

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 18 Samhain 2021

Thursday, 18 November 2021

The Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Colm Burke,	Deputy Imelda Munster,
Deputy Jennifer Carroll MacNeill,	Deputy Verona Murphy,
Deputy Matt Carthy,	Deputy James O'Connor,
Deputy Cormac Devlin,	Deputy Sean Sherlock,

DEPUTY CATHERINE MURPHY IN THE CHAIR.

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

2020 Report of the Comptroller and Auditor General and Appropriation Accounts

Vote 32 - Enterprise, Trade and Employment

Chapter 6 - Covid-19 Restart Grant Schemes

Dr. Orlaigh Quinn (*Secretary General, Department of Enterprise, Trade and Employment*) called and examined.

Vice Chairman: Apologies have been received from the Chairman, Deputy Stanley, and Deputy Dillon. The Comptroller and Auditor General, Mr. Seamus McCarthy, is a permanent witness to the committee. I ask members and all others in attendance to exercise personal responsibility to protect themselves and others from the risk of Covid-19. They are strongly advised to leave at least one vacant seat between themselves and others attending the meeting physically and to use the sanitisers provided. They should maintain an appropriate level of social distance and masks should be worn at all times, except when speaking. I ask people to co-operate with these measures.

Members participating remotely must continue to do so from within the precincts of Leinster House. This is due to the constitutional requirement that in order to participate in meetings, members must be physically present within the confines of the place where Parliament has chosen to sit.

This morning, we engage with officials from the Department of Enterprise, Trade and Employment to examine: the 2020 appropriation account for Vote 32 - Enterprise, Trade and Employment; and, from the 2020 report of the Comptroller and Auditor General on the accounts of the public services, chapter 6 re Covid-19 restart grant schemes. We are joined remotely from within the precincts of Leinster House by the following officials from the Department of Enterprise, Trade and Employment: Dr. Orlaigh Quinn, Secretary General; Ms Pauline Mulligan, head of corporate services division; Mr. Declan Hughes, head of indigenous enterprise, SME and entrepreneurship division; and Mr. Cathal O’Gorman, finance officer. From the Department of Public expenditure and Reform, we are joined remotely from within the precincts of Leinster House by Ms Georgina Hughes-Elders, principal officer, and Ms Jessica Lawless, assistant principal, from the Department the of Enterprise, Trade and Employment Vote section. They are all very welcome.

I ask members and witnesses to mute their microphones when not contributing in order that we do not pick up background noise or feedback. As usual, I remind those in attendance to ensure that their mobile phones are on silent mode or switched off.

Before we start, I wish to explain some limitations to parliamentary privilege, and the practice of the Houses as regards references speakers may make to other persons in their evidence. As the witnesses are within the precincts of Leinster House, they are protected by absolute privilege in respect of the presentation they make to the committee. This means they have an

absolute defence against any defamation action for anything they say at the meeting. However, they are expected not to abuse this privilege and it is my duty as Vice Chairman to ensure the privilege is not abused. Therefore, if the statements of a witness are potentially defamatory in relation to an identifiable person or entity, that witness will be directed to discontinue his or her remarks. It is imperative that such a direction is complied with.

Members are reminded of the provisions under Standing Order 218 that the committee shall refrain from inquiring into the merits of a policy or policies of the Government, or a Minister of the Government, or the merits of the objectives of such policies.

Members are also reminded of the long-standing parliamentary practice that they should not comment on, criticise or make charges against any person outside the House or an official, either by name or in such a way as to make him or her identifiable.

To assist our broadcasting service and the Debates Office, I ask that members direct their questions to a specific witness. If the question has not been directed to a specific witness, I ask each witness to state his or her name the first time that he or she contributes.

I call the Comptroller and Auditor General, Mr. Séamus McCarthy, to make his opening statement.

Mr. Seamus McCarthy: The appropriation account for Vote 32 Enterprise, Trade and Employment indicates gross expenditure of €1.76 billion was incurred in 2020. This represented an increase of 89% over the 2019 level of expenditure, due mainly to the provision of funding for Covid-19 related schemes. In a number of expenditure areas, the level of funding provided for Covid-19 related spending was significantly more than was actually required in the year.

The 2020 spending was distributed across three expenditure programmes of varying size. The largest expenditure programme was in jobs and enterprise development. This accounted for €1.3 billion, or 72% of the total spent in 2020. Key areas of spending under the programme included €652 million for Covid-19 related business restart grant schemes which was routed through Enterprise Ireland; €192 million in other funding for Enterprise Ireland including its normal programmes; €198 million provided to the IDA; €79 million for local enterprise development; €48 million transferred to the Strategic Banking Corporation of Ireland and just under €25 million transferred to Microfinance Ireland, to fund various business loan schemes.

Expenditure on the innovation programme in 2020 was €414 million, which was similar to the level of spending in 2019. This included spending of €332 million on the science and technology development programme; €24 million on the programme for research in third level institutions; €24 million on subscriptions to international organisations; and €19 million for the ‘disruptive technologies’ fund. Expenditure on the business regulation programme was €77 million in 2020, again, similar to the 2019 expenditure level. This funding supported the direct operation by the Department of certain regulatory functions including the Workplace Relations Commission, the Office of the Director of Corporate Enforcement, the Companies Registration Office and the Patents Office. Funding was also provided from the programme for independent bodies, such as the Health and Safety Authority, and the Competition and Consumer Protection Commission.

Receipts into the vote amounted to just under €50 million in 2020. These substantially relate to fees for services operated by the Department, including employment permit fees in respect of foreign workers; Companies Registration Office filing fees; and trade mark and pat-

ent fees. Receipts also include retained staff pension contributions, both from the Department's own staff, and the staff of agencies under its aegis. The surplus remaining unspent at the year-end was just over €182 million. The Department secured the agreement of the Minister for Public Expenditure and Reform to carry over €106 million in unspent capital funding to 2021. The balance of €76 million was due for surrender to the Central Fund of the Exchequer. The appropriation account records the cash transactions related to the vote in the year of account. In addition the vote has incurred a contingent liability arising from the operation of a number of credit guarantee schemes. This is explained in note 2.9 to the account which indicates that, at 31 December 2020, the Department's maximal exposure under the guarantee schemes was €80 million on outstanding loans totalling €113 million. This was up from a maximum exposure of €5 million at the end of 2019 on outstanding loans of €30 million.

As outlined in chapter 6, small to medium businesses received grants from Vote 32 totalling around €633 million in respect of interruptions to trading as a result of Covid-19 related restrictions in 2020. The schemes were operated and funded by the Department of Enterprise, Trade and Employment, with the payments being made by the relevant local authorities. The funding was routed to the local authorities via Enterprise Ireland. The purpose of the grant was to assist businesses with costs arising from the restrictions. Under the scheme provisions, businesses were invited to self-declare their eligibility. Conditions of the grant included that the business was a commercial enterprise operating from a premises liable to local authority commercial rates; had incurred, or expected to incur, a 25% or more loss of turnover between April and June 2020; intended to retain staff on the temporary wage subsidy scheme and committed to remain open for trading or to reopen. Businesses were not required to explain how the money was to be used, and vouching for the manner in which the grants were applied was not required.

A grant scheme that relies on self-declaration should have a number of key controls. One of these is the completion of post-payment checks to ensure that claimants had satisfied the conditions of the scheme and were accordingly entitled to the payments they received. The conditions of the scheme were such that a significant number of businesses were likely to qualify for the financial assistance available. Nevertheless there is a risk that claims were submitted and paid where the prescribed conditions were not met. The Department signalled at the outset of the scheme that reviews of eligibility for the grants would be undertaken, but these have not yet occurred. As a result, there is no basis of assurance about entitlement of grant recipients to the amounts paid. At the time of completing this report the Department was in the process of procuring an independent audit of the scheme. Subsequently, the Department plans to carry out an evaluation of the effectiveness of the scheme.

Vice Chairman: I understand this is the first appearance of Dr. Quinn as Accounting Officer before the committee so I take the opportunity to particularly welcome her and wish her every success in her brief. As detailed in the letter of invitation, she has five minutes for her opening statement.

Dr. Orlaigh Quinn: I thank the Chair for her welcome. I am pleased to be here before the committee this morning. The Chair has introduced my team and her thank her for that.

As members know 2020 was a year like no other and Covid-19 had an immediate impact on the Department, on the economy and on our citizens, while dealing with Brexit at the same time. Our budget, as the Comptroller and Auditor General pointed out, increased hugely to €1.95 billion which was double our allocation of €977 million in 2019. This allowed us to roll out significant and targeted supports for enterprise, including the restart and the restart plus grants, the sustaining enterprise fund, the Covid products scheme and the Covid credit guar-

antee scheme. It also allowed us to significantly expand other supports such as the working capital and future growth loan schemes and the Microfinance Ireland Covid loans scheme. In addition we responded with a large number of non-fiscal measures in areas of company regulation, health and safety, workplace relations as well as new advisory supports. One of the most significant measures was the restart grant scheme. As the Comptroller and Auditor General pointed out in his report, grants to the value of €640 million were paid to enterprises of which €633 million was paid out by ourselves and €7 million by Fáilte Ireland. The local authorities were used to specifically and quickly get that money out to businesses and we provided those businesses impacted by the pandemic with modest amounts of cash. The aim was to meet the additional costs that all firms incurred due to Covid-19 and to preserve, in particular, economic activity in our country. It was delivered in conjunction with other Government supports such as the temporary wage subsidy scheme and the pandemic unemployment payment.

The Comptroller and Auditor General's report makes two specific recommendations on auditing and evaluation. The Department accepts both recommendations and is committed to implementing them. I should emphasise that any consideration of the oversight of the restart schemes must have due regard to the circumstances in which those schemes were designed and launched, and in particular the need to have them available as urgently as possible. I am very pleased that those schemes, after a Government decision in early May, relaunched on 22 May, which took huge effort by the officials of the Department, and others. Apart from the restart schemes, we also rolled out other measures. Some €98 million was allocated for the sustaining enterprise fund, which assisted 340 businesses to stay in business and contribute to the recovery of our economy. The online retail scheme was hugely successful. The business planning voucher, the enterprise centres and the Brexit ready for customs grant were all very important.

Enterprise Ireland had an overall net loss of 872 jobs but created 16,500 new jobs, with 65% of those jobs based regionally. IDA Ireland also got specific grant aid for Covid. That scheme has considerable potential for us into the future. Notwithstanding the pandemic, IDA Ireland continues to win new investments, with 246 new investments secured last year and 20,000 new jobs. I am pleased that half of those went to regional locations, which is one of our policy aims.

The local enterprise offices were very important. We increased their funding by 170% last year. The business continuity voucher scheme supported more than 12,000 businesses at a cost of €20 million. The trading online voucher scheme would, in the recent past, have involved 1,000 vouchers annually. Last year, vouchers were sent to 13,000 recipients to allow companies to go online. That was hugely successful for small businesses. I am delighted to report that employment in that regard totalled 35,000 at local level.

We also responded significantly in terms of liquidity to business, which was a considerable factor, particularly at the time when banks were not lending. We provided almost €50 million for the Covid and Brexit working capital loan schemes and the future growth loan scheme. Those schemes included 3,000 loans to businesses, worth €548 million.

Probably the most significant was the Covid credit guarantee scheme. In the first four months it was open, 1,890 loans were given out to a value of €98 million. The scheme has continued to grow strongly. We are now at almost 8,000 loans with a value of just over €550 million.

Microfinance Ireland was key. It was the first agency to market with a Covid loan fund in March 2020 and 1,300 firms availed of it. That involved a six-month interest and repayment holiday, as well as reduced interest. It supported 3,000 jobs.

We also looked to innovation. I will later touch on the disruptive technology fund, which funded 43 innovative projects. We see that as the future for Ireland.

Apart from direct financial supports, we established a call centre and provided guides for business and a whole range of communications material. Legislation was to the fore. We changed company law and employment rights. We recently introduced a new examinership-lite process, the small company administrative rescue process, SCARP, to assist our small and micro companies.

The Health and Safety Authority is important. It is at the forefront of workplace safety. It developed the Return to Work Safely Protocol and has revised it several times since. We are working on it now. It also took on a new role as the lead agency in co-ordinating compliance right across Government. All of our agencies and bodies, including the National Standards Authority of Ireland, the Competition and Consumer Protection Commission, the Workplace Relations Commission, the Companies Registration Office and the Office of the Director of Corporate Enforcement played vital roles. They adapted their services. They were agile and flexible. They responded, postponed regulatory requirements and provided advice.

While the challenges of Covid remain, the reopening of our economy and the return to the workplace has allowed our businesses to get back trading and to remain in business. Unemployment has fallen from a high of 31.5% in April 2020 to 7.9%. We are not where we were before the pandemic but we certainly feel that our supports have been key to achieving this progress.

I note that, with the exception of €6 million provided to the Department at the end of 2020, all of the additional funding was expended solely on business supports. There were no additional administrative or staffing resources incurred in the Department. These schemes were developed and delivered under enormous pressure by staff in the Department with our offices and agencies. The combined efforts were such that we were able to deliver in a timely and efficient manner. I must put on my record my thanks for the commitment and dedication of those teams. I am happy to take any questions from the committee.

