

DÁIL ÉIREANN

A

SELECT SUB-COMMITTEE ON COMMUNICATIONS, ENERGY AND NATURAL RESOURCES

Dé Máirt, 21 Eanáir 2014

Tuesday, 21 January 2014

The Select Sub-Committee met at 2 p.m.

MEMBERS PRESENT:

Deputy Paudie Coffey,	Deputy Fergus O'Dowd (Minister of State at the Department of Communications, Energy and Natural Resources),
Deputy Michael Colreavy,	Deputy Pat Rabbitte (Minister for Communications, Energy and Natural Resources).
Deputy Timmy Dooley,*	
Deputy Noel Harrington,	
Deputy Seán Kenny,	

* In the absence of Deputy Michael Moynihan.

DEPUTY JOHN O'MAHONY IN THE CHAIR.

Estimates for Public Services 2014

Vote 29 - Communications, Energy and Natural Resources (Revised)

Chairman: No. 1 is consideration of the Department of Communications, Energy and Natural Resources Revised Estimate 2014. The Dáil ordered that the following Revised Estimate for public services be referred to this committee for its consideration: Vote 29 - Communications, Energy and Natural Resources. I welcome the Minister for Communications, Energy and Natural Resources, Deputy Pat Rabbitte, and the Minister of State, Deputy Fergus O'Dowd. They are accompanied by their officials, Mr. Mark Griffin, Secretary General, Mr. Michael Manley, assistant secretary, Mr. Eamonn Molloy, assistant secretary, Ms Katherine Licken, assistant secretary, Mr. Martin Finucane, finance officer, and Mr. Eamonn Confrey.

The purpose of today's meeting is to consider the Revised Estimate and the supplementary performance information on the outputs and impact of programme expenditure. The draft timetable for the meeting has been circulated. Is the timetable agreed? Agreed.

Briefing material providing details of the Revised Estimate was circulated to members. I propose that the following arrangements will apply. There will be no opening statements, the committee will proceed to consider the Revised Estimate programme by programme, and in the preliminary exchange, each programme is to be considered under the headings of context and impact indicators, key outputs, financial and human resource inputs and 2014 allocation and targets. Administration will be considered under these headings when each of the programme areas have been disposed of. I propose that questions on the programmes be taken together at the end, at which point the Minister can respond. Is that agreed? Agreed. Has Deputy Dooley some questions?

Deputy Timmy Dooley: I may have questions on particular sections. What way do you want to do it, Chairman?

Chairman: Programme A, communications, is first. This covers subheads A1 to A7, inclusive.

Deputy Timmy Dooley: Let us consider subhead A3. There has been a 70% increase in the capital allocation for information and communications technologies. What exactly is that attributed to?

Minister for Communications, Energy and Natural Resources (Deputy Pat Rabbitte): It is for postcodes. There is a provision of €10 million for postcodes in 2014.

Deputy Timmy Dooley: Last year about €8 million was allocated to postcodes. Was that spent?

Deputy Pat Rabbitte: No, it was not. The tender was completed and all the rest, but the amount of money spent was negligible. The main spend will be this year, and that means spend will go towards preparing other Departments to get their databases and systems synchronised. Almost 50% of the cost of the project is to do with other arms of the State bringing their databases and so on up to kilter.

Deputy Timmy Dooley: I am not sure if the Minister has any familiarity with Loc8. I have

had some communication about it from a group that is proposing it as an alternative to the project the State is undertaking. The group seems to believe a system exists that could be provided more cheaply. Has the Minister or his officials had an opportunity to review that?

Deputy Pat Rabbitte: Yes, we did. We looked at all the alternatives on offer and a great deal of care was taken. If we get this wrong, we will know all about it. I got a great deal of correspondence and read some commentary that An Post was going to win the tender, but a company called Capita won the tender. That company employs almost 1,000 people in Ireland already, and the unique identifier system that it has come up with is reckoned by the experts working on the project as the most effective and most suitable to our peculiar circumstance. We have issues relating to the Irish language, the number of families in one townland with the same name and with nicknames to distinguish them, and so on. The advice I have from the experts is that this unique identifier system is the best available with the most modern of technology. It is more modern than when this idea was examined seven or eight years ago, as the progress made since then has been significant. This should be a considerable success; at least I hope it will.

Deputy Timmy Dooley: Where was the decision taken to go with Capita? Was it taken by the Department or was a group of external consultants involved?

Deputy Pat Rabbitte: A group of people, led by the Department, were verifying and testing the tenders received. Ultimately there were three tenders, and on the weightings attached to that, Capita came through. That was the recommendation made to me, and I approved it.

Deputy Timmy Dooley: Has Capita experience in rolling out this system elsewhere? If so, where?

Deputy Pat Rabbitte: I do not think there is any precedent country where this has been done. Capita's expertise in this broad area is very well established in a number of countries, but this is a world first in terms of the application of this system to Ireland. That came through a process of the Department, consultants, an evaluator and so on. This was the recommendation at the end of the day.

Deputy Timmy Dooley: Will the €10 million this year conclude the final tender price, or will there be an allocation again next year?

Deputy Pat Rabbitte: The total cost will exceed €20 million, about half of which will revert to one limb of the State or another. That contract is for ten years.

Deputy Timmy Dooley: The big upfront cost is this year.

Deputy Pat Rabbitte: That is right.

Deputy Timmy Dooley: I see there is €6.8 million allocated again this year for broadband in schools. What does the Minister hope to achieve with that money? Will it be an entire roll-out across all the schools and what level of equipment will be deployed? What generation of broadband do we expect to have in our schools?

