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**Tuesday,
13 July 2004**

DÍOSPÓIREACHTAÍ PARLAIMINTE
PARLIAMENTARY DEBATES

SEANAD ÉIREANN

TUAIRISC OIFIGIÚIL—*Neamhcheartaithe*
(OFFICIAL REPORT—*Unrevised*)

Tuesday, 13 July 2004.

[illegible]

SEANAD ÉIREANN

*Dé Máirt, 13 Iúil 2004.
Tuesday, 13 July 2004.*

Chuaigh an Cathaoirleach i gceannas ar 1.30 p.m.

*Paidir.
Prayer.*

Order of Business.

Ms O'Rourke: The Order of Business is No. 1, State Airports Bill 2004 — Second Stage to be taken at the conclusion of the Order of Business with all Senators having 15 minutes to contribute and the Minister to be called upon to reply no later than ten minutes before the conclusion of Second Stage. While we had provided that the debate would take place from 2 p.m. to 6 p.m., it is now proposed that Second Stage conclude when all those wishing to make a contribution have done so.

Mr. B. Hayes: Did the Leader specify a time limit for spokespersons?

Ms O'Rourke: All Senators are to have 15 minutes.

Mr. B. Hayes: I thank the Leader for ensuring all those wishing to contribute are allowed to do so.

I understand from one of the newspapers that a defect identified in the State Airports Bill 2004 requires amendment. Does the Leader have information from the erstwhile Minister for Transport on whether he intends to introduce the amendment in this House tomorrow or if he will wait to deal with the matter until the Bill returns to the Dáil in the autumn? What is the Government's intention in terms of resolving the defect outlined in yesterday's newspapers?

Yesterday was a relatively peaceful 12 July despite the very ugly and violent scenes in the Ardoyne in north Belfast last night. This relatively peaceful marching season should augur well in terms of the ongoing discussions between the Northern Ireland parties and both Governments. Perhaps during the summer, if some calmness and common sense are brought to bear, the final lap of progress in those discussions can be made. I offer the Government the full support of Members on this side of the House in the discussions. I understand efforts will be made throughout September and October to breathe some life into the faltering peace process. In the

event of no progress being made — it is the unfortunate scenario we must consider — what plans has the Government put in place to deal with that new situation? The British Prime Minister stated that the Assembly cannot go on indefinitely as long as the parties do not co-operate and try to make it work. Attention must be paid to this situation over the summer. Perhaps the Leader will provide time in the first week of the new session for a briefing from the Minister for Foreign Affairs or the Taoiseach on the matter. This is crucial because it is now ten years since the first ceasefire and at least five or six years since the signing of the Good Friday Agreement. All of us in this House and in other parliaments have a responsibility to ensure that the peace process is put back on track and that all the commitments entered into by all the parties and Governments are adhered to and fully implemented in the months ahead. This is the only sustainable way forward and we must send out that message of peace from the House today.

Mr. Norris: I support what Senator Brian Hayes said on the North of Ireland. What happened was lamentable when there has been a reasonably quiet period over the marching season. As someone who has been critical of Sinn Féin and the IRA, I was very impressed by the way people like Gerry Kelly dealt with the crowd and pleaded with them not to engage in aggressive behaviour. Similar activities occurred on the loyalist side. It is astonishing in a period of peace that citizens are not allowed to walk along the public highway, which is what they were doing. The pictures in the newspapers show people armed with baseball bats and we know the application to which they put these instruments against their own communities. Trees were uprooted and these people showed complete contempt for their own communities, which was lamentable. However, community leaders on both sides behaved well.

Will the Leader provide an opportunity tomorrow for statements on the Middle East? We did not anticipate meeting tomorrow and we do not need the Minister to be here. We should be allowed to make statements in the absence of a Minister. This would be useful in light of the two catastrophic reports on the intelligence services in the United States and Britain, and the disgraceful use which was made of these by the leaders of these two countries. Such a debate would also allow us to debate the judgment of the international court and the Israeli Supreme Court on the issue of the wall, which is a wall and not a security fence. It would allow us to comment on Israel's reply that it will take no notice of this judgment. This is clearly evidence of the Sharon Government aping the attitude of the Bush regime, which behaves in a completely cavalier way towards all international institutions. A debate would allow people like myself, who have identified with Israel and the suffering of the Jewish people over many years, to put on record our

[Mr. Norris.]

disassociation from the comments of Mr. Netanyahu, who attempted to use the Holocaust as a justification for the barbarous treatment of the Palestinian people. It is shameful to exploit the unparalleled suffering of the Jews of Europe to legitimise oppression of other people. It is time people like Mr. Netanyahu and the current Israeli Government were reminded that the Holocaust is not their personal possession, and they should not be allowed to abuse it. Other groups such as gay people, gypsies and the mentally handicapped were also liquidated by that regime.

Ms O'Meara: We are here to deal with just one item of legislation and it has become increasingly clear over the weekend that we are, in effect, wasting our time. It has now emerged that there are drafting and technical errors in the Bill so it is clear that even if we pass this legislation over the next two days the Dáil will have to reconsider it in the autumn.

The question once again arises: why are we here? The Leader herself pointed out publicly over the weekend that this is a rushed Bill and her description of it has proved to be true. It is also premature and there are serious difficulties with it. I put it to the Leader and the House: this exercise is nothing but a rubber stamp. We are wasting our time. It is bad for this Legislature to be forced to pass this legislation against the will of so many Senators.

There is a growing crisis in the health sector which the Government seems determined to ignore, although by so doing it is making it worse. The latest problem is the difficulties with junior hospital doctors and the failure to reach agreement on their working hours. I ask the Leader to let us know what the Government intends to do to ensure that patients' health is not put at risk and the current disastrous state of the health service is not made even worse by the Government's inaction.

Mr. Minihan: I too would like to join previous speakers, particularly Senator Norris, in seeking a debate on the Middle East. If this cannot be facilitated tomorrow perhaps it could be facilitated early in the next session. Given the lengthy debate we have had in the House on the Israeli-Palestinian conflict and the wall being built by the Israelis, the recent judgment of the International Court of Justice is to be welcomed. I hope we can have a debate in the near future to address the issues arising as a result.

I also wish to raise with the Leader the case of Gráinne Dillon, who was murdered in Limerick last year by a Portuguese national who was subsequently imprisoned. However, it now transpires that negotiations have taken place about repatriating the perpetrator to Portugal to serve his sentence. It is unacceptable that the family of Ms Dillon should learn from the media that the Minister for Justice, Equality and Law Reform has sought a transcript of the trial proceedings to help

in making a decision. I ask the Leader to raise this issue with the Minister. Victims do not cease to become victims overnight; they remain victims. If decisions are being made about the perpetrator of this crime the family should be kept informed so they do not learn of developments through the media.

Mr. Finucane: I rise to support Senator O'Meara. This Government has spoken a lot about regional development. Shannon Free Airport Development Company has acted as a catalyst for regional development over the years. This legislation provides that the entire industrial estate is to be handed over to the new airport company. Enterprise Ireland is moving to Shannon and the entire housing stock under the control of SFADCo is being handed back to Clare County Council. The Government has ended regional development in the area and this will mean the end of SFADCo, which is very sad.

Let us stop the hypocrisy of candidates saying they want regional development, decentralisation and activity in rural areas when we are actually proceeding in the other direction. This is rushed legislation. Senator O'Meara is right: if the Minister is to return to this in the autumn I cannot understand why there is such haste. I heard the Leader's interview over the weekend and I appreciate her honesty and forthrightness about this legislation.

Ms White: Yesterday I attended the launch of the annual report of the Central Bank for 2003. The Governor of the Central Bank, Mr. Hurley, said he was worried about our increasing growth. Our credit debt is 25% higher than any other country in the euro zone. In the autumn we should call in the Minister for Finance to find out what can be done about this. The governor warned that if the rate of increase of house prices — currently running at 12% to 13% — and in borrowing is maintained, there could be a collapse or a correction. This should be a priority for the Minister for Finance in the autumn. Irrespective of the increase in housing supply, growth in prices is still 12% or 13% and the tragedy is that first-time house buyers are paying the price. Senator Ross has regularly stated in his newspaper column that auctioneers' guide prices mean nothing. Many houses are sold at auction at 100% above the guide price. We should listen closely to what the Governor of the Central Bank said yesterday. I seek a serious debate on the issue to discuss what the Minister for Finance can do to stop the spiralling increase in house prices and help first-time house buyers.

Mr. Ross: How appropriate. I thought Senator White was going to address the subject of what happened yesterday, on which I would disagree with her. I am glad she raised this subject as I was going to do so. We have an opportunity to raise the issue with the Minister for Finance who comes here on various occasions. However,

would the Leader consider asking the Governor of the Central Bank to come to the House to reply to questions on the matter? The Minister for Finance is welcome and willing to come to the House, however, the Governor of the Central Bank does not get the same opportunity. We have had less distinguished people here to address us on subjects of less relevance recently——

An Cathaoirleach: That is a matter for the Committee on Procedure and Privileges.

Mr. Ross: I am aware of that.

Ms White: I invited him to attend a meeting of the Joint Committee on Finance and the Public Service.

Mr. Norris: Perhaps Senator White will invite him to come to this House.

Mr. Ross: It would be useful for this House to hear the Governor of the Central Bank issue a serious warning — I had intended raising this subject before Senator White so rightly raised it. Nobody can predict a property crash because nobody knows when one will occur, however, there is a real possibility that something nasty will happen in the area. Something nasty has already happened in that house prices, as Senator White said, have gone beyond the reach of first-time buyers and some second-time buyers. There is a case for Government intervention.

The principal problem appears to be that young people are being lent far too much money by the banks. It is not a problem currently but it will be a problem if interest rates rise. This House will then have to call in more than the Governor of the Central Bank to explain the situation. If there is a house price crash of that sort, we will have a negative equity situation and young people will not be able to repay their loans. This is the reason I feel the governor should be invited to the House.

Dr. Mansergh: As Senator Brian Hayes said, the early autumn talks will be important if there is to be an early restoration of the institutions. The common sense of purpose within this House on the subject is deeply appreciated. It is encouraging from the point of view of participants that we have on the one hand a constructive speech by Mr. Jeffrey Donaldson and on the other efforts by Mr. Gerry Kelly to restrain his side.

I must disagree with Senator Norris; it is not just a matter of walking down a public highway. If marchers go near other communities, it should be done with their agreement and consent. All experience shows that. Regarding paramilitary displays or the burning of other people's national flags, if we, for any so-called cultural purpose, burned Union Jacks, there would be much comment. These displays do not reflect any credit

Mr. Norris: It happens regularly. I remember quite clearly they were always at it.

Dr. Mansergh: I do not know what the Senator is shouting at me for.

An Cathaoirleach: Order please.

Mr. Coghlan: Will the Leader respond to the issue raised by Senators Brian Hayes and O'Meara on the State Airports Bill? It is conceded that there is a drafting error with the Bill and that it must be returned to the Lower House. Will the Leader clarify this matter? Will the Leader also clarify how the Aer Rianta debt problem and a proposed court action by one of its directors may impinge on the Bill?

An Cathaoirleach: It will be debated today.

Mr. Coghlan: I acknowledge the Leader's forthrightness in her comments on how this Bill is unnecessary, rushed, premature and not good legislation. She certainly struck a chord on this side of the House because we are all of that view——

Mr. Ross: Hear, hear.

Mr. Coghlan: ——whatever about chords struck on the other side. I am slightly confused and I ask the Leader for clarification. I appreciate and expected that was the Leader's view from answers she previously gave on the subject. However, I thought she put on the record following a meeting with the Taoiseach that she was happy the Bill had to be taken now. Will the Leader clarify in her own inimitable style that confusion?

Mr. B. Hayes: The Taoiseach makes everyone happy.

Mr. Lydon: Like Senators Norris and Brennan, I too call for a debate on the Middle East. It is an important topic that should be debated at regular intervals, particularly in light of the recent judgment by the International Court of Justice regarding the West Bank wall. There may not be enough time in tomorrow's proceedings, but I and I am sure other Senators would be more than willing to sit on Thursday morning to debate this important issue.

Mr. Quinn: Ba mhaith liom ceist a chur ar an Aire Gnóthaí Pobail, Tuaithe agus Gaeltachta maidir le deacrachtaí a luadh nuachtán inniu i gcomhthéacs doiciméidí ofigiúla a aistriú ó Bhéarla go Gaeilge. We should consider this because we have had a week of serious road deaths. The Department of Transport's road safety strategy for 2004 to 2006 has been ready for publication since February. Those Members who are enthusiasts for the Irish language and voted in favour of the Official Languages Act, which ensures all State papers are published in

[Mr. Quinn.]

both languages, are concerned at this delay. It would be a shame if the report has been delayed because of translation issues, and the Department of Community, Rural and Gaeltacht Affairs should explain whether this is part of the reason for the delay.

Mr. Hanafin: I agree with Senator Brian Hayes's comments on restraint in Northern Ireland. It is right to commend those who show restraint in the face of provocation. It is also good to remind those who actively provoke by burning flags that it is unacceptable.

I request a debate on the property market. Irish banks are securing their loan asset base abroad because they have reached the maximum for lending purposes in this State. They remain within lending constraints so long as the "hair-cut", or the percentage they can borrow on the securitisation, stands at 60%. However, we must continue to remain within constraints because a property crash would be serious for business and homeowners who could end up with negative equity.

I support the calls for decentralisation and would welcome a debate on the issue. Ireland is too centralised. In France only one quarter of civil servants work in the Paris area while two thirds of Irish civil servants are based in Dublin. The essence of decentralisation must be decision-making which should be central to the debate.

Mr. J. Phelan: I agree with Senator White's remarks about house prices and the general level of indebtedness in the economy. I also agree with Senator Ross's suggestion that the Governor of the Central Bank be invited into the House. While it is a matter for another body, it is worth considering. It is, however, ironic that the Government is bellyaching about first-time buyers when its actions and those of the previous Government have continually disimproved the first time buyers' situation in the past six or seven years.

I compliment the Leader on her comments over the weekend on the State Airports Bill.

Ms O'Rourke: I am voting for it.

Mr. J. Phelan: There is a "but" however. It is somewhat surprising that she loyally supports the Bill as a member of the Government. At a time when the public is so cynical about politics—

Ms O'Rourke: It would have been cynical not to say it.

Mr. J. Phelan: —that she would say she had serious problems with this legislation and still support it is surprising. I take exception to that.

An Cathaoirleach: We should not discuss a radio interview here. The Bill will be debated later.

Ms O'Rourke: I am devastated that the Senator took exception to it.

Mr. J. Phelan: I read in one of today's newspapers about the conditions in which the State pathologist operates. According to the article, her accommodation is a pre-fabricated building in south County Dublin. It is time that accommodation is improved for someone who holds such an onerous and important position and deals with over 230 suspicious deaths every year.

Senator Quinn is quite correct to comment on road deaths. Over the past weekend there was a significant number of deaths. Continual attempts are made to tackle road safety by high level promotional gimmicks, such as advertising on television and other media yet there seems to be very little emphasis on the standard of driving. I urge the Leader, as a former Minister for Public Enterprise, encompassing transport, to speak to her esteemed successor, with a view to overhauling the driving test, about which he has spoken on several occasions. Will she also discuss with him the possibility of updating the system whereby driving instructors are registered? There are many registered instructors but there are also many cowboys in the business who give the other instructors a bad name. It is time, in light of the increased road deaths, that we seriously consider driver education.

Mr. Bohan: Will the Leader invite the Minister for Communications, Marine and Natural Resources here to explain why the cost of electricity has increased by approximately 13%? The ESB cites oil prices as the reason for this but it pays for oil in dollars. The euro and the dollar were almost on par up to a year or so ago. The ESB has saved over 20% on the purchase of oil because it is paying in dollars. Nobody has questioned the ESB on this and now it seeks a 13% increase which affects every family in the country. Industry too will be hard hit. I do not see the reason for this increase and it would be interesting to know why the ESB has not passed on the saving it has enjoyed for some time.

Ms Tuffy: A couple of Senators have called for a debate on the Middle East. I disagree with Senator Norris that it would be useful to have the debate in the absence of the Minister for Foreign Affairs. I am as critical as anyone else of Israeli policy but I do not agree that it is wrong for Mr. Netanyahu to mention the Holocaust because it is uniquely tied to Israel's existence and need for security. We must keep that in mind while asking that the state of Israel act, and particularly that it implement its own Supreme Court decision on the wall. The focus has moved away from conflicts in other parts of the world which are equally, if not more important. One such conflict is in Sudan where wide scale ethnic cleansing is taking place and considerable numbers of young men and boys have been killed. That is one issue we should prioritise in terms of having a debate

with the Minister for Foreign Affairs early in the next term.

Mr. J. Walsh: I concur with the comments about the general peaceful way in which the marching season has begun in the North with the exception of the Ardoyne last night.

2 o'clock If the Parades Commission recommendation had been observed and taken on board by the PSNI, last night's events would not have occurred. It is regrettable that, at a time when efforts have been made to build confidence in policing in the North, the recommendation was not taken on board. I am sure the Government will take up the matter to ensure that in future there is greater adherence to the recommendations of that body.

Although I accept we will not have time before the end of this session, perhaps the Leader would provide time for a debate early in the next session to assist and commend the Minister for Finance in his efforts to reduce the ridiculously high legal fees paid to tribunal lawyers. There is a need to go further than that. People in privileged positions such as those in the legal profession are considerably overcharging for services and that should be tackled. I hope we will have the support of all sides of the House to ensure that people in such positions are taken to task and that much more reasonable and fair figures will apply in future.

It is easy for Members to make political points when commenting but there has been a need to tackle the issue of junior doctors. Their working hours were well in excess of what was prudent from a safety point of view and also contravene what is allowed by the EU directive. There is a need for all of us to be much more responsible in the way we approach these issues both inside and outside the House.

Mr. Bradford: I support the call for a further debate on decentralisation, a matter we have raised in the House on several occasions. Everybody agrees with the necessity for decentralisation and that it is socially and economically desirable but, as of now, the Government policy on decentralisation needs to be saved from Government politics on decentralisation. The plan and programme is in a mess as we saw from the figures last week. The scheme as currently envisaged will not happen. We need to debate the matter in a calm fashion, restate the benefit of decentralisation and urge the Government to think anew and get a proper scheme up and running.

Stemming from the request for debate on the Middle East, which I support, is a human rights issue, namely the situation in Tibet which has been raised on a number of occasions. As of now, we have to recognise that the Chinese authorities are making a deliberate effort to crush the people of Tibet—

Mr. Bradford: —and their religious tradition and culture. It is a gross violation of international human rights. We are very selective in the human rights causes we champion and I hope we will send a strong message of condemnation to the Chinese authorities over its efforts to wipe the Tibetan people off the map.

Mr. Norris: Hear, hear.

An Cathaoirleach: Two Senators are offering and time is nearly up so I ask them to be as brief as possible.

Mr. Mooney: I share the view of Senator Mansergh about the desecration of the national flag in the North in recent days, especially in light of the remarks I made in the House last week which would have had the agreement of all sides of the House. It shows the depth of hatred there is in one section of the community. We are used to watching the flags of other countries — usually superpowers — being burned in some far off place and it is neither acceptable nor desirable behaviour to see the desecration of our flag on this island. I hope the British authorities will take steps to address the matter. The infamous Flags and Emblems Act prevented the flying of the tricolour in the Six Counties for many decades. I would like to see some change in that regard.

I endorse everything said by Senator Tuffy when she called for a debate on the Middle East. There is absolutely no doubt that the focus has shifted, primarily driven by the United States following the events of 11 September 2001. The war on terror, as it is called by Americans, is focused on what they perceive as their enemies. The US has easily and conveniently side-tracked what should be the main focus in the Middle East. I refer to what is probably the single largest political problem facing the world today. Everything — the hatred of Muslims for the West and western culture — springs from American bias and prejudice. The first reaction of the Israeli authorities following last week's decision of the International Court of Justice was to go straight to their American allies to plead with them to veto any attempt by the UN Security Council to sanction Israel. I rest my case.

Ms Ormonde: I share the views expressed by all Senators on the North of Ireland and the traumatic situation in the Middle East.

We have discussed the number of road deaths in recent weeks, but I would like to emphasise particularly the age profile of those who have died. We need to ask a fundamental question — why is it happening? The rules, regulations, directives and principles which are laid down are being broken. I ask for a full debate, when the House meets again in October, on how best we can involve society, the community and parents in this area. A debate on the involvement of such groups is needed more than a debate on the Government's role. Young people between the ages of

Mr. Norris: Hear, hear.

[Ms Ormonde.]

15 and 18 are being killed every weekend. It is a major issue. I call on parents of people in that age group to help all of us to ensure that this does not continue in the future.

Ms O'Rourke: Senator Brian Hayes asked if I could explain the potential impact of the apparent drafting error in the State Airports Bill 2004. When I telephoned the Office of the Attorney General this morning, I was advised that the Department of Transport has taken legal advice from the Attorney General and outside agencies. The Minister will explain the newspaper reports when he comes to the House this afternoon. I did not speak to the Attorney General because I had to attend a party meeting, but his office assured my office that it will be perfectly clear. We will hear what the Minister has to say when he comes to the House. I initially telephoned the Clerk of the Seanad, who advised me that I should contact the Office of the Attorney General.

Senator Brian Hayes mentioned the 12 July celebrations in Northern Ireland. We were all pleased that there was relative calm there, with the exception of the events of late last night. He asked for a discussion on the North when the House meets in September, especially given that there may be a small window for consultation in that month. We will have such a debate.

Senator Norris called for statements on the Middle East in the House in the absence of a Minister. I agree with Senator Tuffy in that regard. I have often said that I do not intend to have debates without a Minister being present in the Chamber. I know Senator Norris made his suggestion in good faith, but I do not think it would be appropriate.

Senator Norris also raised the declaration of the UN International Court of Justice that the West Bank wall is illegal, which was mentioned in the House last week. It seems that no heed is being paid to most of what is coming out of the UN.

I remind Senator O'Meara of my response to Senator Brian Hayes on the drafting of the State Airports Bill. The Minister for Transport will provide an explanation when he comes to the House. I agree the legislation is being rushed — there is no point in saying otherwise. Senators will have an opportunity to speak on the Bill. Senator O'Meara spoke about the growing crisis regarding the European working time directive and her belief that the health system is ill-prepared for the change and will not cope. Members of the medical profession were working approximately 78 hours a week which is beyond all proper standards for working time.

Senators Minihan and Norris raised the conflict in the Middle East. Two days have been set aside for discussion of the State Airports Bill 2004 in this House and I do not want that time to be diluted by the inclusion of other Bills or other debates. We shall discuss the matter of the Middle East when we come back in September.

Senator Minihan also spoke of the Portuguese man who is charged with the murder of the young hotel worker, Ms Gráinne Dillon, and is seeking repatriation to his own country. I shall raise this matter with the Department of Justice, Equality and Law Reform.

Senator Finucane asked about the transfer of the Shannon Industrial Estate and its development authority. This is provided for in the State Airports Bill 2004 and the Minister for Transport, Deputy Brennan, will be in this House shortly for the debate on that legislation so we do not need to dwell on the matter now.

Senator White spoke about the Central Bank and the state of indebtedness in which the population finds itself. There are EU directives regarding banking but instructions from the Governor of the Central Bank should be heeded by the bank. I do not know how this will affect its lending policy. Senator Ross suggested that the Governor be invited to this House. He regularly attends meetings of the Select Committee on Finance and the Public Service but, as the Cathaoirleach observed, it is a matter for CPP to decide who should be invited to the House. However, we shall further consider the point Senator Ross has made and, in particular, the problem of young people being granted large loans far too readily.

Regarding the Northern Ireland talks scheduled for autumn, Senator Mansergh observed the constructive speeches by Mr. Geoffrey Donaldson of the UUP and Mr. Gerry Kelly of Sinn Féin. They are pointers to what we hope will be a more constructive atmosphere for the September talks.

Senator Lydon proposed that this House should sit on Thursday to accommodate a debate on the situation in the Middle East. I shall make inquiries as to the level of enthusiasm for such a proposal. Senator Lydon himself might have to oversee such a debate.

Mr. B. Hayes: We may not get a quorum.

Ms O'Rourke: Senator Quinn commented that the road traffic and strategy document cannot be issued immediately because of the requirement to produce it in both Irish and English. The Minister for Transport can provide information on this matter after the debate on the State Airports Bill 2004.

Senator Hanafin praised the restraint that has been shown in Northern Ireland in recent days and commented that the current lending practices of the banks point to a potential financial crash. Senator Hanafin also spoke about decentralisation, a subject which was debated strongly in this House at the behest of the Opposition. Anybody on that side of the House who did not vote against it left us with our paeans of praised heaped upon ourselves. It would be a good idea to review the progress of the decentralisation programme in the autumn.

Mr. B. Hayes: That will be interesting.

Ms O'Rourke: Senator John Phelan spoke about the State pathologist and her working accommodation. This comes under the remit of the Department of Justice, Equality and Law Reform and I will raise the matter with that Department as well as the need to overhaul the system for managing traffic and preventing road deaths.

Regarding the State Airports Bill 2004, I ask Senator Phelan whether he expects that every Bill which comes before this House should be perfect. This Bill is not perfect and I proclaim honestly that I shall vote for the Bill. What would the Opposition have me do?

Mr. B. Hayes: The Leader should vote against the Bill.

Ms O'Rourke: Am I meant to be coy? That would be extremely dishonest.

Mr. J. Phelan: The Leader should vote according to her conscience.

Ms O'Rourke: I simply cannot be coy. It is not in my nature. I am very sorry.

Mr. Finucane: The Leader should have a chat with her conscience.

Ms O'Rourke: Senator Phelan also raised the issue of driver education, which we should tackle.

Senator Bohan raised the matter of the 13% rate proposed by the ESB and asked that the Minister, Deputy Dermot Ahern, should come to the House to discuss that matter and the price differential he highlighted, which the ESB has in hand, so to speak, and therefore it should not lead to any higher prices.

Senator Tuffy did not agree with Senator Norris on his call for a debate on the Middle East in the absence of a Minister. I expressed the same view as Senator Tuffy, that such a discussion in the absence of a Minister would be a pointless exercise.

Senator Jim Walsh commented on the relatively peaceful marching season in the North. He also raised the issue of the high legal fees paid to tribunal lawyers. The Taoiseach said this module would not be affected in that respect but that future modules would stand to be addressed with regard to diminution of fees. The Senator also raised the issue of the long hours worked by junior doctors. That will have to be rectified.

Senator Bradford called for a further debate on decentralisation and for a debate on Tibet.

Mr. B. Hayes: That would be interesting.

Ms O'Rourke: Senator Mooney raised the issues of the marching season in the North, the desecration of the national flag and the Middle East, on which he expressed very proper sentiments.

Senator Ormonde passionately pointed out the age group of most of the fatalities on our roads.

There is no doubt that the wearing of seat belts is a factor in that regard.

I wish to advise Senator John Phelan that the Driver Testing and Standards Authority Bill 2004 was published as a Dáil Bill last week and it will address the issues raised by him in regard to standards of driving, regulation of driving schools etc. When it is disposed of in the Dáil the Bill will come to the Seanad.

Mr. B. Hayes: On the issue of the rushed legislation, will the Leader clarify that there will not be a guillotine imposed at 6 o'clock? Is that what she is saying?

Ms O'Rourke: I do not intend that there will be a guillotine. As long as speakers are offering, they will be entitled to contribute.

