

DÁIL ÉIREANN

AN COMHCHOISTE UM CHUMARSÁID, GNÍOMHÚ AR SON NA HAERÁIDE AGUS COMHSHAOL

JOINT COMMITTEE ON COMMUNICATIONS, CLIMATE ACTION AND ENVIRONMENT

Dé Máirt, 14 Bealtaine 2019

Tuesday, 14 May 2019

The Joint Committee met at 3 p.m.

Comhaltaí a bhí i láthair / Members present:

Timmy Dooley,	Tim Lombard,
James Lawless,	Michael McDowell.
Eamon Ryan,	
Brid Smith,	
Brian Stanley.	

I láthair / In attendance: Deputies Denis Naughten, Jonathan O'Brien and Éamon Ó Cuív.

Teachta / Deputy Hildegarde Naughton sa Chathaoir / in the Chair.

The joint committee met in private session until 3.38 p.m.

National Broadband Plan: Discussion

Chairman: I welcome the Minister for Communications, Climate Action and Environment, Deputy Bruton and the Minister of State, Deputy Canney, and the departmental officials to discuss the national broadband plan.

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

Members should switch off their mobile phones or switch them to airplane mode. I invite the Minister to make his opening statement.

Minister for Communications, Climate Action and Environment (Deputy Richard Bruton): I have provided the committee with a written copy of my statement. I thank the committee for the opportunity to present this statement. We have sought to be extremely open on this contract because it is of such importance to the State and we have provided a huge volume of information which I know the committee is anxious to discuss. This project is core to Project Ireland 2040 and I absolutely believe that the power of digital transformation is such that the Oireachtas should not contemplate 1.1 million people not having access to broadband. That would represent a quarter of our population, 1.1 million people, including 68% of farmers, and 540,000 premises. Having previously been Minister for Jobs, Enterprise and Innovation and, more recently, Minister for Education and Skills, I am aware of the extent to which the digital transformation is altering how business is done, how lives are led, how education is consumed and, in time, how health will be delivered and the capacity for remote working. Nobody would dispute that what we are doing here is crucial.

Twenty years ago, the State sold Telecom Éireann, the merits of which decision I will not enter into today. It meant we have been reliant on the private sector to decide the level of telecommunications service that is delivered. In the intervening period, the State has stepped back dramatically in terms of provision. In the decade to 1996, nearly €2 billion was spent by the State on telecommunications infrastructure, a very substantial sum for the time. In the 20-plus years since, by contrast, just €400 million was spent. Over the comparable period, we spent €11 billion on the water system and nearly €40 billion on the roads network. In telecommunications, however, we have relied on the private sector. The latter is doing a good job for urban dwellers, who will, in time, receive fibre broadband to their premises, but for many households and businesses in rural areas, that is not happening.

Our decision was to use state aid, as is permitted under EU law, to deliver 146,000 km of fibre and thereby extend the current access to high-speed broadband to cover the 1.1 million people who are excluded. The evaluation showed very clearly that the most effective way to do this is to use the existing network of poles and ducts, which are privately owned and for which a rental must be paid. Doing so is much cheaper than building them from scratch. The total cost of the project is €5 billion to design, build and operate for 25 years. The State has committed to an upper limit of €3 billion, €350 million of which is VAT. Of the remainder, €545 million including VAT, or €418 million excluding VAT, is a contingency which will only be drawn upon in very specific conditions, which will be subject to audit where they are due to be paid. The

contingency is capped.

The private investor is responsible for the remaining €2.4 billion. It will have to cover that cost partly by its initial equity, partly by its working capital and partly by the user fees it generates or new equity invested over the course of the project. The initial equity to be invested was confidential under the terms of the negotiations that were conducted. However, in view of the close interest of Oireachtas Members in this matter, I asked my officials to raise it with the investor, and the latter is happy to disclose the information. It is investing €175 million in initial equity and €45 million in working capital. It is important to bear in mind that the company takes the entire risk of building this out. It is only as it completes the network that it will be paid by the State. The operator, therefore, carries the risk. Several commentators have argued that take-up may be much lower than that predicted by the investor. If that proves to be the case, the risk will be carried entirely by the company. On the other hand, if the initiative is more successful than projected, the State will realise 60% of the additional profits. It is a very balanced contract that has been put together. The other thing to be said about the network is that this will be a fully regulated company. It will be required to deliver open access on a wholesale network. Every retailer will compete over that network.

The price it can charge to operators is fixed. In the case of a residential home it is set at €30 per month per subscriber. This is an entirely regulated business. The Deputies can do the sums as to the pace at which the build-up of revenue can happen. In the early years, the revenue is likely to be very small, perhaps no more than €10 million by year 2. It will build and the expectation is that by the end of the period it will be approximately €150 million. To put that in context, that is a company operating in a controlled environment. Eircom today - not 25 years hence - has a turnover of €1.3 billion. Therefore this is a very small company by comparison. Essentially the company is taking on the rolling out of an infrastructure to reach those subscribers who would not be otherwise served. After a very careful evaluation, the State chose this approach of not seeking to own it at the end. Rather than trying to install the poles, ducts and so on, it is more cost-effective to have that fibre erected on private infrastructure, which is the dominant format now delivering service.

Not having it revert to the State by year 25 creates an incentive for the investor to continue to invest in upgrading that infrastructure in order that it can earn more revenue and get more people on the network. We can see that already in that it is committing to deliver not 30 Mbps, but from the outset to have 150 Mbps and by year 10 to have risen to 500 Mbps. By contrast, if this came back to the State in year 25, with the lifespan of fibre being 25 to 30 years, the incentive would be there to run it down to the point where the State would be left having to carry the cost for the significant upgrade. It is important to bear that in mind.

We have evaluated all the alternatives that Opposition Deputies and other commentators have put out there. This investment was not undertaken without considerable due diligence and evaluation of alternatives in every case from the earliest point in 2015 when the five options on the table were reduced to two options. Again in 2018 ten different options were evaluated when the cost of this became clear. More recently in 2019, a series of options were further evaluated. These evaluations included many of the options people have canvassed such as setting up a new company from scratch, a bit like Irish Water, or using the ESB. The difficulty with all of these is that they fail on the basis of being more costly or more risky to the State or fail to meet the ambition we set in the first place. That is the difficulty. We have carefully looked to see if there are alternatives. The only alternative that delivers while reducing the cost to the State is by reducing the scale of those who will benefit from this, which the Government has set its face

against.

There has been much interest in whether the ESB should be one. The ESB originally entered the fray in partnership with Vodafone through SIRO, but then withdrew. This tendering process obviously has to proceed to its completion. If this were rejected we could not then give state aid to the ESB to undertake this and we would have to have a fresh procurement process before any economic entity such as the ESB could be granted that.

I pay credit to the team present today for the work they put in. Very detailed thought has been put into how the State can be protected in the context of a very significant investment of €2.6 billion in a worst-case scenario, albeit over a 25-year period. There is a suite of key performance indicators. If it fails in those, it will face penalties in the short term or even loss of the project. There are clawbacks in the case of it being more profitable than expected, being sold or the terminal value being higher than was projected. There are checkpoint reviews on its progress in rolling out the model with viability checks and if it fails those, the State can take back the asset. There will be a stand-alone board. Very detailed reporting will be required of not just the financials but also the technical roll-out and the costs of various items. We will police rigorously with a governance model every item where the State can save. A contingency of €480 million is included. In the coming months we will put together a team to strengthen the resources we already have to ride shotgun on the roll-out of that to protect the State.

While I know this is controversial and there will be many questions, I assure members that when I took up this post, like members, I came in with a sceptical approach and a questioning mind to look afresh at all of these. I can say hand on heart that I believe this is the best option available to us. It will deliver this at the least cost and the least risk to the State. It will ensure that 1.1 million of our citizens have the opportunity to participate equally and fairly in what I believe will be tremendous opportunities created by the digital transformation.

Minister of State at the Department of Communications, Climate Action and Environment (Deputy Seán Canney): I am grateful for the invitation to appear before the committee today. The decision to move ahead with the national broadband plan is of great importance. Some 1.1 million people are disenfranchised at the moment. They do not have equality of opportunity or the potential to develop. Certain small businesses and farmers cannot join the digital age.

As Minister of State with responsibility for our digital strategy, I have put in place many of the plans necessary to prepare for the roll-out of broadband. We have broadband officers in every county. They are working to identify what is needed there. That is a key part of what we are doing now.

The 760 national schools without broadband are not providing education in the way other schools are. This cannot continue and we need to get on with this.

At the end of the day we need to create equality of opportunity. I am chairman of the Atlantic economic corridor task force, which is charged with providing economic development as a counterbalance to the overdevelopment on the east coast. We can only achieve that by ensuring we give every opportunity to everybody.

Some 10,000 people in Dublin do not have access to broadband. The issue goes across the country. We have published a map which shows the yellow area. Some 83% of the land mass has to be covered by broadband. This is a major project which presents a big challenge for us.

However, we need to do it if we are to move forward and continue to lead in the area of digitalisation of the country. This is about creating the jobs of the future.

Deputy Timmy Dooley: I thank the Minister for his presentation. Until today, he had indicated there was a commercial impediment to the release of financial data *vis-à-vis* what Granahan McCourt was in a position to commit to. Will the Minister outline what it was or the advice he had in that regard?

The next element, following that particular train, is that at about 1.45 p.m. today, or maybe closer to 1.50 p.m., the national broadband company issued a statement providing the information the Minister is now giving us and that the Taoiseach gave us during Leaders' Questions today. How did that come about? Was the company mindful of what the Minister might say here or about what the Taoiseach was going to say? Has there been any communication between the Department and the national broadband company? Did the Minister seek the issuing of the statement? Has the Department been communicating with the company in that regard? If so, it seems the Minister is seeking the assistance of the company to dig him out of the political hole he dug for himself last week by giving the status of preferred bidder to the company within two weeks of local and European elections. Undoubtedly, at the political level some people felt this would be of benefit to some of the Fine Gael candidates on the doorstep. While that was within the Minister's bailiwick, I would be deeply concerned if he were now attempting to use the company on which he has conferred preferred bidder status, creating a certain liability for the State, to dig him out of the political hole he has fallen into. I am very interested in hearing where he goes from here.