Vice Chairman: I thank Dr. Quinn. Our lead speaker will be Deputy O'Connor, who has 15 minutes. The following speaker will be Deputy Sherlock, who, along with other members, will have ten minutes. I will allow members in for a second round if time permits.

Deputy James O'Connor: At the outset, I wish Deputy Stanley well in his recovery. I thank Dr. Quinn for being here. She has outlined a couple of the key points around the gross expenditure of the Department and its growth in 2020 in comparison to 2019 as the Department reacted to the situation around Covid-19. Looking at the restart grant, there seems to be quite a number of concerns around the whole process to test eligibility and the effectiveness of its implementation. That has caused some concern. The restart grant was important for many businesses and provided them with the financial support they required to reopen. One could argue that many businesses which felt outside the criteria for that support needed it while others which may not have needed it received the support. I will ask a couple of questions about the restart grant. How did it come about in terms of the Department's operations? How did the notion of providing this type of support arise on day one? Could Dr. Quinn outline that?

Dr. Orlaigh Quinn: I absolutely will. It arose as a result of many of the meetings we had with stakeholders at that time. Our advice to Government was that companies were really struggling. They were struggling to provide the type of Covid equipment that would allow

them to remain open. They were struggling with their banks. They were struggling with their cash flow because many of them had closed due to Government restrictions. There was an immediate need to cover fixed costs and the cost of opening, reopening and adapting their businesses. One of the conditions we were very keen on and that was built into the scheme was that companies would maintain employment. That was an important factor. We did not want to wipe out a whole range of small companies. There are approximately 250,000 small companies in Ireland. Very many of those are sole traders so they did not come into that scheme. We were intent on trying to maintain employees in their jobs. Many of the sole traders qualified under other schemes.

Deputy James O'Connor: I will interrupt to build on a point that Dr. Quinn was making. She mentioned there are approximately 250,000 businesses that fit the bill. In terms of the support scheme, an original estimate expected approximately 80,000 businesses to take up the support.

Dr. Orlaigh Quinn: That is right.

Deputy James O'Connor: According to information we have received in briefings, there were approximately 57,500 applications. Some 49,300 had been approved to a value of approximately €195 million. Would Dr. Quinn explain the gap between the estimate and the uptake? What does she feel is the rationale as to why that happened? As I have said, many businesses that were deserving of support did not receive it.

Dr. Orlaigh Quinn: Our estimate was based on the knowledge we had at the time. We processed over 109,000 applications between the two schemes. We spent a lot of time with the sector and explaining the schemes to them. Under the criteria, companies had to be rate payers to qualify. They had to have a turnover of less than €5 million. We were aiming this at small businesses and, in the first round, it was for companies with 50 or fewer employees. It was aimed at the small business sector. We expanded that in the second round, the restart plus grant. Eligibility was expanded to include companies with 250 employees because we picked up from our feedback that companies were struggling. We expanded the scheme to cater for that. It was based on self-declaration and we made it simple. We are quite satisfied that the companies which applied were eligible under the criteria we were maintaining. A huge number of people are listed as small businesses but work in the construction sector or are sole traders. They came under other schemes organised by the Department of Social Protection. Just to cover Fáilte Ireland and bed and breakfast establishments, the latter was another sector that felt excluded. From our perspective, we were satisfied that we had a scheme that was easy to apply for but that was rigorous in its intent. We are satisfied, therefore, that we hit the market and that we reached the cohort that we were trying to reach. There were 57,000 applications in the first round and we approved 85% of them. Not everybody who applied qualified. That is a really important point. Then we had 65,000 in the second round.

Deputy James O'Connor: I apologise but I must interrupt Dr. Quinn. She will be aware that I do not have the luxury of time.

In the context of the process relating to the restart grant, the Department's service level agreement with the local authorities provided for the review of the restart grant scheme when approvals across 31 local authorities reached more than €200 million. Approximately two months after its introduction, the scheme was replaced by the restart grant plus scheme. In terms of that process, why did it negate the requirement to complete a review from the Department's point of view? Dr. Quinn outlined that there were some teething problems and issues.

She referred to tourism. I was going to use that example because there were many non-rate paying businesses there which were excluded that perhaps should have been given that support. In my view, their exclusion was a great shame. Many businesses fell by the wayside as a consequence. On the fact that the Department stated that the process negated the requirement to complete a review, would Dr. Quinn mind outlining to us why that happened? Does Dr. Quinn think that was proper practice, from an accounting point of view, in the context of the amount of public money involved?

Dr. Orlaigh Quinn: What we did, in terms of the review, was we reviewed every single week the loans that were out, the loans that were coming in and the applications. That was our concern at that point. One needs to bear in mind that this was done under enormous pressure. The aim was to get the funding out to businesses quickly. From our perspective, we reviewed on a weekly basis. We sat down and looked at who was gaining and who was not, and that allowed us to adapt the scheme, as the Deputy pointed out, for other cohorts very quickly. In the normal course of events, it would take us more than a year to design and roll out a scheme like this. We did it in a matter of weeks. I am quite satisfied that the review kept control of the numbers and that we were plugging gaps.

I would also mention again that we adapted it on a number of occasions for various counties that went into lockdown, such as Laois, Offaly and Kildare. We did extra payouts for the wet pubs at the time in Dublin and Donegal. In fact, it was a constant review that we were doing to pick up where there were needs.

We were satisfied, as we went in. Again, we worked very closely with our stakeholders, both in terms of the regular retail and enterprise forums we have. We were picking up what was happening on the ground. Obviously, the local authorities were extremely important to us. They are on the ground and they know exactly what is happening. That allowed us to adapt and review as we went along.

In terms of the overall review we have committed to doing, it is important to state that we could only carry it out when the scheme was up and running and we had the experience of it. If we were to review those on an ongoing basis, I can tell the Deputy that businesses would still be waiting for the money. The latter was not our aim.

Deputy James O'Connor: That is interesting. Credit is due in many ways with regard to the work the Department has done. There have obviously been flaws and issues, however, and the job of this committee is to identify them and to try to the processes involved. That said, we have to acknowledge that there was a lot of very hard work done rapidly to try to help businesses out. Nobody here disputes that, but, obviously, our duty is to scrutinise both the accounts and the direction of the Department.

It would be remiss of me not to use some of the time I have as follows. Obviously, where we are now compared with where we were two months is very concerning in the context of the situation with Covid. Can Dr. Quinn give us any outline from her Department's point of view? What is the Department planning at present in terms of what may come down the line? Could Dr. Quinn see us going back to a previous situation? Is the Department making contingency plans for potentially looking at businesses being forced to close again? Obviously, we have seen that there will be additional restrictions imposed on the nightclub industry. That is a considerable worry to many businesses at present. Has the Department got contingency plans in the event that that should arise because of the unpredictable and uncontrollable nature of this pandemic that we are battling?

Dr. Orlaigh Quinn: I thank the Deputy for his comments. When we were designing these schemes and reviewing them, members of the committee and, in particular, the Oireachtas gave us great feedback and helped us on the way there. I want to acknowledge that.

We keep Covid on our management board agenda on a weekly basis. Every scheme is under review. We will obviously look at all contingencies as they develop. That is obviously working right across Government. I am on the Covid oversight group, and we work closely with our colleagues in the Department of Public Expenditure and Reform.

Many of our schemes are still available to companies. In fact, all of our loan schemes are still there. We are still working. We are looking to extend some of the schemes where we can. Some of them are part of our EU funding requirements and, again, we keep them under review. I would say to the Deputy that absolutely everything remains open to us in how we respond. I take his point. Covid has certainly had an impact, and we are looking at some challenges for certain sectors. Some of them come in under the hospitality sector and, again, we will continue to support our colleagues in the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media on that.

Deputy James O'Connor: One particular flaw that has been repeatedly raised with me by councillors in my party - I am sure other colleagues here would agree - regarding the restart grant relates to the geographical imbalance in terms of the grant and the allocation being dependent on each local authority. There is an opportunity here for the Department to look at the geographical breakdown in terms of the different local authorities' administrative areas and examine the ability to work with areas where the Department feels that there are teething problems that we need to be dealt with. If we are going to be dealing with a situation - I hope it does not happen, but it would be prudent for us to plan in this direction - whereby businesses may be forced to close again because of Covid restrictions, then I am of the view that this should be the subject of close scrutiny and analysis by the Department. Depending on where a business is located, and in the context of the remits of certain Departments, it is not fair that it would not be given the same level of support that colleagues in other local authority areas would be when money is being drawn down from the national schemes. I am not having a dig at my own local authority - to be fair to Cork County Council, it has been excellent to deal with - but this matter has been raised to me by other elected representatives from across the country. It can be seen from the data and the analysis that are available to us, as public representatives. Would Dr. Quinn reply on that point, please?

Dr. Orlaigh Quinn: We run national schemes. Clearly, there are fewer enterprises in some local authority areas than there are in others. Obviously, Cork is a key one and it has many enterprises. Our regional action plans, which we are working on at present, are key for the Department. They allow us to take a cross-agency approach at regional level. We rely heavily on colleagues in other Departments and in the industry sector who head up those plans to keep us in the loop on them.

Certainly, from our perspective, we keep this matter under review. There are other schemes. When we did the restart grant, it segued into the Covid restrictions support scheme, CRSS, and the schemes run by Revenue, which are really important for businesses too. We have used the money we were allocated in our budget. If there is more money next year - again, that forms part of the overall review of schemes - we will look at the schemes. We will also do that in terms of our carryover as well.

From the perspective of the local authorities and their roll-out of the scheme, as already

stated, we do review. We also have, really importantly, the local enterprise offices at local authority level. They are available to roll things out.

We would have to dig a little bit deeper into the point the Deputy is making. Is it simply that there are fewer businesses in the areas in question as opposed to it being an issue with the roll-out? Our feedback from the local authorities was that they were rolling it out.

Deputy James O'Connor: I thank Dr. Quinn. There is one other key question I want to ask. The Department has oversight of Enterprise Ireland and IDA Ireland, which have quite large budgets of more than €1 billion and €280 million, respectively. Many areas in the Cork East constituency, which I represent, and in other parts of the country that are outside of the greater Dublin area suffer from high unemployment and do not have sources of local employment. I refer to the town of Youghal, from which I originally come. Deputy Sherlock is beside me, and Mallow is in a similar situation, as are Fermoy and other towns in our constituency. They are crying out for investment from IDA Ireland. Is there room for improvement in terms of IDA Ireland locating in regional towns and trying to bring investment out of Dublin into the regions for more balanced regional development?

Dr. Orlaigh Quinn: It is one of our policy aims, and one the Government has charged us with, to ensure regional balance. IDA Ireland has been successful in regional balance in recent years. I mentioned that more than 50% of all jobs are now outside of Dublin. I will mention a number of features. First, IDA Ireland runs the regional action plan. That takes a regional approach and is led by businesspeople in the regions, which gives us a good oversight role. Enterprise Ireland's latest figure is that more than 60% of new jobs are being created outside Dublin.

We do not tend to think about a particular area, for example, Youghal, which the Deputy mentioned. We tend to think of it as a region because there are opportunities for people to commute and travel. We focus strongly on the region and to the forefront of our policy and aim is to have regional balance. I should say, particularly from the IDA Ireland side, that companies coming into Ireland make their own decisions. Quite often, they want to be beside an airport, water source or other feature, depending on their needs. We cannot control that but we encourage them by providing regional sites. IDA Ireland purchases advanced sites. We have advanced manufacturing coming up in Limerick and we try to work that closely on a regional basis which provides a basis for companies to come in, create employment and take up opportunities in other areas outside Dublin.

Deputy Sean Sherlock: I join in welcoming the Secretary General and her officials. It is nice to see some familiar faces from my old Department. I am delighted to have the opportunity to pose some questions.

I will stay on the Covid-19 restart grant schemes. In that context, the Comptroller and Auditor General stated:

A grant scheme that relies on self-declaration should have a number of key controls. One of these is the completion of post payment checks to ensure that claimants had satisfied the conditions of the scheme and were accordingly entitled to the payments they received.

The Secretary General stated: "I should emphasise that any consideration of the oversight of the restart schemes must have due regard to the circumstances in which those schemes were designed and launched". We have to try to reconcile the two. It would be useful to articulate in concise terms how the Department intends to answer the questions posed by the Comptroller

and Auditor General. It is widely acknowledged that money flowed into businesses quickly and it was a responsive scheme in that regard. However, questions have been posed and it would be useful to understand the timelines for any review or what such a review would look like.

Dr. Orlaigh Quinn: I thank the Deputy for his welcome. I appreciate that. It is important that the Comptroller and Auditor General made two recommendations. We fully accept them. The first concerns the audit of the scheme. We have commissioned an independent audit company to carry out an audit on that as recommended. We have had some delay with the company because it has not been able to support a full team but we expect that early in the new year. That is the first part of the audit. The other part is important as well and concerns looking at the impact of the scheme. We plan to perform an evaluation which will look at the longer-term impacts in terms of whether it achieved business survival and job protection and its impact on the public finances. They are important questions for us to be able to stand over, not least in case, though hopefully not, of future schemes of this nature. As the Deputy pointed out, it is important that we make sure public money is spent correctly. There is no question of that. We kept the criteria simple. We did it through the local authorities so we knew every business was a rate payer and, therefore, a bona fide business. That was important.

