

DÁIL ÉIREANN

AN COISTE UM CHUNTAIS PHOIBLÍ

COMMITTEE OF PUBLIC ACCOUNTS

Déardaoin, 22 Meán Fómhair 2022

Thursday, 22 September 2022

The Committee met at 9.30 a.m.

MEMBERS PRESENT:

Deputy Matt Carthy,	Deputy Imelda Munster,
Deputy Cormac Devlin,	Deputy Catherine Murphy,
Deputy Alan Dillon,	Deputy Verona Murphy,
Deputy Paul McAuliffe,	Deputy James O'Connor.

DEPUTY BRIAN STANLEY 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 33 - Tourism, Culture, Arts, Gaeltacht, Sport and Media

Horse Racing Ireland: Financial Statements 2020

Ms Suzanne Eade (*Chief Executive, Horse Racing Ireland*) called and examined.

Chairman: I welcome everyone to the meeting. Apologies have been received from Deputy Colm Burke. If attending from within the committee room or precincts of Leinster House, attendees are asked to exercise personal responsibility to protect themselves and others against the risk of contracting Covid-19. It is still with us, unfortunately. Members attending remotely must do so from within the precincts of the Parliament. This is due to the constitutional requirement that in order to participate in public meetings, members must be physically present within the confines of the place where the Parliament has chosen to sit.

The Comptroller and Auditor General, Mr. Seamus McCarthy, is a permanent witness to the committee and is accompanied this morning by Mr. Mark Brady, deputy director of audit at the Office of the Comptroller and Auditor General.

This morning, in our first engagement of the new Dáil term, we are meeting Horse Racing Ireland, HRI, to examine its 2020 financial statements. We are joined in the committee room by the following officials from HRI: Ms Suzanne Eade, chief executive; Mr. Roger Casey, chief financial officer; Mr. Jason Morris, director of racing and strategic projects; and Ms Claire Rudd, head of risk and compliance. We are also joined by the following officials from the Irish Horseracing Regulatory Board, IHRB: Mr. Darragh O'Loughlin, chief executive, and Mr. Donal O'Shea, head of finance. Finally, we are joined by the following officials from the Department of Agriculture, Food and the Marine: Mr. Martin Blake, assistant secretary, and Ms Caroline Ball, principal officer.

As usual, I remind all those in attendance to ensure their mobile phones are on silent mode or switched off. I will explain some limitations to parliamentary privilege and the practice of the Houses as regards reference attendees may make to other persons in their evidence. As 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, witnesses are expected not to abuse this privilege and it is my duty as Cathaoirleach to ensure it is not abused. Therefore, if their statements are potentially defamatory in relation to an identifiable person or entity, they will be directed to discontinue their remarks. It is imperative that they comply with such directions.

Members are reminded of the provisions of 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 a person outside the Houses or an official either by name or in such a way as to make him or her identifiable.

I call the Comptroller and Auditor General to make his opening statement.

Mr. Seamus McCarthy: As members are aware, Horse Racing Ireland was established to provide a statutory basis for the control, regulation and development of the horse racing industry in Ireland. In addition to its regulatory, funding and development activities, HRI operates a number of racecourses and runs a totaliser betting system. Organisationally, HRI's activities are delivered through a group structure involving the statutory body and eight subsidiary companies. In addition, HRI has around a one-third shareholding in an associate company called Curragh Racecourse Limited.

HRI received State funding of €67.2 million in 2020 from the Vote for agriculture, food and the marine. This accounted for 71% of HRI's income in the year. Its other main sources of income were contributions from horse owners and sponsors towards racing prize money totalling €16.3 million, sales of media rights to the value of €5 million, registration fee income of €2.2 million and thoroughbred industry contributions of €202,000.

HRI incurred a net loss of €904,000 from racing activities in 2020, on turnover of just under €59 million. This outcome was a reversal from the small surplus of €294,000 in 2019, on turnover of just under €73 million. The decline in turnover and the loss incurred reflect the net impact of Covid-19 restrictions on racing and race attendance, and of Covid financial supports provided.

HRI had exceptional income of €9.3 million in 2020, mainly arising from the profit on a sale of land in Ballyogan, Dublin, to the Department of Education. The group accounts include a charge of €1 million in relation to a special dividend payment made by HRI to the Exchequer from the sales proceeds, on the instructions of the Department of Public Expenditure and Reform.

On the expenditure side in 2020, HRI incurred costs totalling €86.7 million, including €51.6 million paid out in prize money. Expenditure of €11.9 million was incurred on integrity and racecourse services, mainly comprising grants to the Irish Horse Racing Regulatory Board. Overall, the HRI group recorded a retained surplus of €13.8 million for 2020. The 2020 financial statements received a clear audit opinion. However, without qualifying that opinion, my report drew attention to two matters related to HRI's activity in the year.

First, I drew attention to a loss of €1.8 million incurred in 2020 related to HRI's investment in Curragh Racecourse Limited. This followed a loss on the same investment of just over €2 million in 2019. HRI's cumulative loss to end 2020 arising from the investment was €6.4 million, representing almost 28% of the amount invested by HRI in the associate company. HRI recognised an impairment charge of €6.4 million on its investment in the HRI statement of financial position for 2020.

Curragh Racecourse Limited is a company established to provide for the redevelopment and management of the Curragh racecourse. The redevelopment involved the construction of

a new stand and other racing facilities, which opened in mid-2019. Ownership of the company is split between HRI, the private-membership Turf Club and a consortium of private investors.

Notes 37 and 39 of the group financial statements explain that HRI had contributed funding to Curragh Racecourse Limited totalling over €36 million up to the end of 2019. This comprised an investment of €23 million in return for a 35.29% economic interest in the company, grant funding of €12.5 million towards the cost of the construction project, the upfront payment of €500,000 for the right to use a hospitality suite at the racecourse for 30 years and a loan of €500,000 given during 2019 to fund additional works on the racecourse's parade ring.

Note 39 to the financial statements further discloses that Horse Racing Ireland entered into an agreement in 2020 to provide a convertible loan of up to €9 million to Curragh Racecourse Limited. By 31 December 2020, €6.9 million of the loan facility had been transferred to the company. Under the terms of the loan agreement, any outstanding liability to Horse Racing Ireland on 31 January 2024 will automatically convert to shares in the associate company.

The second matter to which I drew attention is the disclosure in Note 15 (i) to the financial statements that HRI booked a loss of €105,000 on the disposal of around seven acres of land through a land swap deal undertaken by its subsidiary, the Tipperary Race Company plc. HRI acquired around 12 acres of land adjoining Tipperary racecourse in 2019 at a cost of €25,000 per acre. Part of the land acquired was swapped with a neighbouring landholder, but was now valued at €10,000 an acre. The result was a write-down of around €15,000 an acre in the carrying value for the land disposed of.

Certification of HRI's 2020 group financial statements was delayed as we awaited further information from HRI on the valuation of the investment in Curragh Racecourse Limited. HRI's group financial statements were certified by me on 28 April 2022 and we are currently engaged with HRI in the process of final clearance of the financial statements for 2021.

Chairman: I thank Mr. McCarthy. Ms Eade is welcome to the meeting. I see from the letter of invitation that she has five minutes to give her opening statement.

Ms Suzanne Eade: I am grateful to be given the opportunity to appear before the Committee of Public Accounts to assist with the examination of the 2020 financial statements of Horse Racing Ireland, HRI. I am the chief executive of HRI. I am joined by HRI's chief financial officer, Mr. Roger Casey, director of racing and strategic projects, Mr. Jason Morris, and head of risk and compliance, Ms Claire Rudd.

As members will be aware, HRI is a commercial semi-State body responsible to the Minister for Agriculture, Food and the Marine, having been established under the Horse and Greyhound Racing Act 2001. HRI is responsible for the overall administration, governance, development and promotion of the Irish horse racing industry on an all-island basis. HRI operates a corporate structure that comprises the main body and nine subsidiaries, one of which is dormant. HRI's functions are set out in legislation. The HRI board comprises a chair and 13 ordinary members who are a mixture of industry and ministerial nominees. HRI's audit and risk committee is a statutory sub-committee of the board established to assist the board in fulfilling its oversight responsibilities. The audit and risk committee has its own charter, which outlines its purpose and key responsibilities. This committee meets at least four times annually to fulfil its duties to the board.

I apologise to the committee for the delay in the submission of HRI's 2020 financial state-

ments, which was driven by some additional technical clarifications required by the Comptroller and Auditor General in relation to the Curragh. This required both external advice and a full sign-off of the Curragh Racecourse 2020 financial statements in advance of clearing the HRI accounts. HRI's group financial statements for 2021 will be submitted post approval at HRI's board meeting on 10 October, subject to Comptroller and Auditor General clearance. We have provided the committee with briefing material in relation to the Curragh Racecourse Limited, but we will be happy to address questions members may have on any other matters related to the 2020 accounts or any other aspects of our finances.

The horse racing and breeding industries are significant across all of Ireland, producing more than €2 billion in total expenditure annually and supporting approximately 29,000 direct and indirect jobs. Supportive Government policy and legislation have put structures in place that have not only protected this vital industry but have allowed Ireland to compete at the highest level on the world stage, while enabling vital and sustainable rural-based employment throughout the country. HRI and the entire horse racing and breeding industries are very grateful to the Oireachtas for its continued support through the horse and greyhound fund. It means that HRI can promote an industry in which new entrants can thrive, and since 2020 we have seen many new faces. It is heartening to see 52 new trainers having their first winner since 2020 as well as hundreds of new racehorse owners every year. New owners and trainers typically mean more horses in training and our industry figures would back that up. Given the labour-intensive nature of the racing industry and the care horses need, that also means many more racing jobs in rural Ireland. This ensures that breeders all over the country can have a vibrant market for their young horses and only a competitive domestic racing environment, underpinned by appropriate prize money, can ensure that those who have invested at sales to prepare, train and improve young horses will see their investment and skills rewarded.

Like many other industries, Covid brought serious challenges to our industry, with racing staged behind closed doors, or with significantly reduced capacities, during 2020 and 2021. However, racecourses weathered the storm supported through Government and HRI schemes and strong media rights income. Together with the Irish Horseracing Regulatory Board, HRI provided a solution for point-to-point racing in the spring of 2021, allowing it to continue on the racecourse for a period and ensuring that the trade that trickles down to store sales and national hunt breeders continued to flow.

The industry statistics published in August for the first half of 2022 point to a resilient industry. The number of horses in training is up more than 15% on the last comparable year of 2019. This is a key figure when it comes to assessing total rural employment in the industry. In tandem with that, thousands of people are involved in horse ownership in Ireland, be it on their own or, indeed, the many who enjoy a low-cost racing ownership experience through syndicates or racing clubs. Attendances in the first half of 2022 were down 9%. We must view this dip in attendances through the prism of people being slow to attend crowded events post Covid, as well the current cost-of-living crisis, which has impacted every leisure and sporting arena in the world. That said, racing continues to deliver superb sporting occasions showcasing the best of our industry and sport. Despite these headwinds, a strong racing product here in Ireland continues to be consumed in growing numbers on television and on mobile devices, and there remains strong domestic and international confidence in the Irish thoroughbred, with bloodstock sales through public auction up 31% on 2019.

I welcome the appointment of Ms Anne Marie Caulfield as the new CEO designate of the gambling regulatory authority of Ireland. HRI, through its industry education and training de-

partment, Equip, has long supported the funding of addiction services and the setting up of a gambling regulator in Ireland is very welcome. I look forward to working with the authority once it is fully operational.

Away from the racetrack, HRI has a number of strategic priorities, including equine welfare and sustainability. HRI has been instrumental in creating a business environment centred on the pre-eminent Irish-bred horse. The headlines of successes worldwide are underpinned by vigilance around care from people who are in contact with the horses on a daily basis and prioritise their care and welfare. The daily care of horses is the cornerstone of our horse welfare strategy of verifiable high standards of care for our population of horses. Included in these are improved traceability systems, such as the electronic passport issued to the 2021 foal crop and all subsequent crops, the welfare standards checklist published recently and safety nets supported by HRI, including the Treo Eile platform for retired racehorses.

We are very conscious of our responsibility under the Government's climate action plan and we are very well advanced on a sustainability strategy for the organisation and for the wider breeding and racing industry. Over the past couple of months, we have engaged with our stakeholders and held focus groups with industry organisations and can report a huge sustainability ambition within racing and breeding. Our role is to lead by example as an advocate and champion of sustainability and to help the breeding and racing industry to increase its understanding of our responsibilities in this area, through education, increased awareness and financial supports.

I thank members for the invitation to discuss HRI's 2020 accounts. We look forward to taking their questions on any other matters concerning the racing and breeding industry in Ireland.

Chairman: I thank Ms Eade. Deputy Carthy is the first committee speaker. Each member has ten minutes, which will be followed by a second and third round of questions.

Deputy Matt Carthy: I thank all our guests for being here. I want to get some further clarification regarding the delay in submission of the financial statements. In essence, the rationale given is that issues pertaining to the Curragh Racecourse led to a delay in HRI submitting its accounts. Is that correct?

Ms Suzanne Eade: Yes, that is correct.

Deputy Matt Carthy: At what point did HRI submit its accounts to the Department?

Ms Suzanne Eade: We submitted them on 23 March 2021.

Deputy Matt Carthy: Okay.

Mr. Seamus McCarthy: Those were draft accounts.

Ms Suzanne Eade: They were draft unaudited accounts.

Deputy Matt Carthy: Okay. Draft unaudited accounts were delivered on 23 March.

Ms Suzanne Eade: Yes.

Deputy Matt Carthy: When were the audited accounts submitted?

Ms Suzanne Eade: The audited accounts were sent on 13 May 2022.

Deputy Matt Carthy: There was quite a substantial delay on that. The unaudited accounts were furnished to the Department. Is that correct?

Ms Suzanne Eade: To the Department and to the Comptroller and Auditor General before they started their audit in April.

Deputy Matt Carthy: I ask the departmental officials when or if those unaudited accounts were laid before the Oireachtas.

Mr. Martin Blake: Our responsibility is to lay the audited accounts before the Oireachtas, which we did in September.

Deputy Matt Carthy: What did the Department do between receiving the unaudited accounts in March 2021 and receiving the audited accounts in May 2022? Did the Department take any measures or have any direct consultations with HRI in respect of that?

Mr. Martin Blake: The Department has ongoing conversations with HRI, but in the context of the accounts specifically we await the outcome of the Comptroller and Auditor General's report before taking final positions on them. We are aware of the issue. We had the accounts but we are not actioning anything specifically on them until we get the Comptroller and Auditor General's report.

Deputy Matt Carthy: On the rationale that has been provided, does the Office of the Attorney General have concerns over what were failures to adhere to the relevant circulars? Is the Comptroller and Auditor General satisfied that there will not be repeats of issues in the future?

Mr. Seamus McCarthy: Certainly, we obviously try to complete an audit and get the certificate to everybody as soon as possible. Once the accounts have been signed off on, there is an obligation to have them submitted – within three months is the standard – to the Oireachtas Library so they will be available to the committee. There was a bit of a delay, I think, over the summer in the submission of the audited accounts.

The point of draft unaudited accounts going to the Department is that the Department will be aware of the broad financial position of a State body at the earliest possible time. It is obviously subject to confirmation by the audit process. The delay we had was in relation to the accounting for the investment in Curragh Racecourse Limited. The loss, I think, was recognised in the draft financial statements. That information would have been available to the Department from the draft but we were not happy that it was properly accounted for. The technical advice had to be received by HRI to complete that process.

Deputy Matt Carthy: Before I move on to the Curragh, I wish to address a different subject. Could the Comptroller and Auditor General state whether his role in auditing the IHRB is the same as that for HRI?

Mr. Seamus McCarthy: It would be similar. It is obviously a separate body, and there is a separate set of financial statements for it.

Deputy Matt Carthy: I want to move on to the Curragh Racecourse. Ms Eade might explain briefly the current breakdown of shareholding for the racecourse.

Ms Suzanne Eade: There is ownership and economic ownership. HRI has 33% of the voting shares, the Turf Club has 33% of the voting shares, and the private investors, including founder investors, have the remainder of the shares. The private investors comprise a group of

different individuals across the bloodstock arena who invested in the-----

Deputy Matt Carthy: So that would be 34%?

Ms Suzanne Eade: Yes.

Deputy Matt Carthy: Could Ms Eade explain to me the difference between the Turf Club and the IHRB?

Ms Suzanne Eade: The Turf Club was the original body. It migrated after the Horse Racing Ireland Act 2016. There was a separation, which involved the setting up of the IHRB, which is purely a regulatory body. There may be somebody more technical able to explain the origins of the two, but that is effectively it. The IHRB runs the regulatory services for horse racing.

Deputy Matt Carthy: Is the Turf Club part of the IHRB or is it completely separate?

Mr. Darragh O'Loughlin: The origins of the Turf Club go all the way back to the mists of time, to 1790, as a private members' club, but the IHRB, of which I am the chief executive, is a limited company, limited by guarantee. It was established by the Turf Club and the Irish National Hunt Steeplechase Committee in 2018 in order to stand independent of the clubs so as to perform the regulatory functions in Irish horse racing. Therefore, my employer is the IHRB as an entity; my employer is not the Turf Club.

Deputy Matt Carthy: The Turf Club owns 33% of the Curragh Racecourse. How much money did it have to put towards that to get the 33% shareholding?

Ms Suzanne Eade: As part of the setting up of the company, the Turf Club gave the racecourse. That was its contribution, and all the history that goes along with that. Financially, it did not contribute to the project.

