

**BRITISH-IRISH  
PARLIAMENTARY ASSEMBLY**

**Forty-eighth Plenary Session**

**30 March – 1 April 2014, Dublin**

## **MEMBERSHIP OF THE BRITISH-IRISH PARLIAMENTARY ASSEMBLY**

### **STEERING COMMITTEE**

#### **Co-Chairs**

Mr Laurence ROBERTSON MP

Mr Joe McHUGH TD

#### **Vice-Chairs**

Mr Séamus KIRK TD

Rt Hon Paul MURPHY MP

Mr Pádraig MacLOCHLAINN TD

Mr Robert WALTER MP

### **MEMBERS IN ATTENDANCE**

#### **Oireachtas Members**

Mr Joe McHUGH TD

Senator Terry BRENNAN

Senator Paul COGHLAN

Mr Seán CONLAN TD

Mr Seán CROWE TD

Senator John CROWN

Senator Maurice CUMMINS

Mr Frank FEIGHAN TD

Senator Imelda HENRY

Mr Martin HEYDON TD

Senator Cáit KEANE

Mr Séamus KIRK TD

Mr John LYONS TD

Mr Mattie McGRATH TD

Senator Paschal MOONEY

Mr John Paul PHELAN TD

Mr Patrick O'Donovan TD

Mr Joe O'Reilly TD

Mr Aengus Ó Snodaigh TD

Mr Arthur SPRING TD

Mr Jack WALL TD

Senator Jim WALSH

#### **British Members**

Mr Laurence ROBERTSON MP

Baroness BLOOD MBE

Viscount BRIDGEMAN

Mr Oliver COLVILE MP

Mr Jim DOBBIN MP

Baroness DOOCEY OBE

Lord DUBS

Mr Paul FLYNN MP

Lord GERMAN OBE

Mr Jack LOPRESTI MP

Rt Hon Paul MURPHY MP

Mr Mark PRITCHARD MP

Mr John ROBERTSON MP

Mr Andrew ROSINDELL MP

Mr Jim SHERIDAN MP

Lord SKELMERSDALE

Lord SHUTT

Mr Robin WALKER MP

Mr Robert WALTER MP

**Welsh Assembly Members**

Mr David MELDING AM  
 Mr Darren MILLAR AM  
 Mr William POWELL AM  
 Mrs Joyce WATSON AM  
 Mr Lindsay WHITTLE AM

**Tynwald Member**

The Hon Stephen RODAN SHK

**States of Jersey Member**

Deputy John Le FONDRÉ

**States of Guernsey Member**

Deputy Roger PERROT

**Scottish Parliament Members**

Mr John SCOTT MSP  
 Mr Willie COFFEY MSP  
 Mr Gordon MacDONALD MSP  
 Ms Alison McINNES MSP  
 Mr Michael McMAHON MSP

**Northern Ireland Assembly Members**

Ms Judith COCHRANE MLA  
 Mr Barry McELDUFF MLA  
 Mr Jim WELLS MLA

**OTHERS ATTENDING AS GUEST SPEAKERS**

Mr Michael Wardick, <i>Senior Heritage Guide, Royal Hospital Kilmainham</i>	Mr Gerry Kindlon, <i>Senior Vice President, Londonderry Chamber of Commerce</i>
Mr Brian Hayes TD, <i>Minister of State, Department of Public Expenditure and Reform with special responsibility for the Office of Public Works</i>	Ms Ann Riordan, <i>Chairperson, Science Foundation of Ireland</i>
Mr Michael O’Leary, <i>Chief Executive, Ryanair</i>	Mr Frank Ryan, <i>Chair, Industrial Development Authority</i>
An Taoiseach, Enda Kenny TD	Dr Eoin O’Malley, <i>School of Law and Government, Dublin City University</i>
Mr Brendan Howlin, <i>Minister for Public Expenditure and Reform</i>	Dr Richard Boyle, <i>Head of Research, Publishing and Corporate Relations, Institute of Public Administration</i>

## OFFICIALS

<p><b>Joint Clerks to the Assembly</b>          Dr Robin James, British Co-Clerk          Ms Sinéad Quinn, Irish Co-Clerk</p>	<p><b>Clerks of the Devolved Institutions</b>          Mr Steven Bell          Mr Robert Lloyd-Williams          Mr Peter Hall</p> <p><b>Media Adviser to the Assembly</b>          Mr Ronan Farren</p>
---	---

## COMMITTEE CLERKS TO THE ASSEMBLY

<p><b>Committee A: Sovereign Matters</b></p>	<p><b>Committee B: European Affairs</b></p>
<p><b>Committee C: Economic</b></p>	<p><b>Committee D: Environmental and Social</b></p>
<p><b>British and Irish Secretariats</b>          Sir Michael Davies KCB          Mrs Amanda Healy          Miss Priscilla Hungerford</p>	<p><b>Official Reporters</b>          Mr Stuart Dixon          Mrs Jodi Govier          Mr David Hampton          Ms Lesley Linchis          Ms Bernadette Noble          Mr Jonny Redpath</p>

**Monday 31 March 2014**

*The Assembly met at 9.20 am.*

## **PLENARY BUSINESS**

### **The Co-Chairman (Mr Joe McHugh TD):**

First, I remind everyone to turn off pagers, beepers and mobile phones please while in the meeting room. Secondly, I advise members that as well as a normal audio recording of our proceedings, both today's and tomorrow's sessions will be web streamed on the BIPA website, [www.britishirish.org](http://www.britishirish.org). Thirdly, when members are invited to contribute from the floor, will they clearly state their name and legislature? Finally, I remind members that, while we are in this wonderful setting of the Royal Hospital Kilmainham, our proceedings do not attract parliamentary privilege. It is important to know that.

Before moving to our formal business, I want to say a few brief words about a couple of matters. First, we will shortly hear an account of the venue's history. For 250 years, the Royal Hospital Kilmainham served as a home for retired soldiers. We therefore considered it appropriate in this year of commemoration to choose it as a venue for this session, particularly given its proximity to the Irish National War Memorial Gardens, which we will visit after lunch. The building was comprehensively restored by the Government in the 1980s and now houses the Irish Museum of Modern Art and acts as a venue for all sorts of conferences and cultural events. It is a living, breathing memorial and an important link between the past and the present.

I draw members' attention to the exhibition, "Before I Joined the Army" in the Drawing Room. It is a travelling exhibition, designed and produced by Donegal County Museum, and tells the story of men and women from all over Ulster who were involved in the First World War. I hope you find time to view it. The curator of Donegal County Museum, Judith McCarthy, will be present to help you.

I welcome everyone to this 48th plenary session. I hope you find it valuable to your work in your constituencies. Obviously, it is a continuation of good British-Irish relations, and no doubt your views and contributions throughout the two days will contribute to a positive and constructive forum. I look forward to your contributions, and I now hand over to my Co-Chair, Laurence Robertson.

## **NEW MEMBERS**

### **The Co-Chairman (Mr Laurence Robertson MP):**

Good morning, and thank you very much, Joe. It is a pleasure to be here in Dublin again for this plenary session. We are grateful to you and your team for the excellent programme that you have put together and that we will come to in a moment.

I am required to announce the new Members the Assembly has gained since the last plenary session, which was held in London in October 2013. It is my pleasure to welcome Jack Lopresti and Mark Pritchard as Full Members and Robin Walker as an Associate Member—Robin is here with us today. In accordance with rule 2A, I have to announce to the Assembly that the following Associate Members have accepted the Steering Committee's invitation to assume the powers and responsibilities of Members for the whole of this session: from the UK, Baroness Doocey, the right hon. Lord Shutt of Greetland and Robin Walker MP; from Scotland, Gordon MacDonald MSP; and from Ireland, Senator Terry Brennan.

## **PROGRAMME OF BUSINESS**

### **The Co-Chairman (Mr Joe McHugh TD):**

Thank you, Co-Chair. Members will have received a copy of the proposed programme of business and, as usual, I ask for your co-operation in getting through a tight schedule today. The overall theme of the session is the future of work with the sub-theme of reform in the public sector. We have a strong panel of speakers for the next day and a half, but I am conscious that there is room for you as members to contribute, and we have dedicated additional time to ensure that. My Co-Chair and I also hope that you will find it interesting and stimulating—perhaps challenging—to look at the challenges around working methods, productivity and the impact of technology on both our economies and societies.

I now move formally that the adoption of the proposed programme of business be agreed to.

### **Mr Jim Sheridan MP:**

Thank you, Co-Chair. I just want to ask a question on the rationale behind the invite for Michael O'Leary to come and address the conference. I am somewhat concerned: is that the face of Irish management or Irish businesses?

### **The Co-Chairman (Mr Joe McHugh TD):**

Other speakers will be contributing, too, Jim, and they are not the face, specifically, of Irish business or Irish management. Obviously, due to time constraints, if you remember back to the last plenary in Ireland, there was a degree of criticism around having too big a panel and not enough time for the Members. Certainly, if you feel that you are looking at balance here, in a particular sector, we will certainly look at accommodating that. If there is not balance on this particular one, we can look at it

another time when we will provide that balance. I assume that is what you are looking at.

**Mr Jim Sheridan MP:**

I just wonder why him. There must be other more progressive employers in Ireland, and I wonder why him. Anyway, I accept what you have said.

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

Okay.

*Programme of Business agreed.*

**REMARKS BY MICHAEL WARDICK, SENIOR HERITAGE GUIDE, THE  
ROYAL HOSPITAL KILMAINHAM**

**Mr Michael Wardick:**

You are all very welcome here at the Royal Hospital Kilmainham, a very British-Irish institution.

The Hospital was founded during the reign of King Charles II by James Butler, the Duke of Ormonde, who was Viceroy at that time. The buildings were designed by William Robinson, who was the Surveyor General of Ireland. At the time he was working on these buildings, he was also working on the great star-shaped defence fort at Kinsale, known as the Charles Fort.

The Royal Hospital was the first, and so is the oldest, classical-style building in Ireland. It is built, as you could see as you came in, round a courtyard. We are in the North Range. The other three ranges were where the soldiers lived—the east, south and west ranges. The private soldiers were accommodated on the ground floor, four to a room, with officers on the first floor, each with their own room. The more agile soldiers who could use the large staircases in the corners were on the top floor. It was designed to accommodate 300 pensioners, and in 1684 the first ones moved in. Six years later in 1690, following the Battle of the Boyne about 30 miles north of here, over 2,500 wounded soldiers were accommodated here at the Royal Hospital. Needless to say, they were all from the victorious Williamite Army.

At the time that the Hospital was set up, it was to cater for the old and wounded soldiers of what was then known as the Irish Army. The Army was not known at that stage as the British Army; it was constituted differently. There was the Irish Army and the English Army. The Royal Hospital Chelsea was set up to accommodate soldiers in the English Army. In the Irish Army, there were many nationalities. The majority, of course, were Irish, but there were English, Scottish, and Welsh; after

William, there were Dutch and, in the Georgian period, German soldiers. As a matter of fact, all those nationalities fought on both sides at the Battle of the Boyne in 1690.

