



BRITISH-IRISH PARLIAMENTARY ASSEMBLY
TIONÓL PARLAIMINTEACH NA BREATAINE AGUS NA hÉIREANN

FORTY-SECOND PLENARY SESSION 12-14 June 2011

Cork

OFFICIAL REPORT

(Final Revised Edition)

MEMBERSHIP OF THE BRITISH-IRISH PARLIAMENTARY ASSOCIATION

Steering Committee

Co-Chairmen

Rt Hon Lord COPE

Mr Joe McHUGH TD

Vice-Chairmen

Rt Hon Paul MURPHY MP

Rt Hon Laurence ROBERTSON MP

Lord DUBS

Mr Robert WALTER MP

A representative from the National Parliament of Scotland, and the National Assemblies of Northern Ireland, Wales, Isle of Man and the Channel Islands.

Members in Attendance

Mr Joe BENTON MP
Baroness May BLOOD
Senator Alan BRECKON
Viscount BRIDGEMAN
Mr Conor BURNS MP
Mr Willie CLARKE MLA
Senator Paul COGHLAN
Mr Oliver COLVILLE MP
Mr Seán CONLAN TD
Ms Ciara CONWAY TD
Mr Noel COONAN TD
Senator Maurice CUMMINS
Mr Jim DOBBIN MP
Mr Stephen DONNELLY
Mr Martin FERRIS TD
Mr Frank FEIGHAN TD
Mr Paul FLYNN MP
Lord GERMAN OBE
Senator Imelda HENRY
Mr Martin HEYDON TD
Mr Kris HOPKINS MP
Mr Seamus KIRK TD
Mr Pádraig MacLOCHLAINN TD
Rt Hon Lord MAWHINNEY
Mr John McCALLISTER MLA
Mr David McCLARTY MLA
Dr Alasdair McDONNELL MP MLA
Mr Mattie McGRATH TD
Mr David MELDING AM
Senator Paschal MOONEY
Mr Patrick O'DONOVAN TD
Baroness Nuala O'LOAN
Senator Joe O'REILLY
Ms Ann PHELAN TD
Mr John Paul PHELAN TD
Mr John ROBERTSON MP
Hon Stephen Charles RODAN MHK
Mr Chris RUANE MP
Mr John SCOTT MSP
Mr Jim SHERIDAN MP
Lord SKELMERSDALE
Mr Arthur SPRING TD
Deputy Jane STEPHENS
Mr Jack WALL TD
Senator Jim WALSH
Mr Robert WALTER MP
Mr Jim WELLS MLA
Mr Gavin WILLIAMSON MP

Others Present

Mr Simon COVENEY TD, Minister for Agriculture, Food and the Marine	Mr Frank DALY
Mr Frank RYAN	Mr Niall GIBBONS
An Taoiseach Mr Enda KENNY TD	Mr Peter BYRNE

Associate Members

Mr Alex ATTWOOD MLA	Ms Sandra McLELLAN TD
Mr Tony BALDRY MP	Mr John McFALL MP
Lord Michael BATES	Connetable Daniel Joseph MURPHY
Mr Gordon BIRTWHISLTE MP	Baroness O'LOAN
Viscount BRIDGEMAN	Ms Maureen O'SULLIVAN TD
Mr Neil CARMICHAEL MP	Mr Andrew ROSINDELL MP
Ms Rosie COOPER MP	Mr Jim SHERIDAN MP
Mr Ian DAVIDSON MP	Lord SKELMERSDALE
Mr Paul FARRELLY MP	Rt Hon Baroness SMITH OF BASILDON
Mr Luke FLANAGAN TD	Mr Brendan SMITH TD
Mr Sam GARDINER MLA	Mr Brian STANLEY TD
Lord GERMAN OBE	Mr Mel STRIDE MP
Lord GORDON OF STRATHBLANE	
Mr Richard GRAHAM MP	
Deputy Jack HONEYBILL	
Mr Brandon LEWIS MP	
Mr Jack LOPRESTI MP	
Mr Eddie LOWEY MLC	
Mr Charlie McCONALOGUE	
Mr Jim McGOVERN MP	

Officials

Joint Clerks to the Body Ms Alda Barry Mr Paul Kelly	Clerks of the Devolved Institutions Mr Steven Bell Mr Michael De La Haye Mr Robert Lloyd-Williams Ms Sheila McClelland Ms Margaret Neal
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Committee Clerks to the Assembly

Committee A: Sovereign Matters Ms Sighle Doherty Mr Adrian Jenner	Committee B: European Affairs Mr Eliot Wilson Ms Aoife McGarry
Committee C: Economic Ms Jullee Clarke Ms Tracey Jessop	Committee D: Environmental and Social Mr Nick Besly Ms Jullee Clarke
Irish and British Secretariats Ms. Émer Deane Ms Jullee Clarke Mr Denis McKenna Ms Franca Ghelfi Mrs Amanda Healy Sir Michael Davies KCB	Official Reporters Dr Bronagh Allison Mr David Hampton Mr Ian Lavery Ms Lesley Linchis Ms Meleri Perkins Mr Francis Sheehan

Monday 13 June 2011

The Assembly met at 9.40 am.

PLENARY BUSINESS

The Co-Chairman (The Lord Cope):

Order. We just about have a quorum, so the 42nd plenary session of the British-Irish Parliamentary Assembly is now in public session.

My first duty is to make a couple of administrative announcements. First, please make sure that you have turned off pagers, beepers and mobile phones while you are in the Assembly. We do not wish to be interrupted unnecessarily by distractions of that sort.

My second announcement is about the team photo. We like to take a picture of all who are present, so immediately after the Taoiseach has spoken and just before lunch, please all go to the area by reception and assemble for a photograph.

My first important duty is to welcome to the dais the new Irish Co-Chair, Deputy Joe McHugh. It is a great pleasure to welcome him, and I look forward to working with him in trying to control events in meetings of this great Assembly. Thank you very much indeed for accepting the office, Joe. You are most welcome.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Lord Cope, for your welcome. I am tasked with the responsibility of officially welcoming members to Cork, but we are joined at the top table here by Minister Simon Coveney, who is a Cork man, so he will do the Cork welcome.

John and I welcome you all to County Cork. It is, indeed, an honour to be appointed as Co-Chair. I look forward to working with Lord Cope on the Steering Committee and with all Members over the coming years. I take up this job at a time when we have had a significant and symbolic period in Ireland, with the visit of Queen Elizabeth II. It is my intention to build on the momentum and the wonderful positives that have come out of the trip by Queen Elizabeth; it is our task and responsibility as an Assembly to try to drive the tangibles that have been delivered by the good will — I suppose you might want to call that “the intangibles” — as we strive towards building better relations between the

United Kingdom and Ireland and towards building on private interests, where there are business opportunities, in order to enhance trade and co-operation.

I begin by introducing to the Assembly our new Irish members of the Steering Committee, Deputy Pádraig MacLochlainn and Deputy Seamus Kirk, who have been appointed as Vice-Chairs of the Assembly. Deputy Frank Feighan has been appointed as chair of Committee A, and I would also like to welcome Deputy Jack Wall as chair of Committee C.

I take the opportunity to pay tribute to my predecessor, Niall Blaney — who is from my county of Donegal and will join us this evening—for his excellent chairmanship of the Assembly. I also acknowledge the work of the Irish Members of the previous Steering Committee: Seymour Crawford, Margaret Conlon and Jim O’Keeffe. I am delighted to hear that they, too, will join us for dinner this evening. Their individual and collective contributions to the Assembly are greatly valued.

I remind Members that the proceedings of this Body do not attract the parliamentary privilege that we have in our own Parliaments.

There are a number of new Members following elections since the last plenary session, which was held on the Isle of Man last November. I do not propose to read out the names, but a full list is in the members’ briefing pack. From speaking to a few members last night, it seems that there is a new-found enthusiasm for new members to be involved in committees, so we will provide all the encouragement that you need and we will assist you on any roads or pathways that you want to go down in terms of making valuable contributions to the committees.

The Co-Chairman (The Lord Cope):

I have to inform the Assembly that, in accordance with rule 2a, the following associate members have accepted the invitation of the Steering Committee to assume the powers and responsibilities of Members for the whole of this session. They are Viscount Bridgeman, Lord German, Baroness O’Loan and Jim Sheridan MP.

Programme of Business

The Co-Chairman (Mr Joe McHugh TD):

Members will have received a copy of the proposed Programme of Business. I move formally the adoption of the proposed Programme of Business, as amended.

Programme of Business agreed.

Minister for Agriculture, Food and Marine

The Co-Chairman (The Lord Cope):

We move on to next item of business, which is Minister Simon Coveney TD. He is a local man, who farms locally and has just become the Minister for Agriculture, Marine and Food. He was educated, at least partially, at the agricultural college in Gloucestershire, near where my constituency was when I was in the House of Commons. He has been a member of the Dáil since 1998 and was involved with the European Parliament and Cork County Council before that.

I am told that he also played rugby for Garryowen Football Club. More impressively, for me at any rate, he led the Sail Chernobyl project, which involved sailing 30,000 miles around the world for charity. It is a great pleasure, as well as a privilege, to introduce to the Assembly Minister Coveney and to ask him to address us. [*Applause.*]

Mr Simon Coveney TD:

Co-Chairman, lords, ladies, MPs, TDs, senators, honoured guests, ambassador. First, you are all very welcome to Cork, to my constituency, for the 42nd plenary session of the British-Irish Parliamentary Assembly. This is the first British-Irish Parliamentary Assembly that I have attended, and I am delighted to have the opportunity to welcome you to my city.

It is a long time since I have been introduced with reference to Sail Chernobyl, but that brings back some good memories for me. It is probably true to say that Ireland is going through stormy waters at the moment. I was reminded when I listened to the news this morning — some of you might have enjoyed the hospitality here too much last night and might therefore not have listened to the news this morning — that there was a competition in England over the last 10 days. It was 10 ironmans in 10 days. For those of you who do not know what an ironman is, it is a 2.5 km swim, then a 125 km cycle, then a full marathon. Ten days ago, 21 people set out to do 10 ironmans in 10 days. Only three people finished, and an Irishman won it — by 19 hours.

I was just thinking that there are some parallels between the work that my Government have to do and doing 10 ironmans in 10 days. I think that we might be through three or four ironmans so far, but we still have a way to go. Three years ago the Irish economy was shell-shocked and in many ways had imploded, due to a collapse of the property market here, along with the pressures of a global recession.

We are in a rebuilding phase at present. I think that it is important, particularly for those of you

who are visiting these shores from our closest neighbours, that you understand the priority and the determination of the new Government in Ireland to ensure that we fulfil the promise to rebuild the economy and get people back to work. I think that we have an extraordinary mandate to do what needs to be done to fulfil that promise: the Irish Government now have a bigger mandate than any in our history. We virtually have a two-thirds majority in Parliament, which is not quite a unity Government, but is not too far off it.

We intend to use that mandate to make the necessary courageous and brave decisions to bring about a sustainable recovery in Ireland. There are three elements to that. The first is around banking. Unfortunately, Irish banks became speculators, like many other people in Ireland over the past decade or so, and they grew to a scale that was totally inappropriate for the size of the Irish economy. We had banks that were investing in apartments on the Black Sea and were purchasing banks in the United States and further afield when they should have been focusing on what the Irish economy needed.

We are in a process now of restructuring banks in Ireland. By the end of this year there will be two pillar banks in Ireland — Irish-owned banks. They will have deleveraged or downsized and got rid of the assets that are no longer required in an effort to recapitalise the core business, which is about providing a banking facility for the Irish economy. That process is well under way. Unfortunately, it involves a significant injection of capital from the Irish taxpayer, which is a painful and difficult process, but it must be done.

Secondly, we are in the process of resolving a deficit problem. Those of you who have followed the Irish economy over the past two to three years will have seen a reduction by a third in the tax take in Ireland while, at the same time, the demands on the Irish Exchequer have increased because of unemployment going from 5% to now nearly 14% over a relatively short time. So, we have had an extraordinary contraction in tax income and a huge increase in pressure on expenditure. That opened up a totally unsustainable deficit, which we are getting under control and will have under control by 2015, but that will involve — again — some courageous and difficult decisions. It will involve the taxpayer paying more in certain circumstances, and it will involve constituents, voters and members of the public having to accept reductions in public expenditure. We are in the process of doing that, and I think that most people accept the realities of where we are.

The third, and perhaps most important, challenge that we face is in rebuilding the economy in a way that is sustainable — not on the false foundations that the Irish property market was based on over the

past 15 years or so. Essentially, Ireland will recover by trading its way out of where we are, predominantly through exports, because 80% of everything that Ireland produces is exported.

I will talk a little about my area of expertise and responsibility, which is the agri-food sector. It is one of the most exciting growth areas in the Irish economy — even through recession it is growing significantly and has been doing so for the past two years. I will talk about some of the opportunities for these islands through the agri-food sector, through co-operation and through trade and brand-building collectively between Ireland and the United Kingdom.

Before I do that, I want to say this: a number of weeks ago we had the extraordinary spectacle, which I never thought I would see in my lifetime, of 20,000 people clapping the Queen of England into Cork city. It was an emotional day for Irish people. Many people from the UK do not quite understand the complexity of the Irish people's relationship with Britain. I know that only too well, having spent three years living in a place called Cirencester and some time working just outside Edinburgh. When the British-Irish historical relationship is discussed in the UK, many English people in particular find it difficult to grasp why it is still such an issue for many Irish people. The visit of Her Majesty was an opportunity for Irish people to move on and to accept a new type of relationship, which is hugely positive for us here in Ireland.

From a UK perspective, it was also an opportunity to focus on the extraordinarily complex but valuable relationship between Ireland and Britain. Irish people who have been living in Britain for a long time also responded in an extraordinarily emotional and positive way to the visit. Cork was the final day of four days, and it was the one day when Her Majesty had an opportunity to meet ordinary people on the street, shake their hands and talk to them. It left an extraordinarily positive impression on this city, which has a reputation of being a rebel city. The ironies are therefore all the more significant.

Irish people have had a very difficult three years. There has been a conveyor belt of bad news, and images and reports of Ireland from abroad have been very damaging to our reputation. Many parents have said goodbye to their loved ones as they leave Ireland to find work and opportunity, and the Irish economy has provided a huge amount of stress to so many families. What was perhaps most extraordinary about Her Majesty's visit — I spoke to the UK ambassador about this—was that this was the first week in a long time when I saw and heard Irish people talking about themselves in an upbeat way and people feeling good about themselves, and it was because of the Queen of England. The ironies in that for Irish people are quite extraordinary in many ways.

I pay tribute to the UK ambassador and to everybody involved on the Irish side and the British side for not only making the visit happen but for making it such a success. It can be a building block for parliamentary assemblies such as this one to seek out new opportunities in a more proactive way than was possible in the past in order to make things happen across the islands of Britain and Ireland and to work in a way that can benefit everybody.

My specific responsibilities involve agriculture, the agri-food sector, the marine sector and fisheries. As many of you might know, there is an extraordinarily large amount of trade between Ireland and Britain — it represents about 45% to 50% of everything we export in the agri-food sector, which was worth €8 billion last year. In addition, about 45% to 50% of our imports in agri-business, agricultural products and food comes from the UK and is worth about €2.7 billion a year. That is about €6.5 billion a year of trade in food and agri-business between Ireland and the UK, which is €125 million a week or €18 million every single day. That constant daily and weekly trade between Ireland and Britain generates a huge number of jobs and a lot of wealth creation.

We have shared challenges and concerns as we move into the reviews of the common agricultural policy (CAP) and the common fisheries policy which, in my view, will both be finalised under the Irish presidency in the first six months of 2013. The ambition is to finalise by the end of next year the common agricultural policy, the common fisheries policy and the next European Union budget, which will last for seven years. However, in my view, none of them will be finalised by then, and there will be attempts to seek agreement, compromise and a way forward under the Irish presidency.

In many ways, agriculture and the politics of agriculture are perhaps not as powerful or as dominant in England as they are in Ireland and the other parts of the United Kingdom — Scotland and Wales — but we have shared priorities on which we should work together. We need to get a sustainable common agricultural policy and a sustainable fisheries policy that allow growth and expansion in volume terms in food production, but also encourage and reward a certain type of sustainable food production, to which Ireland and the UK should aspire. I have already spoken in depth to that effect to a number of Ministers who are representatives in the Council of Ministers.

We have a very ambitious programme for growth in the agri-food sector. As I said earlier, that sector is one of the few that are expanding, even through a recession. Last year, Irish food exports grew by 12%; in the first six months of this year, we have seen agri-food exports grow by 17% in value terms.

There are various figures, but certainly between 150,000 and 200,000 people are employed in the agri-food sector in Ireland, and the number is growing. We are trying to build a brand that says that we produce safe, good quality, environmentally friendly and climate-friendly food on the island of Ireland, and I believe that there are significant opportunities for the United Kingdom to do the same.

It is simply a fact that we will have to deal with food shortages — scarcity in the availability of food — indefinitely into the future. In 1960, there were 3 billion people in the world, by 1990 there were 6 billion, and by 2020 there will be close to 9 billion. The overall population of the world is increasing, the number of people who live in urban areas is increasing, the growing middle classes in China and India and other parts of the world are demanding more and higher-quality food and more variety in it, and land is a finite resource.

Therefore, the idea that the common agricultural policy would be about protectionism and controlling volumes of food in order to keep prices high in the European Union represents flawed thinking. Ireland and the UK need to work together to ensure not only that we provide pricing stability for farmers and the food industry in Ireland, Britain and across the European Union but, more important, to ensure that we take advantage of the opportunities that exist for the European Union to increase food production dramatically through technology, know-how and intellectual capital so that Europe can feed itself and make a contribution to feeding the rest of the world. The job and wealth creation and export potential of that approach is extraordinary for this country and is totally underestimated in the UK — I have spoken to people there about that.

A fundamental change is needed in how we view agriculture and food production in the European Union, whether it is in fisheries or in the beef sector. Ireland is the European Union's largest beef exporter and the fourth largest in the world, although only 4 million people live here. As an island — I include Northern Ireland in what I say—we produce enough food for 36 million people, even though only 6 million people live on this island. That is our starting point. We have an ambition to produce enough food for 50 million people by 2020. I encourage the Assembly — I would be delighted to take questions on and to debate the issue with Members — to explore the potential in the agri-food and food sectors for co-operation between not only Ireland and Northern Ireland, which is happening, but between Ireland and the UK more generally. We have a shared potential to grow an industry that is much more than farming or fishing; it concerns processing, adding value and developing a premium brand, for which I am convinced consumers in other parts of the world will pay a significant premium in the years ahead.

The proof exists. I have spoken to the head of a company called Pernod Ricard, which bought Irish Distillers and is responsible for the fastest-growing whiskey in the world — Jameson. I hope that a few Scottish people are here to note that. He told me that his company decided to experiment in China recently with its premium brand —cognac— by producing for the Chinese market a case of the very best cognac. The company introduced that to the market at \$120,000 a case, and now cannot produce enough to meet demand. That is a signal of the extraordinary consumer demand for premium products in parts of the world where wealth is growing and where people like to show that wealth by the food that they eat, the drink that they drink and the consumer items that they buy.

In the agri-food business, Ireland is not playing on a volume basis — we are not taking on huge volume producers such as Brazil. In our markets, we should, as a result, target premium quality and premium prices — the same applies to British beef, dairy produce and so on. That might be called the management of scarcity. However, we can do that only if we build the reputation, promise and brand that accompany premium produce. We have the competitive advantage to do that. Most beef and dairy produce in Ireland and the UK is produced on grass. Grass-based beef and dairy produce will in the years ahead become premium scarce products that consumers will want and demand.

We are moving towards climate labelling, or carbon labelling, for Irish beef. All Irish beef farms that use on their products a premium quality label that has been provided for marketing and quality assurance are required to buy into carbon measuring to calculate the carbon footprint per kilogramme of beef that is produced. Beef with such labelling will become a little like dolphin-friendly tuna, which consumers look for. Consumers like organic labelling: they look for food that is produced in an environmentally responsible and climate-responsible way. Ireland — and the UK — should grasp the huge opportunities for quality and volume in the agri-food sector.

I will finish on the agri-food stuff with a reference to fisheries. We in the European Union and the rest of the globe have a huge problem in what is happening to fish stocks in European waters and in other parts of the world. Without fish, we will not be able to feed the world; it is a major part of the global diet. Unfortunately, fish stocks are coming under more and more pressure in the European Union. Despite the sophistication of the European fishing fleet, 70% of the fish that is consumed in the European Union is imported. Most of it is produced through fish farming and aquaculture activity in other parts of the world. Britain and Ireland therefore have a huge opportunity to develop an expanding aquaculture and fish farming industry.

I believe that Ireland can offer the lead. At the moment, we produce only 12,000 tons of salmon each year through fish farming, while Scotland, to its credit, produces about 150,000 tons. However, we should consider China again — it is an interesting market. Each year, China consumes 93 million tons of fish, of which 70% comes from aquaculture — about 65 million tons. They cannot produce enough; they have to import large volumes of fish. The idea that we can contribute to meeting that sort of demand by continuing to exploit wild fish in the way that we have been doing for decades is simply a non-runner. We will need to develop an expanding and sustainable way of producing fish through fish farming.

Ireland is a small country, but it is responsible for 17% of European waters. In the past, we have in many ways looked inwards, away from the sea, for economic opportunities; we need to turn around and face the blue expanse, which has an extraordinary natural resource for both Ireland and the United Kingdom. I am thinking not only about exploration for oil and gas, but about energy generation and about a new way of harvesting the fish crop.

I will finish by saying that I hope that this Assembly will continue to grow in stature and that it will continue to try to push out the boundaries of what is possible as we develop a more coherent and positive trading, economic and political relationship between our islands. I come from a typical Irish family: I have a sister living in London working as a lawyer; I have a mother who is half-English, and half of her family still live there; and I have many friends and former student colleagues who are developing their careers and building families in the United Kingdom. Our countries have a complex and interwoven historical relationship that has in the past been stricken by pain, division and strife, but I believe that, in the future, the relationship can be incredibly positive for both countries as we progress out of recession — in Ireland's case, in a more extreme way — and move into a more prosperous future for everybody.

Encouragingly, Assembly Members' work today is about economic development. A lot of our work in the past has been dominated by division, violence and policing. Although there will still be elements of those issues, today's session is predominantly about economic recovery, opportunities for growth, employment and mutually beneficial economic relationships between our two countries.

I wish you good luck with your work over the next day and a half or so. Enjoy Cork. Come back here for your holidays; you will be made very welcome here, as Her Majesty was a number of weeks ago. It is an honour for me as a local man and as a Government Minister to welcome so many distinguished guests to my city — Ireland's second city. Thank you. [*Applause.*]

The Co-Chairman (Mr Joe McHugh TD):

I thank the Minister for his contribution. From it, you will have detected that he is not lacking in passion and enthusiasm for his brief. I know that his vision and determination will add value to the agri-food sector and that, whatever suggestions or proposals come out of the Assembly, he is a Minister who will listen and be open to new ideas.

I welcome to the Assembly Mr Frank Ryan, chief executive officer of Enterprise Ireland. Obviously, he is well aware of the growth of Irish companies in the global market. I hope that we will have the opportunity to have an open forum. Frank has been a CEO since 2003, and Enterprise Ireland companies account for more than €13 billion in exports. Last month, our Minister for Foreign Affairs and Trade, Eamon Gilmore, and the British Foreign Secretary, William Hague, met 300 British and Irish companies to look at possible linkages and co-operation on a United Kingdom and Irish basis.

I will introduce Frank Ryan, who will outline the aims, workings and objectives of Enterprise Ireland. Before I do so, I would like you to look at the forms that are being circulated. If you wish to ask a question after Frank's contribution, please write down the question that you wish to ask, and we will give you the opportunity to do so.

Mr Frank Ryan (Enterprise Ireland):

Co-Chairman, Your Excellency, distinguished members of the British-Irish Parliamentary Assembly, ladies and gentlemen — good morning. We all attend a lot of meetings in our working lives, but then along comes a meeting that is truly special. This morning is such an occasion. I was not present at the first ever meeting of the British-Irish Parliamentary Assembly. However, given that this is the Assembly's first meeting since Her Majesty the Queen visited Ireland, I believe this meeting to be extremely special, and I thank you for affording me the honour of speaking to you this morning.

Enterprise Ireland is the Irish Government agency that is responsible for the development and internationalisation of Irish companies. Essentially, we focus on five core areas of endeavour. The first is driving the growth of exports. The second is innovation — not just research and development, but innovation right across the value chain and the redevelopment of business models. The third is entrepreneurship — increasingly, more of our jobs will come from entrepreneurship than from any other facet of the economy. The fourth is competitiveness. To be successful in exporting, you must be efficient, so lean, world-class manufacturing is central to the activities in which Enterprise Ireland is engaged. Successful companies and organisations have strong management teams, so some of our

engagements are geared towards strengthening the office of the CEO and the senior management teams in our 3,500 client companies.

Finally, we also carry the state mandate for many of the large EU research programmes, such as framework programme 7. There is a national strategy to achieve €600 million in funding for Irish academia and industry by the end of that programme. We are the main conduit through which Irish academia and business liaise with the European Space Agency. We have 30 offices worldwide, with 150 colleagues based in those offices. Funds of approximately €450 million flow through the organisation. I provide that information for the benefit of our visitors, to give them a pen picture of the type of agency that Enterprise Ireland is.

The close links between Ireland and the UK are many and varied. Our ties run deep. Right at the heart of that complex relationship are trading and economic links. The relationship between the Irish and UK economies has never been stronger. A snapshot in time shows just how strong those trading links are. The UK is Ireland's main trading partner, with 42% of our total exports. It is the most important market for the vast majority of Irish small and medium-sized businesses. For the food and drink sector, it is Ireland's largest market, representing €3.4 billion in 2010. The UK is also Ireland's largest tourism market, with close to 2.7 million UK visitors in 2010.

For British businesses, Ireland is the fifth-largest export market. Britain does more business with Ireland than it does with Brazil, Russia, India and China combined. The story on in-country investment is similar: Ireland was the third-largest European investor in the UK in 2010, while the UK is likewise the third-largest investor in Ireland. As the state agency responsible for the development and internationalisation of Irish industry, Enterprise Ireland's job is to build on those links. I strongly believe that that is to our mutual benefit.

The past few years have been very challenging. Much has been written about Ireland's economic performance in the past 24 months, much of which has been inaccurate and opinion based, not evidence based. According to the International Monetary Fund (IMF), Ireland has experienced a 12% reduction in real gross domestic product over the past three years. You are familiar with the expression that the glass is either half full or half empty. Ireland's economic glass is 88% full, so why are we explaining the situation to the world as if it was 88% empty?

International trade is fundamental to our plans for economic recovery. Fortunately, in that regard,

Ireland is already performing strongly. Economic recovery in international markets is fuelling increased demand for all Irish products and services, and Irish exports are at an all-time high. The previous all-time high for Irish exports occurred in 2007; in 2010, they were 4.1% greater than they were then.

Indigenous Irish companies — our own Irish companies — have shown continuous export growth in the past 22 months in a row. That means that, in 2010, Irish exporting companies regained 70% of the exports that were lost in 2009. The balance of exports lost was already regained in the first five months of this year. At the end of 2011, indigenous Irish companies will have record exports — higher than at any time in the state's history.

The UK is our most important trading partner. Now, more than ever, we must invest in and nurture our economic relationship. Working together offers tremendous opportunity for both economies, ensuring prosperity for the future.

Today, Ireland is a nation of global reach in spite of its small size. It is the world's largest exporter of infant formula. Currently, one infant in every five fortunate enough to have access to infant formula is supplied from Ireland. That is a great achievement. We are the world's largest net exporter of pharmaceuticals. We are the second-largest exporter in the world of computer and information technology services. We are the fifth-largest exporter of beef. In financial services, €1.7 trillion of funds are administered from Ireland. All that is from a country with a population that is equal to that of the greater Boston area or half the population of Sweden, Switzerland or Austria.

Yes, over the past 24 months we got some things wrong. For example, the Minister referred to the situation in banking and property, which served to diminish our international reputation. However, at the same time as we got those things wrong, we stopped telling people about Ireland's positive performance. We must start again to tell people the full position on Ireland's performance.

The 'World Competitiveness Yearbook 2010' cites Ireland as being fourth in the world for availability of skilled labour, fourth for having a culture that is open to new ideas, sixth for labour productivity and ninth for flexibility and adaptability of people. A recent EU report places us ninth in the EU 27 for having organisations that are engaged in innovative activity. The most recent World Bank report cites Ireland as being eighth in the world and first in the euro zone for ease of doing business. Why have we stopped telling people about that performance?

A sister agency of ours is called IDA — Industrial Development Agency — Ireland. It is responsible for attracting foreign direct investment into Ireland; we in Enterprise Ireland are responsible for developing Irish companies and their exports. IDA has done a great job in attracting foreign direct investment into Ireland. The who's who of industry is here, whether that is Intel, Microsoft, Pfizer, Google, Facebook or whatever. The household names of the information and communications technology and pharmaceutical sectors are located here in Ireland.

Indigenous companies are invariably small to medium-sized enterprises. They are not household names, so we must tell a story about them — not the names of the companies, but the story of what they deliver on behalf of customers worldwide.

Let me give you an example. If I tell you that a software company in Dublin is involved in security software, is doing very well and is exporting to eight or nine locations around the world, pretty quickly your eyes will glaze over. It is not very interesting; in fact, it is quite boring to describe it in that fashion. However, I can tell you in a different way: if you fly into any of the main US airports and go to immigration control, where you get your fingerprints taken and your eye photographed, the biometric software that enables that application is supplied by an Irish company — Daon. Do you know how good a company has to be to be selected to be part of the border control systems in the United States of America? We have to tell those stories.

Let us switch sectors and talk about life sciences. There is a company in Galway called Creganna-Tactx Medical. It did not exist 10 years ago; today it employs 1,100 people. It makes what a layperson such as myself would describe as the minimally invasive equipment that is used to deploy stents. If you are ever unfortunate enough to have a stent deployed in an artery, there is an 80% chance that Irish technology will deliver it, as that Irish company supplies the worldwide demand for that technology. Wherever that procedure takes place in a hospital today, there is an 80% chance that Irish technology is at the heart of it.

A company here in Cork called Abtran is involved in business process outsourcing. A lot is said about business process outsourcing going to India and so on. In the UK, 3 million people are employed in business process outsourcing. The Irish company Abtran started from small beginnings 10 years ago, and today it employs 1,000 people. Its key customer is BSKyB, and it makes its money not because it does things more cheaply, but because it does things better. It is involved in services innovation, not in business process outsourcing.

A visitor such as myself to Harrods on occasion might be tempted to buy an item using a credit card. The dynamic currency conversion software that is used for that transaction in Harrods today is supplied by a company here in Kerry called FEXCO.

Finally, we all rejoiced — it raised everybody's hearts — when the Chilean miners were rescued. It is less known that the drill bit that was used to drill down to the miners was supplied by a company in Shannon called Mincon. Irish technology was at the forefront in the rescue of those miners. That should give everyone a lift.

More than 1,000 such companies trade internationally from Ireland, so we have used resources wisely during the past 10 years. What that says is that, across the world, international buyers regard Ireland as a source of sophisticated products and services. Irish companies can likewise continue to deliver great, real benefit and competitive advantage for UK business.

The preparations for the London 2012 Olympics are a case in point. Irish companies have secured more than €200 million in contracts. The 2012 games project is a huge undertaking, requiring the highest levels of innovation, quality and competitiveness throughout the supply chain. Irish companies across sectors including construction, electronics, software, architecture and renewable energy have won significant business and are now very much part of the successful delivery of the games.

The relationship spreads right across the UK markets. Irish companies are active in Scotland, where one of our construction companies is currently engaged in building dual carriageways. In the Isle of Man, Valentia Technologies has developed pre-emergency care software for the Isle of Man Ambulance and Paramedic Service. The Irish company S3 Group, with its partners, is providing telehealth monitoring services to the Public Health Agency in Northern Ireland.

Ireland has built a modern, dynamic economy, with a sophisticated and diverse industrial landscape. Our trading and economic relationship with the UK can continue to offer more and more benefits on both sides of that relationship.

As I have said before, I believe that Ireland's best days lie ahead of us, not behind us. I believe that for three reasons. Today, more Irish companies are exporting than at any time in the history of the state. Today, more Irish companies are involved in research and development than ever before. Today,

more Irish businessmen and businesswomen than ever before are capable of transacting trade on the international stage and winning out against global competition.

Ireland is a nation with a proud history of meeting challenges, of surviving, of recovering, of growing, of achieving and of being great. The things that made Ireland great before still exist: our people, our education system, our innovative products and services and our export-selling capability. We are now more experienced than ever, having built a modern, dynamic economy. We are now more capable than ever, with one of the most highly skilled workforces in the world.

Now is the time to build new alliances, to partner in new ventures and to exploit new opportunities for our mutual benefit. The UK is a close and trusted partner. Working together offers tremendous opportunity for both economies, ensuring prosperity for the future. Working together, surely our best days lie ahead.

Thank you for your kind attention. [*Applause.*]

The Co-Chairman (Mr Joe McHugh TD):

Thank you very much, Frank. That was certainly a very positive contribution, and it provided a lot of food for thought. I open the floor for questions.

Lord German:

Mr Ryan, you gave us figures showing the UK's position as a trading partner, which accounts for 42% of Ireland's exports. Meanwhile, the UK Government have a policy of retaining a low pound against the euro. The euro being strong and the pound being relatively weak against it is important for British exports. How does the strength of the pound, or rather the strength of the euro against the pound, affect the economic growth that you are predicting for Ireland?

The Co-Chairman (Joe McHugh TD):

Perhaps you can deal with that question now, Frank, then we can take four or five together.

Mr Frank Ryan:

We have tried to deal with that and to move beyond it. We cannot have an industry here in Ireland with an enterprise base that is based on a foreign currency exchange rate. Today, we might be in business, but tomorrow, when the exchange rate moves, we could be out of business. We have moved to protect

ourselves by investing heavily in lean, world-class manufacturing.

We have an opportunity here. Irish companies sit alongside some of the most advanced corporations in the world. We have access to the way in which those corporations do business and develop cultures within their organisations in order to be effective. It is through our focus on lean and world-class manufacturing that we can best protect ourselves from a cost point of view.

My objective is that, within 10 years, Ireland will be internationally regarded as a leading, innovative location for new products and services. That is where the margin will be — it will not come from playing the cost game. We have some very large companies in Ireland that are heavily involved in trying to be low-cost producers, but the vast majority of the export gain that we will get over the next 10 years will be from new products and services that have not been invented yet.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Frank. I now call Seamus Kirk TD.

Mr Seamus Kirk TD:

I think that we are all impressed with the projections, export growth and the graph showing that things over the past few years have been moving in the right direction. However, there are certain constraints in the production system and we need to identify whether they are at the marketing end, the production end, the production cost end or whatever. What, from Enterprise Ireland's point of view, are the perceived challenges in that regard? Perhaps I can cite one example. The dairy sector, where, as you know, there has been a significant expansion in exports, is under the constraints of the current milk quota regime. Of course, that is to be phased out by 2015, but we will still have to deal with challenges during the transition period and it is conceivable that, come the end of the current regime, some dairy farmers might find themselves in difficulty with overproduction. Might it be possible to introduce some alleviation measures in that area, perhaps by treating the quota system on a Community-wide basis rather than on a national basis during the transition period?