Deputy Matt Carthy: It provided the land and essentially-----

Ms Suzanne Eade: The racecourse, the lease and all that. The State owns the land.

Mr. Seamus McCarthy: On a point of information, my understanding is that its economic share is 24% of Curragh Racecourse Limited.

Ms Suzanne Eade: That is right.

Mr. Seamus McCarthy: It has a 33% voting right but an economic interest in it to the tune of 24%.

Ms Suzanne Eade: If you like, its economic share in the racecourse was diluted as other investors put more money in.

Deputy Matt Carthy: It held on to its voting share.

Ms Suzanne Eade: Correct, as part of the original shareholder agreement.

Deputy Matt Carthy: Ms Eade has touched on this. It provided the land, the racecourse.

Ms Suzanne Eade: It provided the racecourse, the history and everything that goes with it.

Deputy Matt Carthy: Who owns the racecourse, the land?

Ms Suzanne Eade: The land is owned by the Department of Defence.

Deputy Matt Carthy: So, the Department of Defence owns the land. The Turf Club has a lease, and that allowed it to get a 33% vote. That is a fairly good deal for it, I would have thought.

Ms Suzanne Eade: It needed the Turf Club contribution for the whole development to take off.

Deputy Matt Carthy: In terms of the breakdown, it appears that somehow a very strong effort was made to ensure the ownership and voting structures meant the Curragh Racecourse would essentially not be accountable to the Comptroller and Auditor General, for example. The Department of Agriculture, Food and the Marine was part of all this and funded a lot of it through various means, so I wish to ask its representatives why that was the case.

Mr. Martin Blake: The Deputy might recall that the 2016 Act set out the precedent for this. This set up the relationship.

Deputy Matt Carthy: The 2016 Act.

Mr. Martin Blake: Yes. It recognised the development of the IHRB as the regulatory body. It is funded through the HRI. This is the regulatory forum in which this happens. As part of the arrangement, it has voluntarily agreed to comply with the code of governance for State bodies, even though it is not a State body. Its rules and regulations and governance systems comply with the code. It has a service-level agreement with HRI in relation to providing the regulatory services.

Deputy Matt Carthy: I am talking specifically about Curragh Racecourse. Since the Department approved substantial capital expenditure on the racecourse, is there a reason that the Department, when engaging with all the parties, did not put in place a system whereby the racecourse would be a body that could be audited by the Comptroller and Auditor General?

Mr. Martin Blake: It was, as I understand it, set up as an investment by HRI in a company to run the racecourse. It was an investment by HRI.

Deputy Matt Carthy: One which is predominantly funded by the Department of Agriculture, Food and the Marine.

Mr. Martin Blake: Permission for that was actually sought and consented to by the Department of Agriculture, Food and the Marine and the Department of Public Expenditure and Reform.

Deputy Matt Carthy: My question is whether there was a reason. Is it not true that capital grants were also provided by the Department?

Mr. Martin Blake: That is true.

Deputy Matt Carthy: Considering all that, the substantive amount of money invested in the project and the fact that the racecourse is built on public land, why is it that there is no public accountability mechanism for the racecourse?

Mr. Martin Blake: The issue is that it is a private company. It was an investment by a State body in a private company. That is the way it was set up. It was a third investment in the

context of the cost at the outset.

Deputy Matt Carthy: Does Mr. Blake not accept that we are now in a convoluted situation? HRI is providing convertible loans that may in turn be converted into shares, which, according to the accounts we have seen, is likely to be the case. There is an exemption in relation to freedom of information requests because of the structure that has been put in place. Since that time, has either the Department of Agriculture, Food and the Marine or the Department of Public Expenditure and Reform carried out an analysis of whether mistakes have been made in terms of how the Curragh Racecourse was approached?

Mr. Martin Blake: I think we have engaged in the process and evaluated it ourselves and with the Department of Public Expenditure and Reform. We also got some guidance from NewERA in the context of investment and how we actually work through this. The issue is ongoing. Our understanding is that at the end of 2014, the shareholding could increase.

Chairman: It is ongoing but, based on the answers to Deputy Carthy's questions, the State is in a weak position.

Deputy Verona Murphy: I will pick it up there. Good morning to everybody. I congratulate Ms Eade. I cannot recall her being before the committee since her appointment.

Ms Suzanne Eade: No.

Deputy Verona Murphy: Mr. Kavanagh would have been with us.

I will go back to the matter Deputy Carthy raised. If I am correct, Mr. Blake was saying that the vast amount of public money the Department signed off on as an investment has gone wrong. Where is the accountability. Who is taking responsibility? Who decides that this was a good investment and when it goes wrong, who takes responsibility?

Mr. Martin Blake: In fairness, the investment was made in good faith. It was made on a business case that was developed. No one can deny that the economic environment in the meantime has not been favourable to many businesses. What we have is a significant asset.

Deputy Verona Murphy: On that point, has a review been done of how investments are made in a structure, as Deputy Carthy pointed out, where there is no accountability?

Mr. Martin Blake: I cannot say we have had a specific review of that.

Deputy Verona Murphy: Would it be a good idea to have one?

Mr. Martin Blake: This is constantly a conversation between us and HRI.

Deputy Verona Murphy: Would it be a good idea for the former CEO of HRI to become the new chair of the Curragh Racecourse? Is that not something that concerns Mr. Blake?

Mr. Martin Blake: That is something that we had no hand, act or part in.

Deputy Verona Murphy: I understand and accept that but would it be cause for concern for the future of investments such as this? Does it not present some form of conflict?

Mr. Martin Blake: To be honest, I have no concern about the individual who was appointed.

Deputy Verona Murphy: That is grand. Does Mr. Blake have a concern about the money

that is left to be drawn down? Is it in the region of €9 million?

Mr. Martin Blake: There is always a concern-----

Deputy Verona Murphy: Does the Department have oversight of that?

Mr. Martin Blake: Yes. There is a concern about the deployment of public funds.

Deputy Verona Murphy: Is there? Who has that concern or is it only one for the Committee of Public Accounts? Whose concern is it? It seems like a fierce sloppy transaction of public money to me.

Mr. Martin Blake: This is an investment that the Department and Department of Public Expenditure and Reform sanctioned for HRI to undertake. It is a State body set up to control, regulate and-----

Deputy Verona Murphy: There does not appear to be any oversight following the Department's sanction. Would that be a fair statement?

Mr. Martin Blake: That is not fair. We continuously engage with HRI in the context of its investment. The Minister has-----

Deputy Verona Murphy: Did the Department engage with Ms Eade to tell her the accounts were late and ask where the issue was? Did somebody ask why? Ms Eade is the former financial officer of HRI. The accounts were late.

Ms Suzanne Eade: Yes. We would have written to the Department with every delay that was caused and kept it updated.

Deputy Verona Murphy: Hold on a second. Before HRI wrote to the Department about the delay, was Ms Eade not concerned, having previously held the role of financial officer of HRI? Were they late when Ms Eade was financial officer?

Ms Suzanne Eade: Yes, they were late. That was under my watch.

Deputy Verona Murphy: Sorry, Ms Eade was the financial officer at this time.

Ms Suzanne Eade: I was the financial officer. All of the subsidiaries were on time. They were all signed. It was this technical transaction that required the support of technical advisers outside of HRI. We had to get the whole building valued and then we had to get the technical advice.

Deputy Verona Murphy: Why could Ms Eade not get them on time?

Ms Suzanne Eade: It was because we were asked to get that information in October 2021. We were not asked before to get the technical advice.

Deputy Verona Murphy: Ms Eade would not have known.

Ms Suzanne Eade: We did not know this was required. That is the only reason.

Deputy Verona Murphy: Right.

Ms Suzanne Eade: It is not something we have ever had happen to us before but the responsibility in terms of getting the accounting right was paramount. It was important to the

Office of the Comptroller and Auditor General and we had to comply with its requirements.

Deputy Verona Murphy: Whose responsibility was it?

Ms Suzanne Eade: What I am saying is that we did not know until late in the day that it was a requirement to get third-party advice.

Deputy Verona Murphy: Ms Eade knew there was a problem.

Ms Suzanne Eade: No, at that time I did not know. I thought we had accounted for it correctly.

Deputy Verona Murphy: The loss was still a problem.

Ms Suzanne Eade: The loss after depreciation has been well flagged. In fairness, the former CEO would have highlighted in the previous visit to the Committee of Public Accounts that we were suffering losses.

Deputy Verona Murphy: I am not sure we knew the amount at the previous meeting. As regards where Mr. Kavanagh has moved on to, I would be concerned about that structure going forward. Someone who served on a board that deals with public funding is now *in situ* in a semi-private entity, or is it fully private?

Ms Suzanne Eade: It is fully private.

Deputy Verona Murphy: Somebody who knows all the goings-on in HRI is now in charge of a structure where HRI is part owner. I am not at all happy with that. That should be prevented by public servants, including me, for future positions to ensure there is transparency and full accountability.

Ms Suzanne Eade: If I may come back to the Deputy on something she might have said to Mr. Blake, who would not have been involved with some of it, we did a post-appraisal - two, in fact - while the project was going on. We submitted that to the Department and we have to provide regular updates to the Minister on the performance of the Curragh. Mr. Blake may not have been aware of that.

Deputy Verona Murphy: Can Ms Eade forward those appraisals to the Committee of Public Accounts?

Ms Suzanne Eade: We can.

Deputy Verona Murphy: That is grand. How does Ms Eade feel HRI is performing on behalf of its patrons? Does it get many complaints? Have there been any issues?

Ms Suzanne Eade: We always get queries, whether they are parliamentary questions, and we always get issues.

Deputy Verona Murphy: I am referring to complaints.

Ms Suzanne Eade: We get complaints; of course we do.

Deputy Verona Murphy: Did HRI inform that there would be an increase in prize money and then withdraw that this year?

Ms Suzanne Eade: No. We never said there would be an increase in prize money.

Deputy Verona Murphy: What of the structure? If somebody wins something, how long does it take to pay out the money?

Ms Suzanne Eade: After 15 days, post the testing.

Deputy Verona Murphy: It would not be seven months.

Ms Suzanne Eade: It would not be seven months, no.

Deputy Verona Murphy: There are never any issues.

Ms Suzanne Eade: There would have to have been something wrong - an adverse finding or something else - that would delay it.

Deputy Verona Murphy: I have received a number of complaints from HRI's patrons. They vary. It would appear there has been a serious diminution of what is handed out by HRI.

Ms Suzanne Eade: Okay.

Deputy Verona Murphy: In different competitions, let us say, HRI's prize money may not have changed but how it is passing it out and all of that has. I will pass the complaints on to Ms Eade.

Ms Suzanne Eade: Please do.

Deputy Verona Murphy: I will be looking into it further because there seems to be a varied approach. We cannot forget that HRI is a structure to help the sector and regulate it but it cannot be all one-sided at the same time.

To go back to the disposal of lands, will Ms Eade explain that to the committee? On paper, this looks like another case of poor judgment.

Ms Suzanne Eade: To be perfectly honest, it looks worse than it actually is in reality. Let me talk the Deputy through the process. We purchased a big portion of land, which is to do with the development in relation to Tipperary. At the onset, we knew that part of the process would require us to do a swap of some of that land to get the land that would allow us to widen the track. For us, this is of real strategic value. Also, when we went to do the swap, it was not really of high interest to the seller to do anything in particular in relation to the swap. We wanted that land for our overall development and it is of strategic high value to us to get that land. What happened was there was a book loss of €105,000 in relation to that project, in relation to the land itself, but there was no cash loss to HRI. That land is more important to us than it was. Where we probably got the oversight wrong is that we looked at the project as a swap and we did not look at it as a disposal and an acquisition. That is where we got it wrong. However, that land is worth more to us than what we gave away.

Deputy Verona Murphy: Who valued the land?

Ms Suzanne Eade: We had the original land valued a couple of years back when we did the original purchase.

Deputy Verona Murphy: HRI got one valuation. Is that correct?

Ms Suzanne Eade: Yes.

Deputy Verona Murphy: HRI just got one valuation.

Ms Suzanne Eade: Yes, we did.

Deputy Verona Murphy: Did Mr. Blake sign off on that?

Ms Suzanne Eade: The board would have signed off on what it was willing to pay for the land.

Deputy Verona Murphy: Mr. Blake is from the Department. Would Mr. Blake need to sign off on it?

Ms Suzanne Eade: Yes.

Deputy Verona Murphy: Only one valuation was done.

Ms Suzanne Eade: Yes.

Deputy Verona Murphy: When public money is being spent I would have thought that at least two valuations would have been done so that we would not have this issue. Is that how we have ended up with this issue? Was the valuation incorrect?

Ms Suzanne Eade: It was Tipperary's funding. It paid for it out of its own funding.

Deputy Verona Murphy: I asked if the valuation was incorrect.

Ms Suzanne Eade: I cannot judge it. Valuers are qualified to value land and we accepted the valuation.

Deputy Verona Murphy: Unfortunately, HRI did accept the valuation.

Deputy Alan Dillon: I welcome our guests. I will start with HRI's contribution to prize money. Did the €35 million allocated to HRI contribute to prize money in 2021? Are these Exchequer funds?

Ms Suzanne Eade: We would use Exchequer funding. When we get our annual budget allocation from the Department it is broken down into revenue and capital expenditure. Of that revenue allocation, we are given the amount we are allowed to spend on prize money. Generally, that is up to 80% of our revenue allocation from the Department.

Deputy Alan Dillon: Does HRI prepare an analysis of the distribution of that prize money and where it contributes to the industry?

Ms Suzanne Eade: Yes, it is part of our directives. The distribution can be seen across all of the bodies, whether trainers or owners. Together with the fact book, you can work out what goes to every element of the industry.

Deputy Alan Dillon: As regards the analysis that HRI prepared, will Ms Eade give an overview of what the results were from the distribution of Exchequer funds that were used as prize money?

Ms Suzanne Eade: I am not sure if I will be able to answer the question properly so excuse me if I get it wrong. What generally happens is about 70% of the overall prize money ends up with the owner.

Deputy Alan Dillon: I will ask the question a different way. In terms of the percentage of prize money that goes to the top five trainers in the country, does HRI prepare that type of analysis?

Ms Suzanne Eade: That would all be in our fact book that we publish. Does the Deputy need that information now?

Deputy Alan Dillon: I ask Ms Eade to give us an understanding of the distribution. How was the €50 million paid in prize money for 2020 distributed? That would give us a bit of transparency on the use of Exchequer funds to fund prize money. It is difficult to process why we are using Exchequer funds and taxpayer money to fund the top five trainers in the industry. We need some visibility on that a rationale for it. We need information on how this is being distributed and improved over time.

Mr. Jason Morris: In general terms, of some 4,900 owners, 3,600 won prize money. While the top trainers, owners and jockeys will earn more, it is spread among a large portion of those participating in the sport. We have high minimum values for our races in Ireland when compared with Britain. Our minimum value is €10,000, so we are conscious that our strap line is “Growing the grass roots, Winning the world over”. That is the dual objective of our prize money strategy. We seek to ensure we continue to succeed internationally while, at the same time, growing the grassroots and helping those at the lower ranks that face challenges against some dominant stables.

Deputy Alan Dillon: What level of prize money was distributed across all trainers in 2020? Does HRI have that type of analysis?

Mr. Jason Morris: We can get that information for the Deputy. It is published in our fact book but we can give the Deputy any breakdown he requires.

Deputy Alan Dillon: Is HRI responsible for the publication of standards on equine welfare in Ireland?

Ms Suzanne Eade: I am holding a copy of the book that was launched in Listowel this week. It outlines our principles of animal welfare. For those who work in the industry, this is stuff they already know but for us it was important to get something out there setting out the standards we are working to and what is important to us. It was launched on TG4 by Mr. Osborne during the week.

Deputy Alan Dillon: What are HRI’s main concerns regarding equine welfare and what steps has it taken to address these?

Ms Suzanne Eade: The issue for us is always people knowing what to do at the end of a racehorse’s life. That is probably the area where we have stepped in most often. Education is another concern. Education and giving people the links they will need to be able to find somewhere for a horse after it has finished racing are the key areas. We are doing that quite successfully.

Deputy Alan Dillon: What analysis and research has the IHRB undertaken on the standards of equine welfare in Ireland?

Mr. Darragh O’Loughlin: Equine welfare is at the core of everything the IHRB does in relation to integrity. We have a team of vets on our staff and no racing event, point-to-point, flat

jump race, flat race or jump race occurs without IHRB vets being on site. Our vets are there to check the welfare of the horses before the race starts. They watch the race and they check the horses again after the race. Horses are trotted up and down to ensure they are not running lame. Even our equine anti-doping regime is designed with the welfare of the horse in mind. We are looking for prohibited substances at all times but we are also looking for the inappropriate use of other medication because no horse should be medicated, other than entirely appropriately and by a veterinary surgeon who is involved in the care and treatment of that horse.

When we receive concerns, as we sometimes do, about the condition of a particular horse or group of horses in a location, such as on a premises or in a field, if that information comes into us, as it frequently does, our veterinary officers treat that as the highest priority on the day. They drop what they are doing and go out and check on the horses. If the concerns prove to be justified, and unfortunately they sometimes are, we make immediate contact with the Department of Agriculture, Food and the Marine. We have officers who are authorised under the Animal Remedies Act 1993 and under animal welfare legislation. The Department then comes in and assists and participates closely if there are prosecutions to be brought in respect of the treatment of animals and it takes care of same. If there are rule breaches in the treatment or medication of animals or breaches under the rules of racing, we send those to referrals committees and impose sanctions.

Deputy Alan Dillon: In the past two years, how many fines or suspensions has the IHRB issued for breaches of welfare or anti-doping regulations?