Prior to the Minister's coming here, I sought in private session the support of the committee to begin an investigation into the national broadband plan and all the aspects that are outstanding. I hope the committee will meet later this week to address the proposal. I do not know what our committee will decide but, from our perspective, we will be pushing very strongly for this committee to put together some terms of reference for trying to get to the bottom of what has gone on here for a protracted period.

I am not just being political because we have to be mindful of all the advice the Minister and his Department have received, particularly from the Department of Public Expenditure and Reform. An effort has been made by some to characterise this as just the concerns of the Secretary General of that Department, but when one goes through the work done in detail, one notes it is not just Mr. Watt but an entire team within the Department that has reached these conclusions. I am hopeful, on the basis that the Minister has decided to move away from the commercial impediment he talked about in regard to the release of the capital investment of Granahan McCourt, that he will be more comprehensive in his appraisal of the documentation circulated among us and remove some of the redactions or most of the redactions that appear throughout. While he did a very significant document dump last Wednesday, there is some critical information that would assist me and other members in making basic judgments on the good or otherwise of this proposal. We will need access to the information, however. I hope that if this committee initiates an investigation, the Minister will commit to reviewing the documentation that has been redacted and provide us with some clarity on it. This could be done. I do not see any commercial impediment. Since there is only one bidder, I fail to understand why the Government could not or would not make the information available to us.

I noted media reports over the weekend, especially a report in *The Sunday Times* by the journalist, Justine McCarthy, who made it very clear that there are questions over the financial standing of the remaining bidder, Granahan McCourt. My understanding, having read the ar-

title, is that there is a certain reliance on a company related to Granahan McCourt. While “related” may be a broad term, this involves a company owned and controlled by a brother of the principal of Granahan McCourt. Could the Minister give a detailed explanation as to how that provides the financial standing of the company, recognising that Granahan McCourt itself has disposed of considerable assets in recent times, namely, Enet. Therefore, if one were to take it on its own standing, it would not have the financial track record to be awarded the contract. It would be helpful if the Minister could take us through this in more detail.

The other issue, which perhaps was lost on some in the announcement last week and in the fanfare over what the Department or perhaps the Government sought to dress up as positive, was that the rolling out was going to be delayed very significantly. Heretofore, the Government had indicated the vast bulk of the 542,000 homes would be passed within a three-year period. The Department continued to assert that over recent years, yet the announcement on the last occasion suggested it would take up to seven years, notwithstanding the fact that, buried in the detail, was the point that the build company would remain in existence for ten years. That would raise a red flag for any of us observing the pace of progress on the national broadband plan because every deadline has been missed along the way. One would be forgiven for seeing the potential for further delays.

There are also concerns over the way in which the Department extended the contract for the operation of the MANs to Enet prior to its sale to the State-backed infrastructure fund. All of this happened at a time when Enet was the main bidder and seemed to have lost the support of its then backers within the consortium to win the national broadband plan, namely, SSE and John Laing, which had removed or were removing themselves from the process. Yet, Enet succeeded in extending contracts with the State for the operation of the MANs and, in doing so, increased its value very significantly. Enet was then flipped, resulting in a very significant return to Granahan McCourt, allowing it to invest again. This requires further investigation. There are also questions to be asked on the Peter Smyth report, which was prepared previously. When Mr. Smyth reviewed the meeting that took place in New York between the then Minister and Mr. David McCourt, he concluded Mr. Frank McCourt, the principal of another company I talked about that is now being used to bolster the financial position of Granahan McCourt, was in attendance. At the time and during the Peter Smyth investigation, the necessity for his presence may not have been clear. The reason he may have been present is now clear or more clear. Would the Minister consider having Mr. Peter Smyth review his report in light of what we now know? Maybe that is enough for the moment.

Chairman: There were many questions. The Minister may go through them in whatever order he wishes.

Deputy Richard Bruton: I will go through them. The Deputy is suggesting the announcement was not positive. Considering that every Deputy in the House was asking me when it would happen, there was a huge appetite for it. It is a positive announcement. It is really important that we set about ensuring there is not a digital divide, as it is described, between people who live in rural areas and those in other parts.

The Deputy asked about the roll-out. We are being realistic, having done the very detailed due diligence exercise, and we are considering every element of how the fibre will be rolled out and how the poles and ducts will be made available. This is a realistic estimate on which we believe we can deliver and to which the contractor has committed. Hefty penalty clauses are set out should it fail to deliver at the 30%, 60%, and 100% delivery points. Stringent penalties would have to be paid. This estimation is therefore not only very realistic, it is also backed up

by a detailed contract.

With regard to the contract extension in respect of the MANs, I am not briefed to speak about that today but we have provided material to one of the other Oireachtas committees. That was independently evaluated, the decision was made independently, and the extension was awarded. I will provide the committee with that information.

I do not believe there are questions with regard to the report done by Peter Smyth because, as the Deputy knows, he found that the former Minister was not privy to any sensitive information which would have been of benefit to Granahan McCourt, that he did not take any decisions during the process which could have benefitted Granahan McCourt, that he was not in a position to influence changes to tender documents, and that he was not in a position to influence the evaluation of the submissions. On that basis, Mr. Smyth was satisfied that neither the former Minister nor Mr. McCourt sought to influence the conduct of the tender process. He went on to say that, because the then Minister, Deputy Naughten, stepped down at that point, he removed the perception that anything was amiss. I therefore do not believe that there is an issue in that respect.

In respect of the reliance on a related company, the detailed terms under which the pre-qualification occurred, and continues to occur, are set out in the documents which are available to the Deputy. In the assessment of the capacity and experience of the bidder, including minimum threshold requirements, Granahan McCourt relied on the resources of Tetrad Corporation and McCourt Global LLC. This meant that it was Tetrad and McCourt Global that were assessed from a turnover and financial capacity perspective. This was appropriate given the scale of the investment required from the bidder. The ability to rely on the resources of another entity and the requirements for doing so are set out in section 10.2 of the project information memorandum and in the pre-qualification questionnaire. There is effectively a parent guarantee from those on whom the bidder relied. That was deemed appropriate.

Deputy Timmy Dooley: On that point, what encumbrance is retained on the parent company to maintain that guarantee? Can that company divest itself or change in character or nature over the period of the contract? Will there be a lien any of those entities which were relied upon to get past the post? Will some kind of encumbrance be placed on them through the contract or was it a matter of just getting past-----

Deputy Richard Bruton: There are obligations in the contract. As Minister, I have a role in preventing any such change in the make-up of the ownership of the company that would undermine the delivery of the contract. There is a role for the Minister in deciding whether any such changes should occur. In addition, if I am in a position to approve such a change, all the terms of the contract will continue to apply. A change of ownership can only occur with the consent of the Minister in that early period. Later on there are different terms, which are set out in the documentation.

Deputy Timmy Dooley: Can I pick up on that for a second?

Chairman: I want to let the Minister complete his answer. I want to get through the answers to Deputy Dooley's questions because there are many more Deputies waiting.

Deputy Richard Bruton: I accept that the Department of Public Expenditure and Reform has set out strong arguments but I assure the Deputy that the team evaluated all of those and they were also closely evaluated by the Government. The Department of Public Expenditure

and Reform was doing its job. Its job is to look at different elements of a project and to challenge those elements, which is exactly what it did. We looked at each element it challenged in great detail and, having done so, we are satisfied that the benefit is substantially in excess of the cost. A cost-benefit ratio of 1:3 was arrived at on the basis of a very conservative application of the rules, but I believe that cost-benefit ratios, with which I am familiar from my previous occupation, do not allow evaluation of many of the reasons we are making this investment, which include the future use of the technologies about which we are talking. It will be as cloud technologies and the Internet of things take hold and as e-health is rolled out that the big benefits of this will be seen. When looking at home working, for example, the evaluation was based on 4% of people working from home. As the Deputy knows, 20% to 25% of employees in some progressive companies now work from home. When a secure network such as this is established, there will be many more people working from home. Companies will be willing to allow their employees to work from home when there is a secure fibre network. Not only was that very narrow cost-benefit ratio met, I am absolutely convinced that the benefits will be enormous when one considers the significance of this technology in the long term.

Let it also be said that while the advice of one Department was negative, advice from many other Departments was very positive. Many such Departments foresaw the impact access to such a network would have on the delivery of public services in their spheres. Different advices were available to Government and we evaluated them all.

On the question of confidentiality, a confidential approach was of course taken in this matter. Over the period to the end of the signing of contracts, this contractor will have to engage with different subcontractors and will have to work out contracts with them and will have to negotiate prices on key elements. That is a key element of this work. Confidentiality was required in respect of the bidder's financial information, including its projections, investment and so on. In view of the issues the Deputy's party leader was raising and which he was raising himself, I asked my officials to ascertain whether the company would be willing to allow this information to be made public. It has agreed to that. I am not aware that it has issued a statement, but it is in accordance with the information which we believed it to be in the public interest to place in the public domain based on the comments of Deputies.

With regard to the investigation of the broadband plan, how it was evaluated, and the Deputy's desire to evaluate, it is important to note that all of these evaluations were carried out by independent teams rather than by politicians. They were entirely insulated from the political process. The evaluation teams, of which there were three looking at technical elements, financial elements, and all of the other elements, comprised groups of experts who were drawn in. These groups included officials from the Department and people from the likes of the National Development Finance Agency - independent financial institutions. It was they who did these evaluations and they who oversaw them. As the Deputy will see from the documentation, there was a layer of committees to go through before the reports were presented and the teams told us that this proposal had met all of the robustness tests set out in the original documentation.

