

# DÁIL ÉIREANN

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## AN COMHCHOISTE UM IOMPAR, TURASÓIREACHT AGUS SPÓRT

## JOINT COMMITTEE ON TRANSPORT, TOURISM AND SPORT

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*Dé Céadaoin, 31 Bealtaine 2017*

*Wednesday, 31 May 2017*

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Tháinig an Comhchoiste le chéile ag 9 a.m.

The Joint Committee met at 9 a.m.

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Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Mick Barry,	Frank Feighan,
Peter Fitzpatrick,	Ned O'Sullivan,
Imelda Munster,	Pádraig Ó Céidigh.
Robert Troy.	

I láthair / In attendance: Senator Kieran O'Donnell.

Teachta / Deputy Brendan Griffin sa Chathaoir / in the Chair.

## **Business of Joint Committee**

**Chairman:** Apologies have been received from Deputies Kevin O’Keeffe and Catherine Murphy, who is at a meeting of the Committee of Public Accounts, and from Senator John O’Mahony. I propose that we go into private session to deal with some housekeeping matters. Is that agreed? Agreed.

*The joint committee went into private session at 9.08 a.m. and resumed in public session at 10 a.m.*

## **Implications of Brexit for Transport, Tourism and Sport: Discussion**

**Chairman:** We will open this morning’s meeting with the Minister for Transport, Tourism and Sport, Deputy Shane Ross, and the Minister of State at the Department of Transport, Tourism and Sport, Deputy Patrick O’Donovan. The first item on the agenda is the implications of Brexit for the transport, tourism and sport areas. The second item, the code of practice for the governance of State boards, in particular the contracts of tenure for chief executives of those bodies, has been deferred to a later date. The third item has also been deferred until after the EU Transport Council meeting of 8 June, while the fourth item to be dealt with is the current situation at Bus Éireann following the results of the ballot recently announced by the unions.

**Deputy Robert Troy:** Before we start I would like to clarify whether the Minister of State, Deputy O’Donovan, alone will give a presentation on Brexit from the perspectives of tourism and sport? Will the Minister, Deputy Ross, give a presentation on the impact of Brexit on transport?

**Minister for Transport, Tourism and Sport (Deputy Shane Ross):** Yes.

**Deputy Robert Troy:** I did not receive his opening statement. We received the Minister of State, Deputy O’Donovan’s opening statement late yesterday evening.

**Deputy Shane Ross:** I will arrange for copies to be delivered to the committee immediately. I do not know why that did not happen but I suspect I did not formally clear it last night.

**Chairman:** We could begin with the tourism and sport presentation and in the meantime the officials could circulate the transport presentation and we can hear the Minister then. Is that agreed? Agreed. Members should confine themselves to each of those modules.

**Deputy Robert Troy:** There is a crossover between transport and tourism.

**Chairman:** I welcome the Minister for Transport, Tourism and Sport, Deputy Ross, and the Minister of State at the Department of Transport, Tourism and Sport, Deputy O’Donovan, and their officials to the meeting and thank them for coming before the committee.

I draw the attention of witnesses to the fact that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. However, if they are directed by the committee to cease giving evidence on a particular matter and they continue to so do, they are entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and they are asked to respect the parliamen-

tary practice to the effect that, where possible, they should not criticise or make charges against any person, persons or entity by name or in such a way as to make him, her or it identifiable.

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.

I invite the Minister of State to make his opening statement.

**Minister of State at the Department of Transport, Tourism and Sport (Deputy Patrick O'Donovan):** I am glad to be able to address the committee today on the impact of Brexit on tourism and sport.

The feedback from tourism industry participants at several sectoral dialogues in January reaffirmed the Government's analysis of the implications of Brexit. The Minister and I attended those dialogues. As a Government and Department, we are committed to an ongoing dialogue with the tourism and hospitality industry as the Brexit negotiations proceed. The tourism leadership group will meet again in the coming weeks, on 6 July. That group represents the Department of Transport, Tourism and Sport, the agencies, Fáilte Ireland and Tourism Ireland, and representatives of the industry. Brexit has featured and will feature prominently in the discussions.

For tourism, the priority issues for the Government are preserving the common travel area, avoiding a hard border on the island, minimising the impact of Brexit on the tourism industry, and maintaining a liberalised aviation regime to protect and promote access, something we have all become accustomed to with the common aviation policies across the EU. The decline in visitor numbers from Britain is of concern and reflects feedback we have been getting from our Irish industry partners with some softening in bookings from Britain. Following what was a record year for overseas visitors to the island of Ireland and to this jurisdiction in particular in 2016, recent figures published by the Central Statistics Office, CSO, showed that overseas visitors from February to April 2017 were slightly up on 2016. While there was strong growth from the North American market, up by 25.7%, visitors from Britain were down 10.7% year on year.

The sterling depreciation following the Brexit referendum has made Ireland, and every other eurozone country, more expensive for British travellers than was the case previously. Furthermore, research has indicated that British consumers are likely to scale back on overseas holiday activity this year. Much of our research is based on work that Tourism Ireland is doing in the market. The tourism action plan is committed to seeking to restore the tourism marketing fund to pre-recession levels on a phased basis. Budget 2017 increased funding for the tourism marketing fund and the Minister and I will be seeking further additional funding for next year in order to mitigate any negative effects of Brexit on tourism particularly in the British market.

Maintaining the overall competitiveness in our tourism industry is also vital at this time. While the industry acknowledges its primary responsibility in this regard, I will be endeavouring to assist by seeking to maintain the lower value added tax, VAT, rate for the tourism industry and to keep the air travel tax at zero. It would be helpful if the committee would add its support to this endeavour. Tourism Ireland will continue to focus on protecting our market share in Britain, while at the same time seeking to increase diversification into other markets, particularly those that deliver higher tourism revenue. We are focusing particularly not only on North America but also northern Europe. Fáilte Ireland is working on a number of fronts to assist the diversification and development of our tourism industry and the attractiveness of our tourism product offering through current and capital expenditure. Work is ongoing to develop

the main experience brands, including the Wild Atlantic Way and Ireland's Ancient East, and to enhance visitor experiences aimed at boosting our appeal to key target markets and priority consumer segments. Some Deputies have mentioned other areas of the country in the Dáil and in this committee. Fáilte Ireland hopes to produce a report on that soon, particularly in respect of the lakelands which have been mentioned at this committee. Fáilte Ireland offers a suite of supports to enhance the competitiveness, enterprise capability and sustainability of the tourism sector. It is creating a new Brexit response programme that will focus on delivering a capability building programme for the industry.

The response to Brexit must come from the whole tourism sector, and not just from central Government and the agencies. It must include local authorities. I was delighted recently to launch each of the local authority tourism strategies at a tourism conference which the Department facilitated in Enniscorthy, County Wexford. In the overall picture, there is good performance in numbers of visitors from other markets, particularly North America. There is still strong sentiment in the industry as per Fáilte Ireland's tourism barometer published on 25 May, notwithstanding the fall-off from Great Britain and to a lesser degree from Northern Ireland. We have to be cautious about the road ahead for the tourism industry given the risks arising from Brexit. Challenging negotiations will be monitored closely by the Department and the tourism agencies.

Turning briefly to sport, the impact of Brexit is still subject to considerable uncertainty. Anything that would impair or impede the free movement of athletes, sports people, their sports equipment, or indeed their animals, in the case of equestrian events, for example, has a potential to present logistical difficulties that do not currently exist. Sport Ireland is engaging particularly with this issue.

We are very conscious of the importance of cross-Border co-operation with Northern Ireland in the area of sport. Some 45 of our national sports governing bodies operate on an all-island basis, which represents about 70% of the total number of such bodies. Officials from the Department of Transport, Tourism and Sport meet on a regular basis with their counterparts in Northern Ireland. There is ongoing discussion between my Department and Sport Ireland to this end also. There is extensive and effective dialogue on topics of mutual interest relating to sport, and this engagement will continue. It is best represented by the bid for the Rugby World Cup 2023, and by the preparations for the Women's Rugby World Cup, which will take place later this year. Through our contacts with the Department for Communities in Northern Ireland and with the Department for Culture, Media and Sport in London, we have effective mechanisms already in place to monitor the impact of Brexit on the sporting landscape in Ireland. For the benefit of the committee, I wish to note that I and my officials have met my British counterpart, Tracey Crouch, M.P. We travelled to London to meet her in the immediate aftermath of the Brexit referendum and are due to have further engagement with her Department and with stakeholders from the tourism and sport sectors in Britain in the coming weeks.

I will be happy to answer any questions.

**Chairman:** Deputy Fitzpatrick and Senator Feighan are sharing time and have 15 minutes.

**Deputy Peter Fitzpatrick:** I thank the Minister of State for his comprehensive opening comments. He stated that the tourism leadership group will meet again in the coming weeks and that Brexit will feature prominently in the discussions. Can the Minister of State inform the committee of the make-up of this group? What tourism areas will it specifically be targeting? The CSO figures released recently show that although overall visitor numbers to Ireland were

up in 2016, visits from the UK fell by 10%. Does the Minister of State believe this is due only to fear of Brexit, or are there other factors at play?

Coming from a Border county which relies heavily on tourism, I know more than most the effects that Brexit might bring. In areas of great natural beauty such as the Cooley region, including Carlingford and the Boyne Valley, tourism plays a major part in the local economy. The Minister of State mentioned that the tourism action plan is committed to seeking to restore the tourism marketing fund. Can he elaborate further on this? He also stated that Fáilte Ireland is working on a number of fronts to assist the development of our tourism industry. I ask the Minister of State to elaborate on this and share what exactly is taking place on the ground. He also stated that Fáilte Ireland is creating a new Brexit response programme which will focus on delivering a capability building programme. What stage is this at? I am amazed that such programmes are only being created at this stage. Surely this should have been done within weeks of the Brexit vote. Plans should be up and running by now.

The Minister of State remarked that 45 of our national sports governing bodies operate on an all-island basis, which is about 70% of the total number of such bodies. I have grave concerns for these bodies as Brexit gets nearer. What does the Minister of State consider to be a viable solution for maintaining their all-island scope? Could he elaborate on the details of his regular meetings with counterparts in Northern Ireland? What tangible action will result from these meetings?

The Minister of State said that he has an effective mechanism in place to monitor the impact of Brexit on the sporting landscape in Ireland. I put it to him that we need to be doing more than just monitoring the situation. We need concrete plans in place to deal with Brexit and its impact on the sporting landscape in Ireland.

**Chairman:** There was a touch of Larry Gogan about that contribution. I invite the Minister of State to respond. I am also conscious that Senator Feighan is sharing this time slot.

**Senator Frank Feighan:** I will only need two or three minutes.

**Deputy Patrick O'Donovan:** I can answer all the questions at the end of the time slot.

**Senator Frank Feighan:** No, I will wait.

**Deputy Patrick O'Donovan:** I will start at the end of Deputy Fitzpatrick's questions and work backwards. In respect of our interactions with Northern Ireland, unfortunately there is not a functioning Executive there at the moment, which is causing its own difficulties. If anybody can assist in re-establishing a functioning Executive in the North, the Government would welcome that assistance. In the absence of an Executive, we continue to engage through our embassy, officials in my Department and directly at ministerial level. I have already had a meeting with my opposite number and I am due to go to London again shortly to meet the stakeholders in respect of Tourism Ireland. We have already met the Secretary of State with responsibility for culture and media. We are keeping the option open to have further dialogue. We have been very conscious of the need to make the British authorities acutely aware of the impact of Brexit on tourism and sports.

In respect of sport, the Deputy is right. We are very anxious to ensure that disruption is minimised. Sport is a unifying force. We want to maintain the ease of transition across the Border. From an athlete's point of view, this would include the movement of sports equipment, animals and people themselves. Under the direction of John Treacy, Sport Ireland looks after

the day-to-day operation of the national governing bodies of sport. This is obviously playing in to the narrative of how the Department of Transport, Tourism and Sport is looking at it through the Cabinet sub-committee. We also need to focus on the very positive work that is being done. When it comes to the Rugby World Cup, the Women's Rugby World Cup, the GAA or any other sporting organisation, the Irish Government does want difficulties placed in people's way. That is the basis on which we are approaching the negotiations.

