

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 28 Eanáir 2016

Thursday, 28 January 2016

The Committee met at 10 a.m.

MEMBERS PRESENT:

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

DEPUTY JOHN MCGUINNESS IN THE CHAIR.

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

Business of Committee

Chairman: Are the minutes of the meeting of 21 January agreed to? Agreed.

The next item is correspondence received since the meeting on 21 January. No. 3A is correspondence received from Accounting Officers and-or Ministers. No. 3A.1 is correspondence, dated 18 January 2016, received from Mr. Derek Moran, Secretary General, Department of Finance, as a follow-up to the meeting of the committee on 3 December 2015. The correspondence is to be noted and published.

No. 3A.2 is correspondence, dated 22 January 2016, received from Mr. Sean Ó Foghlú, Secretary General, Department of Education and Skills, as a follow-up to a meeting of the committee on 10 December 2015. The correspondence is to be noted and published.

No. 3A.3 is correspondence, dated 22 January 2016, received from Mr. Sean Ó Foghlú, Secretary General, Department of Education and Skills, regarding allegations of fraud in DIT, Aungier Street. The correspondence is to be noted and published.

No. 3A.4 is correspondence, dated 27 January 2016, received from Ms Claire Looney, social worker, Waterford Intellectual Disability Association, regarding an apology received from the HSE. The correspondence is to be noted and published. In respect of the letter from the Waterford Intellectual Disability Association, members will recall that at our last meeting we received a letter from the HSE stating it had been in contact and that officials had made an apology to those concerned. The letter from the Waterford Intellectual Disability Association was central to the issue. It states clearly that the HSE did not make contact and did not make any formal apology. That we received confirmation of this from the HSE almost by direct post last Thursday highlights the fact that there is either incompetence on the part of whoever is dealing with the matter in the HSE or there has been a deliberate attempt to mislead the committee. In my view it is a mixture of both, and I am extremely disappointed that this is the case. I am bringing it to the attention of members. It has been discussed at length and last Thursday the committee thought some of the issues were at an end. It now appears that the HSE has not lived up to its commitment and has badly treated the organisation and the whistleblower. It has also treated this committee with some disrespect by not checking its facts before the written correspondence was submitted to the committee last week. I suggest that the committee bring the matter to the attention of Mr. Tony O'Brien at the HSE and include it in a file for the Taoiseach's attention.

Deputy John Deasy: I do not want to repeat myself, but we had discussed a report which was sent to the Committee of Public Accounts by the HSE in which it said that a formal apology had been made to the birth mother and to the client of the organisation. The *Irish Examiner* covered the story and the committee received a two-page rebuttal from the HSE which denied that an apology had not been given. It is clear to everybody who has been dealing with this matter that apologies were not given. Is that a small thing? If one considers it a small thing to lie to an Oireachtas committee or the Oireachtas and to fabricate events after the fact, fine. However, I do not believe it is a small thing. It should have consequences. That it is continuing to operate along that line of action is deeply troubling when one considers that this is a State

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agency with a responsibility to these people who are mentally disabled and who were placed in the foster home concerned.

The Chair suggested that the matter be brought to the attention of Mr. Tony O'Brien in the HSE. I am pretty sure that Mr. O'Brien is well aware of the circumstances and what his organisation has done. It appears that the entire organisation is holding the line with regard to the behaviour of some individuals within the organisation. The question must be asked about where, beyond that level, is the appropriate office to which this must be sent. I find it hard to believe that the Department of Health and the Secretary General's office would not have an opinion regarding this behaviour. Since this is the last meeting of this committee, perhaps the clerk would send this letter to the Department requesting that it contact the HSE about the matter.

When one reads the letter, one must think about the individuals involved. The charge has been made that there were efforts to discredit and damage the professional reputations of the people who worked in the Waterford Intellectual Disability Association. That is a serious charge, and I believe it is something that did happen. Two individuals within the HSE were, according to the HSE, supposed to have made those apologies. They have contacted their HSE bosses to tell them they did not make the apologies. The HSE ignored this and continued to hold the line that the apologies have been given. This is inexcusable. The two individuals in the HSE have been badly compromised by the organisation they work for. One cannot imagine how they must feel today with this matter being discussed again. People will recognise their posts, who they are and the kind of position they have been put in. I agree with the two individuals who have written to the committee today about their version of events, but there must be some understanding of how the two HSE staff are feeling right now, having been used by the organisation they work for.

Deputy Joe Costello: I thank the Chair and Deputy Deasy for the outstanding work they have done in highlighting this issue. I also acknowledge the media and our national broadcaster for its in-depth coverage of the incredible injustice done to people in the Waterford foster home and for really bringing it home to the public. The committee received, at its last meeting, a very specific statement that an apology had been made. It is very difficult to imagine that this was a misunderstanding, as the HSE is now claiming. There cannot be a misunderstanding about an apology when it has been presented in such specific terms. There are serious questions to be asked about the nature of that so-called apology, how it came about and how it is now being categorically withdrawn. There is now a new formal apology recognising that a so-called misunderstanding took place. This is a very serious matter and, as Deputy Deasy has said, it is very hard for the people concerned and for this committee to take it as anything other than lying. It has been on the record of the committee in specific terms.

The very least the committee can do now is to request the HSE to put on the record of this committee the actual details of the apology and the circumstances that led to its statement that an apology had been given even though it was never given, and it was presented to this committee and to so many others as having been given. It raises questions as to whether certain State sectors are providing accurate information. We need to get to the bottom of it, and the Secretary General of the Department must be brought into the matter also. The HSE now seems to be a law unto itself and thinks it can behave willy-nilly and in any way it wishes in its dealings with the people in its care and with statutory bodies such as the Committee of Public Accounts. It must be rooted out and we need to get to the bottom of it. The matter should be a priority item on the agenda of the incoming Committee of Public Accounts.

I suggest that the committee ask the HSE to send a written statement explaining all the cir-

cumstances surrounding that so-called statement of misunderstanding regarding the apology. There is also the recommendation from the last committee meeting that the committee look to the Garda Commissioner once again regarding the contents of the case and the actual events that took place. The Secretary General of the Department should also be fully brought into the case to carry out a proper investigation to see how all of these matters transpired and how what appears to be a cover-up was allowed to continue for so many years with so much damage to all concerned.

Deputy Robert Dowds: On a different issue-----

Chairman: Can we stick to this issue?

Deputy Robert Dowds: On this issue, I very much appreciate the work Deputy Deasy and the Chairman have done on this. As someone who worked with children with disability, albeit physical as opposed to intellectual disability, I realise how vulnerable those people are, especially when one is dealing with people who are non-verbal. It is very hard for them. They cannot speak up for themselves, literally. One of the reasons it is important that this issue is pursued is to try to dent the inclination of institutions to circle the wagons when they are in difficulty.

Deputy Mary Lou McDonald: I, too, acknowledge the Chairman's work and that of Deputy Deasy in this regard. The correspondence circulated to us this morning makes for very stark reading. There is no margin of misunderstanding. There was no apology. Perhaps there was no intention of an apology, bar for the work done by Deputy Deasy and yourself, Chairman.

I agree with other members of the committee in respect of calling the HSE to account for this to establish exactly who, for instance, cleared the statement or the incorrect misleading position adopted by the HSE. Whose idea was that? I would like to know that. The committee needs to know that.

I am troubled also by the second strand of this which is a clear understanding on the part of the whistleblowers, who are acting in the best interests of a vulnerable person, that they regard the manner in which they were treated as a concerted effort to discredit them and silence them. This, too, needs to be answered and explained. It reflects extremely badly on the HSE, its governance and attitude, and the culture of the organisation.

We are obviously coming to the end of the Dáil term. We do not know if we will meet again next week. I know there is a meeting scheduled by the clerk to the committee, ever the optimist. Although time is short, could we move a little bit more speedily on this matter? Deputy Costello referred to an incoming committee in the next Dáil. Could we at least explore the options of having the HSE come before us before the Dáil is dissolved? I appreciate that might not be possible but I think the clerk and the Chairman should examine all options on that because the correspondence this morning is extremely alarming. We would not be doing our job as a committee if we were to let it lie.

Deputy Patrick O'Donovan: By and large, the public service, Departments and semi-State organisations do a very good job. At this committee - I am only a recent member of it - we get to see the wrong end of public service and public administration. This is the worst element of what I have seen by virtue of the people concerned and their vulnerable nature.

What this case brings home to me is the absolute and total lack of any level of accountability or responsibility. No one has been fired and no one probably will be fired. As Deputy Dowds

said, it is not only on this particular issue. Every time the HSE has been before this committee since I became a member, it is just a continuation of circling the wagons, never taking responsibility, never admitting it did anything wrong, having the truth dragged out of it and, at the end of the day, begrudgingly giving an apology. Does it matter who the next Minister for Health will be while that culture of not taking responsibility and not accepting accountability is there? Ultimately, the only responsibility that can be taken here is that somebody has to vacate their position. Somebody either has to resign or has to be fired on the basis of what happened.

I do not for any reason disbelieve the Waterford Intellectual Disability Association on the basis of the work it does for the children and young people. However, it stated, it was surprised by the Department's efforts "to discredit us and damage our professional reputations". At the end of it, it said, "treatment of us as whistleblowers is as despicable now as it was six years ago. It has taken six years for us to get to this."

It is a pity it is the last meeting before the Dáil is dissolved. Ultimately, as the French say, *plus ça change*. Unless somebody walks over this, I do not think it will matter to the people concerned at the centre of it. I believe that is the only level of accountability and responsibility that can come from this.

Deputy Gabrielle McFadden: I do not want to repeat everything everybody else said. It is appalling that it is the HSE versus the Waterford Intellectual Disability Association, when both groups should be looking out for people with intellectual or physical disabilities and not fighting with each other. As Deputy McDonald said, there has been no apology. We are sitting here while money and man hours are wasted toing and froing with letters, with "he apologised but she did not apologise", when that budget should be spent looking after people with intellectual or physical disabilities.

The previous speakers are right. Somebody has to be held accountable. The HSE needs to be held accountable. It just seems to be covering its back. There was no apology and that is the end of it. We should not be spending time and taxpayers' money on whether a letter was written. We should be looking out for the people with physical or intellectual disabilities.

I admire the whistleblower and the fact they have stuck this through thick and thin to keep fighting for their client. If we had more of that and less of the toing and froing and bureaucracy, we would have a much better service for people with an intellectual disability. I agree the HSE should be called in and it needs to be held accountable.

Deputy Robert Dowds: This is worse than Áras Attracta.

Chairman: We will contact the HSE and its chairman. Depending on the circumstances in the Dáil, we will try to meet next Tuesday at 11.30 a.m. or 12 o'clock to determine if we can have the HSE before us to go through this issue.

In the meantime, the HSE should reflect on the fact that this has gone on since 1983 and that it was given information in 1993. We have to continue to remember it is vulnerable, mentally challenged individuals we are talking about. When one considers that, the HSE has not responded as one would have expected. This today shows up in full light the culture that exists in the HSE of circling the wagons, as members said, hiding behind all sorts of excuses, lies, misrepresentation and giving misleading statements.

Those who are employed by the HSE who now seem to deny that they were even told to give an apology, according to Deputy Deasy-----

Deputy John Deasy: Sorry?

Chairman: Those within the HSE who were to give the apology did not even know they were to give the apology.

Deputy John Deasy: The key thing is, and it is worth repeating, those individuals have made it clear, within their organisation and to others, that they were not aware they were meant to give an apology. They did not give an apology. They are now being misrepresented by the organisation for which they work. They have done that and have made it clear in writing to their bosses that they did not. It continues to be the case that the HSE is holding the line they did.

The issue for us and the Oireachtas needs to be who is going to protect their integrity. The organisation for which they work seems to believe it is a cheap commodity. That is the issue here. We are trying to figure out where it goes from here. The Chairman has spoken about bringing in the HSE. There are higher powers in government that need to take a look at this because it goes to the core of veracity within government. Some people might say it is only a small thing or it was a misunderstanding. I think it is far bigger and weightier than that. It goes to the core of honesty and veracity in government and if one ignores that, what is the point?

Chairman: I asked the Deputy to repeat that about the workers because of the fact that, as well as protecting those who were abused and the whistleblower, the workers need to be included because it would seem that they are being used in this game of circling the wagons.

Deputy John Deasy: I do think that-----

Chairman: The culture that was mentioned earlier by a number of members is one that needs to be broken. I accept what Deputy O'Donovan says - it does not make any difference what Minister is there if the culture is there - but this needs to be brought to the attention of the Minister for Health so that he understands how far the HSE is willing to go to protect the very culture that has given rise to this issue. I still do not know how the 47 individuals are fixed in life, how they are being professionally supported and so on. In line with that, it is just not right that from the time this issue arose, the Waterford Intellectual Disability Association saw difficulty, at the very least, in terms of getting its funding year on year. That is wrong. The content of this letter is, in light of what the Deputy has said, extremely disturbing. We will pass it on to the Minister and to the Taoiseach, as we have all agreed, but we should make that effort to talk directly to the HSE through this committee and see if we can bring about some other focus to it in the last few days we have in this Dáil.

Deputy Costello-----

Deputy Robert Dowds: It is on a different issue.

Chairman: Can we take that issue under any other business?

Deputy Robert Dowds: Okay.

Chairman: I will just go through the correspondence and come back to the Deputy then.

Deputy Robert Dowds: It relates to some of what we were discussing last week.

Deputy Joe Costello: Just before that, is there time to bring the HSE in before this committee, considering the seriousness of the matter?

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Chairman: If the Dáil is sitting next Tuesday-----

Deputy Joe Costello: Can we take it on the basis that it will be sitting and that we issue an invitation to-----

Chairman: That is a decision for the committee.

Deputy Robert Dowds: The other issue that was discussed last week was the matter surrounding Meath County Council and the apparent giving of a contract to an unregistered company. There were also other allegations about cutting down over 200,000 trees. I know from what was said last week that part of the reason for raising that was to try to put it on the agenda for the next Committee of Public Accounts, but could the Chairman clarify to what extent the next committee will actually be able to look into that, given that it relates to a county council? In many ways, the examining body ought to be the auditors for Meath County Council.

