no pick-up on them.

Mr. Mark Griffin: They have all been lit on phase 1. There are three on phase 2 that have yet to be lit.

Chairman: Where are they?

Mr. Mark Griffin: They are in Belmullet, Banagher and Knock.

Chairman: How does it operate? The taxpayer paid for the infrastructure. Is it now rented, leased or taken up privately?

Mr. Mark Griffin: The construction expenditure on MANs was €176 million, with the last piece of construction done around 2009. We got substantial co-funding on that from the European Regional Development Fund. That was between 40% and 50% of the investment. The take-up on MANs was initially slow but over the past number of years we have seen a very substantial take-up. The estimate we have from the management service entity is that approximately 600,000 individuals and business users benefit from the MANs. That includes some very big users like Coca-Cola in Wexford, Abbott in Sligo, the University of Limerick, PayPal in Cork, Galway and Dundalk and EMC and Apple in Cork. There are some very big and very important users of MANs on-stream.

Chairman: Will you provide a note on each of them so we can have an idea of where are the weaker examples and the pick-up on them?

Mr. Mark Griffin: Sure.

Chairman: When you were here last, I asked about the ESB.

Mr. Mark Griffin: Yes.

Chairman: I was checking that out. There was a €48 million allocation.

Mr. Mark Griffin: Yes. I sent a reply which the committee would not have received yet as the letter was only sent yesterday evening. In it we included a note on the ESB project. The Chairman is talking about a project that would have been entered into by the Minister for Public Enterprise - a precursor to our Department - and ESB International going back to 2001. The rationale for the project was to provide a nationwide broadband network. The ESB applied for and received approval to roll out fibre communications infrastructure using the existing overhead voltage network. The cost was €48 million and that attracted a grant of €16.6 million.

Chairman: That is what it got.

Mr. Mark Griffin: The overall figure was the €48 million quoted by the Chairman when we last met. The services provided were primarily managed services, and they continue to date. That investment is still being used.

Chairman: The total cost was €48 million. The ESB got a grant of €16 million. It provided fibre-optic equipment wrapped around their high-voltage wires around the country in a figure-of-eight system. Has any individual company or household benefitted from that investment? The ESB was to put in the infrastructure and then there is the issue of the last - or first - mile. I am an ESB customer but I did not get that service. I did not get a letter saying it had such a package.

Mr. Mark Griffin: One of the big benefits from that scheme was the provision of services to HEAnet for use in the educational research communities. We renegotiated an extension to this agreement with ESB International to the end of 2020, so HEAnet will have access to that infrastructure for the provision of educational and research functions. I am not clear if other entities may have availed of this other than the ESB and HEAnet.

Chairman: Why was it given €16.6 million?

Mr. Mark Griffin: There was €16.6 million in grant funding to support the overall cost of €48 million. We also understand that the network provides backhaul facilities to parts of the country to provide next generation networks. That relates to high-speed broadband infrastructure.

Chairman: Somebody in the Department at the time must have indicated to the ESB that it would get grant aid of €16.6 million once it provided X, Y and Z. The simple question is whether it provided X, Y and Z. Has an audit been conducted of the spend of the €16.6 million? Has ESB International given audited figures to support the spend of the €16.6 million? Have the set targets been achieved for the project? Did the taxpayer get value for money for the €16.6 million? Is there any report in the Department from 2001 regarding the business proposal for the project? Has there been a measurement of outcomes?

Mr. Mark Griffin: They are reasonable questions and they have not been covered in the note provided to the committee. We will provide some additional supplementary material.

Chairman: It should be comprehensive. I have been chasing that for a long time.

Mr. Mark Griffin: Okay.

Chairman: I can remember at the time the press releases would have stated that this was an ingenious way of covering the first or the last mile. I have never seen a letter from the ESB, as it was then, offering a service that showed any pathway to spending that money. I want to know how that €16.6 million was spent. What were the rules of engagement? How much did they actually get? What service have they provided? Has the Department conducted a value for money type of examination of that money? That is all. I will let Mr. Griffin come back to us.

Mr. Mark Griffin: Let me come back on the comprehensive information that the Chairman is looking for.