On Fáilte Ireland, I would draw attention to the work it is doing in engaging with local authorities in particular. I brought legislation through this committee not that long ago in respect of the ceilings for capital expenditure. The Department and the Government are very anxious to make sure that capital investment through Fáilte Ireland is maximised in a range of areas and projects. In the Deputy's own constituency, I recently launched the redevelopment of Carlingford Castle along with the Office of Public Works. I have engaged with representatives in County Donegal in the last fortnight and am acutely aware, at both local authority and elected Member levels, of the concerns there.

I and my officials have met the new CEO of Fáilte Ireland. We are looking to introduce very basic changes to how festivals are funded, particularly in Border areas that are going to be associated with Brexit to a larger degree than the rest of the State. We have also ensured that Fáilte Ireland is aware of our concerns about capital funding. The two categories of capital grants, both the large and smaller ones, are working their way through the system. We have to be conscious of the fact that Fáilte Ireland is an accounting agency. It receives its funding from the Department and delivers the money based on a needs analysis. The Department is feeding in from an overall policy point of view, ensuring that we get the best bang for our buck across the country. I met the new Fáilte Ireland CEO on a number of occasions and have relayed concerns about capital expenditure in rural communities in particular and also in respect of the development and further expansion of the brands the Wild Atlantic Way and Ireland's Ancient East. In fairness to Fáilte Ireland, in the immediate aftermath of Brexit, a lot of announcements have been made and work has started on capital works and brand development.

The Deputy mentioned the drop off in tourism figures from Great Britain, which to a large degree reflects the fall in sterling by about 11% since the original referendum result. We cannot attribute everything to the drop in sterling, however. Some of the decline may be due to people deciding to be more patriotic and holiday at home. All of a sudden, Ireland is competing with Wales, Scotland and the Lake District to a much greater degree than before because of the value for money element. We have a job to do in terms of attracting the discerning British tourist. Fáilte Ireland has worked on categorisation with Tourism Ireland so that we know exactly where our visitors come from. We can identify the magazines and newspapers they read and radio stations they listen to and we advertise on that basis. We have additional money this year and are going to look for more as part of the Estimates process, to mitigate the drop in numbers. On 12 June, along with Tourism Ireland, I am going to meet the tour operators that bring people to the island of Ireland. We will get first-hand information from them as to what they are looking for and what they want to see happening. In an overall context, tourism numbers are up. We have a difficulty in respect of Britain. Emerging markets, however, are also very strong. Northern Europe is very strong, North America is very strong and we are seeing more air gateways coming in from the Far East.

The tourism leadership group meets on a quarterly basis and is a representative group of the entire industry. Everybody is equal, the Minister, Deputy Ross chairs and in his absence I chair the group. We try to get a feel from the industry about what are the issues of concern to them



and there are a number including Brexit and training. Local authorities, Fáilte Ireland and the State agencies are there and it is a frank, open and honest discussion. It really guides policy development and Department focus from a tourism point of view.

**Chairman:** I thank the Minister of State, Deputy O'Donovan. Are those questions answered? I invite Senator Feighan.

**Senator Frank Feighan:** How long will I have to speak?

**Chairman:** The Senator has six minutes.

**Senator Frank Feighan:** There is one aspect I want to address. The work of the Department and the Minister of State is very welcome in trying to address the issues such as Brexit. The Minister of State has more or less said that the drop-off would occur due to sterling and value for money and so on. I grew up at a time, 30 years ago, when we had huge UK business in the fishing in the lakelands of Roscommon, Leitrim and Cavan. I had a newsagents and it had a staple diet of tourism with fishermen who came from the United Kingdom. Even during the Troubles and the Border, it still made no huge impact and the tourists drank in the pubs and bought their papers and cigarettes and they were very welcome. That market has totally dried up, I believe partly because of value for money but there were also other markets opening up in Eastern Europe and various places. It is a market that we seem to have, effectively, forgotten about. Before I participated in politics I was involved in Lough Key Forest Park. We got €15 million for its development and it is one of the major tourist attractions. There is, however, a piece of infrastructure that is now missing.

The Wild Atlantic Way is terrific, as is Ireland's Ancient East. Our area does not have the infrastructure of a hotel. In any town this gives confidence and it attracts visitors and all the guest houses and restaurants work off that flagship. All of these types of hotels were built in other towns around the country - places that probably did not need them. We have a huge tourist attraction and the two hotels in the area are closed. It is the same in Castlerea and Bal-laghaderreen. Nobody in their right mind will build a hotel unless they get some intervention. I have discussed this with the Minister for Finance. If we do not get this tourism infrastructure we will not have the potential. Is the Government prepared to put in investment - I will not call it a tax incentive - for maybe one hotel? People go away for a few days to Galway, Westport or Carrick-on-Shannon, which is wonderful and is in our area, but we cannot attract those people to the towns I spoke of earlier if we do not have that infrastructure.

What is happening is even worse than just not attracting the tourist. We have communions, christenings, weddings and even funerals having to leave those towns. We speak of investment, but we now need to look at the smaller tourist towns that missed out on that huge, serious infrastructure investment. What can be done by the Government in this regard and how does the Minister of State see the future for it? We are currently proposing an initiative called the scattered hotel where, for example, if there was a reception at King House, accommodation would be available through local property owners who would have used an incentive to do up a bedroom. We do need a serious incentive also. It does not need to be a five-star hotel but there are towns that are missing out on the great work being done by the Minister of State's Department - and he should take that as a huge compliment - but we would like to be part of that work. We have King House and the tourist towns, but if we do not have the infrastructure then we are in big trouble.

**Deputy Patrick O'Donovan:** I do not disagree with anything that Senator Feighan has

said. I come from Newcastle West in County Limerick and up until recently we did not have a hotel that had any future, and still do not have a functioning hotel. One of our own who did well in Britain decided to come back and buy the old one, knocked it and it is now under reconstruction. The reason is not too dissimilar to Senator Feighan's comments about a lot of passing trade where there is potential for local use such as communions, weddings and so on. The Senator is correct to say that the development of any town in the country requires a basic piece of infrastructure such as a hotel. It is soul destroying for a town when a hotel goes. The locals see that they cannot hold a meeting, a wedding or a wake for a funeral. There is no doubt that it is very difficult.

Part of what the Senator is referring to can be achieved by some of Fáilte Ireland's initiatives. Reference was made to the Wild Atlantic Way. Fáilte Ireland is now in the process, with local authorities, of developing loops off that route, the first of which will be in the Shannon Estuary between Limerick and Clare. In parallel, one will be in the Burren to take people from the Wild Atlantic Way up in to north Clare and south Galway. Similarly the Mulroy drive, close to the Fanad Peninsula area in Donegal - I am sure the Senator knows it very well - is pretty much ready for Fáilte Ireland to brand also. In the west, especially in the counties referred to by the Senator, I believe the potential now needs to be driven through the local authorities and their strategies which, in fairness, I must compliment them on.

When I was appointed to this position I have said from the outset that there are areas in the middle of Ireland such as east Donegal, Cavan, Monaghan, Roscommon, Leitrim, Longford, Offaly, Laois, east Clare, North Tipperary, Limerick and right down into Cork that need assistance. The assistance should be driven locally by the local authorities, in conjunction with Fáilte Ireland. The blueprint for that is in place because there are strategies now in place. The local authorities know what they want to try and achieve.

From a current expenditure point of view, when it comes to festivals or upskilling people, Fáilte Ireland has been instructed by the Department that we want it to work with local authorities and to engage with them, particularly in those areas that have a deficit in respect of tourism numbers. The Senator is right when he says there are people who are driving in their droves through County Roscommon. I drove through it yesterday on my way back from Achill. There are some fabulous towns and attractions in County Roscommon, no more than there are in County Limerick. It is about how we attract people in, which is through branding, advertising and the leadership of local authorities. I thank the CEOs for that.

With regard to tax, I am not running down what the Senator is saying, but there were tax incentives for hotels before. We know some were built in areas where they should not have been built, with the associated problems. We are now at the other side of it where we do not have enough beds, especially in Dublin, but from a tax point of view we are already doing something. We reduced the VAT rate for the tourism and hospitality industry and we took a major punt on that. It was at a time when we had no money to do anything. We invested in an industry that was basically banjaxed and it wound up with 35,000 additional people working in that industry who never had the prospect of a job. We now want to spread that benefit. A lot of people criticised us at the time and said that we should not have done it. Some people still believe that we should not continue with the reduced VAT rate. There are some political parties that think we should reverse it. I do not agree with that idea. In my part of the country, in the midlands and in parts of the mid-west and north west we still do not have that robustness where we can remove that crutch. Pre-budget submissions are going to have to be made in the near future from parties and individuals around public expenditure and tax element.



The Department would be very open to any consideration, if it is properly costed. When one has a tax measure in place that is a labour activation measure and it does not receive the support that it should from across the House it makes our job in the Department very difficult if political grandees are on the sidelines looking to have it abolished. I believe it would be very helpful if we could get consensus on this tax measure in the first place. If we were to then look at opportunities, be it private investment of public-private partnerships or whatever, I am open to suggestions. Ultimately, however, tax breaks cost money. If one introduces a tax incentive, a tax reduction or a tax measure it is money that must be taken out from the central Exchequer pot because it must be paid for and we must ask what is the return on investment? We know the return on investment for the 9% VAT rate. It is a lot of people with work who did not have the work before, who have the dignity of it and are able to pay for a mortgage and rear a family. That is good value for money as far as I am concerned.

**Senator Frank Feighan:** I appreciate what the Minister of State is saying. I would say that there are 30 towns in the State - four happen to be in my county - which are in a similar situation. Take Boyle as an example. We have Boyle Abbey, the 12th century Cistercian abbey, and we have Lough Key Forest Park, which is an outstanding facility. It is one of the major tourist attractions in the country. We have the Boyle Arts Festival but we do not have a hotel. Tourists are going there but not staying because we do not have that unique piece of infrastructure. We should target those approximately 30 towns in the country. There must be some incentive because we missed the boat when every developer worth his or her salt was building houses and a hotel on the side; if it lost money, that did not matter. We do not have the infrastructure and unless we get some serious assistance or incentive, people will not invest.

**Deputy Patrick O'Donovan:** I appreciate that and I am trying to be helpful in saying what we are doing. The Minister of State with responsibility for the Office of Public Works, Deputy Canney, and I have realised this and we come from similar parts of the country. The OPW is the largest landowner in Ireland and the custodian of some of our national monuments that open on a seasonal basis rather than all through the year. These are located in the towns to which the Deputy referred, such as Boyle, Frenchpark, Newcastle West, Gort, Ballinasloe, Tuam and elsewhere. We want to broaden the base so that when somebody drives into Newcastle West or Boyle to find the national monument in the custody of the Office of Public Works is locked because it does not have the money to keep it open, there will be an opportunity for the local community to play a greater role. The OPW, with Fáilte Ireland, is looking at examples where, on a pilot basis, we could extend the period in which facilities are open. When I was on this committee with the Chairman, we raised the issue continuously. In fairness, the Minister of State, Deputy Canney, has drawn the OPW into that as he comes from a part of the country that is similar to ours, with people travelling through east Galway in their tens of thousands to get to Galway, Clifden and Connemara. He - no more than Senator Feighan and Deputies Troy, Fitzpatrick and Barry, along with me - wants to ensure that rather than having them drive through to traditional places, these people stop in our areas. It is another initiative at which we are looking. I am sure the Minister of State and his successor will have no problem coming before the committee to update it on such matters. I do not have a problem doing so either.

**Chairman:** There is a vote in the Dáil. Would Deputy Troy prefer if we suspended before he puts his questions? There are a couple of minutes left before we must leave.

**Deputy Robert Troy:** I do not mind but asking questions and waiting 15 minutes for the answers might dilute the process a little.