Chairman: The auditor of Meath County Council is the audit committee, which stems from the elected representatives of Meath County Council. It is probably an issue in terms of this committee, given the road construction programme and whatever funding might have gone in that direction. In the context of good governance from the Department, it is an issue that can be raised-----

Deputy Robert Dowds: I suppose that would be an angle where it could be raised, given that there would be Government moneys going in.

Chairman: We set that out and we put it on record last week. The incoming committee can decide whether to pursue the matter, but there is a substantial body of information that would lead me to believe that any incoming committee would at least take an interest in it at the very beginning and determine what they are going to do.

Deputy Robert Dowds: I just wanted to clarify whether there was an angle that the Committee of Public Accounts could operate through. Would that seem to be-----

Chairman: We can. We did pursue it up to now and I see no reason, pushing out the boundaries a little again, that the new committee would not be able to deal with it.

Deputy Robert Dowds: Thank you.

Chairman: No. 3B.1 relates to correspondence from Deputy Costello regarding Regent Catering Services. We will note that and forward it to the Department of Transport, Tourism and Sport and the Revenue Commissioners for an investigation into the matters raised by Mr. Brown. Is that agreed?

Deputy Joe Costello: That is fine.

Chairman: No. 3B.2 relates to correspondence, dated 21 January 2016, from the HSE regarding the *myGP.ie* website, to be noted and forwarded to Deputy Sean Fleming, who raised the issue. No. 3B.3 relates to correspondence, dated 21 January 2016, received from Mr. Brian Cullen regarding land owned by Fingal County Council. This is to be noted and, as local authorities do not fall within the remit of the committee, we will just ask for a comment. That is as far as we can go. The incoming committee can look at the response to that matter.

In respect of today's meeting, the opening statements and so on are all to be noted and published. No. 4 relates to reports, statements and accounts received since 21 January. They are

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listed, from No. 4.1 to 4.9. I will ask Mr. McCarthy if he has any comment to make on the notes on the different accounts.

Mr. Seamus McCarthy: In respect of No. 4.1, regarding the Sustainable Energy Authority of Ireland, it is a clear audit opinion, but I draw attention to disclosure in the statement on internal financial control regarding the progress being made by the authority in investigating irregularities in respect of certain claims made under the better energy homes grant scheme. It also sets out the steps being taken by the authority in response to that.

The only other point to draw attention to is the financial statements of Kilkenny and Carlow Education and Training Board and Cork Education and Training Board. These would be the first financial statements of those education and training boards and I am drawing attention to disclosure by the boards in both cases - that they did not perform a review of the effectiveness of the system of internal control, as required in the code of practice for the governance of VECs. A new code of practice specifically for new education and training boards has been drafted and will be effective in respect of 2015 but there was some laxity around the review of the system of control in the context of the establishment of the new education and training boards.

Chairman: These accounts are to be noted. Is there any other business?

Deputy John Perry: An issue that was raised last week on the loss of the *Skifford*. Was there any reply from the Department on that?

Chairman: There was a reply from the Department. It is holding its position, which is effectively that it is not prepared to provide for the loss. I know the Deputy has raised this matter on numerous occasions at this committee since his appointment and the members have discussed it in detail, but the response from the Department is that it is holding its line in this context.

Deputy John Perry: Can that response be circulated? I am very disappointed to hear that, in light of the action taken by the Ombudsman's office and the Chairman's intervention. We are dealing with the previous Waterford issue, which is a different matter entirely, but this is going on for a number of years and is equally unjust. We have members of the Byrne family here today. It is bitterly disappointing that the Department is holding the line very clearly when the copy of the letter from the Attorney General to the Minister of State, Deputy McHugh, dated December 16 states that she has furnished a copy of same to the Minister for Agriculture, Food and the Marine, Deputy Coveney, and that this is a matter for his Department's consideration. There is no legal impediment from the Attorney General's office to this being dealt with by the Department. I can circulate a copy of that. Is there any way we can get a review of this decision?

Chairman: The committee can discuss whatever the Deputy might suggest and we can make the recommendation. I recall the debate in the House and, previous to that, at committee and so on, at the very beginning of this issue. I support the Deputy in what he is attempting to achieve, which is to have the case recognised and payment made by the Department. The committee could support that and add weight to what Deputy is suggesting, and we could forward that to the Minister for Agriculture, Food and the Marine, Deputy Simon Coveney. That might be the only way left open to the Deputy to deal with this issue.

Deputy John Perry: This case has been discussed with the Taoiseach and Deputy Coveney. They have given due consideration to the manner in which this matter should be dealt

with, and they have given much comfort to the family in assuring them that the matter would be dealt with. It is statute-barred, and this is an unprecedented case from the point of view of understanding, concern and respect for the family concerned. There was a similar situation involving civil servants within the Department when a tragic incident occurred and the family concerned was unaware of the Lost at Sea scheme and the quota restriction. The fact that the Ombudsman, Emily O'Reilly, ruled in favour means that the Department should pay. It is the first time ever that a ruling from the Office of the Ombudsman has stated categorically that the Government should act, but it has not acted on this, and I am quite amazed by that. We have a letter from the Attorney General's office, which I can circulate to the secretariat, stating that it has no difficulty whatever with any action, so only the goodwill of the Minister is needed. It is not a huge amount of money; it is just the principle involved. If the committee could agree to this I would appreciate it very much, because I know the family concerned. The case has been going on for 30 years but has been in the public domain and the political domain for only ten years, and several Secretaries General have been here, including when I was Chairman, and they have all obfuscated in every sense.

Chairman: The special report is dated 14 December 2009, and since then Members of the House have been pretty supportive of the report and of the compensation being paid. If the Deputy wants to propose that we support the Ombudsman's report and request that compensation be paid, we can take that action today and make that recommendation.

Deputy John Perry: I would be very thankful if we could get an agreement on that. It would be very much appreciated.

Chairman: We will ask the members.

Deputy Mary Lou McDonald: I support that. It is a wise decision. It is just a further reflection of political inertia or indifference that this has gone around in circles for so long. My sense is that there is broad agreement that the right thing should be done, but for the life of me I cannot understand why this has not been sorted out. It is disgraceful that now, at the eleventh hour, at the end of this Dáil, we are dealing with this issue again, so I strongly support Deputy Perry's proposal. We should not only make a representation supporting the special report but also set out in no uncertain terms our strong dissatisfaction with the length of time the case has taken and the obfuscation involved, asking that it be resolved as speedily as possible. It is awful to think that the 32nd Dáil will come into session and the next committee will be dealing with this issue again. That is not the way to do business. If the Government, for whatever reason, is not willing to do the right thing by this family, then it must come out and state that, and then at least we can deal with that position. However, there seems to be a whole malaise around all of this, and it is not acceptable, so as a committee we should certainly do as Deputy Perry suggests.

Deputy John Perry: Deputy McDonald's point is a very good one. The point is that all the investigations have been carried out; what we want is a resolution. This has been checked by the Office of the Ombudsman and by civil servants. The matter must be brought into the political domain, and a recommendation from this committee must be made to Deputy Coveney and the Taoiseach's office that they do the right thing and that the Government of the 31st Dáil resolve this issue for once and for all. A new investigation would merely kick the matter to touch again when it has been debated to death. The force of a letter would be a major help.

Deputy Joe Costello: I agree entirely with Deputy Perry, who has made a very strong case. This has been going on for so long now, and justice delayed is justice denied. It has been kicked

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around like a football, so a strong recommendation coming from this committee in favour of what was outlined by Deputy Perry would be very welcome.

Chairman: I support the proposition on the basis of the Ombudsman's report dating back to 2009 and also on the fact that, in its report of 20 October 2010, the Joint Committee on Agriculture, Fisheries and Food decided that it was not in a position to recommend an acceptance of the Ombudsman's special report on the Houses of the Oireachtas. I hold that there was political interference in that committee, that it reached the decision firmly on political grounds - that is a fact - and that the decision needs to be revisited. It does not hold any strength in the context of the argument because of what happened politically, and I suggest that the Ombudsman's report is the direction that we should take, because that meeting is, in my opinion, simply not valid in the context of this argument, given what was attempted to be achieved by the majority on the committee at that time. I therefore support Deputy Perry's position.

Deputy John Perry: This is a point of principle. This case has been going on for years, and the last report was in 2009, as the Chairman said. The recommendation should go to the Taoiseach and the Minister, Deputy Coveney, before the dissolution of the Dáil. I am totally unhappy that they have not made a clear decision, regardless-----

Chairman: I take it that the committee is in full support of the Ombudsman's recommendation and that it should disregard any consideration of the decision taken on 20 October 2010 by that committee. We will ask the clerk to forward that view to that Government, and that is the direct line to take.

If there is no other business, we will now deal with today's business.

Deputy John Deasy: Can I clarify that we will arrange a meeting for next Tuesday and ask the HSE to come before the committee, and that that request will go to the HSE today?

Chairman: Yes. We will ask that the appropriate officials in the HSE who dealt with this case and those at the level responsible for making the apology come before us, to make everything clear, with whoever represents the HSE and Mr. Tony O'Brien.

Deputy Robert Dowds: It would be appropriate also to invite Tony O'Brien.

Chairman: He is being invited. He is the Accounting Officer.

Deputy John Deasy: And possibly the person who drafted the two-page rebuttal to the *Irish Examiner*. That would be helpful as well.

Deputy Mary Lou McDonald: The point being that it is made clear that we want the officials who can answer the questions.

Chairman: Exactly.

Deputy Mary Lou McDonald: There is no point in sending in officials who will be looking into outer space, divining answers.

Chairman: Under any other business, while we are waiting for the witnesses, we asked for a report from both the Department of the Environment, Community and Local Government and the Department of Transport, Tourism and Sport on the funding of the Central Access Scheme, CAS, for Kilkenny, which is in my constituency. I suggest that we ask them for a review of that in light of the application being made for funding: the expenditure to date, how it was incurred

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and for what purpose, and to whom it is accountable in terms of the audit committee of the Department of the Environment, Community and Local Government.

Deputy Patrick O'Donovan: Also, I asked earlier whether we ever got a report back from the Dublin local authority managers explaining why they refused those houses from the National Asset Management Agency? We just got the numbers and the locations of the houses but it was-----

Chairman: We asked for that last week as well.

Deputy Joe Costello: We raised it at the meeting last week and asked for further information, because the information they provided was too limited and did not give a clear indication as to why they were-----

Chairman: We have not had a response to that yet so we have asked again.

2014 Annual Report of the Comptroller and Auditor General and Appropriation Accounts

Vote 29 - Communications, Energy and Natural Resources

Chapter 13 - The Development of Eircode, the National Postcode System

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

Chairman: I welcome the witnesses. Before we begin, I ask members, witnesses and those in the Public Gallery to please turn off their mobile phones, because they interfere with the sound quality of the transmission of the meeting. I advise witnesses that they are protected by absolute privilege in respect of the evidence they are to give this committee. If they are directed by the committee to cease giving evidence in respect of 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 nor make charges against a member of either House, a person outside the House or an official by name or in such a way as to make him or her identifiable. Members are reminded of the provisions within Standing Order No. 163 that the committee should also refrain from inquiring into the merits of a policy or policies of the Government or a Minister of the Government or the merits of the objectives of such policies.

I welcome Mr. Mark Griffin, Secretary General of the Department of Communications, Energy and Natural Resources and ask him to introduce his officials.

Mr. Mark Griffin: I am joined this morning by Mr. Martin Finucane, Ms Patricia Cronin, Mr. Brian Carroll, Mr. Brian Walsh and Ms Justina Corcoran.

Chairman: I welcome Ms Austin from the Department of Public Expenditure and Reform.

I ask Mr. McCarthy to make his opening statement.

Mr. Seamus McCarthy: The appropriation account for Vote 29, Communications, Energy and Natural Resources, had total gross expenditure of just under €425 million in 2014. Figure 1, in the presentation, indicates how that expenditure was divided between the various Vote programmes.

The largest programme was in regard to broadcasting. Just under €240 million, or 56% of the total expenditure, was on that programme. The bulk of the expenditure was in the form of grants paid to broadcasters. RTE received just under €179 million, while Teilifís na Gaeilge received €34.3 million, and €14.2 million was paid into the Broadcasting Fund. That expenditure on broadcasting was substantially funded by television licence fee receipts collected by An Post and paid to the Department. In 2014, a total of just over €213 million in broadcast licence fees was received by the Vote, accounting for the bulk of the appropriations in aid of the Vote. Some €11.1 million was paid to An Post in respect of the costs of collecting broadcasting licence fees.

The net expenditure on the Vote in 2014 was around €9 million less than was provided for in the Estimate. The Department got the agreement of the Department of Public Expenditure and Reform to carry over €4.6 million in unspent capital funding to 2015. The balance of the surplus was due for surrender.

Turning to Chapter 13 of the report in the accounts of public services, until July of last year, Ireland was the only developed country that did not operate a system of postcodes. The Eircode system has now been in operation for six to seven months, providing postcodes for both residential and business premises, related to individual postal delivery locations. This differs from the kind of postcode long used in many other states, where the postal services typically operate systems based on individual post codes that may be shared by a number of premises in a defined locality – often a street or road, or a cluster of buildings.

At the end of 2013, the Department entered into a contract with Capita Business Support Services Ireland Limited to develop and implement a postcode system, and to maintain it for ten years. There is an option to extend the contract for a further five years.

The report before the committee this morning sets out the results of an examination of how the costs and benefits of the project were assessed, how the project was managed, the costs to date and the various procurements associated with the project. Members will recall that the postcode project evolved over a long period, commencing in 2005. Initially, the proposal was for a locality-based postcode system, to be operated under licence by a private service provider. This was assessed as not being economically viable, and a Government decision was made in 2006 not to proceed at that time. Work continued on the project, and a Government decision to proceed was taken in 2009. Progress thereafter was slow, due mainly to a combination of a protracted competition to procure a service provider; difficulties in agreeing terms for access to a comprehensive State-owned property and address database owned by Geodirectory; and changes in data protection legislation.