This is not me deciding that it was a robust company or that the technology was optimal. These decisions were made independently of the political process. Having received this information and appraised all of the advice from different Departments, Government had to make a decision and that is the decision we made. The Deputy seems to be suggesting that this was a matter of covering a political case. There was no political dimension to this other than that we took a political decision at the end which, in my view, is what Government is about.

Deputy Timmy Dooley: Can I take that as confirmation that the Minister's Department did

not seek the release of that statement at some point today?

Deputy Richard Bruton: We did not seek the release of any statement but we sought agreement that we could make public details of the initial investment and working capital.

Deputy Timmy Dooley: This company was just minded to do so at 1.45 p.m. today in advance of the Taoiseach going to----

Deputy Richard Bruton: We sought agreement. What the company does is its business, but we sought that. I am not surprised that it issued its own statement if it knew that we had sought that.

Deputy Timmy Dooley: Is the Minister prepared to publish a log of the communications that have taken place in recent days between his Department and the company?

Deputy Richard Bruton: Will the Deputy say that again?

Deputy Timmy Dooley: Is the Minister prepared to publish a log of the communications that have taken place between his Department and the company?

Deputy Richard Bruton: I am open to that if that is the wish of the Oireachtas. We are subject to freedom of information requests. My officials have handled this in an exemplary way to the highest standards of the public service, of which the Deputy would be proud. I have no problems. They are very open and have conducted their business in a way that is designed to protect the interests of the State.

Chairman: I will move on to Deputy Stanley.

Deputy Brian Stanley: I welcome this opportunity to engage with the Minister and his officials. The revelation today that the equity investment from Granahan McCourt is a mere €175 million and the working capital, as matters move along and revenue is brought in, is €45 million will raise eyebrows not only in these Houses but among the public.

I want to deal with the issue of when the company can divest itself or flip this infrastructure. The contract synopsis states there are restrictions on the change of ownership that applied to the date of the agreement up to 12 months after the completion date of deployment. The Government expected this project to be completed within seven years, according to page 18 of the national broadband plan document. That effectively means that Granahan McCourt can sell this after 2028. The contract synopsis states also that the Minister cannot unreasonably stop the sale before completion. We have a contest on probably one of the most important aspects of this contract. For what reasons does the Minister believe he or his successor could stop the sale? While officials may pass him a note or he may say in reply that the State can have the opportunity to buy it back, will the State, in other words, taxpayers, be in a position to do it? Will taxpayers then be asked buy back a company and a network that they built up? The Minister might address that issue.

The figure mentioned on Clare FM was circa €200 million. We know now that a figure just shy of €200 million was the answer the Minister, Deputy Creed, got. The equity investment is €175 million.

The Secretary General of the Department of Public Expenditure and Reform raised concerns about the deal being frontloaded by the taxpayer. He raised questions with respect to years four and six and that while there are breaks for the State to review it, unfortunately, by that

point €1.2 billion will have been invested and by year six, almost €2 billion or €1.95 billion or €1.96 billion will have been invested. The taxpayer will have done the heavy lifting and handed out the cash. By 2026, the taxpayer will have put in €2.2 billion while the company will be in a position to get its money back by 2028. We know how meagre its investment is. It would effectively be able to get into the game of trying to flip the company. We have seen how often Eir was flipped after the disastrous sale of it in 1999 by the Government of the day. What can this Government do to stop that?

I want to raise the issue of the contingency report shared with the Departments of the Taoiseach and Public Expenditure and Reform where it acknowledged that alternative options have not “undergone a project appraisal or any cost benefit analysis”. I find that amazing. Since the Minister came into office, I have questioned him on this many times in the Chamber, and I also questioned his predecessor. This is a major concern Sinn Féin has had about this project from the start. We had many concerns but this is a major one. The fact that the tendering process was dodgy and shaky is an understatement. We were left in a situation where there was one remaining bidder. I told the Minister two years ago that if there is one bidder for any project, that one bidder holds all the cards. Anybody who has been to a fair, a mart or an auction or who has bargained at a street stall will know that. That is position, never mind this being a major Government contract. To use the Minister’s words, it is the biggest contract ever undertaken by the State. The Minister might directly address the following point. If teams of civil servants who were working on this project, the people the Minister charges, to whom taxpayers pay good money, to consult experts and to be the experts to come to the best decisions and come up with the best advice, acknowledged that alternative options have not undergone a project appraisal or a cost-benefit analysis, so it is not only Sinn Féin, I as my party representative, or somebody else who is saying this, will the Minister advise the reason that has not happened, particularly now that we are in this situation? I believe the Government would have known this ballpark figure. Anybody who has done any kind of a negotiation would know that several months ago, going back to last year, the ballpark figure of the financial input from the one investor, Granahan McCourt, would have been known by the officials and people involved with the tender. We had only one bidder remaining, there was no competition in the process, and the financial input and investment from that one remaining bidder is very small. Issues have been raised and we have concerns about the capacity of the one remaining bidder to deliver the project. I met people in Enet before this tender process commenced and the principal people there expressed to me on more than one occasion and also to my parliamentary assistant that their preferred option at that point was that the State would own the network. We deduced from that and when this was probed with them, even though we have not explicitly said it, that the company did not have the financial fire power to deliver this project on its own. Obviously, there would be State investment in it but that they had major concerns about the company’s financial capacity and its capacity to roll it out. Their preferred option was for the main arteries of this network to be owned by the State. Will the Minister address that point?

The taxpayers’ contingency fund of €500 million, which is not the total input, is roughly three times the equity being invested by Granahan McCourt in this project. It has been suggested this fund will be eaten up in compensation. I remind the Minister of the children’s hospital contract, which shows that if anything is left open-ended, the private contractors involved in the project keep coming back to the Government. I remind the Minister once again there is no other show in town with this project for him, the State or the taxpayer. We have become prisoners of it because at that point there is no reverse gear to get out of it. The private operators are rolling out wireless broadband in every county and companies like Imagine and Eir, which is using its fibre, will be eating into the available customers. How will that be defended?

With respect to the Eir network being used, figures for the rent per pole were mentioned in recent months. These are poles of the Eir network which was sold off by a previous Government. The Minister might confirm how much per pole and how much per metre the ducting will cost. A figure being bandied about over the period of the contract is in the region of €900 million to €1 billion. Will the Minister confirm that?

Chairman: The Minister can answer those questions in any order he wishes.

Deputy Richard Bruton: I will start by putting in context the initial equity investment and the working capital. The reason we are doing this in the first place is that there will be 540,000 premises left without any access to high-speed broadband unless the State intervenes.

Deputy Brian Stanley: There is no argument with that. I want broadband for those 540,000 households, as does every Member of the Oireachtas. We know that.

Deputy Richard Bruton: I am trying to answer the Deputy's question and the context for this is important. If we are to reach those 540,000 homes the State has to provide state aid to deliver 146,000 km of fibre. We evaluated how that could be done at least cost and to best advantage from the taxpayer's and the user's point of view. The evaluation showed very strongly that the best way to do that was not to set up a new operation to carry out this investment but first to use the existing poles and ducts that are available and privately owned to provide that fibre on that network and that we would only pay in arrears as that is delivered. We would pay for the network to be rolled out and they would get payment.

A large part of what the State is doing here is making sure that an existing service and network, which is running well commercially for nearly 4 million people, would be extended to reach the more remote areas. We are providing state aid to allow that to happen. The context in which the private investor is to come along is that it has a prospect of payments as the roll-out of the fibre is delivered, but we need to see that it has sufficient initial equity in the deal, the €175 million and the €45 million, to ensure that this can be funded right throughout the whole ten years, although we are only paying in arrears. In those early years the private investor will not be generating huge revenues, and even when it is fully rolled out, the scale of this company will be about one tenth of the size of Eir today. This is not a huge company in terms of the financial revenue that it will be generating. It will be generating that revenue from a price controlled network with open access. The company will get €30 per month from those who sign up. That is the home rate. It is important to see the context of the revenue. The investor is not only responsible for the initial equity to start the roll-out but also for €2.4 billion to complete the project over 25 years. If there is any shortfall on the investor's projections, and one of the items on which the Department of Public Expenditure and Reform was sceptical was its belief that this roll-out would not be achieved, the investor is entirely exposed.

The Deputy raised the question of whether there is encroachment and what happens if others encroach. There is a limited pot, which the State has capped, where if there is an encroachment by a new company that enters and makes the commitment to deliver absolutely 100% to a part of this area, there will be compensation. In other words, if the 540,000 is reduced again by a new entrant who makes a commitment to deliver high-speed broadband, there is an exposure but that is capped. The State's exposure in every case is capped. The Deputy raised a concern that there could be additional claims. There cannot be claims outside of the pots that are capped. There are specific contingencies and they are capped.

Deputy Brian Stanley: Given the rate of penetration by the existing operators in rural Ire-

land, with Eir and fibre for example and the other companies with a wireless signal, it is a safe bet that where one or two people have a connection at one end of a townland currently, we will find that 30 or 40 people in that townland have it a year later.

Deputy Richard Bruton: If that happens-----

Deputy Brian Stanley: The Minister and the taxpayer can say goodbye to their €500 million.

Deputy Richard Bruton: If that happens, the investor-----

Deputy Brian Stanley: The Government will have to compensate them in court for that.

Deputy Richard Bruton: If that happens, it is the investor who is on the hook and who has to put additional equity into the company to deal with the fact that it is being competed with by those who are not making-----

Deputy Brian Stanley: And can claim compensation.

Deputy Richard Bruton: We do not pay the compensation. The investor is entirely exposed to the risks, so if a wireless operator delivers the service and encroaches on what the investor hoped to get, it is entirely at that risk. That is when additional equity would have to be put into the company. If the investor cannot deliver the €2.4 billion for which it is responsible, it has to put additional equity in to deal with that.