*Sitting suspended at 10.30 a.m. and resumed at 11.15 a.m.*

**Deputy Robert Troy:** I thank the Minister, the Minister of State and their officials for coming before the committee. They are right in that tourism is very exposed to Brexit. It is the largest indigenous industry in our country, with one in nine people employed in the sector. The number of people coming from Britain is quite important. I have great concern about the urgency and priority that the Department is affording this issue. The Ministers speak about maintaining a liberalised aviation regime. That is something I will come back to with the Minister, Deputy Ross. Of trips to the UK, 63% will not happen with an alternative mode of transport if the liberalised aviation open skies policy is not maintained. That is quite serious. There are figures for the first quarter of this year indicating an 11% reduction in the number of visitors coming from Britain. In 2016, £1.3 billion was spent in our economy, with £1 billion of this coming directly from the UK.

I will ask a number of questions about what exactly has been done. The leadership group will meet again in the coming weeks but when was that group established and what exactly is its purpose? What is the configuration of the group? The Minister is aware that the Irish Tourism Industry Confederation published a document on its concerns about tourism, highlighting what the Government has done in other areas, including with Bord Bia, which has a €150 million emergency fund and €2 million for additional funding and strategies to support the Irish food and drinks industry. There has also been a market identification programme, the doubling of one-to-one mentoring and an increase in the number of market and consumer research insight programmes and more trade events. Enterprise Ireland has €3 million in additional funding, with 39 additional staff, although I note from yesterday's paper that these are not yet nearly filled. There is an export finance initiative, increased trade missions, market diversification programmes, nine additional IDA Ireland staff and increased promotion. When we look at Tourism Ireland, we see it has no additional staff, no real increase in budgets and no enterprise or Brexit support programmes. Is the Minister of State serious about the challenges facing this crucial sector of our economy? I acknowledge good decisions were taken by the previous Government on the abolition of the travel tax and the reduction of VAT. In the Minister of State's opening remarks, he identified the retention of the 9% VAT rate as a key proposal and criticised certain parties for not supporting it. We support it, but I ask him to confirm it will be maintained in the upcoming budget. Clarification and certainty for the industry are very important.

The committee agreed to forgo the pre-legislative scrutiny on legislation to help with the World Cup bid, which is very important. It is an all-Ireland bid. Will the Minister of State indicate whether the absence of an Executive in the North is having a negative effect on it? While it is not totally related to Brexit, will the Minister of State comment on the current saga in the boxing association, given it is the number one or two story in the news agenda today?

**Deputy Patrick O'Donovan:** I thank Deputy Troy for his questions and comments and for his support for the industry. It is important to point out Tourism Ireland is a North-South body funded by the Government here and by the Northern Executive. We fund on the basis of two thirds to one third. Comparisons can be made with IDA Ireland and Enterprise Ireland but, to be honest about it, it is apples and oranges because to a large degree Tourism Ireland has an all-island remit. Certainly the absence of a functioning devolved government in Northern Ireland is concerning from a tourism point of view. As I said earlier, committee members have much more influence to bring to bear on the re-establishment of a Northern Executive, and the sooner it happens the better from our point of view and from Tourism Ireland's point of view. There is a new chairperson and we wish her well.

The Deputy is quite right the tourism marketing fund has come from a pre-recession level

of €55 million and stands at €36 million. This is not an insignificant sum of money, but we need to bear in mind the decrease from €55 million to €36 million, which represents a drop of approximately €20 million, also coincided with decreases in every element of public expenditure. We are putting in place a trajectory to bring it back to pre-recession levels. This will take time, and it is about ensuring we can get that level of support from the Department of Public Expenditure and Reform and from the whole of Government. It is important to bear in mind that in the intervening period, when the tourism marketing fund was under enormous pressure, growth in the tourism industry exceeded all expectations. There was much criticism at the time of the development and implementation of People, Place and Policy for lacking ambition. We stated we expected to have 250,000 people working in the industry by 2025 and to have in excess of 12 million visitors. We know these figures will be exceeded. What we want to do is ensure the fund is enhanced as quickly as possible. This will have to happen on an incremental basis because there are other demands in the Department and in the Government. It is not for lack of leadership from the Department, certainly at official and ministerial level. The whole of Government is acutely aware of it. The Deputy is right that the 230,000 people employed in the industry represent approximately 9.5% of total employment in the State. This figure has increased by 35,000 since we went into Government in 2011.

The tourism leadership group predates our time in the Department. It has been there since the previous Government. It was under the stewardship of the former Minister, Deputy Donohoe, and the Minister of State, Deputy Ring, and, latterly, Deputies Varadkar and Ring. As I said to Deputy Fitzpatrick, it is an advisory group to the Department on issues confronting the sector as a whole. It enables open and frank dialogue between us, the Department, the Ministers, Fáilte Ireland, Tourism Ireland and representatives of the industry. It has covered a range of issues in our time there, including hotel accommodation constraints in Dublin, and much positive work is happening. We have engaged with Fáilte Ireland and the banks to see what is the exact situation, rather than anecdotal evidence, on the provision of additional accommodation in Dublin, and progress is being made. It has also discussed the value or otherwise of some of the schemes, such as those relating to the regional access fund or training and the existing leadership, and Brexit forms part of this.

I have met the Irish Tourist Industry Confederation on a number of occasions. It would be failing in its duty if it did not raise issues of concern to the industry. The Irish Hotels Federation, the Restaurants Association of Ireland and a number of other organisations, including those representing tour operators and coach operators, have also raised issues. I have met pretty much all the stakeholders at this stage, individually and collectively, and I meet them regularly through the tourism leadership group and at unofficial and official organised events. They know I have an open door policy and there is no issue about communication.

With regard to market intensification, the Deputy needs to take the whole picture and look at the phenomenal work Tourism Ireland does every year for St. Patrick's Day in terms of Government representatives and the diplomatic corps elsewhere. If we look at the type of marketability done there, the greening has been a phenomenal success. It gets huge traction in emerging markets. I saw it in Australia and New Zealand. We had 200,000 visitors last year from Australia and we want to increase this. It is an emerging market. Qatar Airways will open into Dublin shortly. Etihad Airways is running double daily flights. Emirates is also looking at expanding its presence in Dublin airport with A380s. Many very positive things are happening in these markets.

In northern Europe, Tourism Ireland has a very heavy presence in France, the Benelux

countries and Germany. These were referred to earlier as traditional markets. We cannot drag people here from the United Kingdom. We cannot tell people they must holiday in a particular place. We can advertise and market and we do this under a number of headings. We know one of our greatest attributes is the culturally curious person who is looking at a whole package such as the sights of Ireland's Ancient East. We also have city breakers, those coming for short breaks to cities such as Galway or Dublin. We know their spending model and we can identify it. Fáilte Ireland has done work, for example, with Richard E. Grant, on penetrating the direct actual market audience in magazines, newspapers and social media platforms. Social media has proven to be massively successful with regard to "Star Wars". Skellig Michael and the Donegal coastline are among the most important attributes.

Tourism Ireland is functioning in a very strong and robust market. The British market is very competitive. I attended the world travel market and could see this very clearly. It is a showcase for the entire world looking to book seats to their destination. It is extremely competitive, particularly in Great Britain from a domestic point of view. There are offerings, such as the Scottish Highlands, the Lake District and the Welsh mountains, that people, especially those from the south east of England, now look at in the same way as heretofore they may have looked at Ireland. We cannot ignore the fact that 11% of the value of their currency has been wiped off. This reduces their spending power by 11%. If it means they can get value for money in Britain, we must make sure we demonstrate they can get as good, if not better, value for money in Ireland. In the tourism leadership group we have been very clear as Ministers that, in particular, we need to keep an eye on Dublin hotel prices, transport costs in the private sector as much as the public sector, and a range of costs, particularly regarding visitor attractions. The Irish Hotels Federation has provided us with regular information. We have been at pains to point out the responsibility there. I spoke to vintners in the Deputy's constituency recently. One of the things we are very concerned about is competitiveness. We do not want to get back to the field we were in before where Ireland had a reputation of gouging. We do not want to be in a situation where tourists coming to Ireland feel they do not get value for money. We are at pains to work with the industry. I have already been to the UK on a number of occasions. I have attended trade missions in Florida and Atlanta in the United States, and in Australia, New Zealand and Britain. I will continue doing that because, apart from anything else, the leadership the Department can provide the industry is very important. Industry roadshows happen on a continual basis. The Deputy mentioned trade missions. They are essentially the same thing. The industry goes into a particular city, sets up shop and the buyers come in. When the Minister is present, it makes a big difference. It is my role and I make no apology for it. People criticise Ministers for travelling, but it is my job.

**Chairman:** I will allow Deputy Troy to come back in for a follow-up question.

**Deputy Robert Troy:** The Minister of State has given a great overview of what the Department is doing and he has identified the challenges Brexit presents. He has not identified what his Department is doing to mitigate the challenges. We do not have an increase in the tourism budget.

**Deputy Patrick O'Donovan:** We do.

**Deputy Robert Troy:** We do not have an increase to the tourism budget in real terms.

**Deputy Patrick O'Donovan:** We do. The Deputy is wrong.

**Deputy Robert Troy:** When it is equalised between North and South, we do not have an

increase. A 1% increase is not an increase when compared with the increase in funding from which other State agencies have benefited over the past 12 months.

**Deputy Patrick O'Donovan:** May I address that?

**Deputy Robert Troy:** The Minister of State will be able to come back in.

**Deputy Patrick O'Donovan:** It is important. I cannot answer for a Minister in a Government that does not exist. I cannot answer for what happens in a Northern Executive that does not exist. I can answer for the Department of Transport, Tourism and Sport. The Deputy is wrong. There is an increase year on year in the tourism marketing fund.

**Deputy Robert Troy:** It is a minimal increase that has not been reflective of the challenges of Brexit.

**Deputy Patrick O'Donovan:** If the Deputy looks at-----

**Chairman:** There should only be one speaker at a time.

**Deputy Robert Troy:** The Minister of State has made the point that we are becoming uncompetitive as a result of sterling devaluation. I accept it is something he cannot control. People travelling to mainland Britain get the same experience in Scotland and Wales as they possibly would get here. What are we doing to attract other tourists to our island? What are we doing to market and diversify our marketing spend? We are not increasing the marketing spend. While what Bord Bia and Enterprise Ireland have done is welcome, we are not at the races. We have not established a Brexit task force. I asked about the leadership group to see if it had been established to look specifically at a Brexit task force. It has not been established. The Minister of State is right to commend the 220,000 people who work in the industry. One in nine people in the country work in the industry. They are not benefiting from access to low-cost finance the way food producers are but they need it. I encourage the Minister of State to fight in order that people in the industry have access to the same level of funding as food producers.

**Deputy Patrick O'Donovan:** The Deputy has omitted to accept that Tourism Ireland is a Good Friday Agreement body. We do not work in a vacuum. We have to be conscious that whatever the Southern Government does, it has to be reciprocated. We do not have a functioning Administration in Northern Ireland. It is a major problem. In its absence, I brought legislation through the committee to provide for how Fáilte Ireland can deliver capital works. The Deputy has not acknowledged that. He might have the opportunity to acknowledge it. Fáilte Ireland is in the game of trying to make sure our domestic business is maintained but, more importantly, that the visitor experience is being enhanced.

The Deputy asked about a commitment on the 9% VAT rate. I have said it to Deputy Fitzpatrick and I will say it again that we are not the Department of Finance. That Department has competing demands. The Minister for Finance and I believe the 9% VAT rate is necessary in terms of the continuing development of the tourism product, particularly in provincial Ireland. The Deputy knows as well as I do that there are competing demands for Exchequer funds. There is also the realisation that in Dublin in particular the industry is doing exceptionally well. We would love to have a situation where we could regionalise VAT but that cannot happen. Our commitment as a Department is to see its continuation but we are not the Department of Finance.

It is fair to point out that the €36 million from our Department, which is an increase year



on year, into a fund for Tourism Ireland is by no means insignificant. In the absence of a functioning Administration in Northern Ireland, we are engaging with the Department for Culture, Media and Sport in London which has tourism and sport under its remit. When there is a functioning Administration in Northern Ireland, I would love to see a realisation that it is in the island of Ireland's interest for the fund to be increased. We cannot work in a silo any more than Waterways Ireland can. The Deputy knows that. Tourism Ireland is covered by that. It is not in any way an insignificant amount of money.