Chairman: With regard to the issuing of petroleum exploration licences, I do not want to get into individual licences. However, I made inquiries about the issuing of a licence in the south east, and tabled a parliamentary question on it. I have had correspondence with the Department. It is extremely difficult to get to the end of the issues that can be confronted by an applicant for such a licence. It was an onshore licence, but it went on from 2006, with a revised application in 2007 and renewed interest in 2013. The EPA had a role in it after that. If Mr. Griffin checks on the parliamentary questions and the correspondence, he will see the company involved. Is there a long turnaround period for these licences? Is that the norm?

Mr. Mark Griffin: How long, on the basis of-----

Chairman: I do not want to go into the individual case.

Mr. Mark Griffin: Yes.

Chairman: Is the process efficient, or is it cumbersome and hard to deal with from an applicant's point of view? Or is there such caution on the side of the Department that they have to go through this?

Mr. Mark Griffin: I will take it at a macro level first of all, and I will not dwell long on this. We are very supportive of ensuring an active oil and gas exploration operation in the State. We regularly meet with those who are interested in engaging in prospecting, those who want to take out a licensing option, and those who want to move from a licensing option to a full exploration licence and ultimately a lease.

In dealing with my own colleagues in the Department, the relationship with industry is very good. That would be my sense of it. They are open to sitting down with individuals who have difficulties and teasing through what their difficulties are. There is a process to go through, including initial prospecting, taking out licensing options, moving on from that to full petroleum prospecting authorisation, and then a lease undertaking. That can take time. At each phase during the process, there are certain obligations that the prospectee needs to live up to in terms of financial commitments and undertaking a programme of work.

We have to comply with regulatory requirements, obviously, but, having said that, I would characterise our approach as being very much open for business. We would be hopeful that the 2015 licensing round that will conclude this year will be encouraging in terms of the level of interest and activity that we expect to see. Operators are now in the system that have not previously been involved within the Irish offshore area, including the likes of Cairn, Kosmos

and Woodside. Although the price of a barrel of crude oil has declined quite dramatically over the last 12 months, we are hopeful that when the round concludes in September there will be a significant degree of interest. If there are genuine concerns among individual operators in terms of engagement with the Department, we would like to hear about them and we would like to engage with them.

Chairman: I will try to get that information for Mr. Griffin. I had other questions for him, but I will leave those. If Mr. Griffin gives us the information he has been asked for, we can then bring in the IFI to deal with the other outstanding questions more directly.

As regards contracts that have been entered into and the lack of a suitable tendering process, how does that happen within the Department? It is stated that there were six contracts at a value of €683,672. Two contracts were extended due to a lack of suitable people to tender for them.

Mr. Mark Griffin: Is the Chairman looking at the appropriation accounts?

Mr. Seamus McCarthy: The statement on internal financial control of the appropriation account.

Chairman: Who decides to continue such contracts? How is that process dealt with?

Mr. Mark Griffin: There was one that was identified - the Comptroller and Auditor General might correct me - in relation to cleaning services. We have a cleaning service that has been in place for some time. Our intention had been to move to a Government-wide cleaning service that the Office for Government Procurement was putting in place. That has not moved as smoothly and as quickly as we had expected, but I do understand that the cleaning contract is to be tendered in quarter three of this year by the Office for Government Procurement. We will be involved in that, so it will be sorted out in the third quarter of this year.

Chairman: What is the cost of the rolling contract that is currently in place?

Mr. Mark Griffin: Does Mr. Finucane have the cost of the cleaning contract?

Mr. Martin Finucane: I do not have it.

Mr. Mark Griffin: We will get that for the Chairman.

Chairman: What is the second contract?

Mr. Mark Griffin: Was it the postcodes procurement?

Chairman: The national cyber-security centre.

Mr. Mark Griffin: The national cyber-security centre.

Chairman: Given the specialised nature of the work, did Mr. Griffin tender for the national cyber-security centre or not? What is the position with that now?

Mr. Mark Griffin: The nature of the work is very specialised. As a matter of course, where we can procure and where there are organisations that can provide the services, we will obviously go to tender. The nature of the work that is undertaken in the cyber-security area of the Department-----

Chairman: There are not a great number of companies out there, are there?

Mr. Mark Griffin: There are a very limited number of companies out there. In fact, one is not even talking about a handful. One is talking about half a handful, a thumb and a finger, as far as I understand it. There are very few people engaged in this area.

Chairman: Can we turn to the consultancy services' value for money and policy reviews? Was that €1.27 million in 2013? The difference over 2012 was €354,000. It mentions value for money reports and so on. Is that the type of spend under which Mr. Griffin would have the likes of the value for money report that we spoke about earlier on? Or is that figure for something completely different? It seems to be a high figure.