On the sale after 2008, the reasons are set out for when a Minister can refuse. They are limited and they are in cases where the person is effectively unsuitable. They are available in the published information but a clawback is also provided. If a sale occurs after the ten-year period, there is a clawback. In the earlier period it is much more stringent.

The Deputy asked about the circumstances in which the State would acquire the network. If the company fails at various checkpoints, either by failing the viability test or by failing the roll-out test, the State can become the owner and it would effectively revert to the State in the event of ownership.

The Deputy made the point that the Secretary General of the Department of Public Expenditure and Reform pointed out that at different points along the trail the State will make significant investments and the company will be working off its initial equity investment. If the State has paid out €1.2 billion, that means 57% of homes will have passed and been connected so we will be well through the contract and the investor will be operating in every county. At that point, a substantial part of the infrastructure will be in place so we have set up the contract in such a way that the State is protected. We only pay in arrears as the network is rolled out. It is certainly not our ambition that this would revert to the State but we will have ownership of a significant asset at that stage. It will be fibre delivered to whatever percentage of homes are specified at those different checkpoints so there is a significant asset.

Of course the company can be sold on at certain points under stringent conditions that are set out but when the Deputy talks about flipping the company and large profits being made and so on, there is a clawback if such occurs and this is a regulated company whose prices are set by the contract. The company cannot come along and decide on whatever price it likes as a monopoly does. It must only sell at a regulated price and it must be open to everyone. Any retailer that wants to sell off its retail platform must be allowed to enter. There is significant

control on how this company operates.

Deputy Brian Stanley: I could argue that with ComReg.

Deputy Richard Bruton: On the contingencies, when we have looked at alternatives, in each of those cases we have looked at the critical issues. For example, if one were to say this should be offered to the ESB, the critical issue is whether a contract could be terminated and offered to the ESB or not. The most important issue that needed to be checked at that point was whether that could be done under state aid rules and the response we received was categorical that we could not terminate this contract, hand it to the ESB without a fresh procurement process where others would have the right to enter the fray and compete. Leaving aside the fact that the ESB entered this particular contest and dropped out because it did not see it as an economic route for it to pursue, if we sought to do it again, it would have to be an open competition in which it could only be awarded to one of those entering the fray and that would take another two and a half to three years to set up. We would have no confidence that it could deliver at a lower cost and we had a fair level of knowledge of its cost base when it dropped out but we would also have had to delay the project for three years while we retendered it.

Where we looked at other technologies we did bring in the technology evaluation. What was done with these alternatives was that we looked at what the critical difference that this might bring to the party and we looked in depth at those elements to assure ourselves that there was not another option out there that ought to be pursued. I refer to the wireless option, which was one of the options that was examined. We did the robust analysis of how wireless would operate. Members can see it in the documentation. Both ComReg and Analysys Mason showed that that technology ultimately could not achieve the 100% without a substantial investment in new masts in locations that would ultimately prove more expensive in the long term but would not deliver this level of service. Fibre gives a dedicated service to one's premises. By contrast, a wireless solution provides a service that is shared with other users and can be diluted as other users come on board. The Deputy raised a concern that the alternatives were not properly looked at. We looked at the issue.

The Deputy asked if having one bidder created a problem. We recognise that having one bidder created a problem. At that point, there had been two comparable bids. Eir made a bid which was comparable to the Granahan McCourt bid before it pulled out. We had access to the cost base of the two that submitted their applications. Granahan McCourt was not significantly more expensive than the other bid. They were comparable and I will not go into details of-----

Deputy Brian Stanley: The Minister just said it was.

Deputy Richard Bruton: When only one bidder remained, we recognised that there had to be much more robust due diligence than if there were a number of bidders. We investigated the volume of fibre, the price of fibre, the terrain, the way this would be done, the expected labour cost, the expected material cost, and the pace at which ducts and poles would be made available. All of that was investigated in significant detail to make sure that this was robust, so that when we evaluated the cost and made a judgment that this represented value for money from the State's point of view, it was based on benchmarks of all the critical features of the bid.

With regard to the capacity of this tenderer, the group involved has rolled out €40 billion worth of telecommunication investment, so it is a seasoned investor. Those who will head it up have had senior positions in both Irish and non-Irish international telecommunications companies. To roll out the fibre, it will use the same contractors used by Eir, SIRO or any of the other

players. It passed the evaluation tests that were done independently, not by me, because it could show that it had the capacity to do it.

The contingency fund will only be released in specific, audited events. If certain events occur, there will be a release. For example, if the price of fibre is significantly more than the projected scale, the State could be exposed for some part of that risk but it is entirely capped. Many other risks are carried entirely by the company, for example with regard to revenue. We have used a contingency fund to identify certain risks which we are willing to share but we will put in place a vigorous governance system to make sure that is not called upon except where those events have occurred.

Deputy Brian Stanley: The Minister did not address the cost-benefit analysis. It was not done on the alternatives. The officials raised a question on that.

With regard to the regulated price, he referred to ComReg being the regulator. ComReg is overstretched. Can it be effective? What is its workload?

Chairman: Senator McDowell is waiting to go into the Seanad and I promised to let him speak before he goes.

Deputy Richard Bruton: The price of rental is close to €1 billion but that is fully regulated by ComReg and it is done on a cost plus basis. It looks at the costs and is entirely independent in making that decision. It is currently €20 per pole per annum, and €10 per pole per annum if the pole is shared. That is regularly reviewed by ComReg. We did not redo the cost-benefit analysis for each of the alternatives because one is considering whether there was an alternative which would deliver something equal with the same benefits, at a lower cost. If an alternative reduced the numbers of people reached, some of the benefits were lost. It was clear, without doing the full project evaluation on each alternative, whether these options would add anything to what we knew.

Deputy James Lawless: I want to make an observation on Leaders' Questions which happened two hours ago. The Taoiseach sought to reach across the floor to get support from the Opposition for the plan. It was ironic, given the lack of interest that he had in Dáil support or Dáil majorities a year ago when my party introduced a motion to review the national broadband plan, which was passed by the House. It was completely ignored by the Taoiseach and the Government, despite constitutional constraints. Article 28.4.1° of the Constitution states: "The Government shall be responsible to Dáil Éireann." That has been flagrantly violated in the current Dáil, so *plus ça change*.

I will take a more fundamental approach to querying the plan. The basic premise behind the national broadband plan is that many areas, primarily but not exclusively in rural Ireland, are unviable for the private sector. Broadband will not be delivered by the private sector because it is too difficult to do so and it is commercially non-viable. As a State, Government, or perhaps Oireachtas, we are making a decision to subsidise somebody to go in and do it. It cannot be done for profit. We will pay somebody to do it as a State subsidy of the public good. That is fine. We do that in many different sectors, such as public transport and healthcare. We can ask why we need a subsidy and why these areas are impenetrable in the first place. Why are these areas commercially unviable? Why is the private sector delivering to some areas but not to other areas? That is where I would start. I would put the question on its head. We have seen one instance in the lifetime of the current plan where we had 300,000 houses, which were considered unviable two years ago, suddenly becoming viable. To an extent, I am living proof

because I live in a house which now enjoys 300 Mbps fibre broadband. It was amber two years ago, then became light blue, then became commercial. I have it. I am paying for the privilege and I am happy to do so.

When I was a councillor, long before I was in this Chamber, I tried to get rural broadband rolled out in County Kildare. It is a local example but it is reflected across the country. I met the broadband providers and asked them why rural areas and other areas in my constituency were not being served by them, what the problem was and why they could not roll it out. The locals were more than willing to pay for the service, even at a premium if they had to. I got a number of interesting answers, including lack of planning consistency; different planning frameworks; different local area and county development plans; lack of economies of scale, some of which arose from the fact that there were inconsistencies in planning overhead; regulatory overheads; legacy frameworks; and the lack of availability of access to State sites, such as through Coillte or the OPW or other State sites. The bane of many people's lives is when a road is dug up repeatedly. I asked the companies why they dig up the road repeatedly to lay new ducting and cable for utilities, though it was fibre in this case. They stated that based on the rates that the Department of Public Expenditure and Reform mandates Transport Infrastructure Ireland, TII, to charge, it is cheaper to dig up the road than to lease infrastructure from TII. All kinds of anomalies came out of these discussions. It was useful for me to understand why the private sector was not delivering to these areas.

Many of these issues were mirrored by the many task forces. We have had at least a decade of promises on broadbands, all of which have been missed, abandoned or rescheduled. We have also had at least three different task forces reporting, summarising and consolidating the issues and asking why the private sector is not willing, able or viable to get into these areas. The proof is in the pudding. We have the proof from the many task forces and from the horse's mouth, as it were, from the broadband providers.

The Sunday Business Post usefully wrote about this at the weekend and we have heard already about the likes of Imagine going to 5G and Eir going into 300,000 houses. I appreciate there is a debate about the technology and I agree that fibre is the best according to the laws of physics. We can deliver fibre, masts, 5G and multiple technologies faster and easier if we enable the private sector to get in there by reforming how we deal with planning, the frameworks around it and how they operate. It is very unlikely we will get to 540,000 houses but could we get to 500,000, or 450,000, or 430,000? Could that figure of €3 billion become €2.75 billion or €2.5 billion if we chip away and look at the problems rather than trying to throw in a State subsidy of €3 billion at the problem and try to make it go away? We should get to the root cause and make proposals that would make it easier for the private sector and offer incentives, not with any subsidy or State handout, but by tackling the problems that make it more difficult for the private sector to go into these places, the reasons it is commercially unviable and the problems with the planning framework.

I was at the Hill of Killeel two weeks ago on a local election canvass. Counties Dublin, Kildare and Wicklow meet at that point and a provider putting a mast on that hill could feasibly have to engage with three different local authorities with three different local area plans and planning frameworks to try to put 5G or fibre infrastructure on that hill. One would have to go and rent a ducting from the N7, a mile down the road, and might find out it is actually cheaper to go in and do it oneself rather than trying to lease it from the State.