Deputy Pat Rabbitte: This is the final tranche. It has been roughly €6 million every year for three years, and this will connect up 274 schools that are outstanding and ensure they have industrial strength broadband. We are looking at what element of input might be necessary to encourage or ensure schools make optimum use of it. The performance among the teaching profession is probably variable. Some are really ahead of their time, have been doing it on their

own steam and are very far advanced, while others are not so advanced. We might have to look at optimising and encouraging maximum usage of the technology. The intention is to complete the programme by September, which is the beginning of the 2014-2015 academic year. My Department bears the running cost for the first year, along with the cost of the installation of the system, and then the running cost goes to the Department of Education and Skills from there.

Deputy Timmy Dooley: On the zero item assigned to the rural broadband scheme, does the Minister believe the Department has achieved an adequate roll-out of broadband in rural areas, such is the inability to spend anything this year?

Deputy Paudie Coffey took the Chair.

Deputy Pat Rabbitte: The national broadband scheme is a very basic provision and if it had not been done, parts of rural Ireland would not have access at all. The rural broadband scheme was intended to address individual premises that did not have a service for whatever reason and which were not catered for by the national broadband scheme. In 2013, there were a small number of takers and there is no provision for it in the budget for 2014. We are in the middle of the mapping exercise for what I might loosely call rural Ireland for a submission we have to make to Brussels for state aid approval. It is there that the service to rural Ireland will be picked up.

Deputy Timmy Dooley: Subhead A5 deals with the information society and e-inclusion. An increase of almost €4 million is involved. We pride ourselves on our ability to attract technology companies, but we have been particularly lethargic in the roll-out of services in an e-environment, and one only has to go back to the debacle about the broker, e-government and the e-delivery of services, which seems largely to have fallen flat on its face and gone away quietly. Based on a renewed focus on the economy and focusing on issues of, perhaps, greater importance, would it be fair to assume the Government is continuing a lack of investment in the delivery of services through the Internet or in an electronic environment? It is regrettable that we have not succeeded in upping our game as a nation in terms of delivering more services online and bringing it through a central processing system.

Deputy Pat Rabbitte: There is some validity in that criticism. It is something we share with other member states in terms of the take-up and e-government interaction but there are a number of measures in progress centrally. The Government appointed a CIO that is seeking to pull all of this together. The publication of the national digital strategy in my Department last summer is a step towards addressing the issue raised by the Deputy. A programme run in the Department, for example, benefit 3, now benefit 4, was designed for a relatively small amount of money to address the issue of the digital divide to try to teach people basic digital literacy skills and the partnership with the community and voluntary sector is very significant in that regard. For example, in the Deputy's constituency, I attended a launch of this programme in Ennis with organisations such as Age Action and others who all attest to the value they have got from a relatively small spend in terms of encouraging digital literacy among people who did not have the opportunity when in education or in employment but now would like to tax the car, book an airline ticket or whatever online. On that front we are making progress. I appreciate the Deputy's question focuses on more on e-government. We are also making progress in the area of SMEs in the sense that we are seeking to encourage the transacting of business online. The Deputy will see in the subhead that we have made a provision of some €5 million for 2014 in terms of the trading online voucher system that is designed to bring 1,000 SMEs online, actu-

ally doing business online this year.

Vice Chairman: I call Deputy Michael Colreavy.

Deputy Michael Colreavy: I thank the Minister. The top line shows that under communication, capital expenditure has increased from €9,300-----

Vice Chairman: Will the Deputy please clarify what he is looking at?

Deputy Michael Colreavy: I am looking at A.

Deputy Pat Rabbitte: A what?

Deputy Michael Colreavy: Between 2012 and 2013, the capital charge increased from €9,000 to €21,000. I am not sure we have sufficiently detailed-----

Vice Chairman: Will the Deputy please clarify the figure to which he is referring and the page number?

Deputy Michael Colreavy: On page 29 I am referring to the top line charge under Programme Expenditure. Between 2012 and 2013 capital has increased from €9,300 to €21,730.

Vice Chairman: There is a little confusion around the page to which the Deputy is referring and under which heading. Is it under Programme Expenditure?

Deputy Michael Colreavy: It is under Estimate of the amount required in the year 31 December 2013.

Deputy Pat Rabbitte: There should be a C2 or B1 or whatever at the top of the page

Deputy Michael Colreavy: Yes, A, section 2, subsection A, Communications.

Vice Chairman: I am informed by the clerk that the Deputy may be referring to the 2013 Estimates-----

Deputy Michael Colreavy: I am talking about-----

Vice Chairman: -----whereas we are dealing with the 2014 Estimates.

Deputy Michael Colreavy: I understand that.

Vice Chairman: Okay.

Deputy Michael Colreavy: The point I was making is that there was a large increase in the capital allocation for communications between 2012 and 2013 and that seems to be continuing into 2014. I understand projects are taking place which would account for some of the increase but there appears to be a very big increase in the capital allocation. I am not sure where I can find the exact capital increase but it seems to be in the region of 70%. What was the reason for that increase? What schemes are involved?

Deputy Pat Rabbitte: I think the Deputy is referring mainly to the expenditure on the national broadband scheme which is paid over tranches depending on how it is perceived to have performed and in accordance with the contract entered into with the supplier. That is the main element of it.

Deputy Michael Colreavy: Would that include the rural-----

Deputy Pat Rabbitte: That contract expires in August 2014.

Deputy Michael Colreavy: Does that include the rural broadband scheme as well?

Deputy Pat Rabbitte: No. The rural broadband scheme is different. If the Deputy is asking me if the national broadband scheme intrudes into rural Ireland, the answer is “Yes”.

Deputy Michael Colreavy: Yes.