Many of the in-pensioners who lived here fought wherever the British Empire extended. They served in the Peninsular War in France, Spain and Portugal; in the Crimea, Africa, India and Afghanistan—some of which places we still hear about in news bulletins today.

9.30 am

To give you an idea of the history of some of the soldiers who lived here, one was a Christopher Hanlon of the 13th Hussars. He served in the Crimea for two years and in Canada for two years. He fought at the battles of Balaclava and Sebastopol, and he took part in the Charge of the Light Brigade, in which he was wounded and taken prisoner. He died here at the Royal Hospital in 1890.

Richard Hughes of the 1st Regiment served in the Peninsular War, being present at the Battles of Vittoria and San Sebastian. He also fought at Waterloo, where he was wounded. He died at the Royal Hospital in 1877. Of course, at Waterloo, he would have served under the command of that other Dublin-born general, the Duke of Wellington.

Another soldier was Robert Money Penny. Money Penny would not be a common Irish name today; it may have been back then. We know that he was born in Drogheda. He joined the Army at the age of 15 and served in the Crimea. He rode in the Charge of the Light Brigade at Balaclava and was awarded the Distinguished Conduct Medal for praiseworthy and gallant service throughout the campaign. He died at the Royal Hospital in 1906.

All the in-pensioners, private soldiers who died here at the Royal Hospital, were buried in the private soldiers' burial ground to the left of Bully's Acre, in the grounds of the Royal Hospital. Bully's Acre is the oldest burial ground in Dublin.

In true Army style—I mentioned that the officers here were accommodated on the second floor—the officers who died at the Royal Hospital were buried in a separate cemetery, near the private soldiers but on the other side of the long walkway. I will mention two of the people buried in the officers' burial ground. Captain Kenneth Tolnie was a captain in the 42nd or Royal Highlanders and served during the wars of King George II. He was one of the few officers who survived the attack on Ticonderoga in upstate New York. You will hear a little more about Ticonderoga later. He died at the Royal Hospital in 1809.

Also buried down there are Lt. Col. Charles Blackburne, DSO, of the 5th Dragoon Guards, and his son Charles. Both lost their lives in the sinking of HMS *Leinster* by a German submarine on 10 October 1918, just off the coast of Dun Laoghaire, then known as Kingstown. It was the mail boat and it was sailing from Kingstown back to Britain. Of the 771 passengers on board, 501 lost their lives. A majority of the



passengers were Irishmen in the British Army returning to the front lines in France. Many of them are buried in Grangegorman Military Cemetery. That incident took place just 33 days before the signing of the Armistice, and for many years it was practically forgotten in Ireland. That was until 20 or perhaps 25 years ago, when one of the relatives of the people who died decided to commemorate the event. Since then, the event is commemorated every year in Dun Laoghaire, and crowds attend, so we have come to appreciate that that, too, is part of our shared history.

We are in the North Range of the Royal Hospital. It comprises the Chapel, the Great Hall and the Master's Quarters. We are in the Great Hall, where the soldiers gathered for meals and entertainment. Here, the panelling is pine, so it is painted, unlike in the Chapel, where the panelling is oak and left its natural colour. I want to mention the doorway here, from the Great Hall into the Chapel. The left-hand side is centred on the Chapel and, because the Chapel and the Great Hall are of different widths, the right-hand side of the door is a dummy door, just to keep the classical proportions. Above the door is a carving of musical instruments, harking back to the older, mediaeval Great Hall, where in that position one would have the minstrels' gallery. In the blank space overhead, there used to be an elaborate carved and gilded coat of arms of King Charles II surmounted by flags, one of which was the flag of the Enniskillen Dragoons that was carried at the Battle of the Boyne. After the War of Independence, when these buildings were handed over to the Irish Free State, that coat of arms went to the Royal Hospital Chelsea in London—a sister institution. It is now up on the wall of the Octagon Porch between their Chapel and the Great Hall.

The portraits here are a unique collection in Ireland, because they were all painted specifically for this room and have hung here from 1670 onwards. They are all of people who were involved in the governance of the Hospital during that period. On the wall facing me at the end is a portrait of King Charles II, who gave the charter for the founding of the Hospital and the portrait credits him as the Hospital's founder.

On the end wall on my right—the fireplace wall—the second portrait in from the right is of King William III, better known in Ireland as King Billy or William of Orange, who was the victor at the Battle of the Boyne. He was married to Mary, a daughter of King James II, who was defeated at the Battle of the Boyne. After that battle, William and Mary ruled jointly, but they had no children, so when they both died, they were succeeded by Mary's sister, another daughter of James II, Queen Anne, who is here behind us.

Anne was married to the man over my head, Prince George of Denmark. Unlike William and Mary, George and Anne had 17 children, all of whom died young. Some died at childbirth and the eldest lived to about the age of 10. When Anne died in 1714, she had no direct heir. The nearest claimant to the throne at that time was her half-brother James, a son of her father James II with his second wife Mary of Modena. He was known as the Old Pretender and his son, the Young Pretender, was Charles, better known as Bonnie Prince Charlie. But they were Catholic. During the reign of Queen Anne, the Act of Settlement came into being in England, which specified that all future monarchs of England had to be Protestant, so they looked a bit further afield

and came up with George the Elector of Hanover, who became George I of England, which saw the beginning of the Georgian period in all these islands.

On the wall to my left and to the left of the door, is a portrait of Narcissus Marsh, an Archbishop of Dublin and Primate of Ireland. In 1703, he commissioned the architect of these buildings, William Robinson, to build for him the first public library in Ireland, Marsh's Library, which is still there as a library behind St Patrick's Cathedral.

On the wall facing me, the last portrait on the left is of James Butler, the Duke of Ormonde and the man responsible for the founding of the Hospital.

Through the door is the Chapel. On your way in you will see a blue wrought iron gate that was bought in 1705 from a Mr Greenway in Dublin. It is known as the Queen Anne gate, because it was bought during her reign—she didn't pay for it. Inside, one of the Chapel's great features is the ceiling, which was dedicated in 1686 to the memory of King Charles I as king and martyr—you may remember that he was executed during the English Civil War. The ceiling is baroque in style and probably the only baroque-style ceiling in Ireland. In it, you can see the heads of cherubs and fruit and vegetables. In the oval shapes at either end, you will see a hanging handkerchief motif. It was originally made of plaster and, as you can imagine, was quite heavy. It deteriorated over the centuries and pieces tended to fall off. You may be familiar with the motto "manna from Heaven" and there were times when one could be kneeling in the Chapel saying one's prayers and be hit on the head by a falling head of cabbage—except that it was made of plaster. By 1903, it was in very bad condition. The whole thing was warped and in danger of collapse, so it was taken down and exact replica was put back up, this time made of papier mâché. It is much lighter. There are no more falling pieces, and there is no danger of anything falling on your head when you have your lunch there later on.

Another great feature of the Chapel is the woodwork, especially at the east end. The architect William Robinson had a commission for the importation of oak into a country which, in the 1680s, would have had plenty of native Irish oak—so that sort of thing did not start today or yesterday. The thing about the oak in there is the carving. It was carved by a Frenchman named James Tarbery. He was a French Huguenot and he and his two brothers, Jean and Louis, fled from persecution in France. They settled in Dublin and James Tarbery is credited with all the carving, including the carving over the door. The three of them later became freemen of the City of Dublin.

As I said, these buildings date from 1680, but there were buildings on the site long before that. In 606, a monastery was founded here by Saint Maignan, so the Church of Maignan—Killmaignan—became Kilmainham. That is the origin of the name. The only thing remaining from that time is the shaft of a 10th century high cross in the graveyard known as Bully's Acre. That monastery did not survive the coming of the Vikings.

Following the Norman invasion in 1169, Richard de Clare, Earl of Pembroke, more popularly known as Strongbow, gave the land in this area to the Knights Hospitallers of St John of Jerusalem to set up a priory. That flourished right up until the time of the reformation, when it was the last monastery to be taken over by the state. It then became a viceregal residence, but it gradually fell into disrepair and eventually into ruin. When Robinson came to build these buildings, all that was left was a ruin, but we know that he used part of the tracery of the great east window in the Chapel from the ruin of the old priory. We believe that the glass in the round part of the window may have come from the old priory. It is certainly much older than the rest of the glass and is completely different.

In 1849, Queen Victoria and her husband, Prince Albert, visited Dublin and came here to the Royal Hospital. To commemorate her visit, she gave some glass panels for the window and the sill had to be lowered to accommodate them. The window includes the coat of arms of Queen Victoria and it is still there.

On the right here are the Master's Quarters. The Master of the Hospital under the original charter from King Charles II specified that he had to be a Protestant. He had to be a single man, over 50 years of age and to have served in the army for at least 10 years with the rank of captain or higher. He had to have a private income of less than £100 a year and he had to be a gentleman by descent. There were times when it was impossible to find anybody, so in 1750 a change was made and from then on, the Commander of the British Forces in Ireland automatically became Master of the Hospital and lived here with his family.

Some quite notable Masters lived here. General John Burgoyne—you can read something about him down in the basement—was involved in the attack on Ticonderoga in upstate New York. He was sent out at that time to the colonies to help defend them against the revolting Americans. Sometimes, when I am doing tours here and there are Americans in the group, I have to be careful how I phrase that comment. He captured Fort Ticonderoga and then tried to move his army south along the Hudson River but found it very difficult. One of the reasons given at the time was that he was travelling with 30 cartloads of personal baggage, including many cases of champagne. He was defeated at the Battle of Saratoga in 1777. He had to surrender, was recalled to England in disgrace, and, as often happened in Anglo-Irish history, he was then sent over to Ireland as Commander-in-Chief of the forces here in Ireland. He lived here for two years. He did not like being here, and he resigned his commission and went back to London, where he became quite famous as a playwright.

9.45 am

The history of the Royal Hospital continued right up to 1922. Following the War of Independence, the buildings were handed over to the Irish Free State. It took until 1928 to re-accommodate the last of the pensioners who went to the Royal Hospital in Chelsea, which is, as I said, a sister institution to here. It then became the headquarters for the newly formed Irish police force—An Garda Síochána—until 1950. Then, it was in very bad condition and it became storage for the National Museum. There was a big restoration in the 1980s, and it opened again in 1984 as the

Centre for Arts and Culture. Then in 1991, it opened as the Irish Museum of Modern Art, and that is where we find ourselves today.

Thank you for your attention, and I hope you have a very successful Assembly over the next two days. *[Applause.]*

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

Thank you very much, Mr Wardick, for that interesting, informative account of the history of the building and institution.

**MINISTER OF STATE AT THE DEPARTMENT OF PUBLIC  
EXPENDITURE AND REFORM WITH SPECIAL RESPONSIBILITY FOR  
THE OFFICE OF PUBLIC WORKS, BRIAN HAYES TD**

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

I am now very pleased to announce our first guest speaker today, Mr Brian Hayes TD, who is Minister of State at the Department of Public Expenditure and Reform with special responsibility for the Office of Public Works, to introduce the theme of this plenary session, which is the future of work. We really appreciate you being here this morning, Minister Hayes, and taking time out of your busy schedule. Thank you very much.