Order of Business agreed to.

State Airports Bill: Second Stage.

Question proposed: "That the Bill be now read a Second Time."

Minister for Transport (Mr. Brennan): The policy that underlies this legislation is in keeping with the wider package of Government policies designed to strengthen national and regional competitiveness. I want to ensure that the country's principal gateway airports are in a position to provide cost competitive services and appropriate infrastructure to meet the current and future needs of airlines and other aviation companies while operating to a commercial mandate. Our aim is to encourage as wide a range as possible of reliable, regular and competitive commercial air services for Irish tourism, trade and industry.

Specifically, the Government's reasons for restructuring the State airports are laid out in this Bill and they are as follows. The Government wishes the three airports to be structured in a way that best equips them to deal with the new challenges and opportunities of the 21st century which are facing the whole aviation sector. The Government believes that commercially successful airports in Shannon and Cork will better assist in the economic and tourism related development of their catchment areas. The Government takes the view that autonomous regional boards in Cork and Shannon, with the necessary commercial expertise and background, will give strong and visionary regional leadership to the new airport companies so that both airports can adapt more quickly in a rapidly changing aviation environment.

In so far as market dynamics permit, the establishment of Shannon and Cork airports as separate commercially focused entities will place them in a position to promote and expand their range of services, thereby leading to greater competition with Dublin Airport.

As the country's major airport, Dublin will be encouraged to continue to expand to meet

[Mr. Brennan.]

Ireland's requirements for tourism and industrial growth. The three State airports, operating as separate successful commercial State companies, have the potential to expand their business and enhance shareholder value. Airports of similar size to Cork and Shannon have been successful elsewhere and we are confident that both independent airports will emulate best practice in comparable airports of a similar scale and size. In essence the reforms that flow from this legislation are about new beginnings, more choices for the consumers and the customers of airports and for the airlines. It is about growth in sustainable jobs, more business, more opportunity to enthusiastically meet the challenges that lie ahead. I am proceeding with this legislation because I believe the new airport authorities will bring fresh impetus and drive to our major airports in the future.

I would like at this early point to clarify a technical issue on the drafting of the Bill which was raised in press reports this morning. Aer Rianta wrote to me concerning section 12(12), querying whether there might be a drafting error in this subsection. I confirm to Seánad Éireann that the references in this section are in order and that there is no drafting issue. I understand this matter is being raised for discussion on Committee Stage tomorrow, where I can give a fuller explanation. However, I am assured by the Attorney General's office and by the legal advisers to the Department of Transport that there is no error and no drafting issues have to be dealt with in this legislation.

My Cabinet colleagues and I feel strongly that the Bill needs to be enacted now, rather than left in abeyance until the autumn. Three times now the Government has affirmed its policy to restructure the State airports: last July, with the original decision, last October with its decision to draft the necessary legislation and last month with its decision to publish the Bill. On each occasion the Government had before it all the relevant facts and information. The Government's consideration of these matters on three occasions does not amount to rushing the legislation. Quite the contrary, it is dealing with it in a considered and thoughtful way.

For the sake of the airports themselves and the staff working in them, it is important that a clear legislative framework for the restructuring is put in place now. I greatly appreciate the co-operation of this House today and tomorrow in that regard. Before I go any further, I want to deal straightforwardly and unambiguously with an important aspect of these proposals that has received considerable media comment in recent days. It received more comment than some of the matters going on in Iraq, in recent days, from some of the newspapers. I am referring to Aer Rianta's current funding arrangements and the position of bond holders and other lenders to the company. The leaking of a letter recently from the company to my Department was, I believe, designed to create an erroneous and dangerous

impression of instability in the company's funder relationships. That was a reckless thing to do. There is no such instability and I deplore the leaking of confidential correspondence of that sort.

It is a normal, albeit important aspect of any company restructuring that communications are maintained between it and its lenders so that the latter are briefed appropriately on how the restructuring will proceed and any necessary discussions or negotiations on specific features of loan agreements are held at the appropriate time. Since the outset of the process these matters have been and are being handled by the company and its advisers, in full consultation with my Department and the Department of Finance and our advisers, in a professional and businesslike manner. The company is aware that the Departments are available to participate with it in its communications with funders, and to clarify for funders the process and procedures to bring the reorganisation forward.

Appropriate initial communications were made by the company to its funders as far back as July of last year on the announcement of the Government's decision to restructure Aer Rianta — and more recently publication of the Bill has been accompanied by further communication by the company to its funders.

For the benefit of Seánad Éireann I say clearly and unambiguously there has been no adverse reaction from any of the funders to these communications. There has been no suggestion of any intention on the part of funders to initiate action under "event of default" type clauses of the appropriate loan agreements. Clearly, the company, the two Departments and their respective advisers are fully apprised of the relevant clauses and these, as you would expect, have been the subject of professional scrutiny by both sets of advisers from the outset of this process. The process of communication will continue to be professionally handled. The restructuring process, which this Bill provides will proceed in a measured and orderly manner, will not lead to any destabilisation of the company's funding arrangements. Indeed I reiterate my view that the establishment of Dublin, Cork and Shannon as fully independent and autonomous authorities remaining under State ownership will enhance the business position of each of the new airport authorities as well as that of funders lending to State companies.

The State Airports Bill includes several conditions that require that appropriate processes and procedures are followed as the reorganisation of Aer Rianta is implemented. It will be necessary for detailed business and financial plans to be prepared by the new boards of Dublin, Cork and Shannon Airport authorities. It is a condition of the Bill that these plans are approved by the Ministers for Transport and Finance before the reorganisation is implemented.

On the issue of funding which has hit the headlines, the funders contacted the company by letter

on one occasion. According to my understanding, this was responded to by the company to everyone's satisfaction. This policy was announced 12 months ago. In that time I have not received a letter, fax, text or telephone message from any bank or funder worried about funds. Those who lend to State companies do not worry a great deal about their funds. As a result of growth plans laid out by the Government, the money is now twice as secure as previously. Money is cheaper today than when these funds were secured. I have received no communication from the banks and no worries have been expressed by them. In the event of any doubt, people should ask the bankers.

Mr. Ross: On a point of order, I realise the Minister is departing from his script but can Senators get a copy of what he is reading now?

Mr. S. Brennan: I am referring to notes.

Mr. Ross: Apologies.

Mr. S. Brennan: My contribution will be on the record. Lending to State companies is an attractive proposition for banks. I deplore the leaking of financial information which seems consistently designed to undermine the determination of this Government and these Houses in doing their duty.

I turn now to another issue which seems to be causing some confusion among media commentators. I emphasise that the three new airport authorities will continue to be State-owned as the Government believes that the State is the most appropriate shareholder for such a vital part of our infrastructure. This is an important issue and worth reflecting upon as other approaches have been suggested in recent years.

The House will be aware that, just five years ago, the board of Aer Rianta recommended, in its strategic review for the former Department of Public Enterprise, that the company should be authorised to prepare for an IPO within three years. This approach was endorsed by the subsequent report by Warburg Dillon Read commissioned jointly by the then Departments of Public Enterprise and Finance and a part privatisation was favoured by the Department of Public Enterprise.

More recently, in November 2002, not long after taking office, I received a letter from Aer Rianta proposing the sale of approximately one third of the company to a large international bank and I was reminded again of this proposal in July 2003. The Government said no to that proposal because it would inevitably lead, in time, to majority private ownership and the eventual replacement of a State monopoly with a private monopoly controlling our three most important strategic airports.

Dublin Airport is a European-scale airport and makes a vital contribution to our national economy because of the importance to us of inter-

national access for tourism and industrial development. It already deals with traffic of almost 16 million passengers and this is expected to reach 30 million by 2020. As our major airport it needs constant leadership so that it can continue to develop and grow in a way which engenders confidence in its customers and responds to the needs of its stakeholders. Those stakeholders include the State as shareholder, the airlines and other aviation companies, the aviation regulator, the public at large and the business and tourism interests which rely on Dublin Airport for their essential links to a wide range of locations in European and North American markets and elsewhere. Needless to say I believe that a successful Dublin Airport will also be good for the airport's management and employees who are of course key to steering the airport through the many challenges that lie ahead.

Cork Airport serves our largest provincial city and in Irish terms there is a significant and growing catchment area for its services. It is close to some of our most attractive tourist locations and under the national spatial strategy it will be a strong growth centre, which will counterbalance Dublin's scale and size. Its traffic has been significantly expanding from 1.5 million passengers in 1999 to 2.2 million passengers in 2003. The airport is also benefiting from a major new terminal investment which will enable it to cater for even greater growth in the years ahead. I expect a new airport authority board to build on this potential and work with airport management and staff on capitalising on the region's capacity for industrial and tourism growth.

Shannon Airport is unique in its location and the importance of its links with North American markets. However, I believe it will diversify in the future and will not be unduly dependent on North America, the market that played such a large part in its aviation history. I know from my contacts with the board designate that it has much confidence that it can broaden its traffic mix and that in particular much can be done to attract low cost services to the airport from European locations. I share that confidence.

It is no secret, however, that Shannon must make much progress in tackling the problems of its cost base if it is to achieve the commercial success that is within its grasp. The new board will draw up a comprehensive business plan to show how best to exploit its market opportunities and to realise the efficiencies which will ensure it can reap those opportunities.

As the House will be aware, the setting up of a new autonomous airport authority at Shannon Airport will have implications for Shannon Development, the State agency charged with regional and economic development in the mid-west region. My colleague, the Tánaiste and Minister for Enterprise, Trade and Employment, has been in discussions with the chairman and board members of Shannon Development to explore how best the two bodies can contribute to furthering the interests of the mid-west region. The

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board shares the Tánaiste's view that a viable and sustainable Shannon Airport is a critical requirement for continuing and future regional competitiveness of that region. One of the options under consideration is the transfer of the assets of the Shannon Free zone to the new airport authority. I understand other options have emerged in the course of the Tánaiste's discussions with the board and that these are also being considered. In reaching a decision on this issue, it is the intention to put in place the most sensible and efficient structures and to manage the region's most valuable and strategic assets so as to optimise their benefits to the entire region.

Before dealing with some of the detail of this legislation, I wish to rebut any suggestion that this legislation was formulated without consultation with Aer Rianta. While the drafting of the legislation was the responsibility of the Parliamentary Counsel assisted by our team of advisers, the broad framework for this legislation emerged following extensive interaction with Aer Rianta and its advisers.

Following the Government decision to restructure Aer Rianta in July 2003, the Department and its advisers and Aer Rianta and its advisers have been in contact about key aspects of the restructuring. From the earliest stages of those contacts it was apparent that the technical issues relating to restructuring were intricate and that close consultations would be necessary throughout the process. In particular, the availability of distributable reserves was recognised as critical to the distribution of the assets of Aer Rianta because of Irish and EU company law capital maintenance obligations. As a result of the current insufficiency in Aer Rianta's distributable reserves, the constraints involved had a major impact on the phasing of the distribution of Cork and Shannon airport assets which currently exceed those reserves.

Following a prolonged period of dialogue with Aer Rianta and its advisers the Department presented to Aer Rianta in February last its proposed framework for the restructuring of Aer Rianta. I can confidently state that the essential features of that framework are reflected in the State Airports Bill, subject to the inevitable refinements that emerged following further detailed work by the Department and its advisers.

In the period since February our advisers, PWC, compiled an analysis of the financial implications of stand alone Shannon, Dublin and Cork airports and projections for the State airports in the years ahead. The capacity of the Aer Rianta Group to distribute the assets of Cork and Shannon and the necessary phasing of the transactions were also addressed. This analysis provided me with broad financial perspectives on the businesses of the three airports over the period ahead that were essential to determining the overall approach to restructuring and this legislation. The PWC working papers were also shared with the trade unions' financial advisers.

I have always been clear, and said so on numerous occasions, that these broad financial perspectives were not, and could not be, comprehensive business plans for the three State airports since I have consistently maintained that only the three new airport authorities, which will be responsible for the development of the three airports, are in the proper position, once this Bill is enacted, to develop comprehensive business or action plans. There is no question of putting the cart before the horse in this regard. The horse is the new airport authority in each case. The enacting of this legislation and the putting in place of the new airport authorities is the correct sequence for developing comprehensive business plans.

The PWC working papers confirm that there are pre-existing challenges relating to the State airports regardless of the decision to restructure them. Dublin Airport requires dynamic effort by the new authority so that the airport can invest to realise its growth potential and also to maximise operational efficiencies. Shannon Airport must also confront its particular commercial challenges in any event. PWC has given its view that the establishment of three independent entities will allow the major issues identified to be addressed in a focused way with fresh ideas, a clearly defined capital pool allocated to each airport and an autonomous approach pertinent to the business priorities of each airport.

It remains the Government's policy position that independence provides the best chance for each of the airports to be viable entities, responding effectively and efficiently to the business opportunities in their regions. On that basis Government reaffirmed the decision to proceed with restructuring and agreed to publish the State Airports Bill.

I have already mentioned the financial information shared with the trade unions' financial advisers as part of the engagement with the trade unions on the decision to proceed with the restructuring of Aer Rianta. Prior to the sharing of this financial information discussions had taken place on the general issue of the restructuring proposals and on various other issues, including the terms and conditions of Aer Rianta staff post-restructuring. The restructuring proposals will not result in any downgrading of the terms and conditions of Aer Rianta employees on transfer to the new independent airport authorities. In line with commitments given to the ICTU, appropriate provisions have been included in section 12 of the legislation to this effect. I can also reaffirm that the trade unions will be fully consulted on all issues of concern including the preparation of business plans for each airport with a view to maximising agreement prior to the transfer of assets and staff to Cork and Shannon Airports. I also point out that the legislation provides at section 12(11) that there will be discussions with recognised trade unions or staff associations for a period of up to six months from the date this Bill is enacted on the form of any new collective agreements and the bargaining structures through

which they are arrived at and developed following the appointed days.

Turning to the content of the State Airports Bill, it has been carefully designed to deploy the necessary mechanisms under company law to provide maximum flexibility to effect the restructuring in conformity with the capital maintenance provisions of the Companies Acts. It provides a framework to allow for an orderly approach to the distribution of assets and facilitates the phasing which will be necessary in respect of the distribution of Cork and Shannon because of the current insufficiency in Aer Rianta's reserves.

The Bill proposes an enabling framework for the restructuring which is in line with the existing provisions of company law. Aer Rianta will effectively transfer the assets relating to the airport businesses at Cork and Shannon to the new airport authorities established under the Bill in return for the issue of shares by the new companies to the Minister for Finance. For company law and accounting purposes the transfers will be regarded as distributions made by Aer Rianta cpt to its shareholder the Minister for Finance. Consequently Aer Rianta cpt will only be able to make the transfers when it has available distributable reserves equal to the net value of the assets transferred. As the distributable reserves currently available to Aer Rianta cpt are insufficient for this purpose, a phased approach is provided for in the Bill which will allow for one of the new airport authorities to be vested in the relatively short term after enactment, that is, Shannon Airport, while the second will be vested once sufficient further distributable reserves have been built up within Aer Rianta cpt, that is, Cork Airport. A portion of the Cork Airport assets will remain in Aer Rianta cpt and be subject to a finance lease between Aer Rianta cpt and the Cork Airport Authority.

Mr. Norris: Let me ask for clarification. I am not sure what "cpt" is.

Mr. S. Brennan: It is the Irish for "plc" — comhlacht poiblí teoranta.

Mr. Norris: Thank you very much. I was not familiar with the acronym.

Mr. Dardis: That shows the deficiencies of a Trinity College education.

Mr. Norris: The old inferiority complex is coming out again. We have had Catholic emancipation for 200 years. We should have grown up by now.

Mr. S. Brennan: After enactment of the legislation two companies will be established which will be designated as the Cork and Shannon Airport authorities and these companies will, in due course, own and operate their respective airports once sufficient distributable reserves are available to transfer the relevant assets. Prior to the assets being vested in those two companies their boards

would be charged with preparing to assume responsibility for the management and development of the airports as well as being empowered to undertake functions delegated to them, on an agreed basis, by the Dublin Airport Authority in relation to their respective airports during the interim period.

On the basis of the agreed sequence for the distribution of assets and compliance with the Companies Acts, the assets would then be distributed on or after 30 April 2005 when the Minister for Transport and the Minister for Finance, on the appropriate advice and subject to the appropriate resolutions of the distributing and receiving boards, are satisfied that operational and financial readiness has been achieved. The legislation provides that the required appointed day which triggers the vesting of assets in the airport authorities will be designated by ministerial order subject to the consent of the Minister for Finance. The formulation of comprehensive business plans by the new boards will be a key aspect of achieving operational and financial readiness and each authority will be required to submit to the Ministers for Transport and Finance for approval comprehensive business plans in respect of its airport.

As for Dublin Airport, the legislation provides that Aer Rianta cpt will be renamed the Dublin Airport Authority and will be given a formal mandate to take all appropriate measures to restructure the company. This new mandate will lead to the statutory replacement of the current Aer Rianta board members by the new airport authority board. The new Dublin board will, therefore, have a highly sensitive and important role, to act in accordance with Government policy and in doing so to ensure that the financial health of Dublin Airport authority remains a priority for the directors and management. The Dublin Airport authority will also have the important task of formulating a strategic business and investment plan which will form the basis for an application to the Commission for Aviation Regulation for a new aeronautical price determination for Dublin Airport.

The steps outlined, which are necessary and prudent to ensure that the restructuring process is undertaken in full compliance with the capital maintenance provisions of company law, should also reassure employees of Shannon and Cork Airports that operational and financial readiness is a prerequisite for assets, including staff, to be vested in the new airport authorities.

I will now briefly highlight some major elements of the Bill. Part 2 focuses on the corporate governance and company law aspects of restructuring of Aer Rianta and the steps necessary in the transition to full autonomy. To the layman, many of the provisions may seem a bit arcane but in reality any business restructuring has to conform to highly technical processes that protect capital maintenance under company law. Section 5 provides for the Minister, with the consent of the Minister for Finance, setting by order

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appointed days in respect of Cork and Shannon Airport Authorities and provides that these orders will not be made before 30 April 2005. Before making an order setting the appointed day for Cork or Shannon Airport authority, the Minister and the Minister for Finance will have to be satisfied as to the operational and financial readiness, including business planning, of Dublin, Shannon and Cork Airports.

The Dublin appointed day, which is also the date Aer Rianta is renamed Dublin Airport authority, is the day an order is made extending the principal objects of the company to give effect to the restructuring. Section 6 provides for the establishment of the Dublin, Cork and Shannon Airport Authorities. On the Dublin appointed day Aer Rianta cpt. is to be re-named Dublin Airport Authority plc. Following enactment of the legislation, the Minister, following consultation with the Minister for Finance, will form two companies — Cork Airport Authority plc and Shannon Airport Authority plc.

Section 7 contains wide provisions allowing for the restructuring of Aer Rianta by either the Dublin Airport authority or the Minister or a combination of both, subject to the capital maintenance requirements of Part IV of the Companies (Amendment) Act 1983. The section includes a range of general enabling provisions covering all the powers which may be required to give effect to the restructuring, including making appropriate orders and giving directions to the airport authorities.

Section 8 sets out the powers of the airport authorities in relation to the relevant airport before and after the applicable appointed day. From their appointed days the Dublin, Cork and Shannon Airport Authorities will have the relevant airport assets vested in them and take full responsibility for the management, operation and development of their respective airports. Each airport authority will be required to ensure the provision of necessary services and facilities at its airports.

In advance of the relevant appointed day Cork and Shannon Airport Authorities will be required to prepare and submit for approval business plans for the management, operation and development of each airport and associated with this process Dublin Airport authority will also submit for approval a business plan for the management, operation and development of Dublin Airport. Pending the Cork and Shannon appointed days, Dublin Airport authority shall enter into such arrangements for the delegation of functions to the Cork and Shannon Airport Authorities as may be agreed between the parties. Any legislative function of the Dublin Airport authority necessary for the discharge of a delegated function is to be regarded as a function of the Cork and Shannon Airport Authorities, as appropriate.

Section 9 confirms the commercial mandate of the new airport authorities. The statutory duties being applied to the airport authorities are con-

sistent with the duties applying to Aer Rianta under the 1998 Act. Section 9(6) provides for the extension, by ministerial order, of the principal objects of Aer Rianta to include doing all things necessary to effect the restructuring of the company and this becomes the Dublin appointed day. The Dublin appointed day is the trigger event for all the key provisions of the Bill.

Part 3 deals with complementary regulatory aspects and comes into operation on the Dublin appointed day. The Bill will make appropriate changes to the Aviation Regulation Act 2001 as considered necessary to effect the restructuring process and to complement the reforms I have described. Areas of change include the objectives of the Commission of Aviation Regulation in making a determination on maximum airport charges, the duration of such a determination and significantly the removal of Cork and Shannon from the scope of price cap regulation. Under the restructuring it will no longer be appropriate to price regulate Cork and Shannon Airports because they will not have market dominance in the way that Dublin has and will continue to have.

Under the proposed legislation, it will be a function of the Commission for Aviation Regulation, in making a determination in respect of maximum airport charges, to adhere to three primary objectives as set out in section 21(4) of the Bill which is, in effect, an amendment to the Commission's current remit. In making a determination the objectives of the Commission would be modified under the State Airports Bill as follows: to facilitate the efficient and economic development and operation of Dublin Airport to meet the requirements of current and prospective users of Dublin Airport; to protect the reasonable interests of current and prospective users of Dublin Airport, and to enable Dublin Airport authority to operate and develop Dublin Airport in a sustainable and financially viable manner.

It is my intention that these primary objectives will oblige the Commission to balance economic efficiency, the reasonable interests of users and to ensure the airport's financial sustainability in a way that will promote the long term development of Dublin Airport having regard to its contribution to the Irish economy. It should be noted that the Commission will be required to conclude a new price determination for Dublin within 12 months of enactment of the Bill. It will be a matter for the Commission as independent regulator to make an appropriate determination based on its new mandate. I am happy the amendments to the regulatory framework will enable the Commission to weigh up the need for long-term investment against the promotion of operational efficiency at Dublin Airport. The amendments strike an appropriate balance between the interests of the various stake holders in the airport.

In summary, the policy which underpins this legislation has been well developed and is fully in line with the forward looking policies of Govern-

ment to strengthen our transport infrastructure, promote efficiency in service provision and boost balanced regional development. The reforms provided for in the Bill are focused on developing Dublin, Cork and Shannon Airports, increasing airline business and significantly growing passenger traffic levels and jobs. The only sensible way to provide sustainable jobs going forward is to grow the business at the three State-owned airports. Under strong and focused regional leadership, Shannon and Cork Airports will have a fresh start. I have confidence in those regions and their people to develop separate business strategies and concentrated marketing initiatives.

The new Dublin Airport authority, combining international and national aviation expertise with proven financial and business acumen will focus on meeting the urgent need for increased capacity at the airport. There has been strong support at national and regional level for restructuring. The support at regional level has been particularly evident before, during and after a number of visits by me to the Shannon, mid west and Cork regions. The plan also has strong support from public representatives, regional authorities, local authorities, SFADCo, Chambers of Commerce and consumer organisations.

I thank the Seanad for taking time to consider this legislation. I commend the Bill to the House.

Mr. Browne: Ar dtús ba mhaith liom fáilte a chur roimh an Aire. The words “rushed, premature, not good legislation” are not mine.

Ms O'Rourke: They are mine.

Mr. Browne: They are the words of the Minister's predecessor sitting opposite on the Bill before us today. I look forward to hearing his explanation for describing the Bill in that manner. One wonders if Senator O'Rourke is the real Opposition spokesperson on transport. Perhaps I have lost my role in that regard.

Ms O'Rourke: It is up to the Senator to decide that.

Mr. Browne: The Cabinet had decided that the business plans would be unfolded in April 2005 and that was to be the end of the process. However, we are now discussing the legislation before us today without such business plans being in place. That appears to be a backward approach. It is as the Minister said like putting the cart before the horse. The legislation was rushed through the Dáil and is now being forced upon the Seanad even though serious concerns have emerged in terms of its financial implications with banks likely to seek higher repayments for outstanding loans as Aer Rianta will then be considered a series of separate companies as opposed to one.

This issue was raised last month by the chief executive of Aer Rianta, Margaret Sweeney. Yet, the information was only made public in recent

days. There is concern that if this were to happen Aer Rianta could end up insolvent. I am aware the Minister dealt with this matter in his speech but I would appreciate as would many other Members if we could obtain the legal advice given to him in this regard. While the Minister has assured the House such a situation will not arise, we would appreciate being given this information which should be published at this stage to remove any uncertainty. The Minister gave many hints about who may have leaked the document and mentioned the fact that he found the leaking of it very distasteful. I urge him to investigate who leaked it. Was it leaked by someone in Aer Rianta, from within the Minister's party or from within the Civil Service? The leak is doing a great disservice to all concerned and it is in everyone's interest to find out who leaked the document and why it happened.

There is a drafting error in the legislation which will allow for the break-up of Aer Rianta into three different airport authorities. This mistake could require another amendment to the Bill. While the Minister clarified this point in his speech, there is no information available to prove that what he said is correct. It would be helpful to everyone in the House if the information was published. I presume the Minister received legal advice from the Attorney General's office, which should be made public. My party will table an amendment tomorrow in this regard and, if the Minister accepts it, the Bill will have to go back to the Dáil. Obviously this will be impossible because the Dáil will be in recess until 29 September. If the amendment is accepted, will the Minister ensure the Dáil is recalled during the recess or will he wait until the end of September to deal with the issue? If he waits until the end of September, how can the new board take over from Aer Rianta? There are severe implications in this regard.

The Bill affects 2,352 full-time staff at the three airports. If one includes subsidiaries, this figure increases to 3,387. The Bill also affects the travelling public. The functions currently carried out by Aer Rianta, including operations co-ordination, maintenance, cleaning, security, fire-fighting facilities and management, information services, aviation fuel sales and car parking, directly affect passengers. There is grave concern that if Aer Rianta is broken up as proposed, additional capital expenditure will have to be covered by increasing landing charges. Passengers might face increased landing charges of up to €9.50 following the break-up as opposed to the current €5.29.

The Minister is being grossly unfair to the House today by expecting us to take an extremely important decision which will affect directly thousands of workers and millions of the travelling public. Why will he not make available to Members the PricewaterhouseCoopers study? This report, which was given to SIPTU and ICTU, failed to show that Shannon and Cork Airports could survive as viable stand-alone entities and acknowledges that additional capital expen-

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diture will have to be met by increases in landing charges. The report also states that €36 million of capital expenditure will be incurred in Shannon between 2005 and 2008 and adds that it can be financed by the operating profits of the business. The report states that airlines based in Dublin Airport could face an increase of 50% or more in airport charges if the break-up of Aer Rianta goes ahead. It warns that Dublin Airport may need to sell off ancillary assets in future to meet its debts because the debts of Cork and Shannon Airports will be transferred to Dublin. The authors suggest a new low-cost model for Shannon, where the airport can take advantage of a new "open skies" policy likely to be in place by 2007-08.

The Minister for Transport has consistently stalled in regard to national aviation policy. He previously promised that legislation on the break-up of Aer Rianta would be moved prior to the Dáil summer recess of 2003. Then it was supposed to be moved prior to the Christmas recess of 2003 and, finally, prior to the Easter recess of 2004. We are now debating it in July 2004. The Department of Transport has been sitting on 13 separate expressions of interest for the building of a second competing terminal at Dublin Airport for more than 18 months, with no sign of a decision being taken. As a result, Ireland is losing out on increased passenger numbers which could be realised, and Dublin Airport is facing overcrowding problems.