Deputy Sean Sherlock: We understand what the scheme was and how it was operated. I thank the Secretary General for that. Will she give a timeline for the conclusion of the review? She has hired outside consultants. When will that look-back be completed?

Dr. Orlaigh Quinn: We hope to have it early in the new year.

Deputy Sean Sherlock: I thank the Secretary General. The expenditure on the innovation programme for 2020 was €414 million. A total of €332 million was spent on the science and technology development programme. Will there be a Science Foundation Ireland call for further centres to be established in the near future? I request a simple “Yes” or “No”.

Dr. Orlaigh Quinn: It is never simple, unfortunately. Science Foundation Ireland transferred out of the Department as part of the change in Government responsibilities and moved to the Department of Further and Higher Education, Research, Innovation and Science. My understanding is that it has an ambition to expand but I cannot say because it is not in our budget line or remit anymore.

Deputy Sean Sherlock: Is the €332 million spent on the science and technology development programme now divested from the Department as well?

Dr. Orlaigh Quinn: Yes.

Deputy Sean Sherlock: Thank you. That is new to me.

Dr. Orlaigh Quinn: We lost Science Foundation Ireland and the Tyndall National Institute as part of the innovation of academic research moving to the new Department.

Deputy Imelda Munster: Deputy Carthy will join the meeting later. He has been delayed.

Dr. Quinn said earlier that the Department was reviewing the restart grant schemes weekly. Was it specifically the restart grant schemes or was it the Covid Brexit loans that were being reviewed weekly?

Dr. Orlaigh Quinn: We reviewed everything, but it was specifically the restart grants. That was through the local authorities, so we had a strong relationship there to assess spend.

Deputy Imelda Munster: What tangibly came out of those weekly reviews in the context of the restart grant scheme?

Dr. Orlaigh Quinn: What came out was the spend in each local authority. We allocated a certain amount to each local authority, but that changed over time depending on businesses. It was a funding review concerning who had funding and whether we could release funding from one local authority that was not using it to another that had a greater demand. It was that type of ongoing review.

Deputy Imelda Munster: The Department service level agreement said the review for that scheme was to take place when grant approvals reached €200 million. When it was adjusted, in August I think it was, the Department said there was no need for that review at the time. The reform scheme was meant to trigger a review upon payment of €250 million but, despite €633 million being paid, the review has not been carried out to date. It seems there is little justification for that. Revenue oversaw the temporary wage subsidy scheme and it had safeguards in place despite the short notice. As a result of that, Revenue was able to recoup payments made to businesses that should not have qualified. Why was the Department unable to put in place similar safeguards in the same period?

Dr. Orlaigh Quinn: I think the Deputy needs to look at the Departments separately. On-line companies are available to Revenue. We did not have that. One of the conditions for our scheme was that companies had to declare a 25% drop in expected turnover. That was not possible to ascertain at that time, apart from companies that had closed. It can only be determined afterwards whether companies experienced a 25% drop in turnover. As I mentioned at the beginning, if that kind of check was done at local authority level for companies that had closed, it would have required an army of staff. We did not have the online data, which were available to Revenue.

Deputy Imelda Munster: Dr. Quinn is saying that it would have required more staff so that it would have been more thorough. The weekly reviews did not require more staff, so they were not as thorough as the review requirements in the Department's service-level agreement.

Dr. Orlaigh Quinn: They were thorough, but some checks were not possible to ascertain at the time, even if we had people. They were based on an assessment that the company would lose 25% of its income.

Deputy Imelda Munster: Dr. Quinn said in response to Deputy O'Connor that the Department was carrying out weekly reviews. Those reviews were worth nothing because they were not thorough. If they had been thorough, the Department would have had to acquire more staff, despite that its own service-level agreement referred to action at the €200 million level and to when payments reached €250 million, but the Department never did any of that.

Dr. Orlaigh Quinn: As I mentioned to Deputy Sherlock, we reviewed spending, including at local authority level. We did not review what individual companies had drawn down. I did not think that was possible. Companies had to declare a 25% drop in turnover. That was the single criterion. There was not uncertainty. We knew they were legitimate businesses and ratepayers.

Deputy Imelda Munster: There was not a thorough review and the Department did not adhere to its own service-level agreement, which included limits, specifying that when funding reached a certain amount, a review would be carried out. Is Dr. Quinn aware of the number of

businesses that received restart grants which have ceased trading?

Dr. Orlaigh Quinn: That will be part of our evaluation.

Deputy Imelda Munster: Dr. Quinn would have known about the revised payment in August, had the Department been carrying out reviews.

Dr. Orlaigh Quinn: We would know that with regard to the second grant because companies had to be trading. Companies would not have got it if they had stopped trading. Is that the point?

Deputy Imelda Munster: Does Dr. Quinn have the figure for those?

Dr. Orlaigh Quinn: We had increased the number of employees allowed under the scheme the second time. We processed more than 65,000 in the second round.

Deputy Imelda Munster: Dr. Quinn said the Department would have known about those businesses that had ceased trading by the time the reformed scheme came around. What are the figures?

Dr. Orlaigh Quinn: I do not have that figure, but we could certainly cross-reference one round and the other.

Deputy Imelda Munster: Dr. Quinn knew, coming here today, that there would be questions about the restart grant scheme. We have discovered that no reviews were carried out as they were supposed to be, per the service-level agreement. Despite Dr. Quinn saying that the Department would have known how many businesses had ceased trading by the introduction of the reformed scheme in August, she does not have the figures to hand to tell us.

Dr. Orlaigh Quinn: I do not think one could say companies had closed between May and August. Many were in stasis. They had not closed officially. They were not registered as closed.

Deputy Imelda Munster: Had the reviews been carried out, per the service-level agreement, the Department might have had this information to hand. I have a question for the Comptroller and Auditor General about his opinion of the practice of setting up a scheme based entirely on self-certification, and whether it would have been prudent to carry out those scheduled reviews according to the Department's service-level agreement.

Mr. Seamus McCarthy: The challenge for the Department was considerable. The comparison with the temporary Covid-19 wage subsidy scheme, TWSS, is interesting. As the Secretary General said, Revenue has a much better database, so it was in a much better position to address the challenge of getting the money to the businesses that needed it. Participation in TWSS was known to Revenue. I certainly support the Department's idea that there should be a review but there were practical difficulties once it came to do the review. It would have been difficult for the Department to assemble the data. I understand that the data about individual cases were lodged with individual local authorities. Even the sectoral analysis of which types of businesses were being supported, the scale of the businesses, and so on, would not have been in the Department's possession at the time.

I do not want to be overly harsh in my assessment of what the Department did. Neither do I want to suggest that many of the businesses were not entitled to the money. I think it is likely to be found that many of these businesses were entitled to it. The difficulty is that opportunistic

people may have been able to tick some of the boxes and get money which was never really intended for them. We should look for lessons for situations where something like this has to be done in the future and identify where there is scope for sharing of information or the best place to locate a funding scheme of this type in an emergency. Does that address the Deputy's question?

Deputy Imelda Munster: Yes, to a certain extent. I still think there was a lack of prudence in carrying out the scheduled reviews. Things that could have been picked up on were not. Why have it in the Department's service-level agreement if it is not going to be adhered to? It is part of the Department's service-level agreement but nothing was done about it.

Vice Chairman: Deputy Munster is out of time. I hope we will be able to allow her to come back in.

Deputy Cormac Devlin: I thank the witnesses for attending. I apologise for missing the opening remarks. I was in the Chamber. I apologise if I am going over old ground. I think the Department's response to an intense crisis in a short time was exemplary. I acknowledge the questions of my colleagues about reviews and ensuring that public money was spent wisely. I note what the Comptroller and Auditor General said a moment ago. I think it is right to say that the majority of businesses applied because they needed the funding to keep their companies afloat or in abeyance for the period of the pandemic. The feedback that I have got has been positive. The engagement by the Department was excellent. I will start from that basis. It is important that we review the money and the various grants. God forbid that we are in another similar situation and we have to respond quickly. We are obviously going to need to learn from the various situations and the grant systems we put in place. The local enterprise offices, LEOs, were excellent and the fact we had that local network and an ability to channel money out to businesses, some of which we had been engaging with already, was very important. I commend all the local authorities and other organisations on their work.

In the Department's briefing note, at part 3, on page 16, a point of interest to me was the funding in regard to the European Space Agency. How much is Ireland contributing to that? I note that, in 2020, 87 Irish companies were under active contract with the European Space Agency, representing a 45% increase in activity since 2016, which is very good to see. Some €13.3 million in contracts was won by Irish industry from the European Space Agency just last year. Will Dr. Quinn comment on that?

Dr. Orlaigh Quinn: I thank the Deputy for his kind words and I will certainly relay them back. The Deputy mentioned the LEOs and we certainly had huge impact from them.

To turn to the European Space Agency, as the Deputy knows, the purpose is to build a base of innovative Irish companies to develop space technologies, but it is for commercial exploitation in the global space and related markets, and that is very important to us. We have seen increased export sales and employment, and we have made additional money available to them. The point we make is that when we send money into the European Space Agency, the companies get contracts to the value of what we invest, so it is a very important approach for us. More recently, we saw €13 million won by them.

The number of companies has grown by 60% in the past five years. It is small. It is up from the 55 companies we had in 2015 and it is now at 87, but they are key, niche companies. The important part about them is that because they engage across with the IDA sector as well, quite often there can be partnerships and other areas we can then exploit for Ireland to be at the lead-

ing global edge on innovation.

For us, where we have additional funding, we have put it in there. In 2020, for example, three Irish companies were selected by the European Space Agency to develop solutions on satellite and satellite systems.

Deputy Cormac Devlin: Excuse me, did I miss the figure of how much we have contributed to the European Space Agency? Is that an annual set amount or does it change?

Dr. Orlaigh Quinn: I should have said that at the beginning. The annual figure that we provided this year was €18 million. We then allocated an additional €1.5 million so, again, that was an additional investment by Ireland.

Deputy Cormac Devlin: As I said, it is a point of interest to me. In terms of the restart grants, in particular the restart grant plus, does the Department have a timeframe for when the review might be carried out and how it might be carried out? Will it be done at a local level through the LEOs or through the funding organisations, or will it be done through the Department? When will it be done?

My second question, which is not related to the Covid grants, is in regard to the Health and Safety Authority, HSA, inspectors. This is covered in part 4 of the briefing note from the Department, which was very helpful and very informative. There were 10,295 workplace inspections and investigations carried out in 2020, with 9,135 inspections which addressed occupational safety and health issues. Given our discussion earlier about the number of premises that were not open during 2021, how many inspections were carried out? I know the HSA was involved in many of the health and safety checks in certain industries over the course of the pandemic.

Dr. Orlaigh Quinn: I will speak to the audit first. We are outsourcing the audit. We tendered for it in July, we had three proposals and we awarded the contract in September. We expect that to be run from the Department but it will most definitely involve the role of the local authorities and engagement with them. On the timeline, the awarded contractors have had some delays but we are expecting it early in the New Year. When that audit part is done, we will then commence the evaluation. As other Deputies have noted, the evaluation is very important for us from the learning perspective in terms of how we might do this in the future. I cannot give the Deputy a definitive date but we are expecting the audit to be finished by the end of February. That will allow us to move straight away onto the evaluation.

Deputy Cormac Devlin: Before Dr. Quinn comes back in on the HSA question, where fraudulent or inappropriate claims have been made or found, what recourse is open to the Department in that regard and what would the Department do to try to seek the return of those funds?

Dr. Orlaigh Quinn: The audit will examine that and give us conclusions, and we then have to examine all of that, if there are negative findings. There are obviously procedures available to us, if need be.

To turn to the Health and Safety Authority, the Deputy asked specifically in the context of Covid and more broadly. In Covid, the HSA initially started off with a relatively small staff and we needed to expand the inspectorate for Covid. The HSA took on the lead role in co-ordinating other resources. We now have inspectorates working collectively from the Workplace Relations Commission, the Department of Agriculture, Food and the Marine, the Department of

Education and any of the Government agencies that have an inspectorate. The environmental health officer is very important. In total, there are about 700 inspectors now working on the protocol as part of their normal inspection duties.

For the HSA, more than 15,000 investigations and inspections were carried out but, overall, there were in the region of 50,000 inspections of Covid compliance. It is a huge task. In the context more recently of the reopening of the night sector, they have been out at 11 p.m., 12 midnight and 1 a.m. doing inspections, so both the number and the time at which they inspect has changed.

Deputy Cormac Devlin: That would be a fivefold increase, effectively, on the 2020 figures, given all of the various new inspectors that have been brought in or drafted in for the purpose of inspections during the pandemic. Is that correct?

Dr. Orlaigh Quinn: It is, yes. In addition, because it is a huge part of their work, it is important we mention other areas of inspections they do as well, such as farm inspections.

Deputy Cormac Devlin: Thank you.