Where do we go with all this? Happily, I have legislation which I published in 2017, almost two years ago, which enables all of these things. It takes the issues and anomalies and includes

such provisions as a new planning permission for a new build to have ducting from the curtilage of the house back to the road. It includes things like consistencies in planning frameworks and access to State sites and properties. It also includes common-sense things that deliver economies of scale and protect communities and the environment such that if one provider erects a mast on top of a hill, a provider coming afterwards does not put in another mast but is mandated to reuse the existing infrastructure. That provides free use of infrastructure, be that public or private, and once the cable is laid and the mast goes in, it will be reused and there for ever more.

My legislation is not a silver bullet to solve all the problems but it would make it much easier for the private sector to penetrate some of these areas and, as I say, the €3 billion might become €2.5 billion and the 540,000 homes might become 440,000 and so on. We might be in a better position now had the Government adopted this legislation when it was published two years ago. It can travel in parallel with the plan because they are complementary. The price comes down every step of the way.

I ask the Minister to support this legislation, which is already in the system and before the Oireachtas. It would be complementary and parallel to the broadband plan. The Government might consider plan B because if the plan fails, which unfortunately it has for the past decade, this may allow greater private sector take-up and allow more houses get access to broadband more quickly without recourse to State subsidy of €3 billion.

Deputy Richard Bruton: I will talk about the model that we use and will then bring in the Minister of State, Deputy Canney, who has chaired the mobile and broadband task force. The model we decided to go for was a competitive tender to seek to achieve universal access and we were open-minded as to what technology would deliver that and how it could best be done. Interestingly, all three tenders proposed a fibre solution. That is why fibre has become the winner of this process. There was no alternative approach. It has proved to be the most cost-effective way of achieving that goal. What the Oireachtas wants and I believe to be necessary is that every home will have access to a technology that is future proofed. Mixing and matching, hoping over time that it will work out was not the approach we adopted. The Minister of State, Deputy Canney, has done a lot of work on precisely those issues, as to how the practical obstacles can be removed, and perhaps he might deal with that.

Deputy James Lawless: Regarding what the Minister just said, it is not about competing technologies. I agree completely that fibre is the primary technology that can be used but it is a matter of how it can be got to people faster and cheaper in the current day without the need for any kind of State subsidy.

Deputy Seán Canney: As chairman of the mobile phone and broadband task force, I can inform the Deputy that we have been engaging in exactly what he talked about. We have made many changes. For instance, there is now single access to road-opening licences. A nationally applicable standard form may be accessed on a portal. There is also the question of the State assets. The OPW, ESB and all the relevant State agencies are involved in the task force to map the State assets available and determine how they may be used. TII has spent millions in the past couple of years retrofitting ducting along the motorways so it can be used as a shared service by all the communications providers. This has been happening since the task force was set up. There has been great progress made. I agree that, in the past, local authorities were working in their own silos and creating different rules and regulations. The elimination of development charges keeps the cost to the customer to a minimum. When we carry out in any town or city an infrastructural project that involves the replacement of water services or sewage systems, for example, we now bring in the broadband officer to ensure the infrastructure is future proofed

so it will not have to be dug up again. There is an office in every local authority. We are also working with the providers of the masts in identifying the areas where there are black spots and making sure the masts put up are shared by all the communications providers. That is happening right now; it is the reality. Therefore, much of what Deputy Lawless referred to is being worked on.

In Mayo, the broadband officer has mapped all the existing duct work in every village and town and put the information on a portal and app so anybody can see it and use it if they need it. The service will be rolled out in every county. We are doing considerable work addressing the difficulties that have arisen. It is all in train. It is a question of preparing for the future. All the bidders who submitted a proposal for the national broadband plan said fibre to the home is the only solution.

Deputy James Lawless: I thank the Minister of State. I have no issue with fibre. Has the price of the tender been updated to reflect all the good work done, which the Minister of State outlined? If not, why not?

Deputy Seán Canney: The price of what tender?

Deputy James Lawless: The €3 billion handed over to Enet or whatever.

Deputy Seán Canney: On the tender, I do not know the detail of it but-----

Deputy James Lawless: If it is easier for the companies, it should be cheaper for them. Therefore-----

Deputy Seán Canney: Most of the fibre optic cabling will be along poles. There is very little ducting going on.

Deputy Bríd Smith: With some justification, the Minister and Department have said repeatedly that this is a visionary leap into the dark, and they have repeatedly compared this project with the electrification of rural areas and the building of Ardnacrusha. With some justification, they are comparing the importance of the two projects. The national broadband plan is to deliver fibre broadband to 56,000 farms, 44,000 businesses, 670 primary schools and probably many private houses. The key difference between what we are doing here and what we did with rural electrification and the building of Ardnacrusha is that we did not spend on the process of tendering. We have spent €80 million so far on the current project. With electrification, we did not tender out, hire elaborate consultancy firms or engage in elaborate competitions. We constructed a State-run company with a single remit, namely, the ESB and instructed it to provide a vital service to rural areas. The provision was not dependent on the profit margins of some private entity. That is a key difference. If, in order to electrify the country we had used the model we are using today, most of the country would still be in the dark. The people would be listening to this discussion by candlelight because it would never have worked. The main mistake we are making is that, once again, an essential service is being privatised at huge cost to the taxpayer, remarkably without the taxpayer even owning the service at the end.

Let me comment on points made repeatedly by the Ministers. Their great concern for equality of opportunity for the people of rural areas is quite astounding when the Government has just closed down many rural post offices. How many Garda stations were closed during the years of austerity and not reopened? How many villages and towns throughout rural areas have been disconnected from bus services? When this was happening, it was all about saving money. Now there is significant expenditure on rural areas that is being justified on the basis

of equality of opportunity, which the Government has consistently denied rural areas, whether it was through running down the fishing community, closing down schools needed in very rural villages and towns, or, as sometimes happened, closing hospitals and nursing homes. The idea that what is being done represents efficiency is absolutely disgraceful. The reputation of Fine Gael, a party known for its prudence in dealing with public funds, will be utterly changed from here on in.

I want to ask the Ministers a few questions on the whole scheme of things. When we went to a briefing with the Department just less than a week ago, we were told there has been no study of the uptake of broadband rolled out to individuals' homes. There are comparisons with other studies but no study done on who in rural areas might avail of the service. Clearly, we know who needs to service. They include the 56,000 farms and the 44,000 businesses but do we know how many will avail of the service in total? We have not done a study. We have just been told there are broadband officers in every county but the level of uptake is still not clear. As Mr. Robert Watt pointed out, at least 20,000 of the homes are holiday homes. Their owners will probably not incur the expense of having broadband brought to them.

I wish to ask a couple of key questions. Why was there no study of where the uptake might come from? I have a couple of legal questions. I am sure the Minister is aware of the legal action against Granahan McCourt by Cube Infrastructure Managers over the sale to Irish Infrastructure Fund of the stake in Enet. Does the Minister believe this might at some point compromise the tender? Does it have ramifications for what the State is about to do?

I have another legal question. The investigation into Siteserv is not due to be completed until March 2020, yet we now regard the company that has taken over from Siteserv, Actavo, as a key component of the consortium. Have the Minister or his officials considered the implications of the inquiry into the role of Actavo in the consortium and the bid on which he may be about to sign off? Does he see a problem in that the consortium that now comprises the only remaining bidder is very different from what it looked like at the beginning of the process? Those are my questions for now.

Deputy Richard Bruton: I acknowledge that Deputy Bríd Smith recognises this is a really important issue for the future of the country. I have worked in a number of Departments and I have seen how this is transforming, and it will continue to accelerate. It is really important. The difference between now and when rural electrification was considered was that we have at this point privatised, for good or ill. Twenty years ago, we sold off Telecom Éireann. We sold off the core of the network so we are not in a position of owning and extending a network but of seeking to provide state aid to tack onto an existing network 146,000 km of fibre cable. That makes a difference.

The other issue is that procurement law is now very different. Where state aid is being provided, it cannot simply be granted to a company that is a commercial operator. There must be an open procurement process, which is different.

The amount spent by the State to date is €25 million, not €80 million. It is important to have a robust evaluation because the issue is of such importance.

Contrary to what the Deputy said, I see a revival in rural Ireland. I have travelled around the country to visit many projects and see a great new revival. With the funds being made available from the Department of Rural and Community Development under the Minister, Deputy Ring, the bottom-up development that is occurring, the regional enterprise strategies that are being

rolled out and the town renewal initiatives, there is a strong revival in rural Ireland. Providing future proofed broadband will offer the super highway of the future to guarantee that remote regions will not be hollowed out by technology but will participate fully in it. That is crucial to the success of rural Ireland because it will allow remote working and remote access to important public services. I have a different view from the Deputy. I consider this to be a very important future proofed investment.

On the studies the Department has made, we have looked at international precedents and also at what is happening in urban Ireland. In principle, we must make the same level of service available to urban and rural areas. There must be access to this digital technology on the same basis in both urban and rural areas, at the same price and with the same connection charge. That is a principle we want to achieve. My Department and I have no reason to believe from the evaluations that have been carried out that the appetite for the uptake of this service will be any different in rural Ireland from that in urban Ireland. Where networks are available online and people can access high quality broadband, the uptake is 65%. That is prevalent; therefore, there is no basis to believe there is a low level of interest and that we are making an investment that does not matter for the future.

Deputy Bríd Smith: The Minister does not have studies.

Deputy Richard Bruton: We have made studies. In all cases we have looked at international benchmarks to see what stands up to scrutiny. We have done that work.

On legal actions and investigations, we are confident that none of them will have an impact on the roll-out of the national broadband plan.

Deputy Bríd Smith: Does that include the investigation of Siteserv which will be concluded by March 2020?

Deputy Richard Bruton: Yes.

Chairman: The Deputy said she had a final question.