The Co-Chairman (Mr Joe McHugh TD):

I will take a question from Mr Jim Sheridan MP.

Rt Hon Jim Sheridan MP:

First of all, I say to Simon Coveney that, as chair of the all-party parliamentary Scotch whisky and spirits

group at Westminster, I am sure that that industry and its workers will be delighted that the financial assistance that they offer their Irish cousins is being put to good use.

My second and perhaps far more important point relates to Mr Coveney's statement that there are now two nationally owned banks in Ireland. What reforms, if any, have you introduced to the Irish banking industry?

The Co-Chairman (Mr Joe McHugh TD):

I call Senator Paschal Mooney.

Senator Paschal Mooney:

Go raibh maith agat, a Chathaoirligh. Thank you, Chair. I congratulate you on your appointment as Co-Chair, and I am delighted to be back as a Member of the Assembly.

In relation to the success story that Frank Ryan has been outlining, I am sure that he and I will agree that over the past number of years a lot of the bad news has been emanating not exclusively from international sources but from our domestic media. I hope that that same media will pick up on the very strong message that Mr Ryan has imparted this morning.

My specific question is about the 88% full glass that Mr Ryan referred to with regard to this success story. Are you able to indicate why our unemployment rate remains stubbornly high? As you said, it has gone from 5% only four short years ago to its current level of 14.8%, which in real terms equates to 440,000 people who are unemployed. Admittedly, a significant proportion of those people are receiving state benefits, but they are still out of work. Can you provide any light at the end of that particular tunnel?

The Co-Chairman (Mr Joe McHugh TD):

I now call Lord Skelmersdale. You will have to forgive me — did I pronounce that correctly?

Lord Skelmersdale:

You were quite right, Chair.

My question is more specific to an industry that is, one might say, endemic to the west coast of

Ireland, namely the peat extraction industry. There is a move afoot by the British Government to voluntarily phase out the use of peat in horticulture, but that can be done successfully only on a European Union-wide basis. What are the Irish Government's intentions in that regard?

The Co-Chairman (Mr Joe McHugh TD):

Thank you. I will take two more questions, and I think that there was an invitation from the floor to bring in Minister Coveney, too, so we will facilitate that. I call Deputy Pádraig MacLochlainn.

Mr Pádraig MacLochlainn TD:

Thanks, Chair. I congratulate Frank Ryan. It was refreshing to hear an upbeat presentation. It is important to remember — anyone who has observed the Irish economic crisis will know this — that, fundamentally, what has happened is that the Irish people, or the sovereign debt, have been saddled with the debt of private banking institutions. That is not specific to Ireland; there was an international failure by those who are to hold those institutions to account.

I thank Frank Ryan for reminding us about a fantastic and innovative range of companies that are based here in Ireland and export across the world. As someone who was honoured to serve on InterTradeIreland, I saw many of those businesses at first hand. The capacity to innovate, from the microbusinesses to the small and medium-sized businesses right up to the large multinationals, is inspirational.

My question is a practical one. One of the things that we observe about Enterprise Ireland is that it assists companies to export outside of Ireland. I ask that, as a first step, there is a review of that to look at people exporting — this might sound like strange terminology from an Irish republican — into the six counties. That is an easy first step for businesses that are exporting. They are engaging with another currency and another set of labour laws and taxation systems.

Members of InterTradeIreland observe that it would be helpful for businesses, particularly small and medium-sized businesses, to engage with the six-county economy first as a stepping stone on to the next level.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Deputy. I call Jim Dobbin to ask the last question.

Mr Jim Dobbin MP:

Thank you, Co-Chair. I was interested in the long list of impressive statistics on Ireland's performance in different areas that Mr Ryan talked about. However, I got the impression that he disagreed with the IMF's line on Irish performance. Will he enlarge on what he said about that?

The Co-Chairman (Mr Joe McHugh TD):

OK. Thank you. I will take Minister Simon Coveney first, because there was a reference in Deputy Seamus Kirk's question to milk quotas, and there was the Scottish whisky question. I will then bring in Frank Ryan.

Mr Simon Coveney TD:

Great. Thanks for giving me the opportunity to come back in on some specific questions.

The point that Seamus Kirk made is absolutely right. We and a number of other countries in the European Union are planning to expand in volume terms the amount of milk that we produce when the quota system ends in 2015. However, in order to gear up for that expansion, it is certainly desirable for Ireland to get some flexibility under the common agricultural policy and milk quota regime in order gradually to build up milk production between now and 2015. To a certain extent we have been provided with that opportunity by being given an extra 1% on top of our milk quota each year between now and 2015, but that is not really sufficient. The reality is that countries that produce over quota have applied to them what is called a superlevy fine, which is about 27 or 28 cents a litre. This year, a lot of Irish dairy producers will be well over quota. I am trying to encourage farmers to be cautious in that regard. We are seeking a political solution to this; it makes no sense to me that once you agree at Europe level that a quota needs to go and that there is a shortage of dairy product in Europe and globally, we would keep the reins on production in the way that we are doing in order to try to keep prices stable. The demand for produce has overtaken that policy in many ways.

Countries that want to expand their dairy industries, such as Denmark, the Netherlands, Belgium and Ireland — and a number of the newer member states of the European Union that have the capacity to do so — are lobbying hard to do what Seamus Kirk was talking about, which is getting some flexibility without opening a prolonged debate that will take 18 months to resolve in the EU. We are working hard to do that. My UK counterpart has shown a lot of understanding and support for that objective. It is unlikely that we will get a political resolution to it in the next few months, although I hope that we can get some flexibility within the next two years.

The two difficult countries in that regard are France and Germany — the German agricultural minister is from Bavaria — because they are opposed to getting rid of milk quotas. That is why they are slow to allow any flexibility between now and 2015.

On the specific question about the reform of banking, I am sure that Frank Ryan will want to contribute to that. As well as downsizing, a number of things are being done to reform the banking system. The capitalisation requirements for banks, in terms of loan-to-deposit ratios, have changed dramatically. In simple terms, banks can lend only 122% of their deposit base; Irish banks were nowhere near that ratio in recent years. A significant amount of public money has gone into recapitalising the banks. Loan books attached to property — most of them broken — have been taken out of the banking system and put in a property management company in Ireland called the National Asset Management Agency (NAMA). We are in the process of deleveraging, or selling off non-core assets that are owned by Irish banks but predominantly outside Ireland across the EU and the United States, to the value of approximately €70 billion. That is happening now, and we will see a lot of progress on that this summer.

As well as changing the structure of the banks by amalgamating them into two core pillar banks — Bank of Ireland and the Allied Irish Bank — we will see changes to management structures. Most Irish banks' boards have already been changed, and that process will continue. We will see a lot of new and some non-Irish faces running those two pillar banks by the end of the year.

There is also the thorny issue of what is called burden sharing; some people in this room would like to see a much more aggressive approach being taken towards that. However, the Government rightly take the view that this problem requires a European-agreed solution rather than Ireland doing something on its own that would result in this country's access to stability funds being shut off. Whether we like it or not, bank debt is very much intertwined with the management of the deficit in Ireland and, indeed, our national debt.

Significant things are happening, and, in its first 100 days, the Government have tried to be clear about what they will do on banking. The solution, which is costly to the Irish taxpayer, will involve increasing the national debt in order to recapitalise the banks. That is the unfortunate and difficult reality of a banking system that has been hugely irresponsible for the past 10 years. However, we are on the way to putting it right, and, in time, the Irish economy will be able to absorb and repay that debt.

The question on peat extraction is very precise. We also have a policy of phasing out the use of peat. Most peat in Ireland is used in the generation of electricity. In the next 15 years, we will see a gradual phasing out of peat extraction for power generation. It is not a renewable source of fuel, unless we are willing to wait about 10,000 years. Under the EU habitats directive, we are required to stop peat harvesting on about 4% or 5% of our blanket bogs. So, whereas I think that peat harvesting in bogs that are currently open will continue, the opening of new bogs for harvesting will be phased out in Ireland over time.

I think that that answers the three questions that were referred to me.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Minister.

Mr Frank Ryan:

I will start with Deputy Kirk's questions. The big challenge for us going forward in Ireland is one of leadership. Leadership is required in the private and public sectors to move the country forward. In Enterprise Ireland, we are putting the CEOs of our significant companies on leadership development programmes. Six of those have been completed. The CEOs of the top 250 Irish companies have been through a major programme of strategy development and leadership, at Stanford University, IMD, and, on the construction side, Duke University. The programme is focused on the internationalisation of the companies. We have to have leadership for things to happen.

The other challenge that we all have — it is similar for the United Kingdom — is that the traditional strong export markets for this part of the world have been the UK, new Europe and the United States of America, but those regions are not predicted to grow very quickly for the next 10 to 20 years. The heavy growth will be in other locations. For a small island off a larger island off the coast of Europe, that raises key challenges. By 2030, if not before then, China will be the largest economy in the world. Notwithstanding the current turmoil in parts of Arabia, the region still possesses the largest reserves of oil in the world. Brazil is the only country in the world that, on its own, has the potential to feed China, which confers enormous strategic importance on that region. In years to come, the Russian Federation will probably heat most of what we call western Europe. India has the fastest growing middle class of any country in the world. Realistically, high economic growth rates will probably occur in those five regions for the best part of the next 50 years.

The challenge for Enterprise Ireland is how we position ourselves to work with those people and to augment our position where we are strong. We are strong in the UK, the United States, Germany and France, and we will grow stronger, but, in the past three years, we have opened offices in Brazil and India, and, for the past 10 years, we have had offices in China, across Arabia and in Russia.

If I may, I will make one comment about the milk quota, which is a fantastic opportunity for us to grow the whole agri-food sector, and not necessarily only in relation to the export of commodities. We have an opportunity with functional foods and great food ingredients — we really can develop significantly as a high-value-added producer of food products.

Mr Sheridan asked a question about the banks. The relationship between the banks and Enterprise Ireland has been very different in the past 24 months. We have bank staff on training with the agency at present, and colleagues of mine are in the banks right now doing training. By training, I mean bringing the banks up to speed with dealing with modern technology such as life sciences, software, parts of engineering, internationally traded services, financial services, business process outsourcing and internet-based companies. Those are business opportunities that require projected cash-flow-based lending as opposed to fixed-asset-based lending. The property situation here was essentially a fixed-asset-based lending business model, and the banks are now getting up to speed with a different way of doing modern business in a modern Irish economy.

I am encouraged by the direction that the banks are taking, but I am not encouraged by the speed at which they are getting there. They need to get there faster. I am not just saying that today — I have said it publicly at the national banking conference.

With regard to the question of relations with Northern Ireland, I am only too pleased to see Irish companies exporting there; it is a fantastic opportunity. I mentioned one company called S3 that is successfully doing so, as are many other companies. It is a win-win situation: it gives Irish companies fantastic key reference sites. The fact that a customer in Northern Ireland would honour an Irish company by giving it a contract is the kind of information that the Irish company can take overseas to grow other markets. We are very much open to that particular way of moving forward.

Senator Paschal Mooney asked about jobs and the unfortunate situation in which so many people are without work. It is important that we look for employment opportunities that would arise in a developed, as opposed to a developing, economy. There is a lot of talk in Ireland right now about the fact

that we are not as competitive as we were in 2004 or 2005. My view is that you can never go back; you can only go forward. We have to live in the present and plan for the future. I do not want to see this country going backward; I want to see it going forward.

Jobs in a developed economy come from different places than they do in a developing economy. First, they come from exports, because exports either sustain or create employment. When the Irish Government say that we now have a huge strategy of export-led growth, it is all about sustaining jobs or creating new jobs.

Jobs come from growth sectors such as software, clean tech, green tech, medical devices and pharmaceuticals: the technologies of the future. Those sectors are growing, and we can expect to get employment growth there.

Jobs should come from entrepreneurship, because in a developed economy people are much more likely to be self-employed or to work in a small or medium-sized enterprise than they are to work for government or in a large company. That is not just specific to Ireland: that is the way that it is in developed economies all over the world, including the UK, France, Japan and the United States. Entrepreneurship is very important.

Our secondary school system offers the possibility of a transition year and the ability for students to set up a small limited company, which gives them fantastic experience. There is a growing opportunity for all our university students, as they advance their education, to take the entrepreneurship module, which is now available in almost every university and institute of technology in the States.

I meet a lot of people who say, "I wish I knew something about business." I talk to doctors and dentists who have ended up running a small business, which just happens to be practising medicine. They would benefit enormously from having an entrepreneurship module available to them. Entrepreneurship is very important for all disciplines across the universities.

We should also look for jobs in micro-enterprise. Here in Ireland we have city and county enterprise boards, which do excellent work; they employ up to 10 people in their companies. That work is very valuable and is a highly important source of jobs. Jobs will be found in the areas in which one would expect to find them in a modern developed economy.

The final question relates to the IMF's intervention, on which I hope that I have not misled you. I welcome the IMF's intervention and the assistance from the European Central Bank, the European Union and the UK in stabilising our financial position here in Ireland.

I want to draw a distinction between putting our household accounts in order and creating economic growth. I want more people in Ireland to be discussing why we cannot get more economic growth instead of worrying and speculating about our banks' financial situation, as that is based largely on opinion rather than fact. I warmly welcome the IMF's intervention, but the challenge now for Ireland is to grow. We are the architects of our own future and our destiny lies in our own hands. I am for taking that opportunity and driving the economy forward.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Frank. We have six questions, which I will take all together. There is one about food security, so I will bring the Minister in again. First, I call Chris Ruane MP.

Mr Chris Ruane MP:

We have had two fascinating factual presentations that have concentrated on what we are doing in universities and research and development. The title for today's discussion is "Employment and Economic Recovery". What is being done in Ireland to create enterprise in poor communities in poor towns? I use my home town of Rhyl as an example. I was informed by the head of the Welsh Development Agency that, when George Soros fled to the UK back in the 1950s, he started by selling peanuts on Rhyl promenade. Kwik Save and Iceland were started in the back streets of Rhyl, and two lads from my council estate ended up being multimillionaires. There is enterprise in poor communities, but how do we tap into that? How do we turn the black economy into the white economy? How do we release the latent, untapped enterprise that exists in poor communities through social enterprise or community enterprise? Is there any research on that?

Mr Frank Feighan TD:

I have a comment on Lord Skelmersdale's inquiry about peat extraction. Turf cutting and peat extraction were a huge issue in the general election. In my area, an independent TD got elected on the back of making the case that turf cutting should be allowed. That happened because Europe and people in the Government did not listen to people on the ground. Peat is used to heat a lot of houses, certainly in rural areas around the country. I attended a public meeting at which there were nearly 4,000 people. Seemingly, I gave an admission to sign my name in blood to get a resolution. I am glad to say that I have

delivered on that, even if the Cabinet thinks differently.

Enterprise Ireland faces a difficulty in bringing jobs to rural areas. What kind of challenges do you face? A problem that we seem to face is that a lot of the newer industries want to locate down the east coast and it is very difficult to get them down to the south, to Cork, to the west coast or even to the north-west. What difficulties do you face in that regard?

The Lord Dubs:

As you know, there are many voices urging that the rate of corporation tax in Northern Ireland should be brought down to the same level as that in the Republic. Would you care to comment on that? If that were to happen, might it have an adverse effect on the Republic's ability to attract inward investment, given that some inward investment that would have gone to the Republic would go to Northern Ireland?

Ms Ciara Conway TD:

Go raibh maith agat, a Chathaoirleach. I welcome Frank Ryan's contribution.

In the last number of weeks, the Government have launched the national internship scheme. I make a plea on behalf of all young graduates, my peers and the people I went to college with to encourage Irish companies to take on young people under that scheme.

Reference has just been made to companies creating employment down the east coast, but that is not the case. The south-east region has one of the highest rates of youth unemployment in the country. I appeal to Enterprise Ireland to ensure that companies, particularly ones outside Dublin, take on young people under the national internship scheme so that we hang on to our graduates and give them relevant experience, because they have something huge to contribute. Chris Ruane touched on the matter in relation to social entrepreneurship. We must try to create opportunities for our young people in their communities and not just have opportunities based in and around the capital. We need balanced regional development to ensure that we can meet the needs of our young people and their families.

Mr David Melding AM:

Mr Ryan has already answered my question on enterprise education, so I will ask another question.

The SME sector is very diverse as it includes a huge range of companies, and people in that sector have many different ambitions. It seems to me that many SMEs get stuck in familiar markets.

They are used to what they do, and they may do it well, but it is difficult to get them to the next stage. Economies such as the Welsh economy particularly suffer from that. Does Mr McHugh have any examples of how Enterprise Ireland has been able to get SMEs to be more ambitious? Does it relate to the skills and training and development of managers? Managers in the SME sector are often quite isolated, and they do not get many opportunities to train and improve their skills.

The Co-Chairman (Mr Joe McHugh TD):

Finally, John Scott has a question on food security.

Mr John Scott MSP:

The Minister, Simon Coveney, obviously shares the commonly held view in Scotland that, to cope with the growing demand for food in a daily more hungry world, we need to start maximising our food production now, particularly given climate change and the drought situation that was recently established on the east coast of England. I do not believe that that view is held in the Department for Environment, Food and Rural Affairs in London, or indeed in Brussels. In the light of the CAP reforms to which the Minister alluded, I wonder how he is going to change the view in Brussels, because I sense that he shares my view that there is a need for urgency in the matter.

The Co-Chairman (Mr Joe McHugh TD):

I hand over to Frank Ryan to take the first five questions.

Mr Frank Ryan:

Thank you, Chairman. On creating entrepreneurship, we have had a number of themes and initiatives over the past 10 years, particularly in relation to trying to get employment out to every part of every county in Ireland. I suppose the difference with Enterprise Ireland is that we have clients in every county in Ireland and every part of every county, so our client base is diversified and widespread. We have had to put in place a number of pieces of infrastructure to support that.

First, we established community enterprise centres throughout the country — at the last count, there were about 109—and they have been 90% funded by the state. The aim is to give people the appropriate environment and culture and a little bit of motivation and management in relation to how to start up their one or two-person company. I gave some examples in my speech of how such companies can grow into 1,000-person companies.

We also established incubator spaces in every university and institute of technology in the state, which have also been funded to the tune of 90% by Enterprise Ireland.

We then split our activities. There is a separate system of county and city enterprise boards, which are responsible for encouraging companies to grow and employ up to 10 people. If they go above employing 10 people and they have export potential, they become Enterprise Ireland clients. To get companies up and running, Enterprise Ireland takes equity positions in start-up companies. We are the only government agency in Europe that does that. To date, we have had ordinary shareholdings in about 800 start-up companies across all the modern technologies. We are an investor in start-up companies, and we are then joined by the private sector.

We have also had to develop a number of programmes that are geared to the needs of the entrepreneur. We did that by spending time in focus groups with entrepreneurs; rather than government or the state imagining what would be good for entrepreneurs, it is always best to go out and ask people. There are therefore a number of layered initiatives right across the state in relation to developing enterprise.

The creation of jobs in rural areas has been a challenge for the past 50 years in Ireland. Because of the sophisticated nature of enterprise today, there is a tendency among companies to want to locate in a university town or city or in a town where there is an institute of technology. Where there is a strong third-level presence, that is certainly a draw. However, we cannot have a university in every town in Ireland, so there are challenges. I debate the issue regularly with the counties in the midlands, the north-west and the south-east — on that diagonal — which seem to be most affected by that development.

For most of the counties, there are a couple of issues. First, what companies have they got at the moment and what can they do to help them to grow? Hopefully, there will then be an opportunity for some foreign client to arrive in the town and invest in it. Secondly, what is the rate of entrepreneurship in the town? The counties should also stop looking to government to solve the issue. Many of the issues will have to be solved locally, and there are great opportunities to do that. Instead of having Michael Dell as the pin-up for enterprise in Ireland, we should have Irish entrepreneurs as role models, particularly for second- and third-level students to admire. We need many Irish Michael Dells. Do not get me wrong — I am very pleased with the Dell Corporation's investment here, but I am talking about a change in culture and mindset that will result in more people succeeding.

Some years ago, I addressed the BMW annual conference. In the previous month, an Irish company called Quality Irish Foods had won the Small Firms Association national award for being the top SME in the state. The company came from a remote village in Ireland called Finea, in Westmeath. At the BMW conference, I asked, “One of our companies has just won the national award for SMEs—what celebrations took place in Westmeath to recognise that achievement?” The owner had started the business from nothing, but by that time they employed 40 people locally and exported to the UK and to nearby mainland Europe. However, the answer was, “None.” By contrast, if an overseas company came into Ireland to employ 40 people in the remote village of Finea in Westmeath, a brass band would be brought down the main street to welcome it. We must value our own.

Nobody from outside is going to rescue Ireland from our current position. We are the authors of our own growth now, and we must grow up. A number of entrepreneurs are putting their heads up locally. What encouragement and assistance are they getting locally, either from the county and city enterprise boards or from Enterprise Ireland to grow their expertise? That is the way forward in that area.

Lord Dubs commented on the tax rate. It would not be appropriate for me to comment on the tax rate that exists in a different jurisdiction, but I will say that it is not just about the tax rate here. My vision of the next 10 to 20 years is that it is going to be much more about our ability to innovate and to have supporting mechanisms such as the federal tax rate, a good education system and so forth. If we are not innovators bringing solutions into world markets — not just offering products and services but problem solving — we will not get the employment growth that we need going forward.

I very much identify with Ciara Conway’s comments on the need to keep our graduates at home. I expect an announcement from Minister Bruton, as part of the jobs initiative, on 1 July in relation to a major state graduate scheme, which I recommend. In Enterprise Ireland — the same has happened in Bord Bia — we are taking in graduates, training them and having them placed in Irish companies. We are also having them serve overseas as part of their training. Enterprise Ireland will expand its activity in that area over the next couple of weeks.

The final question was about SMEs getting stuck, which I agree is an issue. I am convinced that the answer lies in the strength of the management team. There has to be leadership to unstick them, and then the state, Enterprise Ireland or the relevant authority can assist them to grow. They need to hang out with the right people. I remember that my mother — Lord have mercy — always used to ask me when I was a kid, “Who’re you hanging out with?” It is the same for managers who are stuck, who tend to hang out

with fellow managers who are stuck as opposed to hanging out with people who have the spark or innovation to go for it.

We have a networking programme at Enterprise Ireland to bring in really good Irish entrepreneurs to challenge people. They sometimes take the challenge better from one of their own than they do from the state. It is all right for me to say, “I’m from the state. I’m here to help you.” However, if one of their own comes in and challenges them by saying, for example, “Why aren’t you involved in research and development?” or “You did such-and-such a development, so you are clearly involved in R and D — why aren’t you doing more of it?” They will sometimes take that message better from other people than they will directly from the state, although all routes are good that get them to move.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Frank. The Minister will speak again.

Mr Simon Coveney TD:

I have just a brief comment on the jobs challenge for the new Government in Ireland. One of the problems is that, if we rebuild an economy on the back of export growth, there will be a delay between an improving growth figure for the economy and improving unemployment figures. The reality is that, although there is dramatic growth in Ireland’s export sector, unemployment remains very high. That is because, even though the export sector is a huge driver of growth in monetary terms, it can employ only so many people.

The Irish economy is a story of two very different economies. One side of the economy is the export sector, which is now expanding and growing because we are more competitive as regards the cost base and because Irish exporting companies — both Irish companies and multinationals from outside Ireland — are driving on impressively. The other side of the economy is the indigenous economy that is not spending money — consumer spend — to the same extent as previously. That is where the vast majority of people are employed, which is why the Government’s recent jobs initiative was very much about targeting industries in the economy that are based around employing people in the indigenous economy, such as tourism or labour-intensive work in school building or roads rebuilding programmes.

I am not sure that there is a huge difference between the Cabinet’s view on peat and that of Frank Feighan, who has now left. There is a sustainable extraction policy for peat. Essentially, bogs that are currently open will continue to be harvested for the foreseeable future. The only issue in relation to peat

is whether we should open new blanket bogs. I think that the answer to that is probably accepted by most people.

As regards maximising food production, there is a political challenge here. In many ways, the current debate on the common agricultural policy is for some people the same as the debate 10 years ago, which is that we must control production volumes so that we can keep an artificially high price in the European Union for produce. My view is that that is flawed thinking, because a lot of the new markets for Irish produce are outside the European Union — it is the same for UK potential food exports. The European Union imports more food now than at any time in the past. It is totally flawed thinking to assume that Europe will be able to import more and more food as a percentage of its overall consumption while, at the same time, the rest of the world struggles to feed itself. The example of Argentine beef is useful. Argentina does not allow beef exports any more because it needs to feed its own people. The same might well happen with Brazil, if it does a specific bilateral deal on beef with China, for example.

There is a huge food security issue in the European Union in terms of the consistency of supply, quality and safety as regards food production, whether that is land based or sea based. Ireland and Britain have an extraordinary capacity to take advantage of that and increase volume as well as increase prices. We have a blueprint for the development of the agriculture industry in Ireland, which I would encourage those of you who are interested in the food sector to read. It is called 'Food Harvest 2020' and it sets out a plan to increase food production in Ireland by 50% in volume terms and — much more importantly — by 40% in terms of added value to product. That is about moving down the convenience food route and giving consumers all over the world what they want, as well as exploring markets such as the infant formula market. New Zealand is taking advantage of an extraordinary demand for infant formula in China, which has had huge safety problems with its infant formula in recent years and mothers there want to buy milk powder from Europe or New Zealand. We do not have the capacity to meet that demand at the moment, despite the fact that Ireland produces 16% or 17% of all infant formula in the world, a figure that will rise to 20% by 2020.

There is a limit to what Ireland, Britain, the Isle of Man, the Channel Islands and other areas that are represented on this Assembly can physically produce. We should be concentrating on food security within the EU. Germany imports 400,000 tons of beef each year. Ireland, as Europe's biggest exporter of beef, exports only 7,000 tons of beef to Germany. The potential, even within the EU, for increased food production at premium prices is extraordinary, never mind the potential that exists outside the EU, which is infinite, in terms of volume and quality, as the world's middle class grows and its demands for

consumption increase as well. The idea that farming is a stale, stagnant industry needs to change. Farming needs to be very much part of the smart economy in Ireland and the UK.

The Co-Chairman (Mr Joe McHugh TD):

We will take one last question, from Arthur Spring TD.

Mr Arthur Spring TD:

I heard Mr Ryan refer to the BMW region. I am glad that he identified the regions as being advantaged or disadvantaged. Some of the other people here have spoken about rural areas that are struggling to keep their graduates locally and develop sectors such as agribusiness, which I am particularly focused on. Within our region — there are similar problems throughout Europe — there are two economies: a Cork economy and a Kerry economy. That leads to there being two different capacities to create jobs. The Kerry area of the region has not achieved disadvantaged sub-region status, but, if the criteria of the two areas were to be treated in isolation, there would be a disadvantaged area right beside an advantaged area. What influence does that have in terms of attracting new business and seed capital for start-ups? I think that, if we could identify the disadvantaged sub-regions within regions — at a national and a European level — we could go a long way towards creating jobs in those areas.

Mr Frank Ryan:

There could be no restrictions in relation to where entrepreneurs will decide to set up an operation. We see strong entrepreneurship in the area that you are talking about — particularly in north Kerry, in relation to what Jerry Kennelly and his colleagues are doing in relation to the Endeavour programme and so on.

Again, I come back to the point about the private and public sectors working together to create greater levels of entrepreneurship. I take the point that it is more difficult, but it is possible. FEXCO in Killorglin is probably the ideal example of what can be achieved through entrepreneurship. That is in Kerry, but, to use an example from Donegal, at the other end of the western seaboard, there is a company called E&I Engineering that exports switching gear all over the world and employs 450 people. That did not exist 12 years ago. It can be done but, going forward, the Institute of Technology Tralee is a beacon for future prosperity in north Kerry. We have entrepreneurship programmes running there and, in addition, there is Jerry Kennelly's programme. The future will involve people setting up businesses for themselves to trade internationally. Success will not be gifted by anybody; it will have to be earned.

The Co-Chairman (The Lord Cope):

That brings the session to an end. It is my pleasant and easy duty to express our thanks to Frank Ryan and Simon Coveney for their words and for responding so fully to the points that were raised with them. The Minister's outlook on the future of agriculture and fisheries and the European negotiations that face him and his colleagues throughout the European Union was extremely encouraging to us all.

It is clear that Enterprise Ireland and, in particular, Frank Ryan are making an important contribution to the improvement of the Irish economy at this difficult time. Of course, it is good for the UK economy that the Irish economy should flourish — we are in no doubt about that. If any of our friends should doubt that Irish people are encouraging that, or should swallow too quickly the tourist advertisements showing an old-fashioned rural set-up, all we need do is quote a few of the wonderful statistics and facts that Frank Ryan put before us. To start with, ask them who the world's largest net exporter of pharmaceuticals is, and that will put them right.

From both speakers, we had the clear impression that Ireland's best days economically are ahead of it and that its troubles, while still with us and acute, can be overcome and are being overcome by forward-looking people such as the two from whom we have heard and their colleagues. The goods that are produced here are not the cheapest, but they are technologically advanced. I am sure that that is the way forward, and it is clearly in the mind of Enterprise Ireland. We are grateful that you came to share that view with us and give us such an encouraging picture for the future. Thank you both very much indeed. [Applause.]

Adjourned at 11.58 am.

Expressions of Sympathy on the Deaths of Dr Garret FitzGerald, Brian Lenihan and Declan Costello

The Co-Chairman (The Lord Cope):

So now we move on to the next stage of our deliberations. When we were working on the programme, it was clear to us, and we readily agreed, that we should spend a few minutes reflecting on the very sad death of Garret FitzGerald, but, of course, since then two other leading politicians in the Republic have died — Declan Costello and Brian Lenihan. I would like to pay tribute to their contribution as well.

First, Declan Costello, who served as Attorney General and President of the High Court, did a great deal and was widely admired both within the island and also further afield.

Brian Lenihan, of course, played a very big role as Finance Minister during the recent problems of the Irish economy and he showed both political bravery but also of course great personal bravery as his illness gradually caught up with him during the same time he was trying to deal with it — a man of great personal courage, and that came out very strongly.

Turning to Garret FitzGerald, there are some people who achieve, high office and make a contribution, as he did — Foreign Minister and Taoiseach on two separate occasions — but there are also some easily more than that and he was one of them who are stars, who illuminate the political life of a nation way beyond the particular offices that they hold at a particular time. It is my belief that Garret FitzGerald was one of those stars who illuminated the political landscape not only of the Republic but further afield.

Of course, we are inclined to remember him most for this part in the creation of the Anglo-Irish Agreement of 1985, which was a very important milestone. It gave us a lot of trouble in some respects, of course, but it was after all the original foundation of the peace process, which was come so well to fruition in more recent years. So he will be missed, but his contribution will, I think, be remembered for a long time, and one of the ways we shall miss him is we shall miss his column in ‘The Irish Times’, among other things, which often threw light on things even whether one agreed with it or not. It threw light on the events that were occurring.

I should like to express my personal regret and sympathy to his relatives and to the Irish people, but we shall remember for a long time the contribution made to politics by Garret FitzGerald.

Would anybody else like to join in on this subject?

Dr Alasdair McDonnell MLA:

I would like to add my comments to yours, Co-Chairman, because I think we all owe Garret FitzGerald a deep debt of gratitude. His legacy will be a lasting one, not just in the Irish Republic but throughout Ireland, and, indeed, beyond, because he was a moderniser and, as Taoiseach, he worked steadfastly to improve the lives of people through broadening the political and cultural landscape in Ireland.

In the North, he is remembered particularly for the setting up of the New Ireland Forum and for his pivotal role in the Anglo-Irish Agreement during difficult days, difficult times. But even to his political opponents, Garret was held in high regard and with warm affection because nothing was ever personal with him, he was genuine in his beliefs and genuine in his approach. He was a true statesman and I must say he was a great inspiration to me. As an 18-year old I arrived in UCD, and at that stage — it was before Garret’s political career had blossomed — he was just recently elected to the Seanad and there were great things happening in UCD at the time. Garret was right in the middle of it and was a tremendous inspiration and a source of great hope. He was a unique individual and perhaps, as Mark Antony said of Caesar, he bestrode the narrow world like a colossus and we are unlikely to see his like again. To those of us who knew him, he was a valuable friend.

In commenting on Garret, I would also like to comment on Declan Costello and Brian Lenihan, who, in very different ways, made tremendous contributions to the Irish state. Declan Costello perhaps laid the foundation with his ‘Just Society’ documents in the 1960s for the progress that Garret FitzGerald subsequently made and made a tremendous contribution in opening up Irish society at that time. Brian Lenihan was of another generation. I considered him as a very good personal friend and he was a tremendous individual when difficulties struck this country, and, despite major and terminal illness, he fought on in terms of holding his corner and working to resolve the financial difficulties we have. May they all rest in peace, and may they receive their just rewards.

Mr Robert Walter MP:

Thank you, Co-Chairman. I just wanted to say a couple of words about Garret FitzGerald and to tell a little story. In the mid-1980s when he was Taoiseach, I was then chairman of a group of Conservative parliamentary candidates and those who would like to be parliamentary candidates and Members of Parliament, and we organised a visit to Dublin to meet all of the political parties and political actors. I

remember a particular day when in the morning we had a meeting with a group of TDs, and I can say — and I do not think I will be contradicted — that at that time there was no love lost between Charlie Haughey and Margaret Thatcher, and we were informed of that.

We had delightful lunch with Mary Robinson, who was then a Senator, and other members of the Irish Labour Party. As Conservatives, we could not quite understand why the Irish Labour Party were such nice people and the British Labour Party seemed to be a little more aggressive. Then in the afternoon we were taken to meet the Taoiseach, Garret FitzGerald, and we were told as we went into the room that he had quite a busy diary and we could probably expect no more than 30 minutes. About an hour passed and his phone rang and he said, “Just clear the diary”. Having got in there at about 2.30 pm., at 5.15 pm., he said, “I really do now have to go. I have to meet the President.” I thought at the time this is a gentleman, a statesman of great character, of great intellect, of great passion. I think he is a statesman that Ireland can be truly proud of. The memory of Garret FitzGerald and it lasts in my memory that this was somebody who for a group of people who in those days were nobodies that Garret wanted to spend time to discuss what were important matters on both sides of the Irish Sea. He will certainly last in my memory.

Mr Seamus Kirk TD:

I thank you Co-Chairman for the opportunity to contribute briefly to the tributes to the three personalities who have passed away. Their personal traits were quite different, but they brought a huge sense of honour, achievement and commitment to the academic, political and legal landscape of Ireland.

In many ways, there were similarities in the challenges Dr FitzGerald and Brian Lenihan faced, particularly with the downturn in the economy in the 1980s and in recent years. Both of them had to grapple with it and did it successfully. While history, I am sure, will come to the bar of judgement on their respective performances in that regard, there is certainly one thing we can say: they brought a great sense of patriotism to bear on their deliberations and on their decision-making. I think we are very fortunate that in their different ways Garret FitzGerald, Brian Lenihan and, indeed, Declan Costello, were intellectual powerhouses. It was so important to have personalities like that around in the political arena at their given times.