Deputy Jennifer Carroll MacNeill: I thank the witnesses for attending. I want to ask about the credit guarantee scheme in particular. In her opening statement, Dr. Quinn said that €98.2 million had been drawn down in supports to 1,890 businesses. Is that correct?

Dr. Orlaigh Quinn: Yes.

Deputy Jennifer Carroll MacNeill: How much has been applied for?

Dr. Orlaigh Quinn: That figure is what has been drawn down. I am trying to think through in my head the number of applications. Companies apply and, certainly in the first stages of the scheme, many companies applied and were approved but did not draw down the funding.

Deputy Jennifer Carroll MacNeill: Sorry to interrupt. Were they approved by the Strategic Banking Corporation of Ireland, SBCI, or by the bank?

Dr. Orlaigh Quinn: They were approved by both SBCI and the bank but they did not draw down the funding. In a way, that is why it was a much smaller drawdown in the beginning, but €550 million has now been drawn down. It is a scheme where, and this reflects back on our earlier discussions, companies were not borrowing or expanding. Now we are beginning to see that reopening and they are beginning to gain access to that funding.

Deputy Jennifer Carroll MacNeill: Does Dr. Quinn have the number of companies that have been approved by both and are drawing down?

Dr. Orlaigh Quinn: The number, up to October, was 7,923.

Deputy Jennifer Carroll MacNeill: Is there a difference between the number of companies approved by both and the number approved by SBCI but not a bank?

Dr. Orlaigh Quinn: I will have to come back to the Deputy with a breakdown of those figures. I do not have them to hand. I can come in later, perhaps, with them.

Deputy Jennifer Carroll MacNeill: Dr. Quinn said the drawdown was €550 million. I think there was an original provision of €2 billion for this line of support. Close to two years into the operation of the scheme, we have reached a quarter of the provision. It did not need to

be a target but it needed to be there for businesses when they looked for it. Did Dr. Quinn get feedback at any stage from business about difficulties with the banks? Businesses complained to me, and, I am sure, other to Deputies, about undergoing a long, slow process and the worst thing for any business is a slow “No” after many months of engagement with a bank. Was that feedback received in the Department?

Dr. Orlaigh Quinn: Yes, we certainly had feedback that it was difficult. Part of the response we took was to expand the amount of lenders in the scheme. Where before we had the pillar banks, we have now included other sources like the credit unions. We have 15 credit unions working with us to provide the funding. I take the Deputy’s point about the €2 billion in lending but it is a contingency fund. It is not to say the €2 billion should be drawn down or that there is a fault in the scheme if it is not.

Deputy Jennifer Carroll MacNeill: I appreciate that. It is not a target, as such, but what you would be watching for though is if you were hearing from businesses that it is difficult to get it. The original figures show that there was a very slow drawdown at time when you would have thought it might be most needed. It is worth keeping under review. The most important thing is that it is there for businesses.

Credit unions were brought in, which was a good thing. Was that after difficulties or frustration were experienced with the pillar banks? That was reflected, possibly, back to Deputies from SMEs throughout the country. What was difficult? Why was it necessary to do that with the pillar banks receiving such support from the State in other ways?

Dr. Orlaigh Quinn: It was something we puzzled over as well because there is a strong guarantee on the fund. We heard that feedback. As I mentioned, we meet regularly with our enterprise forum and it was a feature that came up. Partly as a response to that, we tried to expand. Hence the credit unions’ involvement, which we see as a positive. Last year was particularly difficult for businesses, and they simply were not lending. In comparison with other EU countries, our SME sector tends to borrow less. We have studied it at various times and the Department of Finance did a review on it recently. For us, it is about making sure the funding is available and accessible for companies. That is our aim. As the Deputy mentioned, we got that feedback from her and other Deputies. That is why we moved to adapt and grow it.

Deputy Jennifer Carroll MacNeill: Does Dr. Quinn have figures for the proportion of applications approved by SBCI that were facilitated or not facilitated by the pillar banks, and within a reasonable timeframe, versus the proportion ultimately facilitated by credit unions? The point I am making concerns the difference in treatment between the pillar banks and the credit unions.

Dr. Orlaigh Quinn: We would have some of the data but not necessarily all of it. Overall, there is a refusal rate of 10% across the board. That is acceptable from our perspective. Companies have to be able to show they can pay back. We would not ever see it as an easy option. We will be keeping that type of data and I will come back to the Deputy with what we have.

Deputy Jennifer Carroll MacNeill: I appreciate that it is ongoing work. I will refer to one of the challenges highlighted by business initially. The scheme was well flagged throughout that first summer of Covid. I think it was introduced in September 2020 and business was waiting for it, notwithstanding the EWSS, CRSS and other supports. One of the criticisms was that it was there to finance Covid-related debt as opposed to non-Covid-related debt. If a business had taken on significant commercial loans to redevelop or refurbish the business or whatever it

happened to be, the refinancing of those loans was coming due and this scheme was not available to help refinance that debt, which needed to be serviced in order to continue to operate, particularly with reduced revenue. Did the Department get that feedback? How did it adapt to that?

Dr. Orlaigh Quinn: We got that feedback but the fund is part of a suite. We had other offerings available to people who needed them. It was specifically for Covid and it was EU funding, so there were criteria that businesses could not refinance their loans. It was because the offering under this was better than other products. It was not there to allow everybody to refinance. It was focused on the exigencies of the pandemic, and we operated on that basis. I take the Deputy's point that because of people's circumstances they were hit with something that was not expected but the scheme-----

Deputy Jennifer Carroll MacNeill: It is the reality of business. That is the difficulty when you are trying to design a scheme within EU parameters and those relating to the Department. The reality for business is if, for example, a hotel has been redeveloped over the previous three years and the business has that debt and is capable of refinancing it based on normal returns, revenue and trading, that changes because of Covid. It has not incurred the debt because of Covid but is unable to pay it because of Covid. It cannot refinance the debt because it is not covered in that way and it employs 80 or 100 staff who are at risk, notwithstanding the other schemes, which are insufficient to cover that level of financing. From a business and operational perspective, how do we address that?

Dr. Orlaigh Quinn: I take the point but we had loan holidays for companies-----

Deputy Jennifer Carroll MacNeill: Yes, but they were coming to an end

Dr. Orlaigh Quinn: We had the future growth loan scheme. We were also conscious that refinancing at that stage could have resulted in bad loans being put into the scheme. That was a concern so it was a tricky balance. We were and are still operating under the temporary State aid rules. They stipulate that we cannot provide assistance that is competitive against another sector. That would have been a competition area if we had refinanced bad loans *vis-à-vis* others.

Deputy Jennifer Carroll MacNeill: There was an extraordinary level of support provided to the banks in the context of the 80% guarantee. The risk they would have taken on with those loans was very small. Feedback from businesses in my area, largely export businesses to the Far East and so on, was that the banks were not interested in taking on any additional risk and, irrespective of the 80% backing, the 20% was not worth it to them. They were simply not interested.

Dr. Orlaigh Quinn: I mentioned earlier MFI were first out into the market with a Covid loan. That was for the small ones. That was the response from the State. I cannot speak for the banks but I hear the Deputy's comments and we have heard them before.

Can I make a correction? I said earlier 15 credit unions were involved, but it is 19 now. It is a positive.

Vice Chairman: The Deputy's time is up. We will let her back in later. I would appreciate if we could have the information provided to the committee sought by Deputy Carroll MacNeill. I think Deputy Munster also sought some information.

Deputy Verona Murphy: I welcome Dr. Quinn. On the aspect of microfinance there was

a review of the Microfinance Ireland, MFI, loans between 2012 and 2021. Only 45 of those businesses availed of the second loan, to the tune of €56 million. A portion of the firms were recorded as having no employees. It seems that category reflected what were 770 firms that had ceased trading. When did they cease trading? In what year during that period did they cease trading?

Dr. Orlaigh Quinn: I would have to check that.

Deputy Verona Murphy: Will Dr. Quinn check that and come back to the committee on it?

Dr. Orlaigh Quinn: I will.

Deputy Verona Murphy: I thank Dr. Quinn. It is 22%, which is a spectacular figure overall.

Dr. Orlaigh Quinn: On the loans MFI makes available, we would work on a very high failure rate for companies in MFI because they are people taking risks and they are small companies. We would not regard that as a high failure rate. The purpose of it is to encourage companies. If companies fail, quite often they pick themselves up and start again, and that is what we would wish to see happen.

Deputy Verona Murphy: I appreciate that, but I am interested in where it says they had no employees. At what stage would that have been recognised? That is what I am interested in.

Dr. Orlaigh Quinn: Many of the businesses start with one single person and the whole purpose then is to try to grow that company. It is part of the overall-----

Deputy Verona Murphy: Okay. It is just to have an overview and an understanding of it. Another issue, which probably is not to do with the accounts, relates to page 23 of the Department's Covid-19 and Brexit planning document, specifically the permits section of the Department and delivering employment permits. I understand the Department concentrated on the health sector, which I very much appreciate, and any interaction I had with the Department in regard to that sector was brilliant and immediately taken care of. However there are other sectors, such as the road transport sector, which has been applying for an employment permit for four stipulated countries and I am told the process has taken between six and nine months. There is the added difficulty whereby the Department must correspond with the Department of Transport in regard to the driving licence, but Dr. Quinn will have heard and noted, particularly of late, that there is an even further difficulty and crisis within that sector.

Will Dr. Quinn outline for me how she correlates with the Department of Transport to try to speed up the process? I note the Minister of State, Deputy English, said the quota requirement has been removed. However, as Dr. Quinn will be aware, because she probably has more insight, that does nothing for the recruitment process because we are talking about countries like Japan, South Korea, Australia and South Africa. They were not able to obtain 380 employees. They only filled 180 permits from those jurisdictions, so removing the quota is of no benefit. What is required here is a look at the jurisdictions. Dr. Quinn might outline what her Department has prepared on that front.

Dr. Orlaigh Quinn: I thank the Deputy. Regarding removing the quota, we did have quota available for hauliers in particular and which was already there. What we were trying to do by removing the quota was to send a very strong signal that Ireland has availability and welcomes work permits. Overall, and the Deputy touched on this, we have prioritised the health sector,

which has-----

Deputy Verona Murphy: I would ask Dr. Quinn just to focus on the future plan.

Dr. Orlaigh Quinn: The future plan is to deal first with the permits we have on hand. We have fallen behind because of the increase. It is up 50% on last year and 30% again on the previous year. We are looking at all possible aspects we can change to increase the way in which we handle our work balance. We have assigned extra staff, and we have staff on overtime and working weekends. We are trying to drive down the time taken-----

Deputy Verona Murphy: Does Dr. Quinn know, in her experience, whether the issue in regard to HGV driver permits is that the Department is hindered by the Department of Transport when it comes to the Road Safety Authority, RSA, clearing the actual licence requirement? Does her Department find that difficult?

Dr. Orlaigh Quinn: From our perspective, we issue the employment permit when everything is in place. If there is a delay somewhere else, it is not that it hinders us, because we deal with it. I will pick up the Deputy's point separately, perhaps offline, with the Department of Transport if there are specific issues in that respect. From our perspective, once all the paperwork is in play-----

Deputy Verona Murphy: The Department deals with EU regulations. Is that correct?

Dr. Orlaigh Quinn: Yes.

Deputy Verona Murphy: Spain, Italy and Portugal, for instance, have recognised the driving licence for drivers from Ukraine. We have an EU driving licence system, yet we cannot seem to get the RSA to make a move on that. What I have been hearing from colleagues, Deputies and people within the sector is that the Department of Enterprise, Trade and Employment has no difficulty granting the permits; the difficulty is with the licensing sector. Surely in this day and age and the crisis in which we find ourselves, bearing in mind we have the ongoing Brexit process, and God knows where it is going to end up, Covid-19, and the haulage fraternity has kept the country going, should there not be collaboration and joined-up thinking between these Departments to ensure that sector can operate properly?

Dr. Orlaigh Quinn: Yes. One of the measures we put in place was to try and work collectively because, as the Deputy pointed out, there are other issues around visas with the Department of Justice. We are working collectively with that Department. I will certainly make enquiries and see where we can work with colleagues in the Department of Transport.

Deputy Verona Murphy: I greatly appreciate that.

Dr. Orlaigh Quinn: From our perspective, we process applications as soon as they come in and as quickly as we can, but I will certainly take up that issue the Deputy raised.

Deputy Verona Murphy: I appreciate that because ultimately it will fall back on the Exchequer and the economy if we end up without drivers.

Dr. Orlaigh Quinn: It is very important for us.

Deputy Verona Murphy: It is, and it is very important for the country.

Dr. Orlaigh Quinn: Yes, that is what I meant - collectively.

Deputy Verona Murphy: In regard to IDA Ireland and foreign direct investment, FDI, I am an Independent Deputy from Wexford, as Dr. Quinn will know, and I am quite concerned about the lack of what I would call FDI coming into Wexford. Of the figures quoted, that 27,000 additional jobs were created outside the Dublin region, will Dr. Quinn tell me what portion of them came to Wexford in, say, the past two years, or from 2019?

Dr. Orlaigh Quinn: I cannot give the number for Wexford but I can give it for the region.