The Department had identified the database access and data protection issues as important at an early stage in the development of the project. Geodirectory is a company established by An Post and Ordnance Survey Ireland, and it was considered to hold the most complete data source for addresses. Discussions relating to its use by a potential postcode licence holder began in 2010 but were not finally resolved until February 2015. Data protection issues arising from an address-specific postcode were identified in 2006, and resulted in a locality-based postcode

originally being proposed. While the proposal changed to an address-specific system in 2012, legislation to address the data protection issue only came into operation in July 2015.

Given the likely public expenditure involved, the Department was obliged to undertake a detailed cost-benefit analysis of the proposal and to update it as the project evolved. The cost benefit analysis originally prepared in 2006 identified a net present cost for the project of €96 million. This means that taking account of the timing of cash flows, the costs were expected to exceed the benefits by a net €96 million. A revised analysis in 2008 had a very different result. This projected that the project would generate benefits that would exceed the costs by a net €6 million. This was further revised upwards in 2010 when a €20 million net present value was projected for the project.

The main projected public sector benefit was identified as improved data matching by Revenue, valued at just under €4 million a year. Revenue have since indicated that by the time the Eircode system was launched, it had already largely achieved improved data matching through other address-related developments, such as the establishment of a local property tax register and better data matching techniques. Overall, I concluded that it was not clear that benefits to the value projected in the cost benefit analysis will be achieved as a result of the implementation of Eircode.

The examination also identified a number of shortcomings in the cost-benefit analyses undertaken for the project. In particular, each round of analysis was based on a locality-based model only rather than the address-specific model that was ultimately introduced; the full project costs, including departmental staff and payments to consultants, were not included, and the shadow cost of public funds was not applied to the projected Exchequer-funded maintenance costs; the documentation available from the Department did not fully support some of the values used in the analysis; and different discount factors than those recommended for public sector projects were used.

Estimates of the cost have increased substantially over the life of the project. When first approved by the then Government in 2009, the project was projected to cost the Exchequer €18 million over an 18 month development phase, with no recurrent Exchequer payments to the operator. In 2013, the estimate provided to Government was for a cost of €31 million over a ten year licence period, including recurrent Exchequer payments of the order of €1 million a year. Departmental staff costs or the cost of consultants were not included in that estimate. The examination reviewed the costs incurred to date as well as outstanding contract obligations and estimated that the cost over ten years will be about €38 million. This includes some €686,000 arising from contract changes agreed after the contract was signed.

The procurement of the licence holder proved to be a protracted process. The process began in January 2011 with the publication of a tender pre-qualification questionnaire. The contract was signed almost three years later in December 2013. Issues in regard to procurement included EU concerns around the qualifying criteria for the licence holder tender, and a pattern of non-competitive procurement for consultants engaged to assist the Department with various aspects of the project.

The chapter makes a number of recommendations in regard to future projects of this kind which emphasise the importance of ensuring that adequate project governance structures are in place, with sufficiently broad membership; including all relevant costs in project estimates and in cost benefit calculations; revising and updating the cost benefit analysis where there are material changes or delays, and ensuring documentary evidence is available to support all elements

of the analysis and assumptions made; and adhering to national and EU procurement rules when planning and implementing projects. I am glad to say that the Department has accepted all the recommendations included in the report.

Mr. Mark Griffin: I am here this morning to discuss two issues: the Eircode projects and the 2014 audited accounts of the Department.

The Government approved the award of a contract to Capita Business Support Services in 2013 to develop, roll out and operate the national postcode system, Eircode, under licence for an initial ten-year period. Eircode was launched in July 2015 and a unique seven-digit postcode was provided to each of the 2.2 million residential and business addresses in Ireland. A national information campaign was completed over the summer of 2015 to inform the public about Eircodes.

Public sector bodies are supporting the introduction of Eircode, and since the launch several of them have started using Eircodes in customer engagement and service provision. This process will continue over the coming months. Capita has also signed up more than 20 value-added resellers who provide a broad spectrum of Eircode specialist services to businesses. Since last July there have been almost 3.7 million look-ups on the online Eircode finder, with average daily hits running at 20,000, which shows a high level of customer and commercial awareness of the new system. Some of the committee may have noticed in *The Irish Times* this morning that the National Ambulance Service, NAS, has committed to the use of Eircodes from the middle of next month. I think that is a very important and useful development, not just from the point of Eircode visibility, but also in terms of the critical service that the NAS provides.

With regard to the 2014 appropriation account, total gross spend under the Vote in 2014 was just less than €425 million, some €15 million below the budget allocation of €440 million. The underspend was primarily due to slower-than-expected expenditure on the trading online voucher scheme, energy research programmes and 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 2014. There was expenditure of nearly €46 million on communications, multimedia developments and the information society. This expenditure was primarily on the postcodes project, the national broadband scheme and the second level schools broadband programme. Another milestone was met in 2014 when 269 schools in Counties Carlow, Cork, Kerry, Kilkenny, Limerick, Tipperary, Waterford, Wexford and Wicklow were provided with 100 Mbps broadband connectivity, bringing high-speed broadband connectivity to all 800 post-primary schools under the three phases of the national roll-out programme.

Some €86 million was spent in the energy sector in 2014, of which €64 million was by way of 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, more than 22,000 buildings, including 12,000 low-income homes, benefitted from an energy efficiency upgrade. Government investment in these schemes supports 3,500 jobs on average, highlighting the importance of the State's involvement in this area.

Expenditure in 2014 in the broadcasting area amounted to just less than €240 million. Of this, €179 million was paid in grant aid to RTE in respect of revenue from the sale of television licences. A total of €25 million of Exchequer funding and €9.2 million of licence fee funding

was provided to TG4 to deliver on programme commitments. A total of €14.1 million in licence fee funding was provided to the Broadcasting Authority of Ireland to support the audio and audiovisual media sector in the production of new television and radio programmes of all genres on Irish culture, heritage and experience, as well as programmes in the Irish language.

Just over €28 million was paid to meet the administration and operational costs of Inland Fisheries Ireland, IFI, and the Loughs Agency. This funding enabled IFI to undertake more than 180,000 patrol hours and more than 7,500 environmental inspections. Some €7.4 million was spent on various geoscience projects, including the mapping of Lough Swilly, Mulroy Bay, Broadhaven Bay, Blacksod Bay, Killary Harbour and Tralee Bay, as well as offshore west Clare, Cork and outer Galway Bay under Integrated Mapping for the Sustainable Development of Ireland's Marine Resource, INFOMAR, the national seabed survey project.

The Department's administrative budget has been significantly reduced from €40 million in 2007 to just over €21 million in 2014. 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 2015. These indicate gross expenditure of €400 million in 2015, compared to €424 million in the 2014 outturn. A breakdown of the 2015 outturn by subhead has also been provided. I look forward to assisting the Committee with questions it has on the matters under consideration today.

Chairman: Thank you, Mr. Griffin. May we publish your statement, please?

Mr. Mark Griffin: Yes.

Chairman: You mentioned this morning's *The Irish Times* in your opening statement. I see that Martin Dunne, the director of the NAS, is quoted as saying that the process involved updating emergency service systems to adapt to Eircode, and so on. In 2014, Mr. Dunne wrote: "At no stage has the NAS or myself outlined that this system is the answer to all our needs in relation to rapid access to patients etc, however it is a mechanism that will assist and fill the void that exists at the moment." That is at variance with the statement this morning. What has happened in the meantime and how much was spent to make Eircode compatible with the NAS, or *vice versa*?

Mr. Mark Griffin: As I understand it, the NAS was engaged, in any event, in an upgrade of its dispatch facility and information systems. We have been in contact with the NAS since the Eircode design was put in place, discussing with them the utility of Eircode in providing an additional mechanism by which the ambulance service could identify a property and dispatch an ambulance to that location. What we are looking at here is the use of Eircodes, primarily, I would imagine, in rural areas. In terms of the centralisation of ambulance services on a regional or sub regional basis in some parts of the country, it makes eminent sense to me that being able to integrate a code that can identify each and every individual property in the State into the computer-aided dispatch system of the NAS adds potentially significant value to the service and their ability to respond quickly to incidents in a residence or a property.

Chairman: I accept that, but I understood from the comment made in correspondence in 2014 that that was not the case. The NAS seems to be coming to this after the event, and it would seem, from what Mr. Dunne said in 2014, that they were not included in the process of developing Eircode. That is the point I am making. Is the NAS bringing its systems up to speed to be compatible with Eircode and, if so, how much did that cost?

Mr. Mark Griffin: How much did it cost?

Chairman: Yes. We have to add all of these costs - extra add-on costs - to the cost of providing Eircode in order to establish what the real expenditure of taxpayers' money is. Perhaps you could come back to that later on.

Mr. Mark Griffin: We are quite happy to talk to the NAS and determine a figure, but I expect that the figure is quite minimal. There is-----

Chairman: You do not know that.

Mr. Mark Griffin: No, but my expectation would be that the figure is quite minimal. While the engagement-----

Chairman: What is minimal?

Mr. Mark Griffin: I do not have a figure. The NAS would have to buy a licence from-----

Chairman: But then you do not know, to be fair.

Mr. Mark Griffin: No, I do not, but I am giving a view on it. We will find out what the cost was for the NAS specifically for the integration of Eircode. The point I wish to make is that we would expect to see public sector bodies integrate Eircode into their operations as part of the normal business and upgrade cycle that they have in place for their systems, and that is what we are seeing happen in the other bodies that are engaged in upgrades across the public sector at the moment. While the National Ambulance Service would not necessarily have been consulted as part of the consultation processes that occurred as the design of the postcode system evolved between 2006 and 2013, when a contract was awarded, there were extensive consultations with both the HSE and the Department of Health at various stages, including on the design of Eircode or the postcode itself. While the view in 2006, as referred to by Mr. McCarthy, was that we should land on a non-unique postal address-type block-face postcode, certainly the view that emerged in discussion in the later stages with the HSE, the Department of Health and a range of bodies in the public and private sectors was that a unique postcode was the type of postcode that should be put in place. To use the National Ambulance Service as an example, if one used the postal sector model, which might identify anything between ten and 50 addresses as part of a block, it would be absolutely useless in rural Ireland, where 35% of the addresses are non-unique. We will come back to the committee on that specific point.

Chairman: We will talk later about it. I call Deputy O'Donovan.

Deputy Patrick O'Donovan: I welcome the representatives of the Department. In 2009, when this whole project started, Mr. Griffin's Department estimated that the cost was €18 million over 18 months. In 2013, the cost rose to €31 million, and then, in 2015, it rose to €38 million. Can Mr. Griffin tell me the actual cost of this project to date?

Mr. Mark Griffin: Let me go back to the sequence of events that the Deputy has described. He is right in saying the 2009 memorandum for Government included an estimate of €14.8 million, which, including VAT, was €18 million. One should bear in mind that was at the pre-tender stage. As one will find with a lot of contracts, whether they are in the public or private sector, it is difficult to determine precisely what the cost of a project is likely to be. The 2013 memorandum for Government included a cost of €25 million, again excluding VAT. That included the €9.5 million for encoding public sector body databases, which the 2010 consultation

we undertook highlighted as important in terms of gaining traction, visibility and utility around the Eircode, and it also included costs for geodirectories. Including VAT, the €25 million cost was €31 million. It did not include, as a Comptroller and Auditor General has pointed out, our own internal staffing costs and some additional consultancy costs. The estimated cost, as set out in the Comptroller and Auditor General's report, which we would not dispute based on his use of the methodology he used and which included staffing costs dating back to 2005 when the bulk of the work on this commenced, is about €38 billion, including VAT. To date, or at the end of December 2015, we have spent just short of €21.2 million.

Deputy Patrick O'Donovan: Consider the figures outlined by the Department for the period 2009 to 2013. I presume the 2009 figure was arrived at during the period 2005 to 2010, when this system was being designed. How did the Department get the 2009 estimate so wrong, considering the figure that was actually forecast in 2013? How could the Department's forecast have been so wrong given that it spent the previous five years considering this?

Mr. Mark Griffin: One of the big changes that occurred, in terms of cost additions that would have arisen in the period from 2009 to 2013, was related to the inclusion of the cost of encoding public sector body databases. That-----

Deputy Patrick O'Donovan: Surely that should have been known. What was going on?

Mr. Mark Griffin: We did not actually provide for that in the 2009 estimate. There was an analysis done in 2010 following a consultation process. As part of further evaluation in 2012, when the view was expressed that it would be useful and, in fact, essential for the public sector body databases to be included in the-----

Deputy Patrick O'Donovan: I am somewhat lost here. How could the postcode system have been developed, over five years from 2005 to 2010, without the basic information and without having sorted the GeoDirectory issue from the start? How did the Department arrive at an estimated cost without knowing the basic details on the locations of the houses in the country?

Mr. Mark Griffin: I suppose what I am trying to say to the Deputy is that-----

Deputy Patrick O'Donovan: It seems the Department arrived at a cost without having agreed with GeoDirectory as to how much it would require for its database. Is that fair?

Mr. Mark Griffin: No. I suppose what I am trying to say is that when one considers the evolution of this project, one realises it was first studied in substantial detail in 2006 as part of the report of the National Postcode Project Board, which settled, for a variety of reasons, on a postal sector model. We carried out a very substantial cost-benefit analysis in 2006 and brought the result to the Government in 2007. The decision taken at that stage was not to proceed on the basis that the cost-benefit analysis did not stack up. We went back to the Government in 2009 for further consideration of the matter. The best estimate at that stage, as we have said, was based on a project that would cost €18 million, including VAT. We did not provide for two substantial components at that stage, the biggest one being the encoding of public sector databases. In the intervening period, it was made clear from further evaluation-----

Deputy Patrick O'Donovan: On that point, the Department arrived at a cost without including the public service databases so it went to the Government with a cost for a national postcode system that would have required, as a matter of basic necessity, that level of information.

Mr. Mark Griffin: No. The decision had not been taken at that time that, as part of the project, we needed to encode public sector databases. That is why the cost was €18 million rather than €18 million plus an additional quantum.