**Mr Brian Hayes TD:**

Thank you very much indeed, Joe and Laurence. It is great to be here and to see so many colleagues and former colleagues, because I, for I think seven years, was a member of the body.

I want to say that you are very welcome to Dublin, especially to the Royal Hospital here in Kilmainham. We will meet later on this afternoon when you go down to see the War Memorial Garden, because that also falls under my responsibility. I have responsibility for some heritage sites in the country, and as you know, President McAleese and Her Majesty the Queen, on her state visit to Ireland, visited the War Memorial Garden, which is the famous Lutyens garden that you will see later on today. I look forward to meeting you there.

You are looking at a very important theme this morning: the whole question of work. Essential to that question and how we get to a jobs-rich economy after the crash of the last five and six years, which has affected over 27.5 million people right across the member states of the European Union, is that we get our economies on track and that we do everything we can to create the environment where jobs are created, and where it pays to work.

It is also really important to recognise the extraordinary connection between Britain and Ireland on the question of trade. Some €1 billion-worth of traded goods now crosses the Irish sea every week—€1 billion every week is an extraordinary statistic. Ten per cent. of the people who work in our country have their jobs connected directly to exports in the UK, which is another extraordinary statistic. It is important to note that this year, we are likely to see GDP growth in Ireland of about 2% and across the UK of about 2.7%. That growth in the UK is essential not only for the UK, obviously, but for Ireland, given the fact that so many of the jobs in this country relate directly to the growth of the UK economy.

Notwithstanding those positive numbers in our trade relationship, we have to be aware of the scale of the challenge that affects those who are unemployed right the way across the European Union. When the crash emerged in Ireland, 60% of the people who lost their jobs were directly or indirectly attached to the construction industry. At the height of the alleged boom in our country, a fifth of the total wealth of the country—a fifth of GDP—was related to construction. It was far too much—absolutely unsustainable. At the moment it is about 5%. We need to get it back to about 10%, but we have got to move our economy away from an economy that was dependant on construction and property transaction to an economy that is based on innovation, micro-businesses and making sure that SME businesses grow quickly.

The good news is that, after the collapse that occurred in this country, the companies that are doing best right now are those micro-businesses—people employing two, three, four or five people—because they are ultimately the businesses that we need to grow bigger and export to the European Union. It is worth saying, from our side of the fence, that €180 billion-worth of goods and services was the total amount of exports from this country last year. It is an incredible statistic. The Irish economy is a highly privatised and highly internationalised economy. We are very big on things like financial services, technology and pharmaceuticals, and it is an economy that is very much dependant on export growth. That is what we need to see right the way across the eurozone, especially a much greater focus on improving domestic demand. That is the best way for Ireland as well.

I thought it was an amazing statistic recently that 60% of the new jobs created in the United States of America since the crash in 2008 came from businesses that were not even established in 2008. What that shows is that we collectively across the European Union, and especially here in Britain and Ireland, need to put much stronger store on helping businesses to grow, standing with those businesses and making sure that the red tape is taken away from them, and that the taxation and regulatory environment is good for them. We have the capacity in Britain and Ireland, with our businesses and the type of economy that we have, to make sure that those businesses can flourish when we get to a sustainable level of growth right the way across the eurozone.

The key policy instrument that this Government have put in place is our action plan for jobs. This was a document that was signed off by the Taoiseach's Department and by my colleague the Minister for Jobs, Enterprise and Innovation, Minister Richard Bruton. We went from an economy of employing 2 million in 2008, to an economy today that has 1.9 million people at work. Fifteen years ago, the number of people

employed in the Republic of Ireland was 1 million people. Even with the crash in the last number of years, we still have 1.9 million people at work—that is an extraordinary number of jobs that have been created over a 15-year period. It is quite clear that the way forward for this country and other small eurozone countries has got to be based upon getting people back to work, improving the business environment, making sure the lending capacity is good for those businesses and making sure also that we support those businesses as they get on their feet.

It is important to state that last year the highest improvement in net jobs across the 28 member states was in Ireland. There were 61,000 net new jobs created in the Republic of Ireland last year, our unemployment level has gone from 15.5% to 11.9% over the course of the past two and a half years, long-term unemployment has fallen from 9% to 7%, and we are beginning to see more full-time jobs than part-time jobs. That is an example of an economy that is turning. What we are also beginning to see—which is crucial from our perspective as Finance Ministers—is an increase in the tax take from employment itself, which is up about 10% on a 12-monthly basis. So the key to improving our public finance position is also to get people back to work and make sure that the environment is right.

The average unemployment rate across the EU is about 12.1%. We are 11.9%. There is a much better rate in the UK, obviously, but we need to get the unemployment level down as best we can. When the Troika left Ireland and we exited the bail-out programme, the Government set out a medium-term economic plan where two key objectives were set. First was that we would have a balanced budget by 2018 and eliminate the deficit entirely, given the fact that our deficit was nearly 13% of GDP some years ago. It is the firm intention of this Government to achieve that by 2018—or, indeed, whoever follows us. Secondly, we would have full employment by 2020. It is regarded that full employment is about 6% to 7% in any industrialised society, and I think that that is achievable, given the number and the significance of private sector jobs within our economy.

One of the great drivers for this economy—consistently, even in the midst of the crash—has been the resilience of the FDI sector in Ireland. The top 10 internationalised companies in the world are based in this country. They come here for a number of reasons. The fact that we speak the English language is important, I suspect, and the fact that we are in the eurozone; we have a well-educated work force; and we have a competitive tax rate. This is the mix of reasons why they come to Ireland. It is important that they are here.

I was recently in Portugal addressing a conference there. If you compare the type of economy in Portugal—a small-sized country like Ireland—with the type of economy that Ireland has, it is totally different. Portugal is very much dependent on small domestic businesses. The Irish economy is a mix of small businesses, but also highly internationalised and privatised businesses. Having that mix has helped Ireland to get through this very difficult period. Obviously, our task is on retraining people who have lost work, particularly the cohort of people who lost work because of the construction collapse. Everything that we have done on the educational and training

side, in terms of the new schemes we have put in place, is directed towards that objective of getting people back quickly to work.

We very much welcome the youth guarantee, which was a kernel of the Irish presidency and the MFF negotiations between Parliament and the Council. It has now ensured, or soon will ensure, that a young person under 25 years of age who has been unemployed will have the opportunity of retraining, or the opportunity of a placement, within four months of becoming unemployed. Previously, the guarantee was 12 months; the new guarantee is four months. It is very important that young people, especially where the rates of youth unemployment are so high, have the opportunities of working and obtaining new skills, especially if they are out of work for that period of time.

ICT development and language development are crucial. If we are going to collectively get to a better stage on these islands in terms of jobs growth, we need to have a much stronger focus on learning foreign languages and using those language opportunities to export to bigger and better markets. That is a kernel of our action plan for jobs.

I also think there are wonderful opportunities on procurement. I have responsibility for procurement. North and South, we need to see an all-Ireland procurement market encouraging many businesses in the North to look for business here. Equally, our businesses in the South need to look for business in the North, and equally east and west. When one looks at the opportunities of public sector procurement, it represents about €2.4 trillion right the way across the member states of the European Union. Businesses that use innovation, that have language components and that export are the businesses that succeed. It is crucial for businesses in Ireland and in Britain to use public procurement as an opportunity for themselves to grow, and for those opportunities to be obvious within those societies.

I recently visited Germany and Austria and I saw how their dual educational training system works. We have a lot to learn in Britain and Ireland, in my view, from what the Germans have done. Youth unemployment in Germany is about 8%, in Ireland it is about 25%, and I think it is about 21% in the UK. Having a much closer involvement between schools and academies and business, and chambers of commerce, is crucial in giving young people opportunities. There is a lot to be learnt from the dual educational training system that the Germans have operated for some years. We can learn from that experience as we refocus our social protection and social welfare budgets—not just having budgets for welfare, but budgets that actually help labour activation measures. Our Minister, Joan Burton, has been really conscious of that in trying to move her Department and her expenditure into labour activation measures to help people get back to work.

So, colleagues, that is our view. We have a lot of learning in terms of where we go. The key responsibility and challenge we face in this country and elsewhere is to do what we can to get people back to work. We have shown a capacity in the past decade or so for getting to full employment. There is no reason why we cannot do that again, but seeing additional demand is crucial to that, especially in our key markets. The UK

market, the US market and the EU market are crucial for Ireland. As we begin to see some economic improvement after those very difficult years, I hope we can see significant net new jobs being created. Certainly if the 61,000 net new jobs created last year were to be repeated this year, which is a tall order, we will have a rapid reduction in unemployment. We have done that before, and we can do it again. Getting the European economy right is crucial to that.

10 am

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

Thank you, Minister. I am conscious that the Minister has to depart at 10.20 am, but that gives us ample time to get some contributions from the floor.

**Senator Jim Walsh:**

I thank the Minister for his contribution. I have four very quick questions. First, you mentioned red tape, which is certainly a difficulty for businesses. What red tape has already been removed? What is targeted to be removed? You did not mention the banks and lending, which is a major issue. Given that the banks will be continuing to repair their balance sheets for some years, people are not optimistic that there is going to be any great credit flow. How do you see that being dealt with?

Personal taxation has been very high in order to meet the fiscal challenges. What do you see being done in that area? I know you have commented on that in the past. Fourthly, given our trade with Britain, we are very reliant on the British market. I would suggest that we are over-reliant, because it is about 34% or 35%. If Britain decides to exit the European Union in 2017, a lot of difficulties will be created for us. Should we not be making plans now for that eventuality?

**The Lord German:**

My question virtually follows on the back of that one. It is great to see you back among us, Minister. In terms of trade and investment, to what extent are the UK and Ireland collaborators or competitors?

**Mr Jim Sheridan MP:**

You have given an excellent presentation, but I want to focus on your comments about making full use of public procurement to generate the economy and create jobs. One of the benefits is that public procurement maintains and raises standards for workers in the workplace. Could you explain in more detail what criteria you use when awarding public contracts to companies?

**Mr Séamus Kirk TD:**



My question relates to your own Department and the Department of Finance. Given the heavy burden of taxation, the universal social charge and the PAYE system, has the Department of Finance done any exercises or calculations on the negative impact of the excessive level of tax demands in those areas?

**Mrs Joyce Watson AM:**

Thank you for the presentation. In Wales, of course, we have Jobs Growth Wales, which has been hugely successful. We do not just say that; it compares right across the UK. The question is whether you are thinking along those lines. My question is also about procurement. I am a regional Assembly Member, and two parts of that region have used procurement successfully to leave a legacy. They have social elements in their procurement contracts to ensure that apprenticeship schemes are part of the process so that the legacy of the public spend is firmly embedded. I am wondering whether you have any thoughts on driving that forward. The other element is the shared apprenticeships scheme—you talked about micro-businesses—where local government takes responsibility for an apprentice but the micro-businesses share the training of that individual—it is therefore not over-burdensome on what are very small businesses.