Deputy Pat Rabbitte: The other big item on that issue is the one Deputy Dooley raised which relates to the provision for postcodes. The Deputy will see from the table he is looking at that the amount is €10 million.

Deputy Michael Colreavy: Yes. I will speak about the postcodes. Many commentators would say that postcodes are generally available and are used in most countries and they find it difficult to envisage how the expenditure on our system could be justified. Will the postcode system being introduced be capable of being used with a standard satellite navigation system?

Deputy Pat Rabbitte: If the Deputy is asking whether the emergency services, for example, the ambulance service and so on, would be capable of using it, the answer is “Yes”, but it is not just a system designed to improve the efficacy of postal delivery or whatever. It is as much a response to business in the logistical sector, for example, where there has been a growing demand in recent years and a believed capacity to grow employment in this sector, a demand from Departments such as the Department of Social Protection, the Revenue Commissioners, CSO, the Department of the Environment, Community and Local Government and so on. It would make the task of delivering services, which was one aspect of the point raised by Deputy Dooley, immensely more efficient and effective. It is not purely a postcode system to modernise the delivery of post. It is as much a tool for business to grow employment in the digital age and in the context of growing digital enterprise in this country as it is to provide a basic mail service.

Deputy Michael Colreavy: I saw some of the claims made for potential benefits from the introduction of the postcode system. I found them difficult and could not envisage them. My question is this: if I have a business in Manorhamilton in County Leitrim and want to let people know where it is in the event they are travelling to it, will they be able to use the standard satellite navigation system, key in the codes, and get to my business?

Deputy Pat Rabbitte: The short answer is “Yes”.

Deputy Michael Colreavy: If that is the case, would it not assume that the coding structure used in the postcode system is the same as the coding system used in England, France, Germany and everywhere else?

Deputy Pat Rabbitte: Clearly compatibility will be important. That is being incorporated in the building of the system. If I may use a phrase from recent days, Deputy, we will be swinging into compliance.

Deputy Michael Colreavy: I am not sure that is a wise phrase, Minister.

Deputy Timmy Dooley: There are a great many swingers.

Deputy Pat Rabbitte: The entire purpose is to make the system more efficient. The system selected, in the opinion of those who are experts in the area, will competently do what the Deputy is saying.

Deputy Michael Colreavy: I must confess that I do not understand what is proposed. Will the Minister confirm whether the system selected is a standard or a non-standard coding structure linked in some way to the standard coding structure?

Deputy Pat Rabbitte: Ours will be a unique system. The reason that it will take 12 months to be brought into play is that other systems with which it is interacting will have to be brought into line. The government databases will be brought into line. I will be very glad to send the Deputy a note on it.

Deputy Michael Colreavy: Yes, I would like to get to grips with the system as I cannot at present.

I understand there is a standard coding structure for geographic areas, north, south, east and west. That is the way the Sat Nav works. If we had taken a decision to use the standard structured code, it would be difficult to envisage expenditure on the scale we have spent.

Deputy Pat Rabbitte: As I said, I would be very happy to send the Deputy a detailed note on it and he can come back on the basis of that note.

Deputy Michael Colreavy: The Minister for Public Expenditure and Reform, Deputy Howlin, announced some exciting challenges for Government and society in e-government and e-health. I am not sure we will hit the targets he has outlined even with the investment and roll-out of broadband, in particular in rural areas. Under e-health, we would need super broadband roll-out to exploit fully the potential of e-health. Will Deputy Rabbitte look again at our capacity to fully engage with e-government and e-health?

Deputy Pat Rabbitte: Our capacity in urban areas, where there is fierce competition from the commercial sector, is comparable to that in any member state in the Union and better than some. The weakness in the system in terms of the more sparsely populated regions of the country have been identified and we have acknowledged that it will not happen without State intervention. In order to allow the State to intervene, we must get clearance from Europe in terms of State aids. Very sophisticated technology and systems are required, for example, if one were to exploit the potential of e-health, but at the rate that new technologies are being introduced in health and the cost and expense of them, we will have to continue to adapt our capacity to avail of that technology more cheaply. Therefore the strides that Deputy Colreavy envisages that might be made in e-health are very far-reaching but we are still some way off that, not because we are constrained by inadequate broadband. At present broadband in urban areas compares favourably with any other city. I was at an energy conference in Paris recently and there were serious difficulties about the quality of broadband available in the French capital. One can look at the investment plan and what Eircom is rolling out, and also at the strides made by competitors such as UPC. The quality is very high. We have a problem in rural Ireland with a very basic broadband service. The Deputy is correct that this is an area that must be addressed.

Deputy Michael Colreavy: I would be concerned if there were parallel services, super-highways for the towns and cities and slow lanes for rural areas. That would have the potential to impact on the delivery of services to people who live in rural areas. We must be scrupulous about it.

I welcome the investment in technology in second level schools. Does the Department of Communications, Energy and Natural Resource communicate with the Department of Education and Skills to ensure that teachers have the skills necessary to maximise the use of technology in schools?

Deputy Pat Rabbitte: There have been ongoing discussions between senior officials in both Departments. I think there has been a meeting of minds on the capacity of the technology in terms of the teaching environment.

The Deputy is correct on the need to optimise the use of broadband technology when high speed broadband is available to every second level school in the country. One cannot relax in the belief that it will happen automatically in all cases. There is constant contact between the two Departments because as I explained to Deputy Dooley, it is not just the installation of the system, but we entered into an arrangement with the Department of Education and Skills to bear the running costs of high speed broadband for the first year. The Department of Education and Skills takes over in the following years.

Deputy Michael Colreavy: Following these discussions with the Department of Education and Skills will it be possible for citizens to get a document that shows he or she has reached the standard of IT education we expect from every secondary school in Ireland?