Deputy Patrick O'Donovan: How could the Department have been developing a postcode system at the time given that it was being changed from a locality-based system to an address-based system in 2012? How could the Department have been developing that kind of project without the databases that were required and, at the same time, arriving at a sum for the Government that was €20 million less than what it was in 2015?

Mr. Mark Griffin: At the risk of repeating myself, it is not unusual in the evolution of projects for the estimated project costs identified before tender to be different from the costs that are part of the outcome of a tender process. In the case of projects across the public and private sectors, it is not unusual at all for that to happen. Let me mention the 2010 consultation process that we undertook with over 60 stakeholders. It included ten to 15 public sector organisations, half a dozen postal delivery and courier service organisations, including An Post, DHL, FedEx, UPS and Nightline, and other representative bodies, such as the Irish Exporters Association, IBEC and the Communications Workers Union. What clearly came out at that stage, and not earlier, was that pan-Government support and early implementation shall provide a major positive stimulus for the dissemination and uptake of the postcode. It was the outcome of that analysis that drove the decision to provide for the update of public sector databases as part of the implementation of the project. That, in itself, added €9.5 million net of that.

Deputy Patrick O'Donovan: I ask the question because there was a large differential over the period in question. In the same vein, there have been significant procurement issues with the project since 2006 and procurement rules seem to have gone out the window. I presume Mr. Griffin accepts the findings of the Comptroller and Auditor General on procurement.

Mr. Mark Griffin: There are two issues that the Comptroller and Auditor General has raised in relation to procurement.

Deputy Patrick O'Donovan: There are a number of issues.

Mr. Mark Griffin: I will group them into two. The first one was the EU pilot case where a complaint was taken by an individual with the European Commission in relation to the procurement process itself. That complaint was concerned with the structure of the postcode request for tenders, which required a minimum of turnover of €40 million for each member of a bidding consortium, and a potential conflict of interest involving members of the project board. The first thing-----

Deputy Patrick O'Donovan: Will Mr. Griffin elaborate on the potential conflicts of interest involving people on the project board?

Mr. Mark Griffin: Yes. There were two individuals who had been on the national public procurement project board set up in 2006, one a representative from An Post and one a representative of a private company.

Deputy Patrick O'Donovan: What company?

Mr. Mark Griffin: A company called GO Code.

Deputy Patrick O'Donovan: Right.

Mr. Mark Griffin: They were part of the national postcode project board team that assessed the implementation of postcodes back in 2006. The important thing to point out on this is that it was not a formal infringement under the EU treaties. It was what is termed a pilot complaint. The European Commission found in favour of the approach adopted by us in relation to the procurement process. It did ask that a number of adjustments be made to future procurement processes. This involved the subsequent issuing of a circular by the Office of Government Procurement, OGP, on initiatives to assist small and medium enterprises in public procurement. In April 2015, the European Commission notified the Department that the circular, of itself, did not fully address the concerns. We reverted with further information provided to us by the Office of Government Procurement, which has taken a number of steps to support SMEs in the procurement process. The OGP published a suite of model tendering and contract documents to make it easier for contracting authorities to comply with the rules and to drive consistency in how procurement functions are carried out across the entire public sector. The office has also engaged with SME stakeholders who have raised matters in relation to possible barriers for SMEs competing for tender opportunities and, in order to address these issues, has developed a new tendering authority service designed to give an informal outlet for potential suppliers to raise their concerns about a particular live tender process.

Deputy Patrick O'Donovan: That is fine.

Mr. Mark Griffin: The crucial bit is that the European Commission wrote to the Department on 14 October last and confirmed that there are no grounds to open an investigation into the matter.

Deputy Patrick O'Donovan: I presume Mr. Griffin accepts what the Comptroller and Auditor General said in this regard. Is it not the case that the European Commission also stated that the Irish authorities were requested to adopt measures to avoid similar errors in future and to inform the Commission of those measures?

Mr. Mark Griffin: We have done that.

Deputy Patrick O'Donovan: In that case, everything was not hunky-dory.

Mr. Mark Griffin: The Deputy may be familiar with the system within the European Union. If a jurisdiction is in serious trouble, what the Commission will do is launch a formal infringement process. This case never reached that stage - it did not get anywhere near that stage. A complaint was issued and comprehensively dealt with by the Department and the Office of Government Procurement. The Commission has written to the Department accepting what we have said, welcoming the changes that have been introduced by the Office of Government Procurement and stating that there is no basis to further the investigation. We are-----

Deputy Patrick O'Donovan: The Office of Government Procurement also has requirements in respect of contracts awarded without a competitive process where the value exceeds €25,000. In this case, seven of the consultancy contracts met criteria for inclusion in the Department's statements for 2008, 2013 and 2014 but only two of them were included. Why?

Mr. Mark Griffin: I cannot give the Deputy a full answer.

Deputy Patrick O'Donovan: It must be borne in mind that the issue with the European Commission, which Mr. Griffin stated was sorted out subsequently, arose prior to some of these issues, yet the Department had seven issues with the Office of Government Procurement and only notified it of two of them.

Mr. Mark Griffin: What the Deputy is talking about is the obligation on Government Departments to provide in a return, under circular 40/02, where consultants have not been engaged by way of a competitive tender process and the value of the contract is in excess of €25,000.

Deputy Patrick O'Donovan: I know what I am talking about because I can see it here. Why did the Department not report that?

Mr. Mark Griffin: Let me deal with some of the-----

Deputy Patrick O'Donovan: We will deal with them individually because the Comptroller and Auditor General outlined them. Consultant A was a retired public servant. For which Department or agency did he work?

Mr. Mark Griffin: I believe, though I cannot say with absolute certainty, that the retired public servant was a former employee of the ESB.

Deputy Patrick O'Donovan: At what level of the organisation was this individual employed?

Mr. Mark Griffin: In the ESB?

Deputy Patrick O'Donovan: Yes.

Mr. Mark Griffin: I do not know but I suspect it was quite a senior level. I would have thought it was at a management level, given the experience, capability and expertise he brought to the contract.

Deputy Patrick O'Donovan: According to this information, consultant A was paid €137,000 up to 2014. How much has he been paid since this matter was reported?

Mr. Mark Griffin: The total payment to consultant A is €146,000.

Deputy Patrick O'Donovan: He was paid €146,000 without competitive tendering.

Mr. Mark Griffin: I suppose, with regard to both consultant A and consultant B, it is not unusual for Government Departments to-----

Deputy Patrick O'Donovan: Can we stick to the question? Consultant A has been paid €146,000 without competitive tendering. Is that the case?

Mr. Mark Griffin: That is correct, yes.

Deputy Patrick O'Donovan: Consultant B is a retired civil servant. Where did that person work?

Mr. Mark Griffin: Consultant B was a former senior member of staff of the Department of Agriculture, Food and the Marine.

Deputy Patrick O'Donovan: At what level?

Mr. Mark Griffin: Assistant Secretary level.

Deputy Patrick O'Donovan: Retired.

Mr. Mark Griffin: Yes.

COMMITTEE OF PUBLIC ACCOUNTS

Deputy Patrick O'Donovan: This person received €145,000. Who appointed him?

Mr. Mark Griffin: He was appointed by the Department. The figure is €158,000.

Deputy Patrick O'Donovan: He was paid €158,000 without competitive tendering.

Mr. Mark Griffin: Yes. I suppose it is important for me-----

Deputy Patrick O'Donovan: This is important and I want to stick to-----

Mr. Mark Griffin: It is important, and the Deputy will get all the information.

Chairman: Deputy O'Donovan should proceed.

Deputy Patrick O'Donovan: Consultant C is a retired civil servant. From what Department?

Mr. Mark Griffin: I believe the Department of Jobs, Enterprise and Innovation was the final Government Department that he was employed by.

Deputy Patrick O'Donovan: Did consultant A, B or C work for the Department of Communications, Energy and Natural Resources at any stage?

Mr. Mark Griffin: Consultant A would have done some work on an earlier project but he was not an employee of the Department.

Deputy Patrick O'Donovan: What is the full payment to consultant C until now?

Mr. Mark Griffin: The payment to consultant C is €44,000.

Deputy Patrick O'Donovan: Without competitive tendering.

Mr. Mark Griffin: Yes.

Deputy Patrick O'Donovan: All of these figures are in excess of the €25,000 threshold. What is the total amount paid to consultant D to date?

Mr. Mark Griffin: Payment to consultant D, which is a private sector company, is €53,000.

Deputy Patrick O'Donovan: On consultant E-----

Mr. Mark Griffin: Consultant E is a legal company that was employed by way of an open tender in 2011. Five tenders were received and the final value of that contract was €109,000.

Deputy Patrick O'Donovan: The last contract was consultant F, who was engaged by Ervia.

Mr. Mark Griffin: That consultant was seconded from Ervia. It is not unusual for the Department to second in from our agencies or commercial semi-State companies. The final amount paid was €201,000.

Deputy Patrick O'Donovan: One of these consultants, PA Consulting, was expected to be paid on the basis of milestones reached, but instead was just paid monthly. It has received €399,000. Is that not so?

Mr. Mark Griffin: PA Consulting has done work for the Department on the postcodes proj-

ects for a number of years now.

Deputy Patrick O'Donovan: It was awarded without a competitive tender.

Mr. Mark Griffin: No it was awarded by way of competitive tender, the first one in 2005. There were six bidders for that contract. PA Consulting was the successful tenderer. In the second one in 2010, there were 11 bidders for that contract.

Deputy Patrick O'Donovan: Was another contract in 2008 for €54,000 awarded without a competitive process?

Mr. Mark Griffin: Correct.

Deputy Patrick O'Donovan: Why was that?

Mr. Mark Griffin: That was because the view was taken at that stage that PA Consulting was familiar with the project. As I understand it, the rules on public procurement allow an extension of the contract in certain circumstances up to a value not exceeding 50% of the original tender.

Deputy Patrick O'Donovan: The Comptroller and Auditor General has reported that the contract was awarded to PA Consulting on the basis that payment would be made on receipt of monthly invoices for the support provided in the previous month rather than on the basis of milestones, as was requested under the tender. While the Department engaged in a tendering process, it did not adhere to it and that firm has been paid €399,000.

Mr. Mark Griffin: When one looks at 2013 consultancy the Deputy is talking about, the PA consultancy, there were four bidders with the contract awarded to PA on the basis of a certain approach the Comptroller and Auditor General has mentioned in his report. The way the payment system operated subsequently, we believe we got better value for money from that.

Deputy Patrick O'Donovan: That is not the question I asked. Based on what the Comptroller and Auditor General has reported, the tender awarded by the Department stated that specific milestones would have to be reached. Instead, payments were issued monthly. We do not know now if the milestones that were supposed to have been reached were reached or whether it was just payment *pro forma* based on time. If the tendering process that Mr. Griffin says the Department followed was robust enough, why was it deviated from? Rather than basing the payment on milestones the Department based it on time. Why did that happen?

Mr. Mark Griffin: I can only give the Deputy a high-level answer in response to this particular question. The view taken in the Department was that notwithstanding the approach that had been outlined in the tender documentation, we would have achieved better value for money, and in fact have achieved better value for money, by applying the type of approach that has now been applied. I assure the Deputy that in relation to the services provided by PA Consulting-----

Deputy Patrick O'Donovan: If that is the case, why was it put into the tender in the first place? PA Consulting has been in since 2006 and obviously knew a lot about this by the time the tenders were received in 2014. What was the point of asking that specific milestones would need to be reached if the Department had no intention of paying it on the specific milestones?

Mr. Mark Griffin: As things transpired, we expect the actual cost will be less than the amount actually tendered by PA Consulting.

COMMITTEE OF PUBLIC ACCOUNTS

Deputy Patrick O'Donovan: That is not the question I am asking. I asked a very simple question. In the tender, the Department specified that specific milestones would need to be reached before payment would issue, but it did not do that. I am just asking why.

Mr. Mark Griffin: There are times when the Department has consultants working for it that the approach is adopted that will provide best value for the Department notwithstanding the identified working arrangements that have been set out in the tender documentation. When we have people in and we are working through a complex project like this and we come across an issue, we can decide that it may work better for us at that stage if we re-engineer the approach, the working arrangement, between the Department and the consultant with a view to maximising to the greatest extent possible the value from what we will get from the tender competition.

Deputy Patrick O'Donovan: Was PA Consulting always paid monthly?

Mr. Mark Griffin: No.

Deputy Patrick O'Donovan: Was it paid on a milestone basis at some stage?

Mr. Mark Griffin: It was paid on milestones.

Deputy Patrick O'Donovan: When was it decided to change from a milestone basis to a monthly basis?

Mr. Mark Griffin: In this particular contract, I cannot give the Deputy a straight answer for that.

Deputy Patrick O'Donovan: So we do not know when that happened.

Mr. Mark Griffin: No, I will get the committee a note on it.

Deputy Patrick O'Donovan: The Comptroller and Auditor General has outlined a catalogue of serious issues relating to procurement. At this stage the official from the Department of Public Expenditure and Reform might enlighten us as to its views of this.

Mr. Mark Griffin: Maybe before-----

Deputy Patrick O'Donovan: No, I-----

Mr. Mark Griffin: The Deputy has not really given me a chance to answer.

Deputy Patrick O'Donovan: Based on the questions I have asked.

Mr. Mark Griffin: I understand that. The Deputy has asked me a very specific question on PA Consulting, but I want to say a bit more about the employment of the other consultants he has outlined. This was a very large public private IT project. The history of the Civil Service and public service in delivering large public private IT projects is not great. I recall being before the committee six or seven months ago where the Department was accused - rightly at the time - of not applying the right number or the right level of resources to deal with the Bytel project. We were engaged in a project that was much more complicated than Bytel. It was essential, once the contract was awarded by Government, that we were in a position to deploy the right resources.

Deputy Patrick O'Donovan: I accept that, but-----

Mr. Mark Griffin: There is a practice in Departments of using, where necessary, retired public servants and retired-----

Deputy Patrick O'Donovan: I accept that, but my question relates to procurement and my question comes from the report of the Comptroller and Auditor General that I read last night. Regarding consultancy, and assuming I were to accept what Mr. Griffin said at face value, I will outline what is reported about consultant C. Consultant C was employed at a daily rate of €1,230. Further work was contracted for in March 2012 with the approval of the Department of Public Expenditure and Reform for a so-called all-inclusive fee of €2,000. However, payments totalled €38,000. I would like to hear from the Department of Public Expenditure and Reform at this stage because I am a bit at sea as to how we end up with these daily rates of €600, €800, €1,200, open-ended contracts and no tendering process.