**Senator Paschal Mooney:**

Go raibh maith agat. You are very welcome, Minister. While applauding the Government's initiatives on the jobs front and the statistics that the Minister has outlined, there are two areas of concern, particularly for someone such as myself and some of my colleagues who live in the regions—I live in a border county in the north-west of the country. While there has been great success in attracting FDI, I am sure that the Minister would agree that it is somewhat unbalanced, in that most of the jobs have been going to the larger centres, specifically into the Dublin region. If that continues, and with the continuing decline of rural Ireland, is it not a matter for concern? Perhaps the Minister might have some observations.

Also, the Minister made reference to Germany and the fact that the youth unemployment stats remain stubbornly high at 25%, which all of us agree is unacceptable. Have the Government any plans to widen the scope of apprenticeship schemes in this country along the lines of the German model?

**Mr John Scott MSP:**

Senator Jim Walsh raised the issue of dependency of trade with Britain, and Britain's concerns about the continuation of Britain in the EU or the EC. Are there reforms of the EC that Britain is looking for that you would share—I certainly declare my hand; I want us to remain part of the EC—that would help to deliver a positive result in remaining part of that group?

**Mr Sean Rogers MLA:**

Thank you, Minister, for your presentation. I have just a very simple question. What has been the net benefit of the reduction of VAT in the hospitality industry?

**Mr Brian Hayes TD:**

More jobs. When I started taking questions in the Dáil, I was once given the advice by a very experienced colleague, who would be known to many people in this room, that one of the great benefits of taking all questions together is that you can pick and choose the ones that you want to answer—which I am sure none of you ever did in your respective Parliaments.

On the last question first, the net benefit—as you know, one of the first things that we did in coming into government was to reduce the VAT rate for the hospitality industry from 13.5% to 9%. Somewhere close to 20,000 to 25,000 net new jobs have been created as a result of that. It is especially important in the tourism sector and the hospitality industry. That is the benefit, but it has had to be paid for. We have had to introduce a pension levy, which has been difficult, in the insurance industry to pay for it. That is going to be tapered down next year, but it was one of the first things that we did. It did work, actually, because we have a very good tourism product in this country and our economies of scale are good in tourism. That has been the net benefit.

John Scott asked a really important question. Britain and Ireland work together on a lot of issues, and procurement is actually one of them. In the most recent directive that we managed to get across the line, it was the British and Irish working together to do two things: first, to reduce the turnover requirements for businesses in order for them to pitch for public sector business, and secondly to reduce the insurance requirements to make it easier for small businesses to pitch for business. That is an example in my area that I worked consistently with Francis Maude on, and we got a result that I think most Europeans wanted. I regularly hear the Chancellor at ECOFIN meetings—I am going to Athens today where we will have an ECOFIN meeting—making the point, very sensibly, in a pro-European and pro-British way, that we need to get on to the things that we should do and that make the economies more effective, irrespective of the big constitutional issue. There are lots of things that we can do together, and that has certainly been my experience working with colleague British Ministers on things that are of direct benefit to our country. There are lots of things that we can do together, and that has certainly been my experience working with colleague British Ministers on things that are of direct benefit to our country.

The question of procurement was raised by Joyce, as well as by Jim Sheridan. Joyce, yes, we do have social clauses: we have imposed them for public-private partnerships. Now, where a major infrastructural project is being constructed, up to 10% of those employed must come from the live register—that is built into the contract. In certain areas of the country that require urban regeneration, we also have a commitment that a certain percentage of those people should come from the live register in that area. But, frankly, in my view, we need to do more. Social clauses are not a problem—it is great to get people back into work—but you are displacing people who are in existing

jobs. You have to get the balance right to ensure that there are opportunities for people.

On procurement, I am very strong about encouraging businesses North and South to come together to pitch for wider European public procurement, and there is no reason why we cannot encourage businesses in Britain and Ireland to come together as well. The whole objective of better public procurement is to encourage businesses to try to get a bigger percentage of the pie by coming together and collaborating. Quite frankly, we need to see more of that, because obviously the state is going to try to save money. The objective in Ireland is to reduce the total cost of public sector procurement by €500 million over the next three years. Even though there is a huge prize to be won there, there is a huge demand on small and medium-sized enterprises to work together or divide the country into different lots. We are looking at that very closely indeed.

I think I have answered Jim's question on the criteria. Both the British and the Irish Governments have been working hard to ensure that, on insurance and turnover, we encourage businesses to pitch in a more co-ordinated way.

Paschal Mooney asked about balanced regional development, and I fully agree with him. I suppose that, at one level, when big businesses want to come to Ireland they want to go to cities, places where there is a strong foothold, but there must be a responsibility on the IDA—the Industrial Development Agency—and the state to encourage balanced regional development. We are very conscious of that.

I would like to put on record two things we have done in the area of jobs that are unique to Ireland, and from which colleagues might learn. First, there is the JobBridge, which is a scheme whereby if you are an unemployed graduate and cannot get work, if you get a placement on JobBridge, for a nine-month period you will get an additional €50 a week on top of your unemployment payment, with a placement in your area of expertise. The good news is that 61% of people who have gone on to JobBridge have gone on to full-time employment in their area of expertise. That is something we have done on a smallish scale; it needs to be extended and we are doing that as well.

JobsPlus is effectively subsidised employment. In other words, if a business takes someone from the live register, we will pay up to 20% of the cost of employing that person for a one-year period. We have also changed the tax law, such that if an unemployed person creates their own small business, they effectively have a tax holiday for up to two years. That is to encourage people to create business, but is of course going to be more challenging as long as the domestic economy is flat.

Séamus Kirk asked about personal taxation, and he is absolutely right. The OECD and the European Commission—all the international agencies—tell us that the more the tax on personal income, the greater the challenge to create jobs. Widening the tax base with taxes on property and other forms of income, and on capital, is much more conducive to a pro-jobs environment and getting people back to work. We currently

have one of the highest marginal tax rates in Europe. Every euro you earn over €32,800 is taxed at 53%, whereas in the UK I think you need to earn £150,000 to be taxed at the top rate, so we have a huge problem on the level of personal taxation.

In Ireland, 60% of all income tax is paid by the top 10% of income earners. It seems to me—I do not blame the previous Government for this—that although it was inevitable that taxes had to rise quickly, we must now get back on to the agenda of giving ordinary, middle-income, hard-working people some break if the finances are there to do that and if we can. Yes, the evidence is there. There is a strong correlation between further rises in income tax and more unemployment, and that is something that we have to be conscious of.

10.15 am

Lord German asked a question. We are competitors, but we are also collaborators. We need to see more collaboration, to be frank. I know that that is something that the Prime Minister and the Taoiseach are looking at closely. In the St Patrick's day initiative, established some years ago, they are bringing forward papers to see how we can move to greater collaboration. There are natural economies of scale and natural advantages here, and it seems to me that if we can collectively work together on projects—particularly major infrastructural projects across the European Union—where we have advantages, we should bring those advantages to the table. There are obviously areas where we compete against each other, and that is good for business and, ultimately, the sustainability of those jobs.

Jim Walsh asked the fundamental question on lending. We are going to Athens later today. We have an informal ECOFIN meeting today and tomorrow, and the key issue that we are looking at is non-bank lending. I suppose it is inevitable that, after the crash, when you had to put money into the banks to get them recapitalised—stress tests are coming later this year—they are holding on to cash. We need to look much more at non-bank lending. What do I mean by that? I mean looking at the opportunities for investment with things like the European Investment Bank and ensuring that public-private partnerships are the norm. In the United States of America, 75% of all the funds that go into public infrastructure come from the private sector, but the opposite is the case in Europe. I think we need to learn from that. We have to look at the opportunities for the insurance industry and other assets and how we can utilise them with public sector involvement.

Unless we get lending right, we will not see the level of GDP growth that we need to turn the economy around. We have to concentrate on that and be pretty resilient. The European Union realises that. Truth be told, we were slow in Europe to respond to the crisis in comparison with the United States. It has taken us a long time to get to a stage of confidence in the euro. The decisions taken by Mr Draghi in the ECB have been instrumental in creating an environment where there is confidence again in the euro. We now need to get to the growth, investment and jobs phase, and that can only be done through better lending, so you are absolutely right about that.

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

Thank you, Minister. We are three minutes within time. I will take one more question from the floor. Baroness Blood has indicated and Senator Paul Coghlan has come in at the last minute. There is also Danny Kinahan. Those are the final three contributors, because the Minister has to be out of here by twenty past. Séamus, you can have a brief supplementary.

**Baroness Blood:**

I want to thank the Minister for his presentation. It is nice to see you, Brian. In the beginning of your presentation, you used the phrase “it pays to work”. In GB, we have created a working poor, where people are in very low paid jobs, on benefits and still in a situation where they would be considered poor. How does the South intend to face that problem, or is it just a question for each Ministry to meet targets and tick boxes?

**Senator Paul Coghlan:**

Everyone accepts that we have got to look after people. Brian was talking about the hard-pressed, hard-working middle classes, who are squeezed. He said that we have a problem with personal taxation. Following the recent example in the British Budget, do you think, Minister, that we might be able to do something to assist many of those in that category with the pensions levy, which you mentioned? That was necessary for the tourism sector and the hospitality industry, but perhaps we could allow those who are within 10 years of reaching their retirement age to have access to pension funds. It is a huge problem and that measure would be a great easement for many people who are very hard-pressed.

**Mr Danny Kinahan MLA:**

I wonder whether in Ireland you have set up any way of finding out what future jobs are likely to be, so that we can link education through training to the jobs of the future.

**Mr Séamus Kirk TD:**

Morgan Kelly says that there are serious threats down the road. Do you have any opinions on that? There is a general acceptance that there is a problem with it. Have the Government any plan to ease and help? It is clearly the area where the job creation potential can manifest itself if that relief can be given.

**Mr Brian Hayes TD:**

As you know, the banks have been recapitalised on two separate occasions and, as part of the most recent assessment, an amount was given for the purposes not just of debt write-down but debt restructuring. They need to get on with that. They have hit

their targets thus far, so the Central Bank has told us. Of course, as you see some improvement in the property market as the economy comes back, so too the scale of people's debt also reduces. It seems to me that what is happening, especially in the Dublin property market, is an example of that.

As you know, the Minister for Finance recently asked the Central Bank to meet with Mr Kelly to discuss his view in some detail. Obviously, we are minded by that. It is really important that we listen to people who have got it right in the past. Mr Kelly is one of a small number of people who got it right and was not listened to at the time. The Government are very intent on the views of people who got it right being heard in this particular debate. But you are absolutely right. Ultimately the solution to future investment by small businesses is to make sure that they can restructure their debts, because they are not going to be able to draw down more funds, and the banks will not lend additional funds until we get that right.