Mr. Mark Griffin: Yes. In fact, most of that would have been consultancy services rather than value for money reports, other than the value for money study on the broadcasting charge for 2012, for which some funding would have fallen into 2013. I do not believe there were other value for money reviews at that point.

Chairman: What was the broadcasting-----

Mr. Mark Griffin: It was a value for money review to look at moving from the television licence to a public sector broadcasting charge.

Chairman: How much did that cost?

Mr. Mark Griffin: Off the top of my head I do not have a figure.

Chairman: Can I have that?

Mr. Mark Griffin: You can. Normally, these consultancy reviews or value for money consultancy reviews, at least in preceding years, would be overseen and undertaken by a retired civil servant for a nominal fee. I will check the cost in regard to the value for money review in 2013. The substantial cost under that subhead would have been consultancy services. Some of that work was services contracted out to undertake internal audits in the Department. We have the ESRI doing research in the communications and energy areas.

Chairman: It would be best to give us a breakdown of that rather than-----

Mr. Mark Griffin: No problem.

Chairman: And the reasons for it, and the companies involved.

Mr. Mark Griffin: Absolutely.

Chairman: On page 11 under bank and cash, in 2013 it was €13.25 million and in 2012 it was €31 million. There is a difference of €18.2 million.

Mr. Mark Griffin: Yes, I am working off the page numbering in the full Appropriations Account.

Chairman: It is section 2.4.

Mr. Seamus McCarthy: Which is the PMG balances.

Mr. Mark Griffin: Effectively it is to draw down from the PMG account. It is money forwarded to the Department to deal with commitments that are anticipated. Looking at the large drawdown, in 2012 there was a very substantial drawdown to fund Sustainable Energy Author-

ity of Ireland, SEAI, grants which did not materialise in 2012, and that is reflected in the much larger surplus for 2012.

Chairman: So that is the €18 million difference, generally.

Mr. Mark Griffin: It is the drawdown that would have been made by PMG to us to fund commitments arising in the latter part of the year. If we look at the surplus for 2012, it is €41.291 million and for 2013 it is €27.361 million. That partly reflects the fact that there was a larger advance in 2012 relative to 2013.

Chairman: Can Mr. Griffin explain the debtors' balance? It is on page 12.

Mr. Mark Griffin: What section is that?

Chairman: Section 2.8.

Mr. Mark Griffin: Under debit balances, am I right in saying this is the issue of suspense accounts between ourselves and the OPW?

Mr. Martin Finucane: They are just small balances, cumulative at the end.

Chairman: At the end of the year.

Mr. Martin Finucane: Yes.

Chairman: With regard to the collection of rents on the GPO, this is for the area close to the GPO where the Department has property rented. Can Mr. Griffin give us an idea of the rents? Are the rents up to date? Is the Department happy with what is going on in that regard?

Mr. Mark Griffin: The rents are up to date except in regard to two properties, as I understand it, and legal proceedings are under way regarding those two properties. The overall rental income accrued to the Department for 2013 was about €223,000; a nominal rent for the GPO building, moneys provided from RK Property Company Limited, and other commercial properties.

Chairman: In general terms, the rents the Department is collecting are in date bar two.

Mr. Mark Griffin: Yes.

Chairman: Are there substantial moneys owed on the two? Why has legal action been undertaken?

Mr. Mark Griffin: No. There are not substantial moneys owed.

Chairman: What is the legal action about?

Mr. Mark Griffin: As I understand it, and I have to be careful about what I say here, it relates to difficulty in concluding an agreement in respect of a new lease, and High Court proceedings have been issued.

Chairman: Who owns the GPO? Who is responsible for the upkeep, maintenance and so on?

Mr. Mark Griffin: The Minister owns it but the responsibility for the upkeep and maintenance rests with An Post.

Chairman: The ownership of the GPO is with the Minister for Communications, Energy and Natural Resources.

Mr. Mark Griffin: Yes, and it is-----

Chairman: That is where the ownership lies.

Mr. Mark Griffin: Yes. It is for a nominal fee of €1.27 per annum. The GPO has a 50 year-lease which terminates in 2034.

Chairman: On page 20 under receipts - miscellaneous, the estimated figure was €2.3 million and the realised figure was €3.093 million. In 2012 the figure was €2.8 million. I would love to have a miscellaneous figure like that. What is that about?