Before Ms Austin comes in, I have a further question for Mr. Griffin. Are consultants A, B, C, D, E and F still working on this project?

Mr. Mark Griffin: No.

Deputy Patrick O'Donovan: When did they terminate?

Mr. Mark Griffin: They would have terminated during the course of 2015. Shortly after the launch in July, we started to run down the use of these external consultants.

Deputy Patrick O'Donovan: Will the official from the Department of Public Expenditure and Reform comment on the procurement issues? What is happening here seems outrageous.

Ms Mary Austin: The Secretary General has said the way the Department of Public Expenditure and Reform would operate. There are circulars. There are procurements. The Secretary General mentioned circular 40/2002. There is the office of public procurement and various things like that. The Department of Public Expenditure and Reform will give sanction for various things. It will list out requirements. The operation of a procurement procedure will be a matter for the Department concerned and the Accounting Officer. Failures in those systems do occur. There can be human error and things like that. These things will come to attention through the Department's own work, through internal audit or through external audit. The-----

Deputy Patrick O'Donovan: When did the Department of Public Expenditure and Reform become aware of the issues with consultants A, B, C, D, E and F?

Ms Mary Austin: I would have to come back to the Deputy on that. I have only been in the section for a number of months; I have not been there for a year. It would have predated me. I am open to correction on this but it may have been through the Comptroller and Auditor General's report or leading up to the Comptroller and Auditor General's report. I can come back to the Deputy on specifics if he likes.

Deputy Patrick O'Donovan: I presume officials from the Department of Public Expenditure and Reform read the report of the Comptroller and Auditor General.

Ms Mary Austin: Yes.

Deputy Patrick O'Donovan: The Department of Public Expenditure and Reform became aware that seven of the consultancy contracts met criteria for inclusion in the Department's statements to the Department of Public Expenditure and Reform in the years 2008, 2013 and 2014, but only two of them were included. Therefore, during the intervening period, nothing

happened.

Ms Mary Austin: As the Deputy will appreciate, if a return is made, the person receiving it will not know whether an error of admission or so on has occurred. The Department would have followed up on the matter with the Department of Communications, Energy and Natural Resources, but we would recognise that the Secretary General had agreed all of the Comptroller and Auditor General's-----

Deputy Patrick O'Donovan: Is it not fair to say that, if the Department of Public Expenditure and Reform followed up, not much notice was taken of it? Consultants A to F only finished last July, but they never went through procurement processes. It is like they won the lotto. Not one of them went through a competitive tendering process, yet there are figures of €146,000, €38,000, €145,000, €137,000 and €37,000. Nothing happened.

Ms Mary Austin: Obviously, that happened before we became aware of an issue in the reporting of-----

Deputy Patrick O'Donovan: The Department of Public Expenditure and Reform was aware of it. I asked whether the Comptroller and Auditor General's report was read, and it was. These people only finished in July when the process concluded. The Department should have been made aware of seven, but the other Department only told it about two. Obviously, no action was taken because the other five seemed to have continued as they had been and they all finished when Eircode was launched. The Department was told of two, given that they were mentioned in the document. That should have been enough reason to start examining whether there were others, but it obviously did not. In the intervening period, these "taxi meters" were out of control. It is a scandal.

Mr. Mark Griffin: I am sorry, but may I pick up on that? Describing this situation and the people involved as "taxi meters" is totally and utterly unacceptable.

Deputy Patrick O'Donovan: It is totally and utterly unacceptable-----

Mr. Mark Griffin: No, bear with me.

Deputy Patrick O'Donovan: Mr. Griffin has made an assertion about something that I just said. For me, it is totally and utterly unacceptable for the Secretary General of the Department of Communications, Energy and Natural Resources to tell this committee that consultants who were retired public servants, in some cases with a connection to the Department, received payments in the order of €146,000 without going through a competitive process. If Mr. Griffin takes issue with the fact that I might refer to that as a "taxi meter" or winning the lotto, I am sorry for any offence caused, but it does not in any way conceal the fact that the process has not been adhered to under the rules set down by the Department of Public Expenditure and Reform.

Mr. Mark Griffin: I would accept that in part. By the way, the Deputy has not offended me. He would have to do a lot to offend me.

Deputy Patrick O'Donovan: The taxpayer is offended by this report.

Mr. Mark Griffin: Yes, but it is important to understand the value that these people have provided to the Department. Secondly,-----

Deputy Patrick O'Donovan: Then why did the Department not tender out the process?

Mr. Mark Griffin: When the contract was awarded to Capita in 2013, we had to move quickly to implement a very complex-----

Deputy Patrick O'Donovan: This issue had been knocking around since 2005-----

Mr. Mark Griffin: If the Deputy gives me a chance to explain-----

Deputy Patrick O'Donovan: -----but the Department was in a hurry in 2013.

Mr. Mark Griffin: Will the Deputy give me a chance to explain?

Deputy Patrick O'Donovan: These people remained *in situ* with renewed contracts. For example, consultant A had contracts dated October 2013, February 2014, September 2014 and January 2015. This person's four contracts' daily rates ranged from €362 per day to €604 per day at a total cost of €146,000. The Department had from 2005 to 2013 to get its act together, but no procurement process was followed in respect of this individual. That is totally unacceptable. That Mr. Griffin is now saying that the Department was in a hurry is not good enough for me as a public representative. The Department of Public Expenditure and Reform also failed the public in this, as it was aware of the situation. The Department of Communications, Energy and Natural Resources made it aware, as did the Comptroller and Auditor General, yet nothing happened. Nothing ever happens as regards procurement.

Mr. Mark Griffin: Let me try to deal with some of the issues that the Deputy raised. For the benefit of the committee and others who are watching, this is a large-scale, complex, public-private ICT project. We simply had to ensure that it was resourced quickly and with the right skill sets. I am referring to people with experience of stakeholder management, outreach, complex communication projects and management of complex public-private IT projects. The issue that we discussed a few minutes ago related to the encoding of public sector databases. Some 80 million records across approximately 20 bodies were to be encoded. It was important that we had someone in place who had experience of operating at a senior level with Departments and the networking capacity to get the job completed within a relatively short period.

Deputy Patrick O'Donovan: And it just so happened to be a retired public servant.

Mr. Mark Griffin: It is not unusual for-----

Deputy Patrick O'Donovan: We know it is not unusual. We see that here week in, week out.

Mr. Mark Griffin: There is provision for that. It is allowed under the-----

Deputy Patrick O'Donovan: What is not allowed is the lack of competitive tendering.

Mr. Mark Griffin: I know, and I am trying to-----

Chairman: How were the individuals selected?

Mr. Mark Griffin: The two consultants-----

Chairman: Just call them consultants A, B, C or whichever they are.

Mr. Mark Griffin: Consultant A-----

Chairman: What attracted the Department to each one of them? What outstanding skills

had they to cause the Department to-----

Mr. Mark Griffin: The Department had worked with consultant B on the digital switchover.

Chairman: Which consultant was that?

Mr. Mark Griffin: Consultant B.

Chairman: Start at the beginning for whoever it is.

Mr. Mark Griffin: Consultant A was involved in the public sector body, PSB, encoding. He would have been well recognised as someone who had extensive, senior-level IT experience within the public sector and, crucially, a network within the public sector system in terms of contacts at a high level.

Chairman: What was the largest project that consultant A managed?

Mr. Mark Griffin: He managed the public sector database encoding and worked with public sector bodies on ironing out any issue that arose in the application of Eircode within their systems.

Chairman: What of consultant B?

Mr. Mark Griffin: Consultant B was what we would have termed the communications lead. He successfully managed the national digital switchover for the Department. Given the effect of the outreach campaign undertaken in the summer of 2015, the number of people supported through that campaign and the lack of concern regarding a project that some among the target group may have considered intrusive, the output was extraordinary.

Chairman: What of consultant C?

Deputy Patrick O'Donovan: Was consultant B working for the Department of Communications, Energy and Natural Resources? Mr. Griffin stated that he managed the digital switchover.

Mr. Mark Griffin: No, he was not an employee of the Department.

Deputy Patrick O'Donovan: But he was a retired civil servant.

Mr. Mark Griffin: Yes.

Chairman: From which Department?

Mr. Mark Griffin: I am sorry, but he was a retired public servant from the ESB.

Chairman: No, that is consultant A.

Deputy Patrick O'Donovan: I am asking about consultant B.

Mr. Mark Griffin: I am sorry. Consultant A is the individual who dealt with the PSB encoding and consultant B is the individual who dealt with the communication aspects of-----

Chairman: From which Department?

Mr. Mark Griffin: Consultant A was-----

Chairman: No. Consultant B.

Mr. Mark Griffin: Consultant B was with the ESB.

Chairman: No.

Deputy Patrick O'Donovan: No. Mr. Griffin told me a while ago that consultant A had been with the ESB-----

Mr. Mark Griffin: Sorry.

Deputy Patrick O'Donovan: -----and that consultant B had managed the digital switchover.

Chairman: If the Deputy bears with us for a moment, we will tease this out. Mr. Griffin stated that consultant A had been with the ESB, given his senior-level ICT experience and management of public sector projects.

Mr. Mark Griffin: I beg the committee's pardon. Consultant A was with the ESB. He did the-----

Chairman: He retired from the ESB.

Mr. Mark Griffin: Yes. He was the communications lead. Consultant B was retired from the Department of Agriculture, Food and the Marine.

Chairman: What did he bring to the table?

Mr. Mark Griffin: He was the individual who had the substantial public sector ICT experience.

Chairman: Is Mr. Griffin referring to the digital switchover?

Mr. Mark Griffin: No. That was consultant A.

Chairman: Consultant B was from the Department of Agriculture, Food and Marine.

Mr. Mark Griffin: A retired official at assistant secretary level from the Department of Agriculture, Food and the Marine who would have operated for the bulk of his career in the IT sector.

Chairman: Was there anything in particular in the IT sector that he was experienced with or was it general IT?

Mr. Mark Griffin: He was responsible for the IT network and systems in the Department, which is a very large operation, as the Chairman knows.

Deputy Patrick O'Donovan: He was responsible for the IT sector within the Department of Agriculture, Food and the Marine, but he had no specific expertise of coding for postcodes and so on. He came from the Department of Agriculture, Food and the Marine and had no connection to Mr. Griffin's Department. Obviously that was a skill set that was available. If one went down to Sir John Rogerson's Quay, one would probably find thousands of people with that skill set, yet the position was still not advertised.

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Mr. Mark Griffin: No, I do not accept that for a second.

Chairman: I will allow the Deputy back in in a moment but I wish to clarify the matter. What about consultant C?

Mr. Mark Griffin: Consultant C was employed as the process auditor on the procurement process.

Chairman: For where?

Mr. Mark Griffin: I beg your pardon. He was a retired civil servant.

Chairman: From where?

Mr. Mark Griffin: To the best of my knowledge he was a senior level official in the Department of Jobs, Enterprise and Innovation.

Chairman: What was his particular skill set? Was it procurement?

Mr. Mark Griffin: Absolutely, and as I understand it, he would have done similar process auditor work for a range of Departments.

Chairman: What about consultant D then? It was from outside.

Mr. Mark Griffin: It was a private sector company and it would have provided expertise in relation to the development of a privacy impact assessment, which was a requirement of the Data Protection Commissioner.

Chairman: Consultant E was a legal firm.

Mr. Mark Griffin: Yes. E was legal.

Chairman: From outside?

Mr. Mark Griffin: Yes. F was seconded in from Ervia as a project or programme manager. He had expert project management skills.

Chairman: That is the breakdown.

Deputy Patrick O'Donovan: I have some brief questions. Consultant C was a process auditor.

Mr. Mark Griffin: Yes.

Deputy Patrick O'Donovan: He had a skill set in procurement.

Mr. Mark Griffin: Yes.

Deputy Patrick O'Donovan: He was appointed without competitive tendering. Given that he had a background in procurement, should he not have said, as a person who was getting in excess of €30,000 that there might be a problem and that the Department might be better off advertising for his services?

Consultant E was the legal firm. What was the legal firm and had it done work previously for the Department?

Mr. Mark Griffin: I cannot tell the Deputy if it had done previous work for the Department but it did work on the postcodes project. The company was appointed in September 2011 for the provision of legal advice and services on the draft contract. That was a competitive tender. We got five bids at that stage. The consultancy was extended to draft the draft general scheme of the data protection legislation that was required.

Deputy Patrick O'Donovan: So consultant E was around previously in the scheme. It got the job without a tender and consultant C was an auditor with procurement experience and it got the job. Mr. Griffin said consultant B had IT expertise but that was not really the case because he came from the Department of Agriculture, Food and the Marine, so the expertise would not have been communications-specific and it certainly would not have been postcode-specific. We are dealing with the Department of Agriculture, Food and the Marine for long enough to know that it deals with everything other than postcodes. All of the consultants could potentially have been got in a competitive environment but it just so happened that they were not and it just so happened that one of them was a legal adviser previously and the other two were public servants who had retired at a very high level.

Mr. Mark Griffin: I accept that at a minimum the Department should have reported and made arrangements under the obligation set out in Circular 40/02. We did in relation to 2013. I believe one of the consultants was listed. I cannot honestly say why they were not listed in subsequent years. I accept from that perspective the Department was found wanting. As a matter of course, we have a good track record on tendering and procurement and we have put in place systems, as of last September, to make sure that issues in relation to-----

Deputy Patrick O'Donovan: That only happened because the Department got found out.

Mr. Mark Griffin: Not at all.

Deputy Patrick O'Donovan: It did. What was done in September followed on from the Comptroller and Auditor General's report.

Mr. Mark Griffin: No.

Deputy Patrick O'Donovan: The Department got found out.