Fine Gael is not opposed to the break-up of the Aer Rianta monopoly, but we need to see business plans which support the view that it will be good for the airports involved. This evidence has so far not been forthcoming. The fact that no documentation has yet entered the public domain is worrying and places all concerned at a grave disadvantage. There is a huge public deficit of information in regard to strategies and plans for new entities, capital expenditure and investment plans, management team and operational plans, nature of ongoing relationships within Aer Rianta operations, financial projections, cash and debt management and pricing policies and interface with the regulator.

Any restructuring proposals for Aer Rianta must address the non-transparent subsidies between the three airports, the different priorities of the airports, the serious constraints on the availability of capital and the inefficient allocation of capital between the airports. Because it is a plc, there are revenue reserve issues, a distribution of assets issue and issues regarding ownership of assets. The Minister appears to be under siege from many people in this debacle. One suspects he has not got the full support of the Taoiseach, who has consistently said he believes Aer Rianta must remain State-owned, and he is opposed to privatisation. The Taoiseach has also said he views the maintenance of all jobs at Aer Rianta as essential.

Senator O'Rourke's comments on national radio on Sunday were damning in the extreme. However, her statement that she still intends to support the Bill made a mockery of her earlier claim that the Bill was rushed, premature and not good legislation. She is in a unique position to either abstain, vote for or against the Bill. I will quote the example of the former Taoiseach, Liam Cosgrave, who voted against his own Government when he had strong feelings against a certain Bill. In more modern times, Robin Cook resigned from Cabinet, which is perhaps an option to the Leader.

Ms O'Rourke: Mr. Cosgrave voted against the Government on a contraception issue.

Mr. Browne: Mr. Cook resigned over the Iraq war. It is not good enough to go on national radio telling the public she is against the Bill and afterwards vote for it. I urge Members on the opposite side who have severe difficulties with the Bill to, at least, abstain when it comes to the vote, because otherwise they will have no credibility and they will do politics a disservice. Talk is cheap but we will be judged by our voting records.

It is worth noting that Aer Rianta reported profits of €20.2 million in 2003, while turnover increased from €420 million to €436 million. The Government and taxpayers will get a dividend of €6.1 million from the 2003 profits. This is why it is important to debate carefully all the issues and ensure we are making the correct decision. We must avoid the mistakes of the past, for example, what happened in the Eircom privatisation scheme. The question everyone is asking is why has the Minister insisted on the legislation going through and why did he not simply ask the three airport authorities, Cork, Shannon and Dublin, to draw up their up plans and proposals and present them to him. We would then be better informed and have some idea what the main issues will be.

Fine Gael has consistently stated that it supports the decision to establish three independent boards to manage the airports, which will have a positive benefit, not just for the aviation sector but for regional policy. Independently managed airports at Cork, Shannon and Dublin would represent great potential for development and facilitate the involvement of local commercial interests in the development of airport services. However, we have not been provided with any supporting evidence by the Minister that airports such as Cork and Shannon, with passenger volumes of two million each year, can be viable as stand-alone entities, even though international studies suggest this could be the case. If we want real competition, we should focus on the key issue in that regard, namely, the second terminal at Dublin Airport, and not the break-up of Aer Rianta. This is the only way to provide for real competition.

The proposition of the break-up of Aer Rianta as a mechanism for providing competition is mis-

leading. It is a mechanism for developing regional policy, if that is the objective of the Government. We still do not know where the Government is going with this policy. The Minister and the Government's pathetic record in respect of the second terminal at Dublin Airport does not inspire confidence in his plan to break up Aer Rianta. This has been shown by the aggressive and effective advertisements in our broadsheets in recent months by Michael O'Leary.

The Bill proposes that the new airport authorities at Shannon and Cork will compete directly with Dublin Airport. However, overall control will continue to be exercised from Dublin for a short period after the dissolution of Aer Rianta. How can one be certain that the Dublin Airport Authority will act in the best interests of the other two State airports before they are granted full independence. It is akin to the Minister being appointed to a Fine Gael general election strategy committee. It is ridiculous because Cork and Shannon will be competitors for Dublin in the future, yet for the next few months Dublin will make important decisions that could have an impact later. There must be a guarantee that board members of the Cork and Shannon Airport Authorities can contribute to decisions made on the Dublin Airport Authority before the break-up of Aer Rianta is complete. Otherwise members of the new Dublin Airport Authority could ensure in the months leading up to the final break-up of Aer Rianta that decisions made will directly affect Cork and Shannon post April 2005.

Questions still remain unanswered as to what structures will be put in place for Aer Rianta subsidiaries, such as Aer Rianta International and the ownership of the Great Southern Hotel group. I am sure my colleague, Senator Coghlan, will speak at length on that issue. It is worth noting that Aer Rianta International operates in Moscow, St. Petersburg, Kiev, Hamburg, Dusseldorf, Sofia and Birmingham. In North America it has operations in New York, Montreal, Winnipeg, Edmonton, Ottawa and Halifax. In the Middle East it operates in Bahrain, Kuwait, Damascus, Beirut, Qatar and Muscat. It also operates 14 speciality fashion, gift and gourmet shops at terminal 4 in New York's John F. Kennedy Airport.

There is grave concern in the Shannon area about the future of Aer Rianta International. As the Minister is aware, the international head office is currently located in Shannon Airport in County Clare. People are asking where it will end up after the break-up. Most people are, I presume, in favour of it remaining in Shannon.

This Bill will have major implications for taxpayers, the workers directly employed by Aer Rianta and the travelling public. We should be careful how we proceed in this matter. The absence of business plans and the mixed signals from different reports, such as the PricewaterhouseCoopers report or the Farrell Grant Sparks report commissioned by the unions, which sug-

gested that the combined value of Shannon and Cork Airports will drop by €110 million following the break-up, are very worrying. We seem to be approaching this from the wrong direction. It would have been far more sensible to have the business plans produced first and then take a decision based on these. The privatisation of one airport in Canada had disastrous consequences resulting in its reversion to public ownership. There are issues of grave concern.

We are being asked to take a leap into the dark and this is totally unsatisfactory from everyone's point of view. Aer Rianta is much more than just a company. It also ensures passenger safety at airports. In light of the constant threat of terrorism, we should ensure we do nothing that could endanger the general public.

Mr. Dooley: I join with my colleague Senator Browne in welcoming the Minister to the House to discuss this legislation which, to judge by the discussion this morning and much of the discussion that has taken place in the Dáil and in the media over the last number of weeks, is important and controversial. The Minister is well aware of the local, regional and national implications and he has taken these into consideration in his approach to this legislation.

The biggest issue associated with this legislation is its potential positive effect on the tourism industry and business communities throughout the country. Ireland, as an island nation, is dependent on air access and the airports are critical elements of infrastructure in the provision of access from the point of view of both tourism and business. This is clearly the case in the Shannon region in terms of the development of business there.

The legislation is somewhat complex and technical; the Minister addressed this in his introductory remarks. It is set against a background of proposed changes in the aviation sector overall. These proposed changes provide some of the greatest uncertainty for tourism and business in the region. The open skies policy, which is currently under discussion between the Minister and his EU colleagues, together with his counterpart in the USA, has created considerable concerns for the region. The downside of this is that up to 50% of the business of the region is dependent on Shannon.

Aer Lingus is another issue about which we are concerned in the region. Recent cost cuts have been of particular concern, along with the potential job losses that have been discussed by the directors and the management of Aer Lingus. We will address this issue in the future and I know the Minister is committed to dealing with it. However, it is important that we take into account the national interest.

The Bill was introduced as the result of a commitment which the Government gave some time ago in An Agreed Programme for Government, which was published after the last election. There was a commitment to provide autonomy to the

[Mr. Dooley.]

regional airports. That is still of the greatest importance and the Bill sets about doing that. It ensures the airports in Shannon and Cork will be provided with the necessary functions, capabilities and skills, along with management personnel and directors, for them to get on with the work of developing business in the region. The commitment given by the Government was silent in terms of the mechanism by which this would be achieved.

The legislation sets out clearly the mechanisms that will be used to give autonomy to the regional airports. It sets about dissolving Aer Rianta and setting up three independent companies. The Minister is well aware, based on the discussions I have had with him over the last few months and since he first set about drafting this legislation, that I am not overly excited about this approach. I would have preferred to see the retention of a restructured Aer Rianta working in conjunction with three separate boards for each of the three airports. This would result in a family-type approach. It was the Minister's decision and that of the Government to take the other route. It is not one with which I necessarily agree but I must accept it.

The Minister's decision was based on the advice available to him and the Government and I have no doubt that he bore in mind the necessity of ensuring that the regions are developed along the lines set out in the Government's strategies. I have discovered in the course of a number of helpful discussions with the Minister and his officials that he believes completely and utterly in the approach he has taken. While we do not necessarily agree on these matters, he is the Minister and he made the decision, from his perspective, for all the right reasons.

It is important that the airports remain in State ownership. The Minister has addressed this issue, which is welcome. Over the last number of years we have come to know some of the issues associated with the privatisation of State companies. When Eircom was privatised we all had great hopes for the development of that business. Unfortunately, the future of the company was put in jeopardy because of the lack of investment in its infrastructure. That is why it is particularly welcome news that the State airports will remain in State ownership so that we can ensure the infrastructure is maintained in a way that allows for its future development. Lessons have obviously been learned from the disastrous effects of the privatisation of Eircom.

There has been much talk about business plans. Some people have a false hope that the business plans will not be prepared, but quite a number have been prepared, which the Minister has used as best he can to ensure he is putting in place a functional operation. There were also some negative comments in the media recently which seemed to suggest that many workers were pushing for privatisation and that is the reason they are going against this approach. That is very

unfair to the workers and their directors who have played such an important role in the development of Aer Rianta. They have been misinterpreted.

We have dealt with the issue of whether this is the approach to take in terms of restructuring, but I have a number of concerns about the Bill which I have mentioned to the Minister and his officials in the past. As Senator Browne pointed out, the legislation provides that Dublin Airport Authority will become a super-authority with the Shannon and Cork authorities acting as subsidiaries. I ask the Minister to provide for some level of representation for members of the boards of Cork and Shannon Airports at board meetings and discussions so that the interests of the two subsidiaries can be recognised from a Dublin perspective for the intervening nine-month period until the date at which the two companies are set firmly on their own courses. It is a considerable concern in the mid-west and Cork regions that the Dublin Airport authority will continue to dominate. The current view in the mid-west region is that management at Shannon has no capacity to effect its decisions, but must depend on Dublin or Aer Rianta, which has a Dublin focus, to deliver on most of its needs. We would like to see this discontinued. Obviously, this will happen when full devolution takes place. However, in the intervening period there is a concern that if the devolution does not take place on 30 April, as outlined by the Minister, or is delayed for any reason, we will be left in a situation where we continue to be subservient to a Dublin agenda and focus. This would not be good for either of the potential groups.

There is also concern, particularly in the mid-west and Shannon region, about the borrowing limit set in the legislation. Cork, as the Minister knows, has been identified for a borrowing capacity up to €100 million whereas Shannon has only been recognised for a capacity of €20 million. It is unfortunate that this is prescribed in the legislation. I hope the Minister can provide some comfort in terms of the capacity to deal with this, if the need arises, at a later stage. Perhaps he will confirm he can provide the capacity to effect such a change through a ministerial order or otherwise in his closing remarks.

The new authority in Shannon will carry particular burdens and requirements. All of us here and union representation recognise that a significant amount of restructuring will be necessary in Shannon and Cork, particularly Shannon. If there is to be some kind of voluntary redundancy programme, the workers who wish to avail of it must be properly remunerated and taken care of through proper packages. It will be necessary to have access to funding to ensure this but it is not clear where that funding will come from, notwithstanding the Minister's remarks about the property of Shannon Development. It must be recognised that the airport may need to borrow to a greater extent.

The Minister mentioned that the Bill affords certain protection to workers through section 12 which is helpful. Many of us discussed with the Minister in recent months the need to ensure that terms and conditions, as set out in previous contracts of employment, transfer wholly and completely from Aer Rianta to the relevant authorities. This will engender confidence in workers that they are, and will continue to be, protected in State employment. This protection is welcome and must be delivered on. Pension entitlements must also be put in place or retained which, returning to my previous point, means we must ensure sufficient funds are available to deal with any redundancies.

While I am not in favour of the mechanism by which the Government proposes to achieve autonomy, we must be careful about how we talk down a region or an airport. Both Shannon and Cork have tremendous potential to face the challenges set in this legislation. The legislation will put in place a mechanism whereby both Shannon and Cork can pursue business they could not pursue previously because of the dominant effect of the manner in which Aer Rianta managed its business. This is not a criticism of Aer Rianta but a comment on the structure. There is greater potential for Shannon and Cork to pursue business in a more unregulated environment.

Having spoken to many of the workers, worker directors and members of the designate boards — in Shannon more so than Cork — I know there is huge enthusiasm to ensure the decisions the Minister takes work effectively. These people show tremendous commitment and regard for the work that must be done. They recognise there will be a level of insecurity for weeks or months ahead and for a period of time after the ultimate act takes place on 30 May 2005. I am confident, based on the calibre of the people appointed by the Minister to the board and the workers, that this will get the greatest chance possible and that it will ensure the long-term future and viability of Cork and Shannon Airports.

Recognising that we will not have the safeguards we would have liked, safeguards that would accrue from an umbrella organisation or parent group with access to the funds of all three airports so that if one performed less well than the others we would have the capacity to provide subvention year on year, it is important for the Minister to redress some of the infrastructural deficits which exist in the region. The Minister has been proactive in this area and has made various statements on his visits to the mid-west region, particularly on the matter of the fourth river crossing in Limerick and the link between Limerick and Galway. He is anxious to ensure that we have critical access to the airport from that Galway-Ennis-Limerick road, which is welcome. If the Minister can expedite these projects, it will ensure Shannon has access to a wider territory which will provide greater viability. As we know, the population of the region is relatively

small, therefore, it is important to provide the best road network and access possible.

It is also important to include a rail link. I congratulate the Minister on the success to date of Luas which has probably surpassed the expectations of many cynics, in terms of its ability to carry particular numbers of passengers.

Mr. S. Brennan: It is not going to Clare, however.

Mr. Finucane: What about the cost?

Mr. Dooley: Any cost benefit analysis done on Luas over the next number of years will clearly show its benefits.

Mr. Browne: The penalty points system started off well also.

Mr. Dooley: I am sure the Minister will be more than able to defend himself, based on the projections.

I urge the Minister to bring forward without delay a commitment he has made to me and others in the region on the link from the Ennis-Limerick rail line to Shannon. A number of proposals have come forward from people in the region. It is critical to have a rail link to the airport as it would help augment the road infrastructure. The Ennis-Limerick-Shannon triangle has the capacity to provide a viable service. The current enhanced service put in place by Iarnród Éireann between Ennis and Limerick shows that, like the Luas, it has the capacity to surpass all the projections made in the early stages and there is even greater potential if Shannon is included in the equation.

If the Minister continues to deal with the infrastructural elements around the airport, he will provide the confidence and, perhaps, safety mechanisms which are not covered in the legislation. These elements have the potential to isolate Shannon to some extent. If they are addressed they will shore up the viability and future of Shannon in the short term. The short term is the critical period. I do not doubt the viability of Shannon in the future or its potential growth. However, it is in the embryonic stages of the bedding in of these decisions that the greatest potential problems exist. We must ensure we put in place the necessary safeguards to ensure Shannon gets through that embryonic stage and that it can take account of population growth and the significant year-on-year growth in leisure travel.

Mr. Ross: It is a difficult puzzle to work out what is happening in this House because I have not yet heard a speech which demonstrates any particular enthusiasm for this Bill. I wonder what is happening on the Government side of the House. I listened to Senator O'Rourke stating eloquently in an interview that she was less than enthusiastic about it. Senator Dooley has just made a speech which lacks the normal Fianna

[Mr. Ross.]

Fáil congratulations to the Minister in every second sentence.

Mr. Dooley: The Senator gave out to me about that so I tried to change my way to suit him.

Mr. Ross: The Senator changed and I welcome that.

Mr. Browne: He is no longer a sycophant.

Mr. Ross: I welcome the change. However, no doubt the Fianna Fáil sycophants will appear from the woodwork towards the end of this debate. They are somewhere in the rearguard ready to come and support the plan. I would hate to embarrass the Minister for Transport by being the first Member to support his Bill. I may well be the only one to do so if no other Member is prepared to fill that role. It looks as if supporters will be lacking in this debate.

The history of Aer Rianta is shameful. Few Members are prepared to say that because Aer Rianta has been a political satellite of the political parties for many years. As a result, it has been allowed to be an economic, commercial and political monopoly for as long as I can remember. That has resulted in it making notional profits while being left alone to plough its own furrow in an easy economic situation with no competition. I applaud the Minister for Transport, Deputy Brennan, for taking on this monopoly with a radical look at the vested interests involved. Aer Rianta was rotten in its structure from top to bottom because of its monopolistic structure and the political patronage that directed its non-existent commercial mandate. This will be tackled by the Bill.

The Minister cannot obviously say what exactly directed his thinking into setting up three airport authorities. However, the Bill, though I do not fully support it, is a recognition of the ugly monster that Aer Rianta was and an attempt to slay it one way or the other. It is a first step in setting Aer Rianta on the commercial path which the body itself failed to address. The Bill is not one I would have introduced because I would have hoped it would go a good deal further. However, due to the political difficulties faced by the Minister, it is probably as far as he can go.

Why must three airport authorities be established? I understand the theory that they should compete with each other. However, reading the Minister's speech reminded me of what the former Senator, Professor Joe Lee, said to me after we shared a room for five years. He told me that while he listened to my speeches and read my articles, sometimes in agreement and other times in disagreement, he never saw any evidence in them supporting my arguments. I suggest the Minister is in the same situation. He has produced a solution but it is lacking in evidence to show it will work. There are no good business reasons as to why Cork or Shannon Airports will

survive on their own or compete with Dublin Airport. This Bill is a step in the dark. If it does not work, the Government will once again have to pick up the pieces. No big risks are being taken in this Bill. Whereas there may be problems for Cork or Shannon Airports, there is no doubt that the Government will be forced to rescue them because of backbench political murmurings which the Government has to put up with every time it makes a move on Aer Lingus or Aer Rianta. Let us not applaud this Bill as some giant step but acknowledge it more as a step in the dark — a step backwards if it does not work — and more an act of faith.

The leaks, referred to by the Minister, in the newspapers over the last few days tell us much about Aer Rianta. It is beyond belief to suggest that those leaks came from Department of Transport. It was not in the Minister's interests that the leaked information about the particular letter he referred to came from him or anyone close to him. The leaks were not only embarrassing to him but also threatened the passage of the Bill today. The leaks then must have come from sources close to Aer Rianta. If that is the case, it tells us an untenable situation exists, of a semi-State body leaking so as to manoeuvre against the wishes of the Minister and by implication the Government, which cannot be allowed to continue. Aer Rianta, as every Member knows, yet cannot say, has gone walkabout. Aer Rianta has been running an independent republic for the last two years. This is not the first leak from Aer Rianta sources in order to thwart the Government's wishes. There was another leak not so long ago which was unfair, unjustifiable and untrue and did not come from the Minister.

Mr. Finucane: Cigars and chocolates.

Mr. Ross: It was unproved and untrue yet shows us how Aer Rianta is moving independently in thwarting the Government's wishes. Whatever the rights and the wrongs of the Government's proposals, such a situation cannot be allowed to continue. When the Minister announced his original plans for Aer Rianta, it was obvious that the board did not approve. I cannot understand why he did not sack the Aer Rianta chairman, Mr. Noel Hanlon. It was an extraordinary act of weakness to allow the board to stay in office while it continued to thwart his wishes. As a result, there has been a stand-off for two years where any progress in Aer Rianta has been paralysed. The board, appointed by previous Governments, has manoeuvred day and night to ensure the wishes of the duly elected Government are not put in place.

Further complications arose in this political battle when the board united with the trade unions in obstructing the Government's plans. The Government has since been vacillating in the face of this. Why has the Minister tolerated the obstruction of both the board and the unions? The only explanation for this effective obstruc-

tion is the commonly held one, that the union leaders have an inside track in the Cabinet, resulting in the whole Cabinet not supporting Mr. Brennan's plans for Aer Rianta. It is time for the Taoiseach to explain his role behind the scenes. Was he fully behind what the Minister for Transport and other Ministers pushed for the future of Aer Rianta? Or was the Taoiseach a fifth columnist backing the trade union agenda at Cabinet? It is very important that we know this because if we do not know about the internal dynamics of the Cabinet and believe the Minister's colleagues have thwarted him, how can we believe when operations day comes, on 30 April 2005, that the future Ministers for Transport and Finance will support and approve the business plan? This game is not played out. The passage of the Bill on Second Stage today — and it will be passed despite the lukewarm support of Government Members — will not mark the end of the story. If Deputy McCreevy continues to be Minister for Finance will he approve an operational plan produced by these three authorities? He is a superb and brilliant Minister for Finance with a totally different agenda to the Minister for Transport, and is reputed to have played a role in this saga that is not part of the agenda of the Minister for Transport.

This is a political rather than an economic mess. It has been delayed two years due to political goings-on, because of Mr. Hanlon's alliance with the unions, and their being in touch with the Taoiseach. The Minister was paralysed by the political pressures to which he was subjected and because the Aer Rianta deal was part of the social partnership agreement. How on earth did the future of Aer Rianta become part of a pay deal negotiated in Government Buildings? This Bill has nothing whatsoever to do with pay. It may have something to do with jobs but it has no connection with pay.

The structure of the new boards is puzzling and inadequately explained to us but the Minister's appointment of new boards of a largely non-political nature is courageous and welcome. No doubt he came under severe pressure to appoint his friends and cronies, and those of other people, to the board. Instead, he created a board with a commercial mandate. Whatever one may think of the individuals involved, its members have commercial credentials, an excellent and welcome development.

I do not accept that Dublin Airport or Aer Lingus are strategic national assets. That is the language of yesterday. We do not need to own the airports as if they will be of use to us in war or trade. We do not need Aer Lingus. We need competition and to be able to sell the airports. I cannot understand why Dublin Airport must be exclusively owned by the State. Why not address the issue of a second terminal? Apart from the fact that Michael O'Leary is taunting everybody in this House and thereby not doing his own cause any good——

An Cathaoirleach: I have warned the Senators about mentioning names of people not present in the House.

Mr. Ross: ——I cannot understand why the second terminal has not been addressed, introduced and brought privatisation — a word we must use in connection with Aer Lingus — to the Irish airports as well.

Mr. Dooley: Joe Lee's argument still stands.

Mr. Morrissey: I welcome the Minister. This is the third time in the past week he has been here listening to debates on transport. The introduction of this Bill focuses attention on the independence of Cork, Shannon and Dublin Airports. Cork and Shannon will be able to operate autonomously and generate their own level of activity in a competitive environment. The debate on this Bill has concentrated mainly on the unions' demand for job retention and guarantees. Cork Airport processed 2.2 million terminal passengers in 2003, up from 800,000 in 1994. This was achieved with a staff complement of 202. Shannon Airport processed some 2.4 million passengers in 2003 compared to 888,000 in 1993 but there are 590 staff at Shannon, almost a ratio of 3:1. If these figures are correct, and I do not doubt them as they came from the relevant marketing departments, Shannon has a much greater staff complement than Cork, servicing virtually the same number of passengers.

Much has been said about business plans for the restructuring of our airports. What business plan has allowed such a disparity to occur and envisages that it can continue? The only way such a scenario could continue is under the present monopoly structure. The capital investment in Cork in the past seven years was €67 million, while Shannon received €70 million in the same period. Restructuring will allow both airports to be autonomous and free of debt, and employ good local management teams specifically tasked with generating traffic to their areas. Surely this is better than the present process whereby any increase in Cork or Shannon traffic must be approved by Dublin.

At the Oireachtas Joint Committee on Transport last year Ryanair's Michael O' Leary confirmed that neither Shannon or Cork could make its own arrangements with regard to Ryanair fees, and consequently, the business was lost to Kerry Airport. As a result, traffic at Kerry Airport grew by 72% in 2003 solely due to Ryanair business, demonstrating the importance of autonomy whereby local management was able to deal successfully with a carrier to ensure that additional business was brought to the Kerry area. Shannon has tremendous potential given the strong industrial American base in the mid-west region while Dublin Airport is predicted to double its passenger numbers to some 30 million passengers over the next 15 years.

[Mr. Morrissey.]

Business plans are important but coming from the present monopoly whereby Dublin dictated terms to the regions, I doubt that any business plan produced by the present board would adequately allow Cork and Shannon restructure themselves to meet the challenges of the future. Over the next nine months the new boards will have the power, and more important, the incentive, to prove that the autonomous route will yield better results. Many question the viability of Dublin Airport under the restructuring. The airport, which is projected to grow to 30 million passengers and established 24 new routes in 2004, has a bright future, free of the burden of regional airports such as Cork and Shannon which, under the management of independent boards, will encourage greater marketing opportunities to attract new business. Under the proposed legislation Cork and Shannon will have the power to set their own charges, independent of the regulator. While each airport will have the power to increase its charges, competition will be the name of the game.

Many question the purpose of this legislation. It was prompted by concern about how the three State airports could continue to fulfil their mandate in a changing aviation environment. This was a public policy decision, not a simple business one and the mandate is to maximise passenger freight throughout for the benefit of industry, tourism and the economy as a whole. One third of the population and one third of economic growth activity lies east of Athlone. Some 50% of foreign, mainly American, investment is also based in that area. International access is critical to the continued promotion of balanced regional development. Some 83% of all UK traffic currently goes through Dublin and 84% of all European traffic also goes through Dublin. Are we seriously suggesting that 84% of all passengers want to come through Dublin Airport?

Some people say there is no business plan or business case. However, we now have three boards of experienced and enthusiastic business managers who have a track record of business success. One does not build business success by analysis but by action and competition in the market. There is no compelling business case to maintain a 97% monopoly on airports in the country. There is no compelling business case for a “no change” stance and protecting a monopoly. There is no business case that says Shannon Airport can only develop if it is under the thumb of Dublin management. The analysis carried out by PwC does not say Shannon and Cork Airports cannot succeed, rather, PwC shows scenarios in which both Shannon and Cork can operate successfully.

Financial restructuring of the airports will be necessary. The technical way forward has been set out by consultants to the Minister and no insurmountable obstacles are evident. Only a few years ago, the board of Aer Rianta — including worker directors — wanted a part-privatisation of the company, in other words, to replace a public

monopoly with a private monopoly. Privatisation is not part of the Government’s plan which gives Cork and Shannon Airports the opportunity to have full commercial independence. This is a commitment of the programme for Government and it will be implemented.

The benefits of competition are evident when one looks at other airports that have competed for new passengers. Ten years ago, Prestwick in Scotland dealt with 10,000 passengers, this year it will have 2.5 million. Prestwick used to have transatlantic gateway status but that ended in 1990 when it had to compete with Glasgow. No doubt many people said Prestwick would never survive, but by competing with an independent commercial strategy its passenger numbers have grown to over 2 million.