Deputy Pat Rabbitte: I think, unless I misunderstand the Deputy's question, that is fairly straightforward in the sense that every school will have 100 megabytes and by September 2014, every second level school in Ireland, whether in Cape Clear or in Coolock will have 100 megabytes. The Departments of Communications, Energy and Natural Resources and Education and Skills have made provision for what they call switch on workshops, which have been advocated under the national digital strategy. The purpose of the workshops is to help the weaker schools make use of the technology that is now available. It will be very interesting to monitor the progress of that programme.

Deputy Michael Colreavy: My concern is that some schools will be super at it because there is an IT champion among the teaching staff. In other schools, pupils will be showing the teachers what the system is capable of. We need some structured way that parents and those in the community can assume that all teaching staff have a certain level of competence and training, otherwise we will be providing a very expensive resource that will be used as tic-tac boards.

Chairman: That is probably an area that is more appropriate to the Committee on Education and Social Protection. I do not want to stunt the discussion but we are-----

Deputy Michael Colreavy: With respect, I believe it is legitimate as the expenditure on the service is the responsibility of this committee. This committee has a responsibility to ensure that the expenditure is well invested.

Chairman: Absolutely.

Deputy Michael Colreavy: It can only be well invested if the education system can support it.

Chairman: Yes. The point I am making is that according to the timetable we mentioned at the beginning, we were supposed to have completed section 8 by 2.15 p.m. It is now almost 2.45 p.m.

Deputy Michael Colreavy: That was my final question.

Chairman: That is fine. I am not trying to start a debate on the matter. Do the Minister and his officials have a deadline?

Deputy Pat Rabbitte: We are entirely at the Chairman's disposal. I want to reassure Deputy Colreavy that regardless of how this started, there is now a close ongoing working relationship between the two Departments. It is envisaged on foot of the national digital strategy that the switch-on workshops I mentioned, which are expressly designed to try to assist weaker schools, will take place. The point that the standards in schools will vary is a fair one. Our priority is to ensure schools have the technology. The education sector will gradually have to take responsibility for how it is used. Some of the examples we have seen are quite remarkable. Some pupils are remotely studying subjects that their own schools are unable to provide. For example, a small number of students are doing honours maths remotely from a different school because their own school will never be in a position to provide all the specialist courses that a particular cohort of students might be interested in. The capacity of technology for better teaching and for more efficient use of resources is very far-reaching. In fairness to the Department of Education and Skills - we were down there two or three weeks ago to discuss a different aspect of this matter - it has taken on board and is building on the possibilities presented by technology from a pedagogical point of view. It has some innovative programmes in this area.

Chairman: We can say that the era of "chalk and talk" in the classroom is over.

Deputy Noel Harrington: I would like to make an observation in that context. Perhaps the time is coming when there will be an engagement between the Departments of Communications, Energy and Natural Resources and Jobs, Enterprise and Innovation. I am aware of business parks in more remote areas that have broadband but it is not adequate to enable them to compete. Second level schools have been quite well served by broadband infrastructure. Maybe a change in focus towards economic work and economic generation would be useful. The Minister has provided €5 million for the online trading scheme under subhead A5. I believe that was a pilot project involving the Dublin City Enterprise Board. Will this allocation provide for a greater national roll-out of the scheme?

Deputy Pat Rabbitte: The pilot was done in Dublin with the Dublin City Enterprise Board before Christmas. The programme has been tweaked as a result of what we learned from that experience. The programme will be mainlined throughout the country from June of this year. We expect to get 1,000 small companies involved. Approximately 23% of small companies do business online. Our survey work tends to show that after the crash small companies felt besieged by other problems and that those difficulties continued during the recession. At that stage, they were not as amenable as they might have been to exhortations to do business online. We are trying to step up that level of engagement. This country's e-commerce sector was worth €3.7 billion in 2012, with 70% of the products or services in question being imported into this country from outside the jurisdiction. The only way we can deal with such a big spend is to compete. We are trying to persuade small and medium-sized companies that their capacity to grow employment and output would be significantly enhanced - there is literature to demonstrate this - if they were to transact business online. There are a number of initiatives in this area. The point the Deputy made about the interaction with the Department of Jobs, Enterprise and Innovation is not unrelated. Obviously, we are addressing the related issue of the quality of broadband in rural Ireland. Later this week, I will bring to the House a Bill that will allow the ESB to use its supply system if it engages with a partner on a joint venture to roll out fibre to parts of rural Ireland. We are clearing the legislative way for it to become a reality. If that

happens, when taken with the very extensive programme of investment that has been laid out by Eircom, for example, it will certainly continue to improve the quality of broadband that is available to people outside the large population centres.

Deputy Paudie Coffey: I thank the Chairman for the opportunity to engage with the Minister. I welcome the investment in broadband provision in schools. It is important that the facility is available. There is no doubt that the challenge for the education system is to avail of this investment by using this infrastructure and maximising its potential. It cannot be said that the facility has not been provided. I commend the Minister and the Government on that.

Like Deputy Harrington, I agree that the focus needs to change now. I know the Minister is interested in balanced regional development, which we often discuss. Forfás has identified - this was reflected in the economic strategy for Waterford city following the amalgamation of the city and county councils - that the extension of the Aurora dark fibre network to the south east, the region from which I come, is essential to give it an equal footing on which to compete for business. I ask that provision be made in that regard, perhaps when future Estimates are being planned.

Significant investment has already been made in the metropolitan area networks. The Minister referred to the ESB (Electronic Communications Networks) Bill 2013. I will support that legislation, as a result of which another service provider will have access to infrastructure and will be able to deliver broadband to the regions. I will support the Minister when we consider that welcome legislation later in the week. Is there an overall system of co-ordination of the various broadband service providers?