Mr. Mark Griffin: I would not accept that for a second. I know that one of the things that concerns the Comptroller and Auditor General and the Committee of Public Accounts is the way Departments and Government bodies and agencies adhere to public procurement rules and the frustration that can be caused to the committee when the rules are not complied with.

What we did as a Department was well before the Comptroller and Auditor General produced a report. We established a dedicated procurement unit to assist in the planning and delivery of procurement and we work closely with the Office of Government Procurement. We put in place a register to make sure that details of all proposed procurements are forwarded to the office prior to the commencement of the process. That will ensure that to a much lesser extent, non-competitive procurement will be avoided. There will be circumstances, and it is allowed for in the control system that is in place in Departments, for exceptions to be made to the rule. I expect that in some cases those exceptions may have to be triggered.

I cannot give an explanation in relation to why the contracts were not recorded in accordance with the Department of Public Expenditure and Reform Circular 40/02. I suspect that there may have been some confusion in relation to whether the circular applied in cases where

one takes on board retired Civil Service or public service staff. The other point to make on the three individuals who were retired public and civil servants is that the pension abatement rules in place were complied with in those circumstances.

Deputy Patrick O'Donovan: I will finish now. The Department of Public Expenditure and Reform is washing its hands of it. It is every bit as bad as the way in which the Department of Communications, Energy and Natural Resources has dealt with the issue. It seems to me that there was a limited skill set that could not have been procured in a competitive environment. The situation is going on since 2005. From 2005 to 2013 not much happened, then the Department decided it was in a hurry and conveniently there were retired civil servants available and a legal firm that had previously worked on the issue. They all got the job. Two cases were reported to the Department of Public Expenditure and Reform, which did nothing, and everything went on hunky-dory until the Comptroller and Auditor General wrote his report and the consultants finished up in 2015. Now the Department has new rules and procedures in place. I do not buy that, because I have heard it here previously. It stinks that people get this sort of work from the inside, having previously worked on the inside, at values in excess of €145,000. Some of them are probably in receipt of pensions of that order as well. It is absolutely scandalous.

With your agreement, Chairman, I ask that the committee would express its absolute and total dissatisfaction with the manner in which this procurement has been done. It is not the first time. I am a relatively new member of the committee. Compliance on procurement rules by Departments seems to be something they might or might not do, and here it is obvious that it was not done and the Department of Public Expenditure and Reform, which is charged with making sure it should happen, did nothing about it. To be quite honest about it, I am absolutely disgusted with the whole thing. I am finished now.

Deputy John Deasy: I welcome Mr. Griffin and his officials here today. I will not take too long but I have a couple of issues I wish to raise with him. I will start with something far less controversial than procurement, namely, wind turbines. That was a joke.

I gave notification through the clerk that I would be raising this issue. I do not expect the Secretary General to get into policy and I will not ask him to do that. From my standpoint there is an element of suspended decision making when it comes to this entire area within Government. That has been written about and well reported in the media. Because we are at the end of an Administration it is extremely important that we know what direction the Department and the senior officials in it may be taking with what was possibly described by the Minister as the balance between local concerns and renewable energy around the country. What I wish to focus on specifically is something I have dealt with in my constituency of Waterford and people I know very well, namely, noise and sleep deprivation as a result of wind turbines. The differences within government in this regard have been well flagged. The decision-making process on the draft guidelines prepared two years ago has been suspended. As far as residents are concerned, there are differences of opinion about setback distances. There are also concerns about noise, but they are not addressed in the guidelines and that worries me.

Outside the setback discussion taking place, should we be talking more about the noise than the setback distance issue? I understand that, even for people whose homes are well over 1 km away from a turbine, noise is still an issue and resulting in sleep deprivation. If one accepts that adequate sleep is a prerequisite for good health, particularly that of children, perhaps there has not been enough discussion of the noise issue. Perhaps Mr. Griffin might set out the Department's direction in this regard, particularly in the light of the fact that the process, in terms of publication of guidelines, has been suspended for the past couple of years. He might also com-

ment on whether he accepts the premise that we need to seriously consider some of the issues the citizenry has raised.

Mr. Mark Griffin: I welcome the opportunity to deal with a non-controversial issue. There have been guidelines in place since 2006. A consultation process was initiated by the Department of the Environment, Community and Local Government over two and a half years ago, to which more than 7,500 organisations and members of the public responded. Deputy John Deasy raised the issue of wind energy. It is interesting to note that the consultation process on the guidelines touched on issues such as noise, proximity and shadow flicker. On the issue of noise, there is subtlety in that the guidelines refer to proximity and setback as a noise control mechanism only. They provide that because of the lack of a correlation between separation distance and wind turbine sound levels. The use of a defined setback distance of turbines from noise sensitive properties to control noise impacts is not considered appropriate.

Deputy John Deasy: That is the key.

Mr. Mark Griffin: Yes, I agree. From our perspective, that is a crucial part of the guidelines.

Deputy John Deasy: That is what is missing.

Mr. Mark Griffin: We have had discussions with our colleagues in the Department of the Environment, Community and Local Government. There have also been discussions on the issue at ministerial level. We found it difficult to arrive at an outcome that would balance the real concerns of communities about the impact of wind energy developments with the binding EU target to have 16% of our energy generated from renewable sources by 2020. All of the evidence to date, including the basis of the decision in 2008 that wind energy would form the backbone of our renewable energy contribution, has been based largely on the fact that this is the most effective solution. I refer members to the reports compiled at EU level. The subsidy we provide for a megawatt hour of renewable energy generation is approximately €2.03. The EU average is €13.68 per megawatt hour. The only countries in which the figure is lower are Norway and Finland.

We will be consulting shortly on a renewable electricity policy and development framework. I hope the relevant document in this regard will be available today on the Department's website. The consultation process will seek to identify a number of locations for large-scale renewable energy developments across the State. It will also focus on social acceptance issues. The National Economic and Social Council has done a great deal of work in the past couple of years on how communities want to be involved in decisions and how they want to share in the benefits of decarbonisation because we have to move to a low-carbon economy between now and 2050. Members will recall that in the White Paper published by the Minister prior to Christmas there was a huge focus on the need for community engagement, involvement and benefits and the proposed establishment of a national energy forum by the third quarter of this year.

On the noise issue, the Department's view is that the focus should be on setting an appropriate noise limit to try to deal with some of the concerns being expressed to Deputy John Deasy.

Deputy John Deasy: What Mr. Griffin is saying is the noise issue was not really dealt with as comprehensively as it should have been in the guidelines and that there is work to be done in that regard, which is critical. Is that correct?

Mr. Mark Griffin: That is a fair comment. Our preference would be to-----

Deputy John Deasy: That is significant for those involved who are affected by this issue.

Mr. Mark Griffin: Yes. We need to consider the impact of noise because in so doing we will have a scientific basis for making decisions.

Deputy John Deasy: What Mr. Griffin is saying is that it is too simplistic to just pick a number, that noise considerations need to come to the fore and that it would probably be better to make a decision on the siting of wind turbines on that basis. Is that a fair point?

Mr. Mark Griffin: That would be an accurate characterisation of the position. What is needed is a crude setback distance that will be applied rigidly. It would give little or no capacity to local authorities or An Bord Pleanála to make decisions because they would be locked into a framework. In setting noise limits we would be imposing obligations on developers to prove as part of the planning process that what they were asserting in terms of the location of the development complied with the noise limits set. This would impose a further obligation on them to develop technologies that would mitigate the impact of noise.

Deputy John Deasy: Mr. Griffin has filled the vacuum in this area. It is important, given his continuity in office, that this direction be verbalised. There has been a deficiency in the public conversation on this issue in that it has focused almost entirely on the setback distance. That is what has been reported on, but that should not be the case. Mr. Griffin has just clarified that there is a bigger consideration that needs to take centre stage in the context of guidelines to be published, namely, noise and its potential effect on individuals and their health.

Mr. Mark Griffin: On the concerns people are expressing, the primary concerns are noise and shadow flicker. The concern about visual amenity is probably of less importance. If there is a focus on noise, what one will expect in terms of the outcome is the setting of a mandatory minimum setback distance, which might vary depending on proximity to noise sensitive locations, towns and so on.

Deputy John Deasy: I thank Mr. Griffin for his clarification of the issue. I may not be a member of the next Committee of Public Accounts-----

Deputy Robert Dowds: I doubt that. The Deputy has made a huge contribution to this committee.

Deputy John Deasy: I must be re-elected first. I hope there will be continuity on this issue, given what Mr. Griffin has said. Regardless of what happens following the general election, I hope he will follow through on what he has said. The argument has been slightly distorted. Issues such as sleep disturbance and associated health issues need to be taken seriously. I would not be raising this unless I believed people such as those I deal with in my own constituency and unless I took them at face value. I have met them and talked about the noise coming through the windows, even though it is well over a kilometre away, and the effect that was having on their families. It is very serious. Regardless of the fact that 23% of our energy needs are being met, 80% comes from onshore wind turbines and it cannot be ignored.

Mr. Mark Griffin: Part of the difficulty we have had as civil servants is the struggle we have with conveying an abstract 16% renewable energy target and dealing with the impact on individuals on the ground by explaining clearly and articulately why this is happening. We are listening and, in the Department, we spend a lot of our time engaging with groups to understand their concerns. We will meet with the IWEA again in the next couple of weeks to go through the concerns around wind energy in more detail and to see what can be done. The Minister

for Communications, Energy and Natural Resources, Deputy Alex White, has been absolutely clear in the White Paper that community involvement is very important. This involves not just explaining what is going on, but listening and responding and having community participation in small-scale wind energy projects so that they benefit from them. I have visited a couple of wind farms and I see where it is done well and where there is community engagement and real conversations with people. Local people are employed to work with the company as part of the community engagement where there is a clear community funding process in place. That is related to the Deputy's issue. The concerns of his constituents are real and there is a genuine impact. If we focus on the issues of noise and shadow flicker there may be scope for progress.

Deputy John Deasy: If that is the genuinely held view in the Department, should we consider putting some of the proposals on hold until we determine those guidelines and what the potential health impacts are on individuals? Is it not important for the Department to know where it stands evidentially when it comes to health-based outcomes for individuals before it proceeds with further proposals and applications? That is what somebody on the ground would say to me. Surely we should put these on hold until we know what the consequences are for individuals.

Mr. Mark Griffin: We have done a lot of analysis over the past year on the impact of different proposals around setback, turbine height, noise limits and the impact on our potential to deliver renewable capacity in accordance with our binding EU obligations. Studies have been done internationally and I know of one in Canada which is categorical on the absence of a health effect, though I know the Deputy can find another one.

Deputy John Deasy: I can find one that categorically contradicts it.

Mr. Mark Griffin: It is the same when one is dealing with issues such as EMF - every time one produces a study which states there is not a problem somebody else produces one-----

Deputy John Deasy: I do not want to get into EMF. Mr. Griffin said where he was at and where his thinking was on this issue. It is something that has been dealt with and is complete within Government. I just think we should consider making evidentially-based decisions with regard to the impacts on people's health of the noise from wind turbines before we launch ourselves into any more of them. It is affecting people's health and it is important.

I have a second issue, pertaining to the rural parts of my constituency. *The Irish Times* and other papers today discuss how the goalposts have shifted on the roll-out of broadband. The reason is EU state aid rules and the fact that when a private operator is involved the State cannot duplicate that service and this has changed the plans initially made by the Department. Somebody in Waterford asked what that meant for us and whether we could now expect broadband to be rolled out across the county and in my rural location. Has it changed? Where do we stand on what the EU has ruled and how is the Department dealing with that now?

Mr. Mark Griffin: There are two issues relating to the EU element. First, there is the issue of infrastructure sharing and a broadband cost reduction directive has been adopted and will be transposed. There are already existing rules under section 57 of the Communications Regulation Act 2002, where those who intend bidding for the intervention area under the national broadband plan will be encouraged to share infrastructure. We consider that to be critically important because, by definition, the sharing of infrastructure reduces the cost of providing the service and doing this should have a positive effect on the level of Exchequer funding to be provided. We have discussed in great detail with the stakeholders and likely bidders the impor-

tance of sharing infrastructure during the roll-out of the national plan. During 2015 we invited companies to set out the nature, extent and type of infrastructure they might be able to make available to those companies proposing to bid for the broadband plan. We are making good progress and the Deputy might recall that the updated broadband map up to 2020 was published on 2 December 2015 by the Minister. The pre-qualification questionnaire, as part of the tender process, was published on the same day and our expectation is that we will be in a position to award a tender by the end of this year.

As part of the tender process we will say to the companies best placed to advise on the mobilisation of the roll-out plan that it needs to happen quickly and that certain areas, such as those with poor access and high demand, need to be prioritised. Certain categories such as primary schools and businesses should be part of the initial targeting and we expect 60% of the intervention area to be completed by 2018, which will be 85% when one adds in the commercial sector. We expect 100% by 2020.

I cannot give an exact date when communities in Waterford will get it under the intervention area but people will see from the broadband map, if they enter their address or Eircode postcode, whether they are part of the commercial intervention or the State intervention. As was reported this morning, there is one company which mooted the inclusion of an additional 300,000 addresses on the broadband map last year. I do not want to single that company out but we have said consistently that we want to do this once and do it right. When the commercial companies set out plans for the provision of broadband infrastructure, we require them to enter into a commitment contract. I do not want to come back to the committee in 2020 and say company X said it would provide broadband to parts of Waterford but we decided not to proceed under the intervention strategy and now we have to go back for those areas.

If the Deputy looks at the figures for his county, we have 61,000 premises to be covered by the national broadband plan, the Minister's plan for which he announced the updated map in December. This accounts for just under 18,000, so that is 29% of premises in Waterford. The figures for premises to be covered by next generation access, NGA - that is, the commercial sector - are approximately 32,000 by the end of 2015, with a further 11,000 to be provided by the end of 2016.

What I would say to the Deputy, if he were speaking to his constituents, is it is absolutely full steam ahead for delivery of this plan. It is among the one or two top priorities that I have in the Department. We have a great team in place dealing with it and very good expert consultants advising us, all procured in accordance with the public procurement guidelines. I am very confident that once this is completed, we will rank among the best in the world for the provision of broadband infrastructure. I do not want us to be talking about Ireland being somewhere at the EU average or a little above it in 2020.