The Deputy asked what we were doing in the emerging markets. I responded to Senator Feighan, Deputy Fitzpatrick and Deputy Troy on the presence Tourism Ireland can successfully demonstrate through the market return from the North American, northern European and emerging markets. We have a very strong presence there which I know because I have been there. The figures speak for themselves. We cannot run away from the fact the currency in the United Kingdom has devalued by 11%. We also know from other markets that it is not unique to Ireland. Other eurozone countries are also experiencing drops in markets. Destinations such as those of the new and emerging markets in North America, Australia and New Zealand also have concerns about British overseas tourists who represent a very significant portion. We will continue to do what we have done since the Brexit referendum.

It is not true we do not have a Brexit leadership group. The tourism leadership group predates my time and that of the Minister, Deputy Ross, in the Department. It captures all the issues and was set up at a time when tourism in Ireland was banjaxed and there was no investment, leadership, marketing, branding or anything when people walked off the stage.

**Chairman:** I am anxious to move on. There was a question on boxing.

**Deputy Patrick O'Donovan:** I met the IABA this morning. A number of concerns have been raised on an ongoing basis with me. It is my second time meeting the IABA in the aftermath of the Rio Olympics. No one believes what happened in Rio is acceptable. We have had two meetings with the IABA at my level and a number of engagements with Sport Ireland and officials in my Department. I have huge concerns over the implementation of recommendations from the Rio Olympics. The sense of urgency there is concerning. The media reports on splits in boards is concerning. Sport Ireland is constituted by the Houses of the Oireachtas through this committee to oversee the governance of all sporting organisations. We have to be fair to everyone and if everyone is working from a template for sporting governance, we expect there to be no exemptions from it. The CEO of Sport Ireland, John Treacy, has committed to discussing it at the earliest opportunity in an emergency meeting by the board of Sport Ireland. Sport Ireland will make a decision and whatever its decision is, the Minister, Deputy Ross, and I will fully support it. The current situation on the rule book, governance, accountability and who is in charge of the IABA cannot continue.

**Deputy Robert Troy:** Was there an intervention at the Minister of State's level on behalf of a constituent?

**Deputy Patrick O'Donovan:** I want to be very clear. An allegation was made about me this morning on "Morning Ireland". I met the IABA previously to discuss governance. An issue was referred to me by a constituent. A matter was referred to me by a boxing club in my constituency about the selection of a person to box for Ireland. I referred the matter to John Treacy, who is the CEO of Sport Ireland, as it was the appropriate thing to do. I made no contact with the IABA. I referred it to Sport Ireland as a constituency Deputy, which was my only involvement in this. It is up to Sport Ireland to oversee governance issues. We have been very

clear as a Department and Government. There must be very clear selection criteria. The high performance coach is being funded by the taxpayer to the tune of €95,000 a year. He has to have the same level of independence as high-performance coaches in other sports. Based on what I have heard this morning, that is not currently the case. Sport Ireland and the IABA need to resolve this situation. In the absence of a rule book, the IABA select who will box for Ireland but I was reflecting the concern of a constituent of mine. It is important for the record-----

**Deputy Robert Troy:** Has the Minister of State made a representation for a boxer to be selected to represent-----

**Deputy Patrick O'Donovan:** I referred an issue concerning a constituent of mine to John Treacy, the CEO of Sport Ireland.

**Deputy Robert Troy:** Mr. Treacy is the funding master for the IABA.

**Deputy Patrick O'Donovan:** That is correct. This morning was the second time I met the IABA. I expressed the same concerns in respect of governance, the Rio review, the high performance coach, expenditure, clarity and many other issues at our first meeting this morning.

**Deputy Robert Troy:** In terms of governance, does the Minister of State accept it would be wrong for him to make representations for a person to be selected to represent Ireland?

**Deputy Patrick O'Donovan:** I have asked Sport Ireland and the IABA to reflect on the recommendation made by the high performance coach, Bernard Dunne. Mr. Dunne is also the high performance director of sport in the IABA, which is funded by and answerable to Sport Ireland and, ultimately, my Department. It is up to him to manage the selection process. Limerick will play Clare next Sunday and I wish them the best of luck. It should not be the case that the Limerick manager, John Kiely, would pick a team and the Limerick County Board would then vote on who the goalkeeper should be.

**Deputy Robert Troy:** Nor should the local Deputy make representations as to who should play.

**Deputy Patrick O'Donovan:** It is not my role to select anybody. It is my role to refer on complaints that I receive, as I am sure the Deputy would do if, for example, a person complained to him about a State agency. He would not have been elected if he did not refer on such complaints.

**Deputy Imelda Munster:** Does the Minister of State intend to continue working towards the retention of the agreement that allows people travelling from Asian countries to visit Ireland and Great Britain on the same visa? Has he had discussions with his British counterparts on securing that agreement? In view of the drop in the number of British tourists to Ireland even before Brexit is fully implemented, it is important that we retain, encourage and get as many tourists from not just north Europe but Asian countries in particular. If that agreement is not secured by the Minister of State and his British counterparts, would it mean that a Chinese tourist visiting Britain may not be able to visit Ireland or may be able to visit Dublin but not Belfast or *vice versa*? Have negotiations begun on securing those agreements?

**Deputy Patrick O'Donovan:** In terms of business as well as tourism, the issue of visa entries is of concern to all members and witnesses. At the opening stages of Brexit negotiations, the Taoiseach outlined the situation regarding Ireland and what the Government wants to achieve. The British Prime Minister, Theresa May, has reciprocated in terms of the special case

and relationship that Ireland has with the United Kingdom. The issue of visa entries will form part of the overall Brexit negotiations to take place with the European Union. The common visa situation is a recent development in many cases. It was developed to ease access into Ireland. It facilitates and suits us because Ireland does not have a diplomatic presence in many Asian countries. It is a great facilitation for people to be able to transit through Heathrow or Gatwick directly on to Dublin, Shannon, Cork or elsewhere. That ease of access is important and the Government wants to try to maintain it.

The issue of travel visas falls outside the remit of the Department of Transport, Tourism and Sport. It is a matter for the Department of Foreign Affairs and Trade and for the Department of Justice and Equality in terms of the inward visit. My officials have intimated, both at the Brexit Cabinet sub-committee and in their own bilateral interactions with other Departments, that this issue is very important. Ultimately, the retention of the common travel area is critical in terms of Ireland's overall standpoint and, as Deputy Munster rightly pointed out, for the development of new and emerging markets. It will form part of discussions on Brexit. We will have to see how it will play out but the Government perspective and starting point is that the common travel area between the UK and Ireland, which predates our entry into the then EEC, should be retained.

**Deputy Imelda Munster:** I thank the Minister of State. The answer to the question is that he has not yet raised the issue.

**Deputy Patrick O'Donovan:** I raised it with my counterpart in the context of a meeting held to consider a number of tourism issues. Ultimately, the Departments of Justice and Equality and Foreign Affairs and Trade take the lead on issues involving people travelling into the country. Both Departments are acutely aware of the importance of tourism and the views of my Department and Tourism Ireland, which is very important, in the context of ease of access to Ireland for visitors.

**Deputy Imelda Munster:** Has the Minister of State sent any correspondence to the Department of Finance or any other Department regarding this specific issue that he felt was important enough to flag up at this stage?

**Deputy Patrick O'Donovan:** To what issue is the Deputy referring?

**Deputy Imelda Munster:** The issue relating to retaining the common travel area agreement.

**Deputy Patrick O'Donovan:** I have weekly meetings with the assistant secretary of my Department and quarterly meetings with principal officers who deal with tourism and sport. We continually, formally and informally-----

**Deputy Imelda Munster:** I asked about this issue specifically.

**Deputy Patrick O'Donovan:** The all-island civic dialogue in Dundalk captured all issues raised from a tourism point of view, of which common travel area was one of the most important. The issues raised informed the Cabinet sub-committee on Brexit, at which all Departments are represented.

**Deputy Imelda Munster:** Has the Minister of State raised the issue on a personal level in regard to the tourism aspect of his portfolio, whether with the Department of Finance, his British counterpart or anyone else, given the seriousness of the issue?

**Deputy Patrick O'Donovan:** The issue has been raised with our British counterpart. We are taking a whole-of-Government approach to Brexit. I do not have to send a telegram or a letter to the Minister for Finance, Deputy Noonan, or the Minister for Public Expenditure and Reform, Deputy Donohoe - a former Minister for Transport, Tourism and Sport - to make them aware of the significance of the common travel area. It was outlined by the Taoiseach during the opening stages of Brexit negotiations. Tourism was identified as a key issue in that regard. That is why a sectoral civic dialogue on tourism was held. If the Deputy is asking if I sent a letter to the Minister for Finance in respect of this issue, the answer is "No". However, he does not need to receive a letter from me in order to realise the importance of the €5 billion contribution that the tourism industry makes to the Exchequer.

**Deputy Imelda Munster:** I thought that the Minister of State might have highlighted it as a specific issue.

**Deputy Patrick O'Donovan:** It has been raised but I did not write a letter to that effect.

**Deputy Imelda Munster:** I wanted to know if there was any correspondence. Does Fáilte Ireland believe it has sufficient funding to promote tourism in Ireland? Is it satisfied that it has received sufficient funding this year in the context of the extra effort that will be required to ensure our tourism sector does not lose out? Has it indicated anything in that regard to the Minister of State?

**Deputy Patrick O'Donovan:** The straightforward answer is "Yes". Fáilte Ireland's role regards the development of capital and the domestic element of tourism. I took the National Tourism Development Authority Bill through Committee Stage.

Fáilte Ireland is as anxious as I am that the spending ceiling which had to be lifted to €150 million would not be seen as a target but would be seen as something that we would try to achieve in a very short period of time. Through its capital programme, Fáilte Ireland is very anxious to engage with the private and public sectors and with local authorities to determine the demands around the country in terms of building infrastructure and tourist attractions. The Deputy's own constituency has perfect examples of how that is being done. Fáilte Ireland's role, to be fair, has really taken off in the last number of years, particularly with the advent of the branding of the Wild Atlantic Way and Ireland's Ancient East. It has sufficient funding to continue the development of that.

I referred earlier to new loops that are being taken off the Wild Atlantic Way which are being promoted in collaboration with local authorities. They will receive financial support from Fáilte Ireland by way of signage, marketing, maps, social media advertising and so forth. Similarly, support will be provided for Ireland's Ancient East for a signage programme and for capital investment that Fáilte Ireland has identified in particular sites. Every State agency will say that it does not have enough money but Fáilte Ireland is sufficiently resourced to carry out the work it is empowered to undertake under the National Tourism Development Authority Act.

**Deputy Imelda Munster:** The Minister of State believes that Fáilte Ireland has sufficient funds but does he believe that Fáilte Ireland believes so too?

**Deputy Patrick O'Donovan:** Yes, I do. I have regular meetings with the recently appointed CEO, Mr. Paul Kelly and I have also had a number of meetings with the Chairperson, Mr. Michael Cawley. At all of those meetings I have been anxious to know how Fáilte Ireland is getting on. I have asked for an outline of the challenges and opportunities. Money is always

going to be an issue. Every State agency would be failing in its duty if it said it did not want money. No-one is going to say that. All agencies are going to want additional money but I believe that the board and CEO of Fáilte Ireland are doing a very good job with the resources that are currently available to them. I believe that the organisation is sufficiently resourced and is well capable of continuing to drive out the numbers. As we know, 2016 was a record year and 2017 looks like it will be another record.

**Deputy Imelda Munster:** What has been the overall increase in funding for tourism for this year? I ask the Minister of State to provide both the amount and the percentage increase over 2016.

**Deputy Patrick O'Donovan:** As I said to Deputy Troy, the marketing fund went from a pre-recession high of €55 million down to €36 million. I do not have the capital figures with me but I can get them for the Deputy. The overall capital ceiling has been lifted to €150 million, as per the Act. That is not a limit but is required by legislation to make sure that none of us goes mad and starts doing things that the country cannot afford. Once that level is reached, we will require further amending legislation which we can introduce. I will ask the relevant departmental officials to provide the Deputy with the most up-to-date capital and current expenditure figures for 2016 and 2017.