Mr. Darragh O'Loughlin: With regard to every adverse analytical finding and every case where we detected inappropriate use of a medicine in 2021 and in 2022 so far, whether that is a substance that is prohibited at all times or a medicine that should not have been in the horse on race day, all but two of those have already come to hearing with sanctions handed down. We published those sanctions on our website and press statements go out which tend to be carried in the national press. We still have a small number of cases to hear but we anticipate having those heard by the end of this calendar year.

Deputy Alan Dillon: Has the IHRB made any recommendations to HRI on findings in recent times? Have these recommendations been implemented?

Mr. Darragh O'Loughlin: Our chief veterinary officer works closely with the veterinary officer in the equine welfare unit in HRI so there is close collaboration on standards of equine welfare and on HRI understanding what the outcomes of our processes are. While cases are still in process and in that space between an adverse analytical finding and the committee finding a breach and handing down a sanction, that is essentially closed because we have to treat people as innocent until we have found them to have breached rules. HRI is aware of all of that activity after the fact and as regards what proper equine welfare standards would be, what racecourses, stables and training for trainers and stable staff need to look like. HRI and the IHRB would work very closely on all of that.

Deputy Alan Dillon: Is the Department satisfied in terms of the analysis under way and the level of transparency on equine welfare?

Mr. Martin Blake: All I can say is that over the past number of years, the relationship between the Department and the IHRB has been significantly enhanced and improved. There is very close collaboration, sharing of information and working together on cases where there may be breaches of our regulations and the rules of racing. There is a very close relationship so we

are very pleased with it.

Deputy Catherine Murphy: Regarding the breakdown of attendances, we know Covid impacted these significantly but is this something HRI monitors and does it monitor all the categories relating to attendances?

Ms Suzanne Eade: We would not monitor individual categories of attendances. We get updates from the racecourses on their attendances overall but we would not get into the individual breakdowns. Within the racecourses that are part of our subsidiary group, we would get into more financial analysis of what is driving attendances and what is and is not working.

Deputy Catherine Murphy: Would that be the case in the Curragh?

Ms Suzanne Eade: I would see the Curragh attendance numbers but I would not have gone into the categories of paying attendees before.

Deputy Catherine Murphy: In that case, there is no issue with publishing the attendance figures.

Ms Suzanne Eade: Is that to get that granularity referred to by the Deputy?

Deputy Catherine Murphy: Yes.

Ms Suzanne Eade: I think we would have to ask the racecourses and see whether it is a commercially sensitive issue for them because they are all competing with each other and against other arenas. I am not sure how they would feel about giving us that breakdown.

Deputy Catherine Murphy: It is a big industry and attendances show the health of an industry. I know people will view a race meeting on television and so on but attendances will tell us something and we can monitor performance on the back of that. The ex-CEO Brian Kavanagh is now CEO of the Curragh Racecourse. Ms Eade may have responded to some of this already. Could she set out a timeline for Mr. Kavanagh's departure? Does she have that available?

Ms Suzanne Eade: Mr. Kavanagh left HRI on 25 September 2021. He commenced his role in the Curragh in November 2021.

Deputy Catherine Murphy: Would Department officials have been made aware that he was taking up a post with the Curragh?

Ms Suzanne Eade: If I look at the process, the appointment of the CEO for Curragh Racecourse Limited was a matter for the Curragh Racecourse Limited board. Having gone through a process, it was its board and chairman that would have recommended Mr. Kavanagh. That recommendation then came to the HRI board in June 2021 and was approved but HRI or the Department would not have been involved in the recruitment process or appointment.

Deputy Catherine Murphy: I understand that. When was HRI made aware that Mr. Kavanagh was taking up the post? It would have received notice in advance.

Ms Suzanne Eade: It happened when he was formally appointed in June 2021.

Deputy Catherine Murphy: HRI did not know until then.

Ms Suzanne Eade: No.

Deputy Catherine Murphy: Was that discussed with the risk and audit committee or would it have been just the board?

Ms Suzanne Eade: It would not have been discussed by HRI's audit and risk committee because as I said, it was a board appointment by Curragh Racecourse Limited.

Deputy Catherine Murphy: To follow on, and Ms Eade may have covered some of this, how did the investment of €9 million arise? Who came to whom? Who made the approach with regard to the investment of €9 million?

Ms Suzanne Eade: To be honest, when I look back on the process, what we were doing was carrying out a post-appraisal of the project and the development. HRI had an evaluation team looking at the project and the development costs. HRI also put in a sub-committee of the board to evaluate the performance of the development. We could see that the project was costing more and having worked through the development, that there were losses accruing. It would have been through the sub-committee and the chair of HRI that we went out and said we felt that more funding was required. We would have instigated it to get funding from all the other parties so we drove the funding.

Deputy Catherine Murphy: Who was on the sub-committee?

Ms Suzanne Eade: It would have been members of the board so it would have been our chairman, an independent member of the board, Peter Nolan, and another member. The finance team had to do all the analysis-----

Deputy Catherine Murphy: It then came back and said the project was at risk without an investment. Would that be how it transpired?

Ms Suzanne Eade: The Curragh definitely had to be updated. It had seen no development since 1962 and had become uninsurable. When people look at it now, they need to look beyond the racecourse. It is a magnificent training facility as well for lots of trainers around the country, particularly those around the Curragh. Hundreds of horses are using this track every day. There are 80 miles of turf peat in all-weather gallops across 1,500 acres. It really is a strategic asset for Ireland. I know it is not performing financially the way we all want it to but it is important. It is the first time we have had a facility for flat racing to which we could comfortably welcome international visitors and consumers now have somewhere where they can go. It had a really tough start. Operating during development was a challenge. The opening in 2019 probably did not showcase it at its best. We had two years of Covid and now it is starting again. It has been tough. I am very interested in the commercial performance of the Curragh. I want it to improve. I wanted to see an increase in attendances. Things have been tried this year, some of which have worked while others have not. I will be all about bringing back the spirit to the Curragh because without that spirit, it is not what we want it to be.

Deputy Catherine Murphy: I represent north Kildare, not south Kildare where the Curragh is located, but I am very familiar with the racecourse, some of the facilities adjacent to it and the importance of the equine sector to the county. It is important that it succeeds. I just wanted to get some sense of what this interaction was and why it was necessary. Has all this money been drawn down at this stage?

Ms Suzanne Eade: No, I do not think so. We must look at the amount of private investment that went into this as well. There was €47 million from other investors plus another significant investment by another individual into the gallops themselves. We have definitely learned les-

sons for projects going forward. We have applied those to our capital guidelines and we have applied them in particular to the work we are doing on Tipperary racecourse. There has also been a lot of good work done in the Curragh that is probably not very evident to people just yet. I hope they will start to see that by next year.

Deputy Catherine Murphy: The former CEO of the IHRB, Mr. Denis Egan, stood down in 2021. Will Ms Eade detail whether an exit package was provided and, if so, what that was?

Ms Suzanne Eade: The CEO of the IHRB and I are working through the process currently. The organisation is going through a huge transformation process. A payment has been made by the IHRB and we are in discussions about that currently with the IHRB.

Deputy Catherine Murphy: It has not been concluded is what Ms Eade is saying. When it is concluded will Ms Eade-----

Ms Suzanne Eade: I expect over the next weeks there is work that Mr. O'Loughlin and I are working on to get that matter resolved. We are very supportive of the transformation project that the IHRB has gone through. Together, as two organisations, we will work very closely on delivering efficiencies for both organisations.

Deputy Catherine Murphy: Okay. Will Ms Eade let us know when that happens? Was a non-disclosure agreement entered into?

Ms Suzanne Eade: The IHRB might need to come back to the Deputy on that one. I am not aware of that.

Deputy Paul McAuliffe: My apologies, I was attending a meeting next door. If more eager colleagues than I have asked some of my questions already, I apologise.

On the liquidation of Senaca, the 2019 accounts reported a cash loss of €389,000 but not a corresponding loss of State funding for the horse and greyhound racing fund. Will the witnesses update the committee on how that liquidation process has proceeded since the 2019 accounts?

Ms Suzanne Eade: We finalised the settlement with the liquidator. I believe we got €120,000 back after fees. We are with a very different provider now. We have better systems with that provider. It is a bigger entity, which is safer for us, if you like. We do daily monitoring. The chief financial officer receives a monthly performance report on every aspect of how it is delivering for us. This is where that has ended up.

Deputy Paul McAuliffe: Of the €389,000 loss, €120,000 was recovered.

Ms Suzanne Eade: That is right.

Deputy Paul McAuliffe: Ms Eade referred to fees. What were the fees connected with the recovery?

Ms Suzanne Eade: I would have to come back to the Deputy on the fees.

Deputy Paul McAuliffe: Where they a significant multiple?

Ms Suzanne Eade: No. To be perfectly honest, we knew we were not going to get very far by putting more money on the legal side so we dialled down because we were not going to get anything more for it.

Deputy Paul McAuliffe: The origin of the problem was the financial stability of the provider. What measures has Horse Racing Ireland put in place to source a new provider to ensure the financial stability of the provider? It is very difficult to completely eliminate the risk but has Horse Racing Ireland taken any measures in that regard?

Ms Suzanne Eade: We went through a public procurement process again for the new provider. We also measured the financial stability, including getting financial information on how the company is performing. It is a much bigger player and much easier to-----

Deputy Paul McAuliffe: Were the criteria for that procurement process different from those used for the procurement of Senaca?

Ms Suzanne Eade: If I remember correctly, they may have been. When measuring the procurement, the weighting may have slightly changed.

Deputy Paul McAuliffe: Okay.

Ms Suzanne Eade: We are always under pressure on cost but we also looked across other aspects and perhaps tweaked the range. I would have to come back to the committee on that.

Deputy Paul McAuliffe: Yes, perhaps Horse Racing Ireland could come back to the committee on that.

Ms Suzanne Eade: Certainly.

Deputy Paul McAuliffe: Obviously, that was a learning and it would be disappointing if steps had not been put in place. Has Horse Racing Ireland exhausted the recovery process now?

Ms Suzanne Eade: Yes.

Deputy Paul McAuliffe: Will Ms Eade explain how the loss of €389,000 did not result in a loss to the horse and greyhound racing fund?

Ms Suzanne Eade: It was our subsidiaries that had the losses. The tote and the racecourses made the loss out of their own profits.

Deputy Paul McAuliffe: There was no resulting draw on resources by those subsidiaries.

Ms Suzanne Eade: That is correct.

Deputy Paul McAuliffe: One can imagine that while there was not an initial impact, over time, there may be an impact. For example, they may have required additional resources as a result of-----

Ms Suzanne Eade: Not because of Senaca.

Deputy Paul McAuliffe: On the Tipperary racecourse site, I do not know if anybody else has covered this yet, but there was a loss of €105,000. Perhaps Ms Eade will bring us through that.

Ms Suzanne Eade: Is the Chairman happy for me to answer this again?

Chairman: Yes.

Deputy Paul McAuliffe: My apologies.

Ms Suzanne Eade: That is fine. Effectively, what happened here was that we are hoping to redevelop the Tipperary course into an all-weather track. There were parcels of lands we wanted to procure. At the same time, we knew we would have to procure some and then swap some to get the width of the racetrack we desired. We acquired the first piece of land and then we got into a negotiation with another seller to swap that land. When we did that, we swapped at a deemed lower value than we had paid for the land. The land we had purchased was made up of-----

Deputy Paul McAuliffe: Ms Eade used the word “deemed” deliberately. Why?

Ms Suzanne Eade: There was not a cash loss. It was a book loss. We had to write down the value of the investment in the short term. The land we had bought, the larger acreage, had a mixture of land. We actually managed to get some of the land we did not want to run the project moved on.

Deputy Paul McAuliffe: When was the original site purchased?

Ms Suzanne Eade: It was in 2018.

Deputy Paul McAuliffe: Does Ms Eade know the price paid for that?

Ms Suzanne Eade: It was €25,000 per acre.

Deputy Paul McAuliffe: On the long-term objective of having that width or footprint, does Ms Eade envisage when we might see a realisation of that benefit?

Ms Suzanne Eade: It definitely depends on the funding and the planning permission. We have received planning permission already but there is an appeal with An Bord Pleanála. We are hoping that if we have the funding in place to finish the project, we will be racing on an all-weather track in the first quarter of 2025.

Deputy Paul McAuliffe: Was there a requirement to seek approval from the Department for the disposal of those assets?

Ms Suzanne Eade: As it was a swap, it was not clear in the code of governance. Since we have reviewed the transaction, the Department has come back to say that on a going-forward basis, if such a transaction takes place, we will need to seek ministerial approval. It was not clear in the code and it was below a threshold of reporting. The threshold is €150,000.

Deputy Paul McAuliffe: That is a very good synopsis from Horse Racing Ireland’s perspective. Do the officials agree with that synopsis? Was it clear?

Mr. Martin Blake: We came across this most visibly in the context of the Comptroller and Auditor General’s report. That was the first time it became visible to us that this swap had actually taken place with a loss of money. Our view was that as a disposal and acquisition, it should have been notified in the Department. Having talked through the matter with HRI, it now acknowledges that this should have happened. We have recently engaged with it and written to it on that basis. Moving forward, we would expect that. As Ms Eade said, swaps were not specifically covered but it is an acquisition and disposal.

Deputy Paul McAuliffe: The Comptroller and Auditor General’s report is one place where we can find out the details of the sale but does the Department not have a responsibility to ensure a more hands-on approach is taken to making sure those responsibilities were better

understood? Does Mr. Blake believe the Department has done enough?

Mr. Martin Blake: We have ongoing engagement but we must realise it is a commercial State body that has its own board and expertise in these matters. The code of practice for governance is there and visible to all. As Ms Eade has said, it does not mention swaps but it does include acquisitions and disposals.

Deputy Paul McAuliffe: Is Mr Blake suggesting the capacity was there and the HRI should have known?

Mr. Martin Blake: It is our view that it should have been notified to us.

Deputy Paul McAuliffe: I appreciate the answer.

Deputy Imelda Munster: My first question is for Mr. O'Loughlin and it is on CCTV footage. Horse Racing Ireland announced on its website in 2017 that CCTV was to be installed. The Irish Horseracing Regulatory Board diverted the funding in 2018. Last November, Mr. O'Loughlin told the committee that it would be done at the end of the year. In April, he said it would be done mid-autumn. We have received a response today that is detailed but extremely vague. Will Mr. O'Loughlin explain what first fixing is?

Mr. Darragh O'Loughlin: It is the electrical and wiring work required. It is everything up to attaching the cameras. I acknowledge that the time lines the project has followed have not been the timelines the committee received a year ago. This is something that is deeply frustrating for all of us in the IHRB also. The procurement process commenced last winter. It took a couple of months, as these processes do. Then there was a legal challenge, or legal correspondence, from one of the unsuccessful bidders which delayed things further. Once the project got under way, we started making very good progress. There were some unanticipated delays at many racecourses. We now have cameras being put up in the stables at two racecourses. At another four racecourses all of the electrical work is complete and we are ready to hang cameras. We have first-fix electrical work in progress in another four racecourses. What we had not anticipated at the start of the project was that courses would require civil works, ground works and ducting. Some of the stable yards did not have electricity. The system will not work without adequate electricity. We had to put that in.

Deputy Imelda Munster: At this stage, five years on, how many or what percentage of the racecourses have the job done with cameras set up?

Mr. Darragh O'Loughlin: Rather than finish one and then start another, we are trying to bring all of the racecourses with us at the same time.

Deputy Imelda Munster: How many have the cameras up?

Mr. Darragh O'Loughlin: Out of 25 racecourses where the CCTV system is to be installed, two have cameras, 14 are ready for cameras, four more have electrical work in progress-----

Deputy Imelda Munster: Only two out of the 25 have been done five years on.

Mr. Darragh O'Loughlin: I have been in post for only a couple of months. The project may have been spoken about for five years but no work happened on the ground on this project until the procurement process was complete. That procurement process was only completed in spring this year.

Deputy Imelda Munster: People would be forgiven for having the impression that there is reluctance given the delay to have CCTV installed. Will Mr. O'Loughlin accept that? People might think that with a delay of five years. When I say there has been one excuse after another it speaks for itself. Dates have constantly been given. Mr. O'Loughlin said there is ducting to be done. In any job there is work to be done in advance. There was no preplanning. Every time we asked the date was put back. Either there is a question about competency or the situation is being purposely frustrated. What would Mr. O'Loughlin say to this? Does he accept that might be the perception? In fairness, people would imagine with various scandals and reports of malpractice that the body would be keen to get CCTV fitted as soon as possible and that it would want to protect the integrity of the sport. Outsiders would imagine that it would be the first thing to be made a priority. Five years on, we are still speaking about having only two cameras.

Mr. Darragh O'Loughlin: The absolute priority of the IHRB is to protect the integrity and reputation of Irish horse racing and to protect the horses that are participating.

Deputy Imelda Munster: Why the stalling of CCTV?

Mr. Darragh O'Loughlin: There has been no-----

Deputy Imelda Munster: There has been absolute stalling. There has been one excuse after another.

Mr. Darragh O'Loughlin: Today's-----

Deputy Imelda Munster: The funding meant for this project was diverted in 2018. Do not tell me there was priority on it or that the IHRB is eager to protect the integrity of the sport. The funding was there in 2017 and it was diverted in 2018. Every year since then, there has been one excuse after another.

Mr. Darragh O'Loughlin: The Deputy is better briefed than I am on what happened in the IHRB and its predecessor organisations in 2017 and 2018. All I can say is that in its current guise the project, which went to procurement only last winter, is being driven with determination as quickly as is practicable-----

Deputy Imelda Munster: Will Mr. O'Loughlin give us a date as to when-----

Mr. Darragh O'Loughlin: -----in all of the circumstances.