Danny asked a question on the future. Yes, we are looking at those questions. We have a very internationalised economy here, as I said, on the IT and the pharma side. The abolition of the patent cliffs on the pharma side is a huge challenge for Ireland, particularly in terms of exports. We are looking at new ways in which we can do that. We have a task force report which has set out five key areas where we need to concentrate, but it is important that we get the skills right in those areas. We are working with all the partners to make sure we can get that right, because jobs come and go very quickly. That is the reality of the modern society that we live in. Jobs come and go very quickly.

Paul Coghlan asked about tax. Tax rates in Britain affect tax rates in Ireland—that is the truth of the matter. There are many Irish people in the UK at the moment who might choose not to come back and work here because tax is too high here. We have got to be very conscious of that. Because of our closeness, mobility and the language, people come and go out of our economies on a daily basis. Tax is a key issue why people come and stay in different economies, so we are very conscious that we have very high marginal tax rates. We need to do something about that to attract the very best people to be the creators of new business into the future. We have already put in place in the most recent Finance Bill an opportunity for people to draw down a portion of their pension. It is a dangerous enough area, because if people have put money aside, it is for their pension provision. I think some of that can be used for positive investment and I very much think there are opportunities in that.

It is great to see May Blood again. I have not seen you in a while. You rightly raised the question of low-paid people at work. The best way to help them, in our view, is to make sure that they are not paying tax. Twenty per cent of people who work in Ireland are not paying income tax. They are paying PRSI and USC, but they are not paying income tax because their incomes are so small. We also have family income supplement through our social protection scheme to help those people more, but the fundamental way to help people in low-paid work is to have a strong and robust minimum wage. The first thing that our Government did when we came back into office was to increase the minimum wage, despite the previous Government reducing it. We did that in the context of a bail-out. It is important to have a strong minimum

wage, to protect people at work and offer them additional help through the social protection system, as we do, which is called family income supplement. It is good to see you again, May.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Minister, for your address and for answering all the questions on a wide range of issues. This is obviously a very important area of government. We are very grateful to you for coming. Can I also thank everybody for their contributions? I think we are seeing you later, but for now, Minister Hayes, thank you very much indeed.

**REPORTS OF COMMITTEES A AND C**

**Committee A (Sovereign Matters)**

**The Co-Chairman (Mr Laurence Robertson MP):**

We now move on to reports of Committees A and C. I am pleased to say that, since our last plenary, the Committees have made very good progress, which we will now have a look at. First, can I call on the Chairman of Committee A, which covers sovereignty matters, Frank Feighan, to introduce the report that it has completed?

**Mr Frank Feighan TD:**

I beg to move

That the Assembly takes note of the report of Committee A on “The Implementation of the Good Friday/Belfast and St Andrews Agreements”.

Thank you, Co-Chair. As reported when we met last in London in October, the Committee has been conducting an inquiry over the past year into the implementation of the Good Friday and St Andrews Agreements. The Committee has been extremely busy on this inquiry and has held a large volume of meetings and evidence-taking sessions. During the course of this inquiry, the Committee met with a wide range of witnesses, including the Secretary of State for Northern Ireland, Theresa Villiers MP, the Joint Secretaries of the British-Irish Intergovernmental Secretariat, the British-Irish Council Secretariat and the North South Ministerial Council Joint Secretariat. The Committee also held meetings with the Chief Constable of the PSNI, Matt Baggott, members of the Parades Commission, the Oireachtas Joint Committee on the Implementation of the Good Friday Agreement, officials from the Irish Government, the Northern Ireland Office and the Northern Ireland Executive, community representatives and members of the Northern Ireland political parties. A written submission from the SDLP was also received. The Committee held its final meeting on the inquiry in late January in Dublin, meeting the Tánaiste, Eamon Gilmore TD, and the Oireachtas Joint Committee on the Implementation of the Good Friday Agreement.

The Committee held lengthy discussions on the working of the democratic institutions in Northern Ireland and bodies such as the North South Ministerial Council, the British-Irish Council, the British-Irish Intergovernmental Conference, the North/South Inter-Parliamentary Association, and indeed BIPA itself. The Committee also considered values and guiding principles laid out in the agreements—namely, power sharing, human rights, parity of esteem, support for the rule of law and for the devolved institutions and continued shared responsibility of the two Governments to act as guarantors of the agreements.

I would like to thank all those who gave their time to speak to the Committee on this very important issue. The recommendations that we have included in the report are intended to address outstanding issues in a balanced way, taking into account the various views and the issues concerned. To stimulate discussion and debate on the current state of play regarding provisions of the agreements, our work has produced what is the first review of these agreements. I think that it is very fitting that this Assembly should take a leading role in this regard, and I hope that the plenary today will take note of this historic report as an important contribution to the debate on the matters of political importance and public interest in these islands. We hope that this will serve as a reminder of, and a testament to, the challenging but very worthwhile work of peace building that has gone over in the past 20 years. That is something that our Committee was very conscious of—that we were dealing with various groups and people who have put in huge sacrifice and huge work in the past 20 years and certainly the role sometimes has not been officially acknowledged. I would like to acknowledge them officially here today.

Looking back over the two decades, it is clear that these two agreements have had a significant and transformative effect on security, politics, economic and social opportunity on this island, and in Northern Ireland most particularly. They came about as a result of a sustained effort over a number of years by the British and Irish Governments and the Northern Ireland parties. This effort has identified shared principles and values that have formed the foundation of a set of institutions and bodies that have shaped, not only relations in Northern Ireland, but also North-South and British-Irish relations.

These agreements taken together, as I believe they must be, set out the guiding principles for peace, stability and reconciliation in Northern Ireland. The journey towards implementation is just that: a journey, and it requires continuous commitment and effort. I recognise that not all Members support unconditionally each element of both agreements, if taken individually. However, it is not the purpose of our inquiry to re-evaluate the constituent elements of either agreement. Our aim was to set out clearly what elements remain to be implemented.

It is the Committee's view, as is the case in any comprehensive political agreement, that implementation of all provisions is essential to the integrity and balance of the whole. The report finds that the full potential of the Good Friday and St Andrews Agreements has yet to be reached, and we call all parties to an agreement to maintain



momentum and ensure that all outstanding provisions are implemented in their totality.

10.30 am

The recent political talks in Northern Ireland, chaired by Dr Haass and Dr Meghan O'Sullivan, further highlighted outstanding issues that need to be addressed and agreed upon. The journey, once again, is ongoing.

This has been a long and complex inquiry, and I would like to recognise the hard work and contribution of the Committee to the report. With your indulgence, Co-Chairs, I now invite any Committee members who wish to say a few words on the report. Thank you.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Frank. First, Paul.

**Rt Hon Paul Murphy MP:**

Thank you, Co-Chair. As someone who was heavily involved in the Good Friday Agreement, I want to congratulate Frank and his Committee members on a full and sensitive report. The issues are not easy and they have done a really good job of work. I hope all of us here are able to appreciate that.

I want to refer briefly to three different points. The first is about the need for regular reporting on the implementation of the agreement. That is the probably the most important recommendation of the Committee. That is to say that, from time to time, the two Governments and the Northern Ireland Executive and Assembly should look at the implementation of the Good Friday and St Andrews Agreements, and also at whether parts of the Good Friday Agreement need to be modified or changed in any way. After all, it was agreed nearly 16 years ago. A clause in the Good Friday Agreement that says that, from time to time, it needs to be looked at to see whether it needs updating or changing. I am not sure that has been done enough, and the Committee is to be congratulated on highlighting that.

My second point is on the Bill of Rights that has been discussed in this Assembly on many occasions. I was particularly impressed by the sensible and sensitive way in which the Committee made its recommendation. It is not an easy one, particularly for the Unionist community in Northern Ireland. The way in which recommendation 8 is phrased is very good. We must keep reminding colleagues in both Governments, who are after all the guarantors of the agreement, and the Northern Ireland Assembly that this is still unfinished work.

Finally, recommendation 7 is a good try—I hope it works—on the issue of the British-Irish Council and the British-Irish Parliamentary Assembly. We will keep on trying and hope that they take some notice of us.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Paul. May.

**Baroness Blood:**

Thank you, Co-Chair. As a member of the Committee, I want to thank Frank and the rest of the Committee. A lot of work went into the report, including a lot of visits and listening to people. In Northern Ireland sometimes, it is not easy to understand what is going on, because you hear such conflicting views. The Committee, the Chair and the supporting staff have done a great job with the report.

I would like to make a couple of quick points. As you read the report, there are some outstanding issues. Paul Murphy has already referred to the Bill of Rights. There are also the Civic Forum and the Irish and Scots languages. We could go on; these things need to be looked at. For me, the issues that need to be looked at now are more from a community point of view that can be understood by the community.

I understand the need for all the big things, such as getting the Assembly running and getting in place the First Minister and Deputy First Minister, but I think we are now in a position where we have settled down in the Assembly in Northern Ireland, and I think these issues need to be looked at.

The past is certainly a big, big issue. We still have a deeply segregated community in housing and education. That is one of the big issues to which I had hoped the Haass talks would bring some fulfilment, but that was not possible. I think it is still ongoing and that work has to be taken on. Therefore, I thank the Committee, but this report is still a work in progress.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Paul.

**Senator Paul Coghlan:**

Thank you. As a member of the Committee, I would like to support fully everything that Frank said and outlined. We went out of our way to consult all the interested parties and stakeholders. As has been said, we had many meetings in Belfast, London and here. We were conscious of the need for sensitivity, and I think that was achieved, as was referred to by Paul Murphy. Paul is right on that. The updating and changing, to which he referred, was not really our job; that is for others. But as May has said,

the past is a matter that is ongoing, and I hope that the parties in the North will manage to revisit the items that Haass dealt with and achieve something in the near future.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you.

**Mr Patrick O'Donovan TD:**

Go raibh maith agat, a Chomh-Chathaoirligh. I will follow on from what Paul Murphy said in relation to implementation. I know that I have spoken on implementation before—and in Committee—and I want to thank Frank for the work that he has done in compiling the report. It seems to me that there is a major issue in relation to whose responsibility it is to monitor progress and implementation.

Paul Murphy is quite right: the agreement is now 16 years old and there are still some substantial issues that are left unfinished. One of these is the Bill of Rights, obviously, and the Civic Forum, but there is also an issue in relation to the status of the Irish language in Northern Ireland. That status was given a major boost during the Queen's visit to Ireland, when her opening remarks at the state dinner were delivered in the Irish language. I think there is an opportunity to address that going forward. However, one of the key findings of our report was the question of implementation and who exactly is ultimately responsible for driving the whole process forward when it bogs down—whether in Northern Ireland institutions in Dublin or in London. We have seen it in the Haass talks; there needs to be a greater willingness on all sides, particularly on the sides of the guarantors to ensure that stumbling blocks are gotten over and that the agreement is implemented in full. That was blatantly obvious to all the stakeholders, particularly people in communities who feel that in a lot of cases the Good Friday or Belfast Agreement has left them behind.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you.