**Deputy Imelda Munster:** The Minister of State mentioned other areas around the country. In terms of the promotion of Ireland's Ancient East, while there are pockets of that area that have felt the benefit of the focus and investment from a tourism perspective there are certainly other parts that have not. I am referring in particular to Border counties such as County Louth, which are particularly important in the context of Brexit. The Minister of State made reference to the castle in Carlingford and its development is very welcome. However, there are other parts of County Louth that have been seriously neglected and while the OPW has been working on one or two historical buildings with a view to opening them to the public, there is a lack of funding and investment to encourage and develop tourism in pockets along the Ancient East. We are heading into June and we must invest now. What is the Minister of State's vision or plan? When will the more neglected areas get the investment, promotion and focus that they need? I am particularly concerned about the Border counties in the context of Brexit.

**Deputy Patrick O'Donovan:** It is happening already and Deputy Munster has identified one example herself. I can give another example of a new tourism initiative on the Fanad Peninsula in Donegal, another Border county, which I visited recently to see the work being done by the Commissioners of Irish Lights, Fáilte Ireland and Donegal County Council. I go back to the original point I made which is that local authorities have, for the first time, developed tourism strategies and I must pay tribute to the county manager in County Louth, in that context. Recently we launched the tourism investment strategy in Newgrange for sites in both Louth and Meath but no Members of the Oireachtas attended the launch. We announced the capital investment programme for Louth and Meath in the presence of the Meath county manager and the tourism officer for the Louth, Meath region. The Louth, Meath region has been to the fore with regard to the development of a destination plan, which is very important. The counties are collaborating well together. As I said at the outset, the CEOs of local authorities and, more importantly, local councillors cannot look at tourism as something in which they might get involved. The Local Government Act makes it clear that tourism is something they must consider in terms of spending their own resources as well as accessing resources for current expenditure on things like branding, festivals and so forth, as well as capital funding.

As I said earlier to Deputy Fitzpatrick, where Fáilte Ireland sees a commitment from local



authorities, I have encouraged it to look at those local authorities that have particular needs and deficits. One of the things that Louth and Meath do not have, for example, is an underdeveloped hotel sector. They have a very well-developed hotel sector, with some of the finest hotels in the country in those locations. I have spent time in those counties and Deputy Fitzpatrick will attest to the fact that I called on him, unsolicited, one day. In terms of both accommodation and dining opportunities, I am very familiar with the quality of the offering.

However, it will not be down to Fáilte Ireland to magic up something for an area. Local authorities, local councillors and Leader companies all have a role within the tourism strategies which have been launched and adopted. What the Department wants to see on an annual basis is a statement of delivery. Such a statement should include details of what was done in the previous year and the plans for the coming year. Fáilte Ireland and the Department will reciprocate, based on that. It is also important to point to the development of the greenway strategy. Up until the time that myself and the Minister, Deputy Shane Ross, were appointed there was no strategy for the development of greenways. Everybody and anybody was involved. The OPW, the NPWS, the county councils, the Department itself, Coillte and others had a role in the development of greenways. I met representatives of the Louth, Meath area recently and they are very anxious to develop a greenway network in that region but that can only be done on the basis of strategic investment in a planned and organised fashion. That is what we are trying to do in the Department.

**Chairman:** That concludes our discussion on tourism and sport. I thank the Minister of State for his responses. The Minister for Transport, Tourism and Sport, Deputy Ross has circulated the opening statement on transport. Can we take that as read? We are under time pressure because we must also deal with the Bus Éireann issue before 1 p.m. Is everyone agreed that we go straight to questions for the Minister on transport strategy in the context of Brexit?

**Deputy Robert Troy:** I do not want to sound unhelpful but, to be fair, we only got this opening statement an hour ago. In that hour, we have been here and in the Dáil for votes, taking phone calls and so forth. Normally, we would have the opening statement read out and I doubt that the Minister would have a problem with doing that-----

**Chairman:** It is up to committee members. All I am saying is that we have only one hour left and if we decide to let the Minister read the statement, that will take ten minutes which means that we have less time for questions. It is up to the committee-----

**Deputy Shane Ross:** I will read it as speedily as I can, if that helps.

**Chairman:** Fine. I would ask the Minister to stick to the main points, if possible.

**Deputy Shane Ross:** It is almost one year since the UK voted on Brexit. Last year the principle of the EU negotiating directly was approved at the General Affairs Council. This clears the way on the EU side for the commencement of the negotiations. The next major milestone is the forthcoming UK general election, after which I understand Mr. Barnier and his team are seeking to commence the first round of talks during the week beginning 19 June. In line with the agreed negotiation guidelines and mandate, the initial focus of the negotiations will be on the withdrawal agreement and after sufficient progress is achieved in this phase of the negotiations, it will be followed by negotiations on the future relationship.

Along with all other Departments, my Department has prepared for the commencement of the negotiations and has consulted widely in identifying the issues of importance to the trans-

port and tourism sectors. My colleague, the Minister of State, has referred to tourism. With regard to transport, there is general consensus across all operators and users that any additional barriers, be they physical, regulatory or technical, to the current access arrangements between the UK and Ireland, including North and South, will be detrimental to them and to the overall economy. The key issues for the sector are the maintenance of the common travel area; the maintenance, as far as possible, of existing common standards and regulatory regimes; the avoidance of a hard border between North and South, and the most efficient customs arrangement on the island of Ireland and between Ireland and Great Britain; the protection of the fully liberalised and deregulated aviation market; ensuring current aviation traffic rights are not adversely affected by the UK exit with respect to their various air transport markets; and equal treatment of EU and UK airlines as well as UK and EU nationals in respect of ownership and control rules.

With respect to sector-specific concerns, the UK's exit from the EU and the single aviation market means that a new EU-UK aviation agreement between the remaining 27 member states and the UK will have to be negotiated. Brexit, unless accompanied by some form of agreement replacing the impacted traffic rights and associated regulations, will affect the existing rights of Irish licensed airlines to fly between the UK and the EU, within the UK, and between the UK and a range of other countries, including the US and Morocco. Specific political consent will be required for existing traffic rights to remain available and the desired end is for a comprehensive EU-UK agreement to be reached. Uncertainty regarding traffic rights is exacerbated by ownership rules affecting Irish airlines. To retain an EU airline licence and access to the EU single aviation market, an airline must be majority owned and effectively controlled by EU nationals. It is also essential that robust transitional arrangement bridging the gap between a withdrawal agreement and a future relationship agreement are put in place to provide clarity and certainty for the sector and to ensure continuity of services.

Any negative impact on bilateral trade flows will impact on ports and shipping. The UK has signalled it does not expect to be part of the EU customs union and, therefore, any additional levies or tariffs that may be introduced may divert goods to EU markets away from the UK and may depress Ireland's overall exports. Reintroduction of border controls for freight together with additional administrative requirements would have a significant negative impact on the cost and efficiency of the transit of goods through ports and a significant impact on the capacity of ports as a result of the likely negative impact on land utilisation and other port infrastructure.

Irish haulage and passenger operators who hold a Community licence have access to the EU market, including the UK and Northern Ireland. It is unclear how Irish road transport operators will be able to access the UK and Northern Ireland post-Brexit. Issues will also arise regarding road transport regulatory requirements post-Brexit when the UK will no longer be governed by EU legislation in this area. A significant proportion of goods destined for EU markets use the UK land-bridge to access these markets. Brexit could impact on the efficiency of the land-bridge routes, particularly where there are increased border and customs procedures and delays or where the UK may subsequently apply different standards, road charging or regulatory regimes. Current alternatives to the UK land-bridge are regarded as slower and lacking capacity. My Department, in conjunction with the Irish Maritime Development Office, is planning to undertake a study shortly into the UK land-bridge to help inform our negotiating position. There is also considerable cross-Border traffic with hauliers operating on both sides of the Border. They currently may make multiple crossings in a day. Border controls could significantly disrupt these operations or render them unfeasible. Employment and cabotage will also emerge as road haulage issues. UK drivers will be considered to be non-EU and, therefore, work permits

may be required, leading to potential driver shortages.

Irish bus and coach operators travelling to the UK or transiting through the UK to access continental Europe could be faced with increases in costs and restrictions on carrying out public transport cabotage operations in the UK. Picking up and setting down passengers as part of a cross-Border trip is particularly an issue for services to and from Northern Ireland.

As part of my Department's preparations for Brexit, there has been wide engagement with sectoral stakeholders and there are established stakeholder fora in the tourism, aviation, maritime, public transport and road haulage freight areas to consider the implications of Brexit for these sectors. Two major workshops have taken place. Along with the Minister of State, and as referred to by him, earlier this year I hosted an all-island dialogue on the impact of Brexit on the transport and logistics, and tourism and hospitality sectors and, in April, my Department hosted a workshop on the impact of Brexit on maritime transport regulation.

In addition to Irish stakeholder consultation, we are seeking to deepen and broaden our alliances with the EU institutions and individual member states and continue to work to ensure they are fully mindful of and aware of core Irish concerns on various issues in the transport sector. Such alliance building and positioning will require a concerted effort on our part seeking issue-specific coalitions often within individual sectors and policy areas. As set out in the EU guidelines for the negotiations, flexible and imaginative solutions will be required. Our absolute preference is to maintain the closest trading relationship based on a level playing field between the UK and EU, including Ireland. What happens with Brexit will influence the transport and tourism sectors for decades to come and there will be much to do over the coming period to achieve the outcomes we want.

**Deputy Peter Fitzpatrick:** I thank the Minister for his comprehensive report on Brexit. I am glad he stated it was not an Irish decision for the UK to leave the EU. It is the result of a Tory feud and it is the UK's decision to leave. I am glad the Government is committed to the Single Market, the euro and low corporation tax. The Minister said the first round of talks will take place on 19 June. What opportunities does he see with the UK leaving? Foreign direct investment in the UK amounts to approximately €35 billion a year while the equivalent investment in Ireland is approximately €5 billion. The IDA, Enterprise Ireland the Department of Jobs, Enterprise and Innovation are working hard to get as many companies from the EU as they can to set up in Ireland. What opportunities does this present?

The Minister of State mentioned the currency issue earlier. There has been an 11% reduction in the number of UK tourists visiting Ireland. The fluctuation in sterling has been a major factor.

The Minister referred to a hard border. I come from Dundalk, a Border town, and there is a great deal of concern about what will happen. The Minister said additional barriers and customs procedures may be put in place. What comfort can he give to the transport industry in the Border region?

The Government has committed €50 million to the A5 motorway project in Northern Ireland. If a hard border is put in place with customs posts, will the Government proceed with this investment? There is a great deal of discussion in the Houses about providing money for health and disabilities and so on. However, if there is a hard border, €50 million would go a long way towards addressing these problems. The Minister of State said the inactivity in the Northern Ireland Assembly is not helping the cause at the moment. What is the Minister's view on this?

A few weeks ago, Newry Chamber of Commerce and Trade visited Dundalk. We heard from them that the only people showing any concern about Northern Ireland is the Irish Government. The background is that the Assembly is not operating and an election is under way in the United Kingdom. Does the Minister have an opinion on that issue?

Much is being said about aviation, traffic rights and so on. While the Minister stated this should not affect Ireland, a high profile individual involved in airline companies in Ireland stated this will cause problems. More than 200,000 people are employed in sectors that trade with the United Kingdom. Irish airports operate flights to London, Liverpool, Manchester and other UK cities. We will negotiate our rights as part of the European Union. I would not like anything to disrupt trade between Ireland and the UK. Will the Minister provide an update on the position in Ireland regarding aviation rights?

**Deputy Shane Ross:** I will take the questions one by one. Deputy Fitzpatrick is correct that the decision on Brexit was not taken by Ireland and it is not one we would take voluntarily. The decision of the United Kingdom to leave the European Union has landed us in a fair number of negatives. There is no point in arguing that Brexit has many positives which are immediately apparent, although it is fashionable to try to find some. On the whole, particularly in the transport sector, Brexit is a negative. We are seeking to protect our interests and ensure the minimum amount of change from the status quo in the negotiations. In that sense, it is difficult to find positives.