Liverpool Airport had very few passengers ten years ago and it now has 5 million, mainly due to EasyJet. Charleroi’s passenger numbers have grown from almost none to 2 million. Frankfurt-Hahn, a former military base started from zero ten years ago and now has 3.5 million passengers. There was a 92% passenger load from Frankfurt-Hahn to Farranfore throughout last winter, which proves there is a demand for a direct service to the west of Ireland. Shannon Airport currently has 2 million passengers, 1 million of these by virtue of the compulsory stopover.

Northern Ireland has three competing, independent airports. Why can we not do likewise? Airports can compete and there is no reason to be defeatist. Some people say jobs are at risk from the break up of Aer Rianta. Every 1 million passengers would bring 1,000 new jobs in air services, tourism and other areas. The way to grow jobs at Shannon is to give the airport freedom to generate more passenger numbers which would benefit the whole region. There will be no diminution in the employment rights of Aer Rianta workers.

The Progressive Democrats wholeheartedly support the Minister’s endeavours. We salute his courage in facing the task that lies ahead in the restructuring of Aer Lingus——

Ms White: Aer Rianta.

Mr. Morrissey: Aer Rianta, and I hope, Aer Lingus, in future.

Mr. Browne: Fianna Fáil is not so united on the matter.

An Cathaoirleach: Allow Senator Morrissey to speak without interruption.

Mr. Morrissey: I acknowledge the role played by the Leader, Senator O’Rourke, and pay tribute to her flexibility and political dexterity in steering this important legislation through the House. I also commend the Minister for Transport who has taken on the challenges and reforms that were overlooked and sidelined by previous occupants in this post.

Mr. McDowell: It will be hard to follow that. I am in complete disagreement with almost everything Senator Morrissey said, which I suppose is a considerable relief to both of us. We will have time to tease that out over the next day and a half or so.

I want to address much of the wishful thinking we have heard about competition and its nastiness, the monopoly and so on. However, it is appropriate to focus for a few moments on the additional detail the Minister brought to the debate in commenting on recent press reports dealing specifically with financial issues, which are important. I do not share the reaction of others, including Senator Browne, in condemning those who leaked this information. The information is extremely important and it is a great pity it was not in the public domain long before now. It isolates a particular difficulty which may in time be resolved but it is one of which we should be fully apprised. It should have been sorted out before now. We should not be going down the route being extolled by the Minister without having resolved these important issues. While the Minister has been firm and resolute and has repeated his assurances on the matter, he has not added anything to the debate. He has not contradicted anything that has been said or the information that has been put into the public domain in recent days.

Let us recapitulate briefly on what we know. We have known for a long time that Aer Rianta has debts in excess of €480 million which are split between eurobonds that are traded on the Dublin and London Stock Exchanges and bilateral debts which are organised directly between Aer Rianta finance and the banks. Regarding the bilateral loans, it is accepted that they contain a number of default clauses. Certain circumstances may trigger a default mechanism whereby creditors can call in the loans early. Such clauses include reference to Aer Rianta taking any steps towards a substantial reduction in capital; Aer Rianta ceasing or threatening to cease to carry out any part, or in some cases any substantial part of its business; any disposal by Aer Rianta above a certain value; and Aer Rianta ceasing to retain ownership or conduct operations from Cork and Shannon. The Bill, to a greater or lesser extent appears to do all four of those things. It is clear that there is a potential, which I do not wish to overstate, for a default mechanism to be triggered. It is open to any of the bilateral creditors to say that because the circumstances have changed it intends to invoke certain clauses to call in the loans early. In those circumstances, there is a severe risk that Aer Rianta, at least in the first instance, would not be able to afford to make the early repayments, which could in turn lead to an amount of indebtedness that would cross-accelerate and also lead to a calling in of the bonds. In those circumstances, refinancing would be expensive. There is a danger that if the company were unable to do so quickly enough, it could become insolvent. One would have to be

pessimistic to think that all of those things would happen, but it is not unusual or unpredictable that one would get a few nervy creditors who do not like the look of this, do not believe the political backing exists or that things will work out as the Minister has envisaged. If they want their money back they could trigger the default mechanism. If one creditor does this, it is by no means inconceivable that others would do the same.

There is nothing terribly staggering in what we have found out in recent days, or at least nothing that would surprise most people. What is surprising is that this has not been resolved before now and that we have not been clear about the facts before now. What I also find surprising is that the Minister has given us no indication of how he sees the matter being resolved. The expectation is that the company or the Government, or the company acting through the Government or *vice versa*, will organise a waiver and that creditors will essentially waive their rights to call in loans in default in the circumstances which are set out in the default clause. That is what we expect but we know from the advice that has been given to the company that that could be expensive. I have no expertise in that matter and I do not suppose anyone else in the Houses has either, but if it is going to cause additional expense and if there are serious potential downsides we should have known about it before now and we should receive more detail from the Minister either today or tomorrow as to how he envisages we would get out of it. It is inadequate to say this is and always has been dealt with professionally and well between officials in the Department, the company and the creditors.

The potential serious negative in this regard should be cleared at the earliest opportunity. The company and its creditors deserve better. The Minister said in his statement today that there has not been an adverse reaction from the creditors. We know that Deutsche Bank, acting on behalf of the bondholders, indicated its concern about the uncertainty that existed approximately a year ago. I am not aware of uncertainty in the interim. If the Minister has such information, I invite him to put it on the record today or tomorrow.

I wish to examine some of the bigger issues in this regard. It is fair to say that most Members of the Oireachtas do not have a problem with the notion of three independent boards, one for each of the three airports, acting in a more aggressive fashion to market their particular airport or their particular part of the country. Over the last 18 months or two years, most parties have said they have no difficulty in providing for independent management and a measure of independent financial control in the airports.

I speak for myself rather than my party when I say that some of us examined seriously the Minister's proposal to establish two regional airports at Cork and Shannon as independent entities with clean slates. The problem with the suggestion is that it does not stack up and does not bear examination. It is not necessary to do any of the four

[Mr. McDowell.]

or five things cited by the Minister today as reasons for adopting this proposal. Its risks and downsides outweigh any potential benefits which might derive from it. That is where the difficulty arises. Senator Ross put it well when he said he thinks this is a good idea in principle, but he is not quite sure why the Minister is pursuing it. The Minister has not set out his reasons.

We have had an extensive debate about the business plan. Senator Morrissey asked what the business plan will be. He wondered why the State monopoly should be retained and why a certain amount of business should continue to be brought through Dublin. I suppose such systems should be retained because they work and have worked well in recent times, from a national perspective. No evidence has been produced by the Minister today or during the debate on the Bill in this House and elsewhere to suggest that an alternative structure would work. There is no evidence that it would be better. A great deal of nonsense has been spoken about competition. Irish airports do not compete with each other. There is no prospect of Dublin competing with Cork or Cork competing with Shannon in a serious way. People will go to the most convenient airport. They rarely have a choice when an identical or similar service is provided by different airports.

Mr. Morrissey: Why do 84% of people travel through Dublin Airport?

Mr. McDowell: It is a small country. People choose to go to the nearest airport, by and large, or they use the service which suits them best. It is rare that they are attracted to a different airport because of a difference in price or because the lounge is a little bigger. I do not think that happens because they typically choose to go to the nearest airport in most circumstances. There may be exceptions. People involved in a particular class of business travel may seek certain obvious geographical benefits, or a service being provided in one airport may not be provided at another airport. I accept that it may happen, but in the vast bulk of cases we are not talking about competition in a realistic way.

I do not have any difficulty with a publicly owned monopoly being in charge of our airports because it has worked well over the years. Senator Ross may use the term “dinosaur” and other pejorative phrases to refer to Aer Rianta, but it has been a successful company. It has done us proud on a national level, by meeting our needs, and internationally. No semi-State company, with the exception of the ESB, has invested so successfully abroad or been so profitable in its general operations. Aer Rianta has been very successful in its operations at home, by and large, by meeting needs as they arose.

If one were to criticise Aer Rianta, one could say that investment was often too slow and demand was often not met as quickly as it might have been. When demand was met and invest-

ment was made, it was sometimes more gold-plated than it needed to be. The company has done what we asked it to do, by and large, using the resources we gave it. It has done well. We are entitled to be proud of the manner in which it has discharged its responsibilities.

I do not mean to say that some aspects of Aer Rianta cannot be improved. My party is in favour of giving it the extra impetus it needs to improve. It is clear that one such aspect is Shannon Airport. Many tourists who come to this country end up in the west at some stage of their visit. I accept it is surprising that relatively few of them choose to fly directly, by charter or scheduled flight, to that region. We have to acknowledge that many of the solutions to that problem are not within the gift of Aer Rianta. Senator Dooley referred clearly to shortcomings in the infrastructure in the immediate vicinity of Shannon Airport. I think the Minister accepts that problems exist in that regard. There is no rail link, the bus link is not very good and although the roads are not improving, they are not great, particularly when one is trying to get to the other side of Limerick. I hope all the problems will be resolved, but the point I am trying to make is that such changes are not within the gift of Aer Rianta.

Similarly, Aer Rianta cannot change the open skies policy because it is clearly a matter for negotiation between the European Commission, with little input from Ireland, and the US authorities. It is well outside the scope of Aer Rianta. An independent company operating from Shannon will have no impact on it. While one intuitively feels there is scope for improvement at Shannon, I do not see how a totally independent company, as opposed to independent management which takes a certain amount of independent initiative, will improve business at Shannon. The Minister has failed utterly to persuade me and many other people that such an improvement will be achieved.

The issue of business plans is critical. The Bill places an obligation on boards to draw up business plans before 30 April 2005. Crucially, it does not seem to contemplate what will happen if a satisfactory business plan is not produced. Nobody doubts that a business plan that says all sorts of wonderful things and makes appealing conjectures can be drawn up. For example, such a plan might say that Shannon Airport can become a low-cost hub. Any of us could write that in the morning. We doubt whether it is possible to come up with a persuasive business plan that identifies realistically where the niches exist and sets out a way in which they can be filled.

What happens if, in nine months or a year, a plan is produced that contains a measure of gobbledegook? What if we get a two-page report that states there has to be scope for more charter flights or suggests that Shannon Airport should be a low-cost hub? Such a plan would not be persuasive, frankly. Will we be able to go back in such circumstances? I do not think we will because the Bill does not seem to provide for it.

It simply requires the production of a plan — it does not say that the plan should be good or persuasive. It does not say that the plan needs to amount to very much — all it says is that there needs to be a plan. I cannot help thinking that the Bill's requirement for a business plan to be published by April 2005 is no more than a sop. It is intended to secure, in so far as it has done, the agreement of our colleagues in the trade union movement. It serves no other realistic purpose.

As Senator Browne said at the start of the debate, we are putting the cart before the horse. We have started a process, but we do not know where it is going. That would be bad enough in itself, but it is also the case that many people do not trust the Minister and the Government. I do not believe the Minister when he says the Government intends that the airports will remain in public ownership. A number of Government Members, including those from Senator Morrissey's party, do not want the regional airports, or any airports, to stay in public ownership. The Minister's assurances in that regard do not persuade me and I imagine they do not persuade many people who regard themselves as stakeholders in the industry or the existing company.

The history of pier D and the second terminal at Dublin Airport has not helped to persuade me that what we have in this Bill is remotely close to the full picture. The Minister might
4 o'clock say he intends that the second terminal will be run by Aer Rianta or the Dublin Airport authority. He might tell us that it will be independent or he might propose to put it out to tender. He could say he expects that Dublin Airport and the other airports will be in private ownership within five or eight years. He might suggest that there will be competition between the publicly and privately owned terminals. If we had the full picture, we could make a realistic effort to assess it. We do not have the full picture, however, or anything remotely close to it. We are being asked to engage in an act of faith and to take a leap in the dark. I do not believe we should do that.

Mr. Wilson: I join my colleagues in welcoming the Minister and his officials. Many Senators are aware that I am from County Cavan, which does not have an airport.

Mr. Coghlan: Not yet.

Mr. Wilson: We know little about Aer Rianta. Unlike some of my colleagues, I do not have day-to-day dealings with it. I have researched the history of Aer Rianta and it is totally different from the history portrayed by Senator Ross this afternoon.

Ms White: Hear, hear.

Mr. Wilson: The history of Aer Rianta is very positive and I shall outline some aspects. Aer Rianta is a State company which commenced operation in 1937. Its original task was to operate

lines of aerial conveniences directly or by means of Aer Lingus Teoranta. It was also charged with the development of aviation in general. Aer Rianta owns, operates and develops Ireland's major airports at Dublin, Shannon and Cork, which are the subject of the legislation before us today. The first flight from Dublin took place on 19 January 1940. The birth of Shannon Airport came about mainly as a result of its strategic location as a gateway between Europe and America and in 1945 the first scheduled commercial flight passed through the airport. Perhaps the most significant event in the history of Shannon Airport came in 1947, which was also a significant year in the history of the GAA in County Cavan, as the Cathaoirleach is aware, when the world's first duty free shop was opened there.

An Cathaoirleach: Was Senator Wilson there?

Mr. Wilson: I was not but perhaps the Cathaoirleach was.

Cork Airport commenced operations on 16 October 1961 and served the important tourism and business interests in the southern region. It is also ideally located to service offshore gas and oil exploration work off the south coast. The period since the 1970s has seen significant capital development at each of the three airports. Major developments included the construction of new passenger terminal buildings and piers, expansion of existing passenger facilities, development of a new 8,600 ft. runway at Dublin Airport and the provision of extensive car parking and cargo handling facilities at each of the three airports. Commercial development of non-operational land forms part of the overall company strategy for the airports.

Through the 1980s and 1990s, Aer Rianta broadened its commercial activities with developments in the retailing, catering and hotel industries, as Senator Browne outlined in detail earlier. In May 1998, Aerofirst, a joint venture company set up by Aer Rianta and the Soviet airline, Aeroflot, opened new duty free shopping facilities at Moscow Airport. To support this overseas business, Aer Rianta set up a subsidiary company, Aer Rianta International, which continues to oversee the development of many commercial ventures both in Russia and in countries in Europe, North America, the Middle East and Asia.

Aer Rianta's success abroad was mirrored by expansion at home. The company acquired a first class chain of hotels when the Great Southern Hotel Group, of which Senator Coghlan is a great supporter, joined the Aer Rianta group in 1990. Another historic development occurred in 1996 when Aer Rianta acquired part ownership of an airport property abroad. In that year, Aer Rianta with its partner, Nat West Ventures limited, acquired a 40% stake in Birmingham International Airport. In late 1997, another important acquisition was finalised when Aer Rianta and its

[Mr. Wilson.]

German partner acquired 50% ownership of Dusseldorf Airport.

Today this House discusses the next stage in the progression of Aer Rianta and I welcome the detailed speech by the Minister for Transport. My constituency does not have an airport but, as a consequence of the good work of the Minister, it will soon have a motorway from Clonee to the Virginia side of Kells. I compliment the Minister on the work he has put into this proposed construction since he came into office. I observe that two of Senator Coghlan's colleagues in the Dáil who are both from County Meath — one the youngest Deputy in that House, the other a former Taoiseach — are actively supporting cranks in objecting to that project. It is a project that will ensure that the people——

An Cathaoirleach: Senator Wilson should confine his contribution to the legislation.

Mr. Wilson: My point does relate to Aer Rianta as it is concerned with how people can get to airports.

An Cathaoirleach: This is a Bill concerning Aer Rianta; it is not a roads Bill.

Mr. Wilson: One can give the youngest member of the Dáil the benefit of the doubt but the former Taoiseach should know better. If they stopped holding up the M3 project, the people of the constituency I represent and of County Cavan in particular could get from Cavan town to Dublin Airport in under an hour. That is the significance of my point and I thank the Cathaoirleach for permitting me to make it. Dublin Airport is the one I am concerned with.

Mr. Coghlan: Senator Wilson is always interested in Shannon Airport.

Mr. Wilson: I consulted with a number of people in various locations throughout the country and I read with interest in the newspapers of the Dáil debates on this legislation. The Government Deputies in particular welcomed the Bill, with some reservations, as a wonderful opportunity for Cork Airport and for the southern region to develop away from the stranglehold of Dublin. Deputies representing counties Clare and Limerick welcomed the similar advantages for Shannon Airport, again with some reservations. Deputies felt that the Bill offered challenges as well as opportunities for the three airports and they look forward to that. The main problem identified concerned infrastructure, to which several Senators have alluded today, including Senator Dooley. They felt that the Government must put further investment in place at the three airports and that the construction of the second terminal at Dublin Airport should be implemented as a priority. Regarding the 2,800 employees of Aer Rianta, Deputies felt that these employees must be given job security. I welcome

the Minister for Transport's statement in this House that the airports will remain in State ownership and those 2,800 jobs will be secure.

A number of public representatives at local level with whom I was in contact felt that there should be representation for public representatives at board level in the new airport authorities, perhaps in the form of representatives from the various regional authorities. There was concern about duty free and other overseas operations in terms of which airport will receive the benefits of those operations. Is it Dublin Airport or will a separate company be established to deal with that area?

The Minister for Transport is a progressive Minister and I doubt he would bring forward legislation that would be to the detriment of the future progress of Dublin, Shannon and Cork Airports. I wholeheartedly support what he is trying to achieve. My only reservation relates to the concerns expressed by the people I have consulted, which I am sure the Minister can allay.

Mr. Coghlan: I thank the Minister for Transport for his overview of the legislation although I disagree with much of what he said. The State Airports Bill 2004 allows the aviation regulator to set passenger charges for Dublin Airport but removes Shannon and Cork Airports from regulation due to their weaker financial positions. This provision appears to conflict with the Aviation Regulation Act 2001 which obliges the regulator to oversee all airports handling more than 1 million passengers a year. Shannon and Cork Airports each handle more than 2 million passengers a year.

Confidential documents leaked to the media have highlighted concerns about the impact of the break-up of Aer Rianta and the company's €484 million debt. Last week, Independent Senator Joe O'Toole, who I understand will contribute to the debate later, asked that the Attorney General examine the implications of the break-up on the debt provision of the company. If Aer Rianta is split, its banks and bond holders are likely to demand higher repayments. The Minister dealt with that aspect in his contribution but a question arises in regard to the legal and actual terms in that it will be a different company.

On 30 June, the Aer Rianta chief executive, Margaret Sweeney, wrote to the Assistant Secretary in the Minister's Department to highlight those concerns. She quoted advice to the company from Arthur Cox, solicitors, and IBI, which stated that agreement would be needed from some lenders to avoid defaults arising from the restructure. That is because some of the company's loan deals contain restrictions on Aer Rianta ceasing to retain ownership of Cork and Shannon Airports and restrictions on the distribution of the company's assets. She said that if the group failed to secure waivers removing these restrictions, and the debt had to be repaid, "refinancing would be required" and "is likely to be costly". She further stated: "A situation could

arise whereby refinancing may not be available and in such circumstances, the company would be likely to find itself in an insolvent position”.

Despite reassurances on numerous occasions that the Minister would prove the business case for the break-up of Aer Rianta, we have not seen anything in regard to that rationale to date. As I understand it, we are being asked to wait until April 2005. At that stage legislation will be passed and will be virtually impossible to reverse.

This legislation will allow the three nominated boards at Dublin, Cork and Shannon, which are already appointed — I am not sure if they are established — to draw up business plans but they could have done that without the legislation. Perhaps, when responding, the Minister might outline when operational control will commence, although I recall he talked about an appointed day from which everything will flow.

The Minister does not appear to have a clear policy for the Irish aviation sector and this legislation does not provide any overall guidance. In effect, this legislation merely replaces the board of Aer Rianta with the board of the Dublin Airport Authority. It is shifting board name and little else. A slight difference aside from the name change is that the Dublin Airport Authority will now effectively have authority over Shannon and Cork Airports until such time as they become separate entities. The board of the Dublin Airport Authority will make decisions for the other two airports, despite the fact that, in effect, they will be competitive rivals after the break-up.

The decision to break up Aer Rianta has been long-fingered and a wait and see approach based on the judgment of the Minister for Finance, Deputy McCreevy, has been put in place until April 2005. In his contribution the Minister referred to “subject to the consent of the Minister for Finance”. It appears, therefore, that the Minister for Finance has the power of veto.

The Minister for Finance has been sceptical of the business argument in favour of breaking up Aer Rianta. In many respects, this is a slight by the Cabinet on the ability of the Minister for Transport to carry through this process. It would appear that the ultimate decision has effectively been taken away from him, an aspect he might comment on when responding. In a sense this legislation is little more than a holding exercise delaying the break-up of Aer Rianta until April 2005.

Essentially, this legislation is a face-saving exercise. The Minister is now in a position to state that despite two years of sitting on this issue, something is at last being achieved. That is clearly not the case. The legislation is not driven by any coherent policy decision. It merely replaces one board with another. The Minister still has not presented any solid evidence that the three airports can stand alone as viable entities. This legislation is not based on a solid business argument for which my party has consistently called. It should not be for appearance sake but should be based on solid and reasoned business arguments.

Time has been wasted in negotiating this legislation. The Minister could have instructed the boards he appointed to draw up the necessary plans. The availability of these plans would have ensured a position where the merit of this legislation would have been evident to all. If the three respective boards had put forward the business rationale for the break-up of Aer Rianta, my party could have supported such legislation.

We are again being kept in the dark and expected to approve legislation which contains no overriding policy or business argument. We need to know the full facts before we can support the division of our airport structure. It is far from reassuring to the public to know that even the Minister for Finance has serious doubts about the success of this project.

Fine Gael has called on the Minister to publish a White Paper on future policy in the aviation sector. That is necessary, particularly in dealing with issues such as a new terminal at Dublin Airport, the future of Shannon, especially if the stop-over ends or is significantly reduced, a second airport for the Dublin region and the sale of our national airline, Aer Lingus.

What is the position in regard to the second terminal for Dublin Airport? That is an important question. How will the assets be distributed? If the break-up occurs, what will happen to Aer Rianta International and the Great Southern Hotels group? Will the board members of Cork and Shannon Airports have any say in the actions taken by the Dublin Airport Authority? If not, what will be different from the current position in which all three airports operate as one body? Why should the board of Dublin solely take decisions for Shannon and Cork Airports over the next year? Why does this legislation allow for airport charges to be regulated by the aviation regulator at Dublin only and not at the other two airports? If airport charges rise at Cork and Shannon, will that affect the development of those two airports into low cost carrier airports?

The company suffered from poor profitability in its hotel subsidiaries last year, a subject to which I will return later. There appears to be a number of inconsistencies in regard to comments made in the past and perhaps the Minister will address those when responding.

The Taoiseach has consistently stated that he believes Aer Rianta must remain State owned, and he is opposed to privatisation. He has also stated that he views the maintenance of all jobs at Aer Rianta as essential. That does not appear to apply to the hotels company, which is wholly owned. If it does, perhaps the Minister would comment on it when responding.

The Minister was quoted in *The Irish Times* on 31 May as stating:

Because it is a plc there are revenue reserve issues, there are distribution of assets issues, there are ownership issues of assets. There are a fair few complicated financial transaction issues which the Department of Finance and I

[Mr. Coghlan.]

are battling out between us but Government policy is to give full autonomy to the airports.

The PricewaterhouseCoopers report, which the Minister commissioned, points out that the business plan for each airport is a matter for each new designated board. Fine Gael believes we must have business plans on the table which unquestionably show the viability of all three State airports once restructuring has taken place. That has not happened to date. The PricewaterhouseCoopers report also accepts that additional capital expenditure will have to be covered by increasing landing charges. No documentation has yet entered the public domain which constitutes a clear and coherent business plan. There does not appear to have been any appraisal undertaken on the future viability of each independent, stand alone airport.

There is a massive public deficit of information as regards the following: strategies and plans for entities; capital expenditure and investment plans; management team and operational plans; the nature of ongoing relationships with existing Aer Rianta operations; financial projects, cash and debt management; pricing policies; and interface with the regulator.

We further believe restructuring proposals for Aer Rianta must address the following: the “non-transparent” subsidies between the three airports; the differing priorities of the airports; the serious constraints on the availability of capital; and the inefficient allocation of capital between the airports. Because it is a plc, there are revenue reserve issues, distribution of assets questions and issues of asset ownership.

Passenger charges at Dublin Airport may have to rise to up to €9.50 after the break-up. There is a current ceiling on landing charges at Dublin Airport of €5.29. This increase is justified in terms of the need to deliver sustainable financial ratios. It also takes account of the fact the Minister for Transport intends to shift the debts of Shannon and Cork onto Dublin Airport’s balance sheet. That is something we need to hear more about.

The IBI report says the PricewaterhouseCoopers study does not take account of a potential shortfall in the Aer Rianta pension fund. There is a need to review all the implications arising from restructuring in that regard. With regard to a second terminal for Dublin Airport, current facilities there can cater for 20 million passengers annually. However, from 2005 forecasted demand for the airport suggests that additional capacity will be needed. Aer Rianta has signalled that its pier D terminal facility will shortly be abandoned because of a failure by the Government to give a formal go-ahead. The terminal was to be a quick turnaround facility, especially suited to low-cost airlines. The company indicated that over €7 million of investment might be written off as a result. The construction of this new pier was first ordered by the Government, which then changed its mind and rendered it redundant. There are serious questions to be answered on this.

There is a major imbalance between the growth of passenger numbers at Dublin in comparison to what is being experienced at Cork and Shannon. Shannon’s cost base is also significantly higher than may be justified. There has been only limited success in attracting the low-cost airlines, aviation’s fastest growing sector. Aer Rianta’s 2003 annual report says that 20.5 million passengers travelled through Irish airports last year, up 5.8% on the previous year. Some 80% of these passengers travelled through Dublin Airport. The principal challenge facing the three airports is to develop and facilitate growth in passenger traffic.

I was disappointed that the Great Southern Hotels were not mentioned in the Minister’s speech. I am aware of the difficulties they have had, but there has been massive investment in some of them. These are well located properties, as the Minister knows. Aer Rianta would regard them as not being poor. As the Minister or the chairman of the company, Mr. O’Hanlon said at one stage, Aer Rianta is not in the bed and breakfast business. Imagine the great concern in Killarney, Parknasilla, Galway — both Eyre Square and the Corrib — Derry, Rosslare, Dublin, Cork and Shannon. Surely it is inconceivable that each of the three authorities would not wish to have the hotels located on or adjacent to its own property. Major concern has been expressed in each of the localities, naturally among staffs, in all of the tourist centres and among taxpayers generally. I ask the Minister, when he responds, to tell the Seanad, in a straightforward way if he can, what the Government’s position is as regards the hotels. Will they be sold as a group or individually? I understand a new chief executive has been appointed. What is his brief from Aer Rianta? Will he be instructed to prepare for a sale or will he first be required to sell off land attached to the various properties which is regarded as surplus to requirements? I look forward to hearing the Minister’s replies to all of those questions.

Mr. Daly: I welcome the Minister and thank him for the broad outline of the policies and objectives of this legislation. I want to put on record my appreciation for the work and record of achievement of Aer Rianta since it initially took over the management of Cork and Shannon Airports in 1969. The Minister will be aware that at that time some 300 staff from the Department of Transport and Power, as it was then, were transferred to the new authority. He will be glad to know that some of those are currently employed. There is some concern about pensions, and I will refer to that later. I want to express my appreciation of the co-operation I have received over the years from the board of Aer Rianta, various chairmen at different times and to thank, especially, people such as Mr. Jack Daly, the businessman from Ennis who was a member of that board for a long time. He made a major contribution to the company during a very difficult time in the development of Aer Rianta and of the airports generally. I also express my appreciation

to some of the chief executives of the company, including Mr. John Burke, who retired recently. In Shannon the people I mainly had dealings with were Mr. Michael Guerin and Mr. Liam Skelly, who were there for a long time. Mr. Skelly, in fact, took very innovative opportunities to open up business between Ireland and the former Soviet Union long before the collapse of the Berlin Wall. The initial work done by Aer Rianta in opening new opportunities certainly copperfastened much employment at a time when there were real fears for the future of workers in the airports generally. I want also to place on record my appreciation of the work of some of the directors, especially the worker directors.