**Senator Paschal Mooney:**

I am not a member of the Committee, but I want to take the opportunity of complimenting Frank and his Committee on the very important and essential work that they are doing. It may seem somewhat simplistic, but I was particularly taken by Baroness Blood's comments about the community element of this. It seems to me that progress could be deemed to be made when the first of the so-called peace walls are dismantled. I had the occasion of visiting Belfast again recently, and I took the opportunity of going along the original dividing wall in West Belfast. For those of you who have not experienced it, in this day and age, it is a horrible, horrible monument that should be dismantled. Then there would be real peace. In the context

of the report and all the witness evidence that you took, I wonder whether that element came up.

It seems to me—correct me if I am wrong—that a lot of what was in these reports was about the institutional relationships, but the institutions are working. It is at community level that the real problem is. Unless and until we grasp that reality, there is not going to be any movement in terms of bringing the two communities together. It is a lasting legacy and challenge to all politicians that these walls remained. More of them were built since the Good Friday Agreement than were taken down. The main one to me is the most symbolic one of all in West Belfast. When that comes down or when there are moves for that to come down and when there are confidence-building measures among the two divided communities, I think we can see real progress.

I wonder whether the focus for the Committee in the future should be to try to generate more co-operation and reconciliation at a community level, rather than worrying what the institutions are doing. I have to say as a southerner, it seems to me that both political parties in power in the North are living in their own comfort zones. The two of them are quite happy to extend their tribal vote and for them to continue in government and sit on the seats in Stormont together. From this perspective, they have not done very much in promoting cross-community relations. It is the people on the ground, the unelected activists, who are doing it in the main, not the politicians. That is the real challenge.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you.

**Senator John Crown:**

A couple of things in relation to the outstanding issues on the Good Friday Agreement itself. The Good Friday Agreement talks about peaceful means and good faith implementation: the peaceful means of resolving differences on political issues and our opposition to any use of the threat of force for any other political purposes. Given the widespread intimidation surrounding some of the legal protests about parades and flags, this is one issue that we need to look at. The declaration of support also contains a pledge that we will work in good faith to ensure the success of each and every one of the arrangements under the agreement. You could argue that that has not been fully implemented.

People talked about the Bill of Rights for the North and the All-Ireland Charter of Fundamental Rights, but there was also talk about similar organisations in relation to this State. I suppose that recently, with the controversy over GSOC and so on, we have seen the difference between this jurisdiction and the one in the North. There is also talk about an All-Ireland Consultative Forum—a Civic Forum. They are all positive things to get people talking and discussing real issues. I do not agree with the previous speaker that politicians have not been making efforts. That is a myth to some extent. And the nonsense of people sticking to their own tribal backgrounds may

make good copy for lazy journalists, but the reality is that if you go into communities, you will find a lot of parties from all backgrounds talking to each other.

The Good Friday Implementation Committee went into communities in North Belfast, where the highest number of people were killed during the troubles, and we found that and it is not only local community activists, but politicians who are in there. You could argue that we would like to see more of that happening and we would like to see more leadership on the ground and so on. But the reality is that it is happening. It is happening every day. This negative message that people put out all the time is not helpful to anything, and it is certainly not helpful to the process itself.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Can we have one final comment?

**Mr Danny Kinahan MLA:**

Thank you very much for letting me in. I partially agree with both the previous speakers. I congratulate everyone up at Stormont on what they are trying to do in getting it somewhere. We are stuck with a system that needs continual review, so that we get our position and we get some form of change into the Government. I am slightly disappointed not to see that reflected in this report. We need to see some form of review and change, so that what we have there after the St Andrews Agreement actually does change and lead towards a better form of government.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much for all those comments. I will now ask Frank to wind up.

**Mr Frank Feighan TD:**

Thank you, colleagues. I appreciate the contributions. These are contributions that we discussed within our Committee. They were raised with a lot of the people we met. When you just look at the language, we knew that there were gaps, for want of a word, in the implementation of the agreements. We are calling on all parties to maintain momentum and certainly momentum that was created under the Haass proposals.

People were talking about the Civic Forum. It came up quite a lot. It is a worthy idea. We feel the Civic Forum could be of major benefit to all the parties. The formal reporting mechanism is something that we felt was not to the forefront of a lot of the parties. We felt that the reporting mechanism should be put in place. We have called on parties to work together towards a scheme that fosters linguistic diversity, which includes the Irish language and Ulster Scots. We feel the North South Ministerial Council needs to think outside the box and to explore new areas of co-operation that have mutual economic and social benefit.

10.45 am

Some time before I got involved in politics, a solicitor friend of mine said, when you go into many meetings, “The fight will never be what the fight is about.” That is something that I have kept very dear to myself for the last 15 years. When you are in politics, the fight sometimes is not what the fight is about. It is not clear cut, black and white: there are grey areas.

I would like to thank colleagues here once again for their contributions. I would also like to thank again the members of the Committee, who have put a lot of work into it. This report will certainly help point the way forward to an implementation of all the agreements, and I know that it will be of benefit, so thank you. *[Applause.]*

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much, Frank. I now ask the plenary to take note of the report of Committee A.

*Question put and agreed to*

*Resolved:*

That the Assembly takes note of the report of Committee A on “The Implementation of the Good Friday/Belfast and St Andrews Agreements”.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much. I would like to thank the members of Committee A for their work in completing this report. The Joint Clerks will now arrange to send the report to the British and Irish Governments, so thank you very much.

**Committee C (Economic)**

**The Co-Chairman (Mr Laurence Robertson MP):**

I now call on the chairman of Committee C, the Economic Committee, Jack Wall, to bring the Assembly up to date on the work of that Committee.

**Mr Jack Wall TD:**

The Committee agreed at its meeting during the 47th plenary session in London to focus on youth employment for its next inquiry. High levels of youth unemployment are of concern across all BIPA jurisdictions, and we know that the British-Irish Council has repeatedly highlighted this issue at its meetings.

The Committee is keen to include in its deliberation the EU aspect of efforts to address youth unemployment and disengagement and we have already looked at some of the comparative data from across Europe. The first meeting of the inquiry was held in London on 24 February, where the Committee received presentations from officials from the Department for Work and Pensions and from representatives of the Centre for Economic and Social Inclusion and the Institute for Public Policy Research. At our meeting in Dublin last night, the Committee considered and agreed a programme for the remainder of the inquiry.

The Committee has agreed to visit all BIPA jurisdictions during the inquiry. In England, we have been invited to come and look at the progress being made by the City Deal in Plymouth and the south-west, which has a focus on reducing youth unemployment. Scottish Members have suggested visiting Glasgow, where the city council has implemented a guarantee for all young people leaving school, and Inverness, where we can look at the role of the voluntary sector in addressing youth disengagement.

In Wales, we plan to visit an innovative further education provider, Coleg Gwent campus. We have been invited to spend some time at the Prince's Trust Centre in Belfast and we have also planned many visits here in Ireland. With the help of all members of the Committee, we will continue to flesh out the programme to ensure that we cover all aspects of the issue: the transition from education to employment; the role of businesses; apprenticeships programmes; skills provisions; and employment support to ensure that we can provide a balanced, in-depth report to the Assembly.

Provisionally, we aim to complete this piece of work by the next Irish plenary session. We look forward to sharing ideas and experiences with colleagues on this topic that is so vital for the future of our young people and our economies. I would also like to thank Betty and Judith for their work in relation to preparing briefs and so on for the members of the Committee. If we have not got the full report for our plenary session in October, we will have a further progress report at that stage.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much, Jack. Does anyone have any contributions?

**Mr Oliver Colvile MP:**

May I first thank you very much indeed for that? We very much look forward to welcoming everyone to Plymouth to see the City Deal. In return for £10 million that the Government will put in, it will hopefully create 10,000 new jobs and most certainly do something about our high levels of youth unemployment. Thank you very much for agreeing to come to see what is happening in the south-west. Hopefully, by that time, you should be able to get there, because we will have a railway line back in action from Thursday.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Oliver. Just like on the Select Committee, he never misses an opportunity to mention Plymouth.

**Senator Paschal Mooney:**

Go raibh maith agat, Co-Chair. As a member of the Committee, I just want to compliment Jack on his report. In a context different to what we were discussing earlier about the North, youth unemployment is a very challenging subject and the fact that we are going to take evidence from different areas of the UK and Ireland should help to inform the subsequent debate that will hopefully take place at the plenary. Perhaps we can come up with some practical solutions that can be forwarded to both Governments. I just want to put on record my compliments to Jack for his report.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you.

**Mr Lindsay Whittle AM:**

Thank you, Co-Chair. Like Paschal, I am looking forward to our next inquiry. I am particularly looking forward to welcoming the Committee to Wales, and to an area of particularly high unemployment and deprivation, in Coleg Gwent in Blaenau Gwent—a region I represent. Our young people are our greatest asset and we must never forget that; it is important. As the older generation, we owe them absolutely everything to ensure that they can remain within their communities and hopefully have a good life. I look forward to the work of the Committee.

**Mr John Robertson MP:**

As colleagues know, I never miss an opportunity to mention Glasgow, so take it as done. This is a very challenging subject we have taken on. As we heard from the Minister earlier, it is not just in the United Kingdom, but in Ireland and all over place. At a time when we are asking people to work longer in their lives, it is having a knock-on effect on the young, in that the jobs that would normally have been left vacant are not there anymore. We have a bigger challenge that we have ever had before. I look forward to our inquiry. If we can come up with any solutions, hopefully both Governments will take them on board.

**The Co-Chairman (Mr Laurence Robertson MP):**

Have we anyone else?



**Mr Sean Rogers MLA:**

I also congratulate Jack on the report. Speaking as part of the Committee, and as I said to the Committee yesterday evening, the visits are very interesting, particularly the rural ones. When our rural young people cannot get jobs, they leave the area leading to rural depopulation, which Senator Mooney talked about earlier. That whole thing is having a serious effect on the social fabric of the whole rural area.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you.

**Mr Jack Wall TD:**

Co-Chair, I would like to thank members for their contributions and to say that we will at the earliest opportunity visit Plymouth. I am sure that Oliver will make us very welcome there. I am sure that Lindsay will in Wales as well. I am not sure whether Lindsay is a great visitor to O'Donoghue's Pub on Merrion Row. I do not know what he will offer us when we go to Wales, but we look forward to it. This very important subject will be dealt with as expediently as possible. Thank you, Sir.

**The Co-Chairman (Mr Laurence Robertson MP):**

Jack and all the members of the Committee, thank you very much for your work so far on the report.

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

Thank you, Jack. I thank Frank as well. We will continue consideration of the work of the remaining two Committees tomorrow morning. For now, we must move on to the panel discussion and the theme of this plenary session. I am told that our panellists have arrived. They are outside the door. I have spoken to two of them, and I presume the three are there. We will certainly have a lively and interesting debate. Our speakers are Mr Gerry Kindlon, President of Londonderry Chamber of Commerce; Miss Ann Riordan, Chair of Science Foundation Ireland; and Frank Ryan, Chair of the Industrial Development Authority—IDA Ireland. With the agreement of the plenary, I will suspend for six minutes.