They are a great loss to their families. Garret FitzGerald lived into his 80s and after university lecturing and his role in politics, he latterly turned to journalism where his writing in ‘The Irish Times’ was much read and much sought after. Brian Lenihan was a much younger man at the age of 52. Indeed,

he came relatively late in life to politics. He was a member of the big political family, certainly on the Fianna Fáil side, in Ireland — the Lenihans. He was absolutely engrossed in it. He was Minister of State with responsibility for children, Minister for Justice, Equality and Law Reform and latterly, he was cast as Minister for Finance. He brought a great enthusiasm, work rate, commitment and a great sense of patriotism to the work that he did. I think the manner in which he bore his illness over the last 18 months is ample testament to the calibre of the man. He is going to be a great loss to his wife, Patricia, and to the whole family. I am pleased with the opportunity that we can afford a few minutes here at the British-Irish Assembly to pay tribute to these giants of the political landscape in Ireland.

The Lord Mawhinney:

Thank you, Co-Chairman. I am not competent to speak about Garret in the context of Irish politics or Irish party politics so I want to tell a story that I have never told before in public, which shows his influence in British-Irish affairs.

In 1984, the Government published the New Ireland Forum report, which was a summary of hearings held under the auspices of all of the main Irish parties looking at what might be the constitutional future. It was ignored by the unionists and Sinn Féin, but it was a pretty comprehensive reflection of Irish political thought at the time. Garret brought that report across to London and met Margaret Thatcher and presented it her. Lord Cope will recall Margaret's famous summary of that report in the House of Commons the next day, which consisted of three words, "Out, Out, Out", one for each of the three main recommendations of the report.

Those of us who were in the mainstream of politics expected an equally robust response from Dublin, and there was just silence. And no matter how hard the Irish media pressed, the Irish Ministers were extremely discreet. Some weeks later to my huge surprise and honour, I got a phone call from the embassy saying that the Irish Government would like me to spend 24 hours in Dublin in the context of the New Ireland Forum report. The Irish Government's view, apparently, was that Margaret had misunderstood the report, which was what had led to her robust rejection of it, that the Irish Government took the view that there was nobody in Ireland that could persuade Margaret and so they were looking for someone who would have the freedom to cross-question the leadership of all of the parties in Ireland and then report back to Margaret on what he or she found. I was the one who was selected for this role.

I checked with Jim Prior, who was the Secretary of State for Northern Ireland at the time and who was more encouragingly responsive to the report than was Margaret, and he encouraged me to go. I met

the leadership of all of the political parties on my visit to Dublin, all of them at the highest level. Garret was out campaigning during the day, but I was told I could see him for three quarters of an hour in his flat when he got home that evening, but I was told it would only be three quarters of an hour because he would be very tired.

My experience was the same as Robert Walter's. At the end of 45 minutes, I stood up and said, "Garret, you've been extremely kind and generous". He said, "Do you have to go?". I said, "No". He said, "Sit down. I just need to pop next door to see my wife who is ill in bed, make sure she's all right". We then talked about the report and the things one did not say, like the issue of the need to change the Irish constitution. He was gracious, calm, erudite, perceptive and willing to take a risk, and he made it clear to me that when I reported back to the British Government he did not wish to see a copy of my report.

Chairman, 14 or 15 months later, I sat in Hillsborough and watched Margaret and Garret sign the Anglo-Irish Agreement. He played a significant part in that agreement, some of it politically sensitively behind the scenes not looking to engage in megaphone diplomacy but in the real diplomacy that delivers results. I pay tribute to my friend.

Mr Jack Wall TD:

Co-Chairman, on behalf of the Labour Party I would like to be associated with the sentiments expressed in relation to the three pillars of Irish political life — Declan Costello, Brian Lenihan and Garret FitzGerald. I sympathise with their families on their huge loss, but these were also major losses to the country as well. At a time when we are having so many difficulties, we have lost three important figures. Each one in his own right played a major part in defining the outlook of the Irish people. Brian Lenihan was such a young man who is a major loss to his family, but he played a significant part in his life, and he would have continued to do that as deputy leader of Fianna Fáil. I sympathise with the Fianna Fáil people here, and I feel so sorry that we are here on such a sad day for them.

Fine Gael has lost two father figures. I sympathise with the party in this regard. As a party, we were in government with Garret on one of the two occasions he was Taoiseach, and over that period he developed huge friendships with the Labour Party that continued until his untimely death. I know Garret sought individual meetings with our most recent party leaders to discuss where Ireland was. As previously expressed here, Garret liked to keep such meetings on a personal basis and he also did not highlight them. It was a fact that he had those meetings, that he expressed his concerns and he offered his

help to the Labour Party as we moved forward and in that way, to ensure the Ireland of tomorrow — Garret always looked forward rather than back — would be a positive place to be and that the young people of Ireland would have a place to be proud to live and work in. As a party, we express our deepest sympathy today to Fine Gael, Fianna Fáil and to the Costello, Lenihan and FitzGerald families because we have lost three pillars of Irish political life within a short period. The saddest part is that such historical value within the Irish political scene has been lost.

The Lord Dubs:

Thank you, Co-Chairman, for giving me the opportunity just to say a little about Dr FitzGerald. It was only a few months ago at the Irish Embassy in London that there was a lunch to commemorate the 25th anniversary of the Anglo-Irish Agreement, and Garret was there. He was in sensationally good form, spoke delightfully, and we all felt really warm to be in his presence again. But the story I really want to tell relates to the 1980s when he was Taoiseach. I may step on somebody's toes here, but if I do, forgive me.

We went into his office when he was Taoiseach as a delegation from the House of Commons. He welcomed us, and he asked us where we had been that morning. We mentioned the name of a bishop, and he said, "The man has a liberal reputation but the truth belies it". Then he went on to say, "In my experience, Irish bishops are a gloomy lot of people. I think Christianity in Ireland would do better without them". I found that a delightful comment. He did not play it safe, he was not conventional but he was honest and frank. Anybody who met him felt an enormous sense of warmth and affection for the man, and it is no wonder that in 'The Irish Times' this morning there is a cartoon that says, "He gave politics a good name".

Mr John Paul Phelan TD:

First, I refer to Brian Lenihan because he was the one of three whom I knew best and worked with as a Member of the Oireachtas for the last nine years, and the bravery with which he bore his illness to the end, attending party meetings in Leinster House and even attending constituency business right up to the week of his death. It was remarkable that somebody who was going through such a difficult illness was such an important position in government. His former Cabinet colleague, Willie O'Dea, said over the weekend that maybe it was being part of the Government and being in such a position that helped to take his mind off the illness he was going through. Certainly, it is a lesson for all of us in public life that he continued for as long as he could and he was the Minister for Finance up until 100 days ago. To his wife

and children, and his aunt, who recently left politics, his brothers and his extended family, I extend my personal sympathy. As finance spokesperson in the Seanad for Fine Gael for many years, I found him always willing to take on board the points of view of the opposition. The one thing about the three men we are speaking about is they were quite similar and they were certainly prepared to engage people who had very different opinions from themselves and to take on board suggestions from others who had different views.

I never met Declan Costello, but his impact on the Fine Gael party and on politics in the Republic of Ireland has been huge. He revolutionised, in particular, the way that the political parties in the Republic viewed Northern Ireland and the need for reconciliation within the island and, indeed, for change in the constitution in the Republic. Certain parts of that Constitution were repugnant to the unionists in Northern Ireland and Declan Costello was one of the major architects in changing that particular mindset.

I got to know Garret FitzGerald a bit, and I would not be sitting here today if it was not for him. I can remember November 1985. I was six, and I was minding my little sister, who was one. My mother was cooking in the kitchen, and Garret, Margaret Thatcher, Tom King and Peter Barry from Cork signed the Anglo-Irish Agreement. It instilled in me a lifelong interest in politics. I do not come from a political family, but every morning when I woke up, I turned on the radio to listen to what had happened the night before some place in Northern Ireland, and here were our political leaders doing something concrete to try to change it.

Garret was a fascinating character but he was a product of an unusual background — a Presbyterian mother from Belfast, a father who was reared in London, and both parents were in the GPO in 1916. He was a true republican in terms of his background, but in terms of his beliefs and his perspective on the future development of Ireland and relations between Ireland and Britain, he engaged right across the board.

He was deeply interested in theology, and I was interested in Lord Dubs's comment about the bishops. Famously, he had a lot of difficulties in the 1980s with the bishops in this country on many issues in terms of his constitutional crusade for which he became famous. But I can honestly say that I do not believe that any other Irish politician has had as much of a positive impact on the Ireland in which I live now than Dr Garret FitzGerald. Robert Walter mentioned earlier the time he would give to speak at particular events. I attended a Young Fine Gael conference four years ago. The average age of the attendees was between 17 and 24. Garret spoke for 46 minutes without notes, and he had them in the

palm of his hand at 83 years of age, and it was fitting that he was so active right up until the end. On the day he got sick, he was supposed to be on television that night. Perhaps he was overdoing it in terms of his appearances, but that was the way that Garret was.

I had the privilege on the day that the Dáil sat for the first time after the election to have my one and only one-on-one conversation with Garret FitzGerald in the Members' Bar where I sometimes go to have my lunch. It was just the two of us strangely enough in the Members' Bar. We had a half hour conversation about the speaking of the Irish language in south Leinster and Garret was able to identify a number of places immediately where I am from in south Kilkenny where the Irish language is spoken, such was the breadth of his particular interest. He looked at his watch and ran out the door of the Members' Bar because he was supposed to be on the 'News at One' at 1 pm, and that was the last I saw of him.

I want to extend to his children and wider family my own personal sympathy and that of the members of Fine Gael for what he did for our political party and, more importantly, for the country.

The Co-Chairman (The Lord Cope):

I do not want to cut anybody too short, but I have five more Members wishing to speak, so if they could not follow Dr FitzGerald's example too closely in that respect.

Baroness Blood:

Thank you Co-Chairman, I will be very brief. I am probably speaking about two of these men from a different point of view. I knew Brian Lenihan when he was Minister for children, which is my big interest in Northern Ireland, and I found the man to be a real gentleman. He listened to what we had to say and he was very helpful in a number of things he wanted to do. When I heard about his death last week, I was saddened.

I met Dr FitzGerald through the BIA, long after he had all these wonderful things in politics. I did not know him as a politician in that sense, but when we went to the BIA, one could always be sure if Garret was there, he would ask questions, provoking questions, not to cause controversy but to open up people's minds. We talked about a whole range of things, and that would be my memory of him. I like the kind of people who do not go beyond the norm and ask the right question. My lasting memory of Garret FitzGerald will be his love of both parts of Ireland. He lived long enough to see some of his dreams come true, and I send his family every best wish for getting through this bad time.

Mr Joe O'Reilly TD:

Thank you, Co-Chairman. The three things that linked each of the people to whom we pay tribute today was all three were completely committed to public service, they were compassionate people and they were people of absolute integrity. Declan Costello did so much to bring compassion into Ireland and to make us a more compassionate and caring people. Brian Lenihan was remarkable for his courage and patriotism in putting his public work ahead of his personal well-being and not selfishly spending his latter days with his family and at his own indulgence. He worked 24/7 right through until his death and it was an extraordinary commitment in difficult times. He merits our admiration and respect.

I was thinking when we were talking about the visit of Her Majesty and its success and the success of this Assembly, that the relationships that exist within this room now and the common commitment to advancing the relationships on our island owe so much to Garret FitzGerald. He pioneered the normalisation of relationships on an individual level and on a broader level, North and South, and across the sea. We collectively owe him a huge debt for that. "Game changer" is too flippant a term but he changed the way we looked at each other across the sea and within the island of Ireland and we owe him so much for that. In deference to your request on time, I will leave it at that but we have lost somebody very special in that regard. The way that we have such common purpose here today and our earnestness to go on doing good together is the ultimate tribute to the memory of Garret FitzGerald.

Senator Paschal Mooney:

In reflecting on the lives of the three political giants on our political landscape, Declan Costello introduced a document called 'The Just Society' in the late 1950s, early 1960s, which attempted, ultimately successfully, to steer the Fine Gael party to a more social democratic agenda. That was carried on by Garret FitzGerald when he assumed the leadership of Fine Gael in modernising his party and between Declan Costello's initiatives and Garret FitzGerald's modernity, you now have essentially the success that Fine Gael is today.

Everybody has talked about Brian Lenihan's courage. He was an extraordinary gentleman in that practically everybody felt that he was a friend of Brian's because Brian was such an open person but what linked all three, I would suggest, is that they were all visionaries. The body politic is not well served by visionaries, particularly in Ireland. We have very few people of the calibre of the three people who have passed away.

One small anecdote about Brian Lenihan's commitment and courage is that we in Fianna Fáil were going through a very difficult time in the last quarter of last year from October through to Christmas, at which time there was a great deal of speculation about whether there would be a leadership heave and whether the then leader, the Taoiseach, would either stand down or would be required to stand down. It was common knowledge among both the media and those within Leinster House that Brian Lenihan was one of those who was interested in taking over, but, such was his loyalty to Brian Cowen, he did not move against him, which perhaps was to his detriment ultimately.

I was somewhat bizarrely involved in the discussions around that time. I will just leave the Assembly with this reflection on the commitment of Brian Lenihan. He was so passionate about the party's future — as has been pointed out here, he came from a political family — and he said, when I asked him why he would not discuss the leadership with Brian Cowen, he owed him far too much loyalty because he had promoted him on his first day to be Minister for Finance but, at the same time, he said, “I want to save this party, I want to lead this party”. And with a great deal of passion, he suddenly said, “A man with a death sentence wants to save this party and save this country”. I felt that summed up the essence of Brian Lenihan. Ar dheis Dé go raibh a anam agus anamacha Garret FitzGerald agus Declan Costello. I offer my deepest regrets and sympathies to their respective families.

The Co-Chairman (The Lord Cope):

I have several more wanting to speak but I am afraid this must be the last contribution, because Joe McHugh and I have got to go and welcome the Taoiseach and bring him to you, so that last contribution will be from Frank Feighan TD.

Mr Frank Feighan TD:

I just want to be associated with the expressions of sympathy regarding those three remarkable men. Brian Lenihan was very successful in everything he did over the years. Anybody in opposition knew that if you wanted any help or anybody to make a difference, Brian Lenihan would always go across the floor of the Dáil to help you out. I got a phone call from two friends of mine for whom a small deed by him made a huge difference in their lives. They rang me yesterday morning to pass on their expressions of sympathy to the Lenihan family. They are very much from a Fine Gael background.

Declan Costello certainly brought a bit of light into this country with ‘The Just Society’ when it was not a just society, and he will be fondly remembered.

But the one person I wish to speak about is Garret FitzGerald. Garret had a huge interest in people no matter where you came from, whatever political or religious divide you came from. He made a huge difference with the Anglo-Irish Agreement. He was not your parish pump politician, and he took on vested interests. At the time he took on the Church in this country. The Church and state were too close for our own good, but Garret, seemingly, at some of the meetings that he held, they went for all hours. Once somebody came up with a good idea, and he said, “Well I know it works in practice but does it work in theory?”

He came to Cork one time on the train electioneering. The Cork county colours are red and white, and at Kent Station a young girl went up and handed a huge teddy bear to Garret with a red and white scarf. He said, “Oh it is lovely but what do they colours signify?” These incidents were used by his opposition to say he was not a man of the people. He was not a parish pump politician; he was a politician who believed that he could deliver the future of this country. I know that expressions of sympathy were made by people who opposed him over the last 25 years but who knew that this was a decent, honest man who had the interests of the country at heart. My sympathies go to the families of the three people.

The Co-Chairman (The Lord Cope):

I must draw this session to a close but it has been a remarkable session of this Assembly marking the passing of three men who made a great contribution to the politics of these islands.

But the next session is the Taoiseach. If you will please remain in your seats while Joe McHugh and I go to welcome the Taoiseach and to bring him to address you, we shall be back shortly.

The sitting was suspended at 11.40 am.

The sitting was resumed at 11.50 am.

ADDRESS BY AN TAOISEACH.

The Co-Chairman (Mr Joe McHugh TD):

Members, it is indeed a great pleasure and privilege to welcome to our plenary An Taoiseach, Enda Kenny, TD. An Taoiseach is a former member of the British-Irish Interparliamentary Body. Taoiseach, you are very welcome back.

In addition to speaking about the economy, I also hope the Taoiseach will have an opportunity to touch on the importance of the bilateral relationship between Britain and Ireland. Taoiseach, we made the point this morning that this is an important and auspicious time in British-Irish relations, a time of strong partnership and ever-strengthening friendship. In particular, in the wake of the recent deeply poignant and transformative visit by Her Majesty, Queen Elizabeth II, there is now an opportunity to use the significant momentum generated by the royal visit to work even closer together.

On your visit to London just last weekend, you would have tapped into the enthusiasm and goodwill even amongst the Irish community in the United Kingdom, and I suppose the challenge of this body is to try to turn that goodwill into tangible outcomes enhanced trade, co-operation and deeper linkages, in particular, in relation to the economic difficulties facing our countries.

Taoiseach, I invite you to address the Assembly.

The Taoiseach (Mr Enda Kenny TD):

Good morning Co-Chairs, fellow parliamentarians, ladies and gentlemen. I am glad to be here with you on this morning at the 42nd Plenary Conference of the BIPA. I want to thank your Co-Chairs — Lord Cope and Deputy McHugh in the task that you are now undertaking and to wish you every success in that.

I also want to welcome the new Members who have been appointed to the Body in recent months and, indeed, to welcome back some long-serving Members whom I know are here this morning as well.

We meet in the aftermath of several historic elections on these islands. The results of those elections were both critical historic in their own way and in their own context. But they had one particular point in common. They proved once more that the will of the people is supreme and that all of the democratic institutions have the strength and the support to reflect that popular will, even in these extremely difficult and ever-changing times. That is particularly why I am honoured and happy to be here this morning.

The Government I lead are firmly committed to build on the democratic achievements on this island in recent years and on the very positive relationships that exist throughout these islands. The British-Irish Parliamentary Assembly is an essential part of our new democratic architecture and an essential expression of the value we place on those new relationships. This body, as the Co-Chairman has pointed out, has an honourable and established history — one that dates back to 1990. The British-Irish Inter-Parliamentary Body, as it was then, was established specifically to encourage greater understanding between the people and parliamentarians of these islands. Over 20 years later, it has clearly succeeded in this objective. I know that because I was a Member of the initial Body that was set up in early 1990. I see former Deputy and Minister, Jim O’Keeffe, down there who was a Member of the first Body as well.

In 2001, it was enlarged to include representatives, and rightly so, of the Scottish Parliament, the Welsh Assembly, the Northern Ireland Assembly, the Isle of Man and the States of Guernsey and Jersey. It is true to say that the strength of friendship and co-operation on matters of mutual interest that has grown between us in that time is indeed truly historic — no longer silos of independent but island and assemblies of greater co-operation.

Over the past two decades, this Assembly has played a crucial role in the improvement of the British-Irish bilateral relationship in particular. Its importance in fostering dialogue, and important bonds between our democratic institutions should never be underestimated.

It has acted as a link, firstly, between the Oireachtas and Westminster but more recently, it has opened up new and valuable channels of communication between all of the Administrations in these islands. I think that is important. I know that many of you will personally benefit from the strong interpersonal relationships that you will make with each other as Members of this Assembly, as I did myself during my association with it many years ago.

Indeed, as we meet here today, I am sure we are all conscious that we stand on the shoulders of many major political figures, including past Members, who have helped bring us and joint with us in the peace and friendship we now enjoy today.

I am glad to note following the opening of the plenary by Minister Coveney that you have honoured the memory of former Taoiseach Garret FitzGerald. He served his country well, and he dedicated his life to the betterment of public service for the peoples of the island of Ireland, North and South. He passed

away during the historic visit of the Queen, secure in the knowledge that his portion of the completion of the jigsaw and the picture of normal relationships was enhanced further.

I would also like to pay tribute to the work of another great Irishman, Declan Costello, who passed away during the week. He was, as you know, the author of 'The Just Society' document, elected in the 1950s right through to the 1970s. He too did the state some service.

And of course I know that you have been paying tribute to Brian Lenihan, former Minister for Finance, whose remains lie in Dublin at the moment, and I would like to again publicly express my sympathy to his wife and family and to the Fianna Fáil Party, which has lost such a valuable, important and esteemed colleague. The life's work of these three men was dedicated to the betterment of life on the islands from which the Assembly is gathered here today.

The month of May 2011 was indeed an extraordinary one in the history of Ireland's bilateral relationship with Britain. The state visit of Queen Elizabeth II, which you have spoken about, marked a new chapter in what is now clearly a strong, positive and forward looking relationship. No Taoiseach in the history of our country has had the opportunity or, indeed, the privilege of being able to report the progress and the outcome of a visit of a reigning British monarch to this country. This is the first occasion that this can happen in a political assembly, and, from that perspective, this truly was historic and for the future places the relationship between the parliamentarians and the assemblies and between the islands on a very different footing.

That visit spoke so very eloquently of the new reality that relations between our own two countries have been transformed and strengthened over the past period. Reconciliation between Ireland and Britain has been hugely advanced through the working together of successive Irish and British Governments with the Northern parties on the peace process. The closing of old wounds has given new life to the oldest of relationships. That relationship retains its historic resonance, but it also has a fresh, new and contemporary dimension.

In that, the question of identity has been absolutely central. Coming to terms with the issue of identity has played a large part of the progress that has been made between our two countries. Equal respect for Irish and British identity also lies at the very heart of the Good Friday Agreement — the bedrock of that new relationship. It has underpinned all of the significant progress that has been made in Northern Ireland since 1998.

That respect was captured perfectly by the presence, the words and the gestures of both President McAleese and Queen Elizabeth II at Dublin Castle, the Garden of Remembrance and the National War Memorial in Islandbridge. And it was embodied by the warm welcome from the people of this city when the Queen visited Cork. Her visit also highlighted the importance of British-Irish relations in all their dimensions, in trade, in business, culturally and politically.

The extent of our business and trade relationship is clearly illustrated by the fact already before you: every week €1 billion of goods and services and up to 100,000 people cross the Irish Sea; more than 40,000 Irish people are on the boards of British companies, well over double the figure for any other country; and Britain exports more to Ireland than it does to China, India, Russia and Brazil combined.

So, we have bonds of history and politics, of economics, of trade, of culture and of kinship. In all of these close relationships, there will inevitably be challenges. That is the way things always are. We cannot and should not expect to always agree with each other.

But the context in which our disagreements are discussed and resolved is now firmly based on the friendship, respect, trust and co-operation that exists between us. We have learned that continual engagement with each other on matters of mutual concern is absolutely vital if real understanding is to be achieved.

That was enhanced by the fact that the British Prime Minister, David Cameron, came to Ireland during the Queen's State visit. On a number of occasions where I discussed this with him and where we gathered together a couple of hundred serious business people, the British Prime Minister and I spelled out what it is that we want from business to enhance further trading links between both our countries and also in the context of achieving the full potential of the single market within the European Union.

The work of the BIPA exemplifies this. When you look ahead, we are now in the fortunate position to be able to work at building on the peace and progress of the last decade and focusing on the wider partnership of common interests between our two islands.

It is clear, for example, that we have much to learn from each other as we meet the challenges posed by the ongoing global financial crisis. Recent developments in the Irish economy and banking sector have impacted terribly on our people at home and on our reputation abroad.

The supportive and timely response of the British Government was both notable and appreciated. This gesture, I think, illustrates how positive Britain's attitude is towards Ireland and was a clear acknowledgement of the close interconnection between our economies and our mutual interdependent interests.

My Government are committed to meeting the major economic challenges that this country faces. While we still have a long way to go, we are meeting our targets under the IMF-EU programme of support and we are getting on top of our banking crisis. We have taken decisive action to restructure and recapitalise our banking system, at costs that are within the envelope provided for in the IMF\EU programme. The costs will also be offset by measures involving subordinated bondholders, asset sales and private finance.

We are beginning to get our public finances in order. We are working with our EU partners to make sure the programme operates in a way which facilitates early return to the markets, including the level of interest rate charged. We have taken dramatic action to reduce our fiscal deficit, and we will continue on this path to make the target of a 3% deficit by 2015.

Clearly, economic growth is the key factor in debt sustainability, and we have taken early policy decisions to promote growth and assist job creation. We have had some discussions about this. We have made some very significant improvements in competitiveness already, and we will take necessary action to maintain that positive trajectory.

Our balance of payments current account is due to go positive this year, which is an important indicator of sustainability. We continue to attract significant levels of foreign investment by providing a competitive, business-friendly environment and a skilled, creative and flexible workforce. And we intend to retain our corporation tax, which is a long-standing part of our enterprise policy.

We are also working hard to rebuild Ireland's reputation, both inside the EU and beyond, by ensuring the progress that we are making is communicated effectively and by assuring other governments of our seriousness of intent in this matter. As we speak, both the Minister for Finance and the Minister for Jobs, Enterprise and Innovation are in the United States meeting a range of business and investment interests in this country.

Ladies and gentlemen, I am a realist; I am also an optimist. I believe in positive thinking and a positive approach. Peace on this island was achieved by the hard work and sacrifice of so people over the years. They were people like John Hume and Garret FitzGerald, as front-runners, who refused to believe that even the most difficult and intractable problems could not be solved.

The successful implementation of the Good Friday Agreement has proved the optimists right. It has transformed the life of everyone on the island of Ireland. The inclusive, power-sharing institutions in the North continue to evolve and to perform. At the ballot box on 5 May, the people of Northern Ireland gave their overwhelming endorsement to the parties committed to making the institutions of the Good Friday Agreement work.

I join First Minister Peter Robinson in his pledge, after that election, to work to build a shared future of peace for all the people of this island in honour of the memory of Constable Ronan Kerr — a young man callously murdered simply because he chose to pursue a career in the service of the people of this island.

I want to assure you today that the Government that I lead are committed to protecting all of the gains that have flowed from the Good Friday Agreement and to bringing the relationship between the traditions on this island to a new and a higher level. I have a deep personal commitment to this process. I believe there is now no obstacle to the implementation of the remaining outstanding commitments from the Good Friday and St Andrews Agreements.

I welcome, in particular, the progress that has been made towards the establishment of the North-South parliamentary forum, which will complement the work of this body and the other institutions. I had the honour of chairing my first plenary meeting of the North-South Ministerial Council last Friday. This was the first meeting between members of my Government and the new Executive in Northern Ireland.

Our key priorities are to strengthen the island economy as an essential component of economic recovery, to help create jobs for our people and to improve cross-border public services such as health and education. You are aware of the agreement of the Government here to assist in the provision of radiotherapy services in Altnagelvin Hospital, Derry, which will both provide a service for people either side of the border from Donegal and Derry and so on and also reduce costs overall to the island in terms of the delivery of health services.

Through the work of the British-Irish Council, which is also rooted in the peace process, we will also work energetically together with our colleagues in Scotland, Wales, the Isle of Man and the Channel Islands to promote positive and practical Improvements in the lives of all of the people who elected us to represent them. I look forward to attending my first summit of the British-Irish Council as Taoiseach next week in London.

I said at the outset, we are now in a new era. We should take time to reflect on the possibility of what that offers, as we should reflect on the huge achievements of the peace process and the transformation in relationships that we have all helped to bring about.

When I met President Barack Obama recently, I was greatly struck in our discussion by just how important a model Ireland is for him and for those who work for peace in other parts of the world, such as the Middle East. It is an achievement that we should treasure and that we must protect. It is an experience that we can and will share with other challenged parts of the world. Most importantly, it is an unprecedented and wonderful opportunity for all our futures on these islands.

With your help, working together, as friends, we will not let that opportunity pass. I wish you, Lord Cope and Deputy McHugh, every success with the bodies with whom you deliberate on this Assembly in the times ahead. You have a great deal of work ahead of you. Go to it with enthusiasm and diligence and fulfil your obligations, as I know you will. Thank you.

The Co-Chairman (Mr Joe McHugh, TD):

Thank you, Taoiseach. The Taoiseach has to go to another engagement at 12.45 pm. Can I ask the contributors to keep their contributions to the minimum, maybe two to three minutes? I will call on Jim Wells for the first question and I will three or four and we will get the Taoiseach to answer them as a group them. I will take Jim Wells first and then Maurice Cummins.

Mr Jim Wells MLA:

Taoiseach, I understand in addition to being Prime Minister, you are also the Father of the House. I lay claim to being the Father of the House at Stormont, so I never thought that at one stage of my life the two of us would be having this discussion.

Could I also thank you for your support for the Londonderry Altnagelvin radiology project and the need for that? We are very reassured by your commitment to the funding for that much needed unit.

The issue I would like to discuss, and I think it is the elephant in the room, is the National Asset Management Agency (NAMA). I notice that you did not concentrate on the issue. NAMA has profound implications for Northern Ireland as well as the Irish Republic in the sense that a large number of the debts are held by companies operating on the northern side of the border.

We feel a bit aggrieved that we were not given a seat on the board of NAMA to have some direct input into how something having a profound impact on our economy was being rolled out. Just one statistic worth noting is that the construction industry in the Republic apparently is down by 90% in the private housing sector. In Northern Ireland, it is only 60%. Now that is still a dreadful blow but it is a different scale. Our problem is that actions taken by the board of directors of NAMA could have a profound impact on Northern Ireland, that policies could be rolled that are relevant to the Republic but not to our situation and that could bring economic stagnation to our country. I know we have two members on the advisory panel, but we do not actually have any say in the direction of NAMA. I understand there are billions of pounds sterling tied up in NAMA funds in Northern Ireland. If those were to be wound up quickly and liquidated at a very sharp discount, that would have a profound impact on our entire economy.

Senator Maurice Cummins:

What role can the British-Irish Parliamentary Assembly play in fostering even greater relationships between our countries and in strengthening the links that we have and need to strengthen into the future?

Mr Jim Sheridan MP:

Taoiseach, you quite rightly identified the dangerous world we now live in, particularly in the Middle East and the Far East. Given that some of the concerns we have are people wishing to attack our islands, on that basis, do you think there is a case for greater integration of our intelligence-defence agencies?

Mr Martin Heydon TD:

In light of the fact that something like 16% of Irish exports go to Britain and about 7% of British exports go to Ireland, I feel the visit of Her Majesty has played a huge role in seeing relations between our countries mature. While it has allowed us to place a difficult aspect of our past relations in its own place, it has also allowed us to look to the future with a very clear focus. In that context, I am greatly excited at the establishment of the British-Irish chamber of commerce to help grow and further the business linkages on our islands. Taoiseach, what role do you see this new chamber playing in expanding the already very strong trading links between our islands?

Mr Kris Hopkins MP:

As a former soldier who served in Northern Ireland as the Anglo-Irish Agreement was signed, and I saw the violence as a consequence of it, can I just register my tribute to Dr FitzGerald and to Margaret Thatcher for having the courage to make that step at that point in time? I did not feel too positive about it at that moment in time because I was having loads of bricks thrown at me but it was an important step on that route. I still pinch myself at the sight of some of the politicians who shake hands and work together so positively in Northern Ireland, to witness the amazing historic visit of Her Majesty to Ireland, which I never thought I would see, and to sit in a room like this and see lots of delegates from all over the islands work together so positively. There is a huge moral responsibility. My question to the Taoiseach is how do we absolutely embrace that? We have got to really grasp this positive movement to make sure it works not just for the people of the future but for the responsibility we have to the people who gave their lives to get to where we are now.

The Taoiseach:

Fathers should get together very often and discuss these things. Jim, you are actually having a discussion with Frank Daly, chairman of NAMA, tomorrow. Now we discussed elements of this at the North-South Ministerial Council on Friday. We are well aware of the implications both in respect of the banks' situation, as far as the North is concerned, and NAMA. Obviously, when we made the decision about the banks requiring them to de-leverage non-core assets, that applied to assets outside the island of Ireland because we are conscious of the implications for banks and their assets in Northern Ireland.

The NAMA situation is one that continues to arouse considerable comment both for and against. Obviously, it is set up in law. It has got its own powers. We are somewhat concerned about the movement of property on to the market because a floor apparently has not been reached in all sectors yet. So we are discussing that both with the Department of Finance and NAMA. You will have your opportunity to question the chairman tomorrow, but there are elements that I am not happy about, and we are going to focus on that for the future but also in respect of the implications clearly for assets held in Northern Ireland.

Senator Maurice Cummins asked what role the British-Irish Parliamentary Assembly could play. I will tell you. What I really want to see here is that the Members of this Assembly would exchange their own telephone numbers with each other because the real impact that you are going to make is not at plenary sessions but in between. Somebody from the Welsh Assembly, the Scottish Parliament or

whatever can make contact with a member of the British-Irish Parliamentary Assembly simply by calling them up about an issue that is either positive or where there is a difficulty. The real impact of this Assembly is created at the informal meetings and the connections that can take place between formal meetings. I know you may break up into sub-committees to deal with particular issues but that is where the "get to know you" impact is at its greatest as it was when this was set up in the very beginning. I recall being a Member back in the 1990s when people just did not have a clue about the interests or the issues that were of importance to British MPs at the time. It showed them and our own people that politicians elected under different systems in different jurisdictions could actually work together in the common interests of the people and the economies of the islands. That is actually what happened as part of that process.

There is a mix here of experienced politicians and new politicians. For those younger people who are new to this Assembly, I would say that this is a great opportunity to forge connections, understandings and acquaintances for the future. Many of them will be in politics in their respective jurisdictions for a very long time. That is the value of it. It is really a case of being able to have political connections and understandings with people from different assemblies in the common interests of the people and the economies.

I agree with Jim Sheridan in respect of the integration of intelligence in so far as it is concerned. Let me say that prior to the visit of the Queen to Ireland, intelligence exchange and co-operation, as will be evidenced by the British Ambassador, the PSNI and the Garda authorities, were, and are, at an all time high. In so far as allegations or issues about potential threats to her visit were concerned, the sharing of that intelligence was at a very all time high. You are aware of confiscations and prevention of other crimes and other potential crimes, both North and South, and much of that comes from shared intelligence. We are aware obviously of the implications internationally of terrorism, both for mainland Britain and other areas. That will continue.

Deputy Heydon, the chamber of commerce does not have a legal responsibility to direct that things can happen, but I will put it this way to you: we have, as you know, on the figures really strong trade links between Britain and Ireland. The way we can help that is through the chamber of commerce that can actually say to politicians, "Look, this is the problem", "I will show you where the red tape is", and "I will show you where the blockage to even more trade is", which means jobs either way.

I join with the British Prime Minister in saying to business on both islands to show us where the blockages are, to show us where the doors need to be opened for further business to be accommodated and to tell us where the improvements can come about.

Both Governments are committed to actually improving that, both in the context of the single market and its potential of 500 million people but also further improvements between both islands. I think all of you who are Members of this Assembly should say to business in your own regions, tell you, point out to you, from practical business operators where the blockages are to further business being done. The British Irish chamber can look to the future in a world that is changing every week and that will change utterly in the next decade to how we can improve further business links either way. Even in the Troubles, when I was Minister for Trade myself, business was always done North/South as a sounding board for new products and so on. While the Northern Ireland market might not have been sufficient for an in-depth analysis of the quality of a product to go on a European or global scale, trade was always done, and rightly so, between both sections of the island.

If the British Government and the Northern Ireland Executive decide to reduce corporation tax to 12.5%, the same as that of the Republic, I would welcome that because it has the potential to develop the economics of the island of Ireland. For the British-Irish Parliamentary Assembly here to meet with the British Irish chamber and get from it practical, credible, achievable objectives, both in terms of restrictions to business and blockages to business opportunities, politics can realise those by making changes where that be necessary.

For instance, in the recent decision by our own Government to focus specifically on a section of the development of that economy in the tourism sector to reduce the VAT to 9%, targeted and focusing in on that sector. The means the British Irish chamber could look at how that might be achieved in practical terms both ways. For 6 million people of Irish descent who live in Britain, there are ideal opportunities to come to Ireland as a consequence of that and for the industry here to respond appropriately.