A great deal of taxpayers' money has been invested in the metropolitan area networks. Have all of them been lit now? Are they being accessed to the degree that was planned? Are they being co-ordinated with the various other networks, such as those provided by ESB Telecoms and Eircom? I think Iarnród Éireann has some networks as well. If we are to maximise those networks so that businesses in the regions have competitive access to broadband, there needs to be an overall co-ordinating strategy. I would welcome the Minister's views on that.

Deputy Pat Rabbitte: The national broadband plan has an overall co-ordinating role. I have seen criticisms of the metropolitan area networks and the investment that went into them. I have seen criticisms of how well the national broadband strategy works in parts of rural Ireland. The long and the short and the tall of it is that if those investments were not made at the time, the situation would be much inferior to what it is. There has been a transformation in the contribution of the metropolitan area networks in the last couple of years. I am not taking credit for that on the basis that I happen to be the Minister. It would have happened anyway. Some 83 of the 88 metropolitan area networks are now lit. Less than half of them were lit when I came into this job. They are undergoing studies about what greater contribution they can make locally where they ring the towns about which the Deputy knows. It is significant. There is co-ordination in terms of planning and fierce competition between the different telecommunications providers and suppliers. That is as it should be. I take the Deputy's general point about regional development. As the Taoiseach said recently, we can only effectively disperse employment to regional Ireland where the infrastructure is fit for purpose, be it broadband, water or energy. These are the basics on which modern business can build. In the particular area about which we are talking, the broadband service must be improved. It is not adequate. It is improving all the time. In respect of the steps envisaged in the broadband plan, we are halfway through the mapping exercise for the submission to Europe and so on. Once we get the green light, we will get on with it next year. That will leave us in a position that is at least comparable

to anything in Europe and is certainly better than the small number of countries that would have the kind of dispersed, sparse population we have in some parts of the country.

Chairman: I thank the Minister. We will now move on to programme B. I want to give everyone a full opportunity but we have seven programmes to get through and at our current pace, we will be here until 9 p.m.

Deputy Timmy Dooley: We can speed up as we get tired.

Chairman: If it is agreed, I will start with Deputy Colreavy in respect of broadcasting.

Deputy Michael Colreavy: Do the figures take into account the recent announcement by the Minister for Social Protection that a social welfare payment that used to go to RTE will no longer go to it. I forget what the figure was. Was it €3 million or €4 million that was included or provided for?

Deputy Pat Rabbitte: Yes. The figures in the budget acknowledge that there will be a deficiency in terms of the moneys going to RTE of approximately €5 million as a result of the budgetary decision.

Deputy Michael Colreavy: In respect of the figure for consultancy services, subhead B2.8, can the Minister explain what that comprises?

Deputy Pat Rabbitte: Which one in particular is the Deputy referring to?

Deputy Michael Colreavy: It is 112 on page 21.

Deputy Pat Rabbitte: The main one relates to the consultancy to carry out an economic survey of the contribution of commercial advertising. The Deputy knows that we are in the middle of looking at the BAI report and other work that has been done on the funding of public service broadcasting. On the one hand, the Deputy has pointed to less revenue coming in from the television licence as a result of the decision to which he referred. On the other hand, there has been a significant fall off in revenue from commercial advertising. In terms of planning for the future, we must make some assessment about commercial revenue in the future because we now have more and more channels beaming into this country, sucking out advertising revenue and not really making any contribution to the State. We live cheek by jowl with a larger country with whom we share a language. We have an almost unique problem in the sense that these channels target advertising to our audience but the economic return to Ireland is minimal.

Deputy Michael Colreavy: In the past few days, there have been some observations by the independent broadcasting sector that public funding is going to RTE 2FM, which would not be regarded as a segment of a public broadcasting service by that sector. Will that have implications for the funding of RTE or broadcasting overall?

Deputy Pat Rabbitte: No, I do not think that will have implications. In the first instance, it is a matter for the regulator to have a look at. RTE has been restructuring its business and effecting cost savings. Some 500 people have left the company. There has been one agreement with the staff for pretty significant savings on the payroll. They have been trying to compete with advertising revenue migrating online and to opt-out channels. I will shortly be taking a report from NewERA which has been in RTE seeking to establish whether further operational efficiencies are feasible. I imagine that I will have that report within a couple of months.

Deputy Michael Colreavy: I thank the Minister.

Deputy Timmy Dooley: The Minister told us under the last subhead that whatever difficulties arose between his Department and the Department of Education and Skills have now been resolved. Is he in a position to tell us whether the same has happened in respect of his discussions with the Department of Social Protection?

Deputy Pat Rabbitte: No.

Deputy Timmy Dooley: I take it that the Minister shares the concerns of the chairman of the RTE authority, Mr. Savage, that the €5 million that is being cut from RTE's budget is, to pardon the pun, a savage cut. He rightly identified that we live cheek by jowl with another country with whom we share the same language that has the economies of scale that have allowed the development and creation of some very considerable mega-broadcasting authorities. He is right to say that they are targeting our audience and advertisers and have the wherewithal to develop content that our audience finds amenable. The Minister has identified the savings RTE has already made. It is my contention and certainly that of the chairman of the RTE authority that a reduction of €5 million will hamstring RTE to an inordinate extent in terms of the development of the kind of home-grown content that is important to attract an Irish audience. The documents that find their way into *The Irish Times* today under the by-line of Harry McGee and Arthur Beesley clearly identify that the Minister has already recognised that RTE has taken a hit of about €11 million if one takes into account the reduced licence fee that social welfare provides for it. Could the Minister talk a bit about that? Does he agree with the chairman of the RTE Authority that RTE is effectively being asked to bear the cost of a national welfare policy?