Deputy Verona Murphy: I heard that said earlier about the region and I appreciate that, but I would ask for a breakdown. I have a concern in regard to the region. Last week the Department of Transport was before the committee. In the south east there are Waterford Regional Airport and Rosslare Europort. The previous Government granted funding of €15 million to Waterford Regional Airport which was to be combined between the local regional councils, with the balance to come from the Department of Transport. I heard last week that money is no longer on the table. However, Waterford Regional Airport is in the process of a planning application to extend the runway. Rosslare Europort, as we know, has had an exponential increase in traffic of 400%, and yet not one shilling in Government funding has come from any Department, except from the Office of Public Works, OPW, which provided housing for the regulatory agencies such as customs. As Rosslare is now without a doubt the country's most important piece of strategic infrastructure and the regional airport is not far behind, will Dr. Quinn identify for me what is required from a regional perspective to attract the investment?

Dr. Orlaigh Quinn: From our perspective, as we mentioned earlier, we have nine regional plans, each of which is headed by a business leader in the community and is supported. All of them include our agencies such as IDA Ireland, Enterprise Ireland and the local enterprise offices. What we are looking for is opportunity. I take the Deputy's point that the port is very important in the context of Brexit. As the Deputy knows better than I do, the airport has plans for development. We try to pull together what is specific and what is a draw for the particular region. It is clear that Waterford benefits from a port and airport but it is a whole-of-government approach as well-----

Deputy Verona Murphy: I am sorry to interrupt but my time is up. If I may, I will ask Dr. Quinn to qualify one point. Does the Department have an input in terms of advising, with Enterprise Ireland and IDA Ireland, how those infrastructural pieces are managed, such as in the context of the promotion of the area or region?

Dr. Orlaigh Quinn: We have detailed involvement with IDA Ireland and Enterprise Ireland in terms of overall national policy. Absolutely.

Deputy Verona Murphy: I thank Dr. Quinn. I will take the matter up again.

Sitting suspended at 11.02 a.m. and resumed at 11.13 a.m.

Vice Chairman: I should have noted earlier that apologies have been received from Deputy Paul McAuliffe. As Deputies Hourigan, Colm Burke and Carthy are not here I will proceed with some of my own questions. There will be plenty of time for people to come back in. I ask the witnesses to note that.

I want to address a question to Dr. Quinn about late payment penalties. I was intrigued by the penalty incurred as part of the prompt payment legislation. There was one transaction where a total of €27,000 was paid in both interest and compensation for late payment. What was the size of that bill to begin with?

Dr. Orlaigh Quinn: The size of the bill was €147,000.

Vice Chairman: Okay. What was the nature of the transaction? Was it for goods, for services, or what was it?

Dr. Orlaigh Quinn: The nature of the transaction was that it was a claim submitted by solicitor on behalf of a client who was appointed as an inspector for us under the Companies Act to investigate matters in relation to certain companies.

Vice Chairman: So, it was the inspector, as opposed to the solicitor?

Dr. Orlaigh Quinn: Yes, but the solicitor had to submit the claim on behalf of the inspector. This was a late claim by the solicitor.

Vice Chairman: What was the nature of the work that was done? Why was there resistance to paying for it? Was a rationale given for that?

Dr. Orlaigh Quinn: I will hold my hands up and say that there was no rationale. It was a system failure within the Department that the bill was not paid----

Vice Chairman: How long----

Dr. Orlaigh Quinn: It should have been paid. It was not to do with the case in question at all. It was at a difficulty in the Department that the claim was not handled.

Vice Chairman: How long did this go on for?

Dr. Orlaigh Quinn: It went on for almost two years. I can tell you exactly why. The initial bill or claim and the subsequent reminders went to a single individual. It was a failure on our part and, indeed, on the part of those who submitted the bill. Until such time as it was brought to my attention that the bill had not been paid, it was resting with one individual.

Vice Chairman: Was any sanction taken against that individual?

Dr. Orlaigh Quinn: I sought legal advice on that. The advice to me was that no sanction was possible.

Vice Chairman: Has anything changed with the route through which bills are put through? Have any changes been implemented in the Department to stop that from happening again? It is a sizable additional amount of money, over and above-----

Dr. Orlaigh Quinn: I agree with the Chair. It was not a situation that I could in any way stand over. As soon as it came to my attention, we paid the bill immediately. We did a review internally. Even after that, I asked our head of internal audit to take it on and to do a separate review of all of our procedures to ensure that this could not happen again. In his report to me and to the management board, he noted that it was an exceptional case and that it was not indicative of any wider problem. However, we did review our compliance across all of our payments. We found that we are pretty much average across other Departments. We only had one late payment, for example, in 2019. The figure in that case was €3,000. We accepted all of the recommendations that the auditor put forward around segregation of duties, financial procedures and records management. We accepted everything in that report.

Vice Chairman: Dr. Quinn pursued the issue of whether the Department could take sanction against the person who sat on these payments. That person must have received repeat state-

ments, reminders and all of the rest of it. Nobody is going allow that amount of money to drift. Why was it not possible to take sanction against the person who sat on this amount?

Dr. Orlaigh Quinn: The legal advice was that all Departments can incur late payments. Obviously, this was a sizable one. However, the overall principle is that late payments arise for various reasons. On this particular occasion, I was informed that it was inadvertently overlooked due to pressure of work. As I say, I have to take the legal advice that was given.

Vice Chairman: What grade was the person who held on to these payments?

Dr. Orlaigh Quinn: It was a very senior official in the Department. I would rather not name the person or give any indication of who they are.

Vice Chairman: Okay. It was at a senior level.

Dr. Orlaigh Quinn: It was.

Vice Chairman: I am going to move on to talk about the Office of the Director of Corporate Enforcement. I want to ask some questions about the vacancies there. It is an important office. It will be moving to a new office. I think it is due to do so in the new year. The legislation is certainly going through the House at the moment. It may well have just concluded, although I am not sure what stage it is on, or if it is before the Seanad. One of the issues with the under-spend was to do with recruitment of staff. Where is that now?

Dr. Orlaigh Quinn: It is a general problem in some of our agencies that we are finding it difficult to recruit staff with specialist skills. In technical areas such as the IT side and the cyber side the pay rates in the private sector are difficult for us to match. We have had a significant number of different appointment processes. There is one ongoing at the moment with the Office of the Director of Corporate Enforcement for specialist skills. There has been an increase. They have changed not just the legislation - as members are aware, that is going through - but even prior to that, we changed the roles within the office. It is far more technical now with specialist skills than was the case previously. At the end of 2020, there were 43 staff engaged in the ODCE, including nine members of An Garda Síochána. The figure for the previous year was 41. We are working on it.

Vice Chairman: I ask Dr. Quinn to provide a breakdown of those separately - who the staff are and what the vacancies are - rather than going into it in detail now.

In 2015, the then Secretary General of the Department of Taoiseach stated that commissions of investigation and tribunals had cost the State in the region of €500 million up to that point. Obviously, that cost has increased since. That was the collective cost over a couple of decades. If you do not pay, it is not all going to fall within this particular area, but some of it will. We pay for this one way or the other. It is far better to take a preventative approach rather than a reactive approach. An organisation such as this, with real teeth, is very important. I think we are missing the boat in terms of embedding bigger powers, including the right to arrest and things like that, but that is a policy area. Has a business case been made in respect of the staffing issues? If the Department cannot get certain grades of workers and is competing against the private sector, has a business case been made in respect of particular skill sets?

Dr. Orlaigh Quinn: Yes, we have general discussions on that. It is not just in the ODCE; it is across a range of areas. We are currently being more successful because we tend to be more attractive in times when the economy is at a lower ebb, and then *vice versa*. We have consid-

ered it and made special arrangements. Staff in particular grades might start further up the scale. Obviously, we work closely with our colleagues in the Department of Public Expenditure and Reform when we look to particular sanctions for particular jobs. At this point, we have had a significant amount of work done to increase, for example, the number of members of the Garda Síochána within the organisation in particular. As the Vice Chairman is probably aware, its representation is due to increase from nine to 16. These discussions are ongoing and we are very keen that, as a new statutory agency commencing its work, it must have the resources it needs to take on this new role.

Vice Chairman: Will the corporate enforcement agency and the ODCE pay the salary of the gardaí during the time they are seconded there or will they continue to be paid by An Garda Síochána? If Dr. Quinn does not know the answer to that, she can come back to us on it.

Dr. Orlaigh Quinn: I will come back to the committee on that issue.

Vice Chairman: As regards staffing, will all the staff move to the new agency?

Dr. Orlaigh Quinn: To confirm, the gardaí are paid from the Garda Vote. In terms of whether the staff will move with the agency, we have been in discussions for quite some time with the team regarding who will go. The Civil Service will have options in terms of whether to go or to come back into the Department. As regards those who are taken on specifically with specific functions, we will consider each person separately in terms of the arrangements for them.

Vice Chairman: When is the new agency due to come into being?

Dr. Orlaigh Quinn: We hope that once the legislation is cleared, the agency will start in the new year.

Vice Chairman: If it is to start in the new year and the Department is still talking to staff and it is not yet certain, is there going to be a gap?

Dr. Orlaigh Quinn: No. There will not be a gap. I can provide an update in terms of staffing because those discussions have been going on for a long time. I met with all of the team a year ago. My understanding is that the existing staff and their expertise will continue to be available. My apologies - I am backtracking now because I have to reflect back on our previous discussions. They will stay for two years and within that period we will work with them to see if there are options they wish to consider further. That is quite standard in the context of any new agency being set up.

Vice Chairman: I wish to move on to the Workplace Relations Commission, WRC, work programme. What kind of impact did the pandemic have on the Workplace Relations Commission, the Labour Court and the like in terms of backlogs? Are there backlogs? How are those backlogs being handled?

Dr. Orlaigh Quinn: It has absolutely changed because, as members are aware, many of the WRC claims and cases are heard on premises. No more than other bodies, the WRC showed a significant amount of agility and moved very swiftly to hold online hearings. That was a change in business. Some individuals did not want to do online hearings. There was a whole range of issues, as the Vice Chairman can well imagine, that had to be developed in terms of setting that up. The same was true in the case of the Labour Court.

In terms of the caseload, first, it had a significant number of calls, with more than 50,000, but in terms of the remote hearings the number was low initially, with an 85% objection rate. However, that has since changed as people have become more familiar with the technology. My understanding is that almost 2,000 adjudication hearings were held in 2020 but that is less than half the number held in 2019. That is on the adjudication side. Obviously, it is something on which it is working very closely at the moment to-----

Vice Chairman: There is a plan to deal with the backlog.

Dr. Orlaigh Quinn: Absolutely. At the beginning of the pandemic, the WRC was not out doing inspections but, obviously, it has been back for quite some time. As I mentioned earlier, it is also doing the Covid compliance testing.

Vice Chairman: To follow on from some of the points made by other speakers, I refer to local enterprise offices, LEOs. I understand local authorities had the information in terms of who the rate payers were and how the scheme was structured. I, too, got a lot of compliments from people who said it was the difference between staying afloat and going under. I understand there was speed associated with that, but that does not mean there should not be care. I think Dr. Quinn fully accepts that.

As regards the lessons or takeaways in terms of not leaving good things that happened during the pandemic behind us, will there be a different relationship between the LEOs and the Department? Is it envisaged that there would be a different role or is there anything being considered from that point of view? Are new datasets being gathered? Is there anything in that range of things happening at the moment?

Dr. Orlaigh Quinn: Local enterprise offices recently came in to meet the management board and we went through their annual performance, as we do regularly with all our agencies. I take my hat off to them. They worked fantastically. At the beginning of the pandemic, there was a proposal to take them out because it was thought they would not be needed. I think all present are aware we fought very hard to make sure they stayed where they were. I refer to the relationship and, as the Vice Chairman stated, how we approach this matter. We are always keen to blend and make sure that the LEOs are closely aligned with Enterprise Ireland, which they are. We are keen to grow that and make sure that it is successful. We have seen 130 companies transfer from LEOs to Enterprise Ireland. We are trying to make sure that there is a seamless approach. People start small, locally, but then have the capacity to grow and scale. Our approach is-----

Vice Chairman: Has the Department evaluated the cost of creating jobs at various levels, including IDA Ireland, Enterprise Ireland, and at the microenterprise level?

Dr. Orlaigh Quinn: Thankfully, the costs are falling. Creating a job through IDA Ireland, for example, costs approximately €5,900. I will come back to the Chair about the cost for creating a job through a LEO. The difference between them is the earnings capacity. The average IDA Ireland job has an earning capacity of approximately €78,000 and Enterprise Ireland has a capacity of €54,000. The earning capacity of a job created through Enterprise Ireland is 32% of the average and a job created through IDA Ireland is 90% above the average. The earning capacity of jobs created through LEOs tends to be lower, since start-ups are involved. From our perspective, they should be focused on and grown, because they are in every part of the country and have been successful. They created 5,500 jobs last year. That is a great credit to them during the pandemic.

Vice Chairman: Dr. Quinn made a point earlier about Microfinance Ireland. What is the failure rate?

Dr. Orlaigh Quinn: I understand that the failure rate is about 23%. We would cater for 40% so we see it as a positive.