Deputy Imelda Munster: -----more than two of the 25 racecourses will have cameras up?

Mr. Darragh O'Loughlin: I would hope to see the majority of those racecourses on the list having cameras up by the end of this year. Issues have arisen, up to and including a shortage of electronic components on the world market. We are progressing the project with a professional project manager as quickly as it can be done, having regard to the need to secure value for the public purse and assure the quality of the system. As far as reluctance to install the system goes, there is no reluctance on our part. We recognise that the CCTV system provides an additional layer of security for participants in racing.

Deputy Imelda Munster: There is no rush in getting it done. I have a question for Ms Eade. Does Horse Racing Ireland have concerns given that the funding has been in place since 2017? Does the Department have concerns that the job was not done? It is something that would ensure the protection of the integrity of the sport amid all of the scandals and accusations of malpractice. Is Horse Racing Ireland not concerned?

Ms Suzanne Eade: I have an appreciation now for the complexity of the project. Perhaps when we commenced speaking about it we did not realise its scale and complexity. That is the truth of it.

Deputy Imelda Munster: I have never heard of anybody fitting CCTV in a big large office building taking five years to do so.

Ms Suzanne Eade: That is true.

Deputy Imelda Munster: Let us be realistic.

Ms Suzanne Eade: It would not. In this project we looked into the requirements not only for the short term. There are 25 racecourses with 25 different set-ups.

Deputy Imelda Munster: Time is of the essence. Is Ms Eade saying Horse Racing Ireland has no concerns about the delay in fitting the CCTV?

Ms Suzanne Eade: I am very happy with the approach the IHRB has taken on this.

Deputy Imelda Munster: Ms Eade has no concerns.

Ms Suzanne Eade: I am happy with it.

Deputy Imelda Munster: What about the Department?

Mr. Martin Blake: It is fair to say the Department is disappointed that the original time line of the first quarter of 2022 was not met but we understand the complexity and challenges associated with public procurement. This is State money that is being spent.

Deputy Imelda Munster: Exactly.

Mr. Martin Blake: There are processes to go through. The information we have at present is that the project is working at pace. We are hoping to see it completed by the end of the year.

Deputy Imelda Munster: It is a slow pace. With regard to the Curragh Racecourse, earlier the Comptroller and Auditor General mentioned the percentage of vote shares if the loan converts. What percentage is this?

Ms Suzanne Eade: I will come back to the Deputy with the exact number.

Deputy Imelda Munster: If Ms Eade has it, I would be grateful.

Ms Suzanne Eade: It is a 37% economic share. There will not be a share in the-----

Deputy Imelda Munster: The State has provided just under half of the monetary investment. Private investment is making up the other half. On the capital side, however, the State owns the land.

Ms Suzanne Eade: That is correct.

Deputy Imelda Munster: The racecourse is owned by the Turf Club, basically the IHRB, which is almost entirely State funded. Would it be fair to say therefore that the State interest in this company exceeds 50% when it is all combined? Can I put that question to the Comptroller and Auditor General?

Mr. Seamus McCarthy: The legal fact is the economic share. While the State has put more money into it, if that money has been through a grant, that could have been a grant to a completely private racecourse and so it does not attract an economic interest.

Deputy Imelda Munster: Is the racecourse subject to freedom of information, FOI?

Mr. Seamus McCarthy: I do not think so.

Ms Suzanne Eade: Not in-----

Deputy Imelda Munster: We have been through this with other issues previously. If anything is to come from today's meeting, it is that the committee could recommend reform of the rules relating to freedom of information and agencies being subject to audit, particularly when we consider that it is glaringly obvious that this is majority State financed.

Chairman: The Deputy's time is up. There will be a second round of questions.

Deputy Imelda Munster: Yes, we should propose reform to ensure that all public moneys invested, as opposed to those provided via the Exchequer, are actually-----

Chairman: We will consider that for our report.

Deputy Imelda Munster: I thank the Chair. Is my time up? I have one more question.

Chairman: There will be a second round of questions.

Deputy Imelda Munster: It is a quick question.

Chairman: The Deputy should be very quick.

Deputy Imelda Munster: I understand Mr. O'Loughlin recently made his first appearance before the agriculture committee, at which he stated the IHRB would begin reporting the salary of the CEO in its financial statements. Is that correct and from what year does the IHRB intend to do that?

Mr. Darragh O'Loughlin: I did not make that statement. I am even fresher than the Deputy realises. This is my first appearance before an Oireachtas committee in my current post. My salary was stated on that day when it was provided to the committee. In line with the code of governance for State bodies, with which my colleague from the Department of Agriculture, Food and the Marine said we are committed to aligning, the salary will be published in our annual statements. However, that will apply only from 2022 onwards because it relates to my salary, as opposed to the salary of the position going back.

Deputy Imelda Munster: Very briefly, Ms Eade stated that a payment had been made to the former CEO. I think she said it "had" been made.

Ms Suzanne Eade: Yes.

Deputy Imelda Munster: Why can Ms Eade not tell us what that payment was, if it is done and dusted?

Ms Suzanne Eade: It is because we need to be aligned on their whole transformation project, which is something I and-----

Deputy Imelda Munster: We are simply asking what the payment was. Why can Ms Eade

not tell us what it was?

Ms Suzanne Eade: It is because HRI has not paid over the payment.

Deputy Imelda Munster: Right, but can Ms Eade disclose what that payment is?

Ms Suzanne Eade: Yes, once it becomes-----

Deputy Imelda Munster: I ask the Comptroller and Auditor General if there is anything-----

Mr. Seamus McCarthy: It is a matter that we are looking at in the context of the 2021 audits, which will be completed shortly. Until they are completed, I am not in a position to report on that.

Deputy Imelda Munster: Is there anything precluding HRI from giving us information on the amount of the payment?

Mr. Seamus McCarthy: It is a HR matter so there may be a little concern around that aspect of it. It is my understanding that the payment has actually been made. Whether the funding for it has been-----

Ms Suzanne Eade: The funding has not gone across.

Mr. Seamus McCarthy: Yes, I think that might be the issue.

Chairman: To clarify, the payment has been agreed and paid.

Mr. Seamus McCarthy: That is my understanding.

Chairman: In the interests of transparency, could the HRI inform the committee of how much that payment was? It would be helpful to us.

Ms Suzanne Eade: We will inform the committee, with Mr. O'Loughlin. Can we do that after this meeting?

Chairman: Yes, we can do that after the break. We will suspend for a few minutes.

Sitting suspended at 11.04 a.m. and resumed at 11.20 a.m.

Chairman: I call Deputy Verona Murphy for a second round of questions. We will take six minutes each and we will take it from there. I will have a number of questions after her.

Deputy Verona Murphy: I want to address two issues. I may be wrong, but there will be a video record of the meeting. Earlier, I asked Ms Eade about the loss on paper, as we call it, relating to the lands in Tipperary. She said that the Department had signed off, but Mr. Blake told my colleague that the Department did not even have notice of that. Somebody needs to correct that. Mr. Blake said that he did not know about it until it had occurred, but Ms Eade said that the Department had signed off on it.

Ms Suzanne Eade: I will address this. The Department sanctioned the original purchase and that would have been before Mr. Blake's time. They were notified of the swap but we did not ask for the appropriate level of approval. That is our understanding now.

Deputy Verona Murphy: Okay. This is to rectify that because people are watching and it will be brought to our attention. My other question relates to Ms Eade's comment that she had

gotten one valuation. The committee has had experience of this where public funds are being expended in any area, regardless of whether it is a swap or not, that there would have been more than one valuation. I would have expected this from the Department. Maybe I am wrong but I ask Mr. Blake whether it would have been prudent for the Department to get its own valuation. How does it verify that the valuation is appropriate?

Mr. Martin Blake: The point that the Deputy is making is valid in the context of hindsight. Essentially, it is a matter for the State body. It is a commercial State body and it makes its own commercial decisions.

Deputy Verona Murphy: But at the same time, if Mr. Blake is signing off on it, then this gives them the go ahead.

Mr. Martin Blake: Consenting to the actual project.

Deputy Verona Murphy: Yes. Does Mr. Blake not feel that it would be more pertinent in the Department's defence against anything arising such as this, albeit that it is on paper, and that it would be covered from the point of view of looking after the public purse by getting its own valuation? I know that would involve expending a certain amount but at the same time, it is a matter of transparency, accountability and ensuring that public funds are spent properly.

Mr. Martin Blake: I do not disagree with the Deputy in the context of ensuring that we have good value for money and in controlling public money, but that is why we have State bodies. They have structures and systems in place. I agree. In the Department, we would not just go for a single quote.

Deputy Verona Murphy: So there is no onus on the Department to verify a valuation. If a valuation came in that raised an eyebrow, what would Mr. Blake do? If that valuation had come in at €1 million, what would he do? How does he verify that?

Mr. Martin Blake: If something outlandish came before us, we would obviously have a look at that. The case of land being valued at €25,000 per acre did not raise any particular issues.

Deputy Verona Murphy: It would depend on where the land was, but I appreciate that it is in Tipperary. All Wexford land is probably worth approximately €30,000 per acre. I still think, however, that there has to be a better system. This could be a complete disaster. It could be cost a lot more money. From previous experience, in purchases by different entities, for instance, in the education sector, we all recommended that there should be more than one valuation. That is something to bear in mind going forward.

Mr. O'Loughlin is new to IHRB and I will have a certain level of forgiveness for him, but I have to agree with my colleague. I come from a county where and horse sport epitomises rural Ireland. It is the biggest part of it. The integrity of the sector is what drives it. I acknowledge that the tender process is a slow process, but we are approximately five years behind. This has all been said, but I expect that this time next year the 25 racecourses will be up and running with cameras. I do not want to have another scandal reported in the sector because the IHRB has not carried out its function. I will put that on Mr. O'Loughlin for next year. That is the timeline he is getting from me as a member of the Committee on Public Accounts. There should not be only two racecourses done. The last time we heard from the IHRB, there were still two, if not one. That is still not progress. I appreciate that while the first fix may be done, I want the final fix to be done in 12 months because that is value for money for the sector.

The other issue I want to raise I have raised previously. This sector is suffering greatly in respect of insurance costs. I asked Ms Eade's predecessor, who told me that he had made representations to different Departments regarding the insurance difficulties. Whilst this may not be the remit of HRI, I believe that it should be. If the sector does not survive, HRI will have no function. At the moment the industry is under such serious pressure securing insurance cover, particularly for point-to-point meetings. I want proof that there have been representations from HRI. I want to see who it is has written to, what the response was and the efforts it is making so that that sector survives and so that HRI's funding is worthwhile. It is paramount to the continuation of the sector, particularly in rural Ireland. A stakeholder group should be set up within HRI to look after these issues. I say this because it is not getting better, but worse. The sector is not functioning correctly without it.

Chairman: I have some questions for Ms Eade regarding Tipperary and the location of the land. I believe that it is close to a station. How close is the Tipperary land to a railway station?

Ms Suzanne Eade: It is Limerick Junction.

Chairman: Is there a regular train service?

Ms Suzanne Eade: Yes.

Chairman: Is Ms Eade aware of the policy in the national development plan to concentrate housing developments close to transport hubs?

Ms Suzanne Eade: Yes.

Chairman: The land was valued in 2018 with one valuation. Can we trace the chronology of events here? In what year was it purchased by HRI?

Mr. Seamus McCarthy: I believe that the agreement was done in 2018 but that actual transfer happened in 2019.

Mr. Jason Morris: In early 2019.

Chairman: When was the land swap done?

Mr. Seamus McCarthy: Again, I think it was agreed in 2020 and effected in 2021.

Chairman: The valuation, therefore, was two years old.

Mr. Jason Morris: The valuation was on the land we purchased-----

Ms Suzanne Eade: It was not on the land that we swapped.

Chairman: The valuation was two years old. The witnesses will be aware that marginal land was making €10,000 an acre. Was the land zoned?

Mr. Jason Morris: No. It was purely agricultural.

Chairman: Had HRI carried out any work on the land?

Mr. Jason Morris: No.

Chairman: Was there drainage or servicing of the land?

Mr. Jason Morris: Sorry, we did afterwards. This was land to be developed as part of a racecourse going forward, so we will be draining it and it will be integrated as part as of-----

Chairman: Did HRI therefore do some drainage works?

Mr. Jason Morris: Yes.

Chairman: How much has been spent on the drainage works?

Ms Claire Rudd: €38,000.

Chairman: Was the €38,000 for 7 acres?

Ms Claire Rudd: It was possibly on the full 12 acres that was bought but I do not have that detail.

Chairman: What did that leave the total cost at?

Ms Claire Rudd: The purchase was for €300,000.

Chairman: Plus €45,000.

Ms Claire Rudd: €38,000.

Chairman: So the total price was €338,000.

Mr. Seamus McCarthy: That price was for the 12 acres, I think.

Ms Claire Rudd: For the 12 acres.

Mr. Seamus McCarthy: A total of 7 acres were taken off.

Chairman: So 7 acres were swapped. Using the price paid for 12 acres then it cost nearly €30,000 an acre, between drainage and purchase or acquisition. Is that right? That is a rough figure.

Mr. Seamus McCarthy: As rough figures, that is probably correct.

Chairman: Yes, €11.6 million roughly.

Mr. Seamus McCarthy: If there is any discrepancy in that, Ms Eade might come back.

Ms Suzanne Eade: Indeed, yes.

Chairman: The cost works out at almost €30,000 an acre but the 7 acres were swapped in a deal two years later for €10,000 an acre. That is a financial calamity if anyone buys property or land and sells it within two years but achieved a price or a value of one third of the original cost. Is Ms Eade aware that the price for agricultural land, not zoned land, dramatically increased between 2018 and 2020?

Ms Suzanne Eade: We will come back to the Chairman on that. There are a couple of things.

Chairman: I have asked the question. A few issues stand out. First, there was an old or outdated valuation; second, there was no second valuation; third, the land cost almost €30,000 an acre; fourth, 7 acres of land were swapped for only €10,000, which is almost one third of the

original price of an acre; fifth, all this happened at the same time as land prices increased; and, sixth, there is location.

I do not know the exact location and I have not stood in the field but I am trying to draw a mental picture of it. Land adjacent to transport hubs has huge potential, particularly given Government policy, which correctly targets high-density developments, although sometimes too high for my liking, close to transport hubs. Ms Eades will be aware aware that there is a housing shortage and that the land is in close proximity to the third largest city in the State. Given those factors, does she not think that the outcome is awful in view of the use made of public moneys? Does she agree that there has not been a good outcome?

Ms Suzanne Eade: I would like to go back and review everything that the Chairman said, the work that we have done and the actual future value of this parcel of land to us. I accept the issues that he has mentioned. Can I take them away and deal with them?

Chairman: Can Ms Eade give me her initial response? I accept that land was needed to widen the track.

Ms Suzanne Eade: Yes.

Chairman: I understand the strategic need. Given the facts that we have established here this morning, does Ms Eade agree this is not a happy situation due to the way public moneys were spent by a public body or semi-State company like yourselves? Does she, as CEO, think that there has been a good outcome for the HRI?

Ms Suzanne Eade: I would like to go back and review this. Some of the points the Chairman has made are new to me.

Chairman: Which one?

Ms Suzanne Eade: Because I still think it is a great acquisition for us.

Chairman: Which one of the facts that I have outlined is incorrect?

Ms Suzanne Eade: I do not disagree that they are not correct.

Chairman: I have asked Ms Eade to either clarify the points raised, disagree with them or challenge them and I have outlined six or seven facts. Taking those facts together, is she happy with the position that we have arrived at regarding this land deal?

Ms Suzanne Eade: I am not happy with the way it turned out but I am happy that we have got the land that we need. I did not pay any additional funding. I did not pay anything for this land, got it swapped and we are ready to do what we need to do for the project. I accept the points made by the Chairman and will look back. I think that we should do a lookback, as a team, to see did we get this wrong. I will do that, yes.

Chairman: I thank Ms Eade. Some of the CCTV issues has been addressed by members. Can Mr. O'Loughlin give the completion date for when the CCTV system will be operational?

Mr. Darragh O'Loughlin: I cannot give an exact date but it is our intention to install cameras at all of the tracks that are in a position to have cameras installed. There are a couple of tracks around the country, not only in Tipperary, where redevelopment work is planned. Some of that redevelopment works will involve demolition, rebuilding and adjustments to stables.

We are not going to spend taxpayers' money putting in a CCTV system in those circumstances.

Chairman: How many tracks require redevelopment works?

Mr. Darragh O'Loughlin: We have CCTV on hold for three tracks.

Chairman: So that leaves 22 tracks.

Mr. Darragh O'Loughlin: Yes. There are two tracks, which takes the number down to 20, where some civil works are outstanding so we cannot start the camera installation until we get that done. We have 14 tracks where we are ready to install cameras and I hope to see those done very soon. We have four more where the electrical first fix is in progress and I anticipate getting those cameras up. There are 14 tracks that are ready for cameras, and another four tracks that are currently under way where we can have some visibility on a finish date. I would like to see all of that work done by the end of this year. I will not make any commitments regarding the last five because there are circumstances outside our control.

Chairman: I understand. How many tracks have CCTV?

Mr. Darragh O'Loughlin: Two tracks have cameras installed. We will not go live with the system until we have CCTV installed at more tracks.

Chairman: Is Mr. O'Loughlin saying that CCTV is not operational on any track at the moment?