Deputy Pat Rabbitte: In circumstances where the contribution from the Department of Social Protection is 27% of RTE's revenue, one cannot ignore this very significant contribution. At some time in the past it was capped at the rate of the television licence at the time. In fact, the contribution is something like €144 per licence whereas the rest of us are paying €160. It would be unconscionable were that to become the pattern, that €5 million is taken this year, €6 million next year and €7 million the following year. This, in turn, would have very serious implications for the major change that is proposed which is a transition from the traditional TV licence to a household-based charge designed to tackle the level of evasion and deal with the issue of converging technologies. What would be the point of making that transition if one's income was being diminished by the Department of Social Protection on a different basis? This is an issue for my Department and for RTE. It is not proposed to introduce a new charge nor an additional charge; it is proposed to transition from the existing TV licence at a levy or charge not greater than the existing TV licence, to improve the efficacy of the collection system and to acknowledge that people are now accessing public service content on platforms other than the traditional TV set.

I agree there would be implications. Clearly it has aggrieved people in RTE who believe that in order to deliver the injunction placed on them by the Department or the Minister to break-even last year, this was such a big request, given the deficit of €67 million reported the previous year and that then to be hit without notice and two months before the end of the year with a further €5 million reduction, was difficult. However, the Government was faced with circumstances where it had to make savings wherever it could find them because of the exigencies of meeting a budget deficit figure to which we had subscribed and which was required of us by the troika. The Government was in a very awkward position but I would like to think that this is the end of it. In my judgment, if this were not the end of it, it would raise a question about the merits of the transition to a household-based charge.

Deputy Timmy Dooley: By virtue of freedom of information we have the benefit of the

communication between Mr. Savage and the Minister and the communication between the Minister and the Minister for Social Protection, Deputy Burton. What we do not have is any understanding or discussion of what transpired between the Minister and RTE. Has the Minister had an opportunity to communicate with Mr. Savage in writing or in formal discussion about understanding how the chairman and Mr. Noel Curran, as the chief executive officer, intend to try to continue to break even while carrying this significant burden?

Does the Minister believe there will be an increased pool of money which may help to address this shortfall which he has been forced to impose on RTE this year? Will the household charge and a different collection method result in a greater level of compliance and more money which may be favourable to RTE?

Deputy Pat Rabbitte: I met the chairman and the director general recently and I have structured meetings with them throughout the year. They left me in no doubt that they have kept their side of the bargain which was that when it did not seem very feasible this time last year - as I made plain to this committee before and to competitors in the broadcasting space - that we required RTE to break even. This is the middle of January but the advices I have received are that RTE will break even. I acknowledge it was aggrieved at the additional hit of €5 million above and beyond that requirement. On the question of whether I think there will be a bigger pool of money, evasion is creeping up towards 20% which is a lot of money. On the question of whether the household-based charge will address this shortfall, it depends on the efficacy of the collection system. Provided it can be comprehensively and efficiently collected the theory is it should generate more revenue. There is not much point in taking in more revenue with one hand and having it taken away with the other.

Deputy Timmy Dooley: My concern is the continuous erosion of our public service broadcasting entity. It is recognised that RTE had to trim its sails in recent years and it did so. This needed to be done. The director general, Noel Curran, and the chairman, Tom Savage, have done a very good job over the past couple of years in difficult circumstances. However, I am deeply concerned that the €5 million has the potential to be the straw that breaks the camel's back at a time of increased competition. Another broadcaster is about to establish a base here and will compete directly with RTE. What will be the ultimate cost to RTE if it is forced to trim €5 million? Will it be unable to create the kind of programmes that retains the station as a relevant option for viewers? A battle has commenced with the multinationals and the large-scale broadcasters which has the potential to be detrimental to what we understand as public broadcasting. The Minister will agree that the media right across the globe has largely fallen into the hands of people with more money than sense, on occasion. I would hate to see that type of effect impacting on what I believe to be a good public service broadcasting organisation, notwithstanding all the frequent arguments both I and the Minister have with it on issues. This Government and this cut in particular seeks to strike a blow at the heart of public service broadcasting which both the Minister and I hold dear.

Deputy Pat Rabbitte: I agree with Deputy Dooley. In fact, I do not disagree with any part of his contribution. If quality is sacrificed then the claim to be a public service broadcaster discharging its responsibilities under the legislation will fail. The BBC has €4 billion in licence fee revenue compared with RTE's budget, yet we expect quality output. If we do not get it, people question the fundamental purpose of public service broadcasting.

I agree with Deputy Dooley. In any civilised society, public service broadcasting is a public good however much we might, from time to time, disagree with its inability to see any silver lining in any cloud. *C'est la vie*, as President François Hollande might say.

Deputy Timmy Dooley: He says a lot of other things, too.

Deputy Pat Rabbitte: The speed of change is difficult to capture. Last September, there were 27 opt-out channels. Most took advertising from Dublin. By the middle of this month, there were 36. The pace is bewildering.

Chairman: It is a sprint rather than a marathon.

Deputy Pat Rabbitte: Yes.

Chairman: Regarding ITV's application for a licence, to which Deputy Dooley referred, what implications has it apart from ITV taking more advertising from the area? Is there any benefit? What is the cost of that licence to the State?

Deputy Pat Rabbitte: There is some employment benefit. There is a commitment to generating a minimum of domestic programmes, approximately one hour per day. It is another competitor on the scene. Given that it is UTV, which has been established for a long time in Northern Ireland, it is not a novice in the politics and public affairs of this island. In that sense, it has resources to back it up and connections to ITV in terms of programme material that another incoming channel might not have. One cannot deny that it may, in the medium to long term, have implications for the shape of the broadcasting sector in Ireland.