An Cathaoirleach: The Senator may not name anyone in that capacity.

Mr. Daly: I will not name anyone. Some of them I do not even have to mention. They are very familiar to the Cathaoirleach, from other activities in County Clare, which will not be mentioned either. They made a valuable contribution. What needs to be kept in mind when legislation such as this is being discussed, is that behind all the chapters, schedules and sections of this Bill are men and women who are employed by this company, who have made a large contribution towards the achievements we have seen in Irish aviation over the last 20 or 30 years. They have worked hard and diligently. It is ill-becoming of Members of this House to make critical comments of a broad general nature. In my experience a person who makes a comment such as that is not familiar with the detailed working that has taken place and the participation among worker directors and boards of management in achieving these developments over the past 30 years or so. If no one else appreciates it, as a public representative who has been in this House for over 30 years, I do. I certainly acknowledge the co-operation I received from the airport authorities in issues that related to the business and activities of airlines, where livelihoods and opportunities for people in my constituency were often at stake.

For many years there has been a growing awareness in Shannon, whether or not it is a misconception, that it is time to put the airport on a firm footing. The feeling in the region is that Dublin has dominated airport activities for far too long. Head office concentrated for the most part on the expanding challenges being faced in Dublin and they were numerous and fast evolving. I am not too familiar with the position in Cork, but in Shannon there was a growing feeling of discontent. It was no longer acceptable that an overall authority was the most desirable or most profitable way to expand the business of the airports at the present time. This view was being put forward by bodies such as the development agencies, local communities and especially by people involved in the airport. I have travelled through Shannon on a regular basis for 30 years. There was always the feeling there, whether correct or

not, that Shannon was being dominated. The decisions affecting the future of the airport were dictated by Dublin. The activities of Dublin Airport were prioritised and attention was focused on it to the detriment of Shannon Airport. For that reason, I welcome an arrangement whereby Shannon Airport will have autonomy comprising its own board of management, directors, worker-directors, and policies to expand the business and seek opportunities as Michael Guerin and Liam Skelly did 25 years ago.

An Cathaoirleach: We are aware of that.

Mr. Daly: I find it difficult to divorce the names I mentioned from activities in the airport. I am sure people from Dublin have the same difficulty. In the past, we required information about the aviation business at international, national, and local levels on matters such as investments or runways and lights. We needed advice from the board and management of the airports and it was always forthcoming. On many occasions Oireachtas Members were brought to the airport and briefed on particular difficulties that had arisen.

There is growing anxiety in Shannon and the mid-west that changes involving three agencies are too much. Changes are proposed for the Shannon Development Company. There are also proposals for change in Aer Lingus. The Shannon Development Company, Aer Rianta and Aer Lingus provide valuable employment opportunities in Shannon, and there is growing anxiety that simultaneous changes will have a detrimental effect on opportunities for many people within the three authorities. Assurances from the Minister will be welcome. He has indicated there will be no problem regarding staff transfers within the airport authorities. That needs to be confirmed and further detail provided on Committee Stage.

There is also a fear that future Ministers will be unable to sign off business plans and financial arrangements. A situation could arise at Shannon whereby assets are transferred to the new Dublin authority, personnel changes are made by the Dublin authority, and other management activities are centred at the Dublin authority. Without sign-off on these issues, there might not be a fall-back position. The objective that Shannon should have autonomy and be responsible for its own business and affairs would be diminished. The situation would be worse than previously. This is the anxiety people have.

In legislation such as this, one cannot include a provision that in the event of everything not working to plan we revert to previous legislation. That would be admitting defeat before we start. I do not expect any Minister would include such a provision. I wholeheartedly support the proposed policies. However, we need the Minister's assurance that should these policies come unstuck a situation will not arise whereby Dublin has dominance over Shannon and Cork, creating a worse situation in the long term.

[Mr. Daly.]

It is important that Shannon is not downgraded. In the section of the Bill dealing with the borrowing powers of the new authorities, €700 million is mentioned with regard to Dublin, €100 million with regard to Cork, and €20 million with regard to Shannon. This gives rise to the view expressed by employees that Shannon is seen as the poor relation of Dublin and Cork. There are high expectations for the new authority in Shannon and the opportunities that will follow. We do not want to see a situation where those opportunities are constrained by a lack of borrowing ability or by being third in line after Dublin and Cork. That view will create a lack of confidence in the proposed legislation. Perhaps the Minister could provide assurance that in the event of new developments requiring an additional borrowing capacity above €20 million he would be willing to deal with that through future legislation. Such an assurance would be sufficient to allay any fears. I acknowledge it is not advisable to create a situation where authorities are authorised to borrow huge amounts of money regardless of how it is to be spent.

These are some of the matters causing concern and they lead to anxiety for the people of Shannon. We do not consider ourselves of lesser importance. However, because of a lesser borrowing capacity we might be viewed as being less important in aviation in the future. Shannon has a good record. Under the proposed policy and new boards of management, I envisage a thriving Shannon Airport, opening up new opportunities, developing jobs for people, and working competitively and in co-operation with Dublin and Cork Airports to provide the best aviation service, enhance business and tourism and cater for people who wish to avail of airport services.

A number of personnel transferred from the old Department of Transport and were at that time given a ministerial guarantee that their pension would not deteriorate. As a result of this legislation some of these people will experience a decrease. This matter needs to be rectified. In some cases a pension could decrease by approximately €5,000 to €10,000 per year. This also affects some of the widows of those people who never retired from the Department but came under the new arrangements. This legislation was delayed for 30 years and I hope nobody will make amendments to this legislation in 30 years time. We must get this right. Many people have given dedicated loyal service over the years; some were involved in the management of Cork and Shannon Airports in 1969 before the company was established. We must ensure that their efforts and achievements are not diminished by curtailments to their pension entitlements. Everyone in this House has his or her own idea about the legislation. However, I support the principle of giving autonomy to the regions and airports. I support the broad thrust of the legislation and hope that during the debate on the subsequent Stages the Minister will give commitments that will allay

people's fears regarding their future prospects in the aviation business.

Mr. Quinn: May I share time with Senator Norris?

Acting Chairman (Mr. J. Phelan): Is that agreed? Agreed.

Mr. Quinn: I usually start by welcoming the Minister and the Bill. It is seldom that I fail to welcome a Government Bill, being usually disposed to giving the Government the benefit of the doubt. I can summon up no welcome for this Bill. There seems to be no sense whatever behind it. Having listened to the Minister, I am as much in the dark as to the reasoning behind this project as I was when it was first mooted some months ago.

I listened carefully to the other contributions. Senator Ross hinted that it might have something to do with the Minister seeking a way to sack the board. Senator Browne suggested it might be about what might happen to the various airport shops around the world. The Minister did not refer to that. Senator Coghlan asked what would happen to the hotels. I am sure the Minister will respond to these points. Perhaps it has to do with something about which I have not heard.

We are told the purpose of the Bill is to introduce competition between the three State airports. I find the concept of competition difficult to understand in this context, given that the three airports are more than a hundred miles apart. Is it seriously suggested that an independent Shannon Airport, or an independent Cork Airport, will put its mind to poaching passengers who now fly to Dublin? If I want to fly to Dublin, that is where I will fly, no matter how cheap it is to fly to Shannon or Cork instead, and no matter what other benefits there may be.

If the problem is that Aer Rianta in its present structure has failed to fully develop the potential of Cork and Shannon, I have no problem in agreeing with that proposition. This is a problem that not only affects the airports, but the tourism industry in the areas served by those airports. In recent years we have seen a sharp swing to visitors seeking short breaks. That was discussed on radio yesterday. As a result, tourism is flourishing in Dublin and in the east but is lagging behind in the rest of the country. To develop short breaks in the south and west, we need air routes that will take people directly to the heart of those regions so that visitors spend the least possible time travelling. So far we have not managed to create those air routes, and it is urgent that we do. I am sure that is part of what the Minister is trying to do.

Will creating separate boards in Shannon and Cork do the trick in this regard? The Minister seems to think so. I have no reason to disagree with him. However, I fail to see why Aer Rianta should be broken up into three totally separate companies in order to achieve this. Senator

Dooley made it clear that he would support the Minister, but he did not understand why. Within the existing Aer Rianta structure it would take only a stroke of the pen to give Cork and Shannon Airports all the autonomy they could possibly want, with separate boards, separate business plans, separate annual reports and accounts. I do not understand why that cannot be done. That would be normal business practice. In recent days I have searched my memory for examples of commercial companies where this sort of thing has happened, where a large company decides it wants to do other things. I found one — PepsiCo, a very large American company, one of the top 20 in Fortune 500. It decided to hive off its Pizza Hut business because it was a separate business from the drinks business. Pizza Hut went out on its own and is very successful, and PepsiCo went its way and is also very successful, because they were separate businesses. I do not understand why companies operating in the same business should be broken up instead of operating as three separate companies under the one umbrella.

The problem of developing these airports could be addressed in a much simpler and much cheaper way without any of the opposition the present proposal has thrown up. The Minister seems to have quite unnecessarily taken the hardest possible route to achieve his goal. We talk in business terms about synergy in terms of amalgamations and mergers. The benefit of mergers and amalgamations is that some costs can be shared. One example would be a consultancy regarding safety. Must each of the three separate and totally autonomous airports buy that consultancy regarding safety from the one consultancy company? If they were all part of the one umbrella organisation it would need to be bought only once and shared between the companies, and there would still be competition.

Despite the best will in the world, I have yet to hear a sound business case being made for shaking up Aer Rianta in the way the Minister proposes. We need to remind ourselves that this case is quite different to Aer Lingus. What is on the table regarding Aer Lingus is privatisation. The Government is quite emphatic that there is no question of privatising Aer Rianta. On balance I agree with that. A nation's airports are part of its strategic infrastructure and it is vital that they always operate in the national interest rather than in pursuit of private profit.

If we are not privatising Aer Rianta, why are we breaking it up? Especially when doing so creates a whole host of unwanted and avoidable problems about which we have heard in recent days, for example, the issues that have arisen with the company's banks and bond holders? What will breaking up the company achieve that creating three wholly-owned subsidiaries would not do?

What I find so difficult to understand is that the present proposal misses the target and, what is even worse, it is the wrong target. I see nothing in this Bill that would address what many people

see as the most urgent problem facing Irish aviation today, namely, handling the spiralling number of passengers at Dublin Airport in a more efficient way.

What has happened regarding the issue of the new terminal at Dublin Airport, which has been identified by Fáilte Ireland as one of the top three infrastructure developments that are needed if our tourism targets are to be met? Deciding to build that terminal and deciding on the form it will take are far more urgent considerations than is the break-up of Aer Rianta. That issue, which is a real and practical and urgent issue, has somehow got pushed to the back burner while the Minister has gone flat out to achieve his holy grail of breaking up Aer Rianta. I cannot help feeling that when the economic history of Ireland in this decade comes to be written, this project will be singled out as one of the great follies of our time.

This is unnecessary legislation which is badly conceived and badly thought out. I very much regret that it will inevitably pass in this House this week and eventually become law despite the many reservations about it on all sides of the House. If we pass this Bill, it will be a bad day for Ireland, and a very sad note on which to end this session. I believe the Minister has some reason that he has not told us about. I hope he will break it to us before the end of this session.

Mr. Norris: I am grateful to my colleague, Senator Quinn, for allowing me to share his time. I listened to him with great interest because he is one of the most successful business people in this State. He analyses issues from the Independent benches in a very independent way and not with any sectoral, partisan or party interest. When we hear such a voice coming from industry we should listen carefully.

I am not trying to stir things up, but I noted, as did everybody else, the courageous stance of the Leader of the House. She has a habit of adopting such stances. She raised certain points with which I agree. They may be met. I do not want to sow division on this matter. However, many people have reservations about the Bill.

I refer to a couple of issues that were raised in the general debate which is very broad. I was amused when there was a question about the Minister possibly publishing some information, and a voice, Senator Leyden's, said "Don't hold your breath". I thought it was a very interesting comment. I hope it made the record. I have reasonably acute hearing and it most certainly was said. Senator Dooley complimented the Minister on the opening of the Luas. We have the Luas now. We are stuck with it. It is pretty and it gives the impression that we are a European capital city. However, what Senator Dooley said was wrong. It cannot mathematically ease the traffic congestion. That is a mathematical calculation which has been done and we know the answer. The only way forward, in addition to prettifying the city with the Luas, is to put in a metro. I hope that early in the autumn we can have a full debate

[Mr. Norris.]

here in which we can place on the record of the House the conclusions of the consultant's report received by the transport committee which unambiguously endorsed the metro and stated that it would be to the cost of the City of Dublin if we did not put it in. I raise that point in reaction to the comments of my distinguished colleague who is also a member of that committee. The Minister referred to the convenience of the airport not alone for users but also for airlines. I would like to peddle my own hobby horse before coming to deal with the Bill. Perhaps the Minister would examine the issue of fair structures. Helios Airways which serves Cyprus — an airline in which I am interested because I use its services — is a scheduled airline. However, I happen to know it sells off almost all its seats *en bloc* to tour operators. That makes it a chartered airline. I tried in April to book seats for particular dates in September and was told they were all booked up. I know the aeroplanes are returning half empty but the airline does not give a damn because it has sold them to tour operators. That is unfair to customers. It is about time airlines, which operate crazy structures, showed a little respect for customers.

It was interesting that the Minister departed from time to time from his script to strengthen it with phrases such as, "the Government has decided" and so on. It was obviously an intention on his part to put a stamp of Cabinet approval on the matter and to show its members are all rowing together on this one.

Mr. Dooley: They are.

Mr. Norris: The Government obviously believes it needs that type of solidarity behind it. That is fair enough; it is a political decision. The Minister's reference several times, in his script and in his *obiter dicta*, to the leaking of a letter being designed to create an erroneous impression goes to motive. If the Minister knows the motive, that suggests he has a fair clue as to its source. I would be interested, as the implications were made in this House, to know the source of the leaking of this letter particularly given the Minister's subsequent aside that it was part of a consistent pattern. It would be useful if the Minister is in a position to let us know the source.

I am an ordinary member of the public as far as transport business is concerned. Although I am a member of the Joint Oireachtas Committee on Transport, matters relating to air traffic are usually taken up by my colleague, Senator Ross, who made a good speech this afternoon even though I did not agree with it. I am interested in many other matters to which the Minister referred. For example, the script, on page 5, states that "the new board will be drawing up a business plan". I am interested in the use of the future tense. As the business plan is an integral part of the scheme and it is only by examining and evaluating that scheme that we can tell if the operation will be

successful, then we are, as has been said, putting the cart before the horse or as the Taoiseach would say running the risk of upsetting the apple tart. This is confirmed later in the speech where it states: "Before making an order setting the appointed day for either Cork or Shannon Airport Authority, the Minister or Minister for Finance will have to be satisfied as to the operation and financial readiness, including business planning, of Dublin, Shannon and Cork Airports." Again, the future tense is used. The Bill contains a hypothetical element in that we cannot operate its provisions, even if it is passed, in the absence of clear business plans from the various airports.

I am a little concerned about the dissolution of Aer Rianta and the new Dublin Airport authority being expected to carry the debts of the other airports. I agree that Dublin Airport is a mess. I remember when it was Collinstown Aerodrome. I used to take my father to Collinstown Aerodrome in the late 1940s. It was a beautifully designed architectural gem by Michael Scott. It was convenient and easily accessible with viewing rooms, little restaurants and so on. It is now in danger of the Heathrow syndrome in that it contains a little of this, a little of that and a little of the other and one is left wandering around makeshift corridors. Dublin Airport is inefficient as are the parking facilities there. There are serious problems in many of the airport's administrative areas.

I find myself in a most unusual position today in that for the first time in my life I am in agreement with Mr. Michael O'Leary from the cheapo airline.

Mr. Dooley: He had better watch out.

Mr. Norris: We need a new airport. We not only need a second terminal at Dublin Airport, we badly need a terminal designed for the 21st century. If this legislation can deliver that, it will be a good day's work. However, I do not believe that is its aim and in that regard I have the same reservations as Senator Quinn. I look forward to hearing some of the contributions from the other side.

Ms O'Rourke: I, too, welcome the Minister to the House to deal with this important Bill. As I said on radio, all Ministers are welcomed to this House by all parties.

I would like to begin by addressing an issue raised by Senator John Paul Phelan and another member of his party and to say how dreadfully old-fashioned and outlandish it is that he would believe a person could not have a view or opinion on a matter or be free to express it. Having spent 20 years in parliamentary life, 13 years of which were as a member of various Governments, I believe I am equipped to give an opinion on matters and I will continue to do so. The Seanad is a Chamber in which people can express their opinions.

Mr. Norris: Hear, hear.

Ms O'Rourke: Some Senators opposite used dreadfully fogey-type language in that regard. Mention was made of the resignation of Mr. Robin Cook on matters relating to Iraq — this is hardly Iraq — and to Mr. Cosgrave's voting against his party on the matter of contraception, a matter on which he had strongly religious views. I am sure Mr. Cooney was not pleased about what happened but Mr. Cosgrave had his reasons for doing so. There is always room for opinion. We would be members of a supine Government party in this Chamber were we to nod our heads like pennies dropping into collection boxes. That does not make for good debate or for the expression of divergent views which will hopefully be absorbed, examined and commented upon. Coy I am not, nor do I intend to be. As stated last Sunday, I will be voting in favour of the legislation.

I welcome Mr. Paddy Campbell and Mr. John Lumsden from the Department of Transport. They are hard working officials who give their all to their Civil Service job. We do not speak often enough about the officials who accompany the Minister to a Chamber. It is important they are given their due recognition. I worked on many fruitful ideas with both gentlemen during my years in the Department.

As I said on Sunday, I believe the Bill is premature and rushed. It is premature because we will not have before us the business plans. If one does not get the business plans with the Bill, how then is one to judge whether the Bill will be fruitful and successful? One cannot do so. The business plans, we understand, will be produced by 30 April 2005, quite a time away. In the absence of well thought-out and worked-out business plans the Bill appears imperfect because it is simply putting in place boards, something which could have been done without the introduction of legislation. If this is the road the Government is taking, I would prefer the legislation to embody the business plans for particular regions. The joint Fianna Fáil-Progressive Democrats Programme for Government states: "We will ensure Shannon and Cork Airports have greater autonomy and independence." It is perfectly in order for them to have greater — it does not say full — independence and autonomy, which is exactly what could have happened without the legislation. I included this fact in our manifesto in a slightly different way. Local interests should have a great say in how an airport in a particular region is run. There was a need for the issue to be addressed and I thought the Fianna Fáil-PD clause in the manifesto was correct. The legislation is premature because there is no grand plan, and we will not have the grand plan until the end of April. The Minister for Finance has made it clear that, if the plan does not add up financially, there will be no further divergence down this road. The legislation is rushed and premature.

There was a proposal to take the Bill at 9 p.m. or 9.30 p.m. one night last week. I had no intention of agreeing to this, for which I had the backing of all Members of the Seanad. Legislation cannot be dealt with at 9.30 p.m. or 10 p.m. after people have been in and out of the Chamber since 10 a.m. It is a ridiculous idea. I did not agree to rush the legislation and I thank the two official spokespersons on transport for their input.

I heard the Minister being interviewed recently by Seán Ó Rourke on "News at One" when he said he had a hunch that if he could get the legislation through, his hunch would be borne out. Good legislation is not based on a hunch, no matter how well honed that hunch might be. I am just quoting what the Minister said.

I will refer to the imperfections in the legislation. A Senator who spoke earlier said Aer Rianta is a disaster, but I understand Senator Wilson disabused the Senator of that. How could it be a disaster when it has been set up for all of these years, it has never been a drain on the Government's finances and, increasingly in latter times, it has contributed to the country's financial wellbeing? It is not and was not a disaster. Rather than running down Aer Rianta, it should be repeated that it is a very fine commercial and satisfactory State company. Recently much spinning has taken place. The Minister referred in his speech to letters which were disclosed. All I know about this is what I read in the newspapers. If spinning is going on that Dublin Airport is a disaster zone and crowded, that is what airports are about. If one goes to an airport, one does not go for an oasis of calm, where one can sit down and perhaps have a nice conversation and afternoon tea. One goes to an airport to join a queue, get a ticket to get on a plane and leave for somewhere and, when one comes back, one hopes to get out of it as quickly as possible. The idea that Aer Rianta will be turned into a wonderful haven of tranquility as a result of a new board is nonsense. I notice the spinning is constantly saying it is a disaster area. Given that it caters for approximately 15 million or 16 million people, how could it be tranquil and sedate?

Senator Norris referred to the need for another airport. I believe Baldonnel would make an excellent facility.

Senator Norris: Hear, hear.

Ms O'Rourke: Baldonnel is a fine facility. Obviously it will need to be extended, including more runways and so on. The Minister for Defence, Deputy Smith, and I as Minister for Public Enterprise, discussed this matter. The issue was included in a Bill and we intended to pursue it. The Tánaiste informed me that she was not in favour of the proposal, therefore, Baldonnel did not proceed. It is correct to lay out these aspects so that people will be aware who did or did not have ideas. The issue was dropped because it appears the community in Clondalkin did not agree to it. However, it is a very fine

[Ms O'Rourke.]

facility, which should be upgraded and used productively. It would be very helpful given that more and more people will use Dublin Airport.

Mr. Browne: At the expense of a second terminal.

Ms O'Rourke: With respect, I listened to the Senator. One should not expect an airport to be a haven of tranquility. I urge the Minister to examine Baldonnell. The Tánaiste made me aware of her point of view, and rightly so, and we did not proceed with the proposal. At the moment she has very strong views on aviation. Perhaps she has changed her mind about Baldonnell and may be keen to use it as an ancillary airport, which I would welcome.

What I do not like about the legislation is that I cannot find the imperative or reason for it. Neither the Minister's speech nor anything I have heard him say, gives me any direction as to why we should be compelled to pass the Bill eight or nine months before the business plans are in place. Who or what body is supplying the imperative, apart from the hunch, about which the Minister spoke? I do not think a hunch is an imperative. I worry that there are people in the shadows, of whom we are not aware, who are providing the background and environment in which the "crowds" and "disaster" at Dublin Airport can be couched. I can find no imperative for the premature or rushed nature of the Bill. I cannot find who or what is behind it. My fear is — I do not say this in anger, despair, in shouting or excited tones — that as the Government can no longer subsidise Shannon Airport, it will fall prey to other forces which would seek to use it for their commercial ends. Given that I have been in Government for years, I am sure the Minister will agree that I am fully entitled to have my say, based on the knowledge that I will vote for a Government Bill — I am not as foolish as some of the people Senator Browne mentioned. Neither am I prepared to be coy about the issue.

The Bill is supposed to do much for the cause of aviation competition. If I am to travel from Dublin Airport, I will not go to Shannon Airport, and I certainly will not go to Cork Airport. I do not see where the competition issue arises. We are a very small country and the idea that competition would arise and be dynamic between the three airports is a paltry excuse for putting forward the Bill. Shannon Airport has benefited the whole region. Whatever business plan is put forward will not pass muster with the Minister for Finance — we all hope it will be the current Minister — unless it is proved there will be no subsidy from the Dublin umbrella to help Shannon Airport.

Will the Minister tell us when he is replying the reason for the rush? What are the forces propelling this legislation? Who are the people pushing this legislation beyond the idea of a hunch? Perhaps one of the voices is one that we have thank-

fully not heard recently, to our great benefit — we all know who I mean. Perhaps that should be explained more thoroughly by the Minister.

Following my five years as Minister for Public Enterprise, I pay tribute, as did my colleagues, Senators Daly and Dooley, to the employees and the management at Dublin Airport. One man who has held the helm for ten years — he holds it until the end of September — is Noel Hanlon, Chairman of the Aer Rianta board. I do not know whether this is true, because I have not talked to him for a long time, but people tell me he feels diminished by the way in which he is being treated, not openly, but through comments and innuendo. The man is very wealthy in his own right. The State fee for his position was recently increased — before I left it had gone up to perhaps €25,000 — but he does not need that money. During his years at the VHI and Aer Rianta, his motivation was not to milk the system but to do good. There are many chairmen of State boards who have their own cars and drivers, but he never sought these and he never got them. We should pay tribute to him and to the other fine members of the board, who also feel slighted and diminished because of lack of consultation.

I have made clear what I think about the Bill. Autonomy for the regions is an excellent aim, but we should be able to give business people in Shannon or Cork the ability to attract a new airline or do away with another without the elaborate structure that is being set up, the reason for which I do not know. I hope my worries and fears will not bear fruit come next year. However, I have great faith in Ministers for Finance. They love saying "No" — it is their pet word. I have confidence that Deputy McCreevy and his successor as Minister, and their advisers in the Department of Finance, will say when next April comes: "That is fine, but you are going no further."

Mr. Norris: On a point of information, the Leader, the Minister and the Members might like to know that this important debate is the lead item on the RTE news, which is something quite unusual for the Seanad. This is a tribute to the seriousness with which this debate is being taken.

Mr. Dooley: On a point of order, is the Senator using a radio in the House?

Mr. Norris: No, I was using my mouth. I usually speak through my mouth, not through the radio.

Ms O'Rourke: I thank the Chair for giving me extra time.

Ms O'Meara: I welcome the Minister to the House to discuss this significant legislation. I find myself in the unusual position of agreeing with almost everything the previous speaker from the other side of the House has said.

Ms O'Rourke: But the Senator will not vote for the Bill.

Ms O'Meara: The main difference is that I will be voting against the legislation. The points being raised on all sides of the House are extremely important. The great pity, of course, is that it appears they will fall on deaf ears. As the Leader pointed out, there is no justification for this legislation. I read the transcript of the Minister's speech in the Dáil last week and I carefully considered his contribution in the Seanad today. Like Senator O'Rourke, I can find no justification for the extent of the break-up and restructuring of Aer Rianta as proposed in the State Airports Bill. The manner in which this legislation is being pursued raises serious questions not only for the Members of this House and for the Oireachtas but for everyone who will be affected by the implementation of this legislation.

I will wait until I have the attention of the House before I proceed.

Acting Chairman: Senator O'Meara without interruption.

Ms O'Rourke: I ask the Senator to excuse me.

Ms O'Meara: I am aware that everybody wants to hear what everybody else is saying on this important legislation.

Ms O'Rourke: I do apologise.

Ms O'Meara: That is fine.

There appears to be no obvious justification for this legislation, which, as Senator O'Rourke said, leads one to question the real agenda behind it. I find myself in agreement with the Minister's comments at the beginning of his speech this afternoon. He stated: "The policy that underlies this legislation is in keeping with the wider package of Government policies designed to strengthen national and regional competitiveness." None of us has a difficulty with that. He went on, "I want to ensure that the country's principal gateway airports are in a position to provide cost competitive services and appropriate infrastructure to meet the current and future needs of airlines and other aviation companies while operating to a commercial mandate." I agree with this, although I might go a bit further in the area of the mandate.