Mr. Darragh O'Loughlin: There is no point in having CCTV operational at a track where there is no racing or horses. If there are no horses on-site and no racing taking place, it is of limited value. We have not switched on the cameras where they have been installed.

Chairman: Have the cameras been tested to check if they are operational?

Mr. Darragh O'Loughlin: Yes, the equipment works but we are not yet using it.

Chairman: So two sites. How many cameras are at each yard or track?

Mr. Darragh O'Loughlin: I would have to come back to the committee.

Chairman: For the benefit of the committee, is it one camera at the gate or 20?

Mr. Darragh O'Loughlin: It would be closer to the higher number. We have very extensive coverage across the entire stables area. We have added cameras in the sampling boxes where we take the anti-doping samples. I am sorry that I do not have the number but I can come back on that.

Chairman: Are cameras located in stables?

Mr. Darragh O'Loughlin: Inside individual stables, no.

Chairman: Have cameras been installed in the sampling boxes?

Mr. Darragh O'Loughlin: Yes.

Chairman: Mr. O'Loughlin has said that the IHRB hopes to have all the cameras installed except at five tracks by the end of this year.

Mr. Darragh O'Loughlin: Yes.

Chairman: Earlier Mr. O'Loughlin mentioned redevelopment works for either three or five tracks.

Mr. Darragh O'Loughlin: Three tracks require redevelopment works and two tracks have civil works outstanding.

Chairman: Regarding the transfer of the loan facility to shares in the Curragh, on what date was the funding approved by the HRI?

Mr. Seamus McCarthy: Is the Chairman referring to the €9 million loan?

Chairman: Yes.

Mr. Seamus McCarthy: I do not have the detail on that. I do not think that is in the note. It was during 2020 because it was not an issue in the 2019 financial statements.

Ms Claire Rudd: Correct. It was during 2020.

Chairman: Is it correct that a subcommittee of three persons examined this matter?

Ms Suzanne Eade: I am having real problem hearing and apologise.

Chairman: Did a subcommittee of three persons from HRI examine this?

Ms Suzanne Eade: Yes. We would have worked as a finance function with the subcommittee looking at all these analyses. In addition, we would have taken it to the board before we applied for the request to the Department for the €9 million.

Chairman: Who were the three persons on that?

Ms Suzanne Eade: Robert Nixon; Peter Nolan, one of our audit and risk members; and our chairman were on the subcommittee.

Chairman: And Mr. Kavanagh.

Ms Suzanne Eade: No, he was not part of the subcommittee.

Chairman: The Chairman of the board.

Ms Suzanne Eade: Yes. The chairman of the board.

Chairman: What month in 2020 was that?

Ms Suzanne Eade: We had several meetings.

Mr. Seamus McCarthy: Presumably, the minutes of the board will have recorded-----

Ms Suzanne Eade: Yes, we would have that.

Mr. Seamus McCarthy: -----if any decision was taken but we do not have that.

Ms Suzanne Eade: Does the Chair want me to come back with all those minutes?

Chairman: Yes. Come back to us with that timeline, please.

Deputy James O'Connor: I welcome the representatives from the IHRB and HRI. I am interested in sport and I have met quite a few of the witnesses previously.

As a regular race attender, I know 2020 was a challenging year with Covid. I would like to address Ms Eade first regarding attendances at the Curragh Racecourse and its profitability. Significant money was expended renovating the course. They have been challenged to bring in crowds there. Ticket price has been identified as one major concern as well as the connectivity to the course. I understand 2020 was is a skewed year for profitability because we had lockdowns during the pandemic. Could Ms Eade or another HRI representative give me some insight into that?

Ms Suzanne Eade: Obviously, 2020 and 2021 were tough in terms of attendances. However, one of the stronger points for racecourses during that period was the strength of the media rights, particularly streaming. When Ireland was the only team in town racing, that was very good for our racecourses, which upped their streaming. Apart from that, the Curragh management have been strong in reducing costs. They really went after that in the past year or two.

What concerns me for the Curragh and all racecourses going into the future is the cost of living and the cost of putting on the lights, heating and all that stuff. That will be a big drain as we approach 2023. The big hit for the Curragh at the moment is the depreciation, which is more than €4 million annually. They will have to get much more income other than racecourse attendances to fill that gap. This year they made a cash profit. Depending, again, on the fuel crisis for the remainder of the year, I would expect that they will hit their committed budget in 2022. As I said, I am concerned about the impact on the racecourse's energy bills next year, as I am for every racecourse.

Deputy James O'Connor: My primary concern is the crowds coming in, because essentially the sustainability of a racecourse is about getting-----

Ms Suzanne Eade: On attendances again, it is very hard. Some racecourses have done very well around their festivals. The Curragh went through a few years where it lost its connection, perhaps, with their fans. That is something management will have to work hard on going into 2023. They tried different things in 2022, such as with ticket prices, offerings, weekends in August and giving lots of tickets to people in the area to welcome them back. They will have to invest to grow back those attendances next year. HRI will definitely be there to help it get that back.

Deputy James O'Connor: It is a shame given the funding that has been invested in that course. The overall cost of the project came in at more than the cost of the renovation of Longchamps. It was a significant investment and that needs to be looked at immediately and some solution found. I have a huge concern about that.

Connectivity is an issue as well. Investment in public transport is key. The racecourse sits on the Cork-Dublin line, which is one of the busiest train lines in the country. It would be good to adopt an approach to that. Has HRI tried to attract an Irish Rail service? That would be significant.

Mr. Jason Morris: I wish to raise a couple of points. I used to be the Curragh manager. Back in 2000, there was a Curragh siding that was used for transport, particularly for people coming from Dublin. It certainly something the Curragh would be keen to try to reinstate if possible.

The Deputy mentioned Longchamps. When it started out, the project was mooted to be €108 million. It actually came in at approximately t €140 in terms of a total redevelopment of Longchamps. When Ascot was rebuilt in the early 2000s, it came in at £220 million. By comparison, our overall costs were just over €80 million. That is probably quite modest-----

Deputy James O'Connor: I stand corrected. It is good to know.

Mr. Jason Morris: -----in comparison to other tracks.

Deputy James O'Connor: Some €80 million.

Mr. Jason Morris: Just over that. I think it was €82 million.

Deputy James O'Connor: A sum of €4 million is astronomical. I am not a structural engineer. Could the witnesses give an indication of what that depreciation relates to? Losing €4 million a year is worth asking about.

Ms Claire Rudd: The depreciation covers, obviously, the building. The gallops land also is depreciated because the gallops need quite a bit of effort to maintain them to ensure they are suitable for the training schools. The building is highly technical. It has a lot of plant machinery within the building for its fixtures and fittings. It is the full remit.

Deputy James O'Connor: I might just go over to Mr. O'Loughlin. I understand he came from the pharmaceutical industry to his current role. How much grant funding did the IHRB receive in 2020 from HRI to run the regulatory board? In addition, I would like a breakdown of full-time, part-time, casual and voluntary staff, such as stewards. It would be helpful to know that.

Mr. Darragh O'Loughlin: Our grant to IHRB for integrity services in racing and integrity services in racing and point-to-points in the year 2020 was €8.3 million. In terms of the breakdown of full- and part-time staff, I do not have that level of detail with me. Overall, between the office and racing officials in the field, we had 106 staff on our accounts in 2020. As to how that breaks down between full and part time, I do not have the exact numbers.

Deputy James O'Connor: Could Mr. O'Loughlin correspond with me about that following the meeting? If he could he check into that and refer back to me, I would appreciate it.

Mr. Darragh O'Loughlin: Yes.

Deputy James O'Connor: On the sum of €8.3 million, is it in and around the same annually?

Mr. Darragh O'Loughlin: The €8.3 million in 2020 was a decrease on the €9 million received in 2019.

Deputy James O'Connor: What proportion of that funding goes to support the point-to-point industry?

Mr. Darragh O'Loughlin: Of the €8.3 million, €600,000 went on point-to-point integrity services.

Deputy James O'Connor: Only €600,000.

Mr. Darragh O'Loughlin: Yes. The balance of €7.7 million went on racing integrity ser-

vices.

Deputy James O'Connor: Deputy Murphy touched on a serious issue. I am involved in point-to-point racing and disclosing that is important. The insurance costs in that are frightening. Different bodies within racing look after each aspect of it, but there is a collective need to seriously examine that problem. I am getting many calls from point-to-point committees, not only from within my constituency. There is a long affinity with racing in Cork East. In fact, the steeplechase originated in Doneraile in my constituency. What the committees are telling me is a huge concern. Many of them are worried about folding. Point-to-point committees have been impacted already. That has a knock-on impact for small breeders in particular. Racing is a valuable industry with many major players who have a lot of money. However, for smaller breeders involved in racing, of which there are hundreds of in my constituency, that is a huge concern. They want to put horses into training with local trainers. It keeps an ecosystem going. I know I am preaching almost to the converted. However, there is an aspect of concern when it comes to insurance that they have been left out on a limb and that has to be conveyed. We are all aware that there has been difficult litigation taken against some clubs. That is a concern of mine. We could do a lot more to support that particular facet of the industry. If Mr. O'Loughlin and Ms Eade have anything to say in response that, I would appreciate it.

Mr. Darragh O'Loughlin: We recognise that insurance for point-to-point is a real difficulty. Insurance costs across the economy have increased but insurance costs for point-to-point and local hunts have soared. We work closely with hunts to ensure they can get insurance. It is not our role to provide insurance for them but whether it concerns local hunts running point-to-points or ensuring jockeys can get insurance, we interact with insurers and help to define the risk and set out for insurers to understand the risk and the extent to which our integrity services are mitigating that risk. We do what we can to support the hunts and other participants to get their insurance. Ms Eade might want to talk more about the financial support HRI has provided to ensure that insurance can be put in place.

Deputy James O'Connor: That would be helpful.

Ms Suzanne Eade: We support point-to-points through their grants and prize money in HRI. Deputy Catherine Murphy recommended that we get a taskforce together on insurance matters, which is probably a bit overdue, because it is not just about point-to-point. We are seeing insurance providers being very selective about what they will insure across a range of areas that need to be insured and charging us more. Premiums and the excesses are going up. We are all having a tough time with insurance so we need support and a bit more competition in the market. We can only go to so many underwriters. Many of the underwriters for racing have been based in the UK and are now saying that as a result of Brexit, they do not need that risk in their profile anymore so that is a major issue for us.

Deputy Matt Carthy: Mr. Blake might remind us of how much was allocated to the horse and greyhound fund for this year.

Mr. Martin Blake: Fund allocation to HRI in 2022 was €70.4 million.

Deputy Matt Carthy: That is just the HRI element of it. How did the Department arrive at that figure as an appropriate allocation?

Mr. Martin Blake: Ordinarily all the State bodies will make their pitches to the Department on a quantity of estimates position. Those are evaluated on the basis of priorities across all

elements of the Department. Conversations are held with State bodies and the Department of Public Expenditure and Reform. On that basis, the whole horse and greyhound fund is agreed.

Deputy Matt Carthy: This is a unique scenario in that two separate organisations have their financial allocations tied together because the horse and greyhound fund is approved on the back of a proposal by the Minister of Agriculture, Food and the Marine and his Department and is then divided 80:20 on an annual basis. Could the Comptroller and Auditor General tell me whether there is any other situation where State money is divided in that way to two organisations on a *pro rata* basis?

Mr. Seamus McCarthy: I cannot recall any other circumstance where it is done as rigidly as that.

Deputy Matt Carthy: Mr. Blake just spoke about how organisations make their financial pitch. On any given year, HRI might make a fantastic pitch that would warrant additional funding while in other year, Bord na gCon might do the same but either organisation will rise or fall on the back of what has happened somewhere else. It does not appear to be a very appropriate way of expending public money.

Mr. Martin Blake: People have argued that. We need to go back and see where this comes from. This is set out in statute in the context of the Horse and Greyhound Racing Act 2001 so that is where-----

Deputy Matt Carthy: But statute can be changed.

Mr. Martin Blake: Yes.

Deputy Matt Carthy: It is further complicated by the fact that HRI gets an allocation and it is then a matter for HRI to make another allocation to the IHRB, which is a separate board. The body that is essentially being regulated is responsible for funding its regulator. Does Ms Eade see any difficulty in that scenario?

Ms Suzanne Eade: When we get our allocation, we get told what we need to spend on our revenue element and capital. Within that, there are bands of the allowance that can be spent on certain areas. I know at the moment they say-----

Deputy Matt Carthy: I am very short on time. Is Ms Eade saying that essentially what the IHRB gets is a proportion of HRI's budget?

Ms Suzanne Eade: That is correct - up to a proportion of my budget. The IHRB would come to me. We determine the fixtures so we know we put some costs on the IHRB by saying there are 390 fixtures-----

Deputy Matt Carthy: Do we see a difficulty here? The regulatory body is dependent on the budget assigned to HRI on the strength of its business case, which in turn is linked to a separate organisation. Even if we look at the IHRB, which in itself is an amalgamated structure of the steeplechase and the Turf Club, which have their own issues, do the witnesses from the Department not see that there is a case for either the IHRB to become completely independent or to get rid of the pretence and amalgamate it into HRI?

Mr. Martin Blake: Having an independent regulator is important. I could not foresee that you would-----

Deputy Matt Carthy: Is it independent when it relies on the organisation it essentially regulates for its funding?

Mr. Martin Blake: Every regulator depends on funding from someone.

Deputy Matt Carthy: Generally it is from the line Department.

Mr. Martin Blake: In the context of the pitch that HRI would make to us, it is taking into account the expectation of what it needs to spend in conversation with the IHRB. It is not a black box in which integrity is not taken into account.

Deputy Matt Carthy: But there is a lot of entanglement. If we look at the previous debate we had on the Curragh race course, your previous boss stood down and received a financial package the value of which we do not know. Why-----

Ms Suzanne Eade: Is the Deputy talking about my previous boss?

Deputy Matt Carthy: Yes.

Ms Suzanne Eade: He did not receive a package.

Deputy Matt Carthy: He did not receive a package?

Ms Suzanne Eade: No, he did not.

Deputy Matt Carthy: Apologies to the Chair for that. He stood down and took on the role in the Curragh so HRI is negotiating with him according to Ms Eade's previous replies regarding the Curragh.

Ms Suzanne Eade: I am not negotiating with the CEO.

Deputy Matt Carthy: HRI is in engagement with The Curragh Racecourse. That is what Ms Eade said regarding its financial prospects. Is that not true?

Ms Suzanne Eade: In terms of expecting it to deliver against its financial targets - its budget comes to us and must get approved by HRI. That is part of the conditions of the sanction. We need to make sure it is delivering in line with its budget but we do not negotiate with the CEO of The Curragh Racecourse.

Deputy Matt Carthy: Who does HRI have the discussions with?

Ms Suzanne Eade: The chair of Curragh Racecourse Limited and the CEO would present their budget to us. We would be looking for improvements and savings.

Deputy Matt Carthy: If somebody is coming to me with a proposition for the financial year to come, and HRI is discussing and looking for improvements and possibly responses, would that not constitute negotiation?

Ms Suzanne Eade: Budget approval really - but he is not negotiating for funding. It is not that sort of relationship.

Chairman: I will let Deputy Carthy in again. I call Deputy Catherine Murphy.

Deputy Catherine Murphy: Mr. O'Loughlin has been answering queries about the long-running saga we have had here regarding CCTV so the buck stops with him regarding that. Am

I correct in saying that?

Mr. Darragh O’Loughlin: Yes.

Deputy Catherine Murphy: So the buck would have stopped with Mr. O’Loughlin’s predecessor. Is that correct?

Mr. Darragh O’Loughlin: I am not entirely sure the buck was even moving at that stage.

Deputy Catherine Murphy: I know but it would have been. I think Mr. O’Loughlin would have accepted that it should have stopped there. As this has been clarified for me, why on earth would an NDA be entered into? Where is the transparency? Why would an NDA be entered into regarding an exit package?

Mr. Darragh O’Loughlin: Is that question for me?

Deputy Catherine Murphy: Yes.

Mr. Darragh O’Loughlin: There are HR elements to it. The Deputy will appreciate this all predates me, so my knowledge of it is not 100%. There are HR elements to it, as well as confidentiality elements and employment law elements.

Deputy Catherine Murphy: If there is public money, we have to be able to see the public money. People could put non-disclosure agreements, NDAs, all over the place and we would then be guessing at things. There has to be some degree of transparency.

Mr. Darragh O’Loughlin: In regard to my time in the IHRB, that transparency has already been committed to. As my colleague from the Department has said, we will be complying with the code of governance for State bodies.

Deputy Catherine Murphy: I am short on time. Did anybody else leave with a package at the same time as the former CEO?

Mr. Darragh O’Loughlin: The answer is “Yes”.

Deputy Catherine Murphy: Was there an NDA with that as well?

Mr. Darragh O’Loughlin: There was an early retirement and redundancy scheme put in place in the IHRB following a review of the structures in 2020. That scheme was put in place in 2021 and a number of staff exited either under the redundancy or the early retirement element of the scheme.

Deputy Catherine Murphy: Mr. O’Loughlin said it was not moving at all when I asked where the buck stopped. Would he be critical of that? Should it have happened? Was it a significant issue when there was a handover? Why, when this has been going on since mid-2021, is there still an issue? That was mid-2021 and we are still not at a point where we know this is paid. Has the exit package been paid to the individual? What has not been transferred? I am confused. I thought Ms Eade said it was not paid but it seems to be that it was not transferred. Which is it?

Mr. Darragh O’Loughlin: Because our funding comes from HRI, anything which the IHRB pays for is paid for out of funds transferred from our funder. In regard to the specifics on this, if I could beg the committee’s indulgence, it will all be dealt with in the context of the audit of our 2021 financial statements, which are still between ourselves and the Office of the

Comptroller and Auditor General.