*The sitting was suspended at 10.54 am.*

*The sitting was resumed at 11.06 am.*

**PANEL DISCUSSION - FUTURE OF WORK**

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

I would like to introduce our guest speakers for this particular element of the programme. I am sure you will find it of interest. We have Mr Gerry Kindlon, president of Londonderry Chamber of Commerce; Ms Ann Riordan, chair of Science Foundation Ireland; and Frank Ryan, chair of the Industrial Development Authority—IDA—Ireland. I propose that each of our guest speakers take seven minutes, which should leave an hour and 40 minutes for contributions, questions from the Floor and responses from our panellists. I call on our first panellist, Gerry Kindlon, who is president of the Londonderry Chamber of Commerce and executive director of Seagate Technology, which, as I am sure you know, is a major manufacturer of devices—hard disk drives—that have been essential to changing the way we work and has a campus in Derry. Gerry, you are very welcome. I will call on you first, and you have seven minutes. We do have a bit of flexibility, but we would still like to use that as a focus.

**Mr Gerry Kindlon (Londonderry Chamber of Commerce):**

Distinguished Members of the Assembly, we in Derry and, in particular, the Londonderry Chamber of Commerce have had reason to ponder the future of work for quite some time now. Although we are on an incredibly positive journey from conflict to, hopefully, prosperity, the fact is that unemployment rates remain really high in our city and we have a lot of work to do. However, we have a plan in place to regenerate the city. Through the course of the past five or six years, we have learned a lot about the future of work and where opportunities may exist in the future. I am going to share some of those with you now.

It is clear to us in Derry that the biggest opportunity for job growth going forward is in the digital economy, but, beyond that, it has also become clear to us that we need to educate the entire city—all the stakeholders—about the rate of change that is going on all around us. The driver for that change is a new computing age—the Internet, in other words. In my job at Seagate, I have had a good vantage point to watch that change over the past 20 years, and it has been incredible. In fact, two of our biggest customers at the moment, Google and Facebook, were not even on our radar 10 years ago.

So, what is driving that change? People are at the heart of the change. It is people who are driving in information convergence. It is people who are demanding social interaction and social networking. It is people who are driving mobility and the need for mobile devices. It is people who are looking to the cloud for their storage and computing solutions in the future. So, to understand the future of work, we need to understand people. I suggest that, in particular, we need to understand the millennials, the under-30s, all of whom view the world in a different way than, say, my baby-boomer generation.

How fast is the change? One way of getting the answer to that is to look at the amount of data created, replicated or consumed in a given year. IDC Gartner this year, in my industry, suggested that that is about four to five zettabytes. How much is that? To put it into perspective, if you take all the information gathered from the first computer until 2010, it would be created again in this one year. More exciting still is that Gartner predicts that, by 2020, it will grow to 40 zettabytes. So, we need to

understand who is generating that information, why it is being generated, how it is being generated and where it is being stored, because Gartner also predicts that, by 2020, only one quarter of all information will be stored at the client level—in other words, on the computers that you and I work on at home or at work.

What does the Internet age mean for these islands? The Internet opens global markets. It negates peripherality and, for island communities, that is very important. We are particularly pleased with that in the north-west, considering that it took me three and a half hours to drive down the A5 this morning. That is just a plug there.

So, connectivity is important. We need to continue to invest in infrastructure. We need a cloud strategy. At the moment it is unclear how the cloud will develop. We have both private and public cloud. Data protection and security will influence the growth of the cloud, how it will evolve and how the whole industry will evolve, so we need strategies that are flexible and fluid and can change as the picture becomes clearer. We need to learn how to analyse that data, so big data will become very important, and our big data models, whatever they are, must be best in class. Young companies will grow faster than ever. Online, the barriers to entry are not so high, so our state development bodies will need strategies and models that can grow those companies in a different way.

In my opinion, the best way to prepare for the future is to have the skills available. The single biggest thing that holds us back in the north-west of Ireland is the efficiency and size of our particular third-level and technical organisations. We also have a problem with the young people, whereby their parents direct them to more traditional vocations because of the large dependence on public sector and traditional employment opportunities.

Our universities and schools have to be best in class, because work will come to where the talent is. In Derry, every year for the past number of years, we have been running a successful CultureTECH festival, where culture and technology meet, and the message we get is to concentrate on the talent and also that the talent will stay where the quality of life is.

So, what skills? Science, technology, engineering and mathematics—STEM—are no-brainers. We must do it and do it quickly, but we must complement STEM with a greater cultural awareness, as more and more of our people will be working in multicultural virtual world teams. Because of the analytics, we need to concentrate on statistics and greater understanding of signal methodologies. We need to re-emphasise the shift from ICT to computer science.

There are a few other realities about work in the future that we need to understand. First, we need to disavow ourselves of the idea of a job for life. Many of our citizens—in Derry we are trying to get people used to this—will have multiple careers throughout their life. In that context, we need to concentrate on the older people. We need to make sure that we keep retraining and re-equipping them so that they can add value, because they will be needed in the workforce. Large organisations such as my own attempt to utilise a worldwide team to solve problems 24/7. Those new virtual teams will demand different teamwork skills from what we have been used to in the past. We need to teach our citizens those skills.

Finally, my takeaway message is that the world is changing at a far greater rate than any of us can imagine. That change is being driven by the Internet. To understand the magnitude of the change, we need to understand how people are behaving all over the world. To participate in the future of work, we need to train our people better and faster than ever before. *[Applause.]*

*11.15 am*

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

Thank you, Gerry. Our second speaker in this session, Ann Riordan, was recently appointed as chair of Science Foundation Ireland (SFI). Ann established Microsoft Ireland 25 years ago, and has given back by sharing her knowledge and experience on the Irish Advisory Council for Science, Technology and Innovation, and on other bodies concerned with developing public policy on new technologies. Ann, I hand over to you.

**Ms Ann Riordan (Science Foundation Ireland):**

Chair and distinguished Members of the Assembly, thank you so much for your invitation this morning.

Did you know that Shift Happens is a series of videos that you can view on YouTube? They ask us to consider some thought-provoking points about the future of work. Several of them are highly pertinent to our deliberations today. Indeed, Gerry mentioned a few. For example, the top 10 in-demand jobs in 2013 did not exist in 2004. We are preparing students for jobs that did not exist, using technologies that have not been invented to solve problems we do not even know are problems yet. This year, 3.5 zettabytes of unique, new information will be created. That is more than in the previous 5,000 years. The amount of new technical information is doubling every two years. For students starting a four-year course, that means that half of what they learn in their first year will be outdated by the third. Predictions are that, by 2049, a \$1,000 computer could exceed the computational capabilities of the entire human species.

These are daunting challenges that we, as policymakers and leaders, need to embrace if our economies are to succeed in the 21st century. We need to consider whether our educators are equipped to train the next generation to deal with the information avalanche. Enquiry-based learning and the ability to access and analyse information are absolutely crucial skill sets that we need to have embedded in our education system and, in turn, our young people. Although we do not know the challenges they will have to face, we know that we have to equip them with the confidence, skill set and ability to drive solutions to those challenges.

The rate of change is such that what they learn content-wise could be out of date by the time they graduate, so how they learn to use information to deliver solutions will become the real value of education for them. That needs to begin at the earliest levels. We need to reflect on the time spent in our schools on science, technology and mathematics, and on the quality of teaching for those subjects. Teachers need to be valued if we are to attract the best to that profession. Science Foundation Ireland

currently provides additional training to primary-school teachers through the SFI Discover programme. Discover Primary Science and Maths provides a problem-solving base to learning material and gives teachers the tools to deliver that content.

We are all conscious that the demand for flexible, creative and skilled ICT staff is not a future need but an immediate deficit. Last year, the European Commission President, José Manuel Barroso, called on Europe's digital businesses, Governments, training and education sectors to join a grand coalition for digital jobs to address up to 900,000 ICT job vacancies expected to exist in Europe by 2015. Ireland currently has over 4,500 unfilled ICT vacancies and the potential to generate over 10,000 new ICT jobs in the short term if we can unclog the skills bottleneck.

Despite the current levels of unemployment, the number of digital jobs in the EU is growing by more than 100,000 per year, but the number of additional ICT graduates and skilled ICT workers is not keeping up. When I set up Microsoft Ireland in the early 1990s, there was a serious IT skills shortage, which was impeding the growth of the company and the roll-out of technology into the marketplace. I met that challenge by working with organisations supporting the long-term unemployed and offering certified training programmes. The curriculum developed provided a fast track to marketable technical skills for those most vulnerable to sustained long-term unemployment. In fact, at that time, the education system was not producing sufficient skills so, to address that, I went to the long-term unemployed who got some of the best jobs at that time in the industry.

Given the dynamic nature of today's workforce, it is important that we develop a range of talent to meet business needs. Science Foundation Ireland, through initiatives like the Insight Centre in Data Analytics, is producing essential fourth-level graduates with masters and PhDs. Those students are given the opportunity to interact with industry throughout their studies to ensure that they are work-ready by graduation. Fourth-level graduates are not the only requirement of industry. We need to ensure that all our graduates, from diploma to PhD level, are prepared for the world of work. Science Foundation Ireland, through the Smart Futures programme, is working actively with industry to provide science, technology, engineering and maths careers information to second-level students, parents, teachers, and careers guidance counsellors in Ireland. The programme is a great example of working together to achieve a common goal. A recent study showed that parents have the most influence on the children with regard to careers, so we need to actively work to inform parents and keep them informed in this loop.

We should be very proud that CoderDojo originated in Ireland. I believe that many local industries have opened their doors to support some of the almost 150 dojos in Ireland today, with children ranging from between anything from seven years old to 15 and 16. As well as supporting the next generation to learn an important skill by opening their doors, those companies are allowing the children to ask, "Do I want to work here?"

Finally, in rural Ireland a meitheal was a band of reapers or a working party. Neighbours would gather together to support one another and work collectively to bring in crops. I believe that we need to channel this community spirit today. I echo

President Barroso's call that Government, industry and educators need to come together to create the workforce of tomorrow. Thank you. *[Applause.]*

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

Thank you, Ann. I now call on our third speaker, Frank Ryan, chair of the Industrial Development Authority Ireland. Frank has already spoken at a plenary meeting, back in 2011, wearing a different hat. During his career at the IDA, Mr Ryan was closely involved in attracting the most advanced and innovative firms to invest in Ireland. He then spent a total of 10 years as CEO of Enterprise Ireland, helping indigenous Irish firms to develop their capacities and to export successfully. He has recently returned to the IDA as chairman of the board. I now hand over to you, Frank. I am looking forward to your contribution.

**Mr Frank Ryan (IDA Ireland):**

Thank you very much, Chairman and distinguished Members of the Assembly. It is the second occasion on which I have had the honour to speak to you. It is a great honour to be asked back, and I thank you for that, Chairman.

The subject matter today is the future of work, but, before we go to the future, I want to go briefly to the past: the Ireland of 1959 to 1966, which was the Lemass era. That was the time when Ireland decided to really change and move away from our previous policy of economic isolation. A programme for economic expansion was put in place and the idea was established. Today, we have the IDA, the SFI, which Ann chairs, and Enterprise Ireland: three state agencies dedicated to particular objectives and missions on behalf of the economic development of the state.