Deputy Bríd Smith: I do. When we attended the presentation made by the Department, a worrying matter emerged regarding the construction of the National Broadband Ireland company, that the State would have one representative on a board of nine. One person would represent the State, but the role of that person was not clear. Would that person's role be in the interests of the State and the people or those of the company? That matter was not cleared up. It is important that we know the answers. We saw in the debacle with the national children's hospital - interestingly, it has almost been completely forgotten because this matter has superseded it and become the issue of the day - that the person who represented the State on the board for the construction of the hospital was accountable to the board and the company, rather than to the State, despite the massive spending of public money. This is a serious question related to the public interest.

Deputy Richard Bruton: The position is it will be a stand-alone company which will be regulated in great detail. Its primary element will be delivering on the governance commitments we have entered into under the contract. Every member of the board will have an obligation to ensure delivery to the State under the terms of the contract. We have written the contract in great detail to ensure we will have access to the auditing, that it will deliver on time and that it will be rolled out in a certain way. We are very confident not only that we have the governance but also that by having a representative on the board we will have somebody who is overseeing

the public interest, which is at the heart of the contract being negotiated. This is different from, for example, having a public interest director in a bank whose job is to serve its shareholders. This company is set up to service this contract and we have set out in triplicate what that means. Our public interest representative will be overseeing not only the representative's role but the role of the company, which is to honour this contract.

Deputy Bríd Smith: The departmental officials can now clarify that for us, less than a week after they could not clarify it when we met them.

Deputy Richard Bruton: The contract binds this company in every respect. It has detailed reporting obligations and audit and delivery requirements. The representative on the board will make sure that those important governance commitments, which apply to all board members and the company, are delivered. This person will be at the core from a public interest perspective to ensure that the company honours all those obligations. They are obligations of this company. It is a different situation from a bank which has obligations to a number of different-----

Deputy Bríd Smith: There is an ambiguity and because that exists, the Minister should be obliged to publish the contract. This is serious public expenditure. That contract should be published in full so we can discuss it.

Deputy Richard Bruton: The contract will be published in full when it is finalised. We have published a full synopsis of the contract, the details of the various items that must be overseen and the audit requirements in respect of when a contingency sum could be called upon. The detail of this contract is immense in terms of the specified obligations of the company. That must be borne in mind. This is not just a director of a company that is floated with its own interests. It is a company dedicated to deliver a project in which it has significant obligations imposed on it.

Deputy Eamon Ryan: I apologise if I ask some questions that were asked earlier. I had to go to the Chamber for a priority question to the Minister for Business, Enterprise and Innovation. If the Minister is unable to answer any specific questions, he can provide a written reply. As was suggested earlier, we will have to do further investigative work to make sure the public interest, as best we can discern it in the next six months, is protected in this contract.

First, everybody agrees that we want to have the same access and conditions for people throughout the country. The contract that has been outlined refers to a wholesale price of €30 per month from the national broadband company. On 19 November last, ComReg issued its regulation regarding the wholesale access price for broadband, fibre to cabinet, primarily to Eir as the monopoly current provider. It set the price at €19.54 per house and it applied from 1 March last. That is the current price for wholesale access for broadband. We are being asked to agree a contract where it is at least €10 more expensive. Is that €30 per month expected to be index linked? Who will regulate any increases in it? Is it ComReg's role to assess that price? What role did ComReg play in the assessment of whether that is an appropriate price for this contract? It is strange that there is such a gap in the prices given that the State will put more than €2 billion into this product. One would have thought it would be, if anything, lower than the private market wholesale price. Similarly, the Minister said it is estimated that there will be a €40 million payment per year to Eir for the use of the poles and the ducting. Is that index linked? How is that price regulated as the contract proceeds? Is the Minister including index linking for it or is it something ComReg will oversee and regulate so we can ensure supernormal profits do not go to the bidder?

Second, I am told one of the main objections to this project from the Department of Public Expenditure and Reform is that the State may incentivise or support a continuing sprawl model of development in which a one-off housing model of development is facilitated. There are understandable concerns not just about the cost of delivery of broadband services but also about a range of public services related to the sprawl-development model we have seen here.

Based on the briefing we received, I understand the Minister expects 60,000 additional homes to be added to the 500,000 already covered by the network. Does the contract make provision for the further expansion of one-off rural housing? Is it being included in the contract or are we just doubling down on what the Department of Public Expenditure and Reform is concerned about and what goes completely against the national planning framework? Rather than consolidating development in cities, towns and villages, this policy may signal that another 60,000 one-off houses need to be serviced as part of the scheme.

I ask for a detailed international analysis that backs up the statement that fibre typically decays in 25 to 35 years. In other networks fibre has not been deployed in this way in many cases. I am interested in knowing the scientific evidence. The Minister can provide it in a written response if it is not available today.

The Minister expects an 80% uptake of the broadband service being provided in the 25-year period. What is the projected uptake in the first ten years?

I have two further questions. I apologise to the Chairman for having multiple questions. We will have more in the coming months. The industry experts, from whom I have sought advice, have said the percentage of houses we could address with wireless broadband should be higher than the 2% estimated in the draft plan. The cost might be reduced significantly if the figure was closer to 10% or 15% and we still maintain a high quality service. Is the 2% figure part of the radical price inflation from the original €1 billion to €3 billion now?

A mistake was made in parcelling the 300,000 houses which resulted in the ESB exiting the process. I do not believe its role is necessarily finished. Having spoken to officials and other parties involved in the process, I understand there will still be flexibility in the next six months when the contract will be finalised for the developer to use ESB poles as opposed to Eir poles, thereby bringing a competitive process into the final stages of the contract. It is not the case that at this stage we want the ESB to take the whole project, but in some of their comments the Minister and the Taoiseach are ruling out the possibility of the developer negotiating with the ESB to use those wires. We have a once-in-a-lifetime chance to move from having two sets of poles to one. Even if it may not now be possible to do so for the whole project, I still think we should pursue it as a policy objective in the remaining months of the final negotiations. The developer may have a real incentive because it may allow it to bid with Eir in a much more competitive framework if there was an alternative option before them. I am interested in hearing how the Minister thinks the process of negotiation might work out. I recognise that he is in a difficult position because he is also the shareholder of the ESB, but we should keep that option open. I am keen to hear the Minister's views.

Deputy Richard Bruton: An existing fibre-to-the-home price is €30 per month. The Deputy is talking about fibre to-----

Deputy Eamon Ryan: The cabinet.

Deputy Richard Bruton: That is different. I will need to confirm whether it is index

linked. I presume it is a regulated price and that it will depend on the regulator over time. ComReg does not have a role in the short term, but it will certainly have a role in the longer term because the terms of the contract are such that it is unlikely that at this stage it would see a need for it to step in to regulate because effectively we are regulating the price under the terms of the contract. Beyond the period the contract applies, ComReg would step in because it would be a body of significant-----

Deputy Eamon Ryan: May I ask two questions about that?

Chairman: Briefly.

Deputy Eamon Ryan: Is the Minister saying ComReg had no involvement in setting the price and is it index linked?

Chairman: The Minister has answered that question.

Deputy Richard Bruton: I will confirm whether it is index linked.

Chairman: Yes.

Deputy Richard Bruton: This price has been set by the State in the contract. It is based on prevailing prices elsewhere with the objective that people in urban and rural areas will pay the same charge. It is anticipated that situation will prevail, and ComReg advised us throughout. We are linking the prices in urban areas with the prospective ones in rural areas.

As I mentioned earlier, Eir charges €20 per pole and €10 if shared. That is a regulated price. ComReg sets the cost price which is based on a reasonable rate of return for the owner of the pole. Obviously ComReg can alter the price independently, as it decides.

The lifetime of a cable is unproven. In the unique conditions of rural Ireland, cables degrade over time and need to be replaced. In terms of performance, manufacturers provide a range depending on conditions. There is an expected life that is based on established standards in the marketplace. We can get the Deputy more information on the matter.

I do not have the figure on the uptake at different points. Obviously the contractor carries the risk. Just as Deputy Bríd Smith said, the contractor has done the studies. It is the contractor who would carry the risk if the uptake is lower. The contract allows for 2% to be wireless. It is open to the contractor to come back to the Department and establish that a higher percentage than 2% could still deliver the level of performance that we expect. We could accept that but we would have to be satisfied that the level of performance would be delivered. It is only 2% that a contractor can decide at his or her own discretion but the standards set must also be achieved.

Of course the contractor can use ESB infrastructure. It is open to the contractor to use whatever infrastructure is available. We cannot oblige a contractor to use a particular provider of poles or ducts because that would be interference in the marketplace. It is very clear that the contracts provide that a contractor can take access of any existing infrastructure, be it ESB, metropolitan area networks, MANs, or Eir. That option is at the discretion of the tenderer. As has been rightly pointed out, having choice certainly gives someone more leverage in the marketplace.

Deputy Eamon Ryan: I wish to ask one last question that was not asked here. Is there provision in the contract to allow for up to 60,000 new homes to be built in the area?

Deputy Richard Bruton: No, the figure that I have is 32,000, and that is the provision.

Deputy Eamon Ryan: I have been told that there is a higher band of up to 60,000 but I could be wrong.

Deputy Richard Bruton: I will get the details for the Deputy. I would not like to think that what we are saying here is that we are encouraging ribbon development. That is not at all the purpose of this. The purpose of Project 2040, which I know the Deputy may dispute, is that we are trying, for every climate reason and all sorts of reasons, to have compact and connected development on a sustainable basis. The bidder has to connect whatever is built in the area in which he builds, and in the baseline contract there is an envisaged possibility of what this might be.

Deputy Eamon Ryan: Are an additional 32,000 homes envisaged? That could go up to 60,000 homes within the contract.

Deputy Richard Bruton: Yes. We have not sought to-----

Deputy Eamon Ryan: How does the figure marry with the national planing framework?