Thank you, Kris, for your comments in respect of Garrett Fitzgerald and Lady Thatcher. I recall being a member of the governing party. I was a member of the New Ireland Forum set up in the 1980s, which dealt with elements of what might happen Ireland, North and South, were an agreement to be achieved. That was not to be following the rejection by the then British Prime Minister, Mrs Thatcher, of elements of that, and there was great disappointment about that. Yet, within 12 months, the Anglo-Irish Agreement was signed, which shows you the belief in politics, and conviction that you can actually work

through difficulties that appeared to be very difficult in the beginning actually does work.

You are right because people who now serve in politics shaking hands with each other are actually going beyond that in working with each other in common interests assure the normalisation of politics and how democracy can demonstrate that good politics does work. That is the challenge for politics, for the Governments, both for Britain for Ireland here and for the Executives and the Assemblies. We have got to prove the peace that has come from democracy will continue.

That is why, for instance, the International Fund for Ireland is so important from the United States as a lever for further assistance from Europe, particularly for areas that are deprived, challenged and disadvantaged in Northern Ireland on both sides of the community because you do not want young men in particular reverting to the ways of violence and crime.

From that perspective what you are doing here is adding to the demonstrable power and authority of democracy by showing that good politics actually does work and that it gives those young, challenged people a different way of life, a different career where they can have their opportunities in an island where peace and prosperity are the focus of all the people in order for them to carry on their lives as they would wish.

Mr Chris Ruane MP:

The Irish in Britain, as you will know, have made a huge contribution to Britain, building the roads, canals, railways, tunnels and general infrastructure in education, in nursing and also in politics, and I want to pay particular tribute to my fellow Welshman, Paul Murphy, who did so much to promote peace in Northern Ireland.

They have also helped the Irish economy in the 1940s, 50s and 60s by sending home remittances to help to keep Ireland afloat in those difficult times. Many of those people that made those contributions are now elderly and in need of help from both the British and the Irish Governments. We pay tribute to the role of the Irish Government in the past with the DÍON funding but also make a plea to the Irish Government and to the British Government that in times of austerity and times of cuts, remember the contribution the Irish have made to our two countries.

The Lord German:

Thank you, Taoiseach, for talking about the role of this Parliamentary Assembly. I wonder whether you believe there is a role for the British-Irish Council and this Parliamentary Assembly to work more closely together. Like all parliaments and executives, there is a role that could be much enhanced by looking at the common matters of interest, not just where this Parliamentary Assembly would have more time to do the details, and working more closely with the activities of the British-Irish Council. I wonder if you could give us an indication of whether you feel would be important and whether in your coming discussions in the coming few days you would be able to raise that.

Ms Ciara Conway TD:

Go raibh maith agat, a Chathaoirligh. Taoiseach, I just would like to ask you the question, and, in some ways, you may have already touched on the issue. We see from this Assembly a greater partnership is growing up amongst the chambers of commerce between the two islands, so what I wonder now is that we are more than just an economy on these two islands, we are a society. Do you see a role in the British-Irish Parliamentary Assembly for the development of social policy and how we can learn from each other in terms of models for best practice? I know that in Britain they have had great success with the implementation of the Sure Start programme in terms of trying to tackle educational disadvantage and child poverty and if this is something that we can learn from. Equally, the models for best practice we have established around community education programmes and what you see as our role in relation to this matter. Go raibh maith agat.

Mr Paul Flynn MP:

Do you, Taoiseach, agree with the call made today in the 'Irish Independent' for a fresh look at drugs policy in support of the global commission's conclusion that 40 years of harsh prohibition has been evidence-free, prejudice-rich and deeply self-defeating in increasing the drugs tragedies and drug use throughout the world? Should we be embarking on a new policy that does not depend on the criminal justice system but depends on effective health solutions and treats drug addicts as patients, not as criminals?

Mr Robert Walter MP:

Thank you very much. In the last year in Europe's neighbourhood, which concerns both our countries, in Egypt and Tunisia we have seen regimes overturned. In Libya we have a conflict that is ongoing and also, the tragedy in Syria. I wondered if I could ask the question of the Taoiseach, in terms of his concerns that the lead in responding to these issues seems to be still taken by member states, and most

particularly Britain and France, whilst at the same time Europe's neighbourhood policy is currently costing us collectively €1.6 billion. We created in the last couple of years crisis management capability in Brussels, the European External Action Service, our battle groups and military staff, on which Irish servicemen have served, in fact ably led by an Irish general, Pat Nash, on the mission in Chad a couple of years ago.

Despite all of this and these crises and conflicts, there is no common European position; it is member states who are taking the lead. I wonder as the leader of a smaller member state, how you view this lack of a common European policy in issues that affect us in our own neighbourhood.

The Lord Skelmersdale:

Taoiseach, in answer to an earlier question, you commented about the imbalance of the VAT rate between, in particular, the North and South in this island.

There is, of course, a problem and that is the European VAT directives. However, my question is slightly closer to home. We share another common economic problem. The recapitalisation of your banks has not yet been completed, as I understand the matter. How then are you encouraging them to lend to businesses which want and need to expand?

Hon Stephen Charles Rodan SHK:

I wanted to ask about the common travel area and how we can preserve the historic, traditional freedom of movement of residents of these islands within our common external border. What joint work is taking place between your Government and the UK Government to strengthen security of the common external border in a way which avoids threats of border controls within the common travel area? I am thinking particularly of specific issues such as common criteria for the issue of visas to third-party nationals as a way of strengthening the external border without having to introduce any particular border controls within that border.

Senator Paul Coughlan:

What are the plans for the future of Tourism Ireland, given the Taoiseach's recent discussions on the matter with his Northern counterparts? Will he provide a brief update?

The Lord Mawhinney:

Taoiseach, when you come to the end of your time in government for what one thing would you most wish to be remembered?

The Taoiseach:

Chris, yes, the Irish in Britain have made a remarkable contribution. Coming as I do from County Mayo and the west, emigration was part of our genetic make-up for two and a half centuries. It was more common for people to go to work in Liverpool, Birmingham, London, Cleveland or America than it was to go to work in the local towns because of the depressed economic state. I, myself, recall many of the remittances coming through post offices, whether it was a fiver a month or whatever that was coming back from Cricklewood or Kilburn or elsewhere. I thank you for your comment in respect of the commitment and work completed by Irish navvies, as they were known over many decades.

I have to say that I have a particular interest in this issue. I have always, on my visits to London and elsewhere, taken the time to go and see the people who run many of the institutions that now house people either too proud to return home or unable to do so because of a variety of personal circumstances. I am aware, for instance, of the difficulties that apply in the case of Hammersmith at the moment, where the lease will run out on the building in the next 12 months. That is an issue that needs to be deliberated on. There is a requirement there for over €1 million in order to secure that lease. I have also been down at the Safe Start facility and those in Kilburn who look after these.

I thank you for that comment. It is a part of our country that we should never forget. Those who had the opportunity or indeed the necessity to travel to England to work, either in agriculture or in the mines, railway lines or buildings, were able in part to keep their families sustained in this country through those remittances.

Lord German, I agree in respect of the British-Irish Council. There can be closer co-operation, and from my perspective there will be closer co-operation because the valuable work that this assembly can actually do should not be lost and kept to this particular Assembly. It is necessary that whatever valuable and good proposals or initiatives come from the understandings achieved here with the British-Irish Parliamentary Assembly should become part of the deliberations of the British-Irish Council. That is a contribution that I will personally make when we meet next week for the first time since I have had responsibility as Taoiseach. I hope to follow through on that.

I agree with Deputy Conway. When we move beyond merely the economics of the kind of countries that we are, social policy is so important. I can tell you, Ciara, that at the North/South Ministerial Council on Friday we discussed issues of infrastructure, education, health and examples of where community developments in challenged areas actually work and how a model for that kind of performance, let us say, in areas of Northern Ireland or the Republic, could be interchanged in respect of how best to get best effect for state contributions but also for harnessing the power of the voluntary contribution that so many people give in terms of their work and commitment in these areas. I agree fully that social policy is an issue that a sub-committee of this assembly could usefully work on in terms of examples of where the best and most effective drawdown of State contributions actually works in challenged areas, be they urban or rural.

Paul mentioned the issue of drugs. Obviously, we will not settle it today or tomorrow here in the British-Irish Parliamentary Association, but I think that, given the scale of what is going on, the international and global business of crime is enormous. Gang warfare on the streets of some of our towns speaks for itself and for the ruthlessness that is applied in the pursuit of territorial domination for purposes of greed and wealth arising from the sale of illegal drugs. It is a constant battle. It is necessary to take best practice not just from Ireland and Britain but internationally, where democratic politics uses its resources to interact and make an impact with those who are challenged by being sucked into the drugs area or become victims of it and how to rehabilitate them. This is not an easy situation to deal with because the forces of law and order in many countries are behind in terms of the electronics and all the rest of it available to those who want to pursue the drugs area.

We should consider, for instance, that the largest drugs haul ever found in this country — it was in west Cork — was made up of €500 million worth of drugs dropped in bales with GPS locators and all of that. But for a technical fault in one of the engines of the RIB which caused it to get into difficulty, the drugs might not have been detected at all. The scale of what is involved here is enormous.

On your question as to whether those who are the victims of drugs should be seen as persons who really need help, as distinct from being branded as criminals, in locations around the world where different methods have been tried, the trail to those responsible in the first place is all through the money. I pity many of those young men and indeed, to an extent, some young women who I have met in the last years with their arms destroyed by needles and all of that and the difficulties that this creates in a society, be it here or abroad. It is an issue that the British-Irish assembly could have a view on, but obviously it is one that concerns every government and ministry for justice.

In respect of Robert's question about the Middle East, as I have said before, I believe it is necessary that the European Union look at where we are actually headed here. If you look at the changed revolution that is taking place now right across areas of the Middle East from Yemen to Bahrain to Syria to Egypt, in many ways conducted through the internet in the first instance, you can see the difficulties that are now being encountered in openness and transparency. In Syria, for instance, reports are very serious indeed. Obviously, it is an issue that the European Union, as a Union, has got to look at. In that sense, the last leaders' meeting in Brussels concerned itself with Libya and the question of assistance to those who want to end the regime of Gaddafi and how that might best be assisted in co-operation with other countries, including the United States. I think the question of a common view is fraught with tradition, in many cases, in European countries. It is difficult to get a fully agreed position, in so far as many of these countries are concerned.

Lord Skelmersdale raised the question of corporate tax rates and VAT rates. Well, tax is a matter of national competence in respect of each country. As in the case of Northern Ireland, for instance, if the British Government and the Executive decide to have a reduction to 12.5% of corporate tax, there may be implications obviously for Scotland and for Wales and the Scilly Isles or whatever. But it is a matter of national competence. It is so important to us in the case of corporate tax rates in the first instance.

When you asked the question about recapitalisation of the banks, in Ireland we had six dysfunctional banks. The Government made a decision to have two pillar banks — Bank of Ireland and AIB — and required them to deleverage their assets, non-core assets, abroad, which provides money for capitalisation. What we want to do though is also to put a degree of competency into the banking system, which became sort of involved only in developments where property and assets were concerned, as distinct from providing credit and loans for cash-flow businesses and all the rest of it. What I require actually is that we would know on a quarterly basis what new credit has been extended by banks, as distinct from roll-over credit or whatever else.

I think it is fundamental, if we are to grow our economy here, that businesses under pressure, businesses that want to change direction, businesses that have had their overdrafts just taken away and businesses that have been turned down because of any risk from banks that have become, that were so used to throwing money left, right and centre in the past but cannot do so now. To that extent, the Government will introduce a limited loan guarantee system to make that situation more flexible for the banks to lend in the first place. I have to say that from meeting business all over the country, there is a

great interest in actually getting back to being in a position to employ more people, to change direction and expand business. That is why Government made their decision in respect of the reduction of employers' PRSI — to make that easier as well.

Stephen Rodan raised the question of the common area. Obviously, Ireland is not a member of Schengen, nor is Britain. I think this is an issue that is going to arise and be looked at in a European context. We recently made a decision at Government level to ease the facilities by which people could actually visit Ireland here. In other words, from 18 different countries where visas are granted to visit Britain, people on the same visa would actually be able to come to Ireland here. To be quite candid about this, we have had a very difficult situation in so far as visa approval has been concerned. I myself as a public representative have had occasions where serious business interests in Ireland have had undue delays because of restrictions upon visa entry to the country. So we have looked at that as an immediate step in terms of flexibility with our British counterparts, but also to look at the potential that exists for education between many countries. We are going to continue to develop that in a more flexible fashion because it does mean further potential for us here as an economy.

In respect of Senator Coghlan's question about Tourism Ireland, well I was always of the view that irrespective of difficulties North and South, Tourism Ireland and the tourist potential on the island of Ireland is something that should be, that is, if you like, does not cause any difficulties politically. But the trick here, Paul, as you know coming from the neighbouring county of Kerry, is actually that the visitors who come here — to whatever part of the island they come — be given a quality experience and in that sense, when they leave they will want to come back. Now we did, I remember being in the tourism business myself, in the Ministry, we did an analysis of I think it was 10,000 tourism diaries to see where people went and where they travelled around our country, the issues that concerned them. But the question was at the end, what would bring them back? And 85% of people them said it was the interaction with the people because we are curious. We are an inquisitive people. We like to know where people come from and what interests them.

In that sense, all the infrastructure is here — the hotels and the golf courses and the walks and more of them happening and all of that. But it is now necessary for the industry to respond here. We have brought the travel tax down to zero to have airlines live up to their commitments to bring more people in here. The industry has got to respond. Whether visitors come from Britain, where they make decisions like ourselves on the hoof and very quickly, to go for a weekend to Ireland or to Britain, or on a longer-term basis whether it is to come from America, Tourism Ireland has got to look at this. I know it is set up

under the North/South, under the Good Friday Agreement, a Minister for Tourism is actually looking at the effectiveness of having the bodies in the way that they are at the moment.

For me, I would like to think that people, when they think of vacations or holidays would think of Ireland as being different — as being a place where they are going to get a quality experience, as distinct from just looking at views or landscapes. If you think yourself of all the places you have been in your long career in politics, many of them have faded from your memory except for the ones where people made an impact on you. And in that sense, we have got real potential here. And when I think of, for instance, one of my beloved pastimes in the past used to be the odd game of golf, you know we talk about the potential for the home of champions, particularly those in the United States who like to play links golf from Royal County Down right around to Portmarnock. We have got some of the finest courses in the world. When you think of the home of champions from McIlroy, McGrane and McDowell and Clarke and Harrington and all of these people, there are serious opportunities to develop that just as one niche area there.

Lord Mawhinney, you asked the ultimate question — at the end of my time, how would I like to be remembered? Firstly, as the Taoiseach or Prime Minister who led our country back to economic freedom ourselves, that we can legitimately have demonstrated that we lead our way out of the IMF-EU-ECB bailout, that we get back to the bond markets and be in charge of our own economic destiny. Following that, as a Taoiseach who led a government that implemented its own programme for government of reform, of demonstrating that democracy works, both on the island of Ireland and in building that relationship for the future. And that we provide platforms where that people can say “public moneys are spent effectively”, “they are not afraid to change the system to give better effects for our people, both young and old”.

As I said on many occasions, even prior to the recent election, that my Government, comprising two main parties — the Fine Gael Party and the Labour Party — want to demonstrate that, by 2016, we will be the small country in the world in which to do business, the best country in which to raise a family, and indeed the best small country in which to grow old with dignity and respect. I think that would be a fitting objective to have as a political objective.

The Co-Chairman (Lord Cope):

Time is against us. I am afraid we cannot take any more questions. But it is my duty to thank the Taoiseach very warmly on your behalf for sparing so much time to come and share his ideas with us and

to be with us. I think I am right in saying he is the first head of government of the jurisdictions which are represented here to be a former Member of this Body. That was quite apparent in what he said and in the way he encouraged us in our particular work and the contribution we can make, both in exchanging telephone numbers, as it were, and the things he had to say about that, but also in some of the positive issues that he suggested to us. I particularly welcomed what he said about the British-Irish Council and our being able to work closely in that way. But his whole message, particularly his response to Brian Mawhinney's question right at the end was so extremely positive and refreshing and that, of course, mirrored what we heard earlier from his colleague in government, Simon Coveney, and also from Frank Ryan. It is the positive nature of the message which is important.

You said just now that when you have a holiday, what you remember afterwards, the ones that really make an impact, is the people you come across. It is the people who make the difference and you, Sir, have made a difference here in coming to talk to us in the way you have and answering our questions and we are very grateful to you. I would like to give you a small present just to mark the occasion of your visit.

The Taoiseach:

I thought it was a tie, but I have the tie.

The Co-Chairman (Lord Cope):

You have the tie, otherwise we would have **had** to give you one.

Now that concludes this session but the photograph will take place in a few moments in the garden by reception. If you would kindly remain in your seats until the Taoiseach leaves and then he is going to join us for the photograph I am very glad to say. After that, lunch will take place in the Kiltegan Suite, which is, apparently, where we had dinner last night, if you recall. I think those are all the practical matters I need to say. The sitting is now suspended until 3 pm. Thank you very much.

The sitting was suspended at 12.50 pm.

The sitting was resumed at 3.10 pm.

MURDER OF PSNI OFFICER RONAN KERR

The Co-Chairman (The Lord Cope):

The first item on the agenda is the motion on the murder of PSNI officer Ronan Kerr. Those of you who wish to speak should indicate in the usual way. It will, of course, be in order to draw some conclusions on the wider security implications from that ghastly incident.

Mr Frank Feighan TD:

I beg to move

That the Assembly condemns unequivocally and outright the recent murder of PSNI officer Ronan Kerr in Omagh and urges that those responsible are brought to justice; extends its deepest sympathies to PC Kerr's family, friends and colleagues; asserts that those responsible for this cowardly atrocity have no mandate to act in the name of the people of Ireland; remains steadfast in its support for the Police Service of Northern Ireland and the Garda Síochána to tackle and overcome the scourge of terrorism; offers its full support to the Irish and British Governments, the First Minister and deputy First Minister of Northern Ireland, the Members of the Northern Ireland Executive and Assembly, to oppose any violent attempts to undermine the peace process.

PSNI Constable Ronan Kerr's murder shocked and saddened people the length and breadth of Ireland and beyond. It is very important that we, as a Parliamentary Assembly that represents a wide spectrum of political parties from across the two islands, should unite in our condemnation of his murder. Ronan's life, his work at the PSNI and his involvement in the GAA were emblematic of the new dispensation in Northern Ireland. The willingness of Ronan and others to turn the page and look to improve the society in which we live threatened those whose narrow interests lie in violence. They have very little support in any community, and I believe that I can speak for us all when I say that Ronan, his family and his grieving colleagues and teammates in the PSNI and the GAA have our sincerest condolences and our steadfast support at this time of loss.

Rt Hon Paul Murphy MP:

Thank you, Co-Chairs, for what will probably be a short but very important debate on the terrible murder of PC Kerr. I will make a few comments, because it is important that this new Assembly, which is made up of so many new Members from these islands, not only expresses in no uncertain terms its revulsion at what occurred and condemns what happened but reasserts the principles and values from when the Good Friday Agreement was signed nearly 14 years ago, which the Taoiseach talked about earlier.

When I first went to Northern Ireland as a Minister in 1997, the murder of two RUC officers was one of the first things that I had to deal with. Although some terrible atrocities occurred afterwards,

particularly, of course, Omagh, the memory of those two innocent men who had been shot down and murdered stayed with me for a great deal of time because of the very thought that they had been going about their business and were murdered in a cowardly manner, leaving behind grieving families.

I had thought that that was at an end, and one of the terrible aspects of the PC Kerr murder was that it had come back and come back in a way that is particularly awful, not only because of the awful and terrible effects that it had on his family and friends but because he was a young Catholic policeman who had taken up the job as a member of the PSNI in a special, new PSNI that had been created over the past decade. Obviously, the idea was to try to intimidate other Catholics into not joining the Police Service of Northern Ireland. One of the most poignant and moving parts surrounding the funeral and the tributes that were paid to PC Kerr was when members of his family said that they did not regret his joining the Police Service of Northern Ireland. Indeed, they said that they would encourage others to do exactly the same.

The other good aspect to come out of this — if there are any good aspects — was the absolute universal condemnation, particularly that from all the parties in Northern Ireland, which was made in a very special way. I was very moved, for example, that the First Minister of Northern Ireland, Peter Robinson, went to the funeral, because that perhaps might not have happened years ago. All those things indicate a change in the mood of Northern Ireland.

There is, however, a warning. The Taoiseach talked this morning about the need to ensure that we complete all aspects of the Good Friday Agreement, and he is absolutely right about that. The North/South Parliamentary Forum, which has just started, has been one of the last things to happen. I add one caveat to all this: we must not take the Good Friday Agreement, the peace process and the political process for granted. There is a tendency to think that all is, indeed, still well, because we have had so many years of relative peace and because we have not seen something like this for a decade or more now. However, it is not.

There is a group of dissident republicans who are not just fanatical but hugely dangerous not just to the peace process but to human life. It seems that we must always bear in mind that, although the peace process is not fragile — it is as firm and as stable as it could ever be — there are still wicked people on this island who are prepared to do things such as that which we saw with the murder of Constable Kerr. That means that co-operation between the two police services has to be at the highest possible level, and the Taoiseach indicated earlier that it is, that there should be good co-operation between our security and

intelligence agencies, and that all the efforts that have been put in over the past number of years should be increased to ensure that there is not a repeat of that appalling murder and atrocity.

I am sure that every single Member of this Assembly will vote for the motion. Since 1993, the Assembly has worked to ensure that we have got not just a successful political process but peace on this island. However, now and again that can be threatened by evil men and women. That is why it is so important that this be discussed today.

Mr Jim Wells MLA:

Obviously, I am totally in support of the motion. Paul Murphy mentioned the killing of the two policemen in Lurgan. My brother should have been on that patrol but was called off it the night before to go to a training course at head office. I will never forget, when I heard about that dreadful event, running very fast down the street in a place called Feeny to find a call box — it was in the days before mobile phones — to ring my mother and tell her that I knew that my brother was not on that patrol. That brought home to me, to a very significant extent, the horror of what happened. Many members of the old Royal Ulster Constabulary were murdered, and we remember the sacrifice that they made.

As some Members indicated, it is important to remember the context of what is happening: almost all the attacks on the PSNI in recent months have been on Roman Catholic members. In my constituency in August 2010, a bomb was left under the car of a female Catholic officer, and in that car was her three-month-old baby. The intention was quite clear: to blow up that mother and her child. Can you imagine what Northern Ireland would have been like had that occurred and had they been successful? The bomb fell off, and as a result, Constable Cole — she was named locally in the press — was saved from almost certain death. There were also two roadblocks in my constituency that aimed to intercept members of the PSNI who, again, were females from the Roman Catholic community.

Another incident occurred when police constable Peadar Heffron was dreadfully wounded and mutilated in south Antrim as a result of a booby trap bomb. We then had an event on the Antrim Road where, again, a booby trap was aimed at intimidating those brave members of the Roman Catholic community who had taken the decision to serve their country and to bring about a better Northern Ireland for all of us. We salute them and their bravery. Many of them come from very difficult areas.

We are delighted that the PSNI has now got to the point where it has a significant number of members from the nationalist minority, because that meant that 50:50 recruitment, which was such a

problem for many unionists, could be set aside, which was good news. There is absolutely no doubt that the intent is to drive members of the Catholic community out of the police; it is not aimed at any other sector. We, as an Assembly and as constitutional political representatives, must stand by those who have made the strong decision to support their community by joining the police and who have done so in often difficult circumstances.

If we can get through this difficult period, and those folk remain resolute in their wish to support the community and policing, I think that society will come out of this stronger. Thank you.

Baroness O’Loan:

Speaking in support of the motion, I know that I do not need to remind fellow parliamentarians of the terrible legacy of pain, suffering and trauma in Northern Ireland. So much has been achieved. Even though there were many good, honest, brave police officers, policing was at the core of our problems, and the development and reform of policing has been core to the resolution of those problems.

Ronan Kerr was one of thousands of young men and women who have come forward to serve their community from that part of it that is Catholic. They have done so knowing that, in so doing, they place at risk their hopes, their future and, indeed, their lives. I met virtually every one of them as they went through the police training college, and I was so impressed by their dedication to our future. They are a brave and committed group of individuals.

Even today, as we celebrate and enjoy our peace, particularly in this very beautiful part of Ireland, I think of the significant number of people I know who have had to leave their homes in past months because they are being targeted by dissident republicans, those whose daily lives still involve the need to search under their cars for booby trap bombs — the type of bomb that took Ronan Kerr’s life — and those who need to think about how and where they socialise and how they move about. Their lives are still very constrained by the occupation that they have chosen.

We do not have complete peace, and Ronan Kerr was murdered because he was a young Catholic policeman. Stephen Carroll was murdered two years ago because he was a Catholic police officer. Mr Wells spoke of Peadar Heffron, who is fighting to reconstruct his life after suffering terrible injuries in a car bomb that was very similar to that that took Ronan Kerr’s life.

Ronan’s death is a tragedy for his mother, his siblings, his family, his friends and his colleagues, but it

has brought into sharp focus the terrible reality of our ongoing conflict and has made his younger and older colleagues even more aware of their vulnerability as they live their lives as part of our whole community. There is nothing wrong with being afraid in such circumstances, and I know that many of them are.

Despite that, they persist in their chosen careers. Since I assumed office as the Police Ombudsman, the number of Catholic officers has risen from 7% to about 29%. That has happened over 10 years, and it has taken great courage on the part of many of those young men and women.

So, in professing my profound sympathy and supporting the motion, I reiterate the call of Ronan's mother for young police officers to go forward with courage and confidence, notwithstanding what happened to Ronan. We need a police service that is representative of all our people, and we need more young men and women of the calibre and distinction of Ronan Kerr.

Those who are responsible for his murder did not do it in the name of anybody who has a right mind. They did not do it for Ireland. As we heard from the Taoiseach and the Minister, Ireland, North and South, is fighting a very different battle: the battle of economic and social recovery. The dissidents bring nothing but terror and devastation to the island, North and South.

As we remember the courage, commitment and energy of Ronan Kerr, this parliamentary Assembly will surely wish to do everything that it can to manifest our commitment to the peaceful future. It can do that by perhaps ensuring that nothing that is done allows the glorification of murder, because there is a risk that, by allowing that, you allow others to be led into the cause of dissident republicanism. In part, the legacy of this fine and brave young man must be that we look forward together, not just to peace but to peace and reconciliation on this island.

Mr Arthur Spring TD:

I thank the three previous Members who spoke. I bow down to their superior knowledge of Northern Ireland and the affairs that have gone on heretofore.

It is important for us to say that the Republic of Ireland was abhorred by what happened. People the length and breadth of the country came out to say that that was not what we stand for and that we now exist under a democratic choice in the guise of the Good Friday Agreement.

The courageous steps taken by Ronan Kerr and the Catholics on this island who joined the PSNI are conversely mirrored by the cowardly decision by those who are not democrats, and, in my eyes, not republicans. They are dissidents who are engaging in an activity that is for only a small minority. Peace is tentative at all times. At no stage, should we take our eye off the ball, because, if it took so long to bring peace, it can take such a short time to unravel it again. This is one Assembly in which, I am delighted to see, people are getting on very well. However, peace should be to the forefront of all matters that we take care of here. I know that we find ourselves in economic difficulties, but peace cannot be taken as a given. I support the motion.

Mr Pádraig MacLochlainn TD:

I strongly support the motion. It is important that we cease using the term “dissident” republican to describe those responsible for the murder of Ronan Kerr, the attack on Peadar Heffron and other attacks that have taken place fairly regularly: “dissident” almost gives them an air of respectability. The term “dissident”, when we think of Russia and other countries, is for intellectuals and those who have intellectual disagreements with a process. Quite often, we would lend a listening ear to hear their point of view and support it.

I am not aware of any elected representative to any town, county, city or borough council on the island of Ireland, or to an Assembly or Parliament, who supports the continuance of violence or who supports the attack on Ronan Kerr. Not one single elected representative. So, who do they represent?

From the enquiries that I have made into these matters from time to time, it is clear that we are talking here about extended families. Now, we would not attach any credibility to criminals involved in drugs wars in inner city areas being supported by their extended families. Therefore, we need to cease giving the terminology “dissident” republicans to those who carry out these attacks.

The history of this island has been deeply impacted by violence. Violence has caused much hurt and pain through the generations. As an Irish republican, I deeply regret that point, and every time thereafter, in our history when republicans had to use violence as a means of achieving their objectives. Republicanism is a noble ideology. It is based on the equality of man and woman and the belief that every person, from their moment of birth, is entitled to the same opportunities and rights. It is a noble ideology, but its connection with violence diminishes it.

The biggest achievement for everybody of ideology in this Ireland is that, in this room today, in unity

to advance the interests of our people, we have gathered unionism, republicanism and various other viewpoints in the British political landscape. After hundreds of years of history, it is a wonderful moment to be here today to see the unity of purpose of those who were elected to represent our people.

So, I make this plea to all of us in political leadership: stop using the term “dissident” republican. Find a new way to describe the handful of people who refuse to accept the Good Friday Agreement and who refuse to celebrate the fact that we now have a policing organisation that everybody can pay allegiance to in the North, that we now have institutions that protect the rights of everybody in the North, and that we now have a space in which, whether unionist or republican, you can sit down in peace in a room and debate your viewpoint one to one. It has taken us a long time — hundreds of years — to get to the point where it is absolutely clear that violence has no place and we can resolve our differences peacefully.

So, we must reject utterly those individuals who were responsible. We must remind ourselves that not one single elected representative on the island of Ireland endorses what they do. That includes elected representatives from the smallest town council, where people can be elected by 50 votes, to the highest position in the land, where it may take hundreds of thousands of votes. Although that small, tiny number of people has the capacity to kill and to take advantage of the fact that the North of Ireland is no longer a militarised zone, we need to be clear that we have achieved immense things. We need to make sure that there will no longer be any deaths and that violence no longer has a place in our sad history.

Ireland today is a beacon of hope to the people of the world. The peace process in Ireland, and what we have achieved in having unionists and nationalists, republicans and unionists in government, making decisions that concern each other, is a beacon of hope to the entire world. It is a light to shine on darkness and conflict across the world. The death of Ronan Kerr can shine a light. The image of the GAA, officers of the former RUC and the PSNI together, celebrating the courage and dignity of a young man, his mother and his family, is a wonderful message to send to the world. Ronan Kerr will not have died in vain. His life will be a beacon for conflicts across the world.

Mr Willie Clarke MLA:

I also support the motion. I begin by paying tribute to Nuala Kerr, Ronan’s mother. She showed extreme courage. Even through her personal grief, she found time to urge young Catholics not to be deterred from joining the PSNI and to urge the community to stand up and be counted. That was remarkably courageous of her.

I am sure that Ronan thought long and hard about joining the PSNI. Coming from a nationalist background, it must have been a difficult thing to do. My experience of policing was very negative. It was one of brutality on a daily basis, be it in interrogation centres or on the streets. For me, it was typified by scenes of republican funerals, particularly those of the hunger strikers, where mourners were beaten off the streets. Such images stayed with me forever. I was only about 14 years of age when I witnessed those scenes.

However, Ronan represented a new beginning in policing. He was a bright light: a young Catholic, an Irishman and a Gael. His vision was of a neutral police service — not a police force — that is representative of the whole community. Like the political situation in the North, the police have changed immensely, and I pay tribute to everyone involved in bringing that about. As the Member who spoke previously said, the so-called dissidents want to drag us back into the dark place of conflict.

However, there is no going back. That is my statement: the war is over. There is no place for conflict. The Good Friday Agreement provides for a peaceful and democratic means to obtain republican objectives. It is important that we continue peace building. Politics must deliver for the people, and we have to send out a message continually to people who still believe in armed conflict that it is politics that will change constitutional aims.

As we sit here, in the British-Irish Parliamentary Assembly, I am sure that Ronan is here in a spiritual context. I am sure that he endorses the work that we are involved in. Out of a vast array of differing political opinions, we are involved in building the peace, and that is very hard. It takes a lot of time, effort and personal sacrifice. It is very difficult. There is a lot of giving, and there is a requirement to listen to one another and give each other space to come to certain conclusions.

So, we are in a process of healing, and there must be greater dedication to the needs of victims and survivors. We need a focus to bring resolution to the suffering of all the victims of the conflict.

In conclusion, the PSNI is now, or is getting towards being, representative of the community. I think it is a vision of good policing. I never thought that I would sit on a district policing partnership holding the PSNI to account, but I believe that we owe it to Ronan and his family and all the victims of the conflict to ensure that peace prevails.

Mr David McClarty MLA:

I will be brief, because most of what can be said has been said. I fully support the motion, and I wish, like other Members, to extend my sympathy to the family and friends of Ronan Kerr. I also note the suffering from the deaths of other PSNI officers and those who have been maimed, such as Peadar Heffron.

There is no place in society for those who carry out such heinous acts. What have those who carried out these acts gained? Absolutely nothing. They have not furthered their warped political agenda one iota; indeed, their action has united rather than divided people, because young men and women from all sections of the community in Northern Ireland are joining the PSNI to make a real and positive difference to everybody's lives.

Like others, I trust that Ronan's death will not have been in vain, but, as Paul Murphy stated, there are evil men and women out there who have been rejected by society and are still determined to carry out such atrocities. They must not succeed, and they must not be allowed to succeed.

Baroness Blood:

I support the motion entirely. I was in Omagh on 30 March this year speaking at a victims' conference where the Bloody Sunday families and the Omagh victims' families came together to look at how they would deal with the past. The conference was aimed at remembering the past and looking to the future. I think it was one of the most moving conferences that I have ever attended. People, although emotional, were trying to get there, and three days later, we had this terrible atrocity when Ronan Kerr was blown up in Omagh. My heart went out to the people of Omagh. They were trying to move forward, and this looked like another block in the way.

Looking back to that week, who could fail to be moved by the dignity of Ronan Kerr's mother? It was absolutely fantastic. I do not know where she found the strength to come out and say the things she said. How proud she was of her son.

Another thing that came out of those dreadful days was the community message to the people who do these kinds of things. I never thought I would live to see the like of what happened at Ronan's funeral, yet, it happened. Paul Murphy is quite right: the peace process is 10, 11 or 12 years in the making, and it is still in the making. You cannot take it for granted. There is still a lot of work to be

done, and that work is ongoing.

The last four lines of the motion strike me, as they include the phrase “undermine the peace process”. I have to tell this Assembly today that that will never happen. The people of Northern Ireland are moving forward, and we are moving forward together. Nothing can be stronger than that.

Mr Patrick O’Donovan TD:

First, I wish to be associated with the motion. I am seated between two people who have devoted a huge amount of their political and public careers to the promotion of peace and reconciliation in the North. Listening to their comments, it is refreshing to see how much this country has changed. I also concur with Pádraig MacLochlainn’s comments. As someone who grew up in a household that espoused the values of republicanism based on power of the people vested in the people, however that is exercised — your differences of opinion are another day’s work — I want to say that those people have no mandate and they represent nobody.