This is a really progressive piece of work and I believe it will deliver excellent outcomes for the State. Considering the footprint of the intervention area and the types of premises that will be served - the number of farming communities, workers, and SMEs in the intervention area - this will make a transformational difference. We are talking about 96% of the national landmass, 1.8 million citizens, 214,000 white-collar workers and 89% of farm employment lying within the intervention area.

Deputy John Deasy: That is fine. I understand there is an impetus within the Department to actually get this rolled out. If I take the west of my county of Waterford, the lack of speed is killing businesses there. It is killing the growth of existing businesses and the establishment

of new ones. I deal with the issue alongside the county manager a great deal. I try to get him involved and he does so readily. We both correspond with the companies to try to get a better service. There are topographical anomalies involved whereby people and businesses are badly disadvantaged when it comes to their service. The sooner this is done the better because it is holding back business development badly in rural areas. I cannot say that enough. I just come across it too often.

Mr. Mark Griffin: The Deputy is absolutely pushing an open door with the Department, I can assure him of that. I am very comfortable that we are doing this the right way.

Chairman: I think Mr. Griffin has given the Deputy enough for his election newsletter. It will probably get Deputy Deasy across the line. I would be satisfied with that if I were him.

Mr. Mark Griffin: If the Deputy needs anything in writing, he should just let me know.

Deputy John Deasy: Did the Chairman mention Kilkenny yet?

Chairman: I am just coming to that.

Deputy John Deasy: It does not just affect my constituency, it affects every rural constituency. Mr. Griffin knows this. I am trying to emphasise its importance. Frankly, when it comes to many of the most recent cases, I have failed to help these individuals because it is outside of my power. We end up with no real improvement in the service in many cases, which is devastating for some businesses.

Mr. Mark Griffin: If we look at what is happening in the digital economy, we are spending €6.4 billion online every year. That is up €2 billion since 2012. The expectation is that it will be €12 billion by 2020. We are spending €730,000 per hour online. I want to link this back to a conversation we had earlier. The untapped potential of the digital economy is present in rural communities right across the country. I have nieces and nephews, brothers and sisters who live down the country. I assure the Deputy that I get it in the ear every time I meet one of them as regards the appalling state of the broadband infrastructure as soon as one moves outside the small towns.

I would like to finish on a positive note. The real value of Eircode is that when we provide high-speed broadband to rural parts of the country, and when the people in those areas fully tap in, we will see a massive increase in demand and online activity. It is then that we will see a huge and very significant take-up of Eircode because people have to get stuff delivered to their houses.

Deputy John Deasy: I thank Mr. Griffin and apologise to the Chairman for being overly parochial occasionally.

Chairman: May I return to Eircode? What is the level of usage of the codes? Are they used extensively by Departments or An Post, for example? Are they used in the general circulation of material by An Post?

Mr. Mark Griffin: We have seen a significant increase in activity over-----

Chairman: Specifically, does An Post use Eircode?

Mr. Mark Griffin: Does An Post use it? Does it use the codes in the context of mail delivery, for example?

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Chairman: When sending out its Christmas card circulars, did An Post use Eircode?

Mr. Mark Griffin: It uses the codes as part of its sorting system.

Chairman: Does it use the codes on its addresses?

Mr. Mark Griffin: That may well be the case.

Chairman: Do Government Departments use them?

Mr. Mark Griffin: Yes, they do.

Chairman: All of the Departments?

Mr. Mark Griffin: All of the ones that have been encoded are starting to-----

Chairman: So they do not all use Eircode at present.

Mr. Mark Griffin: All the Departments that have been encoded are starting to use it. Let me give you a run-through of some of the key ones.

Chairman: Just give me the names. I do not want to spend too long on this.

Mr. Mark Griffin: The Department of Social Protection, Revenue, the HSE is starting to use it-----

Chairman: I thought Revenue did not use it.

Mr. Mark Griffin: Revenue does use it.

Chairman: Since when?

Mr. Mark Griffin: They have started using it since about last October. It has gone out in approximately 800,000 pieces of correspondence from the Revenue Commissioners. The Department of Social Protection, DSP, issues in the region of 400,000 pieces of Eircode-enabled correspondence per month. ESB-Electric Ireland will start issuing electricity bills with codes from next Monday. I think approximately 20,000 bills as part of its 650,000 billing cycle.

Chairman: Returning to commercial operators, the freight companies and parcel service, two different companies were mentioned in this regard. However, many freight companies which started using Eircode abandoned it because they said it is not accurate.

Mr. Mark Griffin: I would not accept that for a second. I do not know who has said that to you about the lack of accuracy. On the Sean O'Rourke show the other morning, there was an individual called Gareth Daly who is a film producer and who runs media production company in the midlands. He has had ongoing problems with contracts, scripts and so on being mislaid and not arriving in the post. He said that he would give Eircode a shot just before Christmas and has not had a problem since. He asked the delivery guy how he found him and the guy said if he just put the details into the Eircode finder and he got there.

Chairman: Who engages with the different companies, be they commercial operators or Government agencies, to determine if they use it and how far they have come in the context of developing their systems to enable them to do so? Does Mr. Griffin's Department do that?

Mr. Mark Griffin: Capita, the postcode management licence holder, engages with the com-

mercial companies in terms of both selling the product and supporting them in the roll-out----

Chairman: As far as you are concerned, there is a roll-out taking place, it is ongoing, and it is successful.

Mr. Mark Griffin: It will take time.

Chairman: What kind of time will it take?

Mr. Mark Griffin: I would expect to see a big increase in the level of visibility during the course of the year. The motor tax online system has been upgraded to include eircodes from 18 January, I think. The register of electors, members will be delighted to hear, has been upgraded to include them.

Chairman: Why does the actual code itself have to be so complicated, particularly in terms of memory of the code of one's location?

Mr. Mark Griffin: There is a code for each of the individual addresses, 2.2 million of them, in the State. One of the first criticisms made concerned the need for a unique code rather than the sort of group code used in the United Kingdom. That would have been useless in terms of our system, where we have 35% non-unique addresses, something people assume is a bit of an issue. The nearest country to us in the OECD in terms of the number of non-unique addresses is Portugal, which has 2%. Therefore, we have a fundamentally different type of problem.

The code is unique. The first three digits are the routing key and the other four digits identify the individual property. I do not believe it is all that complicated. The freight associations raised an issue as to why they could not be sequential. There is a reason for that. If, for example, we look at housing policy, it tends to utilise, to the greatest extent possible, brown field and infill sites. Therefore, if someone builds a house, two houses or a block of apartments on an infill site in any town or city across the State, all the other postcodes on the far side of that development would have to be re-sequenced.

Chairman: Does the code give 214 ABCD or what do we get with an infill?

Mr. Mark Griffin: The way the code is designed, if someone builds on an infill site, the routing key stays the same, but the other four elements change and will not be aligned in any way with the existing numbers.

Chairman: What is the identifier then for the new infill site?

Mr. Mark Griffin: If the new infill is a house, it will be something like A65 ABCD. If it is a block of apartments, each apartment in the block will have its own unique Eircode and again, these will not be sequential.

Chairman: So that is the reason they are not sequential.

Mr. Mark Griffin: Yes.

Chairman: Why were there so many changes in the tender process as it progressed?

Mr. Mark Griffin: There were delays.

Chairman: The design changed.

Mr. Mark Griffin: On the design change, if we look back at the first detailed analysis and critique of the code in 2006, by the National Postcode Project Board, it wanted a postal sector model on the lines of abc 123. This would have been like the code in the UK, where the post-code would identify a block of between ten and possibly up to 50 houses. It is clear from looking at the board's report that while it settled on that type of approach, its preference was to have a unique identifier. The reason that was not progressed at the time was because of concerns expressed by the Data Protection Commissioner.

As the debate, discussion and consultation evolved over the following years and particularly with the consultation process during 2010, it became clear a unique identifier was the preferred model. The Joint Committee on Communications, Energy and Natural Resources, which considered this issue in 2010, recommended that the option of a postcode system based on a unique identifier should be taken up in view of its range of benefits, using the best, most up to date technology. Therefore, the perspective that evolved over a number of years was that a unique postcode, particularly given the extent of the non-unique addresses in Ireland, would be a much more effective postcode to introduce.

It has taken people time to understand how this works. There has been some reaction from the freight companies and a little bit of head scratching. I believe that if I come back to this committee in a month or in two years' time, there will have been a much greater level of adoption of postcodes. Take for example what happened in Northern Ireland, where it took from 25 to 30 years before it achieved an 85% rate of use of the postcode on mailed items. I do not think it will take anything like that with our system. Although this identifier is called a postcode, its potential use extends far beyond the mail system.

Chairman: What are the licensing costs?

Mr. Mark Griffin: There are two separate licences involved. One is for the basic file, the ECAF, which contains the address and Eircode only. The other is for the ECAD, which is the more commercial product which is sold by Capita Business and Supply Services and An Post Geodirectory Limited. This includes the address, Eircode and geo co-ordinates.

Chairman: What do they cost?

Mr. Mark Griffin: It depends on the number of users. For the ECAF, it is €60 per user for from one to 83 users. For 84 users and above, it is a single fee of €5,000. The ECAD, is more expensive because it provides more value and is the one used for finding addresses. It provides the Eircode, the address, the geo co-ordinates and the aliases. The cost for from one to ten users is €180 per user, which would amount to €1,800 for ten users.

Chairman: Is there enough of an incentive built into these costs for the user? It seems expensive.

Mr. Mark Griffin: I believe there is. It is expensive. The determination of the cost was the subject of a consultation with those who might have been interested in procuring the licence. Capita had to set the cost at a level that would be acceptable to the market.

Chairman: What is in it for the State?

Mr. Mark Griffin: On that, I could go back to what the Joint Committee on Communications, Energy and Natural Resources said in 2010, that what we will get from a postcode system is a system that will allow us to improve mechanisms to handle spatial data, improve targeting

of government expenditure, facilitate emergency services - we mentioned the ambulance service earlier - provide new types of geographic based services, provide a unique address to all properties, greater development of e-commerce, a reduction in the cost of logistics and reduce data input for all businesses and administration.

Chairman: Is there a payback for the State?

Mr. Mark Griffin: There is a potential payback once the level of profits hits a particular level. There is a profit share mechanism built into the contract and that was set out in the Comptroller and Auditor General's report. There is a mechanism for a clawback by the State. That is described in figure 13.5 of the comptroller's report.

Chairman: Who is the owner of the system?

Mr. Mark Griffin: The State owns the IP; we own the intellectual property.

Chairman: To go back to the issue of the actual costs, which was dealt with by Deputy O'Donovan. We have learned our lessons from this. Will Mr. Griffin go back over the final costs for me and are there any further costs to be incurred?

Mr. Mark Griffin: As pointed out in the Comptroller and Auditor General's report, the overall cost, when we factor in VAT and the Department's staffing costs, is €38 million. We have spent €21.85 million. A balance of €14.5 million could accrue over the period of the licence, on the basis of certain key performance indicators, KPIs, being achieved. There are service level agreements in place that set out the key performance indicators to be achieved and payments will be based on those. From the Department's perspective, there are no additional costs over and above the €38 million.

Chairman: In the context of the design, the licensing and the incentives for the use of the Eircode, is there a built-in mechanism in the arrangement to allow for improvements? If a problem arises here or there, does that problem get resolved without a cost to the Department? As the Department rolls out a system, it will find issues with it. I presume that will not come back to the Department.

Mr. Mark Griffin: No.

Chairman: It is a matter that Capita will sort out.

Mr. Mark Griffin: Yes. So much effort has gone in to the development of the design of the postcode that I believe the postcode is an enduring piece of infrastructure which will not require amendment. There are issues that Capita has to engage in in terms of it commercialising the product. What it does in regard to that is entirely a matter between Capita and the entity it is dealing with within the overall cost figures I have outlined to the Chairman, so I do not see any additional unforeseen costs arising for the Department.

Chairman: I want to ask Mr. Griffin a question on another part of his Department. Inland fisheries is his Department's area, is it not?

Mr. Mark Griffin: It is.

Chairman: I have some general questions. There is a list of assets and under inland fisheries, there is a figure for accommodation.

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Mr. Mark Griffin: Yes.

Chairman: In 2012, it was €107,976 and in 2013, it was €110,489. What is it?

Mr. Mark Griffin: The Chairman is reading from-----

Chairman: Page 15 of the accounts.

Mr. Mark Griffin: Page 15 of the appropriation account.

Mr. Seamus McCarthy: No. I think it is the IFI accounts. Is it?

Chairman: IFI, yes. Does Mr. Griffin deal specifically with these?

Mr. Mark Griffin: I think the Chairman had intended-----

Chairman: Does the Department just give it the money? Is that it?

Mr. Mark Griffin: We just give it the money, and we try to control it as well. I think the Chairman had intended to have the IFI representatives appear before the Committee of Public Accounts last year-----

Chairman: We had. I am just going down through the accounts.

Mr. Mark Griffin: The IFI would have a series of property assets. It would have had sites in Swords and, in terms of its headquarters, it would have had a HQ plus premises and warehouses.

Chairman: This is a guest house in Connemara and when I saw this, I wondered who managed that guest house. What is it for? Do staff or board members use it?

Mr. Mark Griffin: I have no idea but I will find out for the Chairman.

Chairman: Will Mr. Griffin send us a note on that?

Mr. Mark Griffin: Absolutely, yes.

Chairman: I am asking this question because due to some issue or other, we had to cancel that particular meeting but there was a bad debt provision in its accounts in 2013 of €23,660. However, in 2012 it was €246,094. Mr. Griffin might give us a note on that as well.

Mr. Mark Griffin: Absolutely.

Chairman: He might give us a note on the board and its members. I have all those places filled. As Mr. Griffin does not deal directly with the accounts, I will not pursue them.

Mr. Mark Griffin: From memory, there are two vacancies on the board of IFI and they are being filled through the Public Appointments Service process.