Deputy Richard Bruton: I do not know where the figure originated but I will come back to the Deputy on the matter.

Senator Tim Lombard: I welcome the Minister. I also welcome the clarity that he has brought to many of the key issues in the national broadband plan and where it is going forward. Deputy Eamon Ryan spoke about the 32,000 extra homes moving into the amber zone, which is welcome. We should support the regeneration of rural areas, including one-off housing, whether they are agriculture, fishing or tourism based. We need these people to keep rural communities alive. Having an additional 32,000 rural homes in the next 25 years is positive and a step forward. It is important that the Minister has provided that clarification. That means approximately 575,000 homes will be connected in the next three or four years. I do not share Deputy Ryan's views on that being negative; it is very positive because it ensures rural communities will have the ability to survive and renew.

There has been great fanfare about one Department making a submission on the national broadband plan and having a negative impact. How many Departments made submissions on it? There has obviously been significant engagement in the process, but we have talked extensively about one submission made by one Department. Have there been others from other Departments? What did they state about the plan? We need a balanced approach to it. If we were to say, "Stop," and start the entire process again, when would the 575,000 homes get broadband? Would it even happen in the next decade? Does the Minister believe this is an golden opportunity to deliver for the people concerned, of whom 75,000 live in County Cork? We are the ones most grossly affected when it comes to the lack of high speed broadband. Some 13.5% of the people on the list live in County Cork. I live in a constituency that is more than 130 miles wide. Some members of this committee could walk across their constituency in two hours. I cannot drive across mine in two hours. That is the significant difference. On the doorstep people tell me that the biggest issue is the lack of broadband. One can talk about low speed broadband, but they do not even have dial-up Internet access. This is a real issue. If we were to say, "Stop," and scrap the plan and enter into a completely new tendering process, when would there be a suitable broadband connection for the people who contact my office every day of the week? When would they have the opportunity to survive and prosper in rural areas?

Deputy Richard Bruton: I do not know the details of the national planning framework. However, I am conscious that it seeks to revive rural communities, while also providing for the compact development of urban areas. I do not want to pronounce on the numbers without obtaining more information.

We received submissions from most Departments which saw merit in the proposal. Obviously, there is clear merit in smart farming, digital education, rural areas revival and e-health. The benefits are outlined cleared by the Departments responsible for them. However, it is also important to hear the sceptical voices and evaluate what they have to say, but at the end of the day the State must make a decision. As I said in the Dáil, one of the most momentous decisions ever taken was the decision to introduce free second level education. It changed the face of Ireland. However, it was opposed by what was then the Department of Finance. We rightly elect Governments and Governments make decisions. Our peers, people who are elected, ultimately make these decisions. We listen closely to the advice. I assure the Senator that hours and hours were put into an evaluation of the various alternatives. The minimum estimate of what it would take to start a new procurement process and get it going again was 37 months. That is the figure I have. The expectation is that it would take more than three years if we had to start from scratch again.

Deputy Jonathan O'Brien: Where did the Minister get the figure of 37 months?

Deputy Richard Bruton: That was the Department's evaluation. When the alternatives were being evaluated, it looked back at the time it would take having regard to a fresh state aid notification and approval, the undertaking of a new procurement process, a teasing out of that process, and moving to a final decision and the signing of contracts. It is not a short process. Anyone who has seen procurement processes of this nature-----

Deputy Jonathan O'Brien: Has that been made public?

Deputy Richard Bruton: I believe it has, yes.

Deputy Jonathan O'Brien: The KPMG appraisal report published in May talked about a number of alternative options. It said that no costings or detailed cost-benefit analyses for any of the alternatives were provided in the report. Is that correct?

Deputy Richard Bruton: We have dealt with that already. I will go back and take the Deputy's question.

Chairman: Would Deputy O'Brien like to list out the questions?

Deputy Jonathan O'Brien: My next question depends on the answer to this one.

Chairman: The Minister has already made reference to that earlier in the meeting.

Deputy Jonathan O'Brien: I am just asking the Minister to confirm that no cost-benefit analyses were carried out and that no costings were provided.

Deputy Richard Bruton: In respect of each alternative, the key element in respect of which it represented a departure from the existing plan A was evaluated in detail. For example, in examining the use of wireless technology as opposed to fibre technology, the cost and reach of such a system was evaluated. When it was found that the cost would be greater and the reach less, no further cost-benefit analysis was undertaken because these findings implied that the benefit would be less and the cost greater and that therefore the cost-benefit ratio would

be inferior. We did not ask PwC to do that exercise because it was moot. In the same way, when we looked at the ESB as a possible alternative, we had to look at what would happen to the existing tender if we returned to a body which had dropped out of the tender process and offered it the contract. That would be unfair to the firm that had proceeded through the tender phase and incurred costs in getting to that stage when others had fallen away. That would be seen to be an unfair legal process. We could terminate the contract and then consider the ESB, but the advice we got from the European Union and our own Attorney General was clear, that doing so would result in having to conduct a fresh procurement process. The ESB could only be considered a player if it won any fresh procurement process that was set up. We judged it unwise to lose three years and to undertake a fresh procurement process when we knew it was likely that the ESB would not be more cost competitive because we had some knowledge of its cost model. In each case we analysed the alternatives to the level that enabled us to make an informed decision. That did not require calculating a new cost-benefit ratio for each alternative. On the benefit side we looked at the number of people who would be connected and the potential benefits they would acquire from being on the system. On the cost side we looked at the costs and whether any alternative would reach the same number of people as plan A. It was not necessary to do a fresh evaluation in every case.

Deputy Jonathan O'Brien: There would, however, have been some level of financial appraisal done on every case.

Deputy Richard Bruton: Absolutely. There was detailed appraisal of different elements of each alternative, including reach, cost, risk of delay, and legal robustness. Each alternative was looked at with regard to what it would bring to the party. Those features were the ones in respect of which effort went into the evaluation.

Deputy Jonathan O'Brien: The financial appraisals in the KPMG report have all been redacted.

Deputy Richard Bruton: The financial appraisals involve confidential models. The full detail of how a company intends to roll out deployment cannot be given out because it is confidential under the tender arrangement.

Deputy Jonathan O'Brien: Was the financial appraisal done on the alternative options that could be available?

Deputy Richard Bruton: Yes.

Deputy Jonathan O'Brien: They were all redacted, however, so we do not have any information on those alternative options. We have no cost-benefit analysis. The Minister said that such an analysis did not need to be done in some cases because the initial appraisal indicated that there was no point in proceeding to a full cost-benefit analysis, but a financial appraisal was done on every option.

Deputy Richard Bruton: Yes.

Deputy Jonathan O'Brien: We do not have any of that information, however, because it has been redacted in the KPMG report. Why is that the case?

Deputy Richard Bruton: I presume it is because these evaluations are confidential to the operation. When alternatives are being examined, confidential information is received from firms who could be players in the project. For example, there were discussions with the ESB.

Information about potential bidders is not going to be put into the public domain-----

Deputy Jonathan O'Brien: Why not, if the public is paying for it? Surely we have a right to know what the cost-----

Deputy Richard Bruton: This is confidential information. This is a procurement process in a sector in which different companies are competing. They have a right to protect their information. If we suppose that plan A fails and we are not able to provide contracts, we may have to go back to those alternatives. We should not have estimates for those alternatives in the public domain, as they may undermine the capacity of those alternative operators to negotiate with subcontractors since those subcontractors will have seen the costs. A level of confidentiality must be provided while a contract is a live event. This will still have to be negotiated with subcontractors and there are deals to be agreed. If a whole lot of information about what it would cost for a subcontractor to lay fibre to a given place and about the different cost elements involved is put out, the hands of both this contractor and other contractors are exposed. It is not the sort of information that one puts into the public domain when one is still seeking to sign up subcontractors and different partners in the roll-out of this scheme.

Chairman: Deputy O'Brien may ask one final question.

Deputy Jonathan O'Brien: With regard to the options, the report talked about a window of opportunity of approximately five months before the full contract is signed. It goes through a number of options. Perhaps the Minister could comment on one of them, the negotiated procedure without prior publication. A number of those options were listed but no further detail was provided on four of them. Is it possible to cancel the contract now and go with that option of a negotiated procedure without prior publication? The Minister had said that the ESB was not an option but we are now told that the contractor could end up using the ESB network. How is it that it is not viable for the State to cancel the contract and use the ESB network when the private contractor who will sign the contract in five months could end up using that infrastructure itself?

Deputy Richard Bruton: The obligation of the contractor is to deliver 146,000 km of fibre. It can use ESB poles, Eir poles, or ducts. It is not obliged to use any one option. Prices for both are regulated. ComReg will decide the price at which a service will be made available. Using ESB poles creates additional health and safety issues different from those associated with using Eir poles. There may be requirements which make them more difficult to use, but that does not mean they cannot be used. They will be used where it is effective to do so. There are differences in these areas.

Deputy Eamon Ryan: On a point of clarification, the use of ESB poles is not regulated at the moment. The Government needs to do that.

Deputy Richard Bruton: It needs to be regulated. I beg the Deputy's pardon. That is the intention of ComReg.

Deputy Jonathan O'Brien: I asked about the negotiated procedure without prior publication. It is in the KPMG report.

Deputy Richard Bruton: It is an alternative-----

Deputy Jonathan O'Brien: The report refers to the alternatives; if a contract is cancelled, it goes back to an open procedure with an electronic submission of tenders. The report lists

about 12 or 13 of them. No further information is provided about four, and one of them was the negotiated procedure without prior publication. There are no details of how long that would take although the report gives details of approximate times for the rest of them.

Deputy Richard Bruton: I understand that it has legal risks and that was the reason that it did not go much further. I will get the Deputy a note on that.