Deputy Catherine Murphy: The NDA will not apply because we will see it in the statements.

Mr. Darragh O’Loughlin: It is in the process between ourselves and the Comptroller and Auditor General. The audit process has not concluded. I could not tell the Deputy now what will be disclosed at that point other than that we are, as it stands, bound by the agreements that remain in place.

Deputy Catherine Murphy: That is gobbledygook, to be honest.

Mr. Seamus McCarthy: I might add something in this regard. Non-disclosure agreements are an absolute standard feature of settlements that are made around termination of employment or the ending of employment. We have seen this in other organisations as well. I have reported previously on severance deals and the use of NDAs. An NDA will typically be phrased in such a way that if there is a statutory obligation to disclose, that disclosure can be done, but for disclosures other than within a statutory structure like, for instance, the presentation of annual financial statements, there may be a difficulty around it. As the chief executive has said, we are looking at this in the context of the 2021 financial audit. I have not determined yet whether I will draw attention to any matter in regard to it or disclose anything.

Deputy Catherine Murphy: Can I clarify if this amount has been paid to the individual?

Mr. Darragh O’Loughlin: The individual has received the funds.

Deputy Catherine Murphy: When did that happen?

Mr. Darragh O’Loughlin: Prior to his exiting or very shortly afterwards.

Deputy Catherine Murphy: So it is a long time ago. It is 2021.

Mr. Seamus McCarthy: It is a 2021 charge.

Deputy Catherine Murphy: Why has it not been transferred between HRI and the IHRB? Is it between HRI and the IHRB that the transfer happens?

Mr. Darragh O’Loughlin: The transfer has not taken place yet. This exit was part of a broader transformation and modernisation programme that the IHRB had resolved to engage in, which is the reason it recruited a new chief executive officer. We have not fully settled on what that means between ourselves and the HRI.

Deputy Catherine Murphy: There were fairly high-profile articles in the newspapers earlier this year, and Paul Kimmage was the author of one very long article which related to a question mark about doping in the sport. Another Oireachtas committee looked at this and it had looked at it in advance. I know a report was done by Dr. Suann from New South Wales and recommendations were made. Have all of those recommendations been adopted? One of those recommendations was that CCTV cameras would be installed. What other recommendations are outstanding at this stage?

Mr. Darragh O’Loughlin: Dr. Suann made a number of recommendations. There were recommendations that have no cost implications that we were in a position to implement immediately. Some of them have cost implications and those will be implemented, we hope, in

the course of 2023.

Deputy Catherine Murphy: Can Mr. O’Loughlin give us a note on what is outstanding, what the recommendations are, what is being done, the timeline and the reason the other issues have not been dealt with? This is a big sport and, as we speak, the question of integrity is critical. It is very important, where there are recommendations to ensure integrity, that they are adopted and implemented.

Mr. Darragh O’Loughlin: We agree wholeheartedly with the Deputy. We have broken out 17 recommendations. We intend budgeting to implement those over the course of 2023, but that is in the context of having a budget approved for 2023 and we are not at that point yet.

Deputy Imelda Munster: Before the break, Ms Eade gave a commitment to let us know what was the payment made to the ex-CEO of the IHRB. Can she furnish us with that information?

Ms Suzanne Eade: I do not know the nature of the exact NDA so I will take advice from the Comptroller and Auditor General. If I can, I will release the information. At the moment, as I understand it, I cannot. Is that correct?

Mr. Seamus McCarthy: There could be a difficulty because there is an NDA in place. It behoves the two agencies to be careful.

Deputy Imelda Munster: Perhaps when Ms Eade can do it, we will be furnished with that.

Mr. Seamus McCarthy: We are looking at the matter in the context of the 2021 financial statements audit. As I said, I have not determined yet whether I want to draw attention to any difficulties that I see with the payment, if there are any.

Deputy Imelda Munster: Thank you. I am looking for clarity in regard to HRI. Can Ms Eade clarify that HRI was not in any way involved in the recruitment process for the CEO of the racecourse?

Ms Suzanne Eade: There was no involvement.

Deputy Imelda Munster: It did not facilitate advertising and did not make contact through the recruitment company or pay for any aspect of it.

Ms Suzanne Eade: CRL Recruitment used an executive search company that HRI had a contract with for executive search. The board of CRL had some HR administration support but that was it. They were not involved in the recruitment, the selection or anything like that.

Deputy Imelda Munster: Did HRI engage a company? Is that what Ms Eade is saying?

Ms Suzanne Eade: It was the same company we use but CRL did its own advertising for the role.

Deputy Imelda Munster: Other than that, HRI did not pay for anything with regard to the recruitment process.

Ms Suzanne Eade: No.

Deputy Imelda Munster: Ms Eade is categorically stating there was nothing whatsoever.

Ms Suzanne Eade: Unless I am proved wrong. I am not aware that we paid for anything. If we have, we will charge it back.

Deputy James O'Connor: I have a question for HRI on administration costs from 2019 into 2020. There is an increase from €7.83 million in 2019 to €8.423 million in 2020. I want to get a background on why that administration cost increase happened. I think it was related to labour costs but what are these labour costs? Will Ms Eade explain that?

Ms Suzanne Eade: The main two drivers of the administrative change were the approximately €250,000 that related to the depreciation of HRI buildings and, concerning the salary-related costs, there was a global agreement on salary increases at that time of 3%. We also had some maternity backfills as part of that process. These were the main reasons for that movement. We did not avail of any Covid-19 supports in that time for permanent HRI roles because our funding was in place. It was not like we needed to go and look for-----

Deputy James O'Connor: I understand there was a substantial rise in HRI's legal costs in 2020, so I ask the witnesses to comment on this.

Ms Claire Rudd: There was an increase of just over €100,000 in legal costs from 2019 to 2020. This included several different elements, one of which was the funding round for the Curragh. Another significant element involved legal costs concerning the strategic alliance between Tote Ireland and Tote UK.

Deputy James O'Connor: Okay. I would like the attendance figures for the Curragh. I understand HRI probably has those, although the witnesses might not have them with them. Could I be furnished with them, please? I would be interested to see them from a transparency perspective and as an indication of where things stand and what it is going to take to make things work to get a good return for the organisations and for the State in respect of its investment in this regard. Getting these figures would be helpful. I do not expect a response on this point.

A local issue raised on numerous occasions in Cork was the cancellation of point-to-point races at Kinsale. The IHRB ruled that point-to-point racing would not go into June. I do not know why that was advanced by the organisation. From a national hunt point of view, there is a mixed meeting in Galway in the summer. The point-to-point races at Kinsale were popular and many people in the racing industry, at grassroots level, loved going there. The event just seemed to be pulled and it is important to get an explanation for this. I ask the witnesses to comment.

Mr. Darragh O'Loughlin: The point-to-point season, as defined, begins in October and concludes at the end of May. The season is significantly longer now than it was a couple of years ago, with a finite number of fixtures and, therefore, the decision taken by the national hunt stewards was that the season should conclude at the end of May because to drag it out any longer would mean stretching the season and the people involved. Without the additional fixtures, there was not much extra benefit. Unfortunately, the bank holiday weekend in June falls after the end of May and, by definition, outside of the season as it is defined. My understanding, however, is that the organisers of that event in Kinsale were offered weekends in May when those races could be held and would be supported. Unfortunately, every sport has an end date on its season. We have even seen the GAA shortening the football and hurling seasons. Once a season has ended, no more fixtures can take place. There is additional risk involved in this case because the ground tends to get drier as the year progresses. Additional costs are also associ-

ated with watering that regard. For various reasons, therefore, the season is fixed-----

Deputy James O'Connor: Mr. O'Loughlin should not worry; I am well in tune with this. I will not lie, however, as I do not necessarily agree. This is an issue. There is a need to engage with the point-to-point committee in Kinsale on this matter, because it is a bone of contention. Perhaps with costs, going into that time of year, there may be an issue with getting stewards, etc. I do not know but several issues have been raised with me in this context. Traditionally, this event was the final fixture of the season. I appreciate the insight and I will finish on this point.

Chairman: Deputy Devlin has joined us online. He is trying to juggle other parliamentary duties this morning, so I ask him to use the raise hand function to signal that he wishes to contribute. Turning to the loan facility of €9 million, which will then be converted into shares, how much of that funding has been converted thus far? Is it just over €6 million?

Ms Suzanne Eade: It is €7.6 million.

Mr. Seamus McCarthy: No. In the interests of accuracy, none of this money has been converted into shares. It is, instead, convertible. It is a loan-----

Chairman: It is convertible.

Mr. Seamus McCarthy: -----and at a particular trigger date, which I think is 31 January-----

Ms Suzanne Eade: 2024.

Mr. Seamus McCarthy: -----any outstanding liability will be converted.

Chairman: Looking at the direction of travel, that seems to be where this is going. Is it correct at this point that it is most likely that this loan will be converted?

Ms Suzanne Eade: Yes, it is. It is also earning an interest rate to increase the value of the share.

Chairman: A figure of €49 million was mentioned concerning private investors in the Curragh. Have any of them offered that kind of facility?

Ms Suzanne Eade: They have paid up as well.

Chairman: In saying they have paid up, have they provided a loan facility that could be converted into shares?

Ms Suzanne Eade: That is it exactly.

Chairman: Turning to the matter of the CEO, who was before us several times, on what date did he finally notify the board that he was stepping down from his role or when was the board made aware of this decision?

Ms Suzanne Eade: I am really struggling to hear the Chairman. I am sorry.

Chairman: Sorry. On what date did the former CEO's time expire? When was the date that Mr. Kavanagh was stepping down first known?

Ms Suzanne Eade: It was 4 June 2021 when his candidacy for a new role was brought forward to the board of the HRI for approval.

Chairman: Okay. On what date was the €9 million convertible loan facility approved by HRI?

Ms Suzanne Eade: The facility was approved in 2020.

Chairman: It was prior to Mr. Kavanagh's departure.

Ms Suzanne Eade: Yes.

Chairman: It was approximately a year before his departure. As the CEO of HRI, can Ms Eade confirm she is happy there is no conflict of interest concerning the overlap between Mr. Kavanagh's previous role as CEO of HRI and the approval of the convertible loan to the Curragh?

Ms Suzanne Eade: Yes. We had the protection of having a subcommittee work on all the financing for the Curragh. We had an evaluation. We also had independent advice on everything we did and we had to get sanction from the Department, which was obviously independent of Mr. Kavanagh, before anything was agreed or paid over. From my perspective as CEO, I have a strong chair who looks at these things strategically and in a measured way and it was ensured we did this in accordance with good governance.

Chairman: From the Department's point of view, is Mr. Blake happy there was scrutiny of that process and no conflict of interest or other issues arises?

Mr. Martin Blake: We continue to liaise, as I said earlier, on the Curragh event. The proposal came to us. It was evaluated through the public spending code. Discussions took place with the Department of Public Expenditure and Reform and approval was subsequently-----

Chairman: Was the New Economy and Recovery Authority, NewERA, also involved?

Mr. Martin Blake: Yes.

Chairman: My hearing was worse a few months ago, but it has started to improve a bit. I must have been deaf in that ear for about three months. Hopefully, Mr. Blake's will come back as well. Regarding cash in transit, I am at a dead loss with this issue. It concerns a sum of €389,000 that had been collected from racecourses. A company called Senaca had this money in its possession, as I understand it, for two or three days.

Ms Suzanne Eade: It is shorter now. I believe it is only about 24 hours now.

Chairman: Indeed, but I just wish to return to this particular case for a moment. It just happened that the company was liquidated within the time concerned. I am trying to understand this. It was not the company's money.

Ms Suzanne Eade: It was not the company's money, but our funds in transit.

Chairman: This money should not have shown up on the balance sheet of that company because it was holding it in custody for HRI. How did that money become an asset of Senaca to be used in the liquidation process to pay off debts?

Ms Suzanne Eade: To be honest, this situation is subject to an investigation by An Garda Síochána and I do not know where that stands. The company, however, was obviously using the funds in an inappropriate manner. It used our funds to fund their business.

Chairman: Ms Eade mentioned an investigation. What is the nature of that investigation?

Ms Suzanne Eade: We gave all the information, together with everybody else impacted, to the Garda. Whether they were able to get anywhere or not, I am not sure and I probably cannot say too much more than that.

Chairman: How much money was recovered?

Ms Suzanne Eade: We got €120,000 back.

Chairman: Yes, but a sum of €270,000 has gone AWOL. Ms Eade said she was not sure about the Garda investigation. How long is the investigation going on?

Ms Suzanne Eade: It went on from the time we submitted the information but I am not sure if they-----

Chairman: There has not been an update.

Ms Suzanne Eade: No.

Mr. Seamus McCarthy: You do not get an update, typically.

Chairman: Yes, but if somebody had €270,000 of my money, I would look for an update.

Ms Suzanne Eade: Yes.

Chairman: The Garda are investigating and I presume there is some liaison has taken place with An Garda Síochána. Can Ms Eade contact An Garda Síochána to inquire whether the investigation is still live and whether progress is expected?

Ms Suzanne Eade: Yes.

Chairman: An Garda Síochána must be careful about what they do and say because of the potential implication for legal proceedings, and possible outcomes of legal or court proceedings. Can Ms Eade get confirmation on whether the investigation is still live into the €269,000 that has gone missing and not been recovered? Can she also find out whether the Garda is actively pursuing the matter and what the is timescale for completion of the investigation? It would be great if we could have that information.

Ms Suzanne Eade: I can go back.

Chairman: I recognise that was not taxpayers' money but we are talking about bodies that are funded by taxpayers.

Ms Suzanne Eade: The money still matters and it was hard for the businesses.

Chairman: Yes.

Ms Suzanne Eade: I will check how active the case is.

Chairman: Please, and revert back to us. Did Deputy O'Connor get back in a second time?

Deputy James O'Connor: Yes, but I have one other question.

Chairman: Go ahead.

Deputy James O'Connor: There are huge changes happening in the regulation of gambling. There are divergent views, which is the nature of this issue, and it is very problematic. One change that has been touted, and on which there has been some discussion, is the removal of ATMs from racecourses. What impact does Ms Eade think that change would have? I think that it would be detrimental to the economic environment for caterers, small bookmakers, etc. These are not the major conglomerate bookmakers and removing ATMs would finish them. Has the HRI delegation a comment on the matter?

Ms Suzanne Eade: I think we have had some discussions on that particular point. As far as I understand, but I will double-check, ATMs are recognised as being allowable on a racetrack. Can I get back to the Deputy?

Deputy James O'Connor: Has the matter been put to bed?

Ms Suzanne Eade: Yes.

Deputy Matt Carthy: I would like to deal with the remuneration package for the CEO of HRI, starting with the Department.

The Department of Public Expenditure and Reform set in place new guidelines on the recommended salary scale for the position of CEO. The previous CEO of HRI was on an existing salary scale of €50,000 plus. When the previous CEO stood down and a new CEO joined, the salary changed following a business case being made by the board of HRI. Both the Department of Agriculture, Food and the Marine, and the Department of Public Expenditure and Reform, signed off the proposal so the new CEO could earn approximately €50,000 more than what was stated in the previous guidelines. Am I wrong in what I have said?

Mr. Martin Blake: On the specific of the difference in salary, I just do not have it to hand. What I can say, in the context of the actual agreement and the proposed salary of the current CEO, that it is dealt with under the code of practice for the governance of State bodies. The process is that the board makes an application to the Department for approval to move forward with the appointment with a suggested salary scale. We would have gone through that and discussed it with DPER in the context of the actual value that was proposed. We agreed to it on the basis that it was not out of line with comparable organisations.

Deputy Matt Carthy: Ms Eade was the chief financial officer during this process. I understand that the business case that HRI provided to the Departments was based on a report by Marsh McLennan. Is that correct?

Ms Suzanne Eade: I have no awareness of the process. I was a candidate so I would not have seen any of this stuff, I am sorry.

Deputy Matt Carthy: In January 2019, Marsh McLennan provided a provided a report to the HRI on the remuneration package for a CEO.

Ms Suzanne Eade: Is that the remuneration for the old CEO?

Deputy Matt Carthy: On the position of the CEO. Was Ms Eade not aware of that?

Ms Suzanne Eade: I do not recall it, to be honest; maybe I was. I am not being vague deliberately. I actually do not remember it.

Chairman: Was Mr. Casey *in situ* at that point? I ask because he is the chief financial of-

ficer.

Mr. Roger Casey: No, I only joined HRI since 14 July.

Deputy Matt Carthy: Ms Eade was the chief financial officer at the time.

Ms Suzanne Eade: It does sound like something that would have been done but I just do not recall it, I am sorry.

Deputy Matt Carthy: Can anyone answer? The report was provided to HRI in January 2019.

Ms Suzanne Eade: Yes.

Deputy Matt Carthy: Who commissioned the report?

Mr. Seamus McCarthy: I do not know the answer to this. It is a question. There is a remuneration committee in HRI.

Ms Suzanne Eade: Absolutely.

Mr. Seamus McCarthy: I imagine that those kind of matters, particularly for the most senior posts, would have been dealt by the remuneration committee. So they may have commissioned the report. I cannot say offhand. I just do not know.

Deputy Matt Carthy: I thank Mr. McCarthy.

Ms Suzanne Eade: It would have been our HR director, probably.

Deputy Matt Carthy: Did Mr. McCarthy say the remuneration committee?

Mr. Seamus McCarthy: Yes.

Deputy Matt Carthy: Does the chief financial officer not sit on that?