Mr. Mark Griffin: The breakdown under miscellaneous for 2013 is pension contributions from agencies - €1 million; costs recovered from other bodies - €238,000; recoupment of EU Presidency expenditure - €203,000; royalties in respect of the metropolitan area networks - €760,000; and a refund on the national sea bird survey. I have a detailed list here-----

Chairman: Mr. Griffin can send it on to us.

Mr. Mark Griffin: I will send it to the committee.

Deputy John Perry: With regard to the report on the postcodes, how far advanced is that and what amount of money has been spent on it?

Mr. Mark Griffin: We expect to be in a position to launch the postcode at the end of June or the start of July. The money spent to date on the project is €16.8 million.

Deputy John Perry: Was that on consultants?

Mr. Mark Griffin: The bulk of that money would have been the payment to Capita for undertaking the works. That is €14.7 million.

Chairman: That is the company that-----

Mr. Mark Griffin: Capita is the postcode management licence holder.

Deputy John Perry: Does Capita have a long-term management contract for the roll-out of this process?

Mr. Mark Griffin: It has a ten year contract.

Deputy John Perry: What return on investment does Mr. Griffin expect it will get?

Mr. Mark Griffin: I do not have a figure for that but this was an open tender process. A number of companies bid. Capita's was the most economic and advantageous tender. Interestingly enough, a lot of the money that would actually go on this is payment for the upgrade of public sector databases. The overall cost of the project is approximately €26 million. The public sector database upgrade costs about €9 million and another €8 million or €9 million will be paid to GeoDirectory for use of the geolocation data that will be used by Capita.

Deputy John Perry: It is appalling the number of deceased people who remain on household data in every county. People are not taken off databases. A number of letters are returned for that reason. That has been happening for years. Is there co-operation between Departments

on the matter? We are talking about a centralised system using joined-up thinking rather than having schizophrenia in government. Local authority registers that I have seen hold incorrect data. Will the database used by Capita be a national database that is used by other Departments?

Mr. Mark Griffin: Absolutely. We are involved-----

Deputy John Perry: Is it based on householder name data?

Mr. Mark Griffin: It will be a code associated with an address.

Deputy John Perry: What about the occupants associated with the address? Will there be information on the number of residents in the house?

Mr. Mark Griffin: No, not in the postcodes database. It will be a postcode and an address. There may be other databases that will make the link. I will put it to Deputy Perry in this way; we are involved with the Department of the Environment, Community and Local Government, the CSO, the Revenue Commissioners and the ESB. All of them see value in being able to use a postcode to identify a particular address.

Deputy John Perry: Perhaps the Comptroller and Auditor General might look at the matter in the future. This is a unique opportunity. We are paying €16.8 million for a totally chronological database on houses while other Departments have no data whatsoever. I am totally astonished at the inaccuracy in the information held by the Department of the Environment, Community and Local Government. I am amazed at it. Perhaps the clerk could do a report on whether any interdepartmental work is being carried out to ensure there is a proper database not just on the location of the house but on deceased residents to ensure the information is correct.

Chairman: That is a very valid point. The local registers of electors are shocking in terms of the number of mistakes they contain.

Deputy John Perry: They are an embarrassment.

Chairman: I refer to the lists in the Department of the Environment, Community and Local Government. There is a lack of information and knowledge as to who should be on the register. That is indeed shocking given the generations of experience in the Department.

The Department of Communications, Energy and Natural Resources has a code system to identify the house while Irish Water and the Revenue identify other sources. This could be a question for the weekly meeting following the Cabinet meeting. I hope Mr. Griffin is getting on well in that regard.

Mr. Mark Griffin: You are generating a lot of questions for the meetings, Chairman.

Chairman: I am very interested in what they are doing over there. It would be interesting to see whether there is a way of bringing together all of the activities that are going on in a number of different Departments to determine whether they could establish a better way of authenticating the register of electors.

Mr. Mark Griffin: Yes.

Chairman: That is central to the point Deputy Perry has raised.

Deputy John Perry: I suggest that the clerk could write to the Department of the Environment, Community and Local Government because an abundance of taxpayers' money is being

wasted in this regard. A number of publications are produced. Could the Comptroller and Auditor General carry out a cost-benefit analysis on how it could be done better? It is regrettable that deceased people are still on the register of electors. Families get very annoyed by it and they send back letters. The list is totally inaccurate. We are concentrating on the postcode but the person in the house could be deceased. That is an indication of how bad the system is. I hope a report could be done.