One of the things that, for me, highlighted the cross-community support for the Kerr family was that Cormac Hurley, a councillor in my area who is well known to a lot of people in this Body and is the deputy mayor of Limerick, travelled to Ronan Kerr’s funeral to represent the people of Limerick. He did so, because, in 1996 in the village of Adare, which is in my constituency, one of Cormac Hurley’s colleagues, Detective Garda Jerry McCabe, was murdered on the streets while carrying out his work on behalf of the people of this state as a member of an Garda Síochána. To see Ronan Kerr’s coffin being passed from the shoulders of the PSNI to the shoulders of the GAA, including its president, was a symbol that, together with the symbolism associated with the GAA’s welcoming the Queen to its headquarters at Croke Park recently, shows how much we have matured. It also shows how far out of step those people are, whom I brand just as criminals. Whether they are in the Northern jurisdiction or the Southern jurisdiction, they are small in number, but they are a threat. We need to take on board the Taoiseach’s comments this morning, as well as Paul Murphy’s comments.

One of the refreshing things that showed how out of step those people are with the rest of society north and south of the border is that, during the recent Assembly elections, most of the editorial coverage afterwards, certainly on this side of the border, referred to how boring Northern Ireland politics had become. The issues of water charges, tuition fees, taxes, the economy, jobs and even the National Asset Management Agency (NAMA) had suddenly replaced the issues of sectarianism and division, and there was now a functioning democracy in Northern Ireland, the role of which was to deliver to the people that

elected them. The day that politics becomes boring in a country shows that it is successful and that the process is successful.

So, I want to add my voice to the motion, and I sympathise with the Kerr family on their loss. If anything can come out of it, Ronan Kerr's mother can be held out as a light to both communities in Northern Ireland as someone who has suffered the ultimate loss in her life. She has buried her son at a young age, and it should never happen that a parent buries a son, particularly in such a tragic circumstance. She has borne her loss with such dignity, and she really is an inspiration.

The Co-Chairman (The Lord Cope):

Thank you. That is all the contributions from the Floor. I cannot resist adding a word myself. Like others, I have memories of occasions of this character and of some respects of this character, particularly from 20 years ago, when I was the security Minister in the Northern Ireland Office for a short while. I was very struck by the funeral of that young officer and the striking symbolism of, on one hand, the leader of the DUP attending a Catholic Mass, and, on the other, the leader of Sinn Féin attending a policeman's funeral. That was a great contrast with a few years ago. After all, the guard of honour was jointly provided by the GAA and the police. Again, that is something that would have been difficult to contemplate a few years ago.

Of course, Paul Murphy is quite right to indicate to us that, as others suggested, we must not relax. The striking thing is that all the politicians at every possible level all over this island, and, for that matter, the UK, as Pádraig MacLochlainn said, are of one mind that this must not be allowed to succeed. The peace process has got this far, and we must build on that and continue to work in that way and address the other problems that are serious enough, such as the economy, to which this meeting has been mainly devoted. With those few words, I will put the Question.

Question put and agreed to.

Resolved:

That the Assembly condemns unequivocally and outright the recent murder of PSNI officer Ronan Kerr in Omagh and urges that those responsible are brought to justice; extends its deepest sympathies to PC Kerr's family, friends and colleagues; asserts that those responsible for this cowardly atrocity have no mandate to act in the name of the people of Ireland; remains steadfast in its support for the Police Service of Northern Ireland and the Garda Síochána to tackle and overcome the scourge of terrorism; offers its full support to the Irish and British Governments, the First Minister and Deputy First Minister of Northern Ireland, the Members of the Northern Ireland Executive and Assembly, to oppose any violent attempts to undermine the peace process.

TOURISM AND THE ECONOMY

The Co-Chairman (Mr Joe McHugh TD):

I would like to introduce Niall Gibbons, CEO of Tourism Ireland. We are absolutely delighted to have him here today because he has actually had a very busy schedule over the past number of months, with the visit of President Barack Obama and Queen Elizabeth II. Equally, he has been involved in an idea that he mooted a few years ago — the all-Ireland visas and the change of legislation. He has had a very busy schedule; he has been all around the world, marketing the Tourism Ireland brand. So without further ado, I would like to introduce Mr Niall Gibbons from Tourism Ireland.

Mr Niall Gibbons (Tourism Ireland):

Thank you very much, Chairs. I am delighted to be here. I am facing one of those moments in my career when the technology has been plugged in and we are waiting for someone to connect the right plugs to get things started.

It truly has been a momentous month, there is absolutely no doubt about it. I was giving a presentation last week to all the HESO Irish ambassadors who are back from overseas. I declared myself to be the happiest man in Ireland, because who could have had the sort of platforms that we have had for the past month, with the visit of President Obama and of Queen Elizabeth II? To measure it by the publicity that those two visits gave us, so far what we have been able to quantify is 41,000 broadcast articles in 110 countries. If we were to buy that, it would cost us €298 million. There are other things that I cannot quantify — in other words, if somebody said, “I’ll give you 10 minutes on the BBC ‘News at Ten’ every night, and ITN as well, and it’s all going to be good news”, it would be hard to put a figure on that.

I will talk to you about the first couple of files in the presentation anyway. I was going to talk today about what is happening globally in relation to tourism, to run through an overview of Tourism Ireland’s main markets and to look at where we go from here — what are key strategic issues facing the industry. To put the industry in perspective, tourism is probably the most important indigenous industry on the island of Ireland. It accounts for approximately 4% of GNP. It employs approximately 200,000 people across the whole island, and what is important is that these are not jobs based in urban areas — they are spread evenly throughout the entire island of Ireland. We have had a couple of difficult years, as has the tourism industry globally, but this is an industry that contributes significantly and at a fast pace to economic revival.

The United Nations World Tourism Organisation is the global body that keeps an eye on the industry generally. It started in about 1950 with a total of about 25 million arrivals and by the end of 2010 that 25 million had become approximately 950 million arrivals worldwide, spending about \$693 million. So tourism is big business globally.

What has happened in the first months of this year is a bit similar to what happened last year. Emerging and new economies, particularly the likes of Asia and South America, have seen double-digit growth, and more mature economies, like those within Europe, are seeing low single-digit growth. However, last year world tourism arrivals increased by 7%, and in the first three months of this year, world arrivals increased by approximately 4.5%.

The good news is that from an island of Ireland perspective, the first quarter results are out for the Republic of Ireland, and they show an increase of 8.6% in world arrivals, and Northern Ireland an increase of just over 7%. It is early days yet, but the island of Ireland has gained market share. What is particularly encouraging is that the increases are coming from all market areas. For example, new and developing markets had their busiest first quarter ever in the first quarter of 2011, albeit off a low base. Secondly, the north American market, which is very important from the perspective of regional travellers and length of stay, was 1.5% up on its best ever first quarter in 2006.

What is more encouraging is that the British market, which is the most important market in this island, north and south, increased both to Northern Ireland and the Republic of Ireland. That market accounts for 50% of all our visitors and approximately 35% of all our revenue. We have put a very significant effort into trying to grow our share within that market.

Our technology has not quite come back yet, so I am trying to talk through my presentation from memory. Regarding the British market, the island of Ireland had a difficult situation. The number of British tourists travelling abroad has declined back to the level it was at in 2001. The number of British tourists travelling to western Europe, including Ireland, has fallen back to the level it was at in 1998. That falling market has meant that Ireland has lost a significant number of visitors. The island of Ireland will have peaked back in 2007 at approximately 5 million visitors. That number fell back to 3.5 million by the end of 2010.

Our response to that was to increase by 30% the investment that we put into the British market this

year and to ensure that we were operating on a wide number of channels — across television, radio and particularly new channels like social media. It also involves taking big events like St Patrick's Day, which is a very strong platform for us — it is nice to see one or two members who were at the reception at the House of Lords when we gave a bowl of shamrock to David Cameron; we had a very good event that day. It is really building on the relationship between Ireland and Britain. There are welcome developments, like the British Irish Chamber of Commerce. We have to work harder on that relationship to encourage what is a smaller pool of travellers to come to the island of Ireland in bigger numbers.

In relation to the recent visit of Queen Elizabeth II, it was an enormous publicity showcase for us, which we used to maximum effect. During that week, we were running on television throughout the UK on mainstream channels like ITV1, ITV2 and ITV3, Channel 4, Channel 5 and a range of satellite packages. We also had 1,200 international media in Dublin during the visit, and we will be following up with many of those to try to come back for repeat visits. We have also been encouraging the industry to put together royal itineraries. The places which Her Majesty did visit — for example, the Cork English market, the Rock of Cashel, the Book of Kells — have seen very discernible increases in the number of visitors, which is very encouraging. There was also a 12-page supplement carried out in conjunction with the London 'Times' at the end of May, a lovely little piece, with a readership of 850,000.

Radio campaigns are also running, focusing mainly on the places that the Queen visited. We picked particularly on places of previous royal itineraries — in other words, this is the first one for the Republic of Ireland in 100 years, but there were other visits to places like Kerry, Donegal and Galway in the past. It is just to give a flavour of everything there is to see and do in Ireland.

There is no doubt, when you look at independent websites like Hotels.com that there has been a 100% and 200% increase in the number of people now looking at Ireland, particularly at places like Kildare, Cork and Cashel, which is very encouraging. It is probably a bit early to say how much that will translate into business because 30% of people book in the week of travel. But I feel that we are certainly back in a very strong position.

The north American market accounts for about almost 1 million visitors — about 12% of all visitors but about 20% of all spend. People who come from north America tend to stay in more paid serviced accommodation; they tend to visit the regions, they tend to hire cars and they are the second most important market to the island of Ireland. We work very closely with the carriers — we are quite well served in relation to carriers from north America, but it is something we have to work hard on and not

take things for granted. For example, the Continental service, which has been operating for more than five years from New York into Belfast is vulnerable, arising from high levels of APD. We have a new service from Charlotte into Dublin with US Airways this year, which is very welcome, running from May to September. We hope that in time we will see services from north America expand into markets such as the west coast of America and down at Texas, where we see the largest growth from those markets.

Working with the diaspora from a northern and southern perspective is very important in relation to the United States market. We will continue to try to build on a very important source of business to the island of Ireland and Northern Ireland as well.

Our two other key markets out of the top four are France and Germany, which have between 300,000 and 400,000 visitors each. They represent a very important source of business, in that their visitors tend to travel to the regions quite a bit. We are very hopeful that in years to come, working with both Belfast International Airport and Belfast City Airport, we will see increases in services from mainland Europe, particularly where Northern Ireland is underserved. We feel that there very good opportunities on the west coast of Ireland as well, for places like Shannon, which are not currently served from markets such as the Netherlands and Germany.

That covers the top four markets, which account for 75% of all our business. What next for Irish tourism? There are a number of key strategic issues, and I am delighted that we have seen some advances on them. The recent jobs initiative in the Republic of Ireland was very welcome from the tourism perspective. We saw the rate of VAT reduced from 13.5% to 9% on tourism-related services. Issue number two is that we saw the introduction of a visa waiver scheme, and we are in dialogue with the Department of Justice, fine-tuning some of the smaller issues around that. That is expected to come into operation on 1 July. We see people who have valid UK visas eventually being able to travel to Ireland without any additional visa requirements. That is very important, given that the two countries are not in the Schengen area. That is a big competitive disadvantage and has been for some years, because people have to purchase two visas, particularly visiting the island of Ireland — you need a visa if you want to go to Northern Ireland and the Republic of Ireland. I have had a couple of letters from people who would arrive in Dublin and then went to the Giant's Causeway and got stopped on the border on the way back. Having this visa waiver system will be beneficial, particularly as we are heading into the year of the 2012 Olympics.

The jobs initiative is very valuable to us; we have already sent out a very positive signal into the

international marketplace that Ireland is open for business and the cost of doing business is much lower. That will be very attractive as an economic story, as it has already proved to be in the international media space.

Specifically from a Northern Ireland perspective, there are some significant opportunities coming up in respect of 2012. People have been working very hard. I would like to compliment our Minister, Arlene Foster, at the Department of Enterprise, Trade and Investment, and the Northern Ireland Tourist Board. Last week, we had nearly 50 international journalists in for the 100th anniversary of the launch of the 'Titanic'. It is a very significant story, but it is the run-up to what will be a very significant year next year in the context of the 'Titanic'. Northern Ireland and Belfast in particular have been able to claim ownership of that ship. Just about every town in America has done it so far; at any one time in the world, there are between 40 and 50 'Titanic' exhibitions going on, and no one knows that it was built in Belfast. So there is a real opportunity and a great programme in place to capitalise on that opportunity and get Belfast on the map.

The £100 million 'Titanic' signature building will be opening next year in Belfast, which will be a superb visitor attraction. There are other issues, such as the 50th anniversary of the Queen's festival in Belfast and the MTV awards, which are coming to Belfast in November. The opening of the Giant's Causeway visitors' centre will be a hugely iconic attraction. There will be a great presence to Northern Ireland product, which may have been slightly lagging in previous years. That is all very good and augurs very well in respect of visitor numbers to Northern Ireland in the years ahead.

Tourism Ireland operates in 23 markets overseas. Our latest venture last year was into the United Arab Emirates. We see breaking into markets in Asia — India and China — as critical. We have been operating in those markets for four years. We have a very good functioning relationship with our colleagues in VisitBritain. Just recently, we were with VisitBritain at what was called the Destination Britain and Ireland event in Bangalore, where the two companies were meeting up to 100 buyers from the Asia-Pacific region with a view to increasing business to the UK and Ireland. That was on the back of a few other successful initiatives that we have had with VisitBritain, such as the Best of Britain and Ireland event which ran around St Patrick's Day, just after our reception in the House of Lords.

The future is certainly brighter for tourism. It has had a very difficult couple of years, driven largely by the international economic climate being so difficult, the impact on consumer confidence, perceptions of value for money, particularly in the Republic of Ireland, perceptions of safety and security — the

Northern Ireland perspective is more negative than we want. But what we have found that, from a brand perspective, we are actually in a very strong position. All the independent surveys that we carry out every year keep on telling us the same thing: the interest in visiting the island is still as high as it has been. Last year, the interest in visiting Ireland in the next three years by customers in all our top markets either maintained or actually increased on the year before. Awareness levels are very high. We have to keep on pushing awareness of things to see and do. But I am quite confident that we will have turned a corner; we had good results in quarter 1, and quarter 2 is starting to look very positive as well. It bodes well for an increase in tourism to the island during 2011. With some of the events coming forward in 2012, I think we stand in good stead to tell a very good story at multinational space.

The value of international tourism to the island of Ireland is worth in excess of €3 billion. As it said, it provides about 200,000 jobs and is about 4% of GNP. There are real opportunities to capitalise on that in the years ahead.

I had a very nice video to show you on the Queen's visit to Ireland and President Obama's, and the international. However, someone is shaking their head and saying that it is not going to be possible this time. I am sorry that the technology has let us down, but I would be happy to take any questions that anyone might have. Apologies for not having the visuals.

The Co-Chairman (Mr Joe McHugh TD):

Thank you Niall, and apologies for the breakdown in communication and the technology problems. But you never know — we live in hope of seeing it before the end of the session. This is an opportunity to have a good interactive session, so I am not going to take the questions in groups; I am going to take them individually. Our first speaker is Stephen Donnelly TD.

Mr Stephen Donnelly TD:

Niall, thank you very much for the presentation. It is great to hear some good news. I am certainly delighted with the focus that the new Government are putting on tourism, giving you some of the resources that you need to market brand Ireland. I wish you the best of luck at the macro level.

I would love your thoughts on how regions can help to integrate into the work that you are doing to create a real step change and the trends that you are seeing. The area that I know best is my own constituency of Wicklow. It provides a very good example of untapped potential. I am biased, but it is a spectacularly beautiful part of the world. We have tourist attractions such as Glendalough, with 1·3

million tourists. We have national park mountain ranges, lakes in Blessington, and obviously a big shoreline, yet the tourist industry in Wicklow is extremely small. For example, 1.3 million people will visit Glendalough. They come down on buses, see it, buy a cup of coffee and head straight back to Dublin. Obviously, we would like to be able to create an infrastructure whereby they stay for a day or a week, so I would love to hear your thoughts on all regions of Ireland. The one that I know is Wicklow, which has the assets and the potential, and some of the bodies are situated there. There is a tourist board, but throughout the whole boom period it never became the success story that it could have been. Would you share with us your thoughts on what the regions can do on their own, what they can do within the context of the good work that you and others are doing, and within the macroeconomic trends that you are seeing not just to create a marginal change but to create a genuine step change so that it looks and feels completely different in, say, five years' time?

Mr Niall Gibbons:

Thank you very much Stephen. I am a little bit biased as well because I, too, holiday every year in Wicklow, and it is a beautiful county. It faces what every town and village faces across the whole of Ireland. The question is: how do we develop sustainable business that is not just going to come today and be gone tomorrow? How do we do that over time? Time is ingredient number one. The second one is communication. There are some parts of Ireland that seem to do it very, very well. I look at examples such as Galway and Killarney, which have not just infrastructure but an appetite and enthusiasm. Certainly, Wicklow has a superb product — it is not called the garden county for nothing. What is probably needs to work on is, first, accessibility. Dublin is an absolutely key feature in relation to what Wicklow has to offer. One of the attractions is Wicklow jail, for example, which is hugely popular with families. There is a need to work with other organisations, such as Fáilte Ireland and Tourism Ireland, and to ask how you make sure that you are included in all the platforms. Do they have representatives going out to the 200 or so trade shows? Are they represented well on the website? What is Wicklow actually offering? It has some beautiful architecture and beautiful parks in the county, but who is it competing with? Could you compare it with the Cotswolds? What do the Cotswolds offer that may be better? A study tour is an example of what could be encouraged — although perhaps it has been done already — going to other places that might be competing with you to see what can be learned. To some extent, it would be a sort of learning journey.

That is a long way of saying that communication between Fáilte Ireland, Tourism Ireland and Wicklow will be very important in identifying what Wicklow has to offer and what it offers that is better than its competitors, and in getting a better vision of that step change in five to 10 years' time, identifying

the additional assets or personality that Wicklow will need to win business. I should be happy to talk to you again about it later, but it is a great county.

The Co-Chairman (Mr Joe McHugh TD):

Thank you Niall. Senator Paul Coghlan, followed by Senator Imelda Henry.

Senator Paul Coghlan:

I am interested in what changes may have taken place in your brief as a result of the recent North/South Ministerial Council meeting. I know that we all have budgetary difficulties, and I wonder what your views are on what, if anything, might have taken place in that regard. I want to compliment you on this wonderful supplement and indeed on all the publicity that you got arising out of the recent visits. It is obviously advertising that you cannot buy — no budget could afford it.

I was delighted to hear you mention the visits that you were promoting, and you might amplify on those. I have in mind, of course, the historic one of 1861, when the Queen's great-great-great-grandmother Queen Victoria visited Killarney, the lakes, Ladies View, Muckross and so on. I know that the ambassador is working on future visits for the Queen or perhaps for other members of her family. That was the one thing that we thought was missed out on on this occasion. However, if you able to inform us, I am anxious to hear what changes, if any, took place in the decision-making as a result of the recent North/South Ministerial Council and Tourism Ireland meetings.

Mr Niall Gibbons:

It may be a bit early to say. I just picked up the article in the newspapers over the weekend. Certainly, from a funding perspective we could be heading into difficult territory. It has been difficult territory for the past two years. We have to re-evaluate a lot of the work that we do, and I shall have to have a briefing session with the Minister in due course to see what changes are anticipated. However, I anticipate that some of the fundamentals are going to change. For example, we will be looking to focus primarily on the top four markets from a short-term perspective. We are also going to see what we can do from an access perspective to get additional airlines to serve this island. For example, in the summer of 2008, 500,000 seats every week were available for people to come to Ireland by air — that is, 85% of all tourists came by air. By the summer of 2010, that was down to 425,000, which is a loss of 75,000 air seats a week in two years. That is a strategic issue that will have to be addressed in time to come.

In relation to the third main point, we will have a new campaign to launch in 2012. We have the

money in place to do that this year and it will be a very exciting opportunity. So, arising out of the North/South Ministerial Council meeting last Friday, I will be having a dialogue with a Minister in Frankfurt on Thursday and Friday and will have an opportunity to get more information at first hand. There are some big strategic issues out there that I know are going to happen by 2012, and I am very optimistic that those will be part of the recovery process.

The Co-Chairman (Mr Joe McHugh TD):

Thank you Niall. I am going to take the next two questions together, as they follow a similar theme. We will hear from Senator Imelda Henry followed by Jim Dobbin MP.

Senator Imelda Henry:

Thank you very much for your presentation today. Tourism is probably one of our biggest assets, and it will certainly contribute to our economic recovery down the road. As someone who is involved in the hospitality industry, I welcome the reduced rate of VAT. When it comes to attracting tourists to Ireland — certainly the numbers have dropped in recent years — one difficulty has been how expensive our country is. That is one of the issues, and perhaps the reduction in VAT will bring down prices and make us a bit more competitive. A lot of hotels are in trouble at the moment, but I do not think that the prices are showing that. I speak as somebody who comes from Sligo. In the past, tourist boards, or whatever forums have been running for a number of years, have sometimes incorporated a few counties — in particular, Sligo, Leitrim and Donegal. With all due respect, I feel that in the past Donegal has won out big time over Sligo and Leitrim. I welcome the fact that over the past few weeks a group of business people has formed a committee in Sligo through which they are going to invest money in Sligo. Hopefully, they will communicate with Fáilte Ireland and Tourism Ireland. My question is about prices and how expensive we are. We are certainly losing out in attracting tourists here because the hospitality industry is expensive.

The Co-Chairman (Mr Joe McHugh TD):

Thank you Imelda. Jim Dobbin MP.

Mr Jim Dobbin MP:

Thank you Co-Chair. My question follows on from the previous one. Tourism is an extremely important industry in Ireland, but historically Ireland, like Scotland, has exported its people and its talents around the globe. Of course, that was stemmed recently because of the economic boom in Ireland. I am just curious to find out whether, during the financial downturn, there is any indication that young families or

individuals are again leaving Ireland to find employment or work elsewhere.

The Co-Chairman (Mr Joe McHugh TD):

Thank you. Niall.

Mr Niall Gibbons:

Thank you very much. On the issue of prices, our colleagues in Fáilte Ireland, which is the domestic tourism board here, carry out a visitor attitude survey every year on price and perception of value. That is measured each time. The results were not good up till 2009. In summer 2009, for example, 32% of British people travelling to Ireland were dissatisfied with the prices — that is, one-third of all our customers were dissatisfied with the price of their holiday. Fortunately, that started to change, and by summer 2010 that 32% became 23%. That is a good start but there is a way to go yet. For example, 23% represents dissatisfaction among almost one in four British customers, compared to about one in 10 Europeans. That is a very important factor.

There are a couple of things to note in that. The exchange rate between sterling and euros is one factor. For example, 10 years ago £1 sterling would have got you €1·60 at a bureau de change. The other day I was buying at €1·08. That is about a 35% change in the exchange rate, which has an immediate impact on value. I have to balance that by saying that, in the same survey, the number of British people coming on holiday to Ireland last year who expressed that they were “satisfied” or “very satisfied” went from 91% to 95%. So we have this very encouraging figure on the one hand with people coming here being happy with their holiday, but the other component is that they are not always happy with the price. However, it is heading in the right direction.

We hope that things such as the VAT reduction will be passed on to the customer. That is really important. The cost of hotel accommodation is very competitive. According to a Hotels.com survey, which is one of the biggest international hotel surveys in the world, Ireland has the cheapest hotel prices in western Europe. That is a very good message to send out. However, it is the general cost of living that people find tends to bite a little. It is the price of a cup of coffee or a scone and the price of a bottle of water in the supermarket. That is the sort of thing that has an impact.

Mr Jim Wells MLA:

It is pronounced “scon”, not “scone”.

Mr Niall Gibbons:

I beg your pardon Jim. In relation to young families, I do not have the statistics here, but there is evidence of people travelling abroad again. However, that is obviously not a tourism-related factor. I suppose that if there are any tourists whom we need now they are the diaspora, who have been gone for the past 200 years. There are 70 million people around the world who could come home. Of the 7 million or so people who come to Ireland, almost half come to visit friends and relatives. That is obviously important from an emotional perspective but it is also very important from a business perspective, as many of them will stay in paid accommodation and are very important contributors to the industry. People who have left the country will have a very influential voice if it gets round the world that Ireland punches above its weight. There is a tremendous amount of good will out there. I do not think that I have ever experienced anything like what I have seen over the past 18 months with the number of people ringing up and saying, “What can I do to help?”. That is really encouraging.

The Co-Chairman (Mr Joe McHugh TD):

Niall, thank you. I am going to take Ann Phelan TD, followed by Jack Wall TD.

Ms Ann Phelan TD:

Thank you, Co-Chairman. I want to pose a question to Niall. We will not have these high-level visits every year, and I would not like to see us becoming dependent on them. I want to get back to a bread-and-butter issue — the decline of the inland fishing tourist trade. I suppose that I am interested in this because I come from an area that has the Three Sisters rivers. A number of years ago, I remember the fishermen along the banks of those rivers having a huge input into the local economies. However, of late that seems to have disappeared completely due to the decline in the fish stocks. Is this a sector of the tourist trade that is no longer sustainable or is it indeed, even at this stage, on our radar at all?

The Co-Chairman (Mr Joe McHugh TD):

Thank you Ann. Jack Wall TD.

Mr Jack Wall TD:

Thank you, Co-Chair. My question is somewhat similar to Ann’s. First, I thank Niall for his presentation. My question relates to the development of our waterways. On the continent or internationally, people seem to use their waterways to far greater advantage in relation to tourism, but we do not seem to have used them to their full potential in Ireland. Where I come from, with the canals and the River Barrow, there was huge potential in relation to inland fishing. That has definitely deteriorated dramatically over

the past two or three years, and I believe that it is more to do with the fish stocks than the cost.

My second question relates to the 2012 Olympics. Given our geographical position in relation to London, do you think that we have gained our full reward in relation to providing facilities, be they equestrian, aqua or any of the sports that form the Olympics? Do we have a fair share in providing training sites and so on, or indeed in providing camps for the various countries?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Jack.

Mr Niall Gibbons:

Thank you. In relation to fishing, 15 years ago I was involved in the marine institute and worked on a strategy for rural-based tourism and leisure, and, funnily enough, 15 years later it is only starting to be recognised as having potential. Back in the mid-1990s, we talked about the potential for supporting 7,000 jobs, with a requirement for investment in product development and market development.

Other things have been happening over the years. Fish stocks have been mentioned, which were a critical issue. There was always a conflict between what people in fishing earned and what people in tourism earned. The situation was different in different parts of the country. There was certainly a lot of fragmentation in the industry when I worked in it. The other thing that happened was that a lot of new markets came on to the horizon in around 2002, particularly with places such as Croatia and the eastern European bloc countries, which brought in more competition. The third thing that had a big impact on the British angler was the perception of price. Those were the three significant impacts on the business.

I know that our colleagues in Fáilte Ireland are working on a water-based tourism development strategy to see how we can start to build up that aspect of tourism. When I worked in that area for seven years back in the 1990s, there was a tremendous amount of fragmentation in the industry. There was a desire to pull people together, particularly from an overseas tourism perspective. We had an awful lot of positive things to offer but so, too, did a lot of other countries. We did not always get the balance right between the development of the fishing business and the development of the tourism industry. However, the angling sector is really important, particularly for the rural economies of Galway and Mayo, and the decline in stocks is only one factor. I wish the sector well. If there is anything we can do to help, we certainly will.

There are opportunities with the waterways. There was a thriving sector taking cruises along the Shannon. A lot of charter planes used to come from Germany, but that is not the case any more because people are now going online. They book directly with Ryanair, and they do not necessarily hire a boat at the same time. Therefore, a lot of structural changes have taken place in the distribution of products in the marketplace in the past 10 years as well. I think that there are real opportunities, but waterways and fishing have to be pulled in on the back of water-based tourism and leisure, and we need a national strategy behind it to really succeed.

On the Olympics, I do not have the figures relating to the number of teams that may train here. However, we are focusing on the opportunities that will arise around the time of the Games. We certainly know that people will decide to leave London and go on somewhere on holiday, and our job is to try to ensure that they put Ireland at the top of their list. Secondly, there are tour operators in the marketplace who would have programmed London in a normal year but in Olympics year London will be more expensive and they will be looking to programme other places. Therefore, again, we have to make sure that Ireland is at the top of their list. The other area to mention is where tour operators are out in the marketplace promoting the UK. We need them to promote the UK and Ireland. We succeeded in getting an additional seven in place last year, and the visa regime is going to make Ireland a much more attractive proposition for 2012. I hope that that will turn into a success and that we will be able to see the benefit of the visa regime being extended for years to come.

Therefore, I am reasonably optimistic. We had a large group of travel operators from Ireland in our office the other day meeting some of their counterparts from the UK to find out whether anything was happening to their business over the next year. There are certainly opportunities for Ireland and I think that we are on top of the case.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Niall. The next contributor is Frank Feighan TD, to be followed by Arthur Spring TD.

Mr Frank Feighan TD:

Thank you. Regarding fishing, I used to use the River Shannon and the Boyle River when we did not have a tourism industry. The British angler was very much part of that and he certainly fitted very well into the fabric of society. He got into the pubs and the local villages and towns, but for some reason we have lost the British fisherman. Whether he will ever come back, I do not know, but he is very welcome.

One aspect that you have talked about is river-based tourism. A lot of the boat operators have taken their craft back to France and Germany. If we do not have the boats, there will not be a market. Is there anything you can do about that? I know that in Carrick-on-Shannon, Port Dublin and Banagher a lot of the craft — up to 100,000 or 200,000 — have been taken back to the continent.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Frank. Arthur Spring TD.

Mr Arthur Spring TD:

Thank you, Niall, for your presentation. I always find it very encouraging to listen to you and to look at your facts and statistics. You are preaching to the converted here on the importance of tourism. To me, it is one of the four pillars — the others being energy, agri-business and micro-enterprise, forming the acronym TEAM — that will help to get this country going again. However, I do not know whether the same level of understanding exists outside. Earlier, the Taoiseach reminded us that 85% of those who return to this country on holiday do so on the basis of their interaction with people, not on the basis of the weather or the culture. Deputy Donnelly referred to the idea of regions needing to do something for themselves, and he talked about an appetite and an enthusiasm. That attitude change has to happen. I know that people in here are grabbing it, but, as a vehicle, are the tourist agencies doing enough to tell people that this is the land of céad míle fáilte and that everybody has a part to play in it? You have to interact and make the experience more positive.

In relation to the regions, I should like to see Tourism Ireland and Fáilte Ireland support small groups that are trying to do it for themselves. I should also like to see, as you said, help for the regions to develop a product and an identity. However, that is going to need financial support and it is also going to need the support of an agency that has the willpower and knowledge to develop identified products for regions and that can go into areas and sell them thereafter.

The Co-Chairman (Mr Joe McHugh TD):

Thank you. Niall.

Mr Niall Gibbons:

With regard to the Shannon, which I alluded to earlier, I know that boats have been taken to France. We have a promotional programme that we will run with people in the midlands in relation to the waterways. It is a fabulous way to travel, but it needs to be more competitive. That is the one area where we have

been weak.

Our own Taoiseach, by the way, was a former Minister for Tourism, which is great because he genuinely knows what it is about. It is about the people — that is a compelling characteristic. We carry out independent surveys every year. A sense of place and a sense of culture are important factors too. Those are the three things that make Ireland stand out as a destination, but the people are by far and away the most compelling of them.

Trying to attract people would be a good thing, and our colleagues in Fáilte Ireland are trying to do that. They recently produced some information that showed that about 80% of all our tourists go to 20% of the country, and there is a need to develop certain destinations. When we get into markets such as Britain, France and Germany, people are able to resonate very strongly with Ireland. When you probe their knowledge in focus groups, asking, for example, “Can you tell me where your French people were in Connemara?”, there are historical resonances. When you come to Germany, there is a sort of green haze, and people cannot get beyond that to give you exact details. The factor about Killarney is a link, and people are able to tell you about that, but it gets patchy. I think that the destination development that Fáilte Ireland is doing will help.

Earlier, I made the point that, in the past 18 months, people have been starting to turn to tourism much more. They are asking how they can play a role and what they need to do. We need to refocus on how people are supported and what we can do to help them. I have absolutely no doubt about that. However, there is certainly an appetite and a willingness to engage that was not there five years ago. The business was coming to the doorstep largely from the domestic market, which became overinflated by a property bubble, and people perhaps took their eye off the ball regarding the international customer. However, I think that their eye is now back on that, which is very encouraging from our perspective.

The Co-Chairman (Mr Joe McHugh TD):

Okay, Niall. We have one final offering from the floor — Noel Coonan TD.

Mr Noel Coonan TD:

Following on from your last response, it is amazing what can happen. Moneygall never appeared on the tourism map before, but now, so far as concerns the United States, it is one of the most prominent places as regards Europe. Arising from your response to the last query, and bearing in mind that we are an Assembly here, I wonder whether the time has come when Ireland, together with our colleagues here,

should be marketed as an example of Europe West so that we can get greater penetration, particularly from countries in south-east Asia. You may recall that this morning that the chief executive of Enterprise Ireland, Frank Ryan, mentioned China, which will probably be the most powerful economic country in the world in about 10 years' time, or less, as he said. I wonder whether we should look again at our marketing and branding on the basis that Europe West might have a greater appeal to countries in eastern Europe and places such as south-east Asia.

Also, I am sure that you are delighted with today's announcement. I take the opportunity to welcome the fact that the venue in County Tipperary is going ahead, with a 500-room five-star hotel being constructed, three racetracks, a concert venue for 20,000 people with a retractable roof, and two golf courses. I am sure that that is going to increase tourism and revenue in Ireland by many thousands. I should just like to know whether you are happy with that project.

The Co-Chairman (Mr Joe McHugh TD):

Thanks Noel. I made the mistake of saying that you were the final speaker, and I got a rush to the line from David Melding, Paschal Mooney and Stephen Donnelly. I shall take them all together now if that is OK. So first it will be David, then Paschal Mooney.

Mr David Melding AM:

Thank you for your indulgence. How do you get journalists, travel writers and guide book writers to write about Ireland? How specific do you get in terms of your wonderful golf courses, heritage tourism, or whatever? What sort of strategies do you adopt? Secondly, how do you integrate into other aspects of government policy? This morning we heard the Minister for Agriculture talk about premium food; the high-quality end of the market is what you are after. It still strikes me, and this is true for most of Britain, that, despite having some of the finest food produce in the world, we do not really exploit it in terms of how we present it in restaurants and often how we enjoy it ourselves. The quality of shellfish around our shores is probably the best in the world in my view, but a lot of it — in fact, most of it — never goes near our tables or into our restaurants. There is more to be exploited there, because surely, ultimately, it is the high-quality end of the market that we can retain and get the most value from.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, David. Senator Paschal Mooney.

Senator Paschal Mooney:

It would be very remiss of me from the Irish side not to take this opportunity of acknowledging the outstanding contribution that Niall Gibbons has made and continues to make as CEO of Tourism Ireland. Those of us on this side of the Irish Sea will be very familiar with him; our colleagues on other side may not be. I would not tell the Welsh anything if I were you — they are only trying to steal away our visitors. I am only kidding.

You quite correctly acknowledged the extraordinary media response to the visit of Her Majesty the Queen. Do you have any indication at this stage whether there are stirrings, if I can put it like that, in our nearest market? That was, again, as you said in your presentation, a key market for Ireland because they are our nearest neighbours and because of the strong cultural and family links, but that was the market that effectively almost collapsed over the past three or four years. I appreciate that it is only a few weeks after the visit, but have you had any indication, considering the extraordinary marketing campaign that you carried out last year and this year centred on St Patrick's month?