Vice Chairman: There is a 77% success rate.

Dr. Orlaigh Quinn: Yes, which is great. The mantra “fail, and fail quickly” is where we are trying to position people, so they can then come back and start again.

Vice Chairman: Will Dr. Quinn give us a note on the regional job breakdown? I think she has already said it to others. Will she drill that down as far as she can? That would be much appreciated.

Dr. Orlaigh Quinn: We can do that.

Deputy Verona Murphy: Can I pick up on the matter of collaboration between Dr. Quinn’s Department and the Department of Transport in coming up with a system that makes the employment permit for HGV drivers accessible? Have Dr. Quinn and her Department been specifically tasked to come up with a system where we can access employees, outside the four that are there?

Dr. Orlaigh Quinn: I will explain what we do, which I think will answer the Deputy’s question. We have charge of the skills needs in the economy and employment permits. Twice a year, we run an in-depth assessment of what skills are in the economy and what skills are needed, when considering employment permits. We do not do that ourselves. We do it collectively across Government, working with colleagues. We do not necessarily always have the data for some of those skills, including related to transport, but we expect our colleagues in the Department of Transport would have it. In the same way, we would not assess health needs, but we would certainly expect our colleagues in the Department of Health to know. We do a review twice a year. Based on that review, the Minister decides what sectors are open or not. The Department of Transport would be part of that review. We encourage people to come to the table with the needs as identified. From an enterprise perspective, we would certainly have a view that transport is important.

Deputy Verona Murphy: The Irish Road Haulage Association, IRHA, is the only representative organisation of the licensed road haulage sector in the country. Has the Department had any engagement with it based on the needs?

Dr. Orlaigh Quinn: No. It would work with the Department of Transport, which would feed into our process.

Deputy Verona Murphy: Has Dr. Quinn had that feedback? This is where the issue seems to be. As I said, there are two defined issues. One relates to licensing and the other to the employment permit itself. With the current system for granting permits, the sector is unable to access employees satisfactorily. Outside that, no other jurisdiction has agreed a licence with Ireland. The Ukrainian licence is accepted in other EU jurisdictions, as I pointed out. The IRHA is becoming frustrated that nobody seems to be collaborating on these two aspects. I am assuming, or at least, I have been told that the association has made representations to both Departments. It may not be to Dr. Quinn but to the Minister. I will check that and I will follow up with Dr. Quinn. It is a simple issue to resolve, which we do not need to get into a crisis over.

I have to follow up on it, with what I know about it.

I have a question about proof of eligibility for schemes. There were defined eligibility criteria for the temporary Covid-19 wage subsidy scheme, TWSS, but when we moved on to the restart grant schemes, I do not believe that eligibility criteria were set down. Am I right about that?

Dr. Orlaigh Quinn: The Deputy is not right. There were strong criteria for the schemes.

Deputy Verona Murphy: Initially, with the TWSS, Revenue was asked to complete eligibility reviews for employers and it had completed 95% of eligibility checks by the end of February 2021. In the case of the restart grant scheme, the Department did not specify the proof that may be required to confirm eligibility for the restart scheme. Therefore, it may be difficult to verify the claims paid. Does that effectively give an out to those who were not eligible?

Dr. Orlaigh Quinn: There were criteria. If it is okay, I will bring in my colleague, Mr. Declan Hughes, because there have been a number of questions about how we reviewed this between the scheme ending in July and the August scheme. On the commercial side, a company had to be a ratepayer, have turnover, and have a self-declaration, which I think is what is causing some concern. We were not in a position to assess that at that time. They had to commit to retain employees on the temporary wage subsidy scheme. That commitment was made, but we would not have been in a position to verify it at that point in time. Deputy Verona Murphy asked how we will run the review and why that was not done in July. I think Deputy Munster asked about that too. I will ask Mr. Hughes to speak on this. He was in charge of it at the time and might be able to help the committee more.

Mr. Declan Hughes: I will deal with the point about the review. It will look at the applicants. There will be spot-checks across local authorities and sectors. It will look specifically at the declarations that were made. It was a self-declaration, but it was clear to the individuals that they should retain those records and that they would be subject to further checks. That will be part of the evaluation. It is about the turnover levels, the sectors that they were in, the TWSS etc.

Deputy Verona Murphy: I might-----

Mr. Declan Hughes: All of the applicants were ratepayers. They were known to the local authorities. That provided us with a cross-check about their location and the sector they were in. The sectors were clearly set out in terms of those that were closed. They had been closed for three months so they were already down 25% because access to their premises was restricted.

Deputy Verona Murphy: I could be more specific. The issue was that the Department did not specify the proof that would be required to confirm eligibility for the restart schemes. That is what I am asking about. As it did not, what will that cause? Why did the Department not specify the proof that would be required at the outset?

Mr. Declan Hughes: Okay. Essentially, we asked for a self-declaration relating to accounts. When it came to the small business assistance scheme for COVID, SBASC, that we subsequently launched, and we had more time to develop it, we asked that individuals upload their accounts. That is the type of proof we will be seeking when we go back to do the spot checks in respect of the accounts that were held at the time. As they were on the rates system, the local authorities knew the business and the size and scale of the business.

Deputy Verona Murphy: That is what I am asking. In hindsight, when it was not stipulated in the first instance and if somebody does not provide them now, where does that go?

Mr. Declan Hughes: One of the cross checks is that they are part of the rates system. They are known to the local authorities and the local authorities have a relationship with them either in terms of existing rates payments or outstanding rates and so forth. It is on that basis we will be working on those. Where there may be reclaims or other issues arising we will deal with it through the local authority system.

Deputy Verona Murphy: Okay.

Mr. Declan Hughes: We do not envisage issues. There were a number of parties involved in the assessments. In many cases it was the rate officer together with the finance unit and, in some cases, with the local enterprise office, which would have known those businesses and perhaps were involved in the verification as well. However, as I said, it will be an independent audit.

To come back to the service level agreement, SLA, it specifically provided that we would undertake the review at €200 million. The scheme was launched in May. By the middle of June we had allocated €38 million. At that stage, in the negotiations for the programme for Government and with feedback from Members of the Oireachtas, we were already in the middle of a review. We assigned an assistant principal officer as an additional member of the team to undertake a review. It was not an independent external review as envisaged in terms of the evaluation. That review then fed into the redesign of the scheme for restart plus, which was launched as part of the July stimulus. That came in early in August. Restart grant 1 was to run until the end of August and it would have been completed but it was subsequently overtaken by restart grant 2. We never reached the €200 million for restart grant 1.

Deputy Verona Murphy: I have a last brief question.

Mr. Declan Hughes: We only got to €196 million.

Deputy Verona Murphy: I presume Mr. Hughes cannot hear me.

Mr. Declan Hughes: That review was undertaken internally in June and July and it then fed into the expansion of the scheme from 50 to 250 employees, including the bed and breakfast accommodation. We were not comfortable that we could assess the bed and breakfast accommodation, so that was handed over to Fáilte Ireland.

Vice Chairman: Do you have a problem hearing us?

Mr. Declan Hughes: I did not hear that. I am sorry, Chair.

Vice Chairman: We have been trying to interrupt you.

Deputy Verona Murphy: That is fine. I thank Mr. Hughes for his comprehensive answer. It is like anything else in that when it boils down to the legality of it, we do not want to end up with legal fees and battles over stuff that probably is just a lesson learned. I appreciate how busy it was and how quickly it was rolled out. I have a brief question. Is there a set period of time in which the amounts paid to ineligible businesses can be clawed back by the State? Has there been any mention of that?

Vice Chairman: Can we have a short reply to that please?

Deputy Verona Murphy: It is probably a binary answer if there is no consideration.

Mr. Declan Hughes: On the positive side, these are all parties that have a relationship with local authorities and it would be pursued on that basis. In general, the principle regarding claw-back is that it is done on an agreed basis, but it would be clawed back. That will be subject to consideration when we get the advice from the auditors.

Vice Chairman: The next speaker is Deputy Colm Burke. Is he on the call? There is nobody indicating yet so I will ask a few further questions. To pick up on the point about permits and the critical skills, and this question is for Dr. Quinn, has the critical skills list been updated or is it being updated? I understand it dates back to approximately 2006, and things will have changed. I could be wrong about that, but that is my understanding. I am getting queries from sectors such as construction and healthcare for permits for people from outside the EU. It may well be an issue with the Irish Naturalisation and Immigration Service, INIS, and the Department of Foreign Affairs. Transport would be the other area. Is the critical skills list being updated? The last time I looked at it with regard to construction, it was architects as opposed to plumbers. That is the type of query I am receiving.

Dr. Orlaigh Quinn: Yes, the skills have been updated. We do it twice yearly. Most recently, on the construction side, for example, almost all construction jobs are now eligible for a permit, and that includes pretty much all construction. They have been reviewed and are included. It is probably distinguishing between the critical skills and the general employment permits, and the new ones in the construction sector have come in under the general employment permits scheme. Also, I should mention that we have an expert group on future skills and there is the skills and labour market research unit in SOLAS. They would be heavily involved in adapting those lists for us twice yearly.

Vice Chairman: There are people, for example, nurses, who are qualified in their own jurisdiction but their qualification is not recognised here. Often they are recruited as care assistants in nursing homes and the like. My feedback is that the experience one gets is of a very high level of skill. However, they are not included. Is there any consideration of that type of thing, where there is no equivalence in the recognition?

Dr. Orlaigh Quinn: That would be a difficulty for us. We brought in almost 4,500 nurses since the pandemic, but they would be registered according to the registration that is required by the Department of Health. The Department of Health would have to revisit the equivalence for people who do not match our skills. That has not happened as far as I am aware.

Vice Chairman: I am not suggesting that they be recruited as nurses, but the question was asked of me with regard to a shortage of the semi-skilled, as opposed to the recognised skill.

With regard to the staff in the Department, it is broken down in 2020 to 508, which was up from 475. That may well have been to do with vacancies. The offices are the Office of the Director of Corporate Enforcement, the Health and Safety Authority and other offices. The agencies are, by and large, the bigger number with 1,700. What is the vacancy rate across all three? If you do not have it, will you provide it to the committee? What is the rate of people who are out sick? I am looking for the non-Covid rate. It may be that 2019 is a better example of that. Regarding maternity cover, is there a plan for maternity cover? In too many organisations there are gaps in the full complement of staff and often there is no maternity cover, sometimes in critical areas.

Dr. Orlaigh Quinn: Obviously, we distinguish between the Department and the offices. They are the civil servants. The agencies, the IDA and EI, are recruited separately within their recruitment processes. There is no problem getting the committee those data. From the Civil Service perspective, vacancy tends to be at around 3%. Our sick leave has gone down during Covid for a variety of reasons. I suspect it is because people can work from home. From what I mentioned earlier, it is clear that our productivity levels, I am proud to say, have gone through the roof. I am very pleased with that.

On the point the Deputy made about maternity cover, we are very positive in terms of replacing people who are on maternity where necessary. As the Deputy knows, the general practice is that such people are not replaced, but we look on that very much on a job perspective basis. Where somebody is in a priority area, we replace that person. We sometimes carry that vacancy somewhere else or we increase our staff budget to replace that person for a while. It is very much on a needs-must basis.

Vice Chairman: The information about sick leave driving down illness rates is very useful. It is one of the reasons the hybrid model may well be a positive we need to take from the pandemic, rather than just dwelling on the negatives of it. It is good to hear about the maternity cover because we hear from people who say that they are coming back to work but their desk has a pile of stuff on it. It is all the more reason it makes it unattractive to come back.

Dr. Orlaigh Quinn: It is not fair to people.

Vice Chairman: There just needs to be proper planning and I would like to see that right across the public service.

In her opening statement, Dr. Quinn referred to the contingent liability on the outstanding loans totalling €113 million. If we go back to the year before 2019, the maximum exposure was €5 million at the end of 2019 with outstanding loans of €30 million. How has that performed since? Are those loans still outstanding? Is that how it stands today?

Dr. Orlaigh Quinn: Will the Vice Chairman explain that to me again, if she would not mind? I do not think I quite caught the point.

Mr. Seamus McCarthy: I will comment. I pointed it out. It relates to note 2.9 in the appropriation account. It is on page 17 of the account.

Vice Chairman: Okay.

Mr. Seamus McCarthy: The Accounting Officer may not have an update on that because it is carried out as an end-of-year exercise. A calculation at an interim point in the year is not standard.

Vice Chairman: Okay. That is fine. We will watch for the Comptroller and Auditor General's report next year. We will get the update then.

Deputy Jennifer Carroll MacNeill: I have a couple of questions. I appreciate the point the Comptroller and Auditor General just made, but I will ask Dr. Quinn about the Department's general oversight of the Microfinance Ireland, MFI, loans. Dr. Quinn said in her opening statement that in the relevant period, especially through the Covid pandemic, Microfinance Ireland supported 1,300 businesses supporting close to 3,000 jobs. From the Department's perspective, how does it monitor the key performance indicators, KPIs, and the performance of Microfi-

nance Ireland? How does all that sit?