Ms Suzanne Eade: I did not sit on it before, no.

Deputy Matt Carthy: It strikes me as strange that the HRI commissioned the report in 2019 considering there was no vacancy and the established position of the package for the then CEO was secure.

Ms Suzanne Eade: I will get back to the Deputy as to why it was commissioned and who asked.

Mr. Seamus McCarthy: I think there would have been an expectation. Was there not a contract with the previous chief executive that was coming to an end?

Ms Suzanne Eade: Yes.

Deputy Matt Carthy: Yes, two years later.

Mr. Seamus McCarthy: Yes. Obviously, with something like that, you need to plan ahead.

Deputy Matt Carthy: I take it that nobody can answer whether the HRI examined whether it was possible to identify a candidate under the previously agreed DPER guidelines?

Ms Suzanne Eade: I think probably the board would need to answer that.

Deputy Matt Carthy: Has Ms Eade been *in situ* as the chief executive since September of last year?

Ms Suzanne Eade: I was the interim so I did the two roles for a period, yes.

Deputy Matt Carthy: Is it correct, in terms of departmental approval, that the final salary position was not agreed until November of last year?

Mr. Martin Blake: I am struggling to find a date so we will get back to the Deputy.

Deputy Matt Carthy: When Ms Eade was going through the recruitment process, did she have any idea of the final salary for the position?

Ms Suzanne Eade: No.

Deputy Matt Carthy: Would Ms Eade have accepted the previous salary scale that had been agreed?

Ms Suzanne Eade: Sorry, the existing salary had been in place for a long time.

Deputy Matt Carthy: The DPER salary guidelines were in place.

Ms Suzanne Eade: To be honest, I would not have looked for that information. I was literally applying for the role because I really wanted the job and I loved the industry. I did not go into HRI for financial reasons.

Deputy Matt Carthy: The HRI has cost us €50,000 a year.

Ms Suzanne Eade: I do not think so.

Deputy Matt Carthy: That is the position, which we have just heard. We have somebody who is eminently suitable for the role and she is on record as saying she was willing to accept a salary scale.

Ms Suzanne Eade: I did not actually say that.

Deputy Matt Carthy: Which is it? Chair, I will leave my questions at that.

Chairman: Does Deputy Murphy have a final question?

Deputy Verona Murphy: No.

Chairman: The Deputy is happy.

Deputy Verona Murphy: Yes, and we have set a bar for the next appearance.

Chairman: All members are happy. I thank the witnesses from the Department and from the two bodies for joining us today. I thank the staff of the HRI, the IHRB and the Department who were involved in preparing for this meeting.

I thank the Comptroller and Auditor General, his colleague, Mr. Brady, and his staff for assisting at today's meeting. I also thank the Comptroller and Auditor General, Mr. McCarthy, Mr. Brady and their staff for assisting at today's meeting.

Is it agreed that the clerk to the committee will seek any follow-up information and carry out any agreed actions from this meeting? Agreed. Is it also agreed that we will note and publish the opening statements and briefings from today's meeting? Agreed.

We will break for lunch. The committee will resume in private session at 1.30 p.m. before moving to public session to deal with correspondence and other business.

The witnesses withdrew.

Sitting suspended at 12.30 p.m. and resumed in public session at 2.10 p.m.

Business of Committee

Chairman: The business for this afternoon is as follows: minutes, accounts and financial statements, correspondence, work programme and any other business. The first item is minutes from the meeting dated 15 September 2022, which have been circulated to members. Do members wish to raise any matters in relation to the minutes? Are the minutes agreed? Agreed. As usual they will be published on the committee's web page.

The second item is accounts and financial statements. Four sets of financial statements have been laid before the Houses of the Oireachtas between 13 and 16 September 2022. I ask the Comptroller and Auditor General to address these before I open up the floor.

Mr. Seamus McCarthy: The accounts and statements that have been presented since last week include, first, the National Cancer Registry Ireland 2021. This received a qualified audit opinion. The accounts, in my view, give a true and fair view, except that they account for the costs of retirement benefit entitlements of staff, only as they become payable. That is standard for many health bodies, but it is not the conventional accounting treatment and therefore it is a qualified opinion in that respect. Second is Science Foundation Ireland for 2021, which has a clear audit opinion. Third is Rasaíocht Con Éireann group accounts for 2021, which received a clear audit opinion. Finally, Teagasc accounts for 2021 received a clear audit opinion.

Chairman: That is good. Does any member wish to raise any issues around this?

Mr. Seamus McCarthy: Rasaíocht Con Éireann has three subsidiaries. The accounts for those have been signed and I understand that they will be presented soon. That is the information that we have.

Chairman: It is good to see that it will be coming, and that no issues are being raised, particularly in bodies where maybe in the past they were not as tip top as they are now.

Mr. Seamus McCarthy: That is correct. There has been a history of items being drawn attention to, but not in these financial statements.

Chairman: It shows that the system works.

Mr. Seamus McCarthy: Sustained pressure.

Chairman: The Comptroller and Auditor General's office and the Committee of Public Accounts keep an eye on all that. As usual, accounts and financial statements will be published on the committee's web page as part of our minutes.

The third item is correspondence. As previously agreed, items that were not flagged for discussion for this meeting will continue to be dealt with in according to proposed actions that have been circulated. Decisions taken by the committee in relation to correspondence are recorded in the minutes of the meeting and published on the web page. The first category of correspondence under which members have flagged items for discussion is B, which is correspondence from accounting officers and their Minister of the committee. A number of items were held over from last week for this week's meeting, because the member who had raised it was not present etc. The first three items relate to the closure of the Benefacts database. I propose that we take them together. Is that agreed? Agreed.

Item R1378 is from Mr. David Moloney, Secretary General of the Department of Public Expenditure and Reform. It is dated 26 July 2022 and it provides information that had been requested by the committee regarding the public funding of Benefacts. The second item of correspondence is R1403 and is from Mr. Pádraig Dalton, director general of the CSO, dated 26 July and also regarding Benefacts. It says to provide a substitute for the database Benefacts provided to the CSO the director general tentatively estimates a cost of €500,000 per year for staff plus technology investment in the first one or two years of approximately €200,000 to €250,000 with ongoing hardware and software costs. However, the director general states that such investment is not likely given that there are other initiatives in train, although those initiatives will not provide all the data that the CSO will require to meet EU legislation. That data that had been available on Benefacts, is obviously lost. The Department of Public Expenditure and Reform has stated that it has engaged with a number of Departments regarding the data provided by Benefacts. It is not clear if it engaged with the CSO, which appears to have relied heavily on the data and information from the Benefacts research, and we can see this in their document. Members will also want to be made aware that a further related item from the Department of Rural and Community Development has been received and is due to be considered at next week's meeting.

Deputy Catherine Murphy: Can I come in?

Chairman: We have one more item to go through first. The other item is from Deputy Catherine Murphy, which includes a related proposal. She can speak to that item, which is number R1367. She flagged it for discussion.

Deputy Catherine Murphy: We were given assurances that there was no interest in all relevant Departments, and I do not know if the CSO was contacted in relation to the continuation of Benefacts. That is pretty much my recollection of it.

The CSO's response shows that there is a sizeable cost in replicating what had been available in Benefacts. It would involve setting it up again where there was something already there. I do not know if we will send that to the Department of Public Expenditure and Reform or if it is aware of it. If we had not sent it to the Department of Public Expenditure and Reform already, I think we should do that. The Department is saying in correspondence 1378 that, "As the Committee will be aware, most of the relevant data published by Benefacts is available to public bodies as open data from other official bodies." However, the whole idea of Benefacts that was it actually amalgamated that data. That is where the real benefits of Benefacts was. It is infuriating to read that and to know that the likes of the CSO are likely to have to duplicate the work. The other issue highlighted in the CSO's response is that, "Work planned by the Department of Community and Rural Affairs on social enterprises data collection could be a partial replacement data source, as would data held by the Charities Regulator. However, these data sources would not cover all of the detail". That is the point. We are here to talk about value for

money. Something was working, it was closed down, it now has to be replicated and there will be a cost across a range of different Departments. That seems to me to be the very opposite of value for money. In relation to correspondence R1367, I have requested consideration of documents from the Department of Public Expenditure and Reform and I am asking the committee to seek those documents from the Department that I have referenced. It is in the context of this same range of issues. That is my ask in that piece of correspondence.

Chairman: I thank the Deputy for that. I was looking at the correspondence from the CSO last night, which raises a number of issues. It states clearly that a significant source of information and data for the national accounts and statistics had greatly improved the quality of information on the non-profit sector that had been included in these results. It goes on to say that, in general, compilers of official statistics have always found this sector difficult to measure, given its diversity. Yet, Benefacts was doing that.

Going further, we reach the point the Deputy alluded to. The letter says:

Work planned by the Department of Community and Rural Affairs on social enterprises data collection could be a partial replacement data source, as would data held by the Charities Regulator. However, these data sources would not cover all of the detail (i.e. the variables/ items of information about each entity) available in Benefacts.

From my memory of previous correspondence on this issue - and members of the committee might correct me on this - there was a figure of €6 million over six years. Funding for this was less than €1 million a year. The Central Statistics Office, CSO, which is the gold-standard body for dealing with these matters, very much depended on this for some information. I am at a loss as to what happened here with Benefacts. It is deeply concerning. Is there something we do not know? When we have the Department of Public Expenditure and Reform before us, we need it to explain this.

Deputy Catherine Murphy: We have done that already and I have to say that it was one of the most frustrating experiences.

Chairman: We need to do it again. Our last meeting with the Department was not satisfactory.

Deputy Catherine Murphy: It was a morning of non-answers on this.

Chairman: It was.

Deputy Catherine Murphy: A report was carried out by Indecon. It very clearly said that, if this was going to be replaced, there should be an interim measure in place because this information is required for good governance. The CSO is very fussy about its information and rightly so. Some of the statistics in respect of the Garda have even been put under qualification because there are concerns as to their reliability. For the CSO to find this to be of such value really reinforces the need for it. A partial replacement is not enough. We should have an actual replacement or we should reconsider bringing it back. An unpopulated database is obviously of no value because there are no datasets. There would be quite a lot of work involved in repopulating it if it were to be brought back but the platform is there to do it.

Chairman: Is it agreed that we will follow up on that letter and request that information regarding this matter?

Deputy Catherine Murphy: Yes. We should send the CSO's letter to the Department as well.

Chairman: Yes. It is agreed to proceed with that. The next item of correspondence is No. 1410B from Mr. Brendan Gleeson, Secretary General of the Department of Agriculture, Food and the Marine. It is dated 25 August 2022 and provides information requested by the committee on the digitising of records of the Irish Land Commission. It is proposed to note and publish this item of correspondence. Is that agreed? Agreed. Deputy Catherine Murphy has flagged this item for discussion.

Deputy Catherine Murphy: The Minister has agreed that access to these records is in the public interest but they are fragile and require digitisation. They are a real treasure trove. It was announced by the Department that there was going to be a move towards providing some access to them. It has moved on a little bit in that the Department is engaging with the National Archives, which was a great deal of expertise in this area, but it may not have capacity given the extent of the records held. Even the pre-1922 records would be of enormous historical significance and help. It is a useful response but, while it says that it is in the public interest for these records to be made available, it is not entirely clear as to how that is to happen.

Chairman: It has not been decided. It states: "For now, the Department will remain focussed on finding the best way to digitise the search/finding aids for the ILC [Irish Land Commission] records with a view to preserving the integrity of the collection and making the search aids electronically available to the public as a first step."

Deputy Catherine Murphy: It would be quite useful if the Department would give us an update when there is a change in this regard. I completely accept that these documents are fragile and that digitising them is a great way to allow people to use them without damaging them.

Chairman: They are stored in a building in Portlaoise at the moment. We hope that they are in safe keeping. One of the particularly important issues that is coming up is the issue of bog plots, that is, turf plots on bogs. They are recorded on many of these documents. A lot of the original turbary rights and the folios recording them derive from the division of the old estates through the Irish Land Commission. Information on these matters is contained in those documents. In a couple of cases I have dealt with over the years, that was the only place this information could be found. It is important.

Deputy Catherine Murphy: There is obviously a good bit of work going on in the National Archives. The letter references the Public Records Office of Northern Ireland. I have been there on numerous occasions. I have toured this modern facility. It used to be in a terrible state when it was in a different location but it is now down in the Titanic Quarter. It collaborates quite closely with the National Archives.

Chairman: Where is it housed?

Deputy Catherine Murphy: In the Titanic Quarter in Belfast. It is a purpose-built archive and the office really protects the records. I hope that, when we get an upgraded version here, we will have something similar.

Chairman: That would be great. The next item of correspondence is No. 1426B from Mr. David Moloney, Secretary General of the Department of Public Expenditure and Reform, dated 31 August 2022 and providing information requested by the committee regarding the status of the business case for the relocation of the National Maternity Hospital. Deputy Munster has

flagged this for discussion. If the committee is agreeable, I will hold it back until next week. We have done that on a few occasions. The Deputy asked that I hold it back until next week if the committee is agreeable. Is that agreed? Agreed.

We will move on to No. 1428B from Mr. Mark Griffin, Secretary General of the Department of the Environment, Climate and Communications, dated 31 August 2022 and providing information requested by the committee regarding the national broadband plan. It is not proposed to note and publish this item of correspondence which may be relevant to our forthcoming meeting with the Department on 13 October. Is that agreed? Agreed. It was flagged by Deputy Carthy but he is not online. There is a substantial body of information included in the documents that came with this letter. It is something we need to keep a close eye on because, as members will see in the documents, although a member of National Broadband Ireland, NBI, yesterday assured me that it has made great progress in the last week-----

Deputy Verona Murphy: We should ask what his definition of “progress” is.

Chairman: This is what the member informed me. I referred him to this document, according to which the milestone reached by the end of June was 15,000 premises connected to the NBI network, which is 23% of premises passed. The number of premises passed was 60,000.

Mr. Seamus McCarthy: It is in or around that. I do not have the precise figure.

Chairman: Some 60,000-odd have been passed, 15,000 of which have been connected. NBI was represented at the National Ploughing Championships yesterday and I raised this with it.

Deputy Verona Murphy: It can afford to be there.

Chairman: Yes. A photograph of me was taken while I was being told this so I told the photographer to make sure a caption was put under it to explain that I was arguing with the NBI official about the low level of take-up and the fact that only 15,000 premises were connected. I have great concerns about this. We have got involved in this scheme and it seems that, where the national broadband plan network is being rolled out, people are saying that they are okay and have a good service with another provider already. By any standards, this level of uptake, 23%, is very low. I know it is early days-----

Deputy Verona Murphy: It is early days.

Chairman: -----but we are a few years into this and we have only 15,000 premises connected as of 1 July. We need to bear this in mind.

Deputy Catherine Murphy: What was the original target? Where are we compared with that?

Chairman: The target was 105,000 in the first year. There was then a revised target for that year and the second year. The current target is for 102,000 premises to be passed by the end of January 2023. That was originally supposed to be passed by January 2022 but that did not happen. The schools programme is going reasonably well. Some 679 schools are connected. There are also 284 community connection points. It is good that is happening. It will allow people to work remotely from different locations. However, with regard to homes, premises and farms being connected, the numbers are very small by any standard. It is an issue we need to talk to NBI about when we have it in again. Either the marketing of the service is not good

or people are just saying “We are fine, thank you very much. I already have good wireless broadband and I am happy enough with it.” I do not know which is happening.

Deputy Verona Murphy: From a constituency perspective, anybody who contacts me regarding a desire to be connected is two years’ away from being able to.

Chairman: Could the Deputy say that again?

Deputy Verona Murphy: From a constituency perspective, anybody who has contacted me and who wants to be connected is at least two years’ away from their area being connected. I have not had anyone on to me saying that they can get it but do not want it. I feel it is just not being rolled out quickly enough. I do not know how NBI is prioritising. I know it has its map but I am not sure how it was compiled.

Chairman: The response is in front of members. The figures are in it. They will be useful when NBI comes before the committee.

Deputy Catherine Murphy: We need to ask about the cost. That may will be a decision for the retailers but the Analysys Mason report looked at that issue. This goes way back to when Deputy Bruton was the Minister.

Chairman: In terms of the overall spending and the €2.7 billion that the taxpayer is covering-----

Deputy Verona Murphy: Is the Deputy talking about the cost of connection or the cost of the roll-out?

Deputy Catherine Murphy: If people do not have an income, they will not add another bill. That may well be the case. We have to understand what the impediments to take-up are.

Chairman: The connection fee is €100 except in certain circumstances in which a certain amount of cable has to be put down.

Mr. Seamus McCarthy: That is a one-off payment. I believe the Deputy is talking about the ongoing cost of service, that is, the monthly bill.

Deputy Catherine Murphy: Yes.

Chairman: That may be a factor but the other side of this from a financial point of view is that we are spending €2.7 billion and have only 15,000 households connected.

Deputy Verona Murphy: Another issue is that people may be tied into contracts. They may have access to the new service but be unable to get out of their contracts for another couple of months.

Mr. Seamus McCarthy: I will have a chapter on this matter next week. It touches on the same points and the position to the current date.

Deputy Catherine Murphy: It sounds like we are going to have a very interesting week-end next weekend reading through these----

Deputy Verona Murphy: Reports and chapters.

Mr. Seamus McCarthy: I have had a couple of interesting months so I wish the Deputies

well.

Deputy Verona Murphy: What are you reading? The Comptroller and Auditor General's chapters.