Secondly, picking up on Noel's question, the visa waiver programme will apply to some 18 countries, as the Taoiseach mentioned this morning, which already have transit visas through the United Kingdom, with the option of coming to Ireland. Again, have you had any indication of whether this is beginning to be picked up by travel agents in the south-east Asia area, or have you any response to that initiative that you hope will result in more visitors from an area that traditionally has not visited Ireland? Thank you.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Senator. Our final contributor is Stephen Donnelly TD.

Mr Stephen Donnelly TD:

Thank you. I would like to pick up again on the issue of prices. I lived in England for five or six years and worked there over about a decade and have holidayed in England, Scotland and Wales. One of the things that always struck me when I came home from London was the eye-wateringly expensive price of things. I used to hand the barman €20, and he would keep his hand out, looking for more money. I could never quite understand why it was so expensive. You referenced the fact that a lot of visitors here from the UK cite the prices as prohibitively expensive. There is a broad agreement that they need to go down, and the Government have targeted this, hopefully successfully, with the reduction in VAT related to tourist goods and services.

I would like your thoughts on how successful you think this will be and if you are doing anything to track it. Economic evidence shows that most of the time reductions in factor input costs or reductions in tax are taken by the seller. The obvious example in Ireland is the reduction in stamp duty on houses — we saw an overnight increase in the selling price of houses by almost exactly the same amount. There is very strong evidence from around the world that the sellers take the benefit of things like VAT reductions. Why do you think it will work here, and are you aware of specific prices that will be tracked in order to see whether the policy will be successful?

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Stephen. Niall.

Mr Niall Gibbons:

Paul made a comment about Moneygall, which President Obama visited. I had lunch in the Ollie Hayes pub today when I was passing Moneygall. I saw the sign and called in to say hello. Those were premises that never opened in the afternoon, only in the evening. Now the village has had a boost, and the pub is open during the day doing lunches. There was a brisk trade going on when I was in there talking to the owner.

In relation to reviewing how we market ourselves, we do that every year. It is something we take really seriously; it is at the core of what we are at. We need to know what international customers are thinking; we need to know what trends are changing in the marketplace so that our marketing can adapt accordingly. That is done every single year: we do brand tracking studies and inside research projects in all our key markets.

I would probably be concerned about Europe West as a concept. We sit on the European Travel Commission, which promotes Europe in certain areas around the world. That is fine in the context of raising awareness of Europe, but Ireland is one small place on the very edge. It is distinguishable enough to be marketed as itself. In places like India and China, working with tour operators on the concept of the UK and Ireland is very doable too. That is probably as far as it would go.

I am glad to say that the World Economic Forum in Switzerland, an independent think tank that carries out a travel and tourism competitiveness study every year, has ranked Ireland 10th in the world out of 139 countries on its marketing and branding effectiveness. Again, we do not take it for granted, but it is nice for a small country like ours to be up there in the top 10 of the world.

In relation to Tipperary, I heard the news on the way down, so I wish them the very best of luck. When the product is in place, we will be very happy to work with them on the promotion overseas.

There was a question over here about journalists and strategy. Journalists and our publicity programme are a key part of our strategy. We can go out and do so much marketing on radio, television and traditional channels, and new channels like social media. But there is a platform, and it is probably the best return on investment we get. Between ourselves, the Northern Ireland Tourist Board, Fáilte Ireland — a co-operation that works very well — we will probably spend in the region of €3 million a year, bringing in approximately 1,500 journalists. If we were to buy the advertising space that that gives, it would cost us at least €200 million. Sometimes you get a nice big winner like the ‘Today’ show with NBC, which was broadcast twice from Ireland in the last two years, and that was broadcast to a very large number of Americans. That is a cornerstone, and I suspect that it will not change a huge amount as the years go on. What will change are the types of journalists that we might go after. There are certain markets we will go after, such as niche-type journalists. For example, if you had access from the north of England into an airport in Shannon, you are obviously going to try to focus on journalists in that particular area to go to the Shannon area — a region-to-region type approach. That is just one practical example where it makes sense.

We do feed into government policy, particularly trying to give the view of the international customer, how habits are changing and how that resonates in relation to policy. I subscribe entirely to the whole area, particularly seafood and marine days. It was not about fish, it was actually about food. We work with organisations like Good Food Ireland, which is a consortium of over 200 members of the top artisan food producers in Ireland. It is a great platform for us overseas. So when Ireland sponsored the round-the-world yacht race a number of years ago and it came into Galway, it also went to Boston, Qingdao in China, Cape Town and Alicante. We set up our own food villages with Good Food Ireland, which put on a superb top class showcase of Irish food. It is a gradual thing; we will not do it overnight, but I think it is something we will continue to invest in. From a high-end perspective, it is very important.

In relation to indications regarding Her Majesty’s visit, I cannot definitively say that so far this number of visitors have come. From the figures in my head, for example, I know that visits to Cork on our own website are up 20%. There is no doubt that there is evidence of a large number of people looking now in Ireland who were not before in the GB market. Using Hotels.com, which is one of the biggest search engines in the world, searches for Ireland were up 74% from the UK alone. That is a significant number.

What level of business that will convert to I am not 100% sure yet, but the industry is saying that business is definitely up on last year. People are definitely looking more and I am confident that that will translate into additional business.

The British market particularly is very much a last-minute market. Over a third of people are coming in the week of visit, which is highly unusual compared to what it might have been six or seven years ago. That is why it is important that our campaigns are out there; we will be on television in Britain until the end of June — we would never run that late before — and we will be on television again in August, September and October. It is making sure that we are following up on the visit; we will be following up with journalists as well — key lifestyle journalists, particularly — in areas such as food and equestrian events, which will resonate very well with Cork, and literature, including a visit to the Book of Kells. We will be targeting lifestyle journalists to follow up.

On the issue of visas and whether there is any pick-up yet, again, there is certainly a huge amount of interest. As I said, we had about 10 tour operators in our office last week meeting counterparts from the UK. The timing was perfect on this — when the visa initiative got announced, our agents were out with the 10 industry members out in Bangalore along with colleagues from VisitBritain. We met about 100 of the top buyers from the Asia-Pacific region, and, in addition to that, there were 20 top international media from the Asia-Pacific region as well. The message is very much out there already, and it is a matter of trying to push that as hard as we can.

About 60,000 visitors came from new and developing markets in the first quarter of this year. It was the best first quarter ever. It is a small number, but with initiatives like this, you can really start to build up a sustainable business in the years ahead. An access breakthrough in this area would be very desirable as well, with a direct flight, particularly from India and China. I am again confident that we would be successful in the short to medium term. We are working on that very closely with the Dublin Airport Authority.

I have very strong thoughts on prices, but I am also conscious that there are a lot of people in the industry, particularly in the south of Ireland, who have a very high cost base compared to their competitors. That is something we have to take into account as well. There are people, particularly within the accommodation sector, who borrow large sums of money against the expectation of increasing business, but it did not materialise and they are caught in a very difficult position. The number of hotels in the Republic of Ireland went from about 28,000 to 60,000 in the space of 10 years, which is a huge

increase, on the back of some very large debt. There are people, genuinely, who are hanging on by their fingernails in the business at the moment. It is really, really tough.

That said, I think it is important from the international perspective, particularly, that a positive message gets sent out that the reduction in tax will be passed on in the prices. It will not be enough on its own — it has to be combined with promotion — but we have been encouraging the industry to do it. There is no point in going out there and just selling a price for two nights' bed and breakfast and one dinner. Everywhere round the world is doing that. If you are selling Ireland, you are selling an experience, and that is what people are coming for. The interaction with people is a vital part of the ingredient.

Interestingly, people talk about innovation; there two great cases of innovation in the industry recently and 150 bed and breakfasts are signed up: when you come along and book in for your night's stay, you can bake brown bread with the owner. That might have sounded corny five years ago, but this is the sort of personal interaction that people want. And then you get to eat it. In the west of Ireland, you can actually plant spuds, and they invite you back next year to eat them. If you do not want to, they will DHL them over to your home. There are little add-ons like that which are quite quirky. That is the sort of stuff that Ireland has an opportunity to excel at in the international market places. We can bring that innovation to the table, but value is going to be absolutely critical.

The Co-Chairman (Lord Cope):

Thank you very much indeed for a most interesting talk and for your response to the various questions and points that have been raised from the floor. Some of you will recall that Niall was due to address us when we were in the Isle of Man at our last plenary session, but it was on the second day, and we had to cancel the second day because of the political situation in Dublin at that time. So we have been waiting to hear your speech for some months. If I may say so, it was well worth waiting for, and we are most grateful to you.

If I may be excused a moment to reminisce, it was 40 years ago when my wife and I, who had not been married very long, had a wonderful holiday on the Shannon in a boat such as you imagined a few moments ago. It was enlivened by the fact that Ireland was in about the fourth week of a banking strike. As a result, the whole currency question was very difficult, and we discovered the advantages of barter. All sorts of things were changing hands as money, including highly used cheques that had been through quite a lot of hands for odd amounts. It added considerable excitement to a holiday for a young

accountant like me.

You have shown us all sorts of advantages of holidaying in Ireland. It is very good to hear the emphasis that is being placed on it. The Irish tourist industry all over the island is extremely fortunate to have you helping to drive forward its business and make such a great contribution to the economy. Thank you very much for spending the time with us today and for speaking to us and answering our questions.

I have a few announcements. First, if you want dinner tonight, which I highly recommend, at the Silver Springs Hotel, you should be in the lobby by 6.50 pm so as to be able to catch the coach, otherwise you might have to walk. So 6.50 pm please in the lobby, for the big dinner event.

Tomorrow's session will begin at 10.00 am. This is a very important session, during which we want your ideas for the work that the committee should be doing, the issues that it should be looking at and how we should take our business forward. With there having been so many changes in the membership of the Assembly 12 months ago as far as the UK was concerned but also, more recently, as far as Ireland and the various devolved Assemblies are concerned, it is important that we rethink the Committee work that we do, and that is what we are going to do first thing tomorrow, starting at 10.00 am.

Lastly, as far as the hotel is concerned, you must check out by noon. In practice, this means that you should check out before 10.00 am so that you can come to the full meeting of the Assembly. Please bear that in mind in making your arrangements in the morning.

I think that that is all I have to say, in which case the sitting is now suspended until 10.00 am tomorrow morning. Thank you all.

The sitting was suspended at 4.49 pm.

TUESDAY 14 June 2011

The Assembly met at 10.07 am.

**COMMITTEE BUSINESS AND GOVERNMENT RESPONSES TO PREVIOUS
REPORTS**

The Co-Chairman (The Lord Cope):

Good morning, ladies and gentlemen. We are now in public session. Our first item concerns recently conducted Committee business and what the Committees might consider in future. As some of the Chairmen have changed, we will start with Committee B, whose Chair is Robert Walter MP. I call Robert Walter to tell us what the Committee has been up to and what it proposes to be up to.

Mr Robert Walter MP:

Thank you very much indeed, Co-Chairman. I have to report that we have not been up to very much, because many of our Members seem to have gone off and fought elections. Sadly, some of them have not been returned. The last year or so has been dominated by elections, so I think that my Committee is not alone in not being able to make a phenomenal amount of progress. However, those who were at our last plenary, on the Isle of Man, may recall that I reported that we had agreed on our report on regional economic spaces. Much of that work was driven by the enthusiasm of Mike German, who is in the room at this moment — I am very pleased to see that he is back in the Assembly, though in a different guise. We agreed an interim report on the recession and EU migrant workers, looking in particular at the consequences of the recession for EU migrants, and at such issues as the welfare benefits and so on available to them and the problems of their returning to their home countries. We hope to conclude that report and produce a final report in time for our meeting in Brighton in October.

At a meeting on the Isle of Man, we took a decision as a Committee that we would start an inquiry — we have not done any work on it as yet — into the question of the European Convention for the Protection of Fundamental Human Rights and Freedoms and its application in the various jurisdictions. Of course, this will have some consequences, or at least it will certainly lead into a discussion on how it relates to the Northern Ireland bill of rights and how that relates, in turn, to the proposed United Kingdom bill of rights. We will also look at its application in Ireland.

That is basically what we have planned, and assuming that we can get Committee Members appointed

from the various jurisdictions, I propose that we have a first meeting of the Committee some time in September.

The Co-Chairman (The Lord Cope):

Thank you very much. Would anybody like to comment on, or ask any questions about, the work of this Committee, or make any suggestions? This Committee covers European affairs. For the benefit of the Assembly's newer Members, I should say that — how do I put this carefully? — the borderlines of the Committees' responsibilities are not set in as much concrete as you might suppose. The issues that people want to discuss do not always fall particularly clearly to one or other of the Committees, and which one discusses what is a matter for the members of the various Committees. However, if no one wishes to comment on Committee B, perhaps we should revert to alphabetical order and deal with Committee A. Frank Feighan has just taken over from Jim O'Keeffe as the Chairman of Committee A, so he has not had much chance to make progress. Nevertheless, can you tell us how you see the situation?

Mr Frank Feighan TD:

Thank you. We hope to have a meeting in Brighton to determine where we will go from there. We have already discussed how we commemorate the various dates in future, from 2014 to 2016. So, I hope to have a meeting to resolve that with the Committee in the coming weeks.

The Co-Chairman (The Lord Cope):

Committee A has covered this subject in the past — I was a member of that Committee until I become the Co-Chair not that long ago — but there are follow-up possibilities, first with regard to discussion of the common travel area and the visa situation, which was referred to briefly yesterday and which is a matter of interest to all the various jurisdictions. It is a very complicated situation, as a matter of fact, with European Union rules overlapping with those of individual countries. So, the so-called common travel area is one possibility for follow-up, and the other area that might be worth your returning to is the question of cross-border legal matters to do with the police. We did a report on the co-operation between the police on both sides of the border between Northern Ireland and the Republic of Ireland, and it was quite clear to us that co-operation between the two police forces — the Garda and the Police Service of Northern Ireland — is extremely good and improving all the time. There were matters that were ongoing, such as obtaining radios that would readily work in both jurisdictions for developing situations and so on.

On the other hand, the legal arrangements for the transfer of evidence and the taking of statements in the two different jurisdictions were extremely complicated, and the processes involved delayed

investigations and prosecutions in many cases. All of this is making it very difficult for the two police forces to follow up lesser crimes. In the case of murder, you could obviously go through the legal hoops, and it was worth doing all the paperwork to get the evidence from one jurisdiction to another and to produce it in court. However, with lesser crimes, it ran into the sand in some cases. Since we wrote our report, all of that has changed a little with the devolution to Northern Ireland of law and order matters. It would be interesting to know whether all of that has improved or can be improved further. So, I think that there is possible follow-up work to be done there if your Committee wishes to go down that route.

Mr Frank Feighan TD:

We will take on board those suggestions. They make sense.

The Lord Mawhinney:

I would hope that the Committee would give serious thought to looking at banking. It would be fair to say that British banks are not yet out of the woods, and the Irish will have no understanding of what the implications might be of what is happening inside British banks. We have no understanding of what the implications might be for us of what is happening inside Irish banks, and what is happening inside Irish banks will clearly have a knock-on effect on what might happen in Northern Ireland. What I have in mind would not be just an economic thing. This has international and political ramifications. It would be good if we were to tackle something of a major nature, and I would commend this to the Chairman for some fairly serious thought.

Mr Jim Wells MLA:

On the theme of co-operation between the police forces, I sit on both the Justice Committee and the Health, Social Services and Public Safety Committee in Stormont, and an issue that is causing us huge concern is the lack of shared intelligence on child sex offenders. At the moment, within the United Kingdom, there are three shared levels of intelligence: there is hard intelligence, which is the convictions; there is the medium level, which is prosecutions but no convictions; and there is what is called soft intelligence. Soft intelligence could mean that Mr Smith was removed from a secondary school because he was behaving inappropriately with children, or Father so and so was moved from one parish to another, which happened very frequently. At present, while United Kingdom police forces will share all three levels of activity, there are no protocols to share them between the Garda and the PSNI. This could lead to a ridiculous situation where a schoolteacher could commit an offence and be dismissed from a teaching job in Lifford, yet walk across the bridge, which is 500 yds, and take up another teaching post in Northern Ireland. That intelligence would not follow him and he would not be precluded from taking the

position. It is making a mockery of our efforts to try to improve child protection. All of the recent reports issued by the Irish Republic have shown that those involved in clerical sex abuse were regularly moved between the two jurisdictions and that the intelligence was not following them. If the Committee is to look at something that is useful to everyone, that would be a very valuable concept to study.

The Co-Chairman (The Lord Cope):

There is a further suggestion for you. I now call on Steve Rodan.

Hon Steve Rodan SHK:

Thank you, Co-Chairman. You made reference to an area of investigation into the common travel area. It occurs to me that that is an example of the Committee's work; it is a sovereign matter that is of interest to all jurisdictions represented here, not just Ireland and the United Kingdom. You will know that that Committee very kindly invited evidence to be given to it on common travel area matters and concerns by the Crown dependencies. It occurs to me to ask whether it remains appropriate for the composition of Committee A to simply be the representatives of the two jurisdictions of the sovereign Parliaments of Westminster and Dublin, and whether the representatives of the devolved Assemblies and Crown dependencies should be members of that Committee as a matter of course. We know the very good historic reasons for the particular composition that it still has, but as to whether that remains appropriate, given the nature of the work, such as the common travel area, I would simply put that forward as a suggestion for consideration, perhaps, by the Steering Committee.

The Co-Chairman (The Lord Cope):

To respond to that immediately, the Steering Committee would be the right body to consider that. At the moment, our rules provide for the present arrangements. That is to say that, as far as Committee A is concerned, only the Dublin and Westminster Parliaments are represented, which is why it is called the Committee on Sovereign Matters. It considers the matters that are reserved to those two respective Governments and not devolved to Scotland or the other various jurisdictions, whereas the other three Committees have representatives additionally of the devolved Assemblies and Parliaments and also of the Crown dependencies. That is how the rules stand at present. We would need a rule change to do it, but the Steering Committee will note your suggestion and consider it to see what can be done. I now call on Robert Walter.

Mr Robert Walter MP:

I just wanted to support Steve Rodan's proposal, because it is interesting that the two subjects that we

seem to be discussing with regard to Committee A are ones that are not just in the realm of London and Dublin. Policing is a matter for the Northern Ireland Assembly and the Government in Northern Ireland; it could also be a matter for the Scottish Parliament and the National Assembly for Wales, as well as the policing bodies in the Crown dependencies. The common travel area is certainly very relevant to the Crown dependencies, as well as to sovereign Governments; therefore, I heartily support Steve's proposal and suggest that we discuss it at the next meeting of the Steering Committee.

The Co-Chairman (The Lord Cope):

As a member of the Steering Committee, you are well placed to make that point; thank you very much. Does anyone else want to comment on the work of Committee A? I see that no one does and, therefore, we move on to the work of Committee C.

Mr Jack Wall TD:

As I am the new Chair of the Committee and have just come into the position, I looked at the Committee's minutes and noted that there is an outstanding report on small and medium-sized enterprises. I have spoken to John Robertson, and it is vital that we get that report finished as soon as possible. I do not know how Members are positioned in relation to it, but a number of Members have come forward with suggestions for Committee C on research and development, regional tourism and the effect of the recession on small communities and towns. There are a number of proposals there that we would want to look at.

It is vitally important that the report on the SMEs is completed and brought to the Brighton conference because everyone sees SMEs as being of great significance in relation to overcoming the recession. Therefore, this is a vital piece of information that we would want to bring forward. Where I live in County Kildare, there is an INTERREG programme, as there is in Chris Ruane's area in Wales. We need to see how effective and beneficial those programmes are so that we can use them in parallel with SMEs, and see how we can best ensure that we make every effort to improve the SME sector. Alasdair McDonnell's proposal on EU research and development funding is a subject area that intertwines with that of SMEs. It also concerns universities and all aspects of education. My proposal is that the report on SMEs should be completed at the earliest opportunity.

The Co-Chairman (The Lord Cope):

Thank you. Would anyone like to comment on that? I strongly agree with what you said about the report on SMEs and its importance. Given that you have new Members on the Committee, you will have to have

a little think about it, but it is an important matter that it would be nice to bring to a conclusion.

Mr Paul Flynn MP:

Having served as the shadow Chair of this Committee in a recent period, I pay tribute to Margaret Conlon who gave me a very easy ride, as I had never had to chair the Committee on any occasion because she was omnipresent — she never missed a single meeting. She was a splendid Chair in many ways with regard to her courtesy, the thorough way in which she prepared for the meetings and the intelligent way in which the Committee progressed. It was a very fruitful period in which the Committee was very active and included very good representation from the National Assembly for Wales and the Scottish Parliament. Unlike many of the other Committees on which I have sat over the years, there has never been a problem in getting Members to attend this Committee, even if the meetings were held in far-flung corners of the areas that we represent. It has been a very effective Committee, and we owe a debt of gratitude to Margaret Conlon for the way in which she has chaired it over this long period.

This might be an appropriate time to look at the Committee structure, the ways in which we could proceed and whether it is sensible to continue with the Committee structure that we have at present. It is not always the case that there are obvious issues for Committees to address, and we should not necessarily feel bound by the structure that we have had for the last 20 years. It might be sensible to have a look at this now with some wise person from the body to consider whether it is right to go along with the present structure. It was not always the case that our reports were given the serious attention that they deserved by the jurisdictions involved. It might be a better way of doing business to take issues on an ad hoc basis, as they arise, rather than feeling that we have to continue with a framework that may not be the ideal one for us to proceed with. I have found the Committee to be very fruitful, and I have learned a great deal from the visits that we made, particularly during the inquiry into renewables. The apprenticeship inquiry was also important, and that is an issue that affects all our areas. The same is true of the current inquiry on the support mechanisms available to small and medium-sized enterprises, which has not been completed; I echo the Chairman's comments on that and hope that it will be completed.

Mr John Robertson MP:

I agree with both the previous speakers, and I also agree with Lord Mawhinney. We should be looking at the banks, and, as Committee C has the economy as part of its remit, that might be the place where it should be done. That does not mean to say that we cannot work in tandem with other Committees because, in many ways, it would be of benefit to have more people's input. I believe that once we have looked at the SMEs and published that report, we should look seriously at banking in both countries.

The Co-Chairman (The Lord Cope):

Does anyone else want to comment on the work of Committee C, past and present? I see that no one does. In that case, we can move on to Committee D, and Lord Dubs will speak first.

The Lord Dubs:

I am grateful that I have been asked to continue to chair this Committee. I would like to say a word of thanks to former members of the Committee, particularly those who are no longer Members of this Body, either because the electorate had its say, or because they decided not to stand again. We should record our gratitude to all the people who have put in a lot of work. If any Members want to know a bit more about the work of any of the Committees, but particularly Committee D, which covers the environment and social issues, then please have an informal chat with me. I will be here until after lunch, and if you would like a chat, I would be happy to have a discussion with you.

One of our concerns — and I am sure that this applies to all the Committees, but particularly to this one — is that we do not want to duplicate work that is being done in the Parliaments or Assemblies represented here. We see it as our objective to do two things: one is to look at where good practice in one jurisdiction can be helpful in influencing the others, and the other is to look at where there is a need for better co-operation between two jurisdictions to make the work more effective. However, we do not want to duplicate everything that is being done, because some of the topics that we are dealing with will have been covered specifically in some of the Assemblies or Parliaments represented here.

Let me just give you a flavour of four of the last topics that we looked at: we did an inquiry on the integration of newly arrived migrants; we did climate change and renewables; we did getting the unemployed back to work; and we did two studies on the Irish community in Britain. The outgoing Committee decided what it would like the next topic to be, but quite a few Members of the new Committee will not have been party to that decision, so we will leave it open to new members to reach a collective decision as to what we will do next. The topic that the outgoing Committee was keen on was people trafficking across the jurisdictions. Although quite a lot of work has been done on the issue of people trafficking from the continent to Ireland or to Britain, the experts in the field tell me that there is quite a lot of people trafficking across the jurisdictions. We therefore need to look at that. I particularly refer to Jim Wells's earlier comments on policing, because, although they were not on quite the same issue, if we were to look at people trafficking, we would want to see what is being done by the police in all the jurisdictions to deal with people trafficking as effectively as possible.

People have asked me what happens to these reports. All the Committees do the same thing: we make recommendations, but we are keen that there should be positive outcomes or we are just talking to ourselves. These outcomes are partly in the responses that we receive from the Governments or Executives of the various jurisdictions, and you will see some of those responses in the papers in front of you. The British Government were a bit stunned because we had a go at them for not responding, so they have now produced a few responses. Therefore, you will see that there are some responses here to a report on returning the unemployed to work and you will see that the British Government have dealt with each of the recommendations and commented on them.

We would also like to encourage Members to raise the issues in their own Parliaments and Assemblies. There have been debates on some of the issues covered here in both the Dáil and, more recently, in the British Parliament, when Chris Ruane achieved a short debate on the Irish community in Britain. You will notice that the Taoiseach referred to the Hammersmith Irish Cultural Centre, which is under threat of closure, and that was one issue that our report on the Irish community in Britain highlighted. We are very pleased that the Taoiseach took that on board, because it is a major issue of concern to the Irish community in Britain and we want to do all that we can to save such an important centre.

Finally, in order to get on with it, I propose sending a list of possible topics to the new Members of the Committee, when we know who they are — we have more than just the issue of people trafficking, such as the issue of Irish Travellers — and we would welcome their responses on those and on any other possibilities. We will see whether we can do it by e-mail so that we can get to work as soon as possible on asking for written evidence and deciding where we will go to take oral evidence.

The Co-Chairman (The Lord Cope):

You made a very good point that what happens to these reports depends crucially on whether Members of the Assembly raise these reports in their own respective Parliaments and Assemblies. It is one thing for the Government to sit down and produce a piece of paper in response to the report, which then gets pigeonholed and that is that — the Government dust themselves off and carry on — but if an MP or Assembly Member asks questions about a report and causes a debate about it in their own Parliament, drawing on the work and the authority of the Committee, then the Committee's report really begins to bite on the Government and Executive concerned. There is no better recent example than Chris Ruane raising matters discussed in this Committee in Westminster Hall. Given that he has just caught my eye, I now call

on Chris Ruane to speak.

Mr Chris Ruane MP:

Thank you for that, Co-Chair. I would just like to say that I sponsored a debate on the Irish in Britain, based on the two reports of the Committee, which had been ably chaired by Lord Dubs. As a result of those inquiries, we not only had that debate, but we have re-established the Irish in Britain group, which is an all-party group. That is another positive outcome. We also have a forward agenda. We have helped on the Irish census, discussed the cuts in Ireland and Britain, discussed the Hammersmith Irish Cultural Centre and paid tribute to past and current Irish people in Britain and the role that the Irish can play in the Big Society. So, all of that good has come out of the work that we have done through BIPA.

I share in one of Paul Flynn's concerns about how our reports are taken in the various jurisdictions. Are they taken seriously? I think sometimes that they are; it depends on the topic. A lot of hard work goes into the reports, and we, as Members of those Committees and of BIPA, need to follow that through with at least a debate and a meeting with the Minister responsible in the various jurisdictions. We spend so much time getting the information together, and it would take only a half-hour meeting with a Minister at the end to ram home those issues. In Westminster, we could also follow up with written and oral parliamentary questions, early day motions, or statements of intent. So, there are many ways in which we can reinforce that.

I disagree with Paul on downgrading the work of the Committees to being on an ad hoc basis. The Committees were established for social reasons as much as any others, so that elected Members from various jurisdictions could get to know each other on more than two days or two weekends a year. Looking at the figures for the past Irish Members, 16 of the 25 full-time Members have now gone, as have eight of the 16 Irish associate Members. That will probably be reflected in other administrations. Elections were held in the UK last year and in Ireland and the devolved administrations this year. There is a lot of new blood around the table, and Members do need those additional dates to meet and to get to know each other and bond.

I have just mentioned the 24 who have gone from the Irish side, and Alf suggested that we around the table should recognise them now. Would it be an idea for BIPA to write to them formally to thank them for their services over the years? Some of them were long-standing Members of the Committee. I suggest that we express formal recognition, not only of the Irish whom I have mentioned, but of all Members who have left, in the form of a letter to say, "Thank you for your work".

The Co-Chairman (The Lord Cope):

That is an interesting suggestion, which we will certainly consider.

Mr Jim Wells MLA:

I concur with that. Politics is a brutal business. When you consider the 20 full-time TDs who represented the Dáil on this body and how few are left, it is quite shocking. Some of them feel very wounded, and for some it was a shock to lose their seats. So, it would be very appropriate to recognise their work on this body over many years.

Senator Paschal Mooney:

Jim Wells has put it rather well: “shell-shocked” is probably the best way of describing how they feel, particularly if you are, as I am, a member of the now severely truncated Fianna Fáil parliamentary party. What Chris has proposed is a very kind gesture, which I think would be appreciated not only by my party but by those who were Members of this Body, and particularly by those who were long-serving and who, had the electorate been kinder, would perhaps have chosen to be back here.

I want to put on record and acknowledge the outstanding contribution that Lord Dubs, Chris Ruane and others have made in raising the profile of the Irish community in Britain, culminating in the setting up of a new all-party Committee to look after Irish affairs in the Houses of Parliament. I urge Members of this Assembly, particularly our British colleagues who have joined for the first time or who have recently been admitted to its membership following the British general election, at the very least to take account of the work of the all-party Committee at Westminster. It is vital, and anyone who has been listening to the debates over the past few days, particularly from the UK side, could not help but be made aware of the even closer bonds of friendship and the economic, social and cultural bonds between the UK and Ireland over the past few years.

I do not mean this as a reflection on our British colleagues, but for that reason I have always felt that we on the Irish side have perhaps had more of an awareness of British political culture and activities than our counterparts in the UK have of our political activities, issues and priorities on this side of the Irish sea. I endorse what Chris has said fully: it is as much the social dimension of this Assembly as the work of Committees that yields the benefits that have accrued over the last 20 years. Busy as all of you are in your daily lives in looking after your constituents and legislative matters, when Chris sends out the e-mail inviting Members who have an interest in Irish affairs to come to a meeting, I would urge you to at least

be aware of what our issues are so that it will better inform you as a legislator in your country and constituency. I commend Lord Dubs, Chris and the Committee of which I was a Member prior to 2007 for the manner in which they have raised the profile of the Irish community in Britain; they have done a tremendous job.

Mr David Melding AM:

On behalf of the Welsh Assembly's delegation — once it is elected and gets going — I anticipate that there will be strong support for people trafficking to be the next subject of Committee D's inquiry. I would like to feed that in at the moment; obviously, it will be up to the new Members of the delegation to determine, but I see it as an important issue. It has been raised in the Welsh Assembly on a number of occasions because it affects so many agencies, both in how it is detected and the consequences for those who then need support, and requires a lot of co-operation by the various levels of government in the UK and Ireland. I think that that will receive a lot of support once the new membership is determined.

The Co-Chairman (The Lord Cope):

David Melding says that he speaks on behalf of the Welsh delegation, but at the moment he is the Welsh delegation. [*Laughter.*]

Mr Jim Sheridan MP:

I also had the pleasure, if that is the right word, of sitting on the Committee discussing human trafficking, particularly of women and children, and also the exploitation of migrant workers. Despite the best effort of Lord Dubs, we are only scratching the surface when it comes to human trafficking and the exploitation of migrant workers. Another important social issue is the threat of unemployment. While unemployment is exceptionally high in both of our countries, by all accounts it seems that it is going to get worse, particularly in the public sector. Later today, we will be hearing from the British Irish Chamber of Commerce, which will be helpful because its members will generate the jobs that our people will, hopefully, get. However, there seems to be an imbalance — I am not suggesting that it is intentional — in terms of representations from employees. It would be extremely helpful if we could hear some sort of representation from the trade unions, for example, in terms of how they see the future of unemployment on our islands. It is a big issue among our constituents, who live in fear of being unemployed.

The Co-Chairman (The Lord Cope):

Does anybody want to comment on the work of this Committee?

The Lord Dubs:

Briefly, I am grateful for all of the positive comments that have been made and repeat my suggestion that if any of you want to feed in to these discussions I would be very happy to hear from you. There was an occasion when we asked whether Paschal Mooney would join Committee D because of his particular knowledge about the Irish community in Britain, so we are flexible. If we have a topic on which you have a particular angle and you are not a Member of Committee D, you would be very welcome and we would accommodate you on the Committee for the purpose of that study, so please do not feel excluded.

I will comment on a few of the things that Jim Sheridan said. Yes, we did just scratch the surface. The biggest frustration on our Committees is that we cannot spend as much time in going into things as deeply as we would like, for the obvious reason that you are busy people and we cannot demand that people give up so much of their time to travel somewhere to take evidence and do the work. We have to achieve a balance between the ideal and what is possible.

As Jim knows, we did some work on unemployment. However, the Committee has said — I believe that that was one of the topics about which we specifically said it — that we may want to go back to aspects of employment or unemployment in the various jurisdictions as their economies evolve or do not evolve. I take his point about meeting trade unions. During our study of unemployment, we did meet representatives from trade unions, and I am sure that the Committee would be very happy, if we have further studies, to have the input of trade unions as well as that of employers, voluntary organisations and so on. Thank you for that.

The Co-Chairman (The Lord Cope):

The next item deals with the government responses that have been received to the previous reports. There are a number of them, and I hope that you have had an opportunity to look at them — copies are available at the back of the room. They are papers 179 to 184, with observations from the various executives on the various reports. Does anybody wish to speak to any of those, or to follow any of them up? I see that no one has an immediate wish to do so. If you have not had the chance to look at them, they will appear on the website, if they are not already there. Some of them have already been published. They will appear on the website to enable you to follow these matters up in that way.

ANNUAL REPORT FOR 2010

The Co-Chairman (The Lord Cope):

The other item in this part of the session is the annual report for 2010. The report has been circulated, and copies can be found at the back of the room. It is quite a long document, obviously. Would anybody like to comment on the matters raised in it, or make any points related to it?

Mr Robert Walter MP:

I just want to pick up on two paragraphs in the annual report, both on the same subject. They are paragraphs 21 and 72. Paragraph 21 has a report of some comments made fairly forcefully by Andrew MacKinlay when we were agreeing the 14th annual report. The other concerns the prospects for 2011. Both relate to the British-Irish Council. I believe that, now we have our various elections out of the way, we should make it a priority of this body that we establish a formal relationship with the British-Irish Council. Perhaps we can start by following the practice of a number of other inter-parliamentary Assemblies, which have a report at each session from the inter-governmental body whose work the Assembly shadows. There are bodies that I have witnessed over the years, such as the Western European Union and its Assembly, the Council of Europe, and the Nordic Council. There is a direct relationship and a report of the work of the inter-governmental bodies.

It is notable that we held our last meeting in the Isle of Man, and the British-Irish Council followed us a few weeks later. It would have been great to have met at the same time; we could have had some genuine interaction. However, the starting point would be to have a half-yearly report on what the British-Irish Council is doing and perhaps to invite, not necessarily as we do at the moment in having a Minister from the jurisdiction that is hosting our meeting, but rather a Minister with responsibility in the host jurisdiction where the British-Irish Council has met. So, if the next meeting, let us say, were to be in Jersey, we could perhaps get the Chief Minister of Jersey to present a report from the British-Irish Council. It is just a thought, but it is something that I hope the Steering Committee can follow up in the interim. By the time we meet in Brighton, we might at least get some documentation from the British-Irish Council about what it is doing and what its priorities are.