Dr. Orlaigh Quinn: Interestingly, Microfinance Ireland is coming more closely back into the Department, which is a change we are working on. We would certainly monitor closely. We have a senior official on the board of MFI, which gives us very good insight into the data and operation of the organisation. We also keep a very strong watching brief. MFI has to give us details of approvals of loans. Again, we always have a liaison team assigned to each of our agencies to monitor their performance, the drawdown, where the spend is and where money is not being spent. We also receive a quarterly performance report from each of them, which the management board examines and assesses if there are areas of concern. Does that answer the Deputy's question sufficiently?

Deputy Jennifer Carroll MacNeill: Yes. My colleague, Deputy Murphy, covered some of this previously. I appreciate the Comptroller and Auditor General's point about coming back to it later.

I will go back to the point we discussed at the outset, which was the review of the restart grant. I know that body of work - the major review and not the more ongoing work - is yet to be done in the Department. What does Dr. Quinn believe that review is likely to generate? What is her sense of it?

Dr. Orlaigh Quinn: My sense is that we put a lot of money into the economy at a critical time to support businesses. I would be very surprised if we find a high rate of abuse of that scheme because of the criteria that were set in terms of commercial rates, businesses closed and 25% turnover. Until we see the full data, which we obviously will, I would say we set the criteria sufficiently high while at the same time making sure that people were able to get access to the funds quickly. It was always that balance between the public finances and the code when we were trying to achieve good.

We had never done this kind of scheme before. It is perhaps something we will look at as part of the review. We had to find operators that were close to the ground and we picked the local authorities. It was done in an emergency. It was not one I would have stood over if I was asked to roll out a scheme to support businesses. It was done in an emergency. It achieved what we wanted it to achieve. I look forward to the evaluation because there will be huge learning. If this happened again, is it the Department that does it? Should we have rolled it out directly via the local authorities? There were all these questions at the time. When I look back, we put our hands up and said we would manage and do it because somebody had to do it at the time. There was such pressure on those small businesses.

Deputy Jennifer Carroll MacNeill: It is certainly true to say that the businesses that needed the grant got it. However the review goes, I know the businesses in my constituency that needed the grant got it. Even where they were not aware they were eligible for it and then became aware and went back, they still got it. It was the difference between surviving and not at many stages.

Dr. Orlaigh Quinn: I will add that they were not our normal clients.

Deputy Jennifer Carroll MacNeill: No. I know.

Dr. Orlaigh Quinn: We have since taken on the whole role of working with the retail sector and personal services, such as hairdressers. The areas we had very much focused on prior to that were the traded and export sectors. It was new for us too and we have learned a lot as well.

Deputy Jennifer Carroll MacNeill: It is interesting Dr. Quinn should say that, because most people in Ireland are employed by much smaller enterprises, in many respects. On some of what Dr. Quinn said, for example, on hairdressers, I was in touch with them through Irish Small and Medium Employers, ISME, and they were hugely concerned about the emergence of an even stronger black market in their sector and what that meant. As a group of employers who were largely female entrepreneurs hiring largely, but not exclusively, female staff, with all the pressures they were already facing plus a stronger black market economy and how to counter that, I would have thought it was probably a good thing for the Department to be more closely linked with that kind of very on-the-ground retail business.

One of the things I worried about at the time was the risk regarding insurance costs or insurance hikes. We have seen very strong inflationary pressure in the economy, in the past six months in particular. There are international forces at play in that. A big force are the direct cash transfers made to businesses and individuals throughout the pandemic period. Will the Department look at some of those broader effects, or if they are linked effects, in the course of its review as well as the actual operation of the scheme?

Dr. Orlaigh Quinn: We will certainly look at the broader impact as well. There is no doubt we will be looking at the impact of the pandemic, what we did and what we could have done, for a long time to come. Insurance was certainly a factor. As the Deputy knows, the Tánaiste chairs the insurance group. The bit we have in it is the Personal Injuries Assessment Board, PIAB. We have had some very good results there in terms of the judicial guidelines and the work we did collectively across the Government. We have an interest in anything that affects enterprise. It might not necessarily be ours, but we do have a very strong cross-government approach. Even to take the example the Deputy raised about the black economy, with regard to the hairdressers, we would have had detailed discussions with the Department of Social Protection, feeding back some of that comment as well. Again, while we do not always have the levers ourselves, we do have a strong voice.

Deputy Jennifer Carroll MacNeill: Dr. Quinn said earlier that the design of the restart scheme was done very quickly, from the beginning of May to being operational on 22 May or thereabouts, which is important and well done on that. She said that, in other circumstances, it might have taken a year to put a scheme of that kind together. We saw the same quick delivery of schemes in the Department of Social Protection with the PUP and CRSS. For the future, is there some timeframe between three weeks and a year, given we might have learned that we can do things more aggressively in the future?

Dr. Orlaigh Quinn: I hope so. It is certainly our aim to be flexible and to respond as quickly as we can, but always bearing in mind the need to ensure that the public finances are correct and that people get what they are entitled to and not anything else. That is some of the discussion we had earlier and it is an exercise that we will try to make sure we conduct. I hope that as part of the evaluation, if not necessarily of the audit, elements of that will come through to us.

Deputy Jennifer Carroll MacNeill: Earlier, I spoke about the death knell for small businesses and that slow “No” which is sometimes the case in the response. In Dr. Quinn’s Department, it is very important to be responsive immediately to all of the different parts of the economy and its different sectors, and perhaps this will be considered in the evaluation. Of course, our good friend, Mr. McCarthy, has a very important role to play but speed and responsiveness are key in responding in such a small, open economy with the different pressures it faces. Let us hope it ends up being that little bit speedier.

Dr. Orlaigh Quinn: I thank the Deputy. We will work on it.

Vice Chairman: If no one else wants to come in at this stage, I call Deputy Verona Murphy.

Deputy Verona Murphy: Not to circumvent Dr. Quinn, but Mr. Hughes might want to answer this question. Given our conversation in regard to work permits, while I am not long elected, I have been voicing concerns about work permits since being elected. In Wexford, we are currently experiencing a huge deficit in regard to CAMHS staff recruitment. It took three years to find an applicant to accept the senior child psychologist position. Now, we are in a position where, for 12 months, the HSE has been advertising for a dietician and there is no applicant to take the position. There are 549 families who have been granted a home care support package but we do not have the employees in the private sector, who could make the provision of services available to the HSE, or within the HSE itself to deliver those home care support hours. This year's budget was lauded because home care support hours were increased by 1.5 billion hours and funded, which hugely increased the hours. However, the hours cannot be delivered so, essentially, the funding will never be used. I hope Mr. Hughes understands me. I am just asking where all of that comes back to his Department with regard to finding somebody to deliver those job specs. We need to bear in mind a home care support package is generally for applicants over the age of 66 who probably have long-term illness or are in serious need of short-term care.

Mr. Declan Hughes: I thank the Deputy. Essentially, for healthcare occupations, the supply and demand side is led by the Department of Health, working with SOLAS. Insofar as our Department has a role, unless it was training businesses that were working in this area, it is a matter for the Department of Health. The expert group on future skills needs-----

Deputy Verona Murphy: I hope Mr. Hughes can hear me. The specific question I am asking is whether the HSE comes to his Department in regard to recruitment for employment permits from other jurisdictions. Is there collaboration in that vein?

Mr. Declan Hughes: There is, yes. As the Secretary General mentioned earlier, there is engagement, whether it is with the Department of Agriculture, Food and the Marine in terms of the meat and dairy sector, the Department of Health or the Department of Transport. All of the sectors would have had an input to that review which was done recently and published at the end of October. The Secretary General talked about HGV drivers, agricultural workers, horticultural workers and so on. That was all fed into that review process, which was undertaken by the Department and informed by the expert group on future skills needs. It is not my area directly but that is the position. We would be happy to brief the Deputy separately on it.

Deputy Verona Murphy: Thank you.

Vice Chairman: I call Deputy Colm Burke, who has returned from speaking in the Dáil.

Deputy Colm Burke: I apologise for not being available for all of the meeting. Perhaps the issues I want to raise have been raised so I hope our guests will bear with me.

I thank the Department for the work done in a very difficult 24 months and for the progress it made in retaining jobs and helping to create new jobs. With regard to a review of jobs over the last five years, we spoke in the last meeting about value for money and retention of jobs. Has an analysis been done by the IDA and the Department in regard to job creation where support grants were provided in order to find out, five years on, what number of those jobs are still in place and whether we got value for money for the grants paid out in different areas? Has

detailed analysis been done on that by the Department in the last few months?

Dr. Orlaigh Quinn: I thank the Deputy. We would obviously keep an ongoing review of all of the agencies and their performance, the jobs created, where they are created and where they are lost. It is ongoing but we check at particular times because all grants that are given by the IDA or Enterprise Ireland for any jobs sustained are repaid if those jobs subsequently do not materialise or the company is lost to Ireland. We would keep those records in detail.

Deputy Colm Burke: Has Dr. Quinn any idea in regard to the jobs created? For example, for any year of the last five years where grants were provided, what percentage of those jobs are still in place and what percentage have not lasted more than 12 months, two years or three years? Have we any kind of detailed analysis of that?

Dr. Orlaigh Quinn: We would have it. I do not have it to hand but we certainly would have that type of analysis available to us. It has to inform all of our future planning in terms of the sectors we concentrate on. We have had a number of reviews over the years, not least the public spending review of the impact of our supports on our enterprise agencies. I can certainly make that available to the Deputy after the meeting.

Deputy Colm Burke: From Dr. Quinn's own knowledge of the Department, what is her understanding? Is there an 80% or 90% retention, or is it less than that?

Dr. Orlaigh Quinn: I think it is higher than that but I do not want to nail the number now, when I do not have it specifically to hand. If we look at the growth in our agencies, we are now at 257,000 jobs in IDA companies and more than 230,000 jobs in Enterprise Ireland companies. They have been huge growth areas and, even with the pandemic, those numbers have gone up substantially since last year. I would say to the Deputy - again, without the data - that it would be a very high number in terms of retention.

Deputy Colm Burke: I want to follow up on the point made by Deputy Verona Murphy about permits for people coming in from abroad. There are certain key areas where we have difficulty in filling jobs. I know the Department of Enterprise, Trade and Employment was involved with the meat industry through the Department of Agriculture, Food and the Marine. In the healthcare sector, for example, we have a difficulty in the nursing home care area. Have there been discussions with the Department of Health in dealing with that? I just came in at the end of Deputy Murphy's question so this may have been dealt with. In the private nursing homes, there are about 23,000 residents, so a fairly substantial number of staff are needed. Quite a number of people who worked in the area have retired for very genuine reasons. The home care area in Cork and Kerry run by the HSE is something for which we cannot bring in people from abroad to deal with and the number of workers in the area has reduced from 1,800 being available to provide home care down to 1,400 in the past 12 months. Therefore, we see challenges in that area. As there are also particular challenges in the nursing home area, what engagement has occurred with the relevant Departments on the matter?

Dr. Orlaigh Quinn: I mentioned earlier that we do a twice-yearly review of all Departments in respect of the skills they need and recognise in their sectors. Last year we did three, again because of Covid-19 and its impact. We are very much guided by the individual sectors and the Department of Health is clearly very important. More broadly, we must always achieve a balance between those who are on the live register, creating jobs and bringing in people. It is the type of evidence we expect from Departments. I mentioned earlier that last year, for example, we prioritised the healthcare sector in particular because of the pandemic and we brought

in over 4,000 nurses in 2020. We also brought in over 4,000 doctors to support our colleagues in the health sector. We had over 9,000 employment permits just in the health sector alone that came in 2020.

Deputy Colm Burke: I know nurses and doctors come in but what about care assistants and people who may work in the background in kitchens and cleaning facilities etc.? My understanding from nursing homes is that they have had a very poor response from the Department of Health on this type of assistance. We have seen an increase in nursing staff and doctors but not in care assistants or in other areas.

Dr. Orlaigh Quinn: I suggest that some of those should also be linking with Intreo offices as again, that is where we have cohorts of people in receipt of benefits who could do those kinds of jobs in particular. These may not be skilled jobs, perhaps. If the Department of Health comes to us to make a case and provides evidence that those skills are not available in the nursing homes sector-----

Deputy Colm Burke: Is the Secretary General saying the Department of Health has not come to her Department on the matter?

Dr. Orlaigh Quinn: No, it has. It makes the case to us and we implement and open up those areas. They are on the list and are available. I certainly also advise the use of our Intreo offices. There is talent and there are skills available that could also be used.

Deputy Colm Burke: I spoke earlier about value for money. Do any substantial changes need to be made in view of the fact that Covid-19 has brought huge changes? There is also the issue of the UK no longer being part of the European Union. Should we be exploring new avenues as a result? As we are the only English-speaking country within the European Union, are there further opportunities to grow jobs that we should now be using, with policies being adopted accordingly?

Dr. Orlaigh Quinn: Absolutely. We are exploring all possible options. It is one of the main selling points now used by IDA Ireland in any of its promotional and marketing opportunities that we are the English-speaking member of the European Union and in demonstrating the talent and skills we have. That is built in very strongly to its message. From our perspective, we must look to other opportunities. We have seen much from companies here gaining access and changing supply chains as a result of perhaps no longer being able to access companies in the UK. It is a very fluid position now and we see it as a major advantage. There is a major opportunity for companies but there is a tricky bit for them first if they want to move to other markets. For our companies, the English-speaking UK is a near and good market. Enterprise Ireland is very strongly focused on growing out the capacity of the sector across Europe and more broadly, as well as inward investment. We see that as a major potential advantage and one we are all working on collectively.