There will be some benefits as UK companies or companies from elsewhere relocate to Ireland. This may deliver benefits for the financial services and insurance sectors as companies decide they do not want to be located in the UK. IDA Ireland and other bodies have targeted companies, including financial institutions, in an effort to have them locate here. Overseas and multinational companies may have taken a decision to locate in Ireland because they do not want to locate in the UK for obvious reasons. We have linguistic advantages as Ireland will soon be the only English speaking country in the European Union. That is a plus but when I look for pluses, I am clutching at straws to some extent.

Most of our energy post-Brexit is focused on protecting the interests that are threatened by Britain leaving the EU, many of which the Deputy eloquently identified. We are also focused on shielding the country from the unknown, which is possibly the most frightening aspect of Brexit. I refer in particular to aviation, an area the Deputy highlighted. This issue is extremely alarming and we must rapidly take measures to ensure the sector is not affected in the way that has been outlined.

In terms of offering the Deputy comfort a substantial amount of work is being done on the issue of a hard border and the dangers it presents. Alternatives are being considered and officials have been examining what has been done in other countries such as Sweden and Norway. Political decisions and technology will move together. We hope that if Britain leaves the customs union, as I assume it will, and border controls are introduced, the most modern technology will be implemented to ensure a minimum of disruption and disturbance for those crossing the Border, whether tourists, traders, freight and so on. It is intended that we have a smooth operation of the Border, particularly in County Louth, Deputy Fitzpatrick's home area, and similar areas. It is unthinkable that we would return to the days of queues at the Border because that would disrupt the frenzied cross-Border activity that takes place. I say with some confidence, although I do not wish to give a hostage to fortune, that the research being done on this issue will ensure that if border controls are introduced and customs or other delays become necessary, this will be done in the most sophisticated way possible. All the indications are that the

technology will follow the political decisions and it will be fairly sophisticated. I hope I have given the Deputy some comfort on that issue.

The Deputy asked for an update on the position regarding the airlines. The most honest update I can give is that this is the most pressing, acute and worrying problem for Ireland in view of Brexit because of the open skies agreements and the EU aviation market. If Britain were to withdraw from the European Union, it would, on the same day, leave the EU aviation market and we must be prepared for this eventuality. The imperative is to negotiate a new agreement with new rules between the 27 member states, of which Ireland is one, and the United Kingdom. It will not be a bilateral arrangement between Ireland and the UK. It would be unacceptable if that were not to happen. From my discussions with others in the aviation industry, the intention is to have transitional arrangements after the UK withdraws from the EU. I hope these will be as close as possible to the current arrangements.

**Deputy Peter Fitzpatrick:** I asked a question on the proposed upgrade of the A5 road.

**Deputy Shane Ross:** I do not see any danger to that project, which is part of the agreement with Northern Ireland. A commitment has been made to the project and I do not envisage any pulling back from it. I do not see any reason Brexit should in any way prevent or hinder the project.

**Deputy Peter Fitzpatrick:** If the authorities in Northern Ireland introduce a toll on the Northern side and charge people from the Republic to use the A5 after the Republic contributes perhaps £50 million to the project, it will cause a problem. Not a day passes that people do not come into my constituency office looking for funding for primary and national roads. If we are willing to commit a large sum to the A5 project, we should be given a guarantee that people from the Republic will not be charged to use it when they cross into Northern Ireland.

**Deputy Shane Ross:** I do not know of a proposal to toll the road.

**Deputy Peter Fitzpatrick:** No one knows if it will be tolled.

**Deputy Shane Ross:** I understood the Deputy was suggesting it would be tolled.

**Deputy Peter Fitzpatrick:** No, I am referring to the possibility of a toll being introduced on the Northern Ireland side. If Irish taxpayers contribute £50 million towards a motorway project in the North, we should be given a commitment by the Northern Ireland or UK authorities that road users from the South will not face a toll. Many people cross the Border every day and nobody knows if a toll will be charged. These questions need to be answered before the project proceeds.

**Deputy Shane Ross:** The Deputy makes a fair point. While I have never heard a proposal for a toll, if any such proposals are made to me-----

**Deputy Peter Fitzpatrick:** The possibility of imposing a charge on people crossing the Border into the North on the A5 has been raised. Taxpayers who contribute towards the cost of the A5 project should not be charged.

**Deputy Shane Ross:** While I take the Deputy's point, I am not aware of any such proposal. I have never heard any suggestion of a toll or a charge of that sort being imposed and I have no plans to introduce one.

**Deputy Robert Troy:** While the Minister is correct that Brexit was not a decision taken



by Ireland, the result of this decision has many serious consequences for the people of Ireland. The Minister referred to the urgency of the matter and the need for a rapid response. Is it appropriate that he has not met any of his ministerial counterparts in other member states to discuss how they could work together collectively to mitigate against the effects and challenges Brexit presents for Ireland?

**Deputy Shane Ross:** The sense of urgency to which I referred has been met by a sense of urgency across the board. It is unfair to suggest that is not the case. A huge amount of the resources of Government-----

**Deputy Robert Troy:** Will the Minister outline the meetings he has had with his counterparts?

**Deputy Shane Ross:** I will come to that. It is appropriate first that I address this issue. A huge amount of the resources of Government and the Civil Service have been adjusted and refocused on Brexit. The workings and debates have been refocused on that issue. I have been involved in a huge amount of activity to do with Brexit.

The Deputy said that I have not met any of my ministerial colleagues.

**Deputy Robert Troy:** Up to a week ago, as per a response to a parliamentary question, the Minister had not done so. I understand that since that reply issued, he was in the UK where he met his counterpart, who may not hold that position in a number of weeks depending on the outcome of the general election.

**Deputy Shane Ross:** The Deputy is correct. I met Mr. Chris Grayling, the Minister for Transport in the UK. I also met the Swedish Transport Minister. I have been in touch with and have met Mr. Chris Hazzard from Northern Ireland. I have had some very productive meetings with all of those people. They were meetings of some importance. I do not propose to go chasing around all 27 member states meeting Transport Ministers. That would be not be a good use of time. It was useful to meet Mr. Grayling and the Swedish Transport Minister.

**Deputy Robert Troy:** When did the Minister meet the UK Minister?

**Deputy Shane Ross:** I will answer that question in a moment. It was useful to meet them all. In terms of what was discussed----

**Deputy Robert Troy:** I am sorry but I have only 15 minutes in which to ask questions. I specifically asked the Minister to indicate when he met the UK Minister. Was the response to the parliamentary question a week ago to the effect that, up to that point, he had not met any of his EU counterparts inaccurate or false?

**Deputy Shane Ross:** It was correct.

**Deputy Robert Troy:** So, it is only in the past week that the Minister met the UK Minister?

**Deputy Shane Ross:** The position, as set out in the reply to the parliamentary question, was the case at that time.

**Deputy Robert Troy:** The Minister met his UK counterpart last week.

**Deputy Shane Ross:** Since then, I have met the UK and Swedish Ministers for Transport.

**Deputy Robert Troy:** So, the urgency of one year-----

**Chairman:** Deputy Troy, allow the Minister to respond.

**Deputy Shane Ross:** I pay tribute to Deputy Troy because much of my engagement arose out of him asking these questions. I previously thought that type of engagement was a bad use of my time, but I was wrong. It was useful for me to engage and to be able to report to the committee on my discussions with Mr. Grayling and the Swedish Transport Minister.

**Deputy Robert Troy:** I thank the Minister for the compliment.

**Deputy Shane Ross:** I do not propose to travel around Europe meeting all 27 of my counterparts.

**Deputy Robert Troy:** One year on, that is the level of urgency required.

The Minister rightly said that the aviation sector is critical. There are 110,000 aircraft movements per annum between Ireland and the UK. Some 39% of flights from Ireland are to the UK and 50% of UK flights are to EU countries. On the retention of the open skies policy, what key stakeholders has the Minister met in that regard? Has he met Mr. Michael O’Leary of Ryanair, Mr. Stephen Kavanagh of Aer Lingus, the chief executive of the DAA or Mr. Pat Byrne, specifically on the challenges facing the aviation sector as a result of Brexit?

**Deputy Shane Ross:** It is important that I meet the key stakeholders and hear what they have to say, although one does not have to have a meeting with Michael O’Leary to hear what he has to say. He has publicly stated his views on Brexit on many occasions. I have met Mr. Stephen Kavanagh of Aer Lingus formally. I also met him informally on various occasions.

**Deputy Robert Troy:** On the impact of Brexit.

**Deputy Shane Ross:** We discussed Brexit. I met the chief executive of the DAA formally and I have met him informally on other occasions.

**Deputy Robert Troy:** In regard to Brexit.

**Deputy Shane Ross:** We discussed Brexit.

**Deputy Robert Troy:** I would be surprised if the Minister had not met some of these people in the course of the past 12 months. What I am asking is if he has met them to discuss the open skies policy and what the Government can do to assist this sector, in which 40,000 people are employed. Has the Minister done that? I would like a “Yes” or “No” answer.

**Deputy Shane Ross:** The answer is that I have met all of the people the Deputy mentioned. Brexit has been on the agenda on all those occasions. I do not recall meeting Mr. Pat Byrne formally. I do not wish to mislead the Deputy. I certainly met Michael O’Leary formally at his office and we discussed Brexit. I have met the head of the DAA formally and we discussed, among other things, Brexit. I have met Mr. Stephen Kavanagh formally. Brexit was on the agenda at that meeting. It would be crazy to meet those people and not discuss Brexit as a matter of priority. I have met all of those people formally, with the exception of Mr. Pat Byrne. I have met the latter informally on various occasions.

**Deputy Robert Troy:** The Irish Exporters Association made a submission to the Committee on Budgetary Oversight on the impact of Brexit on its members. The Minister will be aware that the total value of exports last year to this economy was €117 billion. The association has raised concerns regarding the threat posed by Brexit on our regional airports, including, for

example, Ireland West Airport Knock, where flights from the UK currently account for 80% of air passenger traffic. Has the Minister met the regional airport stakeholders? The association also highlighted the need for the Department to seek a full derogation from the EU of state-aid supports to regional airports handling under 1 million passengers. I understand that the announcement made a number of weeks ago restricts that state-aid rule to airports with fewer than 200,000 passengers. Will the Minister consider that proposal?

The Minister referred to the Department's plans to shortly undertake a study of the UK land bridge but the consequences in this regard have been known for 12 months. Does the Minister realise that two thirds of Irish exports to mainland Europe travel via the land bridge? What plans are there to mitigate the impact of a hard Brexit and a British Government decision to impose tolls on their roads and thereby placing many obstacles in the way of the haulage industry? Based on what the Minister has had to say thus far, there are no such plans in place.

**Deputy Shane Ross:** The Deputy, in answering his last question, is incorrect.

**Chairman:** There are only a couple of minutes remaining in this slot. We have to vacate this room at 1.15 p.m. and, as Deputy Munster has yet to put her questions and we also need to discuss the Bus Éireann issue, I must ask the Minister to be brief.

**Deputy Shane Ross:** On the regional airports, I have met the stakeholders of Waterford Airport on two or three occasions. The Government is committed to the regional airports which, if they are within the restrictions imposed by EU rules, will continue to get funding. However, if they are in the breach of the rules, they will not get funding. I visited Farranfore Airport in Kerry. I have not been to Ireland West Airport Knock yet but I intend to go there fairly soon. The Department met representatives of the Irish Exporters Association quite recently.

**Deputy Robert Troy:** Has the Minister met them?

**Deputy Shane Ross:** No, I have not.

On the UK landbridge issue, the Deputy is right to point out that it is extremely serious. The important aspect is that it is being done in a thorough and very formal way. That is in recognition of our need to have a fully researched piece of work on what exactly the effect would be and to have it completed in time before the negotiations start. Such research cannot be carried out in a matter of weeks.