The Co-Chairman (The Lord Cope):

Yes, the Steering Committee will certainly follow up those points, if I can speak for my Co-Chair. I was much encouraged in this context by the remarks of the Taoiseach yesterday on this, which seemed to be more positive than any we have heard in this context before. So, maybe we stand a better chance of

improving matters, as Robert Walter suggests.

The Lord Dubs:

I wish to totally support what Robert has just said, because we have long struggled to get ourselves closer to the British-Irish Council. It looks as though the Taoiseach's comments are a positive encouragement in that direction. I just wish to take a moment to talk about an issue that came up in relation to this. This has been going on for so long that those of you who are familiar with 'Bleak House' by Charles Dickens will know that this makes Jarndyce and Jarndyce seem like a passing thing. I refer to the issue of penalty points. I would like to spend one minute on this if I may, Co-Chair? It is not yet resolved; it is with the British-Irish Council. Penalty points were intended to improve road safety, particularly with regard to drivers driving from Belfast to Dublin and vice versa. What happened, as corroborated by the Garda and the PSNI, was that drivers from Belfast, once they were south of the border, would drive with abandon — too fast and dangerously — and vice versa.

The system was such that the penalty points could not be applied across jurisdictions, so we started work on that. We then discovered, amazingly, that a driver disqualified in England was able to drive in Northern Ireland, so that had to be sorted out. We found all sorts of oddities. It is now with the British-Irish Council. We keep questioning it, and I will do my best to see whether more pressure can be brought to bear to get an up-to-date report for our next meeting in Brighton. It has gone on for a long time. At some point in these discussions, I lost the will to live on this. Brian Hayes and I were the rapporteurs on this. I just wish to say that it is an issue that we have taken up and on which we have achieved some changes. Although it has taken a long time, I hope that, by the time that we get to Brighton, we will have been able to get a thorough report from officials on the British-Irish Council to see whether success has at last been achieved.

Senator Alan Breckon:

The report refers to the proposal made by Andrew MacKinlay in Cavan about the reciprocal health agreement with the Isle of Man. The proposal, unanimously supported, was to apply pressure to leave it in place. As a result, I am pleased to report to Members that Jersey's reciprocal health agreement was reinstated on 1 April. If I may, I would like to thank some people — certainly Alf Dubs, Lord Smith and Baroness Harris, who were active in the House of Lords, as indeed was Andrew MacKinlay. In fact, Andrew was super-active and the prime mover on this. It was also supported by Jeff Ennis, Paul Murphy and Peter Hain. I say that because the conversations that went on and the pressure that was applied were very effective. For me, it shows the benefit of gatherings such as this. This situation was to the detriment

of many people, particularly elderly people travelling there. Some could not get insured. If someone then had a health problem, they could not pay. As I said in Cavan, from Jersey's point of view, it would not be acceptable to try to enforce that on someone without the means. So, I would just like to take this opportunity to say "thank you" most sincerely to all those who helped that happen for Jersey. It is of benefit not just to Jersey residents but to people visiting the island.

The Co-Chairman (The Lord Cope):

Thank you very much. Would anyone else like to contribute on the annual report? I see not. Therefore, I can report that the Assembly has taken note of the annual report for 2010. Thank you very much. That concludes the first item of business today. I will now hand over to my Co-Chair, Joe McHugh.

BRITISH IRISH CHAMBER OF COMMERCE

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Co-Chair. I am delighted to welcome Peter Byrne, the interim chief executive officer of the British Irish Chamber of Commerce. To give a wee bit of background — and I know that Peter will do this a bit more extensively in his contribution — it was established in February 2011. It was officially launched by the Tánaiste, Eamon Gilmore, and William Hague in May 2011. In that intervening period, a lot of work has been done. There are now over 100 members, and the body has met four times. It is important to note that this will be a very important body to facilitate and to foster trade and to enhance co-operation at a business level. However, equally, it will be important for us, as legislators, to be aware of the barriers to trade: the red-tape anomalies that, in working together, we can overcome. I believe that our interaction with this new British Irish Chamber of Commerce will be an important partnership.

I wish to allude to the fact that I was in London on Friday. Peter, I met a few of the companies that are members of the British Irish Chamber of Commerce. There is tremendous excitement that this body will act as a very important vehicle in all areas and aspects of business, from waste management to offshore technology and research and development. The world is your oyster. I would like the Assembly to consider — and I will discuss this with my Co-Chair — having an ongoing dialogue with this chamber, either through regular meetings with the plenary or through feedback, on the basis that we, as politicians, when we get carried away with ourselves at election time, make promises that we will create jobs, but we do not create jobs, at the end of the day. Our job is to create the environment to facilitate the private sector; therefore, I hope that our partnership and our co-operation will be ongoing.

Members, I ask you to show your appreciation for the interim chief executive officer of the British Irish Chamber of Commerce, Mr Peter Byrne. [*Applause.*]

Mr Peter Byrne (British Irish Chamber of Commerce):

Thank you, Co-Chair. Thank you for the invitation to come along. I was asked a question yesterday evening by my nine-year-old son. I was trying to encourage him to understand what a presidential election was. He looked at me earnestly and asked, “Daddy, do you think that a man will ever be president of Ireland?”. I said, “Son, it is possible. I do not know whether it will happen, but it is possible”. Things change in our lives. They change very subtly; we no longer notice the changes and we take it for granted. First, I thank you, as parliamentarians, for the tremendous work that you have done over a very long period of time, when it was not fashionable and no one thanked you, to bring about the situation in which the business community find ourselves today, where there has been a huge growth in business between Ireland and Britain. That would not have been possible if that tremendous work had not been done over a long period of time.

I am very fortunate in my career to have run an environmental organisation and seen the growth in environmentalism, in both the north and the south, and between Britain and Ireland. Also, as the director of the National Youth Council of Ireland, I had the opportunity to look at youth participation in democracy. I saw, at a community level, the tremendous work that we have done. Now, my full-time job is to run the South Dublin Chamber of Commerce and I am also the interim chief executive officer of the British Irish Chamber of Commerce. Having run a chamber of commerce for 10 years, I can see the huge benefits that accrue to business when the regulatory framework and environment are correct for business to thrive and grow.

The purpose of this presentation is to celebrate the fact that we now have a British Irish Chamber of Commerce. It would not have grown so quickly without the support of all of the state agencies. In particular, I acknowledge the two ambassadors, Julian King and Bobby McDonagh, who agreed to be honorary presidents. It was a big step for them, because we came to them with an idea to form the chamber, and they both agreed. Through their endorsement, and through the support of the state agencies, we have gone from a meeting on 11 February to pass a resolution to establish the organisation, to my talk to you this morning, when we have just passed the 100-member mark.

The purpose of the chamber is to encourage business, to support business and to work in tandem with such organisations as UK Trade and Investment, Enterprise Ireland and IDA Ireland to promote business

between Ireland and Britain. The business is already incredibly strong. We are in a very strong place. The estimated amount of trade between Ireland and Britain is €1 billion a week. To be quite honest, I did not know what €1 billion was until we had the problems with the banks. I now have a better understanding of big numbers. It is a considerable number and the amount of trade between the two countries is phenomenal.

My talk is entitled 'Boston or Berlin? No, Birmingham'. In 2000, our Minister, Mary Harney, asked whether we were closer to Boston or Berlin. For me, the only 'B' that is important is the British Isles, because that is where we have always been closest to. Therefore, I ask you to consider whether it should not be Birmingham or Belfast when we think about trade and business. The confluence between Ireland and Britain offers opportunities at different levels, and you are testimony to that through this structure.

The key element of the chamber will also be to celebrate, highlight and acknowledge the tremendous trade. Most people in Ireland and Britain will be aware of certain aspects of trade. In particular, we see the opening of a multinational company from another country, and we celebrate it. However, do we realise, understand and appreciate the sheer significance of the trade that exists between Ireland and Britain? From an Irish perspective, have we ever acknowledged or understood the importance of our economy to the British economy? We have always seen it as one-way traffic, which it is definitely not. The celebration of all that is good in that trade is something on which the chamber will have to follow through.

The chamber has the commitment of 25 family members. Those family members have put the money, the resources and the time into making this chamber happen. We are very grateful to the Royal Dublin Society, which gave us accommodation. Therefore, the chamber has everything that it needs to grow and develop. The challenge for the chamber is not to be a talking shop about business; it will not be just for celebratory aspects. It will be about the core things that chambers do that make business work. What I mean by that is that, if we can get the bigger companies to mentor smaller companies, to share and to acknowledge the challenges that they face, we will have taken a major step forward. If we can create a space where the top chief executive officers in Ireland and Britain can come together for peer-to-peer networking to look at new ways of doing business and for new opportunities, that will be a measure of our success.

One of the challenges that we all face is bureaucracy in our own jurisdictions, and we also face it when we deal with other jurisdictions; in particular, we deal with EU bureaucracy on a regular basis.

Bureaucracy is an integral part of life — without it, nothing can happen — but when it becomes over-prescriptive, it causes problems and difficulties. One of the issues that the chamber will be asking our members about is what they believe hinders their development as a business that trades between Ireland and Britain. The job of the chamber will then be go to the various Parliaments to discuss how they can legislate in order to remove those barriers. So, it will work with the state agencies on how they can empower companies to move past those barriers. These are the challenges that we will face as a chamber of commerce.

We must also consider that, when we talk about trade, we tend to think of it as being between one country and another, which is the normal way that you would think about trade. However, what opportunities are available if we created greater synergies between Britain and Ireland? Are there markets in Europe, India and China that we could make good progress in collectively? This is an opportunity that we have not thought about that could now be developed. For example, if a company in Britain wants to market test its product, it could look to Ireland as it is a fairly safe and controlled environment, and it could be a good place to test its product to see if it works before it is introduced to the wider marketplace. We have a relatively small population in Ireland, which is why we sometimes do not appreciate the business opportunities that exist in the bigger cities in Britain such as Manchester, Liverpool and Birmingham, which I mentioned at the start.

The current economic challenge is very difficult for business; you may think that it can overwhelm you. As someone who left secondary school at the start of the 1980s, I know that we will come out of it and I know that we will be successful. The general public needs leadership, and business can be successful only when that leadership is strong. So, while no one wants to hear that everything will be all right because no one believes that that will happen in the short term, business needs a society that believes that everything is on its way to being all right — that there is political leadership creating the environment, and that people have hope and aspiration. We live in a society and not in an economy, but the economy plays an important part within that society. One of the worst things in any society is unemployment, and business has to accept the challenge that its role in society is to help address that issue of unemployment.

In its very short history — as the Co-Chair said, it had its first meeting on 11 February — it has already come together and looked at some of the issues that may be taken forward. We will work closely with the existing chambers of commerce in Ireland, England, Scotland, Wales and Northern Ireland, and the Channel Islands as well — if I have missed anyone, my apologies. I am not sure whether the Isle of

Man was covered in that, but if it was not, I include it. We will look at the different groups that are already in business, because our job as the British Irish Chamber of Commerce is not to replicate anything that exists. There is no value in our becoming another layer in the many layers that exist for business. We must be a conduit to the other chambers and the state agencies, but we must also have a total laser-like focus on the benefits of trade between Ireland and Britain.

As I said at the start, it is a figure of €1 billion. It is an incredible figure, which covers pharmaceuticals, high-tech, live cattle, widgets, shoelaces and so many things that it would be impossible for me to list them all. The wonderful thing about the trade between Ireland and Britain is that every business in each country can engage in it. We cannot say that about most markets in which we trade, because they are specific to one area, whether it is pharmaceuticals in Belgium or high-tech industries in the United States. However, with Britain, we have the opportunity to engage with everyone in both directions. When we last worked together genuinely as two countries, we conquered the world. It is my genuine belief that, economically, we can do it again. Thank you for the opportunity to come to meet you all. When you hear Boston or Berlin, I ask you to think of Birmingham. [*Applause.*]

The Co-Chairman (Mr Joe McHugh TD):

Thank you very much, Peter. We will now open the discussion to the floor for questions. I know that a few people have slips that they would like to hand up, so, while we are waiting for those, I will take Martin Heydon TD's question first.

Mr Martin Heydon TD:

Yesterday, when An Taoiseach was here, I asked him what he envisaged as possibilities for the chamber. Touching very much on what you said, he said that it is the responsibility of those involved in the chamber, over time, to come back to us and feed in the issues and obstacles that affect them and stop the trade between our two countries from growing even further. You touched on that, and, obviously, bureaucracy is a huge issue. Have you had any feedback so far as to what the obstacles are that are preventing businesses from improving and increasing the trade between the two countries? As politicians, what role can we play to try to alleviate those issues?

The Co-Chairman (Mr Joe McHugh TD):

I will take a few more questions, Peter, so you may want to take a wee note of them.

Mr Jim Dobbin MP:

Besides the economic problems that are affecting countries across the globe, probably the next most important issue that we will have to look at is the environment, particularly following all the natural disasters that have affected countries everywhere. How is the British Irish Chamber of Commerce looking at the possibility of creating jobs through the green economy?

Ms Ann Phelan TD:

I want to come back to the issues of bureaucracy, job creation and the creation of small businesses. Have you identified any specific issues and how will you deal with them? I take your point that bureaucracy is in our lives all the time and that we must deal with it, but would it be worthwhile to create some kind of navigator for some of these businesspeople, someone who would be able to take them through that bureaucracy, like a satellite navigation system, a person who could deal with these issues and help these people? I find all the time that people come forward and say, "We've got a great job creation idea", but by the time that they get through the job support mechanisms, they have left their idea at the door.

Mr Joe Benton MP:

As a member of the Northern Ireland Affairs Select Committee in the UK Parliament, which has recently concluded its report into the level of corporation tax in Northern Ireland, I wonder whether you have any observations about the UK Government's intention to devolve the setting of the level of the tax to the Northern Ireland Assembly. The purpose of this measure would be to bring the level of corporation tax into line with that in Ireland. What will be the implications of this measure for the Irish economy, and will other depressed regions of the UK ask for comparable consideration and be justified in seeking a reduction?

Mr Chris Ruane MP:

On the type of trade between the two nations, are there any regional breakdowns for Wales, Scotland, Northern Ireland and the regions of England and of the types of industry in which there are possible synergies where trade could be increased and supply chains could be informed of which products are needed? To give an example, north Wales is the third biggest centre for optoelectronics in the whole world — there is Tucson in Arizona, Jena in east Germany and St Asaph in my constituency, and one of the leading scientists is from Ireland. Other important areas are aeronauticals — Airbus wings are made at Broughton — and renewables, because Sharp's biggest solar panel factory in western Europe is in Wrexham, north Wales. Has any assessment be made of the regions and of the different types of industry in those regions so that we could offer assistance to promote trade between the two countries? What role

could we play as elected representatives in facilitating that trade by receiving visitors, TDs, industrialists or businesspeople into our communities and taking them around the areas that we know well?

Mr John Scott MSP:

What contact do you have with individual chambers, particularly in Scotland? Are you in touch with the Scottish Chambers of Commerce, based in Glasgow? What are the opportunities for the exchange of information? This is pretty similar to Chris's question, although there was no joint working between us. I would be interested to hear about the opportunities to exchange information and for joint working.

Mr Peter Byrne:

I will deal with the bureaucracy questions first. Unfortunately, most of the feedback that we have had is mix and match — people complaining about one thing, when it really comes down to a European Union regulation. What we have done is set up a sub-committee within the chamber, consisting of three people, and we have asked it to tabulate and formulate the information that we are now getting back — we only launched it on 17 May. What we are finding is that there is a misunderstanding of bureaucracy. I love the comparison with a satellite navigation system, because that just about sums it up. It is a bureaucracy that you can get around if you know how to get around it — it is not that difficult. However, when you are new to the marketplace it can become claustrophobic and quite difficult. One idea that we thought would be helpful is to ask the bigger companies to make available their regulation and bureaucracy experts in a partnership and mentoring role, helping the smaller companies coming in. I think that many people can get this information if they go to the state agencies, but oftentimes, small companies do not have the time or the understanding to do so. I suppose that the biggest complaint that we get is that, when you are doing trade between Ireland and Britain, you fill in all the forms in one jurisdiction just to go across the water to fill in more in the other jurisdiction. Why on earth can there not be a single set of forms to cover both? That would be a simple and practical example.

In terms of what I would hope that we would be able to achieve, we would come back to the state agencies and the parliamentarians. To the state agencies we would say, "Look, have you thought about working in a different way? It would be much more user-friendly for business if you had that dialogue". To the parliamentarians, we talk about the regulation that governs the way that we do business. These are two separate things. We ask parliamentarians whether, if we do x, we will see y happening. It would be unwise for any parliamentarian to consider changing anything unless they know the outcome, or at least have some idea about it. Bureaucracy evolves over time, and perhaps some bits of it are redundant and could be taken out so that we can focus on the pieces that we need to run our businesses.

There is a huge amount of enthusiasm for doing business. Unfortunately, what I can never understand — I think that it will be a challenge for the chamber — is that people complain about the bureaucracy of doing businesses between Britain and Ireland, but it is actually quite small when you compare it to doing business with China or India — you also then have the linguistic problem and different cultural norms relating to business — yet people do not seem to be challenged as much by that. When we ask people whether they have thought about doing business with their nearest neighbour, they start thinking about all the bureaucracy, but it is not as bad as people think. There are areas that can be improved, but the benefit for a small business, in particular, is that they can go into a marketplace where they speak the language, understand the culture and even support the same football team, in many cases. There are lots of opportunities there, especially for businesses that are new to the export market. To be honest, we are all in agreement that the future of our economies is in the export market, so let us make the bureaucracy enabling, especially for newer companies coming in. The bigger ones tend to have partners that can help them, and there is not so much of an impediment. If we can get that satnav in the form of a mentoring system for smaller businesses, then I think that we will be quite successful.

The second question was in relation to the environment, and that has huge potential for jobs. We have already a number of alternative energy companies among the membership of the chamber, dealing with biomass, wind production and offshore energy production through waves, and it is a matter of how we capitalise on that. Why do we continuously look to other countries to give us the answers? Surely, with all the capability that exists, we have the knowledge already within our two societies to bring together and develop these industries more. There is enormous potential for green energy, and I think that we have only seen the tip of the iceberg. What would accelerate the understanding and knowledge of alternative energy is to look at the security of energy supply. As we look at the world in a different way and think about a gas pipeline from Russia, or oil supply from Iraq, the impact on our energy supply of either of those being interfered with, delayed or not working to their full potential, in any shape or form, makes it imperative that we move towards green energy. So, the practicalities of green energy supply will be key for the chamber. We will also be practical — business has to be practical — and we will tell you that, if you insulate houses properly, you will probably save as much as you would with the creation of alternative energies. It is a balance, and it is about the small things that we can do through local authorities with public housing insulation and private individuals insulating their own homes and creating alternative energy. The green agenda is a core part of the business agenda and that is a huge achievement. It will be a core part of the British-Irish chamber's agenda. Both islands are on the periphery of Europe, to a certain degree, but that offers us the opportunity to create energy in a way that other countries are totally

envious of.

The fourth question was in relation to corporation tax; I was rather hoping that no one would ask me that one. The simple answer is that nothing in Europe is equal. For example, if I am in Brussels, I can get on a train to go to Berlin or Paris, but if I am in Dublin, I cannot do that — I must take a plane or a boat. There is no geographical equality in the European Union; that is a fact, and it cannot be changed. So, we all adapt and use our resources in the best way that we can. In the Republic of Ireland, we have done that through a corporate tax rate. Would it be beneficial if Northern Ireland did the same? I can see that that would increase jobs and help the economy on the island of Ireland, and that would be welcome. However, we are a British-Irish chamber, so, from a British point of view, that is not the question. Why would Northern Ireland be given this privilege and not Scotland, Wales, northern England or wherever? So, it is a balancing act and it is about looking at the geography. If you are in southern England, you have certain attributes that other areas of Britain do not have. So, that balance needs to be right, although I do not know how you are going to achieve that; thankfully, I am not a politician. However, from an economic point of view, the corporate tax rate is vital to the Republic of Ireland. It is a tool that Britain has used and will continue to use, and anything that stimulates the economy on the island of Ireland and between the two islands is to be welcomed. However, it will take a lot of political energy to balance out the needs and the rise in comparative interest if the corporate tax rate is changed in one part of the UK and not in others.

With regard to regional breakdown, we do not have the details for trade, which is a difficulty, because it would be good to get them. I have a sense that quite a lot of the trade between Ireland and Britain is primarily between Leinster and the southern end of England. We need to identify the opportunities for Galway city and, perhaps, Cardiff, or Edinburgh and Waterford. There are many possibilities and opportunities, and we are going to have to find the resource to take the available data from the state agencies, couple those with the research that we are doing ourselves and identify where those opportunities exist in order to foster and grow the trade. I had no idea that the part of Wales that you described was third in the world for optical equipment. That should be noted and celebrated; we should champion that we have this amazing development on our doorstep. As parliamentarians, I hope that, when you are encouraging people to do business, you encourage them to look at the export market that exists between our two countries. I know that it is fashionable to want to go to countries like China and India, and there are tremendous business opportunities there, but look at what we have on our doorstep and the potential that we have.

In answer to the question about whether parliamentarians can do something, the answer is, “yes, absolutely”. You can promote trade between the countries. When we have people visiting us, I will make a commitment on behalf of the chamber that we will contact the local public representatives, engage with them and explain why we are there and what we are trying to do, in order to form that synergy between public life and business life.

The last question related to the Scottish chambers. We have had preliminary discussions with chambers in England, Scotland, Wales, the Republic of Ireland and Northern Ireland, and we have said to them that we need to be clear about what we are going to do. We have said that we will go to them with an offering. This is the British-Irish chamber; we are specifically about trade between one and the other. We are not competing or intruding in any space that you currently occupy. We look for your support to roll out that message of trade. So, it is on my agenda to speak with the Scottish chambers, and with Edinburgh and Glasgow chambers in particular, and to tell them what we can do for them that will enable their members to do better trade with other parts of Ireland and Britain. So, given that we are quite new, we must be clear about our offering before we have that conversation. One thing that business and society in general is a bit fatigued with is the commitment to what is going to happen.

As a chamber, we want to be businesslike and say “We can do the following, and this is the package that we can deliver”. We are in the process of formulating that. By September, we will be able to go to any chamber in Britain or Ireland and say, “These are the three services that we can offer your members for free, with no charge to you, that will enhance your offering to the business community and make you stronger as a chamber to bring more members in”. The chamber is the biggest business network in the world, and Ireland and Britain have higher rates of participation in their chamber than most other countries. Some people may be familiar with the fact that, if you go to France or Spain, everyone is a member of the chamber, but they are public chambers that are owned by the Government, and you do not have a choice. If we had that model here, that would be great; I would not have to recruit anyone, because people would automatically be members. However, the reality is that we have to make an offering that is real, which will make businesspeople put their hands in their pockets to pay for. We also have to go to the Scottish chambers and the others to offer that to them in relation to the services that they can give their members.

The Co-Chairman (Mr Joe McHugh TD):

Thank you, Peter. Are there any more questions? I see that there are none. I will hand over to John, who wants to make a few remarks.

The Co-Chairman (The Lord Cope):

I thank Peter Byrne for telling us about the work that he is doing. I am encouraged by the fact that, in such a short time, he seems to have advanced on so many fronts all at once. I confess that it was a surprise to me that there was no such thing as the British Irish Chamber of Commerce until recently, which I found out when I read about it being launched. I thought, "That's funny, there must be one," but there is not — at least there has not been until now. We know now that it is being run in a most vigorous manner, and that its work has started extremely effectively. Not all of you may yet have had the opportunity to see the launch edition of its newsletter, which is hot off the press. It will give you an idea of the sorts of things that Peter has been talking about. I have no doubt that it will come out regularly and that Members will be able to receive it should they wish to, in order to keep up with what the chamber does.

Thank you very much indeed, Peter, for coming, for the work that you have undertaken and for the way in which you and all your colleagues at the British Irish Chamber of Commerce have begun to tackle it. I was particularly glad to hear that the two ambassadors are playing such an important role in getting it off the ground and the work under way.

The Co-Chairman (Mr Joe McHugh TD):

I would like to be associated with those remarks, Peter. Thank you very much for your presentation. The Assembly wishes you well in your work. I know that you have hit the ground running, and any assistance that we can give will also be available to the chamber.

NATIONAL ASSET MANAGEMENT AGENCY

The Co-Chairman (The Lord Cope):

We now come item 4 on the agenda, which is a presentation on the National Asset Management Agency (NAMA) by Mr Frank Daly, the chairman of the agency. It is an extremely important agency and a very intriguing one, as far as I am concerned; it will be interesting to know how it all works and how it fits in with the solutions to the banking crisis and the follow up to that crisis.

Frank Daly is extremely brave, as far as I can see, to have taken on this responsibility. He retired as chairman of the Revenue Commissioners of the Irish Republic in March 2008, after a career collecting taxes in one form and other, and then almost immediately got drawn into the banking crisis as the public interest director of the Anglo Irish Bank. From there, he has progressed to be chairman of the National

Asset Management Agency. So I am extremely interested to hear what he has to say.

I need hardly tell those of you who have been here for the past couple of days that the technology to show slides is not functioning as well as we would like, but copies of the slides have been passed around, so you will be able to look at them as Frank Daly is speaking. So, Frank Daly.

Mr Frank Daly (National Asset Management Agency):

Thank you, Co-Chair, and thank you for the introduction. It has been my good fortune in my career to go from one popular job to another. In fact, the only good thing about NAMA was that it got me off the board of Anglo Irish after just one year — that was one positive about it. I understand, as the Co-Chair has said, that you have the slides in front of you, and I will refer to them as I go along.

I would like to give you a bit of background about NAMA — the background on the banking side and on the regulatory and fiscal side — and I would then like to talk about NAMA's core objectives, what NAMA is like in terms of governance, staffing and accountability, and then a little bit on loan evaluation and loan acquisition, then to talk about the stage that we are now at, about the engagement with debtors and their business plans and then to talk about some myths or misconceptions about NAMA and about the key challenges for the future.

Let us start with the background to NAMA. It all goes back to property, as shown on slide 2 in your pack, because property is at the root of the foundation of NAMA and, indeed, as most of you will know, of a lot of our other problems in this country at the moment. There was a massive growth in property lending in this country between 2003 and 2007. Some of the figures in that area include a threefold increase in real property prices between 1994 and 2006. That was the largest such increase in any advanced economy in recent times, and there were real questions — I suppose that it is easy now, in hindsight, to ask them — about the sustainability of that model or that type of development. There was certainly no rigorous analysis at any stage of whether the scale of the rise in property prices could be justified by the economic fundamentals of the state. We all look at GDP rates and so on, yet we are looking at massive property growth that far outstripped any of our GDP figures. Certainly, there was insufficient attention to the key issue of supply and demand, and that applied right across — whether by borrowers, by banks or, indeed, by regulators.

If we move on to slide 3, we see that there was an enormous scale of lending to individuals who actually had no supporting corporate infrastructure or who had no access to capital markets. That is a

slight contrast to the UK situation. But in many cases, a lot of the money was advanced in Ireland to people who were very good builders and then became developers but who did not build their corporate infrastructure at the same rate perhaps as they were building houses and apartments.

Certainly, in the banks, there was very poor credit appraisal. The quality of that was very poor. I saw that myself when I went into Anglo for a year. There was a lowering of lending standards, and the approval processes in the banks, I think, were short-circuited. There was poor documentation. All the attention was focused on getting out the money: getting the loans out; getting the lending done; and in terms of security and back-up, all that was to a certain extent long-fingered. In the banks themselves, of course, there was a flawed business model at the heart of that, because they were over-reliant on wholesale money markets and short-term funding for long-term assets.

In the long run, that model was unsustainable, and it certainly ran to the collapse of Lehman Brothers and everything happening from that. That model itself collapsed. The banks were chasing market share; they were chasing one another. It is anecdotally said that Anglo set the pace and that all the others followed. Debtors were shopping around. There was a lack of awareness certainly of debtors' overall exposure across all the banks.

One of the things that really surprised me is that, if a debtor came into a bank and was looking for a very substantial amount of money, there was no real attempt made in many cases to determine the extent of that debtor's exposure across the other banks. So there was no clear picture of the debtor's overall position. Of course, there were a lot of new entrants into the banking sector here in Ireland, and a lot of innovative, or creative, products were being marketed — not least interest-only loans and 100% non-recourse loans.

On slide 4, you will see some of the figures for the average annual loan growth in the banks. Between 2003 and 2006 — a period of three to four years — Anglo's loan growth was a whopping 44%. INBS — Irish Nationwide Building Society — grew by 38% and Allied Irish Banks by 33%. Those growth rates were phenomenal, compared with the growth rates that had been the tradition in the banking sector in this country and, indeed, many other countries over the years. There was a huge concentration risk. I will give you one example: by 2006, 80% of Anglo's and 80% of Irish Nationwide's loan portfolios were made up of loans for property and construction — all focused on property and construction.

There were flawed incentivisation arrangements at all levels within the banks. There has been

considerable debate — I will just mention it and move on — about bonus structures and bonus payments. They were all geared towards the short-term sales mentality. Everything was based on how much money you lent and how many loans you got out there, rather than focusing on whether the loans would ever be repaid — could they be repaid? — and what was the risk involved for the banks.

There was an over-reliance on the perceived net worth of debtors and on the value of personal guarantees. Personal guarantees became a significant feature of lending over those years. A common theme among debtors who signed personal guarantees is that many of them would say that, while the banks were asking them to sign the personal guarantees, they were saying, “Don’t worry about that; just sign it. We’ll never call it in. You don’t have to worry about that in the future.”

I come from a regulatory background, so it is important not to blame everything on the banks or on developers. There were failures also in the regulatory system. There was what I can only describe as a timid approach. Banks were encouraged to comply voluntarily with regulations, but there was no willingness to penalise breaches of regulations. There was excessive trust in bank governance, and that fell down certainly. There was no review by the regulatory system of bank business models. We had for many years in this country an approach to regulation that was principles based. You set out the principles, and you allowed the implementation to be done by the banks themselves. That was fine. There is nothing in principle — if I can pun — wrong with that model, but there is something wrong if you do not oversee the implementation by the banks.

We had a complacent, or a rather sanguine, outlook in the country. Everybody expected a soft landing. It did not turn out like that. The concerns that the regulators had from time to time — they did have concerns; they did see the figures; they did see the problems — were not forcefully expressed by the regulators to the banks. There was an insufficient appreciation of the systemic risk that was arising from insufficient knowledge of the lending portfolios.

To add to our difficulties, at a time when we had a booming property sector, what did we do? We created a whole lot of tax incentives to fuel the fire. Again, I am not saying that there was not good thinking or that there were not genuine objectives behind those tax incentives, but really we should have been asking, “When a property market is booming anyway, why in the name of heaven do you need tax incentives on top of that?”

As shown on slide 6, the Government then became involved in their response to the banking crisis

with the guarantee for banks' liabilities in September 2008. I was not there on the night — there is a lot of speculation about what went on then — so I will just mention the guarantee in September 2008, and I am sure that there will be debate for many years about that guarantee. Following immediately on that, there was an examination of the loan books of all the institutions that partook in the guarantee scheme. That happened during October and November 2008. As a consequence, there was recapitalisation of certain of those banks in December and, indeed, in the months after that, and the nationalisation of Anglo Irish Bank, which took place in January 2009.

On slide 7, you will see that, as we moved into 2009, the Government also decided in February that an asset relief mechanism of some sort was needed. There are various models around. There are different models in the UK, Germany, the Netherlands and out in Indonesia. You see various models that have been established there over the years. The Minister at the time asked Dr Peter Bacon to prepare a report on the options. Out of that consideration and the report came NAMA — the National Asset Management Agency. It was announced on 7 April, as part of the supplementary Budget in 2009.

The legislation was passed in November 2009, and I am glossing over a huge amount of debate that Oireachtas Members here will be very familiar with, which went on very intensively during that period — a huge amount of engagement on a piece of legislation certainly. I have been around in Revenue for many, many years, and probably rarely has there been such engagement right across the Oireachtas and the political parties in a single piece of legislation. NAMA was established and the board appointed in December 2009. That is where the agency as such came in and where we perhaps move away a little now into the reality of the agency and what it is doing.

On slide 8, it is important to set out — this is lifted from the legislation, more or less — the core objective of NAMA, as stated in the Act. As an agency, this is the mandate that the Oireachtas has given us. This is the one that we live by; it is the one that we implement and apply every day. Our mandate is to

“protect or otherwise enhance the value of assets”

transferred to us and to

“obtain the best achievable financial return to the State.”

That one is important, because it makes us a very commercial organisation. There are other provisions in the legislation about a social dividend and other considerations, which Oireachtas Members will have,

about what NAMA should do in certain areas. There are areas where we are working actively, for example, with the Health Service Executive, with the Department of Education and Skills and with non-government agencies in regard to that social dividend. At the end of it all, we come back to that point in the legislation: we must achieve the best financial return possible to the state, and that makes us very commercial.

We have a finite lifespan. We are expected to last for about seven to 10 years. In our business plan, published in July 2010, we project that NAMA will make a gain of €1 billion over that period, but hopefully, we will disappear into the ether. It is very unusual for a quango in any country, not least in this country, to run itself out of business, but if we are successful, we will go out of business.

On slide 9, I just give you an outline of the governance of the organisation. I will not dwell on that; it is pretty clear. We have a board. We have accountability to the Public Accounts Committee. We have board committees, including two advisory committees, one of which may be of interest to some of the delegates here this morning: we have a Northern Ireland advisory committee, and I could speak more about that if any of you wish. We have a staff of about 140. We will probably get up to about 200. They have expertise in property, in banking, in liquidity, in accountancy and in law — all across the spectrum. We do not do all the work in NAMA, because the banks still carry out the day-to-day administrative work, but we make the credit decisions.

I will move on to slide 11, which is about accountability, which is an issue that is certainly raised from time to time in relation to NAMA. From time to time, people say that we are not transparent and that we are a secret organisation, and I am very clear that we are not on the basis that there is no other semi-state or state body in this country that I think is overseen to the degree that NAMA is. There is an issue about information related to debtors, which I shall just touch on in a minute; but in terms of general accountability to you as parliamentarians, it is important to point out that there is a annual statement to the Minister and the Oireachtas and annual reports and accounts.

We will publish our first annual report in the next month or two. There are also quarterly reports to the Minister and the Oireachtas. That is unique; no other state body prepares quarterly reports. The CEO, Brendan McDonagh, and myself appear before the Public Accounts Committee and, indeed, any other Oireachtas Committee that we are required to. We have already been there on a number of occasions, and we expect to be there quite a lot in the future. I thought when I retired from Revenue that one of the bonuses was that I would no longer have to appear before the Public Accounts Committee. I am afraid

that it has not actually turned out like that.

The Comptroller and Auditor General controls everything that we do. He has a permanent staff of 15 people in the NAMA offices. He has full access to all our documentation, all our decisions and everything that we do — every sale, every purchase and every loan transfer that we do — and believe me that he is assiduous in his oversight of NAMA, and I presume that he will be assiduous in his reporting back to the Oireachtas and Public Accounts Committee as well.

There is oversight by the EU Commission, which audits all our loan valuations. Indeed, slide 12 shows that the EU Commission was required to approve the NAMA scheme in the first place, and it did so at the end of February 2010, because of the state aid implications. It drew up the eligibility criteria for the institutions and the assets, and it drew up the valuation methodology, which was then put into legislation by the Minister. It approves on an ongoing basis each tranche of loans that is transferred across NAMA. It examines, through its agencies, every single loan. It has examined all the tranche 1 and tranche 2 loans, and it has given us an absolutely clean bill of health, which is very important to us.