Chairman: With due respect, of equal importance those who are not deceased who are not on the register.

Deputy John Perry: Mr. Griffin discussed broadband. There are a number of exchanges around the country. You are correct, Chairman, about broadband and fibre optics. A number of exchanges have not been upgraded. While we are waiting for the 100 MB, why is it the case that a number of exchanges have not been connected?

You raised with Inland Fisheries Ireland, IFI, Chairman, that we have the biggest tourism attraction in the world. There are thousands of kilometres of fantastic riverbank walks and rivers and lakes for fishing, especially when one takes drift netting and salmon netting into account. I am disappointed with the promotion of rivers. I bring that to the attention of Mr. Griffin as the Accounting Officer with responsibility for the area. Nobody is promoting the tourism potential of rivers and lakes.

Chairman: In order to help out Mr. Griffin, we may very well bring in Inland Fisheries Ireland separately. We can set a date for that meeting.

Mr. Mark Griffin: I think there is a very good story to tell on that front. I know that IFI commissioned a very comprehensive report in recent years on the value of the inland fisheries resource in terms of generating additional tourism within the State. The figures are quite staggering. We are talking several hundred million euro. I think it is €280 million that the recreational fishing industry generates for the State in terms of tourism potential.

Deputy John Perry: We are talking about generating benefits for every town and village. It is an issue given the restrictions on drift netting and draft netting in terms of salmon fishing. You raise a very important issue, Chairman.

Chairman: Mr. Griffin has said the individual who comes to fish in this country spends more money than most tourists yet we have some rivers that are very polluted and closed. It is an issue for Inland Fisheries Ireland. I take Mr. Griffin's point that there is also a good story to tell in that regard. We will organise a separate session on it.

Deputy John Perry: I will make a final point. We have a unique opportunity with the house identification code for joined-up thinking.

Chairman: I will ask the Comptroller and Auditor General to comment on that part of the system.

Mr. Seamus McCarthy: I think there are probably a number of things that are coming together. The committee will discuss the local property tax in a couple of weeks' time. That has resulted in the creation of a list of properties and owners. It parallels the work that is done on postcodes. We are possibly getting into policy areas though in some respects. A national identity card would address some of the points Deputy Perry has made but obviously it is a policy issue as to whether there is an identity card. We are also looking at the development of the PPS

system. I would expect to have a report on that in a number of months.

Deputy John Perry: That is very good. I thank Mr. McCarthy.

Mr. Mark Griffin: Can I just say on postcodes, it is important to say there has been huge collaboration between the people in my Department involved in this and Capita, which is the private sector contractor, with Departments to look at what critical databases need to be upgraded and in what way the introduction of postcodes will support the work they are doing? We have spoken to the Department of Agriculture, Food and the Marine, the CSO, the Department of Education and Skills, the Department of the Environment, Community and Local Government, the Department of Foreign Affairs and Trade - it is critical for passports, the Department of Health, the NTMA, the Private Residential Tenancies Board, the Revenue, the Department of Social Protection, the Department of Transport, Tourism and Sport and we are also working ESB Networks. We are looking at what databases need to be updated and we have already invested significant money in doing that and looking at the applications that they are engaged in, both current and prospective, that would benefit from the postcode system. The great thing about this system now is that we are on the cusp of going live and if one looks at the challenges that are faced in this State in terms of non-unique identifiers, we have 35% of the addresses in the State that are non-unique. From an OECD perspective we are unique in that regard. Coming back to the earlier discussion we had on ECAS, this will make a massive difference to people's ability to access emergency services.

Deputy John Perry: Is that GPS?

Mr. Mark Griffin: Yes, and the emergency services' ability to zero in on the property very easily. That is critical. It also affects the basic issue, as we discussed, such as the degree to which there is online shopping in the State and the cost that can be saved through having a more effective logistics and delivery process for some of the big companies around the State.

Chairman: This takes out the 35%.

Mr. Mark Griffin: It will make it far easier to identify where they are.

Chairman: Can we agree to dispose of Vote 29 and chapter 8? Agreed.

The witnesses withdrew.

The committee adjourned at 1.20 p.m. until 10 a.m. on Thursday, 14 May 2015.