**Deputy Robert Troy:** The study is only being commenced.

**Deputy Shane Ross:** We have to get the full information before we make any decision because the issue is so important. From previous meetings the Secretary General and members of staff and officials have had with the United Kingdom, from as early as January, we have certainly had a very detailed discussion about the land bridge issue and got a great deal of comfort from the United Kingdom that it has no wish to obstruct that very important means of transport in moving freight around. We realise how important the issue is, but I assure members that the research will be carried out and a formal report will be available in very good time in order that the negotiations will be fully informed of the consequences of any obstruction or changes in the use of the landbridge. That is vital, but it requires an enormous amount of research because of the level of traffic from here to Holyhead and on to Dover and Calais and back from across the Continent. It is a very important vein. It would not be responsible to address the issue without also looking at the alternatives. That is what is being done and it will be done extremely thoroughly. I am sure the Deputy will be the first to receive a copy of the report when it is available.

**Chairman:** I ask Deputy Robert Troy to conclude as we are under time pressure.

**Deputy Robert Troy:** I will conclude with two brief points.

On an alternative to the landbridge route, the Minister's officials received assurances. Did he receive the same assurances when he met his counterpart last week? Has he engaged with the European Commission on the possibility of our qualifying for Trans-European Transport Network, TEN-T, funding to upgrade ports, including Rosslare and Waterford? Has he engaged with the shipping companies on the possibility of increasing their connectivity to continental Europe?

We have raised on a number of occasions at this committee the issue of the 42 tonne derogation. The Government's failure to sign the derogation this year has put haulage companies at a disadvantage with some of their counterparts in the United Kingdom and on mainland Europe. The United Kingdom is considering a 46 tonne derogation, with a six axle base, which would put Irish haulage companies at even more of a disadvantage. In the light of Brexit, is that something the Minister would be willing to review?

**Deputy Shane Ross:** On the issue of TEN-T funding, a submission will be made to Commissioner Bulc who I hope to meet next week at the Transport Council. It will be part of a submission I will make. I gather overtures have already been made on the issue.

On the matter related to the haulage industry, I do not know the answer to the Deputy's question. I will examine it and come back to him on it.

**Deputy Imelda Munster:** Many of the questions I had intended to ask have been covered. I was going to ask the Minister if he had planned to deal with a scenario where Britain would no longer be part of the Open Skies agreement. I listened to his response in which he said there should be an agreement between Ireland and the other member states, but is that as far as it has got, as it would have serious implications for us. Has nothing definitive yet been worked out? To whom did the Minister, his Department or the Government speak about the matter?

I note that the ports issue has been covered, but what plan does the Minister have for ports, given that the landbridge route is through Britain? If the worst comes to the worst, capacity-wise, will ports be capable of dealing with it and does the Minister have plans to upgrade them? Has the issue been put on the agenda?

I dearly hope there will not be a return to a position where I will see a customs post in my constituency. What the Minister said was curious because the issue was not included in his written correspondence. He made reference to a reassurance that if there were customs posts, they would involve the use of the highest technology and that delays would be minimised. Who was it who said that? Was the Government or the Department prepared to accept something like that, given the magnitude of what is at stake, that if customs posts were reinstated, we would need not to worry as they would involve the use of the highest technology and that delays would be minimised? I am very interested in hearing the Minister expand on that issue.

**Deputy Shane Ross:** The Deputy wants to know how far the discussion on the Open Skies agreement has got. That answer is, as far as I understand it, that the United Kingdom will start the withdrawal talks very soon after the general election. They will proceed in a certain way and no talks on other matters, including the Open Skies agreement, should start before March 2019. That would be a very long period in which to have no talks on the Open Skies agreement because the United Kingdom will come out of the agreement - the EU Aviation Single Market

- automatically when it leaves the European Union. There is, however, a provision for a framework to be put in place because of the urgency of what the Deputy is talking about in order that arrangements will be made for a transitional arrangement to the Open Skies agreement. There are talks under way. When I spoke to Chris Grayling last week, aviation was top of the agenda because the matter was so urgent. Our objective is to ensure there will be as little change as possible in the context of the Open Skies agreement and that we will have an input into the talks early on - it must be remembered that Ireland is one of 27 member states and that we are not on the United Kingdom's side - in order that a transitional arrangement will be in place on the departure of the United Kingdom from the European Union. That is where we are and that is the intention of everybody involved. Is that okay?

**Deputy Imelda Munster:** Yes. I also asked about customs posts. Where did the conversation take place?

**Deputy Shane Ross:** About customs posts.

**Deputy Imelda Munster:** Yes.

**Deputy Shane Ross:** It has come from the talks with the officials and with the committee last week. The chairman of the Revenue Commissioners said and made it clear at the committee last week that they would be seeking electronic solutions. That is credible and the optimal solution if there are to be customs arrangements in order that the process will be as seamless as possible.

**Deputy Imelda Munster:** That is what was being suggested, that there would be electronic solutions. Was that the crux of the battle? Was no other strenuous effort made to stress that it would be unacceptable to revert to customs posts?

**Deputy Shane Ross:** Symbolically?

**Deputy Imelda Munster:** To say that we would be happy enough if we have the latest technology to minimise delays rather than opposing its reinstatement, is a weak stance to take. If that is the angle we are coming from then God help us.

**Deputy Shane Ross:** I do not think it is at all but if Britain leaves the customs union presumably there will be some mechanism to ensure that certain rules are kept and what we would look for is minimal disruption and disturbance. The horrific imagery of Border posts, with lorries and cars and freight queueing there, is unacceptable and we would have to introduce the most seamless way possible of doing that without disturbing either the local population, tourists or tradesmen, more than is absolutely necessary. The most constructive suggestion so far has been that it be done by sophisticated technology.

**Deputy Imelda Munster:** The most constructive suggestion would be to call for special designated status for Ireland. That would have helped solve the problem of the reinstatement of customs posts rather than accepting the response that the Minister received.

**Deputy Shane Ross:** Okay.

**Chairman:** We will pause for a moment for the officials to take their seats for the discussion on Bus Éireann.



**Chairman:** Deputy Munster wanted to clarify a matter from earlier.

**Deputy Imelda Munster:** It relates to the confirmation of the next meeting that the Minister attends relating to the governance of State bodies, that it would be on the agenda.

**Minister for Transport, Tourism and Sport. (Deputy Shane Ross):** Absolutely.

**Deputy Imelda Munster:** I wanted to confirm that for the minutes.

**Deputy Shane Ross:** Provided that the committee does not get legal advice. I will be there and I am happy to take it.

**Chairman:** I propose that we take the Minister's opening statement as read because we have to be out of this room at 1.15 p.m. and if there is a vote, it might shorten things. Each member has seven minutes for their questions including answers, so they should be as brief as possible.

**Deputy Peter Fitzpatrick:** I welcome the Minister and thank him for his opening statement. I know from his comments that he is committed to working with the Minister for Social Protection on the funding of free travel scheme. Can the Minister confirm that there will be no threat to the free travel scheme and no reductions to it and that he plans to expand the scheme to all commercial operators?

**Deputy Shane Ross:** What was the last part?

**Deputy Peter Fitzpatrick:** That the Minister is planning to expand the scheme for all commercial operators.

**Deputy Shane Ross:** On the question of there being any threat to free travel, there is none. Emphatically none. There is no threat whatever to free travel, I have no intention of altering that in any way.

**Deputy Peter Fitzpatrick:** There will be no reductions.

**Deputy Shane Ross:** No reductions.

**Deputy Peter Fitzpatrick:** Is the Minister planning on expanding the scheme to all commercial operators?

**Deputy Shane Ross:** As the Deputy will know, there has been an ongoing discussion between my Department and the Department of Social Protection on this matter. That continues but is nearing completion. A principle has been agreed that all commercial bus operators, including Expressway, should be treated the same regarding the methodology used for compensation for participating in the scheme. As I speak, the officials in the Department of Social Protection are broadening their examination to consider other aspects of the scheme's funding arrangements. I have mentioned this to the committee and members will be aware that the Minister, Deputy Varadkar, and I had previously instructed our officials to examine the funding arrangements associated with the free travel scheme. It is open to all private operators to participate in the scheme, as members will know, and I encourage them to do so.

I would emphasise that the decisions on the funding of allocations will be made as part of budget 2018. Interdepartmental meetings are ongoing on the matter and will continue. There is a meeting on this scheduled in two weeks. The committee should be aware that on PSO ser-

vices, any shortfall in free travel funding is effectively made up through PSO funding and fare revenues so while there may be a shortfall from a particular source, there is no net shortfall in current overall Exchequer funding.

**Deputy Peter Fitzpatrick:** I welcome the Minister's commitment that increases to the PSO services are being worked on by his Department. Where should these increases be focused most?

**Deputy Shane Ross:** The increases are quite satisfactory. They have gone up over recent years and will continue to do so. They should be focused most where they are most needed. I am conscious that some rural communities feel that they have been neglected or deprived in recent times. My opinion is not that important because that scheme is run by the Department of Social Protection and the NTA has an input as well. Politically, we should be conscious that there is a need for rural areas which feel that they are isolated to be serviced by the buses. It is something that we as politicians should be aware of. There are non-commercial areas and they must be looked after. New services are an obvious focus but this is mostly a matter for the NTA. However, I am conscious that there has been much discontent in rural areas where people were worried - wrongly worried - particularly during the dispute that they might become isolated but the connectivity has been assured in all those cases.

**Deputy Peter Fitzpatrick:** On the development of the national planning framework, can the Minister tell this committee what plans his Department is making regarding this framework and what he sees as the most important areas to be focused on from the perspective of transport?

**Deputy Shane Ross:** The most important thing from a transport point of view is to co-operate on housing and because the Department of Housing, Planning, Community and Local Government is leading in this area, look at where it intends to build new houses. From our position, wherever housing expands, we must look at those areas and expand in those areas. When housing density increases, it affects transport and it is very important that any new estates or developments are serviced by transport. That is the most important area. Where the houses go, we follow.

**Deputy Robert Troy:** I thank the Minister for staying on for the full meeting. I reiterate my support for the workers. They have taken some difficult decisions in the long-term interest and sustainability of Bus Éireann. Some of those decisions would not have been necessary had corrective action been taken by senior management at Bus Éireann, its board and the Department when it became patently obvious a number of years ago that serious financial issues faced the company. Are there consequences for the people who failed to take corrective action or decisions and who allowed this situation to develop over a 24-month period?

The Minister promised to establish a multi-stakeholder forum if the Labour Court recommendations were accepted. They have been accepted, so I am disappointed that the forum has not been established, given its importance. Will the Minister give a definitive timeframe for the forum's establishment? Who will its members be? Will the Minister fulfil his commitment to meet the unions before the forum is established? Will the private operators, who have a role to play, be a part of the forum?

I understand that there are two pension schemes across the CIE Group. One is performing well and the other is performing not so well. Do these schemes have outstanding liabilities and will that have long-term consequences in the form of the possible removal of funding from front-line services?

There is a commitment to privatise 10% of routes and I understand that this process has commenced. Is it the Minister's intention to restrict this level to 10%? I would not have imagined that he would need his officials to advise him as to whether it was his intention. Does he concur with one of the potential leaders of the Fine Gael Party, the Minister for Social Protection, Deputy Varadkar, who said during the course of his campaigning for that leadership that he would like to see Bus Éireann 100% privatised?

While school transport falls under the Department of Education and Skills, it is administered by Bus Éireann. The anecdotal evidence being given to my constituency office - some of my colleagues might bear this out - is of an attempt to reduce the size of buses, thereby discommoding a number of people who are using them on a discretionary basis. If the number of people who are entitled to avail of school transport based exclusively on the nearest school rule is decreased, those students who have availed of it on a discretionary basis over the years are being forgotten, and that is not fair. Will the Minister examine this matter further?

**Chairman:** There are three minutes remaining to reply and I must move on to Deputy Munster afterwards, so the Minister should answer as briefly as he can.