Chairman: I thank the Minister. Does Deputy Harrington wish to comment?

Deputy Noel Harrington: No.

Chairman: We will move on to programme C on energy. Does Deputy Dooley wish to take the lead?

Deputy Timmy Dooley: Programme C contains a cut in wages. I assume that this is part of the Haddington Road agreement.

Deputy Pat Rabbitte: Yes.

Deputy Timmy Dooley: It is the energy administration - non-pay element.

Deputy Pat Rabbitte: There is another element to it. We had a special provision last year for the EU Presidency. That has been withdrawn.

Deputy Timmy Dooley: C3 contains cuts in energy administration and to some of the Sustainable Energy Authority of Ireland, SEAI, administration and general expenses grant-in-aid. Will this impact on the SEAI's capacity to continue with its good work?

Deputy Pat Rabbitte: It is tight. As the Deputy can see from the figures before him, there is no fat in the Department. This applies to the SEAI as well. I have held discussions with its board and chief executive. They would like to add certain expertise if they could but, like everywhere else, they are subject to the savings and everything else that had to be effected.

Deputy Timmy Dooley: C4 shows a significant increase of almost €10 million regarding sustainable energy programmes, the reference being "cash limited". Please explain that term. I understand the notion of cash limitation, but what is "cash limited"?

Reference is also made to "capital carryover not included". Are we to assume that the Minister has succeeded in carrying over some capital funds for grants that are not part of the Esti-

mate? If so, please explain the sum of almost €10 million, an increase of approximately 27%.

Deputy Pat Rabbitte: That is part of the stimulus money that I got last summer or at whatever stage of the year it was. It is largely due to the stimulus package.

Deputy Timmy Dooley: Is that the capital carryover?

Deputy Pat Rabbitte: Yes. The Deputy asked what “cash limited” meant. It means that the normal facility that one would have in a programme to vire money from an area where it was not being used to one where it could be used productively is not permitted. Where the heading is cash limited, one must spend it for the purpose or else.

Deputy Timmy Dooley: What about the increase of €10 million?

Deputy Pat Rabbitte: It is due to the stimulus package.

Deputy Timmy Dooley: That is fine.

Chairman: Does Deputy Colreavy wish to comment?

Deputy Michael Colreavy: No. I understand the Estimates.

Deputy Noel Harrington: I seek a clarification on the sum of €10 million. Will it go into the better energy scheme through the SEAI?

Deputy Pat Rabbitte: Pretty much. Some of the money will go into the warmer homes scheme and the retrofit scheme, but it will all be in under the general rubric of the better energy scheme.

Deputy Timmy Dooley: I told the Chairman that we would start moving as he got going.

Deputy Paudie Coffey: The Minister need not do so now, but he might update us on a pilot project for smart metering in homes that was announced a number of years ago. Where does it stand or is there a plan to expand upon it? If he does not have an answer now, I would appreciate it if he could write to me.

Deputy Pat Rabbitte: The regulator has advanced proposals in respect of smart metering and has carried out an extensive survey of its impact on encouraging people, their ability to manage their energy usage and so on. These proposals are being made with a view to beginning to roll out the smart metering programme from 2015.

Deputy Noel Harrington: C5 deals with ocean energy development and entails a sum of €6.8 million. Is that expenditure in line with last year's?

Deputy Pat Rabbitte: No, the spend last year was not what we had envisaged. I will bring a memorandum to the Government later this month or in the first couple of weeks of February on ocean energy generally and so on. It will be published. The sum would appear to be, by comparison with other constraints on us, a generous provision. It is an area where experts, including international ones, believe we have a great deal of potential, have not invested in sufficiently and could give Ireland a competitive advantage. The offshore renewable energy development plan, OREDP, will be made available within the next three weeks.

Deputy Noel Harrington: International experts are agreed. Have we convinced our national experts about the potential of ocean energy?

Deputy Pat Rabbitte: People who visit Ireland are impressed by what we do. For example, in the Deputy's part of the world, the Irish maritime and energy resource cluster, IMERC, programme is highly valued and the work being done is important. If we encourage more partnerships with the private sector in terms of investment in the research programmes already under way, it would give us a considerable additional boost.

Chairman: We will move on now to the subheads dealing with natural resources.

Deputy Michael Colreavy: The Minister will probably not be surprised by the fact that I have some questions for him in regard to natural resources. I represent the constituency of Sligo-Leitrim, which includes Sligo, Leitrim, west Cavan and south Donegal. While the constituency does not have access to Corrib gas, it is under threat from fracking in the area. Is it proposed to bring natural gas to Sligo and up into Donegal?

Deputy Pat Rabbitte: The Deputy's constituency is a hinterland of great beauty, which is very valuable and should not be played down.

Deputy Michael Colreavy: We want to keep it that way too.

Deputy Pat Rabbitte: I know. The Deputy is working very hard at it. The Deputy is not, in all fairness, alone in that regard. The dispersal of the national gas networks is decided on established economic criteria by the regulator. A number of additional towns were linked up last year, the biggest of which is Wexford. The last town admitted for connection is Nenagh. The test applied was not met by Sligo. I accept that it would be a boost to the town and region but the case made locally did not meet the criteria that are well established by the regulator. It is a matter that might be looked at locally.

The note I have on the matter states that the extension of the natural gas network to the town of Macroom, County Cork, was completed in 2012. The regulator approved the extension of the gas network to Cootehill during 2012. This project is currently under construction. Contractual discussions with commercial customers to facilitate the connection of Tuam continued in 2012. The connection of Wexford town to the gas network was approved by the regulator subject to Bord Gáis networks securing contractual commitments from key energy users in the town. The network is being expanded and extended but there is no immediate prospect of the criteria required being met by Sligo.