Slide 13 deals with the loan valuation. Basically, the banks give us a list of the loans that they think are eligible. We rule on that. We do due diligence on each and every single loan. We look at the current market value of the property or the assets that back up those loans, and we look at the security and the documentation attached to the loans. We are allowed to give an uplift for the long-term economic value of the property. That has been an average of about 10% to date. On the basis of that valuation, we pay the banks for the loan.

There has been probably more discussion and debate about that valuation methodology and about the figure that we pay the banks than about any other aspect of NAMA's business, but it is very important to say that there has been due diligence on every one of the thousands and thousands of loans, including a look at the security. In many cases — to echo a point that I made earlier — the security documentation was grossly deficient, and where it was grossly deficient to the extent that we felt that the security was not really there, we applied a discount to take account of that. The banks, of course, can appeal the eligibility of the loans in the first place and the valuation.

On slide 14, what is the purpose of the loan acquisition? Well, it is to remove the commercial property risk from the bank's balance sheet. Performing and non-performing loans are removed, so there is no cherry-picking. We acquired loans that were advanced for land, development or associated loans — that

is, loans advanced for office, retail, residential, hotel and leisure. The eligibility criterion that determined whether or not a debtor came into NAMA was whether they had land and development loans. So we acquire loans; we do not acquire property. We will only acquire property or control property through receivers, in the main, if the debtor actually defaults on the loan.

Slide 15 shows a run through the acquisition process. We acquired the largest debtors first. To go back to the scale of lending that I was talking about earlier, the top 10 debtors accounted for €15.3 billion. That was acquired by NAMA from March to May 2010. Even if you average that out, you are talking about €1.5 billion to each debtor, which is not the full story, because with the 10, of course, there was the scaling. Also, it is not the full story because that includes only the NAMA loans — only the loans of the banks that are within NAMA —and it does not cover the exposure of those debtors to other non-NAMA loans.

We then went on to the next 23 debtors — a total debt of €12 billion, which we acquired from June to August 2010. We took the rest — a residual €45 billion — in quarter 4 of 2010. So to date, we have acquired loans to a nominal value of €72.3 billion from 850 debtors. In value for those loans, we gave the banks guaranteed bonds totalling €30.5 billion. There is a potential residue of some €3.5 billion to be acquired in loans that are in either an appeal or a legal process. We expect to deal with most of them in the coming months.

Five institutions applied to the NAMA scheme. The overall discount across all those institutions worked out at 58%. In other words, for the loans of €72.3 billion, we ended up paying €30.5 billion, by applying a 58% discount. The breakdown of our loans is that €18 billion is in Ireland; €10 billion is in the UK, which includes Northern Ireland; €1.6 billion in Europe; and €0.6 billion in the United States.

Slide 16 shows our balance sheet at the end of last year. Land and development make up 40% and investment properties make up 60% of our portfolio, which builds up to €30.2 billion.

Slide 17 goes back again to NAMA's purpose and intention: to create liquidity for the banks and take risk-rated assets off their balance sheets, because those risk-rated assets could not be used for collateral purposes to access liquidity with the European Central Bank (ECB). In return, the banks have received from NAMA Government securities, and they can go to the ECB or to other markets for liquidity. There is an issue about whether, in fact, the transfer of that €30 billion to the banks has eased lending and made access to finance easier in this country. I think that the reality is that you have to look at what the banks

did with the €30.5 billion — whether they actually began to lend it, or whether they went to the ECB and reduced their indebtedness — but that, I suppose, is a step beyond anything that NAMA can influence.

It is important to say again that NAMA's perspective now is that we are dealing with the borrower and that we have a full picture across the borrower's lending, whether across NAMA banks or non-NAMA banks. The first thing that we do when we sit down with a debtor is to try to get a full picture of all his or her indebtedness. I say his or her; the reality is that, in an unusual situation, I do not think that we have anything other than male debtors in NAMA. I am sure that, at some stage in the future, somebody will do an anthropological study of that.

We receive income on the acquired loan portfolios, and we pay an interest coupon on the Government bonds that we give to the banks.

There are just a couple more slides to go, to emphasise the borrower engagement. The largest 180 borrowers, with €62 billion, are managed directly by NAMA. We are in effect their bank, if you want to put it that way. Now, we make all the credit decisions, and the loan administration is performed by the banks. The other 670 borrowers will continue to work directly with the banks, but NAMA will in effect set the pace, because we will authorise the general approach to credit decisions and so on.

The business plan process shown on slide 19 is the one that we have been actively involved in with the debtors over the past year. It is pretty intensive. Everyone is asked to prepare a business plan. Basically, we want to them to show us how they can work out their problems, which we go through in detail. We meet the debtors and their representatives, agents and accountants. If we cannot reach agreement, or if it seems to us that there is no future for that debtor, there is only one alternative: to go down the enforcement route, which means putting them into receivership. To date, we have appointed, or we have asked the banks to appoint, receivers or administrators in 57 cases. But it is also important to say that, in the same period, we have declined 31 requests for receivership from the banks. So we are not gung-ho, out there trying to roll people over. We make a genuine attempt to find out whether they can work with us, whether they have a future and whether we can help to work out their problems; but in some cases, unfortunately, that will not happen.

Slide 20 shows some key features of the NAMA approach. I think that probably the most important one, because it impinges on getting the market moving again, is that with each debtor, as we go through the business plans, we agree a schedule of assets to be disposed of. In the UK, because of its market, it is

quite likely that the assets will be disposed of sooner rather than later. From time to time, there is controversy about whether some debtors put assets beyond our reach in the months or, indeed, the couple of years leading up to the crisis and the creation of NAMA. We are very clear, in engaging with any debtor, that if that happened, those transfers have to be reversed back into NAMA and that we will not engage with debtors until they agree to do that.

On slide 21, we have a positive development in that NAMA can borrow up to €5 billion and can put that new money into assets to enhance their value, to increase their saleability and to get a better return for NAMA over the years. To date, we have advanced €810 million in new working capital or new money to developers.

Perhaps I can finish on some common misconceptions about NAMA, the first of which is that it was a borrower bail-out. The reality is that, no, it was not. The borrowers continue to own 100% of the liability. NAMA assesses each borrower's liability much more rigorously and much more impartially than the banks have done to date. In fact, some of the developers are quite shell-shocked with the approach that NAMA is taking. To give you just one example, one of the things that really surprised us is that developers owed a lot of money to banks, not paying a penny in interest — the interest was being rolled up — while those developers were taking money out of properties that were yielding a rent or an investment return. That money was not going anywhere near the banks, and the banks were not looking for it. One of the first things that we have done is to mandate all that investment or rental income straight into NAMA.

Was it a bank bail-out? No. I spent the first six months in this job defending us from accusations that we would pay too much to the banks. I spent the second six months defending us from accusations that we had not paid enough to the banks and therefore that we had precipitated their problems. I think that the reality is otherwise, and do not forget that there is a provision at the end of all this, if NAMA does not make a profit, for a tax surcharge on the banks to pay for any accumulated losses, although, as I say, we do not expect to make losses.

Another misconception about NAMA is that we cannot succeed unless there is a huge return to growth in the property market. That is not true. The scale of recovery that we need over our projected lifetime of about seven to 10 years is much more modest 10% growth in the property area. I do not think that anybody expects that property in this country will go back to the boom rates of recent years.

Another misconception is that NAMA is a goldmine for advisers. Yes, we have advisers, but we do not want to build up a huge staff in NAMA that we do not need or that we need only on occasion. Yes, from time to time, we employ service providers — we did a lot of that during the due diligence process — but one figure shows the value of that: in 2010, we spent €29 million on due diligence, paying advisers in relation to due diligence, but as a consequence of the defects that they identified in security titles and legal titles, we saved €300 million in the process.

A further misconception is that — a point that I made earlier — we have decimated the banks. No way. Remember that the losses already existed on the banks' loan books before NAMA ever came along. We forced up-front recognition of those losses, so I think that NAMA is part of the solution, rather than the problem.

I shall leave you to look at slide 25, which relates to progress, but I shall mention the last point: NAMA has already started to repay our debt. We have repaid €750 million of bonds to date, and we have paid just under €300 million to the Minister. Already, in year 1, we have reduced our debt by over €1 billion.

We have challenges, no doubt, and they are outlined on the last slide. NAMA's success certainly depends on a resumption of growth in Ireland and stronger growth in the UK, but for part of our property portfolio, mainly undeveloped land, there is no foreseeable demand and much of that land will revert to agricultural use. We need to see a resumption of transactions in the property market, and we are trying to develop initiatives in that area and have had discussions recently with the Minister in that regard.

Some debtors are still traumatised or, I suppose, stuck in the old mindsets of, "Can't you just leave us alone for 10 years, and all of this will have worked out?" It will not. We need to face our problems now. The final point, which is not for NAMA but more for the banks, is that the banks are still traumatised by the whole crisis, as a result of which there is still an issue about lending and access to finance in this country.

Ladies and gentlemen, I am sorry about the problem with PowerPoint and that you have had to flick through the hard copies of the slides, but that gives you an overview and a flavour of where NAMA is today. Thank you. *[Applause.]*

The Co-Chairman (The Lord Cope):

Thank you very much, Frank Daly. As a matter of fact, as far as I am concerned, reading the slides on paper is easier than having such things flash before one, but leave that as it may be.

We have three slightly related questions, the first of which is from Gavin Williamson MP.

Mr Gavin Williamson MP:

Thank you very much, Co-Chair. How much of the €10 billion-worth of assets in the UK sits within Northern Ireland?

The Co-Chairman (The Lord Cope):

The next related question is from Jim Wells, MLA.

Mr Jim Wells MLA:

My question is directly related to the previous one. I believe that a very significant proportion of that €10 billion is owed by companies in Northern Ireland. What we find very frustrating is that you have set out the rigorous controls, scrutiny and accountability of NAMA from an Irish Republic perspective, but your actions will have a profound impact on the Northern Ireland economy. I fail to see what accountability your organisation has to our economy.

I am also quite worried about the stipulation that overseas assets, which I assume means those in the UK as well as Europe, will be sold ahead of those in the Republic. Will there be a tendency for you to get rid of the really bad assets in Northern Ireland, with a very detrimental impact on our economy, to shield the impact on the Irish Republic's economy? We feel a bit frustrated that we were not allocated a position on the board of directors. We are on the advisory panel; but, basically, as far as I can see, NAMA can do whatever it wants on behalf of the Irish economy and the rest of us will simply have to take the consequences.

The Co-Chairman (The Lord Cope):

The other related question is from Lord Dubs.

The Lord Dubs:

Thank you. There are two parts to my question. Yesterday, we had a presentation on tourism in Ireland, and I wonder whether you could comment on the number of hotels that NAMA now has on its books.

May I ask a second question on UK assets, and it relates to something in my former parliamentary constituency? Do you happen to know whether Battersea power station is one of the things that you have at the moment?

The Co-Chairman (The Lord Cope):

Would you like to respond to those three related questions?

Mr Frank Daly:

Perhaps I can deal first with the question that I cannot answer, which is the last one, because it is a specific question about a particular property and a particular debtor. Under the NAMA legislation, unfortunately, I am precluded from discussing any particular case or asset.

The Lord Dubs:

Excuse me. Can you not even tell us whether it is on your books at all?

Mr Frank Daly:

I cannot sit here and tell you whether it is on our books, but I can tell you that there has been extensive media speculation about it, and the company involved has not made any secret of the fact that it is a NAMA debtor, so you may put two and two together.

On Northern Ireland, just to give you some of the figures, the nominal value of the loans in Northern Ireland is €4 billion, so if you relate that to the total, it is a significant figure — it is about 5% of NAMA's total portfolio — and 180 debtors in Northern Ireland are involved in that amount. I do not know whether you want further details, but the further breakdown is that undeveloped land accounts for about €2.4 billion; investment accounts for about €1.2 billion; and land in course of development, about €400 million. By comparison with the Republic, we do not have a high concentration of hotels in our portfolio in Northern Ireland, and we do not have a high concentration of the large, unoccupied residential developments — the so-called ghost estates — that we have in the Republic.

On the actions on Northern Ireland and the impact on its economy, you referred to the Northern Ireland advisory committee, on which we have two members nominated by the Northern Ireland Executive. Believe me, they very clearly set out the concerns of Northern Ireland in that committee, which advises the board, and we take very seriously the advice that it gives us. We have set down some objectives for Northern Ireland through that committee. Our very clear aim is to assist and stabilise the

market in Northern Ireland. We want to generate transactions there. We want to provide liquidity, and we reassure our colleagues from Northern Ireland that NAMA can take the long view. When I say, as I said in my presentation, that the assets in the UK are likely to be disposed of sooner rather than later, what we are doing is looking at the market as it is now. I do think that that would apply to Northern Ireland. There is a good market, for example, in areas around London and the south-east of England, where, in fact, a lot of our assets are situated. We take a neutral view of the market; we are not into fire sales, but neither are we into speculative hoarding of assets in the hope that, in five years' time, something will come right. We have debt reduction targets.

I have met the First Minister of Northern Ireland, Peter Robinson, the Deputy First Minister, Martin McGuinness, and the Minister of Finance, Sammy Wilson, on a number of occasions. There is considerable engagement. I cannot say anything about the board membership of NAMA, because that is a matter for the Minister on the South side and not in my remit. I can assure you that we are very alive to the particular circumstances in the Northern Ireland economy — not least the fact that, because of budget cuts coming from London, there may be property assets owned by the state that will have to be sold, and the last thing that we want is for NAMA to be selling assets while Northern Ireland is selling them, thus further depressing the market. So we are extremely sensitive to what is going on there.

On tourism and hotels, NAMA has — for a former chairman of the Revenue sometimes figures are not my strongest point, which may surprise people — something like 120 hotels in its total portfolio, 83 of which are in the Republic. That is actually a very small proportion of the hotels, even though it is said from time to time — this gets a considerable amount of publicity — that NAMA hotels are ruining trade in the hotels sector. We have just 83 hotels, out of thousands and thousands, in the Republic; very few in Northern Ireland, and very few in the United Kingdom.

The Co-Chairman (The Lord Cope):

Thank you. We come to the next group of three questions, starting with Lord Mawhinney, followed by Senator Breckon from Jersey.

The Lord Mawhinney:

As someone who is here from the British side of the Assembly, may I thank you for a very impressive report? Does the agency have responsibility to co-operate with the legal authorities, which, I assume, are investigating the failed bankers and regulators, and is that co-operation subject to the same public transparency roles that you outlined for other aspects of your activities?

The Co-Chairman (The Lord Cope):

The next question is from Senator Alan Breckon from Jersey, followed by Oliver Colvile MP.

Senator Alan Breckon:

My question also relates to the regulation and governance of the banks. Your slides mention a “timid approach”. Can you expand on what appears to be a failure? Can you say why the banks’ annual reporting and audit failed to identify their true position and exposure to what I would consider to be dodgy debt and did not demonstrate “due diligence”, which is another term that you have used?

The Co-Chairman (The Lord Cope):

I call Oliver Colvile MP.

Mr Oliver Colvile MP:

Thank you, Co-Chair. Mr Daly, you talk quite extensively about the inability of the regulatory system to operate properly, but do you not also think that one of the problems was that the central banks failed to increase interest rates and that there was a breakdown in monetary policy as well?

The Co-Chairman (The Lord Cope):

Would you like to respond?

Mr Frank Daly:

Thank you. I shall take the questions from the top. Does NAMA have responsibility to co-operate with legal authorities? We most certainly do, and that is built into the legislation, and it includes everyone from the Garda to the director of corporate enforcement — indeed, to my former organisation, the Revenue Commissioners. The legislation makes provision for us to reveal information to those authorities that we could not reveal publicly. In fact, at the last hearing of the Public Account Committee, I was asked to reassure the Committee that, if we came across any practice, case or information that was of value to those investigating authorities, we would tell them. That is absolutely an assurance.

On the timid approach, I am not sure that there is an awful lot more that I can say. We have had a particular view of the world here in the banking sector for many years. We obviously encouraged the growth of the Irish financial services centre and our own banks as well. Part of that involved making it as easy as possible for people to do business in Ireland in the financial sector, and it has been hugely

successful. Part of that involved a principles-based approach to regulation. Where it fell down, as I mentioned, was not so much that there is anything wrong per se with a principles-based approach but that the implementation was less than effective. Indeed, we have already moved away from that approach.

Why the banks and auditors failed to identify the problems has been the subject of a number of reports in this country, and all that I can do is to summarise. There was a culture of denial. They did not really want to acknowledge the extent of their problems. There was also a serious deficiency in the systems within the banks. Again, it surprised me, coming from an organisation where systems were so important in the Revenue, that the management information systems in the banks were sometimes quite outdated and certainly not giving top management a true picture of what was going on. At the heart of it all was the view, I suppose, that there would not really be any end to the boom, that there would be a soft landing and that we would all segue out perhaps at different level but not one where we would all suffer. As I have said before publicly, auditors have a case to answer. They will say that they are only in there to audit the accounts and that they have a certain limited role; but to my mind, if there is an elephant in the room, anybody, whether or not an auditor, has an obligation to say, "There is an elephant over there."

I am reluctant to go into the general question of monetary policy, because it is way outside my remit. I think that there were probably a lot of areas where, with hindsight — whether with monetary or fiscal policy or whatever — we would have been better served by a different approach, but that is with the benefit of hindsight.

The Co-Chairman (The Lord Cope):

Thank you very much. Now, another group of questions, the first of which is from Pádraig MacLochlainn TD, and then Mr Stephen Donnelly TD.

Mr Pádraig MacLochlainn TD:

Thank you, Co-Chair. I want to raise a couple of issues. First, you will be aware, Frank, that there are ongoing public concerns about allegations that some developers under the NAMA scheme have been buying back their loans at huge discounts through third parties. Obviously, they are allegations and they will have to be investigated, but under section 35 of the NAMA Act, all assets are to be disposed by auction — I presume, public auction — or competitive tendering. Is that being implemented? What is the process of accountability for the sales of the properties, loans and so on?

Can you give a cast-iron assurance to the Assembly today that NAMA has not sold any of those loans,

properties and so on back to the original debtors? Can you assure us that your procedures are cast iron and that that has not happened? Such allegations, which are in the public domain, are coming from, for example, Senator Mark Daly, who is an estate agent, and others. The Taoiseach, Enda Kenny, who was quoted yesterday, said that he is concerned and is looking for an investigation, so can you give us, as parliamentarians, a cast-iron assurance on that matter?

The second issue is pertinent to me and Deputy McHugh. In our constituency right now, the much-awaited-for extension of Letterkenny Hospital was carried out by McNamara Construction, which won the tender. McNamara Construction has now gone into receivership, and NAMA was dealing with quite a bit of its loan book. At the same time, McNamara was continuing to carry out public contracts and, indeed, winning new ones. The difficulty now is that a significant number of subcontractors have not been paid. It has been said — perhaps you will clarify this — that one arm of the state was dealing with the winding down of the McNamara empire, while another arm of the state was awarding it public contracts and exposing not only the public to delays in much-needed infrastructure but subcontractors to loss and closure, which has happened to a number of those small businesses.

The Co-Chairman (The Lord Cope):

Thank you. I call Stephen Donnelly TD, followed by Ann Phelan TD.

Mr Stephen Donnelly TD:

First, I would like to thank you, Frank, for coming and addressing the Assembly today; it is extremely useful. My question concerns the decision criteria that NAMA use and specifically the consideration of private versus public value. In your presentation, you reference the fact that the legislation says

“the best achievable financial return to the State.”

The Act also says that its purpose is

“to contribute to the social and economic development of the State.”

I think that it is probably fair to say that, during the bubble in Ireland, huge private profits won out against long-term public value all over the state.

The advantage of NAMA being a state organisation is that it could help to redress that, at least at the

margins. For example, if a developer submits a plan to NAMA that is net present value or profit neutral but has significant or potential public value attached, how does NAMA evaluate the size of the public value and how does it include that public value in its decision process? Of your 140 staff, you referenced people with banking, liquidation and property experience, but do you have people trained in estimating public value? I noticed in the presentation that nowhere in the process whereby a developer submits to NAMA is there space for communities affected by such decisions to make representations and help you and your teams to have a fully rounded picture of the private value and the public value that can be created.

First, can you tell the Assembly about evaluation and the inclusion of public value in decision making? Secondly, what processes are in place whereby a community or, indeed, parliamentarians as representatives of that community can work with NAMA and its teams to help to provide them with the fullest picture possible? I know from my own experience in Greystones — of course, I do not expect you to comment on any individual case — that the community would love to make an input to your team, but the only conversation that I can see is going on between NAMA and the developer, and the community, which will be ultimately affected more than anyone, does not appear to have any way to have an input as the developer does.

The Co-Chairman (The Lord Cope):

I call Ann Phelan TD, followed by Senator Imelda Henry.

Ms Ann Phelan TD:

Thank you, Co-Chair. My point is closely related to Stephen's, because I have huge concerns about how NAMA is playing out down in the communities where developers promise local people certain public dividends that have not been realised and where a community was unable to buy a field because the developer was able to pay 10 times more. These things are now coming around again, as that community is still looking at that field. Is there a channel within NAMA to deal with the community sector? I take the point that you are only dealing with loans — you said earlier that you only acquired loans, not property — but in trying to solve the problems down in the community, we have to deal with the property, rather than the loans. As Stephen pointed out, a channel has to be developed between NAMA and community and local groups to try to resolve these issues, because they are very real issues down in communities.

The Co-Chairman (The Lord Cope):

Thank you. The last question in this group is from Senator Imelda Henry.

Senator Imelda Henry:

Thank you for your presentation today. Why is NAMA procrastinating on a property when potential buyers are lined up to purchase it at a higher price than the NAMA estimate?

The Co-Chairman (The Lord Cope):

Would you like to respond, sir?

Mr Frank Daly:

First, to address the concerns about developers buying back property, I certainly noted what the Taoiseach said yesterday after addressing the Assembly. The first thing that I want to do is to assure the Assembly that, as far as NAMA is concerned, that is not happening. Let me be very clear: provisions in the Act prohibit the sale of properties back to defaulting debtors. NAMA is absolutely determined that those provisions will be applied and that such sales will not happen. We have various mechanisms for doing that. As someone else has mentioned, NAMA has not as yet acquired properties, so we have not sold properties, but receivers do sell properties on our behalf. The very first thing that we point out to receivers when we engage them and something that we keep reminding them about is section 172 of the Act, which prohibits the sale of properties back to defaulting debtors or to anyone connected with those debtors. No one can give 100% guarantee in relation to anything in this life, but in so far as I can assure the Assembly, it is NAMA's absolute determination that that will not happen. That extends to requiring sworn declarations from the purchasers of property and to having declarations in the contract of sale to that effect.

You mentioned the allegations that were made—

Mr Pádraig MacLochlainn TD:

Sorry, Co-Chair. May I clarify the question that I asked? The Act stipulates that the sale should only be by public auction or competitive tendering. Is that being followed through?

Mr Frank Daly:

That is when NAMA sells assets, but NAMA does not have any properties; we are not actually selling properties. I am as familiar with legislation and the need to apply it as anyone from my previous career,

and I can assure you that any section of the Act — whether section 35 or 172 or any other — will be assiduously applied by NAMA.

You mentioned the allegations that were made by Senator Daly quite some time ago. I think that you mentioned them again recently. I met Senator Daly, together with the chief executive officer of NAMA, and we asked him to give us details of the property that he said that he had information in relation to, and I have to say that he has not given us anything that we could inquire into. I am satisfied that that has not happened, and I am absolutely determined that it will not happen. What the Taoiseach was looking for yesterday was a reassurance from NAMA about our determination in that regard, and I certainly give that reassurance today.

On Letterkenny Hospital and McNamara, again, I am very reluctant to get into a discussion on any particular developer or anything like that. I have had such experience over the years and know the trauma attached to putting anyone into receivership or administration. I know the impact down the line on employees and subcontractors. It is pretty well accepted in this country that subcontractors need greater protection, and my understanding is that that is being dealt with in the Oireachtas at the moment. So I can assure you that, in the event that we are forced — and it is “forced” — into the position of putting somebody into receivership, we in NAMA do our very best within the existing legislation to make that as painless as possible, but it is not a pain-free issue. I am not making a comment on any particular developer or debtor, but the reality is that the responsibility ultimately for a company going into receivership rests with the company, not with NAMA or any other agency that might have to intervene along the way.

On what you might call the social dividend aspect of NAMA’s remit, what the Act spells out without any doubt is getting the best achievable financial return to the state, but we are also very conscious of the social and economic aspects. Whenever a developer submits a plan to NAMA, such sensitive areas are always examined. I am sure that we have people in the team who are trained and expert in that area, but the most important point, which has been alluded to, is how does the local community express its concerns to NAMA? I know that there is concern — it may be something of a misconception — that there is very strong anti-lobbying legislation in the NAMA Act. There is a strong provision, but to my mind that does not preclude a local public representative or a local community group from getting in touch with NAMA and expressing a view. I do not think that that is lobbying for personal gain or anything like that. I believe, as a personal philosophy, that TDs, Senators and councillors — the elected representatives of the people — should not be precluded from engaging with any state agency. So I

would encourage anyone to write to us to set out the facts. Setting out the facts, to my mind, is not lobbying; it is just giving a particular view.

I do not want to mention Greystones in particular, because I would be getting into a particular case, except to say that it would be probably incorrect to assume that the community view in relation to Greystones and many other such developments has not been conveyed to NAMA — it certainly has — and I would certainly welcome any other contact on that. I think that probably the same point applies in relation to developers and the promises that they gave in relation to public dividends.

I cannot really answer the question about why we are procrastinating on a particular property, because, obviously, I do not know what it is or what you are talking about. I would be very surprised, because we are quite anxious to sell property, that if there is a good offer out there, we would not be availing ourselves of it. Perhaps offline later, if you want to talk to me about something in particular, I will certainly see what is happening, but I would be surprised about that situation.

The Co-Chairman (The Lord Cope):

We now have a final group of five questions, which must conclude this session, starting with Lord Bridgeman, followed by Noel Coonan TD.

The Viscount Bridgeman:

Thank you, Co-Chair.

May I add my thanks to you for giving such an impressive presentation? Can you tell us anything about any dialogue that you may have had with the IMF or the ECB?

The Co-Chairman (The Lord Cope):

I call Noel Coonan TD, followed by Martin Heydon TD.

Mr Noel Coonan TD:

Thank you, Mr Daly, for the presentation. I welcome the clarification on the defaulting debtors, but do you think that there should be a NAMA for first-time buyers who find themselves in negative equity as a result of the inflated property prices, driven by the developers? Do you think that NAMA could make available funding for local authorities to complete unfinished housing estates for people who so desperately need housing?

You said that you were an open organisation. Would you publish the names of people who are employed by your organisation, particularly those who are employed to value the properties that you have taken control of?

The Co-Chairman (The Lord Cope):

I call Martin Heydon TD, followed by Senator Deirdre Clune.

Mr Martin Heydon TD:

Thank you, Co-Chair. Thank you, Frank, for the presentation. Comment has been made in the past on the restrictions placed on NAMA by confidential agreements between commercial lenders and borrowers. Could you comment on what the restrictions are and how they would compare and contrast in a case where a receiver was appointed?

The Co-Chairman (The Lord Cope):

I call Senator Clune, followed by Frank Feighan TD.

Senator Deirdre Clune:

Thank you, Co-Chair. Mr Daly, do you think that NAMA is fully capitalised or adequately capitalised to facilitate the upgrading of developments to get them into a marketable position?

The Co-Chairman (The Lord Cope):

Lastly, I call Frank Feighan TD.

Mr Frank Feighan TD:

Thank you. Mr Daly, have you received any threats from developers or any of your employees that you have had to refer to the Garda?

If you are taking over an ongoing business that is making a satisfactory profit, where do you draw the line on carrying on that business or selling it? I suspect that the answer relates to valuation, but would you prefer to sell off that business or to carry on the business if it was in a profitable state?

The Co-Chairman (The Lord Cope):

Thank you. Would you like to respond?

Mr Frank Daly:

On whether we have had dialogue with the IMF and the ECB, we have had a limited dialogue in the sense that, as part of the negotiations on the bail-out, the so-called troika — the IMF, the ECB and the Commission — met various agencies and NAMA, because it regards NAMA and its performance as a key part of that package. When those organisations visit from time to time to monitor progress, they also talk to us about what NAMA is actually doing. In fact, the point that I made earlier about already having repaid about €1 billion in our first year of operation is one that has, I think, gone down quite well with the ECB and the IMF on their latest visit.

On whether there should be a NAMA for the people, I am not going to go there because that is really Government policy, and I think that I would be out of order in commenting on that. I will leave that to you as parliamentarians, if you do not mind.

On unfinished housing estates, NAMA is certainly very much involved in that area. We are part of the working group that Minister Penrose has set up at the Department of Environment, Community and Local Government, which has published a report on those unfinished estates in the past couple of weeks. In the past week or so, it has identified the category 4 estates — the so-called worst estates, where urgent action is needed. There are about 228 estates in that category. NAMA is involved with something like 12% — about 28 — of them. We have undertaken, in discussion with Minister Penrose, to be very active. Indeed, we have already — it is nearly completed — sent surveyors out to see exactly what action is needed and what action is needed urgently. We have given an undertaking to be very active in that area.

On whether we publish the names of people who are employed with us, if they are on the panel of NAMA service providers, I do not think that there is any problem with the publication of their names. If you are talking about internal NAMA staff — our own staff members — that is an area that I would be reluctant to go into. In fact, it could lead to a question that has been mentioned about receiving threats. I would not like to expose staff to that, but in regard to panels of approved service providers, I do not see a difficulty.

On restrictions on NAMA, I think that this is a question of confidentiality. There are probably three areas of restriction on NAMA in relation to confidentiality. There are confidentiality provisions in the Act itself. Remember that NAMA is also taking over loans from banks. There is such a thing as banking confidentiality. On any loan transfer, whether to NAMA or another bank or another entity, the banking

confidentiality requirements transfer with the loan. A third area relates to data protection legislation, which precludes NAMA from revealing information in relation to any individual. So I suppose that those are the restrictions, and they are the ones that most people get concerned about. I do know whether we can do much about them. If the legislation was changed, fair enough — we would live with that — but even if you change the legislation, there will certainly be challenges under banking confidentiality requirements.

A key point, which I have made before, is that if NAMA reveals too much of its hand, in terms of what we paid for a loan or what we are putting it on the market at, that impinges on our ability to get the best possible financial return for the state. We are a commercial organisation, and in a commercial situation of buyer and seller, you do not have the seller putting all his cards on the table in most situations, so there are restrictions and difficulties.

As I mentioned earlier in my presentation, one of the things that we will do in the next couple of weeks is to give a listing of every property that is with the receiver. We will put about 850 properties up on our website to give people some indication of what is with us.

Is NAMA adequately capitalised in terms of new money, working capital and investing in assets to bring them to market to improve the situation? Yes, we have provision in the Act that we can borrow €5 billion. The reality is that, to date, we have invested more than €800 million in that, but we have not had to borrow; we have been able to fund that from our own cash resources, which come from the rents, investment and sales of property that I mentioned earlier. Not only have we been able to invest €800 million, but we have been able to repay €1 billion in the same period. Of course, that raises the question of where those rents and that income were going in the past, when the banks were handling them.

Have we received any threats? No, not yet. I got more in the Revenue than I have got in NAMA, and I am not aware that people in NAMA apart from myself have received any threats.

If we are taking over an ongoing business that is making a satisfactory profit, do we want to sell it or carry it on? Again, you have to look at it in the round of what that debtor has. Do they have a whole lot of other debts on the property side, as well as viable business? We have no wish to roll over a viable business, but we have an obligation to reduce the debt over a period. So we will examine every case on its merits, but we will not go in with any predisposition to close a viable business — in fact, quite the opposite.

The Co-Chairman (Mr Joe McHugh TD):

I would like to thank you, Frank, for coming to this session today. I think that the thought-provoking session that we have had, the considered questions and the interest this morning prove that there are a lot of questions in relation to NAMA. Although we appreciate your being here at this public session and also being quite open with the general aspects, there are still individual questions and we need a mechanism to get information at an individual level. You have quoted the legislation. However, perhaps the Public Accounts Committee will be a vehicle for more questions that need answering. Obviously, if you throw out figures like €72.3 billion and a total of 850 debtors and you have a staff of 140, the first thing that comes to mind is litigation, and a lot of your time and energy have been spent on that. The public perception is certainly that quite a lot of legal wrangling is going on and that it is something that we should be conscious of into the bargain.

On behalf of my Co-Chair and the Assembly, I would like to offer our thanks again for your contribution and your presence here this morning. Thank you, Frank. *[Applause.]*

ADJOURNMENT

The Co-Chairman (Mr Joe McHugh TD):

The last item in this morning's session is the Adjournment, and I am delighted that a former Co-Chair and former Secretary of State for Northern Ireland, Mr Paul Murphy, will move the motion to adjourn.

The Rt Hon Paul Murphy MP:

I beg to move that the Assembly do now adjourn.

I thank both of you as Co-Chairs for the way in which you have chaired our proceedings. You have done so with a light but firm touch, and many thanks to you both.

I thank Alda Barry, to whom, of course, we paid tribute at our dinner yesterday. We wish her well and hope that we will see her at the next session in any event. Of course, I thank Paul Kelly and his staff for the way in which they have organised this session. It has been difficult, put it that way, because of the elections and the uncertainties, but you have done an excellent job, not just in choosing the facilities of this hotel, which are very good indeed, but in the way in which you have arranged sessions that produced,

frankly, brilliant speakers and that have been excellent for us all. So thank you very much indeed for everything that you have done.

Chris Ruane earlier mentioned former Members of the British-Irish Parliamentary Assembly, and I would echo what he said: we should write to former Members and thank them for the work, enthusiasm, dedication and commitment that they have given to this Assembly over many years indeed.

It is great to welcome our new Members from all the different jurisdictions. They will bring fresh enthusiasm, fresh blood and new ideas into this important Assembly, and we look forward to working with them in the years ahead.

I think that Alan Breckon raised the example of how the reciprocal health agreements for the dependencies and the United Kingdom Government were changed as a direct result of both formal and informal representations that came from one of these sessions. That is a very practical reason why we should continue, as well as all the other reasons that we are all aware of.

I very much look forward to meeting again in Brighton. I think that this Assembly is very important for the future of these islands and for all the jurisdictions in them, and I would formally like to move the Adjournment of the 42nd plenary session of the British-Irish Parliamentary Assembly.

The Co-Chairman (The Lord Cope):

Thank you very much for your personal remarks, Paul. This will bring the session to an end. Lunch will then be available in the Kiltegan Suite, which is directly downstairs where we have been before, and I hope that Frank Daly will join us. For those of us who are on the flight to London this afternoon — the British Members mainly — the coach will leave a little earlier at 1.30 pm to enable us to see a little more of Cork on our way to the airport, as the flight does not go until later this afternoon.

I should add that tributes have been paid, quite properly, to Alda Barry — I was pleased to do so last evening — and that also present during the session has been Robin James, who is taking over from Alda Barry shortly after the end of the session. That brings my remarks today to a conclusion.

The Co-Chairman (Mr Joe McHugh TD):

I now declare the 42nd plenary session of the Assembly closed. We will meet in plenary session on 23 to 25 October 2011 in Brighton, England. *[Applause.]*

The session adjourned at 12.47 p.m.