Chairman: We will move on. The next item is No. 1431B from Mr. Peter Reynolds, chief financial officer of Trinity College, dated 1 September 2022 and providing information we requested regarding non-compliant procurement. The committee has a standing agreement to follow up on and request explanations from bodies that are accountable to it where the Comptroller and Auditor General identifies non-compliant procurement in excess of €500,000 in their accounts. It is proposed to note and publish this item of correspondence. Is that agreed? Agreed.

I have flagged this because there were a few things that stood out to me. As can be seen in the correspondence, 13 vendor or supplier payments were listed as non-compliant. Members can see the table included in the document along with the total figure. PricewaterhouseCoopers received €79,900, almost €80,000, for taxation advice to support overseas offices. A tender solution is being examined with HR for the 2022 financial year. I am curious as to why tax advice would not have been tendered for given the number of accountancy firms in the city, never mind in the State. The university is saying that a tender solution is being examined. We should write back and say that this needs to be a tendered process. Going down through these non-compliant payments, it can be seen that, in respect of the second one, there are no repeat purchases planned and that the awards are now being tendered for. That is fine. The fourth relates to consultancy. No repeat purchase is planned. I have flagged another in respect of pensions. Some €434,941 was spent on pension administration fees. The expenditure was not assessed due to the designation of overall pensions spend as exempt. The contract is now tendered. Does the Comptroller and Auditor General wish to explain that? I take it to mean that the university is saying, because the overall pension spend is exempt from procurement, the contract does not have to be tendered for. Is that correct?

Mr. Seamus McCarthy: I do not have the detail in respect of that specific item.

Chairman: That seemed to be an unusual explanation. Do any members wish to come in on any of that? I ask for the agreement of the committee to correspond with Mr. Reynolds and to explain that the committee wishes to have a tendered solution for the taxation advice to support overseas offices. Is that agreed? Agreed.

There is an issue with education and training boards, ETBs, and non-compliant procurement. We may wish to consider this and address other issues that are arising. A number of the items of correspondence on today's list provide explanations for non-compliant procurement. Seven of those are from ETBs and there are a number of recurring themes within them. Members will have seen this over recent years. The first reason being given for why individual ETBs are not able to properly carry out procurement is that there are difficulties in securing staff for procurement-specific roles. Another is aggregate spend leading to breaches. A number of ETBs state that this happens on local sites within an ETB area. These procure separately but, when the spend is added up for the ETB, it can lead to breaches of the national threshold of €25,000. By way of example, it is noted that Dublin and Dún Laoghaire ETB has over 90 sites. If each reached the €25,000 mark, the overall spend would reach €2.3 million. I calculated that figure quickly this morning. Contract roll-over is another recurring theme and inadequate financial systems are also mentioned.

No. R1437 from the City of Dublin ETB gives a good overview of some of the issues. We will note and publish the rest. I am open to suggestions but it might also be worth bringing these items of correspondence to the attention of the Department of Further and Higher Education, Research, Innovation and Science and the Office of Government Procurement, although you would hope they are actively working on them. There is an issue with regard to the threshold and calculating costs over different sites. Each site can go up to that figure. I know that Dublin and Dún Laoghaire ETB is the biggest with 90 sites. A lot of non-compliant procurement could accumulate across these. Is it agreed that we bring this to the attention of the Department of Further and Higher Education, Research, Innovation and Science and the Office of Government Procurement? Agreed.

Deputy Catherine Murphy: There is an overall body for ETBs. It has its headquarters in Naas. I would have thought that it would have some sort of co-ordinating role.

Chairman: Its AGM is this coming week.

Deputy Catherine Murphy: There are also economies of scale such that one would have to ask if things can be grouped and whether that is being even considered when we have something that is so fragmented that each individual ETB is its own kind of satellite.

Chairman: What is the new name for the body for ETBs, does anybody know?

Deputy Catherine Murphy: I am trying to think of it.

Chairman: It was the national association of vocational education committees, VECs, but-

Mr. Seamus McCarthy: The organisation Deputy Catherine Murphy is speaking about is Education and Training Boards Ireland, ETBI.

Chairman: That is it.

Deputy Catherine Murphy: It is based in Naas

Chairman: Its annual conference is in the next week or so.

Mr. Seamus McCarthy: There are a lot of developments which are, I think, being led by the Department but, obviously, ETBI and the individual ETBs are consulted on shared services and they are focusing on not only financial management but also personnel systems. Obviously, however, there is scope there for a shared service around procurement as well.

Chairman: Is it agreed that we bring this to the body's attention as well?

Deputy Catherine Murphy: Yes.

Chairman: The next item is No. 1434B, from Mark Griffin, Secretary General of the Department of the Environment, Climate and Communications. It is dated 1 September 2022 and provides a summary of the report requested by the committee regarding climate action plan targets that was undertaken by McKinsey & Company. The Department has consulted with McKinsey and there is no issue with publication of this material. It is proposed to note and publish this item of correspondence. Is that agreed? Agreed.

I have flagged this item of correspondence because the figures in it are out of this world. Members will see that there are figures in the first section of the document. It goes into the

cost of delivering on a pathway and states that major investment of €119 billion is required by 2030, focused on electricity at €36 billion, transport at €42 billion and upgrading of buildings at €31 billion. The document goes on to state that the alternative scenario is reduced ambitions in agriculture, resulting in a higher total economy cost. I just thought that the figures were very high. I know that there is private sector investment and, obviously, public investment, but the document really sets out the challenge economically in meeting this. It does, however, go on to outline that there are some positive signs as to what is happening in other countries in that maybe they are a bit ahead of us in terms of the cost of solar decreasing, for example, and other developments happening there. I just think that in the next eight years we face into significant challenges. Does any Member wish to comment on this?

Deputy Catherine Murphy: No. I concur with you, Chairman, about what lies ahead.

Chairman: I ask for agreement that we correspond back with the Department and ask what portion of that estimated total cost of €119 billion by 2030 it sees as coming from the public purse. Maybe we could get a figure for that and a breakdown of it across the major sectors: electricity, transport-----

Deputy Verona Murphy: Did you say €190 million, Chair?

Chairman: I said €119 billion.

Deputy Verona Murphy: I was wondering. Sorry. I thought you said “million”.

Deputy Catherine Murphy: You would not get a whole lot for that.

Chairman: It is €119 billion: electricity at €36 billion, transport at €42 billion and buildings at €31 billion. Is it agreed that we write back and ask Mr. Griffin if the figure includes everything?

Deputy Catherine Murphy: It does not.

Chairman: No, it cannot because there is agriculture as well, but maybe we will ask Mr. Griffin what the full cost is and ask him to break it down by sector but, also, ask him what proportion of that is expected to be funded from public funds for the transition.

The next item is No. 1442 B and it is from Eilish Hardiman, chief executive of Children’s Health Ireland, dated 2 September. It provides information requested by the committee on non-compliant procurement. It is proposed we note and publish the item of correspondence. Is that agreed? Agreed.

I have flagged this item. There are some explanations, as Members will see in the correspondence, of some of the reasons given to us in respect of specialised services and tenders having been undertaken in other cases for technical services and projects. On medical and surgical consumables there was expenditure of €281,000. It is stated:

The underlying products and supplies are of a specialized and patient specific nature. CHI continues to work itself and also closely with the HSE in an effort to ensure that all such supplies may be secured in a compliant manner.

There is an awful lot of stuff in the correspondence. I suppose that with medical matters we can understand that some of that will be specialised and that there may be only the one company supplying it, but this is one we need to keep an eye on because there are significant examples

here of tendering not happening for various reasons and of commitments being given. It is important we monitor that to ensure that there is tendering in the future.

The next item is No. 1449B, from Clíodhna Guy, head of licensing, legal and compliance at the Irish Horseracing Regulatory Board. I think we dealt with that fairly well this morning. Are Members okay with this item? I referred to some of the information in it earlier. We are all right on that. It is proposed to note and publish it. Is that agreed? Agreed.

The next item is No. 1452B, from David Gunning, chief officer, National Paediatric Hospital Development Board, dated 12 September 2022, providing information requested by the Committee of Public Accounts arising from our meeting with the board on 16 June 2022. The level of detail provided is welcome. It is proposed to note and publish the item of correspondence. Is that agreed? Agreed. Does any member wish to comment on it?

Deputy Catherine Murphy: Yes.

Chairman: Deputy Carthy has flagged it as well.

Deputy Catherine Murphy: I think the object for all of us should be to try to keep the cost of this hospital down. I know there are all sorts of speculation as to the cost it will reach and so on but, as I keep saying, a contract goes both ways. I asked very specifically what the triggers were whereby the State or the National Paediatric Hospital Development Board could counterclaim. I asked if there were other triggers and was told there were no other triggers. Then one of our requests back to the board was that it review the transcripts of the meeting of 16 June and confirm that it is satisfied that the information provided to the committee is entirely accurate. I will pick at just a few things in the response. Mr. Gunning said we should have drawn the committee's attention to a penalty clause on subsection completion. It goes on to state further down, regarding penalty clauses on subsection completion, "The NPHDB is currently reviewing all options that may or may not be taken in relation to liquidated damages..." It goes on. The issue here was that they appear to have withheld moneys at one point but, because they did not go through the correct process, there was difficulty. Essentially, they are telling us that they have to go through due process before they can seek to deduct moneys that would otherwise be due to the contractor. I would have wished to engage with them on exactly the details and fallout of that and what due process they had to go through. However, when I asked if there were other triggers, they immediately answered "No". I moved on because I thought that was the case.

It is much less satisfactory to deal with this, in this kind of way, in retrospect. We were not given correct information and that was what very much annoyed me. They are now telling us that this is another trigger with regard to the process. However, I am not sure about the quantum of what could be challenged on this. We can evaluate the number of claims made by the contractor. We can be told there are 25 claims, how much they amount to and the amount of the biggest claim. However, we do not have a similar overview of this side of things. We need such an overview.

Chairman: What does the Deputy propose?

Deputy Catherine Murphy: I propose that we look for the granular detail and the kind of stuff we could have engaged with them on. I am not sure if this completely covers it. If they were before the committee again, I would have a doubt. They said at the beginning they were generally satisfied, but I was not generally satisfied, because there was another trigger to which they did not draw our attention.

Chairman: We will look for that. Is that agreed? Agreed. This will be an ongoing issue for a considerable period. We will note and publish it and request that further information. The next category is correspondence from and related to private individuals and any other correspondence. The first one is No. 1366 from Deputy Catherine Murphy, dated 19 July, to propose that we request information on track attendance at the Shelbourne Park greyhound stadium from Greyhound Racing Ireland. Does Deputy Murphy wish to-----

Deputy Catherine Murphy: That is exactly what I am looking for.

Chairman: That is what she is looking for in No. 1366. Is she happy enough with that?

Deputy Catherine Murphy: Yes.

Chairman: Is that agreed? Agreed. The next one is No. 1435, dated 31 August 2022, from an individual. It is further correspondence to the committee with regard to industrial relations matters arising from the individual's employment. We considered related correspondence at our meeting on 14 June. Given the matters raised were subject to ongoing proceedings, it was agreed that we would advise the correspondent that the committee was not a position to consider the matter further. I flagged No. 1435. Without-----

Deputy Verona Murphy: We could not comment on that because we did not have the full detail. This is the correspondence in which the individual is just not happy that we are not dealing with it.

Chairman: Yes. We are not dealing with it. An adjudication process is going on and we need to be careful of that. We should advise the correspondent that, because there are ongoing proceedings and judgments will be made on this, it would be inappropriate for us to get involved at this stage. Would it be in order for us to ask the body concerned, that is, the other party to this, if it wishes to give us a response?

Deputy Verona Murphy: The party that wrote to us?

Chairman: No. The other party. Would it be in order for us to ask Citizens Information Centres for a response?

Deputy Verona Murphy: We were informed in the first correspondence.

Mr. Seamus McCarthy: A public body would have considerable difficulty in commenting on an employee-----

Deputy Verona Murphy: It would have difficulty doing so in an ongoing case, in particular.

Mr. Seamus McCarthy: -----especially in an ongoing situation.

Chairman: I suggest that we inform the correspondent of No. 1435-----

Deputy Verona Murphy: I thought we did. We agreed when it was concluded-----

Chairman: We agreed we would restate that position when it was concluded.

Deputy Verona Murphy: Yes.

Chairman: However, I propose we add that when the matter is concluded, the committee

may be open to re-examining the matter. That is as far as we could go with it.

Deputy Catherine Murphy: I presume the Department of Social Protection funds the Citizens Information Centres. It is not audited, it is secondary.

Mr. Seamus McCarthy: Yes, it is. I audit the Citizens Information Board.

Deputy Verona Murphy: However, this is a live case.

Mr. Seamus McCarthy: This is an ongoing case. It would be very difficult for the Citizens Information Board to comment.

Chairman: We will add that we may wish to examine it at the point where those proceedings are concluded. That is as far as we can go on No. 1435.

I will now deal with overdue correspondence. It was noted last week the secretariat reviewed the committee's sent correspondence to various bodies over the summer to ensure that all of the committee's requests for information from different bodies that are accountable to it have been responded to. A table of overdue correspondence items has been circulated. It should come up on the members' screens. Approximately 20 items are outstanding. I ask members to take a moment to review them. The default position is that the secretariat will continue to follow up on all items, in line with the committee's agreement, unless the committee feels that events have overtaken any of the issues. Sometimes the information is already here by some other means, we have already obtained it, or it or it is no longer required. Are there any items listed that the committee does not wish to follow up on?

Deputy Catherine Murphy: Some of the personnel may have changed. I see one item in which that would have happened. It is quite difficult because different members will have raised some of these issues.

Deputy Verona Murphy: We should follow the Transport Infrastructure Ireland, TII, item.

Chairman: Does the Deputy wish to take anything off the list?

Deputy Catherine Murphy: No, not that I can see.

Deputy Cormac Devlin: I wish to clarify that the secretariat will continue to follow up the items, even if we do not flag it. Is that correct?

Chairman: Unless we have already got the information or the case is no longer relevant. If the Deputy see something that is not relevant, it can be pulled. It saves the secretariat the job of chasing it.

Deputy Cormac Devlin: Absolutely.

Deputy Verona Murphy: The correspondence from the Irish Horse Racing Regulatory Board, IHRB, could be removed. It is SO859. We have dealt with that today.

Chairman: That would be-----

Deputy Verona Murphy: It is the last one.

Chairman: Yes. It relates to CCTV.

Deputy Catherine Murphy: One of the Secretary Generals is due to appear before the

Committee on Finance, Public Expenditure and Reform, and Taoiseach. That is fine.

We should not be in a position where the secretariat have to follow up on correspondence. If this committee has written to all these bodies, some of which are Departments, we have a right to expect we will be responded to. This adds to the workload for the secretariat. I find that unacceptable. We should not have to consider people who have not responded to us.

Deputy Verona Murphy: In other words, if we write to them-----

Chairman: What is the longest period we are looking at for overdue responses? Some correspondence dates from February.

Deputy Verona Murphy: What is the story if we are not being responded to as the statutory committee? There must surely be some accountability if we are not getting the correspondence we are asking for.

Chairman: Any particular body or Department that is audited by the Comptroller and Auditor General is responsible to the Committee of Public Accounts. Such bodies have an obligation to respond to us because the committee has the power to send for papers or, in other words, to request papers and documents. I count it as a breach of the Civil Service code if they do not respond.

Deputy Verona Murphy: Is it a matter for the Standards in Public Office Commission?

Chairman: Possibly, but not all of them are civil servants.

Deputy Verona Murphy: No.

Chairman: Some of them may be public servants as opposed to civil servants.

Deputy Verona Murphy: They share work at the same time. As Deputy Catherine Murphy pointed out, we are only wasting our time. It seems rather pointless asking.

Chairman: I suggest that we ask for a view on that from the parliamentary legal people.

Deputy Verona Murphy: In relation to that.

Chairman: Yes. We will request information from them regarding a body that is accountable to the committee that is not responding within a reasonable timeframe, or where there are persistent delays or obstruction. We will ask the Office of the Parliamentary Legal Advisers to give us a view on that. Is that all right?

Deputy Verona Murphy: Yes, but we need to follow up on them all, with the possible exception of the IHRB and CCTV, which we have put to bed today.

Chairman: In fairness, the secretariat puts in a lot of work chasing this stuff after meetings. As Deputies saw, keeping track of it can be difficult. Certainly, the secretariat keeps on it. If anything else comes up, the Deputy can raise it.

The next issue is the work programme. Following agreement last week regarding meetings, availability has been confirmed for the following engagements - the Department of Environment, Climate and Communications on 13 October; the Department of Public Expenditure and Reform on 20 October; the Department of Children, Equality, Disability, Integration and Youth on 27 October; Greyhound Racing Ireland on 10 November; and the Department of Finance on

17 November. Is it agreed to proceed on that basis? Agreed.

A swap was done for meetings on 20 and 27 October between the Department of Children, Equality, Disability, Integration and Youth and the Department of Public Expenditure and Reform to facilitate the committee, which people are happy enough with. It is agreed to move ahead on that basis. I remind members that if there are specific areas on which they wish to focus the day departmental officials are in, to flag it with the clerk and he will bring it to their attention.

As discussed last week, I am reluctant to plan much further than that at this point. As members will be aware, the Comptroller and Auditor General's Report on the Accounts of the Public Services 2021 will be available to us from the end of September and we might want to prioritise further areas for examination once we have sight of it. We may want to do that in a very timely manner. Are there any other matters that members wish to raise on the work programme? I take it they are happy. That concludes our consideration of the work programme for today.

The last item on the agenda is any other business. Are there any other issues members wish to raise? Okay. We will go into private session for a short period to deal with a matter.

The committee went into private session at 3.06 p.m. and adjourned at 3.54 p.m. *sine die*.