Deputy Noel Harrington: My question relates to the programme in general. Has any decision been made yet in regard to refining, particularly in the context of the future of Whitegate?

Deputy Pat Rabbitte: As the Deputy will be aware, the existing contract and arrangement subsists until 2016. The existing owners of Whitegate have indicated that they are in the market to dispose of the facility. I met the American senior officials prior to Christmas, who informed me they have not yet secured a buyer. It is not for me to make judgments in regard to whether a buyer will be secured but my impression is that the facility will continue as is and that the challenge to Government and the industry is to deal with the impending 2016 situation.

The refining sector generally in Europe is in contraction. Oil refineries are being closed on a consistent basis. We commissioned a consultancy report approximately a year ago in relation to the then lie of land and how to proceed into the future. That consultancy report is now available on the Department's website. The Deputy might want to have a look at it in terms of its recommendations. I met the group of unions at Whitegate last week and, as stated, I met with officials from the company prior to Christmas. The position of the Irish Government, given we

are an island nation, is that we would be more comfortable with the facility continuing as is for obvious reasons, not least the fact that there are people employed there and making a valuable contribution. We do not have an indication this far out in regard to what will happen post-2016. The view has always been that if there is a threat to the future of Whitegate continuing as a refinery, it would be maintained as a storage facility. However, that would not be good news for the people employed there. We still have a long way to go. I set out the detail of this in my meeting with the unions last week.

Chairman: We now move on to the subhead dealing with inland fisheries.

Deputy Timmy Dooley: There appears to be a reduction of 73% in this year's capital allocation for inland fisheries, which in monetary terms is only approximately €1.1 million. What less is it intended to do this year?

Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Fergus O'Dowd): Additional money was allocated last year for a new headquarters.

Deputy Timmy Dooley: It was a one-off expense.

Deputy Fergus O'Dowd: Yes.

Deputy Michael Colreavy: There appear to have been particularly intensive consultancy engagements in this area.

Deputy Fergus O'Dowd: The reference is to money spent on an angling study. It was a comprehensive production which indicated that over €800 million is being spent annually in that area and that approximately 10,000 people are employed directly or indirectly in inland fisheries. It also dealt with the importance of the sector, particularly in remote or rural areas where inland fishery activity is very strong, including on the west coast, in the midlands and around Cavan-Monaghan. It was an important study, which has informed the Department and public policy generally. We believe it was well worth doing.

Deputy Michael Colreavy: Is the Lough Melvin study included in that?

Deputy Fergus O'Dowd: I do not have that information but I can get it for the Deputy.

Deputy Michael Colreavy: I have a copy of the report. My question is whether it came about as a result of the consultancy referred to by the Minister of State.

Deputy Fergus O'Dowd: I will get that information for the Deputy.

Deputy Noel Harrington: I have raised with the Minister of State on several occasions the question of whether provision could be made for the reinstatement of a lake in west Cork. It is only a minor issue but one that is causing a great deal of heartache for some people.

Deputy Fergus O'Dowd: As stated by the Deputy, we communicated earlier on that matter. I am happy to follow up further on the matter with him after this meeting.

Chairman: Does anyone wish to speak on appropriations-in-aid?

Deputy Timmy Dooley: On F8, there is a provision of €2.8 million, which seems to be an increase of approximately 24% over last year. What kinds of things are covered under this miscellaneous heading? What makes the Minister so certain that his bounty is coming home

MESSAGE TO DÁIL

on this occasion?

Deputy Pat Rabbitte: It seems to be a very solid figure according to this document. Part of it relates to pension contributions from the various agencies, the Sustainable Energy Authority of Ireland, the Broadcasting Authority of Ireland, Digital Hub, Ordnance Survey and so on. The rest relates to money that comes back from the Corrib verification process. It totals €2.888 million.

Deputy Timmy Dooley: It will not put the Minister into the realm of the Department of Health if it does not happen. I believe he will still be okay.

Deputy Michael Colreavy: I wish to recap on subhead D9, expenditure on international organisations and publications. Does that involve working jointly with these organisations? They are listed as International Lead and Zinc Study Group, Integrated Ocean Drilling Program, International Union of Geological Sciences, EuroGeoSurveys and the UK Groundwater Forum. Are we talking about joint working with these organisations?

Deputy Pat Rabbitte: It is just our membership fees.

Deputy Fergus O'Dowd: It is very important being a small country.

Deputy Michael Colreavy: I can understand it all right, but I wondered whether it extended beyond membership fees and whether they were joint working arrangements with any of these organisations.

Deputy Fergus O'Dowd: We are part of some joint working groups as such. The organisations are listed and include International Lead and Zinc Study Group and Integrated Ocean Drilling Program. It basically means we are part and parcel of international thinking in science interactivity and we can punch-----

Deputy Michael Colreavy: Can we get a list of the organisations with which we have joint participative working arrangements?

Deputy Fergus O'Dowd: Yes.

Chairman: Are there any questions on the administration of the Department? No. I thank the Minister, Deputy Rabbitte, the Minister of State, Deputy O'Dowd, and their officials in assisting the committee in its consideration of the Revised Estimate.

Message to Dáil

Chairman: In accordance with Standing Order 87, the following message will be sent to the Dáil:

The Select Sub-Committee on Communications, Energy and Natural Resources has completed its consideration of the following Estimates for public services for the year ending 31 December 2014: Vote 29 - Communications, Energy and Natural Resources (Revised).

The select sub-committee adjourned at 3.34 p.m. *sine die*.