He continued: "Our aim is to encourage as wide a range as possible of reliable, regular and competitive commercial air services for Irish tourism, trade and industry." Nobody could have a difficulty with that. Nor could anyone have a difficulty with the policy stated in the programme for Government for the regional airports. One of my main interests is Shannon Airport and its future, particularly in the context of industrial development, tourism and the economic prosperity and well-being of the mid-west region. If it is the intention of the Government, as stated in An Agreed Programme for Government, to extend the autonomy of regional airports, what has happened in the meantime to change that? Again, I see no explanation of what has changed

since the programme for Government was agreed.

From supporting autonomy for the regional airports, the Government has moved to a decision to break up Aer Rianta totally and establish a series of regional airport authorities and the infrastructure designed within the legislation. I can only conclude that there is a political agenda at work. Many people have reached the same conclusion, but it would be good to have that debate on a political level. Let us come out and state where we stand. If there is a political ideology behind this, why should anyone apologise for it? If the Government and some of its Ministers are operating on the basis of a political ideology, what is the problem with saying it? Let us have that debate. Is it something that should be hidden?

Why should we try to couch this in issues of commercialisation and so on? There is clearly an agenda based on a theory — a myth, it must be recognised at this stage — that breaking up so-called State monopolies must be done for its own sake. It is thought that a single State company like Aer Rianta must be a throwback to a past era and that it is an indication of our modernity as an economy and a country that we are seen to break up the old State monoliths. One hears the commentary about Aer Rianta in that context — it needs a new PR company because its press is not so good. However, as Senator O'Rourke and others have said, Aer Rianta is very successful compared to other State companies. Little reference has been made to Aer Rianta International or to the excellence of its management of duty free shops or airports around the world. Instead we have the notion that we must break it up, that this will be good for it and that it will measure in some way our Celtic tiger II status.

The reality is different. As has been pointed out, no business plan has been brought forward with the legislation. This leads to serious concerns that the restructuring will not be an economic success. Similarly, the manner in which the assets of Shannon Development are being transferred to the new Shannon Airport authority gives rise to serious concern in the mid-west. I raised the matter previously on the Adjournment because large commercial interests in the mid-west area raised their concerns with me that Shannon Development will no longer be able to operate as a development authority with major implications for the region's relationship with its largest employers.

It is not appropriate, nor part of its mandate, for an airport authority to be a development authority. Shannon Development has a particular mandate and has operated successfully in the region to promote industrial development, tourism and linked activities. It covers a region which extends from Kerry across to Thurles and to south Offaly and has been very successful. Those of us familiar with it are concerned that within a year of the implementation of this legislation we will see its demise because the Shannon Airport

[Ms O'Meara.]

authority will not, cannot and does not have the mandate to continue the work of Shannon Development. We are also concerned that the enterprise agency which will take up the role of Shannon Development cannot carry out that function effectively as it is not based and located in the region to the same extent as Shannon Development has been.

The idea of transferring the assets to an airport authority is an artificial creation. Why is it necessary to do this? Such an artificial creation puts the new airport authority on a less than sound basis. I will not say further than that because I wish the new airport authority the best. Inevitably this legislation will pass and we will have to live with the new situation, therefore, I want the new Shannon Airport authority to be successful for the region. I want to see it develop in the best way possible, linked with development of other infrastructure such as rail and motorways. The Minister knows this House is interested in the development of railway infrastructure.

The Minister understands where I am coming from when I say that not only should we have a rail link from Shannon to Limerick, but this link should be improved to take in north Tipperary, Roscrea and Ballybrophy. It would make a huge difference to the region if we had a vibrant airport bringing new business to the region. This would have the positive economic spin off we want to see. However, we are concerned the structure proposed in this legislation will not bring about the desired effect. I genuinely hope it does, but am concerned it will not. The reasons for my concern are that no business plan has been brought forward, the loss of asset value and the lack of long-term projections. We have no figures to go on. The Minister is asking us to place our trust in his hands on the passing of this legislation.

Much reference has been made to the continued dominance of Dublin Airport under this legislation. The dominance of Dublin Airport is not surprising when one considers the extent of its growth and the short period in which that growth took place. We welcome that growth. As the Minister pointed out, the role of Dublin Airport in the economy is pivotal and we obviously want to see it operate as well as possible. However, we only have to enter its front door to see that it does not. It is something of a nightmare to negotiate but is doing as well as it can. It cannot be compared to an airport like Stansted because its set-up is different. We would like to see infrastructure such as a metro developed to the airport because it would make an enormous difference in terms of ease of travel and greater use of the airport.

The groundswell of opinion from this House, particularly from the Leader, is that the speed with which this legislation is being managed, the lack of a business plan, the lack of long-term projections, the concerns about the debt issue, to which the Minister referred in his speech but did not address sufficiently, give cause for concern. I

accept what he said with regard to the drafting issue and we will examine that further tomorrow. However, the Minister's reference to the debt issue does not allay my concerns, based on what I have read today and over the weekend. The debt issue is in the public domain and is a matter of more than just spin. The Minister says a letter has been leaked and that some spinning has gone on. This is understandable in the context of what we are dealing with, but the core issue with regard to the management of the debt remains and has not been fully addressed. The Minister must deal with it in greater detail to allay our concern and I hope he accepts I am genuine on this matter.

We are in a position of having to deal with legislation in an unnecessarily rushed fashion. I will not be surprised if we have to return to a State airports amendment Bill in the future. I hope we will not have debates on the matter of airports in trouble but that we will see increased economic activity, particularly in the mid-west region. I look forward to Committee and Report Stages of the Bill.

Acting Chairman: I remind Members that it is not good parliamentary practice to refer to persons outside of the House while speaking in debate in the Chamber, whether the reference is one of praise or criticism.

Ms O'Rourke: The Acting Chairman is a very good pupil.

Ms White: I welcome the Minister and his executives who have put a huge effort into delivering this Bill. My opinion of this Bill is different to most of those expressed today. I see this as a simple Bill which will bring about a dramatic change in Aer Rianta as we know it. After the legislation is passed Aer Rianta will be divided and Dublin Airport will become the Dublin Airport authority and Cork and Shannon Airports will become the Cork and Shannon Airport authorities.

On the appointed day, 30 April 2005, or thereafter, Cork and Shannon Airport authorities will legally take over their assets after the production of the business plans by the new authorities.

The right people to draw up the business plans are the chairmen and the boards of the new airport authorities. Contrary to what has been said earlier, I know more about Aer Rianta than most Members as my company, Lir Chocolates, has dealt with it for 26 years. I have spent years in Dublin, Shannon and Cork Airports and the outstanding people in Aer Rianta have become my steadfast and loyal friends. Those activists and leaders in the Aer Rianta unions went down that route for their own personal development when they could have easily gone down the route to senior management. All union representatives and senior management are of equal ability and should be held in equal respect.

I do not agree with Senator Quinn's remarks about competition between the three airports. In 1937, Aer Rianta was established by the then Ministers for Industry and Commerce and Finance, Seán Lemass and Seán McEntee. Aer Rianta evolved with the further establishment of Shannon Airport and finally Cork Airport in 1961. As a business person myself, I agree that it is an appropriate time to look to the future. If the *status quo* prevailed, Aer Rianta would continue to be a successful company. However, we must look ahead with a vision for the future of Aer Rianta as no business can stay on the same course. Those men who started up Aer Rianta had a vision. They were inspired when they established the first duty free shop at Shannon Airport in 1947 and had the courage to fly transatlantic with the State airline.

I do not understand Senator O'Meara's comments on ideology when Aer Rianta will stay in State ownership. I do not want Aer Lingus to be privatised. From my experience in both sectors, I believe that the public sector, with good management and inspirational leadership, can be as entrepreneurial as the private. The idea behind dividing Aer Rianta into three parts is to grow them into successful businesses for the future where employment will be sustained. It is not about competition between the three airports. It is about their marketers ensuring airlines continue to fly to their respective airports. Ideology does not enter into my political dictionary.

Mr. Finucane: It is about competition.

Ms White: The business plans cannot be completed until the new chairmen and boards are in place. The plans will then be presented for approval to the Ministers for Finance and Transport. The airports will not be allowed to become fully-fledged independent legal entities until both Ministers agree that the plans will work.

I know Aer Rianta upside down and inside out. When I married in 1969, I had to give up my job in the public sector. However, Aer Rianta gave me a job in the architects' department when I returned from my honeymoon. As it stands, it is a successful company, employing 3,300 people with sales of approximately €430 million and profits of €20 million. However, the time has come for it to change. The world's economies have become more complex and intricate. All businesses have to deal with shocks and, from my experience, Aer Rianta was fortunate that it had a ready cash cow in its duty free shops. With this revenue, airport charges were kept down. Following the abolition of duty free in 1999 Aer Rianta's profits dropped by 40%. The following year, the outbreak of foot and mouth disease in the UK had an effect on passenger numbers. The manner in which the Minister for Agriculture and Food averted a serious outbreak of foot and mouth disease is a textbook example of model political leadership. Then the tragic events of 11 September 2001 impacted on customers using airports, with a drop

in sales. This was followed by the SARS outbreak. In my dealings with the airports, I knew at firsthand that passenger numbers had dropped.

Aer Rianta is a superb organisation with an entrepreneurial workforce. However, many people to whom I have spoken in Shannon and Cork Airports are fearful of the future. The chairman designate of the Shannon Airport Authority, Mr. Pat Shanahan, has said that he is happy that passenger numbers——

An Cathaoirleach: A ruling was made on mentioning names in the Chamber. It is not good parliamentary practice whether in praise or criticism.

Ms White: The chairman designate has said he will double Shannon Airport's passenger numbers to 4 million. In the days of the Iron Curtain when Russia was the *bête noire* of the world, Shannon Airport, under Mr. Skelly, allowed Aeroflot to land there *en route* to Cuba. Shannon Airport came to an imaginative arrangement with Aeroflot to establish Aerofirst, providing the first duty free shops in Moscow, Kiev and St. Petersburg. I worked with the people involved in this enterprise, all Clare entrepreneurs. I am not allowed to mention names but if I can just praise Mr. Skelly——

An Cathaoirleach: Senator White, I would like you to respect the Chair's rules.

Ms White: I am sorry, a Chathaoirligh.

An Cathaoirleach: There is no need to be sorry. The only way to avoid being sorry is by not mentioning names.

Ms White: Some 95% of business is about the human beings involved. Growing a business is all about human contact with employees and their ability to sell the business. It is important for the new boards and chairmen to manage and look after the employees of the three different airports and allow them to reach their full potential in developing their skills.

I concur with the Minister's remarks about section 12:

The restructuring proposals will not result in any downgrading of the terms and conditions of Aer Rianta employees on transfer to the new independent airport authorities. In line with commitments given to ICTU, appropriate provisions have been included in section 12 of the legislation to this effect.

I enter the *caveat*, however, that the Minister must spell out the position to the management of the new authorities, about whose fantastic business talent we have heard. I received a call from someone in Shannon today asking me to look after the interests of the staff there. They have faith in me. The Minister must tell the management how brilliant are the employees in Shannon. I have dealt with them and know them. I met them morning, noon and night for 22 years. The

[Ms White.]
airport was a window on Europe for my business when it started up.

A Chathaoirleach, how much time do I have left?

An Cathaoirleach: The Senator has two minutes.

Mr. Finucane: The Senator can continue with her commercial.

Ms White: It took me two years to get Lir Chocolates into Aer Rianta.

Mr. Finucane: The Senator is making sure to get in the brand name.

Ms White: When I did I made the most of it. I had very little space at the outset but I went there at 6 a.m. to do business and get more space. The airports are windows from which Irish companies can sell their products to tourists from abroad.

Aer Rianta is a mega-successful company. Senator Ross's derogatory comments about Aer Rianta were utterly wrong. It is a superb State company. The public sector has shown by good example that it can be as entrepreneurial as the private sector.

Mr. Finucane: This is one of the most interesting debates I have heard in the Seanad. I respect the frankness and honesty of every speaker. The Minister has heard many people express concerns on this matter. Like others from the mid-west region, I am aware of the genuine concerns of people in that area. The days of Shannon Development, as it was known, are numbered and this Bill will accelerate its decline. If one removes the asset base valued at €6 million a year and hands the industrial estate to a new airport authority, one reduces the power of Shannon Development. Understandably, this will remove housing stock from Clare County Council. Meanwhile, Enterprise Ireland is moving to Shannon but many of its Dublin-based staff are not anxious to go there. There will be a *quid pro quo* for staff at Shannon Development to merge into the new enterprise authority there. As a catalyst for regional development Shannon Development will end.

The Minister said he had strong support throughout the regions for the development of the Bill and the airports authority. He mentioned local and regional authorities, Shannon Development and consumer groups. Is the Minister being honest when he says that? The support is based on the promise in the 2002 programme for Government to give greater autonomy to Shannon and Cork Airports, without severing the umbilical chord to Aer Rianta. If he asked people in the area about that plan he would have support. There was a feeling in the Shannon area that Dublin had too much authority and control. The autonomy proposal would have been welcomed.

I have listened to eloquent contributions here and was deeply struck by that of Senator Quinn. Sometimes in Opposition one is seen as opposing everything the Government does, and an Independent can take an objective point of view. He considered this objectively, as a business man. The former Minister for Public Enterprise, Senator O'Rourke, cited the Minister saying on a radio programme, which I also heard, that he had a hunch. Department officials told people from the area who asked about it that the motivation for this Bill came from the Minister. What drives the Minister? Some 3% of the electorate vote for the Progressive Democrats, leaving 97% outside their fold. Is the true motivation for this legislation coming from the drive of the marketeers among the Progressive Democrats in their thrust towards privatisation and liberalisation? If we are honest we must say that is the reason.

I agree with Senator O'Rourke that April 2005 is the critical time for business plans to emerge for the airports. The Minister for Finance will look critically at the objective in breaking these into three components and ask what it will achieve and what financial dynamics will emerge from it. He is likely to veto it. If Deputy Brennan remains Minister for Transport he might receive his P45 from within. His hunch will have a dangerous domino effect.

Senator Ross criticised Aer Rianta harshly. Many semi-State organisations yield little revenue for the State. In the last 20 years Aer Rianta has contributed €400 million to the State by way of dividends. It has also contributed tax revenue through the PAYE and PRSI schemes. If it is effective why is it being broken up? It is difficult to see the justification for this. To use a rural expression, this is a pig in a poke. We are being asked to give way to a Dublin authority, which will replace the existing board, which remains in place until next April. Meanwhile, new boards in Shannon and Cork are preparing the business plans but the Dublin authority will continue to wield influence over the airports.

We will not even have the consolation that the chairmen of the new Cork and Shannon boards are involved in the board of the Dublin Airport authority until such time as the business is ceded to them, if ever. I do not believe it will happen. The Minister has given assurances that there will be no privatisation. He would have rocks in his head if he were to come in and gave any hint of privatisation. He is going so far in this legislation that were he to use the word "privatisation" he might as well leave the Chamber.

I hope the Minister for Finance will bring sanity to this debate when it comes down to the economic issues. His officials will consider it very critically. I hope the aviation officials in the Department of Transport will be able to give credible reasons for three separate entities. Those of us in the Shannon area favour autonomy and more control but that could be given under the umbrella of Aer Rianta and we could have rep-

resentation on the board and a stronger presence than in the past.

Aer Rianta took the initiative to develop an international business many years ago when it saw the mail order business coming to an end. It sought to innovate and to establish a new track record. It is only right that we should give praise where it is due. Aer Rianta succeeded in establishing itself as an international leader in the field. It has shareholdings in other regional airports such as Birmingham, Dusseldorf and Hamburg, which have far greater populations. It must be doing something well if it can take a percentage holding in those airports.

I am extremely concerned about the future, as are many people in my area. I remind the Minister of a letter sent by Limerick Chamber of Commerce to 750 business people. The dilution of Shannon Development's functions came in for a great deal of criticism and I believe such a view is justified as Shannon Development will be dramatically changed. So much for regional development. The thin edge of the wedge will come next April when Shannon Airport has to operate as a stand-alone entity without the support of Dublin. A ten year plan estimates that capital expenditure for the airport will cost €75 million. Senator White said she has received assurances that the new chairman would expand the business from 2 million passengers to 4 million passengers.

It appears that the aviation regulator will have control over charges in Dublin Airport but he will not have control over the charges in either Cork or Shannon airports. By definition, that gives scope to the new airport authority in Shannon to set new charges. We all know the type of fuss created in the past by Michael O'Leary of Ryanair over airport charges.

An Cathaoirleach: The Senator should not name individuals.

Mr. Finucane: I am sorry; the head of Ryanair. That company had a successful route between Shannon and Frankfurt-Hahn but the business was moved to Farranfore, not because of a lack of passengers but due to the ethos of the Ryanair company that took exception to what it considered the excessive charges at Shannon Airport. I think the charge at the time was €5 per passenger. As far as I am aware, passengers flying from Farranfore subsequently paid a charge of €5 for the development costs of the airport. Where was the difference?

I studied the debate in the other House where contradictions were made in regard to comparisons on the success of regional airports in the UK. Bristol was used as a case in point but this was not comparing like with like. Two speakers contradicted each other in their analogies about Bristol and its success as an independent regional airport. The population base there is considerably different from that at Shannon. Ireland has a relatively small population base. The long-term suc-

cess of Shannon is tied up with that of the west of Ireland in general and its cities, including Galway.

Infrastructural development is crucial. While we welcome the new Ennis bypass, I urge the Minister to drive from Ennis to Galway to experience the deplorable state of the road. We need good infrastructure. A new tunnel is earmarked to cross the River Shannon to Limerick which will improve the situation in future. Improvements in the fortunes of Shannon Airport are inextricably linked with infrastructural improvements in the area. As Senator Dooley stated, a rail link to Shannon should be developed from the Limerick-Ennis rail line. The question is whether we will get a consequential improvement in passenger numbers if we get infrastructural development.

It is incorrect of Senator White to say the airports will not be competing with each other. It is like a wedding cake; there are only so many slices. One can rest assured that in a competitive environment, Shannon, Cork and Dublin Airports will all be chasing the same business in a stand-alone situation where they all need to make profits. In the short term we will have to deal with the implications of the open skies policy for Shannon in view of its long recognition as a destination for flights to the United States. Many European cities, including those in Germany, do not have the privilege of flying directly to the United States.

There is great worry within Shannon Development and among Aer Rianta staff. Why would they not be worried? Why is it happening like this? Cork Airport appears to be operating successfully because it has gone aggressively for the charter business. All Shannon and Cork Airports wanted was more autonomy, not to have their umbilical cord to Aer Rianta cut off, which was vital. The board of Aer Rianta has tried its best and I understand its frustration and that of all staff at what is evolving. I do not know who is steering the Minister in this direction but it is time to cry stop because this is a hare-brained policy that will rebound. Whoever may be Minister for Finance next April will call a halt because he or she will not see the justification for this. I hope that will happen because I do not think we are going in the right direction in what we are doing.

Ms Ormonde: I welcome the Minister and thank him for his broad outline of the policies and objectives of the Bill and also for clarifying some of the problems that have emerged in recent days that have been a cause for concern to many, including me. In his reply, I urge the Minister to reinforce his comments on those issues to counteract the spin-doctoring that may have gone on in recent days.

In recent years the volatility of the airline business has been evident worldwide. This matter has been on the agenda for a number of years and the only question was when it would be brought to the House. I welcome the legislation. I have heard it described as premature, a face-saving

[Ms Ormonde.]

exercise, a Bill that was not going anywhere, and it was also said that there was not sufficient consultation on it. The Minister has informed us that there has been consultation, discussion and dialogue, from which emerged the Bill. That is good enough for me. I am not saying anyone has all the answers but consultation and dialogue have occurred and I give credit to the Minister for going through that process. It is vital that Aer Rianta, the advisers and the back-up team were involved in the process before the legislation was produced.

The Minister discussed the proposed break up of Aer Rianta. I compliment and congratulate Aer Rianta for its financial contribution to the State through the years. At a time when there was no Celtic tiger, Aer Rianta could always be relied on to do the business. Having said that, it is time to think about breaking up Aer Rianta into three autonomous authorities in Dublin, Cork and Shannon. One can debate whether the business plan should have come first or the authorities should be set up as a first step. Some speakers raised the question of whether it is a case of the cart coming before the horse or the horse coming before the cart. I urge the Minister in his reply to reinforce the points he made in his opening speech on that issue.

Should we break up Aer Rianta into three independent airports? That is the fundamental question. I believe we should break it up. We should give autonomy and independence to the three airports. I would welcome such a move. We need to decentralise, to use a word that is quite popular in today's thinking. The Cork and Shannon regions need to develop. People with professional business expertise who know the areas should be appointed to the boards of the airports. Such people, who should reflect the marketing of the area, will be charged with developing the areas to their full potential. They will bring in their own people and bring forward business plans, which I hope will be seen as successful at the end of the year.

The most important aspect of the Bill from my perspective is that we are decentralising. It is important that we develop the regions and give a fresh start to the airports. They will have separate business and marketing strategies. They will be responsible for increasing the number of passengers. The great thing is that they will be free from Dublin. As someone who travels to and from Dublin Airport, I am familiar with the chaos and hassle associated with trying to get through it. I would welcome the removal of some air traffic from the airport and the development of Cork Airport's links with Europe and the United States. It is important that we spread out the business.

I could speak about this important Bill for the next 15 minutes, but I would be reiterating the points made by others if I were to do so. I listened carefully to Senator Daly's valid concerns about

the anxiety that might be felt in Shannon. I reiterate that there are concerns about the integration of Shannon Development with the new board and Aer Lingus. What is the best way in which the various groups can work together for the development of the region?

The unions are concerned about jobs. They do not want the conditions of employment of the workers who will have to transfer to be diminished. That such issues are of concern, particularly in the regions, needs to be reinforced. I ask the Minister to comment on this aspect of the matter. I agree that structures are needed.

I am concerned to ensure the airports remain in State control. Bearing in mind the experience of the Eircom flotation some years ago, I am worried that we will face problems if we sell more State assets. It is important that jobs are structured and remain under State control. I see no reason to change it because it has been a good policy until now.

The Bill has been a success so far. Minister has dealt with the issues and concerns which exist. I do not know whether other Senators are engaging in political point-scoring or genuinely believe this is a bad Bill which should not be accepted at this time. I do not believe it is a bad Bill. The Minister should restate where he is at and ensure that he transmits the message that this is a good Bill. I am not engaging in political point-scoring.

Mr. O'Toole: Most of the point-scoring is coming from the Government side.

Mr. Cummins: Exactly.

Mr. O'Toole: The Senator should look at her own party.

Ms Ormonde: The Senators opposite are engaging in political point-scoring. What is the difference between introducing the Bill now and doing so in six months? I ask the Minister to pursue this concept because it is good and to ensure the business plan will be a success. The right business people, who know what they are talking about, should be put in place. If the right people are doing the right jobs, the airports will be a success. I wish the Minister the best of luck in the next phase of discussions. I know it will be a success. I ask him to again address the points which have been raised and to engender confidence. This good Bill can be a success. I congratulate the Minister.

Mr. O'Toole: I welcome the Minister to the House, although I wish he came here more often. I do not disagree with all of the many important things which are happening in transport. Although I am a critic of the Minister, I am not a constant critic of his. I like to give a balanced view of issues. I disagree fundamentally with the Minister on this legislation, but that does not mean I disagree with everything he has done in every other area. It would be helpful to have

more regular debates with the Minister to allow us to elaborate on such issues. I ask the Minister to consider that such debates would be useful in the future. I listened earlier to Senator Dooley's comments about the construction of a railway line to Shannon Airport, an issue about which I am concerned because I would like to see it happen. I have heard the Minister's views on the matter and I support them. It is not all negative.

Perhaps this Bill is a great idea, but I cannot see it. I have not found anyone who can convince me that it is a good idea. Nobody can tell me what the plan is, what the outcome is likely to be or what levels of risk are involved. I am utterly bemused by the proposal for that reason. I listened to a small portion of the Dáil debate on the Bill, but it turned into a slagging match about ideologies. My criticism of the Bill and the Minister's proposals does not relate to ideology or issues such as privatisation and public ownership.

I do not think any other transport Minister in Europe could have heard the president of the largest union — SIPTU, in this case — on the morning radio news saying he would not rule out privatisation. He was talking about Aer Lingus in the instance to which I refer. I think half of the transport Ministers in Europe would like to be in the Minister's position of dealing with a trade union movement that is willing to sit down and listen, to argue the toss and to be tough and awkward. The union in question is prepared to examine any possibility if it is clear that it is the best idea, from the point of view of everybody.

I do not know about the consultation that took place before the Bill was published. There has been a great deal of talk and chat. Whatever about the quantity of consultation, the quality of consultation has not been good. Trust and confidence are the real problems. What is the objective? Where will all this go? What will be the position of Cork and Shannon Airports at the end of the day? I have huge worries in that regard. I hope the lock-keeper's son from County Kildare, who happens to be the Minister for money, will say "Sorry, Séamus" because he does not think it will work. That is the stage we have reached. I would not rule it out because there is a strong possibility that the Minister will say the plan is not working. The trouble with such a decision would be that it would not solve the problem. I have raised such issues during the week.

I am concerned about loans, borrowings and Aer Rianta's various bilateral financial arrangements. I apologise for not being present for the Minister's introductory speech, but I have read it carefully. I do not think he addressed this issue. I asked the Leader some days ago if she could check whether the Attorney General or his officials have examined the legal aspects of the conditions, risks and liabilities attaching to the current loan arrangement. Perhaps the Minister will respond in his reply. Is there a liability to the taxpayer? I have examined various legal summaries of the issue and I think there is a liability. I do not think we should always follow legal advice,

as we often have to take a political decision that over-rides the legal view. Lawyers are not speaking on that issue alone, but I am interested in what they are saying.

We should examine the points we agree on. We agree that Aer Rianta is in hock to the tune of €484 million as a result of a variety of arrangements, many of which have various conditions and restrictions attached to them. One of the principal conditions — I am talking about the core of the Bill before the House — relates to the running-down of business at Cork and Shannon Airports, or pulling out of the airports. Such a move would trigger a default, in effect. The Minister does not think there is any indication that people will begin to close on the company at this stage, or that people are being kept informed. He dealt with the matter in a very soft way in his speech, which did not deal with it at all. It certainly does not give me any succour whatever. Certain people may not like it. I am not talking about AIB and Bank of Ireland but about faceless grey men in Switzerland and other places in Europe where people have investments. Such people will want their money back if there is any doubt about it. They will close on it eventually. If they do so, we will be faced with a bill. Somebody said to me that perhaps Aer Rianta International, from which the Government is making approximately €20 million annually, could be sold in order to pay a debt of €484 million. That is not on.

The Minister for Transport is right to shake his head. It is unlikely that an event of default, accelerative repayments and a subsequent demand for money would be triggered because at that stage the Minister would be forced into a corner whereby he would have to maintain some sort of quasi-Aer Rianta as it is currently structured. This is similar to what is stipulated in this Bill whereby ownership and control over the property of Cork and Shannon Airports is retained in order to secure the loans and to allow the lenders, note holders and guarantors to lean on them. This would leave us with the worst of all worlds because it would then be impossible to deal either with the loan or with the companies and both Cork and Shannon Airports would have neither autonomy nor the resources available to them in their current situation. That is what will happen and there is a precedent for it. We will be left with a shadowy type of company similar to Network Rail in the UK, a not-for-profit overseeing entity that would effectively have no teeth and would draw its power from Cork and Shannon Airports. The Minister for Finance, Deputy McCreevy, can take strong and inflexible positions, as the Minister for Transport is aware, and I hope he does so in this matter. If Deputy McCreevy refuses to sign on the dotted line next June, the Minister for Transport will have already established a system which will be akin to Network Rail in that it can make neither profits nor decisions.