**Deputy Shane Ross:** I will take the questions in order. I agree that it was a painful strike for some people and that difficult decisions were made. I pay tribute to all sides on reaching an agreement, including the trade unions, employers, the WRC and the Labour Court, where significant efforts and sacrifices were made. That should be acknowledged. It was very difficult for certain people to accept it and they were faced with a difficult situation. I salute them for being able to reach an agreement.

Regarding the issue of a multi-stakeholder forum, it was only last Monday week that the result of the ballot was known. I have every intention of setting up that forum and keeping to that pledge.

**Deputy Robert Troy:** What is the timeframe?

**Deputy Shane Ross:** I will give it, but because I want to answer the questions chronologically, I will first answer the Deputy's question on the unions. Of course I will meet the unions. I received letters from three of them last week. Those have been acknowledged and I will write to them in the next day or two to invite them to meet me. That will be an open agenda. I will discuss with them what we plan to do in terms of the stakeholder meetings. I have in mind the idea - it is open to suggestion - that we should have a large meeting with all of the stakeholders. I do not know exactly when, but once we have decided on a format-----

**Chairman:** Would it involve the NTA?

**Deputy Shane Ross:** Yes. It would include the private commercial operators, trade unions and employers. We would be delighted to include members of this committee. I will not list everyone, but it would also include transport economists. We would be happy to have that. I will not delay it, but we want to set up something that is meaningful and will feed into the consultation process and review of transport policy. They must have that input, so we want them to have it. I promised that I would do it, so I will.

Regarding the pensions issue, I believe that the CIE Group is in discussions with trade unions at the WRC as we speak, but I can check for the Deputy.

I have no plans to increase the 10% level of privatisation. Doing so would be provocative

and I have no intention of being provocative despite the fact that Deputy Troy might like me to be. The 10% level is what we have decided and that is where we intend to stay.

I will examine the school transport issue.

**Deputy Robert Troy:** The Minister might revert to me on it.

**Deputy Shane Ross:** I am not familiar with the problem, but I will examine it.

**Deputy Imelda Munster:** Many of my questions have been asked. I was going to query the details of the promised review and its terms of reference. When the Minister refers to “all stakeholders”-----

**Deputy Shane Ross:** I am sorry, but the terms of reference of what?

**Deputy Imelda Munster:** Of the review that the Minister will carry out and his engagement with all stakeholders.

Regarding the review of the capital plan, the Minister spoke about providing an infrastructural roadmap for what the transport network will look like over the short and medium terms. I am seeking information on this, so perhaps the Minister could forward us the details.

Who are the stakeholders that will be involved in the upcoming review and talks? Bus Éireann obviously will be, and I presume that Iarnród Éireann and Dublin Bus will be as well, but who else among transport providers does the Minister intend to invite?

Regarding the Department of Social Protection and the free travel pass, the Minister stated that he had committed to working with the Minister for Social Protection on examining the level of funding for the scheme. However, he did not commit to increasing that funding. In three months in the run-up to the dispute, it was made clear that part of the contribution to the loss making in Bus Éireann was a lack of subvention and subsidy of the free travel pass. From my recollection, I understand the figure was 46% which was far short of what it should have been. Therefore, it played its part in contributing to the financial losses of Bus Éireann.

The Minister’s statement on the free travel pass is somewhat watery. He does not give a commitment to increasing funding for it. He said he will examine it, but surely at this stage, in particular if he is holding a review and meeting all of the stakeholders, he has something more to bring to the table than a statement that he is examining the matter. I imagine the Minister has examined it already and spoken to the Department of Finance.

The Minister knows that there needs to be a drastic increase in the PSO subvention. It was part and parcel of the talks. While I acknowledge that there was an increase this year, it is minuscule. If we are to return to the subvention levels of 2008 and protect and preserve our public transport, further increases are needed. Is there any indication of that, given that the Minister is going into the review with all of the stakeholders? Does the Minister have any good news in regard to funding levels and subventions? He knows substantial amounts of money are required.

**Chairman:** The Minister has about three minutes left to respond.

**Deputy Shane Ross:** I will answer the first question about the players in the stakeholder area. There is no intention to exclude anybody who is an interested party. I would anticipate all of the employers in the semi-State transport area, including private operators, should be there, as well as the State, politicians, all the unions, the NTA and others who are interested parties in

that area. I do not want to exclude anyone. If the Deputy wants to suggest I have left someone out, I am quite happy to consider-----

**Deputy Imelda Munster:** I was curious about whether Bus Éireann and Iarnród Éireann were involved, or whether private operators and-----

**Deputy Shane Ross:** The transport portfolio is a big beast and has to include virtually everyone. There is no agenda, if that is what the Deputy means. It is something trade unions have specifically required and it is a specific response to them. That is why it is being done. I promised this during the industrial relations dispute and I am going to keep that commitment. There is no intention whatsoever to exclude anyone.

**Deputy Imelda Munster:** I referred to the free travel pass.

**Deputy Shane Ross:** The issue there is very simple. We have agreed a principle. The payment of free travel is a matter for the Department of Social Protection. We agreed a principle that funding for all commercial operations would be the same. The effect of that is what the Deputy wants to know. It means that there will be an increase in funding for Expressway. It will now receive the same as any other commercial operation, in other words, an increased subsidy.

**Deputy Imelda Munster:** It will be brought up to the level that some private operators have been-----

**Deputy Shane Ross:** It would be exactly the same.

**Deputy Imelda Munster:** That is not addressing the issue. Even if it is brought up to that level, in the first instance there should never have been a difference between the amount given to public transport and private operators. If it had not come to the fore during committee discussions, I suspect it would never have been changed. That does not address the fact that even if the amount is increased by a minuscule 3% or 4%, it is insufficient. The Minister knows that the fact the subsidy was so low contributed to the loss making in Bus Éireann. Funding needs to increase substantially, in particular in our public transport network.

**Deputy Shane Ross:** We are going to remedy that. That is the whole point.

**Deputy Imelda Munster:** No, the Minister is just going to make things even. He will create a level playing pitch and correct a wrong that was done. He will not address the need for an increase in the subsidy for the public transport network.

**Deputy Shane Ross:** We are going to bring it up to a certain level. Expressway will get more as a result.

**Deputy Imelda Munster:** The Minister is playing with words.

**Deputy Shane Ross:** I am not.

**Deputy Imelda Munster:** Expressway will receive a little bit more because the Minister is going to level the subsidy between private operators and the public transport network, but the Minister is not increasing the subsidy. All he is doing is levelling it out.

Information came into the public domain to the effect that private operators were receiving more of a subsidy for the free travel pass than our public transport network. That is what the



Minister is addressing. He is not addressing the overall issue of the subsidy. Even if this issue is being addressed, the subsidy being granted is nowhere near what is needed for our public transport network. That has directly contributed to the loss-making situation, for which the workers have taken the rap.

**Chairman:** I must move on to Deputy Barry because time is limited.

**Deputy Shane Ross:** I will respond to Deputy Muster because it is important. She is being somewhat unfair. She may be right about what she said about things having been wrong before. I will not concede the point, but I understand what she is saying. We are remedying the situation, which should be acknowledged.

I have committed to increasing the PSO. That is an absolute commitment. The Deputy might acknowledge that this year's increase was greater than that for which her party called in its budget submission. That is pretty good.

**Deputy Mick Barry:** I was on my way to work and called into my coffee shop. The chap who owns it asked me what I was going to be doing today. I told him I was going in to Dáil Éireann to ask the Minister, Deputy Shane Ross, a few questions. He said to me: "Shane Ross? That fella used to be a communist with the *Sunday Independent*." I explained that he used to be a columnist with the *Sunday Independent*. He said: "Yes, that is what I told you. He used to be a communist with the *Sunday Independent*." I left it at that and went away thinking that if he was a communist or socialist, we would be in a better position with regard to Bus Éireann than we are at the moment.

The Minister kicked off his remarks by making a couple of brief comments about the recent dispute. I do not intend to dwell on that, but I will make a couple of brief points. I am sure the Minister is well-informed about the situation, but I will outline the position just in case. There is not a single bus driver, to my knowledge – I know a lot of them – who voted in favour of the package because they felt it was a positive option for them, their families or the future of the company. Without exception, the men and women I know who voted for it did so because they felt that a gun had been put to their heads. They felt that the threat of examinership was so serious that this time there was no alternative but to vote for the package. That was the feeling among employees.

I compliment all of them on the stand they took. The pay cuts and pension situation would have been significantly worse if they had not taken that stand. It is to their credit that they fought their corner so well. I will leave those points there. I am not sure whether when the Minister says that proposing to put more than 10% of the company's services out to tender is extremely provocative, he feels that the Minister for Social Protection's comments were extremely provocative because the Minister for Social Protection has made his position clear on that. The Minister might like to clarify that point.

On the immediate issues, in respect of funding for PSO, the Minister says we will see the colour of the money in budget 2018. We will watch that with great interest. On the question of free travel, the Minister says that this examination is ongoing but an important principle has already been agreed that all commercial operators, including Expressway, should be treated and compensated in the same manner under the scheme. I am asking the Minister to clarify that. Discrimination in favour of the private operators over and above Bus Éireann in terms of the way that scheme is administered exists. Can the Minister confirm that he is suggesting that this discrimination be ended? That would be welcome but I would like to hear that point clarified.

When we were discussing the free travel scheme during the dispute-----

**Chairman:** We must leave time for answers.

**Deputy Mick Barry:** -----the Minister gave the strong impression that his Department was very close to finalising a deal with the Department of Social Protection. The Minister never said it was within days or weeks but the strong impression was given that it would probably be within weeks. What we are being told here is that the news will be unveiled in the budget. The budget is a long way off. Can the Minister give any indication that there might be positive news relating to the free travel scheme well in advance of the budget? I would like some feedback on that.

The Minister has spoken about the forum previously and mentioned it verbally today but in the material, he speaks about talking to the unions in the next few weeks. He talks about a dialogue with stakeholders later in the year. Can the Minister confirm that what he has in mind is not a once-off dialogue but a forum which will meet on a regular basis and include the representatives of the workers who run the company and that there will be full representation for unions at that forum?

**Chairman:** There is just over a minute left for reply so if the Minister cannot answer, he might be able to furnish the committee with written responses.

**Deputy Shane Ross:** I will try to get through it as quickly as possible. For someone who said he was not going to address the subject of the dispute, Deputy Barry did pretty well. He spoke about it for four minutes. I will try to restrict myself. Along with Deputy Barry, I compliment those bus drivers and other members of staff in all stations and jobs who suffered during the strike. I compliment them on coming to a very hard decision. That should be acknowledged. They made a very difficult choice and I join with Deputy Barry in saying “well done” and thanking them for putting the Bus Éireann buses back on the road and facilitating the travelling public and taxpayer.

Deputy Barry can watch with interest the funding for PSO. It is certainly my intention that it will be raised this year and Deputy Barry can come back to me if he is still there and I am still here in December or November and tell me whether I did or did not deliver on what I said was going to happen.

In respect of free travel, we have agreed in principle that funding for all commercial operations will be the same. That is a fundamental change that is an agreement in principle. There are a few loose ends to be tied up. It might not be announced in the budget. It might be announced beforehand. I must talk to the Minister for Social Protection about when the details will be announced but they will be announced fairly soon. They will be implemented in the budget.

In respect of the dialogue with shareholders, I will meet the unions. I want to meet the unions-----

**Deputy Mick Barry:** What about the discrimination against Bus Éireann?

**Chairman:** I must wrap things up.

**Deputy Mick Barry:** There is a big private operation-----

**Deputy Shane Ross:** Can I answer this question first? It is not discrimination apparently. I

do not think it is discrimination. I think there is a different methodology, which I will probably furnish the committee with, for working out how much Bus Éireann is paid and how much the private operators are paid.

I will keep that pledge on the dialogue with stakeholders. I will meet the stakeholders in a forum and we will take it from there. Certainly there will be one meeting. I am going to meet the unions. If the unions want more meetings in the future, I would be very happy to meet them as long as there are no industrial disputes.

**Chairman:** We must wrap up for the broadcasting team. I thank the Minister and his officials for attending.

The joint committee adjourned at 1.15 p.m. until 9 a.m. Wednesday, 12 June 2017.