Deputy Éamon Ó Cuív: I thank the Minister for coming in. I believe in a social and equal Ireland and that means bringing broadband to every house, home and business in the country. That has to be the big aim of what we are trying to do. I was very critical of the plan that referred to 30 Mbps. I remember when we were talking about 5 Mbps sorting everybody out, then it became 30 Mbps. As early as 2012, I was firmly convinced that it was a gigabit or nothing. The only way of doing that is fibre to the home, FTTH. There has been a very interesting debate on this issue. One very good thing in respect of the physical feasibility of doing this is that Eir has already done 300,000 houses across the country from Ballyconneely and Roundstone up to Donegal - I do not know which little villages. It is running up the countryside from each old exchange that was built. People seem not to fully understand that. There is not a community in Ireland that has not now got a digital divide in it, including the rural community in which I live, Cornamona, where 100 houses have it and 300 or 400 houses do not. From those who have the FTTH I hear no complaints. Those who are 100, 200 or 300 yd. away are going absolutely crazy asking when they can get it. They want FTTH and they want it now. Everything is focused on that. Has the Minister information on the roll-out to the 300,000 houses? How much of it was on ESB poles, how much was on Eir poles and how much was underground? My impression is that they underground it where there is already a duct and where the Eir cable was underground, and they overground it along the poles everywhere there is the old Eir copper cable. I wish we could get rid of the old copper cable by putting in the fibre. I have not seen any approach into houses yet on the ESB side but I would be very interested to see if they did that. In lots of cases in rural Ireland the ESB pole is coming in from a totally different direction because the whole layout is not along the route. The Minister might clarify that point.

Can the Minister give information to the committee as to how many nodes, as I call them, of fibre are now in every county in Ireland? I know they are on the Eir map and the Department's map. There is a node of fibre running out about a mile in every direction from each of these old exchanges. It seems to me that for anybody to build a total alternative system would be crazy when the core of the system is there. There is plenty of fibre as far as it goes and then it suddenly stops. To continue on to the next house, one just links in. We need to have a debate about how this is really configured on the ground as of today, not what the Minister might do if he was starting again. If the take-up exceeds the projection, does the cost to the State decrease? If the State gets a much bigger penetration or if, despite what Deputy Eamon Ryan says, a lot of people build along the lines that are going to be there anyway and want to connect in and we therefore get a lot more people connecting into this, does the cost decrease? It is very interesting to watch what happened to ordinary telephone lines in the 1970s and 1980s. Eventually they went to a peak of about 95% penetration before the mobile phone came in. It suddenly took off and everybody, rural and urban, wanted it. The Department was publishing figures for a while, until it stopped, on take-up. What is the pattern of take-up when FTTH is provided in urban areas and in rural areas per 100 houses? There is a time lag between FTTH coming in and its being taken up. Is there as fast a rise in the graph in the urban and rural areas? I do not perceive a major difference between urban and rural.

On price regulation, the €30 per month for anybody connected to this system is independent

of any other regulated price that is going to exist in the market. Could the Minister confirm that? Were all the observations of all Departments published? If not, why not? I have reasonable respect for the Department of Public Expenditure and Reform but it does take a negative view on most things. It has done so before in the history of the State. It can also totally misunderstand things at times. I remember a classic case when I had dealings with the Department about a pier on Inis Oirr. My colleagues will be amused at this one. The answer I got back was that there was no need for a pier on Inis Oirr because we had just built a very expensive pier on Inis Mór. That showed an incredible lack of information about how islands work. The Minister gets the point. Also, looking at the wording of the memo, what the Department of Public Expenditure and Reform seems to be telling us is that rural Ireland can wait. It is worth looking at this. There are 1.1 million people, forgetting about the figures for the houses because there are some holiday homes there, and they love the broadband, by the way. Most of us use broadband every day and, when they put it into old people's houses where they are being monitored by family members and so on, it is going to be used every day. Let us say that in ten years time, 600,000 people will be using this every day. That is only 50% of them, at a cost of €3 billion. I looked it up on the web and got a figure that only 150,000 people are expected to use the new metro every day. Per head of population this is working out as a very cheap technology. I think BusConnects is something like €1 million. To my way of thinking, this is quite cheap technology. It is also going to solve one of Deputy Eamon Ryan's dilemmas. If we get all this broadband, we will have to do a lot less travelling. Many people who now travel every day to work will be able to work from home. It will reduce the carbon footprint. I congratulate the Minister because there is joined-up thinking in the Department. This is a game changer. None of us in rural Ireland with any kind of broadband ever goes to a travel agent or people like that to book tickets. We do not go there. It is the same problem with the post offices because people do not go to them anymore; they just do it at home without any carbon footprint. Contrary to what many others think, this will dramatically reduce carbon footprints.

It will also deal with a congestion problem in the cities. For example, half of the people working in the massive industrial estates east of Galway city come from rural Galway. If they could do some of their work from home, it would reduce the congestion at the busy times because they could choose when to go to work in the city. This also has a major urban benefit.

Supposing we scrap this plan and start again, am I right in thinking that the State could no longer give this job to a commercial State company without a procurement programme because it is a deregulated industry? Is that right or wrong under EU law? Unlike what we can thankfully still do with the ESB and the water network, am I right that the State could build this through a commercial entity without a procurement? We need clarification on that. Perhaps I am wrong and the Minister could tell a commercial State agency to build it and the State would own it. We need clarity on that because there seems to be some doubt.

All the people want broadband now and I get more queries about broadband than anything else. They want to know if the successful bidder must roll this out across the country, if the target of providing for 133,000 premises is for the first two years and so on, or can it cherry-pick? Eir was very fair in the way it went around the country, doing small and big places at the same time. Can the successful bidder cherry-pick which premises it supplies? For example, in the early years of the roll-out, could the successful bidder keep to areas near the towns where there would be many more houses per km and leave large swathes of the west of Ireland until the very end, five, six or seven years later? Does the successful bidder have to roll this out in an equitable way?

Deputy Richard Bruton: The Deputy was, to some degree, prophetic in saying that 30 Mbps was probably too slow because the EU confirmed in 2016 that the requirement would be 100 Mbps for universal access and, as he will be aware, this will go live at 150 Mbps and has the capacity to grow to 500 Mbps in ten years. He was absolutely right.

I hear most complaints and representations from people who were left frustrated in areas beyond the Eir roll-out. I understand that the Eir roll-out is 90% overhead and all on the Eir network. A total of 200 exchanges and 88 MANs that will be used. I do not have those exactly dotted on a map but those are the core system on which we are building to deliver.

There will be gains if take-up exceeds the prediction in that 60% of the additional profit will be clawed back but it also means that some of the exposure, such as encroachment, may not fall to be activated so the State does gain from that. I understand that Eir has ceased publishing the take-up of the rural roll-out. The last published figure was 14% but the chief executive officer of Eir said a couple of months ago that it has since doubled. I understand it is entirely on track with what Eir expected so there are no grounds for believing there is a different attitude to take-up in rural, rather than urban, areas.

The €30 price is set by ComReg. That could change.

Deputy Éamon Ó Cuív: May I ask a supplementary question on that?

Chairman: The Deputy can ask briefly. The Minister has been here for a number of hours now.

Deputy Éamon Ó Cuív: I appreciate that, but we are getting now to the questions the people are asking, not the experts. Is that €30 the equivalent to what fibre to the home, FTTH, costs in a town or city?

Deputy Richard Bruton: Exactly. It is the city price being applied.

Deputy Éamon Ó Cuív: This will be universal pricing.

Deputy Richard Bruton: Yes.

Deputy Éamon Ó Cuív: That is absolutely key and important.

Deputy Richard Bruton: I will not comment on how one gets from Inis Oírr to Inis Meáin with a peer in only one location.

Chairman: A good rope ladder.

Deputy Richard Bruton: Submissions to Government memorandums are not normally published but those to the Department of Public Expenditure and Reform were published because they were submissions of a different order. They were not only submissions to a Government memorandum but they had been made in the course of all of this process. They were in a different category and that is why they were published.

Deputy Éamon Ó Cuív: I want to be fair and straight down the line about this for the good of the people. There is a narrative in the media that gives the impression that the weight of advice given to Cabinet was opposed to this plan. Is there any way that consideration should be given, in some form or another, to making the views of the different Departments available to the public so we get the full view of what was fed into Cabinet?

Deputy Richard Bruton: That is above my pay grade. I will have to check that out for the Deputy.

Deputy Éamon Ó Cuív: The Minister will have to ask his boss.

Deputy Richard Bruton: Exactly. I agree with the Deputy's analysis that the carbon footprint will be impacted. Many progressive companies engage in significant remote working and they only do that if there is a secure fibre link. They will not do it on a wireless-based link.

The Deputy is correct that if this was given to a commercial State company, there would have to be a new procurement process. One could set up a State company from scratch which would tender to get the fibre but state aid cannot be given to an existing economic undertaking without a procurement process.

Deputy Éamon Ó Cuív: I want to get this right. A State company could be set up and it could roll out fibre if it had the know-how. That company would own the fibre but not the poles.

Deputy Richard Bruton: The company would have to rent the poles or build its own. Within two years, the contractor would be active in every single county.

I understand the grid is separated into 110 zones of 5,000 each. I presume there is a certain logic based on the nodes, as the Deputy described. The MANs and Eir exchanges will be the base from which they will start. They will seek to deliver on a least cost basis but it is certainly the intention that this will be done in a fair way. The company must hit its targets and it will making its plans clear at an early date.

Deputy Éamon Ó Cuív: It would be helpful for the committee if the company was to make known its plans for the roll-out. The media debate is about the financial elements of the plan. The people's debate, at least among those in the 500,000 premises, is quite simple. All they are asking is when it will happen.

Chairman: On that note from Deputy Ó Cuív, I thank the Minister and Minister of State, Deputies Bruton and Canney, and all of their officials for coming before the committee this afternoon and providing comprehensive responses to all questions from the Deputies. We look forward to engaging with them again over the coming months.

The joint committee adjourned at 5.55 p.m. until 9.30 am on Thursday, 16 May 2019.