[Mr. O'Toole.]

Another issue will immediately arise in this scenario. Under the provisions of the Bill, the chief executive of the Dublin Airport authority will effectively also be the boss of the Cork and Shannon Airport authorities for at least the first nine months and possibly for a period beyond that. That chief executive is legally bound to do the best for Dublin Airport as a company. What happens in the event of a conflict between what is good for Shannon and Dublin Airports respectively? An airline such as Ryanair or EasyJet, for example, may want to do a deal with Shannon Airport which the chief executive feels is detrimental to the business of Dublin Airport. Despite the fine words of Senator Ormonde in her desire to see some business transferred from Dublin to Cork Airport, it is not the first time that somebody has thought of that. In those situations where a conflict of interest arises, what is the legal responsibility of the chief executive of the Dublin Airport authority? Must he or she be responsible for making a decision that will undermine Dublin Airport and on what basis must such decisions be made? There is a clear issue regarding corporate governance and responsibility and the demands we make of our company leaderships in these situations and the overseeing role of the chief executive presents a problem in this regard.

Shannon Airport cannot currently do deals but will it be able to do so under the provisions of this Bill? This is one of the issues I wish to discuss with the Minister of State. There were good ideas in the conception of this Bill but they seem to have been lost along the way. We wanted a level of autonomy for the State airports which would allow them to be competitive but the Bill provides for control by the Dublin Airport authority. We have heard a lot about decentralisation but this represents the worst of all worlds for Cork and Shannon Airports, which will be run for the first nine months and possibly longer by people who have no commitment to those airports and do not represent the views of the people in those areas. This situation cannot be good for competition and for Cork and Shannon Airports in particular.

The legislation does not even attain the Minister for Transport's own purpose as he set forth in his speech. All of us agree on what we want to achieve and we must consider the various interest groups, the users of the airports, the communities around the airports, the employees and the State as an interest-holder. We must look at the situation from every point of view, consider how each of those interests is best represented and identify the coincidence of objectives so that we can incrementally achieve a package that best meets the needs of all. This process is not happening and the Bill contains an extraordinary all-encompassing objective whereby the Minister for Transport or the Dublin Airport authority can take any appropriate action in order to achieve the objective of restructuring. This is not the way

legislation is generally passed and a stipulation such as this would normally be examined in minute detail with exhaustive amendments proposed to ensure that its meaning and possible interpretation were satisfactory. It is a whole new way of doing things to include the stipulation that a State body or a Minister can do whatever is necessary in a specific situation. I am not insinuating that the Minister for Transport or any of his successors would not do the right thing but this type of provision leaves it wide open for the wrong thing to be done.

There is no hope given to the airports through this provision about which the Minister for Transport has fallen out with almost everybody. The Minister must tell us why it is a good idea. He may feel I have a closed mind on this matter but I dispute that and he has failed to convince me of the merits of this legislation. He has failed to convince members and representatives of his own party, the board of Aer Rianta and the interests in Cork and Shannon and that must trigger warning bells. Perhaps those of us who have expressed opposition are entirely wrong and the Minister will have the last laugh but it does not look like it will turn out that way. He has not won the argument on this matter and as the political head of a Department he must feel some responsibility to convince the rest of us of the merits of his strategy. He seemed to take the view in his debates with the Opposition in the Dáil that he was dealing with closed minds. I am an Independent Senator rather than a member of the Opposition and I support the Government or the Opposition according to the issues at hand and I do my best with them.

The Minister has not won the argument and we are all worried about that. We are looking at a liability of €500 million and I do not see how that can be repaid. The conditions attached to it are there in black and white and they are dependent on the ownership of Cork and Shannon Airports. If one must keep the debt one must also keep the guarantee, which is to do with the ownership of Cork and Shannon Airports. If the guarantee is not kept, those airports cannot go anywhere; if it is kept the conditions will have to be re-negotiated. The latter will not be impossible to achieve but one must consider the charges levied by multinational banking and financial institutions for the re-negotiation of the restrictions and conditions attaching to major loans and bonds. The cost is extraordinary because one is at their mercy at that time and they look for their pound of flesh as well as their pint of blood. We are travelling down a dangerous road. The Minister has failed to convince us regarding his intentions for the future of Aer Rianta, an issue which is very important to us.

I will conclude on a positive note. I welcome the point the Minister made about the tactical and strategic importance to the State of owning its own airports. I am glad he made that point because it is crucially important. Whatever arguments are made about privatisation, we are talk-

ing about something different on this occasion. I oppose the Bill.

Dr. Mansergh: I welcome the Minister. For a moment I thought I was going to be in the extremely comfortable position when speaking, of being wedged between the current and former Ministers.

In 1958, Seán Lemass described the creation of Aer Lingus as his greatest achievement. He said the aeroplane was the real instrument of liberation for this country and, from that aspect, perhaps the single most important development of this century.

Before getting into the details and the merits of the Bill I wish to state that Aer Rianta, which was created out of Aer Lingus in 1969, has been one of the finest examples of State enterprise. It was not created for ideological reasons or for the sake of socialism. Like all the State companies, it was created because of the deficiencies of private enterprise at that time that simply was not prepared to take the type of risks involved. It used to be described as the jewel in the crown. As far as I know, there has not been any State investment in Aer Rianta since 1969. On the contrary, it gave €300 million in dividends to the State.

I strongly deprecate the attacks of Senator Ross on Aer Rianta. It has managed to build up traffic through the State airports to about 20 million passengers currently. There are many new routes. Aer Rianta International was highly successful and at a time when the State was under a bit of a squeeze in the late 1980s, it took on the responsibilities for the Great Southern Hotel chain. We are talking about a highly successful State enterprise of which we have all been proud and despite all the complaints about services at this or that airport, the larger an airport gets the less customer friendly it is bound to become. There is nothing so friendly as a little airport like the one in Farranfore. It manages very well.

The Minister is absolutely right about one aspect. The three main airports are a natural monopoly. I accept the possibility that there could be some competition at Dublin but that is an unanswerable argument against privatisation. We should not privatise companies that are not merely strategic assets but natural monopolies into the bargain. The State has made huge investment, although not through the Exchequer, and built up a major public asset. It is not as if the Exchequer needs the money.

The strongest argument for this Bill is the following statistic. I did the calculation based on the 2002 figures. A total of 80% of this country's air traffic goes through Dublin Airport, and that is very lopsided. Some doubts have been expressed as to whether one can apply competition. There is a competitive element. It is true that somebody living in the greater Dublin area is unlikely, most of the time, to go to Cork to get a flight but there are many people in Munster who have to travel to Dublin to fly out of the country. I accept there will always be a larger range of destinations from

Dublin as Dublin attracts people from throughout the Thirty-two Counties. I am not saying that can be countervailed completely but 80% is a very high figure, and there is the question of competing with the new routes.

At a regional tourism briefing at the beginning of this year, I asked an executive of Aer Rianta in Shannon what she felt about the Minister's plan. She made the good point that it was not only a question of the precise structure for the airport, whether it goes independent, but the whole range of Government decisions. This was in the immediate context of the national conference centre in that some announcement was made about it going to Dublin. The point being made was that if we persist in trying to put everything into Dublin, we should not be surprised if Dublin Airport is much more viable than Shannon or Cork. The decentralisation programme and the national spatial strategy are two different aspects in terms of trying to broaden out development.

The requirement in the Bill for business plans provides a precaution. Obviously, they have to be viable and credible and there is a further safety net in the fact that the three airports remain in State ownership. I have an open mind as to whether the three airports should be autonomous under one umbrella or independent but it appears that the development of Cork and Shannon has been inhibited somewhat by the fact that, from Aer Rianta's point of view, Dublin has been the big success story. If I believed the other two airports could be successful, although I have an open mind on that, I would be for that independence.

I refer to some points made in the course of the debate. The Attorney General's advice on any issue is never made public; it is used as a basis for Government statement. That is true under all Governments. I can remember Deputy John Bruton, when he was Taoiseach, being pressed to publish the Attorney General's advice on this and that and he quite properly declined to do so.

A point was made about the Taoiseach. The Taoiseach backs the decisions that have been made in Government, but he also has responsibility for ensuring the unity of the Government. He has primary responsibility for relations with the social partners. He has to do diplomatic political work with the constituent parts of the Government in terms of social partnership.

Senator Ross persists with the fallacy regarding social partnership. Social partnership is not just about pay deals; it has always been something far broader than that. I am sure the Minister recognises that it is important that a consensus be reached with the social partners. That does not mean the Minister does not have a responsibility to lead the debate and give momentum to policy, but at the end of the day social partners need to be brought round.

I was a bit amused when a member of the Opposition mentioned the example of Liam Cosgrave. I am not sure whether that Member was

[Dr. Mansergh.]

referring to the former Taoiseach or his son voting against the party but my recollection is that the person did not stay in office too much longer after that.

There was a reference by several speakers to the rail link to Shannon. That is important to complete the infrastructure works being done on the N18. As I mentioned to the Taoiseach at a party meeting, the N24 also leads into Shannon from the Tipperary-Waterford direction.

Now, with the conclusion of the Luas, there is obviously a pressing need for a rail link to Dublin Airport. Quite rapidly we will need at least two of them, I believe. There will be the metro, from St. Stephen's Green, but I would also like to see the airport linked up to the national rail system.

Reference was made, principally by Senator Ross, to relations between the chief executive of Aer Rianta and the Minister for Transport. These were problems also faced by the Minister's predecessor as regards another State transport company. There are a couple of oddly worded provisions in the Bill. Section 7(7), for example, states:

Aer Rianta and each company shall provide to the Minister all such information and other assistance as the Minister may require for the purpose of or in connection with the restructuring.

Should this not be taken for granted? Does it need to be stipulated in legislation? Then there is an even odder provision in section 18, where a Minister gives a direction to Aer Rianta, "the direction shall be in writing and addressed to the person or undertaking concerned". There are paragraphs about what constitutes delivering and receiving the direction. I do not believe that chief executives and boards of semi-State bodies should be entirely compliant or silent where they believe there are issues at stake. I believe they have a duty from their knowledge and experience of the business to make representations to Ministers, particularly before decisions are taken. There are times when they need to make reasoned arguments in public.

However, I do not agree with boards or chief executives of State companies engaging in a systematic guerilla-type campaign against a Minister or the Government, amounting to the systematic undermining of the Government policy with which one disagrees. A State company cannot be run on that basis. The ultimate responsibility rests with the Minister and the Government. If there is absolutely fundamental disagreement, I believe the board, chief executive or whoever is involved, has to consider their positions. It is not a way to run State companies, and I deeply regret the manner in which aspects of this debate have been conducted.

To conclude, obviously I have a particular concern with the future of Shannon Airport because of the region of the country I come from. We are all concerned to see Shannon flourish in the

future. We all recognise that protectionism is not an option in the long run. It will not be possible or viable, even in the medium term. We need sufficient capacity and confidence to be able to fly without the type of supports that existed in the past — to be able to provide that transatlantic service and be able to find other links. I certainly hope that one of the main justifications of this legislation is to allow — excuse the pun — Shannon and Cork in particular to fly. Dublin is flying. There is no problem about that. The only problem is the sheer capacity with the ever-growing numbers. It is different for Shannon and Cork. In the last analysis I do not believe the present system fully works. It is too lopsided. On that basis I would be prepared to back the Minister. It seems to me there are many safety nets in place to prevent disaster. This stuff about bankers calling in loans etc. is ludicrous scaremongering, as far as I can see. A propaganda war is going on and we might as well not blind ourselves to that. I am prepared not just to vote for the Bill but also to support it, primarily on the basis that it will give our main regional airports a better chance.

Mr. Cummins: I welcome the Minister and his officials to the House. When the Leader states that the Bill before us is premature, rushed and bad legislation, it is time for us all to look at it in more detail and wonder why. However, when she then says she will support the Government legislation, it is no wonder so many people are cynical about politics. I certainly admire her honesty and respect her opinion on the matter. The double-speak in Fianna Fáil, however, where one person says one thing and the Minister says something else, is typical of what the public is witnessing on a daily basis with this Government. It is blundering on in the hope that the public will not notice the lack of leadership, decisiveness and cohesion.

Aer Rianta reported a drop in after-tax profits from €36 million to €20.2 million for 2003, while the turnover rose by 33.8% to €436.9 million, with the income from airport charges up only 1.5%. The company claims that the aviation revenue at Dublin has fallen dramatically since the regulatory price cap was introduced by the Commission for Aviation Regulation in 2001. The company also suffered last year from poorer profitability in its hotel subsidiaries and overseas operations, while the extra throughput at the airports — particularly Dublin — did not manifest in extra profits. Aer Rianta blames what it calls "aggressive capping of landing" charges for the latest out-turn. It insists that the Commission for Aviation Regulation keeps landing charges unrealistically low, while airlines, such as Ryanair, argue that they are too high. I concede the Minister must strike a balance between those two points of view.

The Taoiseach has consistently stated that he believes that Aer Rianta must remain State-owned and is opposed to privatisation. He regards the maintenance of all jobs at Aer Rianta

as essential. The Minister stated in the Dáil on 27 January that he had given repeated assurances about jobs, in the context of the development of the new independent boards. A couple of days later he also stated that he was battling with the Minister for Finance as regards financial aspects of the break-up. How may guarantees be given as regards jobs when agreement cannot be reached between the two Ministers on financial aspects of the break-up, such as the distribution and ownership of assets?

Should the House pass this legislation, we will be shaping part of the future of Irish aviation policy a generation. Yet the House is being asked to debate this Bill with no business plan before it. How can we realistically be asked to debate and pass such important legislation without the necessary financial reports and statistics which are of paramount importance for giving us the information we need to make a balanced judgment on this Bill? There is a massive public deficit of information as regards a number of items — strategies and plans for the new entities; capital expenditure and investment plans; management team and operational plans; the nature of ongoing relationships with existing Aer Rianta operations; financial projections including cash and debt management; and pricing policies and interface with the regulator. Without the information, it is ludicrous to proceed with the Bill and ask Senators to make decisions on it. There is a huge imbalance between the growth of passenger numbers in Dublin compared with Shannon and Cork. Shannon's cost base is significantly higher than can be justified. There has been limited success in attracting low-cost airlines, aviation's fastest-growing sector. According to Aer Rianta's 2003 report, 20.5 million passengers passed through Irish airports last year. That is up 5.8% on the previous year's figure. Of those passengers, 80% passed through Dublin Airport. The principal challenge facing the three airports is to develop and facilitate growth in passenger traffic. However, if the break-up proceeds as planned, Dublin Airport will be saddled with huge debts and may need a substantial increase in landing charges to fund improvements. Such a situation is the opposite of what is needed to attract more airlines. I am concerned that Shannon and Cork Airports, neither of which is financially strong, may be cut adrift and made do without Government funding and guarantees.

Fine Gael is not opposed to competition in the airport sector, or the break-up of Aer Rianta. However, we oppose the manner in which it is being carried out. The Minister must first prove the case for the break-up. Fine Gael is pro-enterprise and pro-competition, provided these are backed up by solid business rationale. The Minister may argue that the legislation will achieve this by instructing the boards to draw up their plans. However the Minister has wasted time with this legislation. He could have requested the boards to have their plans in place for us to examine at this stage. The presence of

those plans would have ensured the merit of the legislation was evident to all. Had the three respective boards put forward their business rationale for breaking up Aer Rianta, Fine Gael could have proceeded with and supported any such legislation. Unfortunately, the Minister put the cart before the horse.

There are several unanswered questions relating to this legislation. What is the situation regarding a second terminal at Dublin Airport? Why does this legislation allow for airport charges to be regulated by the aviation director in Dublin, but not the other two airports? If airport charges are to rise at Cork and Shannon, will they affect the development of these two airports as low-cost carrier airports? This provision is in conflict with the Aviation Regulation Act 2001 which obliges the regulator to oversee all aspects where passenger numbers exceed 1 million. In excess of 1 million passengers use Cork and Shannon Airports, respectively.

What structures will be put in place for Aer Rianta subsidiaries such as Aer Rianta International and the ownership of the Great Southern Hotel Group? The Bill does not explain in any way how the ownership structures will be decided.

The break-up of Aer Rianta may or may not improve services. The proposed legislation is far-reaching yet it is not being debated in a meaningful manner because of a deficit of information. The legislation is premature and it is regrettable that the Minister cannot provide the background information necessary for Senators to make an informed decision.

Mr. J. Walsh: I propose to share five minutes of my time with Senator Cox.

Acting Chairman (Labhrás Ó Murchú): Is that agreed? Agreed.

Mr. J. Walsh: Listening to the Opposition is similar to watching a hurler on the ditch, admiring the opposing team who are playing well but criticising them for having their socks around their ankles, or saying that their socks are dirty, or that one of the players is off-side.

Mr. Cummins: It is an unfortunate choice of words.

Mr. J. Walsh: This is an area the Minister needs to address. In the last Seanad, I was understudy to Senator Liam Fitzgerald on the public enterprise portfolio. During that time, the issue of initial offering was promoted by consultants and probably embraced by the Department. I said to the then Minister, who is now the Leader of the Seanad, that I did not consider a move from a public to private monopoly to be good. If there is anything worse than a public monopoly, it is a private monopoly. That was one of the first areas the current Minister addressed on taking office. He is correct to retain ownership of our airports

[Mr. J. Walsh.]

which are a very fundamental part of our infrastructure. It would be similar to handing our roads over to private enterprise and allowing them to toll them as they wished. There would be an outcry.

There is a strong analogy with regard to the ports. They are part of our access to European markets and are publicly owned. It would be a retrograde step if Dublin and Shannon had sufficient volumes of business to go private. That would be wrong. The airports are fundamental to our economy. They form part of the veins of the trade and commerce of this country. Unless there is strong private competition, it would be wrong to hand them over to the private sector as monopolies and depend on regulators to control them. I applaud the Minister for the line he has taken with regard to this Bill.

I listened with interest to Senator Feargal Quinn, who held the interesting point of view that the Minister could operate the three airports as subsidiaries of a holding company. Why would we want to do that? Senator Quinn's argument was that they are in the same areas of activity. I do not think that is a good reason. Having them independent and autonomous, as the Minister has chosen to do, is preferable. It will allow for a focus on the activities of each of the three locations, particularly Cork and Shannon which have traffic volumes of around 2 million per annum. There is no reason we cannot grow these numbers. In continental Europe and England, where the governments have given autonomy to the airports, people have demonstrated innovation and commitment to increasing traffic and have devised deals to enhance and facilitate the flow of traffic. At a time when low-cost operators are making travel accessible to a wider range of people, it is important the three airports do independent deals which are profitable for them and for the development of their region. The Minister is taking the correct route to create separate companies reporting only to their shareholder, namely the Minister, and operating independently of each other while also in competition. Logistics will curtail the level of competition. Nevertheless, there will be some competition because people will choose where they wish to go based either on destination or on point of departure. On Saturday I travelled through Heathrow from the Continent. If I could avoid Heathrow or Dublin Airport I would, simply because they are very congested with people and traffic. If I can fly from Shannon or Cork Airports, I prefer to do so. It is right that we should have that option.

There are strong, entrenched vested interests at play in this debate. The Minister alluded to the leaking of a letter. I presume that is but a small part of the campaign to prevent the break-up of Aer Rianta. Monopolies do not easily concede ground. I have reservations regarding the board of Aer Rianta, which is operating a State enterprise, being proactive in the campaign to derail a State aspiration. Aer Rianta is wrong to

do that and time will prove it wrong. I believe that in five or six years' time traffic flows in Shannon and Cork will have increased significantly. Traffic in Dublin will increase, regardless of what is done.

I concur fully with the Minister's line in retaining 100% public ownership of Dublin Airport, but my strong preference is that any future airport — it should not be merely another terminal if at all possible — should be operated separately from Dublin Airport and should be in private ownership or leased. Neither am I convinced that it should be in Dublin. It must be adjacent to Dublin, given the numbers of people who live there and that most of the traffic will emanate from there. I wonder whether Portlaoise, Naas or Baldonnell have been considered. Would they not constitute a suitable alternative for a privately operated airport which would compete strongly with Dublin Airport and ensure best practice at Dublin Airport? Best practice needs to apply at Dublin Airport but does not currently apply. Regardless of any steps by management, it is impossible to operate best practice where there is a public monopoly. I hope we will seek to achieve that. Only a short time ago, probably within the past decade, passenger numbers at Dublin Airport totalled only 5 million. I would hate to think that in 2020 they will have doubled from the current 16 million to 30 million. That would be retrograde.

This Bill is an important plank in the plans for public transport. In an island country, travel and trade demand that we have good access to markets and to other locations and that these operate efficiently and in accordance with best international practice. I commend the Minister for taking a very important step in that direction.

Ms Cox: I thank Senator Walsh for sharing his time. I travel from Galway to Dublin weekly and I choose to fly rather than drive. Every week, therefore, I see the problems Dublin Airport faces, the congestion and the queuing. People queue like cattle. I have not been to many marts but I can visualise cattle moving up and down between barriers on the way to the ring. People move up and down between barriers, regardless of the number of people in the queue, in order to get to the security area. In the security area people again stand, like idiots, and wait. There are outdated machines where it is necessary to remove one's laptop computer from its case to have it X-rayed. Why do I have to put up with that every week? I do not have to open up my laptop and put it separately through an X-ray machine in Galway. Travelling weekly, not only do I have a laptop but I have files and all sorts of other things which I must pull out in Dublin Airport and put through the X-ray machine. That is what happens when there is a monopoly and no competition. That is why I am here to say "well done" to the Minister. That is one of the reasons we need a shake-up regarding how we organise

our airports and do our business in terms of access to our country.

I made a decision this year that wherever I go on holidays with my family — my husband and four children with lots of cases trying to get out of the country for a week or two — I would not go *via* Dublin Airport. I considered going *via* Galway, Shannon, Cork and Knock, all independently-run airports, and decided to travel *via* Galway and Waterford, direct to Lorient. It is fantastic because I will not have to go to Dublin Airport. What is different about an airport, whether private or public, when it is in competition? When a business is in competition with the big boys it becomes smarter and leaner, it listens to what its customers want and it delivers that.

Galway and Knock are not part of the Minister's plan, but Shannon is, and Shannon is vital to the development of the west. We all have some idea of what will happen under the open skies policy and will not be discussing it here this evening. However, the only way true development in the west, from Donegal to Kerry, can be achieved is by having an international airport that stands on its own two feet, that stands up to the big boys in Dublin Airport and tells them they are overcharging, that they are not delivering customer service and that they are not giving the customers what they want. I want to have an airport in the west that is linked by a proper road network, that is reliable and on which we can depend, that is linked by rail to appropriate places in the west, that delivers a gateway and continues to deliver a gateway to the west.

Every manufacturing job in the west has three service jobs attached to it, including a tourism job. I was in an industrial plant in Galway this morning which 25 visitors from Japan were visiting. An hour and a half later I saw those 25 people at the airport travelling back to Dublin. Our challenge is to put the infrastructure in place so that those people need not get on a plane in Galway and travel to Dublin but will be able to travel out of Galway to somewhere else or, alternatively, to drive to Shannon. Shannon is delivering what is needed in the west. The west needs the infrastructure to support access. I am aware the Minister has plans in that regard. Customer service issues need to be addressed. It is necessary to ensure that what people need is being delivered. The entrepreneurship for which the west is renowned must be protected by ensuring it has a service that allows it access to Europe, Australia, Asia and particularly North America. In order for the west to continue to develop, tourism, services and manufacturing are needed. I applaud the Minister for the courageous step he is taking.

Ms Tuffy: Senator Cox referred to monopolies. I do not see how breaking up the airport into three units while retaining it in State ownership is breaking a monopoly. The airport is either state-owned or it is not. Having listened to Senators who support the legislation and who do not have

the same concerns as expressed by the Leader, one has no doubt that the legislation is the first step towards privatisation. It is as though an idealised world will appear after the break-up. However, I do not believe that will happen.

Senator McDowell and others referred to the default mechanism, in terms of calling in enormous debts or causing insolvency, that will be triggered by the passing of this legislation. The Minister has not responded in any meaningful way to the concerns expressed about that. I am a solicitor and know that before signing off on something in the commercial world one must first address fully issues surrounding debts. A solicitor would not sign off on something which contained the sort of uncertainties which surround this legislation in terms of calling in debts and so on. That is the context in which this House is being asked to sign-off on this legislation.

Why are waivers not to be negotiated before the legislation is passed? Why are we speaking of introducing waivers once it is passed? We need to know if such waivers will be put in place. That is not an issue which could be retrospectively addressed by legislation. Perhaps the Minister will clarify that point. The Minister has based his business reasoning for this legislation around the PwC working papers. I refer in that regard to the consultants' report commissioned by SIPTU which raised significant concerns about the legislation and states in its conclusions:

...it is our view that the proposed restructuring, as outlined in the PWC Working Papers, has not been robustly tested, nor has the business case been proven. Accordingly, we cannot determine from the information available to us that Aer Rianta cpt would be placed in a better position as a consequence of the proposed restructuring.

For these reasons, we can provide no comfort to the employees of the Aer Rianta cpt, whom you represent, and who are an important stake holder in Aer Rianta cpt, that the proposed restructuring would successfully address the challenges facing the company.

The report, on the status of the PwC working papers, points out that the papers: "...are not intended to present a business case, nor do they constitute an appraisal or valuation of any of the securities, assets or businesses of Aer Rianta cpt" and that the totality of the financial information being used by the Minister comes from these papers. The Minister has not cited any business case for his proposal. There are no grounds for Senator Mansergh's assertion that the best chance lies in creating three independent airports.

Why is this legislation being rushed through the House today? I am sure the Minister will reject any amendments to the Bill given that the Dáil is in recess. The Minister stated that following advice from the parliamentary counsel the drafting error referred to does not need to be dealt with by amendment from the House. I am sure the Minister will deal with that matter on Com-

[Ms Tuffy.]

mittee Stage tomorrow. However, if such a drafting error required amendment then Senators should have the opportunity to make the amendment without returning the legislation to the Dáil for confirmation. That is the role of the Seanad. We have two Houses to ensure proper scrutiny of legislation, something which is not happening now. It is insulting of the Minister to deal with the Seanad in this way.

The introduction of this legislation following the local and European elections illustrates that the Government has not learned anything from the elections. Perhaps the only lesson learned was that picked up on by the Tanáiste — that we keep doing what we are doing and remain arrogant in rushing through legislation despite valid advice from opponents to particular measures. Senator O'Rourke was brave in her criticism of the legislation. Her criticism of the Government's proposal to introduce third level fees forced the Government to change its position in that regard. Unfortunately, that is not likely to happen in this case.

An indication of change which would provide people with hope in terms of the nature of parliamentary politics and the Fianna Fáil party would be for a member who feels so strongly about a particular issue to vote against the Government. Once this legislation is passed it is a *fait accompli*. We may return to amend this legislation but it is unlikely we will return to rescind it. As I stated earlier, the next step is privatisation. Who in the Government parties will stand against that proposal?

Mr. Lydon: I welcome the Minister to this House of which he was once a member. He has had a rough time of it recently.