Chairman: Mr. Griffin better get them signed off before next Tuesday; he would want to be in a hurry with that. Those two figures stood out in my mind because of the fact that Mr. Griffin does not deal directly with this. Does it then just give the Department its accounts and the Department goes through them?

Mr. Mark Griffin: The annual report and the accounts are audited by the Comptroller and

Auditor General. They come to the Department. We would go through them. They are submitted to Government and laid before both Houses of the Oireachtas.

Chairman: Regarding tribunals and Mr. Griffin's Department, what are the tribunals?

Mr. Mark Griffin: The only tribunal we have any residual involvement in is some payments in regard to the Moriarty tribunal.

Chairman: What are the payments to date on that?

Mr. Mark Griffin: The payment to date from our Department's Vote is €2 million, going back from 2004 to 2014. Obviously, there are other substantial costs that are borne by other Votes.

Chairman: What does Mr. Griffin expect that figure to be on his side? I believe it is €2.047 million.

Mr. Mark Griffin: That is it, yes. I imagine we are nearing the end of the payment of funds to the workings of the tribunal. We had a provisional expenditure for 2015 of about €24,000, so the Chairman can see substantial reductions in the payments over the past number of years, and one would hope we are nearing the end of having to provide funds for that.

Chairman: What other Departments would have costs?

Mr. Seamus McCarthy: The Taoiseach's Department is the big one in terms of Moriarty.

Chairman: Is there any one single department in either Mr. Griffin's Department or the Taoiseach's Department that has a type of rolling cost that keeps it all together?

Mr. Mark Griffin: The Taoiseach's Department would probably have but as the Chairman can see, we are a fraction of the overall cost.

Chairman: What is the overall cost?

Mr. Seamus McCarthy: The Vote for the Taoiseach's Department is just showing the expenses its Vote has borne. It would require an exercise to accumulate these expenses from the other Votes that would be-----

Chairman: Does Mr. McCarthy have any idea of that?

Mr. Seamus McCarthy: Not offhand but I would imagine that apart from the Taoiseach's Department, the greatest expense would have been in regard to this Department so whatever the figure is in the Taoiseach's Department-----

Chairman: It is less than this.

Mr. Seamus McCarthy: That is a very substantial figure. Obviously, there would be outstanding claims to the Moriarty tribunal-----

Chairman: We have a figure for those.

Mr. Seamus McCarthy: They have a provisional Estimate in, as to the amount, but offhand I cannot say what that is.

Chairman: How can the Committee of Public Accounts get that overall figure? We ask

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the two different Departments. Mr. Griffin's Department is €2.047 million plus €24,736, and coupled with that is the figure from the Taoiseach's Department.

Mr. Mark Griffin: Yes.

Chairman: Mr. Griffin's Department does not expect to pay too much more. Would the Taoiseach's Department expect to pay more?

Mr. Seamus McCarthy: There would be claims for expenses, legal costs from witnesses-----

Chairman: When would they come in?

Mr. Seamus McCarthy: They will take some time to come through-----

Chairman: I see.

Mr. Seamus McCarthy: -----but I think there is a contingent liability figure in the Taoiseach's Vote in regard to that.

Chairman: We might check that with the clerk.

Television licences were down. The figure was lower than expected.

Mr. Mark Griffin: They were lower than expected, yes.

Chairman: Why is that?

Mr. Seamus McCarthy: Page 20-----

Mr. Mark Griffin: The Chairman might bear with me. The sales were down but I want to give him the reduction for 2014.

Chairman: It is broadcasting licences.

Mr. Seamus McCarthy: Item 4 of the appropriation account.

Chairman: It went from €216 million to €213 million. The Department's Estimate was €217 million so it is down approximately €3 million.

Mr. Mark Griffin: We make a best shot at the start of the year. This is money we get by way of appropriations-in-aid and that is why the Chairman can see savings during the course of the year because all we have at that stage is our best estimate in regard to the likely level of licences to be procured in the coming year.

Mr. Mark Griffin: I am sorry, I have better figures on this in the briefing I have but I will get the Chairman a better note on that. Funding receipts in 2014 were €213 million overall. We had a slight bump in 2015 to €214 million, so there was some pick-up during 2015, but I would make more of a policy point than a numbers point on that. We still have an ongoing issue with the level of television licence evasion. The evasion level is approximately 15%, costing the system between €25 million and €27 million per annum. It is an issue that has to be dealt with.

Chairman: So there is a loss of income to the State of €25 million?

Mr. Mark Griffin: Yes, a substantial loss of income, which could be used by RTE, TG4-----

Chairman: Local radio stations

Mr. Mark Griffin: -----local radio stations, the BAI and the sound and vision schemes. It is an issue that needs to be tackled in the context of the change in approach to how people consume media. The Chairman will recall that we had intended at a point in time to introduce the public service broadcasting charge but, obviously, that is something that will fall to a new Administration to consider at this point.

Chairman: I refer back to the Moriarty tribunal receipt. In December 2014, the accumulated cost to the Taoiseach's Department was €50.8 million. Presumably, it had costs in 2015 as well.

Mr. Mark Griffin: It might have had but I do not know what the figure would have been.

Chairman: Under legal costs on page 22, section 2, there is a settlement of €69,000.

Mr. Mark Griffin: This relates to claims from two former members of the Department of Posts and Telegraphs for delays in payment of preserved pensions.

Chairman: The Department delayed in paying them their pension and then they took a legal action or was that their pension?

Mr. Mark Griffin: I am having a note rapidly scribbled for me so I need about 30 seconds if I can read her writing.

Chairman: Ms Cronin can come in if she wants rather than scribbling away. He will not be able to read it. This is her moment.

Ms Patricia Cronin: Effectively, they were two former members of the Department of Posts and Telegraphs and our Department has continued responsibility for pension payments. In respect of those people, they were not originally entitled to pension payments but the law changed and they subsequently became entitled. After that though, there was a disagreement between them and the Department in respect of the amount of the pension payments. They took legal cases against us and, as I recall, we made settlement without going to court. That is what the two settlements were. They were people who worked a long time ago for the Department of Post and Telegraphs.

Chairman: I thank Ms Cronin. I call Deputy Dowds.

Deputy Robert Dowds: I thank Mr. Griffin and his team for attending. I was interested in the dialogue between him and Deputy Deasy about the issue of wind turbines. Am I correct that, in terms of land-based wind turbines, we are in an almost impossible position? The general thrust of the conversation between both of them related to noise but there is a connection also between noise and distance. I appreciate noise levels do not entirely depend on setback distance. There is an ongoing significant debate about whether the setback distance should be 0.5 km or up to 1 km. If 1 km is taken as the standard distance between a house and a wind turbine, a turbine could be not erected anywhere in the country. Has Mr. Griffin thought about how to get around that? Will people have to be resettled? Has the Department plans to get around that problem?

Mr. Mark Griffin: The Deputy is correct that if the setback distance is extended, one starts to reduce substantially the level of renewable electricity that can be provided by way of wind energy. If the setback distance is moved by 100 m, that could reduce the capacity of the country

to accommodate onshore wind development by 1,000 MW. We cannot reinvent the way the country was designed. Part of the problem is down to the fact that we have a dispersed settlement of population and it is difficult to find locations around the country where there is not a house within 500 or 600 m of a proposed wind energy development. The Civil Service has always been good at rationalising competing objectives and coming up with solutions that will broadly work for most of the interested parties. We have been in discussion with the Department of the Environment, Community and Local Government for some time about a range of different methodologies, including setback distance, tip height and land types, to consider the impact of introducing setback distances based on all those factors. We have found it difficult so far to settle on a set of parameters or circumstances that will work and provide the certainty communities want and deal with the concerns they have while, at the same time, allowing us to meet our 16% renewable energy capacity. It is not beyond our wit to come up with a solution in the coming months that will allow some of this to be addressed but it is, as both Ministers have described it when they have dealt with it in the Dáil, a complex issue, which is full of emotion for people.

It is also an issue that causes concern to the investment community. Wind energy developers are investing very significant amounts of money in projects across the State, which provide valuable jobs in construction. I visited the Galway Wind Park a month ago, which is just outside the city. It will generate upwards of 100 MW of electricity and it is providing significant employment locally. I will not use the term “vested” because it has a certain connotation, but there are very many number of competing interests and concerns in this space that have to be listened to and worked through in a sensible way by the Departments, Ministers and, ultimately, the Government in coming to a decision in this area and we are not there yet.

Deputy Robert Dowds: Is Mr. Griffin thinking of suggesting that planning regulations ought to change in order that it would not be possible, say, to build in certain areas? What about people who may be in “wind-fertile” locations, if that is a correct way to describe it? Has thought been given to compensating them in order that they might perhaps move from the area? I appreciate that it is very difficult, but one might accept, as most others and I do, that use of wind energy is one of the directions in which we must move. I absolutely agree with Mr. Griffin on the problem of the dispersal of population; the population is much more dispersed in Ireland than in virtually any other European country, even those with much larger populations such as England and Germany.

Mr. Mark Griffin: The United Kingdom has a much larger population and one would consider it to have vibrant and robust rural communities as everybody lives in a village. They do not face the issues we in Ireland face.

Deputy Robert Dowds: That is true of Germany, too.

Mr. Mark Griffin: Absolutely. In Ireland we have such a dispersed population. Wind energy generation will still have to be part of the solution. Looking at it from a cost perspective alone and the subsidy paid for onshore wind energy, at approximately €70 per megawatt hour, we can compare it with the figure for biomass, at approximately €100 per megawatt hour. In the United Kingdom the figure is approximately £160 per megawatt hour. Tidal and wave energy projects are down the track, although the Department is investing a lot of money in the research aspects, but we are not yet at the point where we need to start considering the large-scale relocation of households. Frankly, that has not been a consideration.

Deputy Robert Dowds: Has the Department thought in terms of trying to restrict develop-

ment within specific areas, for example, in order that no new buildings are put up?

Mr. Mark Griffin: I mentioned to Deputy John Deasy that we are issuing a consultation document on a renewable electricity development framework which will try to identify parts of the country that are perhaps less populated and which might be suitable for renewable energy developments. If we were to do this, we would be into another set of problems as these are likely to be more remote locations and the cost of providing a grid would, therefore, increase. All of these issues are interconnected and complex. I go back to the point I made to Deputy John Deasy that our preference would be to mitigate, for want of a better term, the real impacts. The focus on noise and the putting in place of a proper system based on noise impacts, taking account of the impact on noise-sensitive receptors such as domestic premises, schools etc., is something that requires a degree of consideration on our part and that of the Department of the Environment, Community and Local Government.

Deputy Robert Dowds: I have one more question, but I gather the Chairman must leave. I will have to take the Chair as well as asking questions.

Chairman: I thank Mr. Griffin for coming.

Deputy Robert Dowds took the Chair.

Acting Chairman (Deputy Robert Dowds): My other question relates to RTE. Over half of the money spent by the Department goes to RTE. Are there criteria with respect to the money given to RTE? What is demanded of it as the State broadcaster?

Mr. Mark Griffin: RTE has a set of public sector objectives that it must publish on an annual basis, setting out its role as a public sector broadcaster. Even compared with other organisations with which we deal, RTE's role is set out comprehensively in statute. A chunk of money is allocated to it from television licence receipts. It also receives money from the Department of Social Protection. The amount it has received has declined significantly in the past few years. One should also bear in mind that the commercial income the company received would have been under significant pressure during the recession. With a reduction in licence fee receipts, it would have taken a double hit because of decreasing commercial income. There is a block of money, of which €9.245 million goes to TG4. Approximately €14 million per annum is assigned to the Broadcasting Authority of Ireland and to support the sound and vision and archiving schemes.

I have dealt with the director general, Mr. Noel Curran, and seen the work done by the company in the past few years. It would be worthwhile, if time permitted, to have a look at the report produced by NewERA in the past couple of years. RTE has cut costs dramatically and there are very good metrics included in the NewERA report. I cannot recall some of the useful examples off the top of my head, but with regard to getting bang for your buck, looking across the rest of Europe in public service broadcasting in particular, RTE performs very well. It has reduced staff numbers, while salaries have been hit.

Acting Chairman (Deputy Robert Dowds): What about the heavy hitters? There are some earning six-figure sums.

Mr. Mark Griffin: That is a perennial concern for various committees in this building. RTE makes the point that it is not the only body that pays big money to presenters.

Acting Chairman (Deputy Robert Dowds): It is very good at asking questions of others.

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Mr. Mark Griffin: Presenters attract an audience and income to RTE. They might be paid sums to which the Acting Chairman or I can only aspire, but they certainly seem to earn it in terms of the income generated for the organisation.

Acting Chairman (Deputy Robert Dowds): There is no link between the Department and RTE in terms of content.

Mr. Mark Griffin: The content is based on the objects set out in the Act. RTE must provide both a strategic plan and report on how it has complied with objects. The watchdog is the Broadcasting Authority of Ireland.

Acting Chairman (Deputy Robert Dowds): I can understand that need. Sometimes there are questions about content. As a politician, I am probably more inclined to focus on what I might regard as lack of objectivity in reporting on politics. There is some evidence in that regard and I can give an example that is not directly political. The previous Pope, Pope Benedict XVI, made a speech in Regensburg in Germany, to which there was a reaction because he seemed to be very critical of the whole Islamic world. There was a direct response from the world of Islam through “A Common Word”. There was a conference in Dublin that happened to coincide with the death of Nelson Mandela. RTE sent a camera crew, etc. to report on it and nothing appeared about it. I know that the team was probably unlucky because of the overlap with the death of Nelson Mandela. It is very important, however, that the positives, on the Islamic world in this case, are reported, as opposed to just the negatives, as we see every day. The issue must be considered very carefully. I accept that it is more appropriate to bring this matter to the Broadcasting Authority of Ireland.

Mr. Mark Griffin: I am thankful that it is specifically written into the Broadcasting Act that RTE is independent in the discharge of its functions. This has acted as a great protection for Ministers over the years.

Acting Chairman (Deputy Robert Dowds): I will leave it at that. I thank Mr. Griffin.

The witnesses withdrew.

The committee adjourned at 1.10 p.m. until 12 p.m. on Tuesday, 2 February 2016.