Vice Chairman: That is everyone who wants to speak. We will be finishing slightly early. I thank our witnesses for joining us today and the staff at the Department for their work involved in preparing for the meeting. I also thank the Comptroller and Auditor General and his staff for attending and assisting the committee today. Is it agreed to request the clerk to seek any follow-up information and carry out any agreed actions arising from the meeting? Agreed. Is it also agreed that we note and publish the opening statements and briefing provided for today's meeting? Agreed.

Before suspending, I remind members that the launch of the report of this committee and the finance committee arising from the significant increase in remuneration for the post of Secretary General at the Department of Health will begin on Microsoft Teams at 1 p.m. and photographs will be taken on the plinth at 12.45 p.m. I thank the officials from the Department for their attendance today.

Dr. Orlaigh Quinn: I thank the Chair and the committee for their interest and involvement. We look forward to working with it in future.

Vice Chairman: Thank you.

The witnesses withdrew.

Sitting suspended at 12.17 p.m and resumed at 2.32 p.m.

Business of Committee

Vice Chairman: The business for this afternoon should be reasonably short. We have minutes, accounts, correspondence, the work programme and any other business. The first business is the minutes of our meeting of 11 November, which have been circulated to members. Does any member wish to raise any matter relating to the minutes? No. Are the minutes agreed? Agreed. As usual, the minutes will be published on the committee's website.

We now move on to accounts and financial statements, which the Comptroller and Auditor General, Mr. Seamus McCarthy, will take us through.

Mr. Seamus McCarthy: Six sets of financial statements have been presented and are now available. The first is from the Donegal Education and Training Board and relate to 2020. That received a clear audit opinion.

The financial statements from the Ombudsman for Children's Office also received a clear audit opinion for 2020.

The 2020 accounts for Ciste Pinsean Thithe an Oireachtais ar fad cóltaí, the pension fund for Members of the Houses of the Oireachtas, received a clear audit opinion.

The 2020 accounts for the Longford and Westmeath Education and Training Board received a clear audit opinion.

The 2020 financial statements for Microfinance Ireland, the provision of additional funding for which was mentioned during the meeting this morning, received a clear audit opinion. However, I draw attention to note 9 in the financial statements. It discloses that there was a provision charge for 2020 of €11.4 million in respect of bad and doubtful loan debts. At the end of 2020, the total of specific and collective provisions for loan bad debts amounted to €13.3 million on outstanding loan advances totalling €30.2 million. What a provision is doing is looking at the quality of the loans and anticipating that losses will be incurred in the future. That is a significant increase in the provision in the year, largely because of additional lending to businesses that were operating in a Covid environment. It is anticipated there will be a higher level of losses incurred as a result of that.

The final set of accounts presented are the annual financial statements for Science Founda-

tion Ireland for 2020. There is a clear audit opinion.

Vice Chairman: We expect an update on the position relating to Microfinance Ireland when it is audited again. As the Comptroller and Auditor General said, it is not something that is done mid-year.

Mr. Seamus McCarthy: That does not typically happen for a small organisation such as Microfinance Ireland. It will be looking at the provision and the inadequacy of the provision it is making on each reporting date.

Vice Chairman: Can we agree to note the accounts and statements? Agreed. As usual, the listing of accounts and financial statements will be published as part of our minutes.

We will move on to correspondence. As previously agreed, items that have not been flagged for discussion for the meeting will continue to be dealt with in accordance with the proposed actions that have been circulated and decisions taken by the committee in relation to correspondence are recorded in the minutes of the committee meetings and published on the committee's web page. Five items of correspondence have been flagged in this category.

I will move to consider correspondence from Accounting Officers, Ministers, or both, and relating to follow-up to meetings of the Committee of Public Accounts. No. 872B was received from Mr. Niall Cody, chairman of the Revenue Commissioners, dated 5 November 2021. It provides information requested by the committee arising from the fact that the Revenue did not accept certain recommendations in the committee's most recent report on its engagement with Revenue. The committee asked Revenue to clarify to what extent it can investigate the financial and sectoral implications of a voluntary PAYE system agreed by Revenue and courier firms in March 1997, as well as a copy of the 2019 European Commission inspection report on the control strategy for customs values and repayments. I have flagged this item for discussion, as have Deputies Carthy and Stanley. I suggest we hold it over until next week as I know it is of interest to Deputy Stanley. Is that agreed? Agreed.

No. 873B is correspondence from Ms Marie-Claire Maney, chairperson of the Tax Appeals Commission, dated 8 November 2021. It responds to the committee's request for information relating to tax settlements between the Revenue Commissioners and Perrigo. The chairperson states that due to its statutory obligations around the confidentiality of appellants, rather than any reluctance to respond to oversight, the commission cannot provide such information. The chairperson goes on to detail the relevant statutory provisions, stating that if a settlement is agreed at any stage before the commission makes a determination, the appeal is treated as having been withdrawn and the parties need only notify the commission of the settlement. As such, the commission has no role in the tax settlement agreed between Perrigo and the Revenue Commissioners.

The chairperson also provides an update on the current status of the top ten appeals by quantum. The most recent update was provided for our meeting with the commission on 8 July. It is worth noting that the aggregate quantum of tax under appeal has reduced from €4.5 billion in January 2021 to €1.55 billion on 8 November 2021. We have also requested detailed information from Revenue relating to this settlement, which is due today. It is proposed to note and publish the correspondence. Is that agreed? Agreed. Deputy Carthy and I have flagged it.

No. 874B is correspondence from Ms Cliodhna Guy, interim chief executive officer of the Irish Horseracing Regulatory Board, dated 8 November 2021. It provides further information

requested by the committee about the installation of CCTV cameras at racecourses. The interim CEO states that it has concluded the evaluation of the tenders for the installation of CCTV systems in racecourse stable yards, and that the board continues to work to the previously stated timeframe for installation to be completed at each racecourse prior to the commencement of the 2022 season. The interim CEO also notes that the cost of the system is considerably higher than what had been allocated by Horse Racing Ireland previously and on that basis the matter is currently with the Horse Racing Ireland board for approval. It is proposed to note and publish the item. Is that agreed? Agreed.

Deputy Imelda Munster and I flagged this item, but I do not think she is present. It would be useful to get a breakdown of the cost of the new system to include the installation costs and an update pack when the sanction to the purchase is granted. I presume it will do that, but it would be no harm for us to request it.

No. 875B is correspondence from Mr. Ronnie Downes, assistant secretary at the Department of Public Expenditure and Reform, dated 8 November 2021 in which he provides information on updated arrangements for public bodies presenting their accounts to the Comptroller and Auditor General and, following their audit, the arrangements for laying them before the Houses of the Oireachtas. It arises from a 2018 report of the last Committee of Public Accounts, which highlighted the inconsistency in the obligations of when public bodies must present their financial accounts to the Office of the Comptroller and Auditor General for audit.

The new arrangements, as set out in Circular 24 of 2021, require that, unless otherwise specified in legislation, annual accounts should be presented to the Comptroller and Auditor General for audit no later than three months after the close of the financial year. As the accounts are laid before the Houses and brought to the attention of this committee by the Comptroller and Auditor General, the circular also removes the need for audited bodies to arrange for copies of audited accounts to be submitted to the committee. This requirement was not being complied with in the majority of cases in any event. In most cases, once the Comptroller and Auditor General has certified accounts, the accounts must be laid before the Houses within three months. Members will be aware that this committee has a standing agreement to write to any bodies that are late in laying their audited accounts before the Houses. However, this circular, as was the case with the one it replaces, includes a requirement, at paragraph 9, that the clerk to this committee be notified where there is an unavoidable delay beyond these time limits. In practice, this is not being done. If it were, it would remove the need for us to write to bodies to request explanations for late laying of accounts.

It is proposed to note and publish the item, to thank the Department of Public Expenditure and Reform for providing the updated circular and to request that it remind Departments of the requirement to inform the clerk if statutory accounts are being presented later than the specified time limits and to explain the delay. Is that agreed? Agreed. I hope our consistent following up where accounts were late had a role in putting that onto a more formal footing.

Mr. Seamus McCarthy: It is very welcome that the Department has taken the effort to refresh the instructions to Departments to remove certain anomalies and so on. I certainly welcome it.

Vice Chairman: Deputy Carthy has flagged this item.

Deputy Matt Carthy: I have nothing to flag. I have a technical question on the weekly sheet we receive outlining the accounts that have been laid. I take it that will continue.

Mr. Seamus McCarthy: Absolutely. I think that is one of the things referred to in the circular. That arrangement is working quite well. We are picking up anomalies. We are going back to Departments and looking for things to be rectified. For example, recently some sets of financial statements were just unreadable because of the way they were copied and so on. We keep pushing on that and we will keep bringing the lists to the committee each week.

Deputy Matt Carthy: I thank the Comptroller and Auditor General.

Vice Chairman: No. 878B is correspondence from Mr. Joe Hackett, Secretary General of the Department of Foreign Affairs, dated 8 November 2021 in which he provides information requested by the committee on the appointment of special envoys. The Secretary General states that in September the Minister for Foreign Affairs requested that the Department undertake a review of the role and appointment of special envoys, and make specific recommendations on how future appointments will take place through a competitive process. The terms of reference are included. The Secretary General states that the report arising from the review will go before Government at the next available opportunity and that the Minister's intention is to publish the report following its consideration by Government.

Regarding expenditure in the Department's accounts relating to special envoys, almost €70,000 was spent on travel and subsistence in 2020. The Secretary General clarifies that no remuneration was paid to special envoys in 2020. However, in recognition of their work as special envoys he states that it was decided to pay each of the six retired special envoys an *ex gratia* payment of €5,000 per year for each of the two years of their work on the campaign. While the Secretary General states that one of the special envoys waived this *ex gratia* payment, it was paid to the other five retired staff in January 2021, totalling €50,000, which was €10,000 each. Special envoys who were then serving staff of the Department, the then Minister and the then Deputy did not receive any remuneration for their roles as special envoys.

It is proposed note and publish the item and request a copy of the report once it is published, as well as the basis for the *ex gratia* payments to special envoys. Is that agreed? Agreed.

Deputy Carthy has flagged this item for discussion.

Deputy Matt Carthy: I seek clarification. Is an *ex gratia* payment taxable?

Vice Chairman: I cannot answer that.

Mr. Seamus McCarthy: If it is a form of remuneration, it would be. The term "*ex gratia*" just refers to the fact that there is no scheme in place under which the payment is made. I think it has no bearing on the taxability of it. I will check it and come back to the Deputy.

Deputy Matt Carthy: The Comptroller and Auditor General might get clarification on that. I do not think it is appropriate to state that no remuneration was paid and then state in the same paragraph that an *ex gratia* payment amounting to nearly €100 per week was provided. This again highlights the need for a structure in respect of the concept of special envoys and the process involved because it all appears to be incredibly *ad hoc*, as was prominent for a period.

Vice Chairman: Next we will deal with correspondence from and relating to private individuals and any other correspondence.

No. 879C is correspondence I submitted to the committee on 9 November 2021 requesting the committee to make inquiries with IDA Ireland arising from HSE correspondence regarding

the procurement of ventilators from China. Obviously, that is self-explanatory. I again ask the committee to agree to make those inquiries. Is that agreed? Agreed.

No. 881C is from Mr. Tadhg Daly, chief executive officer of Nursing Homes Ireland, dated 9 November 2021. It requests an update on the implementation of the recommendations in our report regarding the examination of the Comptroller and Auditor General's Special Report 110 - Nursing Homes Support Scheme (Fair Deal Scheme), which was published in January. One of the recommendations was that the value for money review of the Nursing Homes Support Scheme be published without delay. It was initiated by the Department of Health in March 2018 and was due for publication in March 2019. Over two and a half years later it has still not been published. We looked for an update on this review and on the report concerning the costs and timeline for the national children's hospital from the Department on 18 October and issued a reminder earlier this month but have not yet received a response. It is proposed to provide Nursing Homes Ireland with the updates the committee has received in respect of the implementation of its recommendations and to advise that the Department of Health will appear before the committee on 16 December. Is that agreed? Agreed.

Deputy Munster flagged an item of correspondence. We could hold it over. That is probably the fairest thing to do, so she has an opportunity to address it. If we can move on to the work programme, it is agreed until the end of the year. We previously agreed to revisit the work programme for the new year in late November. It is suggested that we do so next week. Is that agreed? Agreed. Does any member wish to raise anything in respect of the work plan? We will be coming back to it next week anyway. Is there any other business? I take it there is not. We will briefly go into private session before adjourning until Thursday, 25 November, when we will engage with the Department of Tourism, Culture, Arts, Gaeltacht, Sport and Media.

The committee went into private session at 2.52 p.m. and adjourned at 2.53 p.m. until 9.30 a.m. on Thursday, 25 November 2021.