Mr. U. Burke: None more so than today.

Mr. Lydon: People with specific agendas are targeting the Minister. However, the Minister who is a calm and tough man will win in the long run. Perhaps the many people who attacked the Minister in recent times did so with a tinge of jealousy. I am not too sure of their reasons but the Minister is well able for them.

I was glad to hear Senator Finucane state that Fine Gael is not opposed to the break-up of Aer Rianta but to the manner in which it is being achieved. Should we legislate for three separate airports and should we do it now? If we are to do it there is no point putting it off. The Shannon stop-over has been an important factor in the economy of Clare. While the stop-over did not make a great deal of sense from a logical point of view it made sense from an economic point of view. I would not like Clare to lose that facility.

We must provide people with the opportunity to manage in their own right. The three separate airports will be able to govern themselves and to make money. When former Minister Barry Desmond proposed the location of an airport at

Knock many people said it would not work, but it does. At least one-third of the population of Ireland visits Knock each year, many of them by aeroplane. That may seem an astounding figure, but it is true.

I was pleased to hear the Minister outline the Government's reasons for introducing this legislation. He also clarified many issues about which I was concerned when he stated: "There has been no suggestion of any intention on the part of funders to initiate action under "event of default" type clauses of the appropriate loan agreements." It is important we note that. The Minister also said: "...these broad financial perspectives were not, and could not be, comprehensive business plans for the three State airports since I have consistently maintained that only the three new airport authorities, which will be responsible for the development of the three airports, are in the proper position, once this Bill is enacted, to develop comprehensive business or action plans." That is not putting the cart before the horse. We must create three separate airports and then draw up the three separate business plans. Given the opportunity to work on their own and to generate business plans, the airports will do so. I know of no reason they cannot succeed.

Aer Rianta has worked well for many years and continues to do so. Senator Cox said that Dublin Airport is an appalling place. It needs a great deal of work at management level. I do not know of any other industry which treats its customers in the manner in which airlines do, not just in Ireland but abroad. Such treatment would not be tolerated from any other industry.

The barriers to which Senator Cox referred are not necessary and are not part of the security process. I was recently in an airport abroad where there were five separate checks. There were no queues because the procedure was handled efficiently and quickly and people appeared to know what they were doing.

Baldonnel was referred to as a separate airport, which I do not think is possible. Given our increased defence commitments in Europe, we need a military airport. We cannot have a commercial and military facility operating along the same lines in the same place, with different rules and regulations. To be realistic, we do not want these planes annoying us by flying over south Dublin.

Most of the arguments are not about the airports, but appear to be about the timing of the legislation and the way in which it was introduced. I see nothing wrong with the way it was introduced. The Minister has a job to do, it was a Cabinet decision, and he should run with it. Senator Finucane said something about one person speaking one way and everyone else speaking the other way, which happens from time to time. This is democracy and it is what the Seanad is about. We can tease out the rights and wrongs of the Bill tomorrow on Committee Stage, when I am sure there will be much debate.

Section 6(3)(b) reads, “or in the Irish language *Údarás Aerfort na Sionna*”. I am not an expert on Irish, but should it be “ph” instead of “f”? Perhaps the Minister will explain it tomorrow — there is no need to do so now. All the terms associated with airlines are nautical. Aircraft land at airports, have captains, stewardesses, pursers and so on. It just is a small point. Perhaps it is modern Irish or old Irish; it may be correct. I am not a scholar, but I wonder about it.

I suggest the Minister bite the bullet and do what he has to do, because he will have the backing of Members on this side of the House. We will back him, not because he happens to be a Minister, but because we believe he is doing the right thing at the right time and in the right way. I wish him every success.

Mr. U. Burke: I welcome the Minister and compliment him on remaining here right through the debate and enduring a couple of lashes of the handbag.

The Seanad, the other House and the public are being kept in the dark in regard to this legislation. I do not understand why we are expected to approve the legislation, which contains no overriding policy. Will the Minister inform the House to whom was Senator O'Rourke referring when she said there were shadowy people dictating in the background? This is a serious challenge to which the Minister must respond.

Mr. S. Brennan: I will.

Mr. U. Burke: I would welcome a response on the issue because many Members asked why was the legislation rushed through. I would like to know what is behind the challenge thrown down to the Minister this evening. It is one of the aspects about which we are all being kept in the dark. Perhaps he will make available to the public the reports on Cork, Shannon and Dublin, including the report requested by the trade union group in Shannon by Farrell Grant Sparks and others. It is important that all reports are laid before the Houses and available to Members so they can assess them and make judgments on the findings. We are being kept in the dark in regard to these reports and I would like to know why they have not been laid before the House.

As someone from the west, the Minister should realise the importance of Shannon Airport to that region, including from north of Galway, right down to Shannon and south of Limerick. It must be clear to the Minister, who comes from Galway city, that many people are directly dependent on the prosperity of Shannon, whether from a tourism or energy point of view. It is important to remember that major American multinationals have located in the west, primarily because of the access through Shannon. I cannot understand why the Minister is differentiating in the capital contributions he is making available to Shannon, Cork and Dublin. Why is he making available €100 million to Cork and €20 million to Shannon? I do not accept he is talking about the new terminal in Cork, to which he has been referring up to now. That is not the real reason. What will

happen as a result of this inequity and total lack of support for Shannon is another regional airport. Shannon will not be an international airport in the future. The downside of what the Minister is presiding over will be regional airport status for Shannon in the future, which will have serious consequences for industrial development in the region.

Regarding tourism, we know American tourists spend on average in the region of €30 to €40 per head as opposed to tourists from the Continent who spend approximately €2.50. The American spend is much greater than the European spend. If the status of Shannon is diminished *vis-à-vis* tourism in the west, I do not know how the Minister can preside over such consequences. Perhaps it will not be apparent in the near future, but it will be the case eventually. This will have an impact on everyone in the west.

The Minister is aware, as are some of his colleagues in Government, how difficult it is to attract industry to the west outside the major hub centres of Galway, Cork and Limerick. Will he continue to allow things to deteriorate even further? There are several other instances where we have been left in the dark in regard to the Minister's plans, which is why it is important that he states clearly and distinctly the people who are driving him, to whom Senator O'Rourke referred. Now is the time to name them. Senator O'Rourke's final comment was damning. I was in a state of disbelief and shock when I heard it. It was to the effect that the Minister for Finance would have the final say when he said “Thus far and no further.” Is the Minister at a point at which he can go no further because his hands are tied? Are we only going through a charade today in continuing the debate on this legislation, which was dealt with in the Dáil last week? Are we doing this as a sop to some individual politician or member of the Government who is pushing it through? Some members of the public think there is a split between the Minister for Finance, Deputy McCreevy, and the Tánaiste, Deputy Harney, and that perhaps the Minister for Transport will fall between those two stools. Time will tell.

Along the Shannon estuary as far north as Birr, many people over the years have depended solely on SFADCo to provide support for the growth of small indigenous industries. Now we find that SFADCo is to be subsumed into Enterprise Ireland. The IDA and Enterprise Ireland have failed miserably in many instances to recognise the need to bring industry into the various small regions in that area. Were it not for the tremendous support they received from SFADCo, many of the industries that have been established in places from Birr through Nenagh and into Limerick would not exist. It is a retrograde step for SFADCo to be subsumed into Enterprise Ireland, which is to be based in Shannon under the new Shannon Airport authority.

When the Minister for Transport presides over the demise of Shannon, although he will not have a choice if the Minister for Finance has the final say, and gives disproportionate amounts of development funding to Shannon compared to

[Mr. U. Burke.]

Cork or Dublin, we will see what are his real intentions. Why is it necessary to replace one authority with three? What difference does it make? There will be job losses in Aer Lingus if privatisation occurs. Will this move lead to the privatisation of Aer Lingus? We do not know; we are in the dark again. Unless the Minister states clearly and unequivocally what his plans are, we will never know.

We hear that the board will have plans in April 2005. If the Minister does not have a guiding policy within Government, how can we expect other bodies and boards to have one? Is it true that one of the current directors of Aer Rianta intends to put an injunction on this legislation if it is passed? He stated last night that he would be negligent in his duty on behalf of the other directors if he did not challenge the legislation. If the Minister can answer these questions, many people will be satisfied. If, however, the Minister intends to preside over the demise of Shannon, as set out in the legislation, the whole west coast from Galway to Limerick will suffer. That is not good enough.

Mr. M. Brennan: I welcome the Minister and commend him on his address to the House. I have listened to many speakers, all of whom have the best interests of the country at heart. It is important that we retain ownership of our three airports and maintain a role in the further development of our regions. The major challenge to the Government is to put in place a package that will best allow the three airports to develop to their full potential.

We all recognise the importance of Shannon Airport not only to County Clare but to the whole mid-west region. This is uppermost in our minds. The Minister pointed out that we must consider the progress that has been made in tackling the problems of the cost base in Shannon. We are aware of the importance of Shannon Airport in the areas of industrial development and tourism and recognise the tremendous role played by SFADCo in the development of our region through the years. I am glad that SFADCo will have a major role to play in discussions on the future of Shannon Airport, which is dear to all our hearts.

I commend the Minister on introducing the legislation at this time. The Minister has outlined the many problems that must be tackled if this legislation is to be implemented so it is important that we have plenty of time. The time provided by the Minister will allow complete discussions with the various interests and unions about staffing levels and the role that Aer Lingus plays in Shannon Airport. This is important because in the past Shannon Airport has risen to the challenges it faced. People put their shoulders to the wheel and worked together in the best interests of the region. It is important that discussions take place up to next April in order to put together the best possible package for implementing the development of our regions. We wish the Minister well.

Mr. McCarthy: I join with other speakers in welcoming the Minister for Transport to the House and I thank him for attending. Before I contribute to the debate I wish to comment on the manner in which the business of this House is carried out. I know there was significant pressure on the Leader and others in the House to make time for this very important legislation and I admire the stance that was taken. It is inconvenient for many Members, some of whom had made plans to be elsewhere — that could not be helped — but it is important for the House that we do our business in this fashion. We are reaping the benefits of this today, irrespective of what is before us.

This is important legislation. There are differing views in the House; some people, who have more experience than the rest of us, are probably better at speaking on this issue and I bow to their superior knowledge. However, there is an element of this legislation which is not desirable: the manner in which it is being disposed of before the summer recess. Rushed legislation is bad legislation. If there had been a proper consultation process there would be no Bill before us. There are so many sectoral groups involved — trade union representatives, workers, directors, those who use the airport — that it would have been better to engage in proper consultation before we got to this stage. That would not be an easy task, but it is important that the views of those on all sides be incorporated when formulating legislation as important and far-reaching as this.

The report compiled for ICTU and SIPTU by Farrell Grant Sparks emphasises the absence of business plans. Businesses in this country have been very successful in recent years. We have shown the way in terms of courses available to educate and train young people in business and we have performed well on the international stage. Much of this is down to good business management. It is about how businesses structure themselves and map the way forward. Many speakers have already alluded to the fact that no reference to business plans has been made, which is a gaping flaw in the legislation. The least that could have been done was to prepare a business plan for the post-break-up period. Do we know for certain, for example, whether the airports will be able to operate on a stand-alone basis? One section of the aforementioned report states:

The documents and explanations presented to us indicate that the Aer Rianta group is not currently equipped with comprehensive plans to deal with the business issues inherent in restructuring such as that envisaged. Neither, to our knowledge, is the group in possession of an appraisal of the probable financial viability of the three individual airports on a stand alone basis.

We can all be parochial and I will be so with regard to Cork Airport, regional development, supporting efforts to attract employment and the tourism economy of the south west. The region has one of the country's biggest employers in the pharmaceutical industry in the lower harbour. Cork

is an important passage for tourists in and out of the area and provides many jobs in the Cork and Kerry region. There is little confidence among those who are in or using the services that after the passage of this legislation and the proposed restructuring of Aer Rianta, Cork Airport will be viable as a stand-alone airport. Nothing concrete is provided to give us the confidence to support legislation of this type.

The consultants went on to say in their report that not only was it unusual but also imprudent to embark on such a wide-ranging restructuring of any group, organisation or board in the absence of business plans. Illustrations presented in the Department's working papers envisage an upward revision of the price cap for airport charges arising from the break-up.

In recent times, prices of flights have reduced enormously, probably because of competition, availability and greater awareness. In the 1980s, for example, flights to the United Kingdom cost £200 or £250. They were so expensive that people took the other alternative and endured the long, arduous trip by boat. There was a time when we wondered whether we would ever see a time when flights would be affordable. Thankfully, we now have affordable flights for all sections of society. We must consider the issue that any increase in charges will be passed on to the consumer.

The consultants pointed out a number of other issues about difficulties they envisage in a number of areas, for example, capital profits to be generated, property income, the Cork lease, board issues, legal and pension matters. These will all give rise to difficulties after the passage of the legislation. Sufficient time has not been given to deal with or tackle them constructively at this stage.

I missed the Minister's address to the House earlier, but I am interested in hearing in his reply his views on the worker-director who is threatening legal action to prevent the break-up of the three airports. That director has received legal advice on the financial ramifications of the break-up and particularly on the debt. He has been advised that the break-up could trigger the early repayment of €250 million of a €484 million debt. This is enough to threaten the future viability of the company. The issue relates to stocks which are managed by a particular bank. However, there is a serious issue with regard to how this legislation could jeopardise terms and conditions of a loan. We are all aware that banking institutions do not hold back on recouping losses. They would certainly spot any element of this legislation which would allow them the opportunity to recoup costs.

This legislation straddles a number of important areas, from aviation policy to regional development and tourism. Why are we dealing with it now and why is there such urgency with the legislation? What is the real *modus operandi* of the Minister in introducing legislation so quickly on this issue? Is there something we should be aware of with regard to the viability of the company so that the *status quo* remains? Can he assure the House that the airports will be able

to operate on a stand-alone basis after the proposed break-up?

I know many of these points have already been made but I wished to make these particular ones. I would appreciate the Minister's reply on them.

Minister for Transport (Mr. S. Brennan): I thank the Cathaoirleach and Senators for what has been a full debate on this legislation over almost six hours. I have listened carefully to everything that has been said and will take the issues on board and deal with them as best I can.

The issue of funds was raised. I wish to state clearly and unambiguously that there is no risk whatsoever from the bond holders in any area related to the legislation. One letter came from the bond holders to the company over a year ago. That letter was responded to satisfactorily by the company and there was no further written communication, of which I am aware, from the bond holders.

Despite announcing this policy a year ago, neither I nor my Department have had any correspondence from any banks or bond holders of any sort. If any bank or bond holder, who knew the policy I laid out 12 months ago, was owed any funds by Aer Rianta, I would have expected a letter from it pointing out its concerns. I have not had any such correspondence on the matter. No adverse reaction came from bond holders on the matter at all. In fact the money the bond holders are owed is now twice as secure, given the growth plans in place at the airports. As I argued earlier, money is probably cheaper now than it was a few years ago when the bond holders were engaged. The lending of money by bond holders to State companies is always an attractive proposition. If Senators have tears to shed, let them not shed them for bond holders who lend money to State companies. They lend it with a heart and a half. I have no concerns about the financial structure or position of the bond holders.

The issue of Dublin Airport being saddled with debt was raised. I am just leaving the existing debt where it is. It belongs with Dublin and nowhere else and I am not moving it. I am not suddenly saying to Dublin that it has all these debts. The debt is the reality of Aer Rianta's current balance sheet. The debts belong in Dublin and will stay there.

It has been suggested that this is not good legislation and that it is flawed, incomplete and rushed. The Cabinet, of which I am proud to be a member, sat on three separate occasions, with full documentation, Cabinet memoranda and information from the company, the advice of the Attorney General, my Department and the Department of Finance, to discuss this. On those three separate occasions it decided to proceed on a strategic basis with these proposals. This legislation is not the result of a hunch I came up with on a radio programme. This was the considered decision of three Cabinet meetings, having looked at all of the options.

We are changing a monopoly to a competitive situation. We are moving to a pro-consumer base and moving to attract more airlines to the airports. We are moving to give Shannon and Cork

[Mr. S. Brennan.] regional and market leadership. We are trying to put an end to the days when Shannon and Cork played second fiddle to Dublin Airport, which they did for too long. Down the years they did what they were told and were only allowed to negotiate routes when it suited Dublin. I am tired of a situation where Shannon and Cork are patronisingly described as some kind of kids who must be supported and who must have subsidies shovelled down to them because they cannot grow up and run their airports. I know the people of those regions are well able to do that. Approximately 90% of the people entering the country come through Dublin Airport. This is unnecessary as Cork and Shannon are perfectly good international airports. If they develop their marketing trenchantly and robustly, they will attract more of that market share.

It is important that the debts of Cork and Shannon Airports are lifted. Does any Member think I should not do that? Shannon Airport's debt is approximately €70 million. Those who believe it should be left at that should hold their hands up. Cork Airport's debt stands at €140 million. Does any Member believe I should leave Cork Airport to pay it off while still developing the airport? The burden of those debts must be lifted from their shoulders to allow them properly develop for the future. We must give up this patronising subsidisation and begging bowl attitude that is considered the norm when dealing with any place outside of Dublin. Coming from the west of Ireland, I know the mentality that because one does not come from Dublin and without the big umbrella and banks, then somehow one cannot run an airport because one is some class of a culchie who cannot make it happen. Cork and Shannon will become the most successful airports this country has ever seen.

I have no criticism of Aer Rianta. I pay tribute to the successive boards, chairpersons, chief executives and staff who have worked there down the years. We are proud of what they have achieved. However, in the 21st century it is time to move on from a monopoly situation to one of regional autonomy by putting faith, trust and confidence in the people of the regions to develop their airports. I was flabbergasted to hear Senator Quinn say what a great idea it is to keep the monopoly in place. I do not know if he would tolerate one in his industry.

Mr. Norris: He was the monopoly.

Mr. S. Brennan: I assume he has survived despite the big players. The various boards will have to make business decisions regarding the other assets. With regard to airport charges, irrespective of whether this legislation is enacted, charges will rise at Dublin Airport, as PricewaterhouseCoopers reported, because of pre-existing financial challenges. The much needed investment that was made must be recouped.

Suddenly the business plan has become a holy grail. Those states that recently joined the EU were great at five and ten year business plans and 20 year national and corporate plans. However,

they gave up all that nonsense years ago. They have realised that business is dynamic and changes every day. Show me a business plan made five years ago and I will bet it bears no resemblance to today's conditions.

Mr. U. Burke: This sounds like the Fianna Fáil manifesto.

An Cathaoirleach: No interruptions. The Minister listened attentively to Members without interrupting and I want him to be allowed to reply without interruption.

Mr. S. Brennan: No Member can tell me that over the past 40 years the Aer Rianta board has never had a plan for Cork or Shannon Airports. The boards knew every detail, figure, aeroplane, staff member and overtime chit. The board members cannot look me in the eye and tell me they had no plans for Cork and Shannon Airports. No self-respecting plc would not have a business plan. PricewaterhouseCoopers consultants presented a five year financial projection which I shared with the trade unions. Farrell, Grant and Sparks examined them and when the 44th request for business plans was made, Aer Rianta produced ten year business plans for Cork and Shannon Airports. All the details of income, expenditure and depreciation of interest on the debt were there in black and white. This makes four business plans before the real ones are devised, which should be in the hands of the those who will manage the airport authorities. An incoming board cannot be forced to implement a prepared business plan. The board must have an active, dynamic, day-to-day business planning mechanism. The days of the holy grail of a master plan, comfortable in the old regimes of the new EU member states, are gone. Business is more dynamic and no longer operates on such terms.

This legislation is not rushed and premature. It is one year since I announced my policy on Aer Rianta. Do Members want two or three years to pass legislation? What is the definition of "rushing"? One Fine Gael Senator accused me of rushing the Bill and asked why the hurry. He then said he was for the break-up but asked why it took so long for the legislation to come to the House. In the same breath he accused me of rushing the Bill and then delaying it. A year is a long time in public administration. There is no rushing when a policy is laid out in a 12 month timeframe with intensive discussions. It is not fair to leave the airports without certainty through the summer. I am sick and tired of the relentless personalised campaign that is fought on a number of levels. I want to put an end to it and get a summer holiday.

Mr. U. Burke: Here and now.

Senators: Hear, hear.

Mr. S. Brennan: With regard to Shannon Airport—

Mr. U. Burke: Is there another chapter in the speech?

Mr. S. Brennan: A Chathaoirligh, am I over my time?

Mr. U. Burke: The Minister should keep going.

Mr. Norris: Votáil.

An Cathaoirleach: Order. Allow the Minister to continue without interruption.

Mr. S. Brennan: Shannon Airport was the first one I ever stood in and I am proud of it, knowing it will be a huge success. The new airport authority is the only way to deal with future concerns about its operations. Senators Dooley and Daly are right to be concerned about the future of the stopover and the EU-US talks and Aer Lingus's plans. However, who is best placed to deal with those issues, a board sitting in Dublin where someone travels up to on the train to get a few bob in expenses——

Mr. U. Burke: Who was going up in the past?

Mr. J. Phelan: They will still do so.

Mr. S. Brennan: ——or a fully fledged board at Shannon Airport committed to its interests? The best people to deal with those threats to Shannon Airport's operations are those from the region and not some memorandum from Dublin that notes its difficulties.

Senators: Hear, hear.

Mr. S. Brennan: The chairman designate claims he can double the number of passengers to 4 million. He and his board have investigated low-cost transatlantic travel and Shannon becoming a freight hub for east-west transit.

Mr. U. Burke: All talk.

Mr. S. Brennan: They have spoken about creating jobs at Shannon Airport by introducing more routes to the UK and USA. Enterprise Ireland and the Irish Aviation Authority will relocate to Shannon. Investment in the Shannon-Galway road, the Ennis by-pass, the second river crossing and the rail link will help build up the airport. Is it best practice for a group of people sitting around a board table in Dublin Airport to oversee this or is it preferable for a group in Shannon Airport to do so?

Mr. Norris: The best qualified people wherever they sit.

An Cathaoirleach: Order.

Mr. S. Brennan: "Shadowy figures" and "who is behind who" have been referred to in the debate on my motivation for this legislation.

Mr. U. Burke: The Minister must have gone back to the other page in his speech.

Mr. S. Brennan: In my 25 years in public life I have only worked for the people and not any shadowy figures. My motivation is simple. I want more passengers for Cork and Shannon Airports, for them to develop and more jobs to be created. I want freedom for Cork and Shannon Airports and for the mid-west region to continue to grow with the kind of enterprise and vision fostered in the early days by Sean Lemass. I want Cork to grow with the same type of vision, leadership and optimism. I want successful Shannon, Cork and Dublin Airports. That is my only motivation. I utterly reject any suggestion of shadowy figures with whom I must deal. I do not engage in such practices. I thank Senator Mansergh who spoke quite rightly about the proud role of State companies.

Senator O'Rourke and I go back a long way. We have been members of the same Cabinet and agreed many times.

Ms O'Rourke: We have disagreed too.

Mr. S. Brennan: We have disagreed many times. She is fully entitled to tell me that I am an eejit——

Ms O'Rourke: I would not say that.

Mr. S. Brennan: ——that I am getting it wrong, that I have only acted on a hunch, that the Bill is imperfect.

Mr. B. Hayes: The Minister should not be so hard on himself.

Mr. U. Burke: They can have this chat elsewhere.

Mr. S. Brennan: She will also allow me to say that if she disagrees with my policy I am entitled to disagree with hers. Her policy in response to a parliamentary question on 10 May 2001 was:

I concur with the view that private sector participation in Aer Rianta would be in the best interests of the company, in terms of addressing its funding needs in the long term.

Ms O'Rourke: Exactly.

Mr. S. Brennan: I speak with full respect.

Mr. U. Burke: We were told that was old-fashioned.

Mr. S. Brennan: The Leader of the House was entitled to disagree with me and she did. I am entitled to disagree with that direction because it leads to private ownership. Private owners sitting at a table in Dublin would build houses on Shannon Airport. No group of private investors in Dublin Airport would stand over Shannon Airport for the future. They would flog it off, as they might do also with Cork Airport. That is why I do not support that policy of my predecessor. She is fully entitled to take me to task about my policy. I am

8 o'clock

[Mr. S. Brennan.]
fully entitled to respond and say I do not like her direction.

Mr. U. Burke: Round 2 to the Minister.

An Cathaoirleach: I appeal to Senators to please respect the Minister while he is replying.

Mr. B. Hayes: This is better than the debate on the Freedom of Information Bill.

Mr. S. Brennan: I have a letter——

An Cathaoirleach: Would the Minister excuse me please?

Mr. S. Brennan: I am just finished. There was a letter some time ago from the company which states, regarding the possible sale of one third of Aer Rianta to a large international bank, that it might be worth considering it further when with a minimum of fuss it could provide €1 billion for the Exchequer. I did not like that policy then and I do not like it now.

Mr. Finucane: Who wrote that letter?

Mr. B. Hayes: Who wrote the letter?

Mr. S. Brennan: It is from Aer Rianta to the Department of Transport. I have made it clear that I do not like that policy.

I thank the Leader of the Seanad for insisting that we give this debate six hours. She was right about that. I have enjoyed the six hours. I thank the Cathaoirleach and everyone on all sides in the Seanad.

Ms O'Rourke: Should I stand up and take a bow?

Mr. Finucane: The Minister has another page of his speech to read. It is a shame for Senator O'Rourke to want to sell Aer Rianta to a Japanese bank.

Mr. S. Brennan: In accordance with Standing Order 121, I request the Cathaoirleach to direct the clerk to correct two misprints in the Bill. One is to delete a comma after "amend" in page 5, line 25, and in page 23, line 10, "persons" should read "person". They are technical corrections.

An Cathaoirleach: I will direct the clerk to make those corrections. Order please, applause is not necessary.

Question put.

The Seanad divided: Tá, 28; Níl, 16.

Tá

Bohan, Eddie.
Brady, Cyprian.
Brennan, Michael.
Cox, Margaret.
Daly, Brendan.
Dardis, John.
Dooley, Timmy.
Fitzgerald, Liam.
Hanafin, John.
Kenneally, Brendan.
Kett, Tony.
Kitt, Michael P.
Leyden, Terry.
Lydon, Donal J.

Mansergh, Martin.
Minihan, John.
Mooney, Paschal C.
Morrissey, Tom.
Moylan, Pat.
O'Brien, Francis.
Ó Murchú, Labhrás.
Ormonde, Ann.
O'Rourke, Mary.
Phelan, Kieran.
Scanlon, Eamon.
Walsh, Jim.
White, Mary M.
Wilson, Diarmuid.

Níl

Bradford, Paul.
Browne, Fergal.
Burke, Ulick.
Coughlan, Paul.
Coonan, Noel.
Cummins, Maurice.
Finucane, Michael.
Hayes, Brian.

McCarthy, Michael.
McDowell, Derek.
Norris, David.
O'Meara, Kathleen.
O'Toole, Joe.
Phelan, John.
Quinn, Feargal.
Tuffy, Joanna.

Tellers: Tá, Senators Minihan and Moylan; Níl, Senators U. Burke and Browne.

Question declared carried.

An Cathaoirleach: When it is proposed to sit again?

Ms O'Rourke: Tomorrow, at 9.30 a.m.

Committee Stage ordered for Wednesday, 14 July 2004.

The Seanad adjourned at 8.05 p.m. until 9.30 a.m. on Wednesday, 14 July 2004.