The reason why I go back is that I want you to understand, very briefly, that, when you look at the future of work, you see that every country has a different starting point. It is very important to understand your starting point before you set out a strategy to go forward or to adopt someone else's strategy or insight in relation to what might work in your own area of responsibility.

At that point, in the 1970s in particular, there was created in Ireland a diversity of industry, professions, workplaces and sectors that had not existed before then in the state. I look back at that era now, and ask what we actually gained from the foreign direct investment (FDI) that came in at that point. Apart from the direct jobs that were involved, the biggest thing we gained was that Irish engineers got access to management development. Before that period, that was unknown in the state. Irish engineers and technicians got to go to General Electric University and western health university, and they went on to be the management core that oversaw the development of a whole range of other companies within the state as time progressed.

A lot of things have changed since the 1970s, of course. At that time, our pharmaceutical industry employed approximately 1,300 people. Today, it employs over 25,000 people. In fact, since 1990, the United States has invested \$189 billion in Ireland, which is greater than the combined investment in the BRIC locations for that similar period.

Change has had an enormous impact on this state. Consider that, up in the north-west, close to where Gerry works in Seagate, there was a company called Fruit of the Loom that was in the textile business and employed, at one stage, 3,500 people. Today, Google employs 2,500 people in Dublin through hugely different technology with a range of services offered to its customers. Managing that change is particularly challenging as we move through sectors going forward.

Ann and Gerry spoke about the great change that has happened over the past 50 years, and I will not repeat what they said, but, very often now, I hear people saying that there is too much uncertainty and we need more certainty. As the recent Ukrainian/Russian Federation debate evolves, the thing about waiting around for certainty is that you are going to be waiting an awful long time. We are now in a very dynamic, uncertain economic development period and that, of course, has enormous implications for policymakers, employers and employees who must manage this together.

Change is enormous. I think back again to the 1980s and the eight largest computer companies that were trading at that time. Only one of them, IBM, survives today. You may remember the other names: Honeywell; NCR; General Electric, which was huge in computers at the time; Control Data Corporation; RCA; and UNIVAC. Where are they today? There has been enormous change within sectors, never mind within economies, that has to be managed. Someone from Digital Corporation is quoted as saying:

“There is no reason for an individual to have a computer in his home.”

Digital Corporation does not exist today. It went out in the next phase of companies. We can look, even within Europe, to companies like Nokia, which started out in paper products, became a giant in mobile communications and is now a very small player in mobile communications worldwide. There is an enormous degree of change and in the management of it. So, this is the time for planning for constant uncertainty, as opposed to waiting around for certainty to arrive.

I commented briefly on the technological disruption. Disruptive technologies is the name of the game. There is a need for labour reduction, and, by that, I mean the huge advances that have been made in automation. Those advances can allow Europe and the United States to bring home jobs from Asia and have them carried out within our current cost base. Another example of the transition perhaps might be Kodak, which is a household name that at its height employed 145,000 people. You could argue that, today, Instagram, which has 13 employees, almost delivers as effective a customer solution as Kodak does. So, the degree of challenge is considerable.

*11.30 am*

What are the key aspects of future work? One is constant upskilling. Employers must engage in an ongoing company transformation and evolution process and not wait around every three to five years for the new corporate plan to be announced. It is ongoing; it is every day and every week. Ann and Gerry talked about the digital capability expected as a basic competence. Remote working will become the norm. There is a need for world-class digital infrastructure to compete. Without it, your

region or country will be left behind. As Ann has talked about, we must never lose sight of the core engineering, science and technology skills that are required.

From IDA's point of view, we believe that Ireland is a very good location now for high-value manufacturing, global business services and for research, development and innovation. We do that very much in cooperation with SFI. You can see all of this on our website. We are targeted on perhaps five or six key sectors: ICT; life sciences; content industry; business services; financial services; engineering; and clean technology. But, all of the world is concentrated on those sectors as well. So, what will differentiate Ireland in being successful in tracking the technologies? This is all published data on our website. We are looking forward to new forms of FDI; the creation of an international aviation services centre in Shannon Airport; work on the oil and gas sectors; marine services and logistics; and the leasing sector in the marine sector. So, we are planning for the next range of sectors that we want to have based out of Ireland as the other sectors evolve.

I hope that, in some way, that is helpful and constructive in regarding the Assembly's debate on the future of work. *[Applause.]*

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

Thanks, Frank. I will now take contributions from the Floor, and maybe some of the contributions will be directed at a specific speaker. If it is general, maybe you can decide among yourselves.

**Mr David Melding AM:**

I want to refer to two examples of what I think are best practice in this field, and they both come from Cardiff. The first is the Big Learning Company, which is a company of young people. It provides training services to people who are particularly at risk of falling out of education and employment. It has recently conducted an online questionnaire followed up by focus groups, looking at issues of what type of support vulnerable young people need. In my view, it is an outstanding piece of work, and it is called Small Voice, Big Story. The researchers who carried it out were aged 16, 17 and 18. That is a fantastic example of what can be done if you use imaginative methods.

There was a range of recommendations, and I will mention a few of them to you. There was the need peer-learning support in training systems and schools. Learning from your contemporaries is really very important, whereas, if people of my age were to go in and try to train, it would obviously create quite a big barrier immediately. School-based schemes need to get community role models to visit and to give real-life careers advice. That is very powerful as well. We have heard about all the new technologies and the turnover of companies. When you see these new entrepreneurs, you notice that they are in their mid-20s sometimes, and it was not very long ago that they were in school. I think that going back to school and talking about their story is key.

Another thing is the need for relevant training materials and the need to continue training. We need to use new technology very effectively—training apps are very



important—and ensure that all the materials are designed by young people or, at least, that young people are involved in the design process. Using young people to deliver training to improve basic skills in key groups, such as those who are in danger of falling out of education or training, is very important.

The Big Learning Company is based in the Cardiff Business Technology Centre. The centre is 25 years old and was opened by the then Secretary of State for Wales, Peter Walker. I am delighted that his son Robin is here today. It has lasted a generation and is still going from strength to strength. It gives small companies based in technology a range of business support. Young graduates, or anyone with a business idea, are able to hot-desk with their idea and then get various support and advice on business planning. The units can employ up to about 25 people. Obviously, successful companies then have to move to larger premises. There is an excellent record of growth there.

We heard from several Members that new companies generate an incredible number of new jobs. Many of those companies are very small, yet they are capable of developing new products and dominating some markets. Many of the companies in these technology centres export extensively and have contracts with large multinational companies. Software development is something in which all of us in the British Isles and Ireland have a key advantage because of the size of the English-speaking world. I have seen companies that employ a dozen people cornering the market in the public service area in Australia, which is astonishing.

Governments need to know how to support these sometimes very small companies in getting international business. The old international trade fairs, where you take very large concerns that you know about to these countries, are still important. However, let us not forget that some very small companies are world leaders in what they do.

Finally, I just will say that the Cardiff Business Technology Centre is a fantastic example of best practice, but there is only one. We need many more of these centres, because young people with really good ideas often do not have access to capital. That is a huge barrier to enterprise. The state needs to take key action to allow our young people to flourish.

**Mr Arthur Spring TD:**

Gerry, you made a comment that resonated with me, which is that work will come to where the talent is. I come from Kerry. The Central Statistics Office proves that we have some of the highest rates of people attaining university degrees. However, the likelihood of them staying in the Kerry area is quite small. They head towards Dublin, Cork and even further afield internationally. So, I am not so sure that that model is working in our part of the world. As a matter of fact, all the evidence points to the fact that we are producing high-level graduates but that the opportunities do not exist for them there.

I very much welcome the fact that Frank and Ann are here today as well; thank you. However, I find it a little bit much at times that we are told that there will be no security of employment going forward; that we will have to retrain; and that the new model will be that you have multiple careers. On a daily basis, I meet people who

head to the bank looking for a mortgage, for example. Unless you have a good, secure job, trying to attain a roof over your head, which is one of the basic human rights that we all strive for, it is not very attainable. You can look at people's qualifications, but they must look at cash flow and security as important. It is about security of mind. We have gone from the situation of my parents' generation, when one adult working in a household was suffice for a middle-class income, to, now, when two people have to be employed.

That leads me to my next point. We talk about trying to create regional balance; I have a vested interest in particular because I come from one of the 32 counties on this island with the second lowest disposable income, yet I just told you that we have some of the best-educated people in the country. There is a brain drain going out of there. The problem is that, when you try to talk about bringing foreign direct investment to an area, or about creating critical mass of employment, you do not just talk about trying to create 800 jobs in a town like Tralee; you must also talk about the spouses or partners of those people.

I do not know how to solve that problem. The largest food ingredients company in the world at the moment is Kerry Agribusiness. Unfortunately our job creation package for the country talks about regional areas creating indigenous businesses and exporting from there, yet when we hit critical mass, those very same businesses are telling us that they need to move to the more urbanised, populated areas in order to attract people to work for them. It is the opposite of what you are saying, Gerry, unfortunately.

How do you rebalance it? I keep talking about the analogy of the acronym of TEAM; tourism, energy, agribusiness and micro-enterprise are ways that we can do something about it ourselves. The Government have done some things to address some of these problems, but I cannot see how we are going to address the critical number of employment in regional areas. This is not something that is just at an Irish level; peripheral regions throughout Europe are not allowed to compete under competitive advantages. For example, the most peripheral regions of Europe are the best areas in Europe at creating renewable energy, yet we are piping all that renewable energy into urbanised areas rather than using it at source for competitive advantage in manufacturing—as you said, high-level manufacturing. You are losing some of the energy by transporting it; why not use it at source? You are putting up pylons that are not very attractive either.

Most of my focus would be on the idea that we need to have security of tenure in positions, not us as politicians, because we would all love that, I am sure, but we need to have it as a generation at some level. We also need to look at regionalisation. Frank, I keep coming back to the regional aid map, which was one of the travesties for urbanised areas with high levels of employment that could create a large number of jobs, attract people and provide capital grants, whereas other areas could not. I would like to hear how you see the regional areas with the talent giving sustainability and job creation going forward.

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

Thanks, Arthur.

**Mr Jim Dobbin MP:**

The ongoing situation in Ukraine is probably one of the most dangerous that we have seen for a long time, and it was mentioned by a member of the panel. I would be interested in their view as to what effect this will have on the euro in Ireland and in the UK if this situation continues.

**Mr Patrick O'Donovan TD:**

My question is to Ann from Science Foundation Ireland. I know that a lot of emphasis was placed recently on the uptake of students at second level studying higher level maths, particularly by interest groups such as the Institution of Engineers of Ireland and others, suggesting that there was a very poor uptake. Similarly, there is a very weak number of people studying physics and chemistry at higher level for their leaving cert, and that is having obvious repercussions for third level. Have you any comment on that?

The Central Applications Office (CAO) system for people entering third level in Ireland at the moment is based on a very crude number of points that they get. A number of people enter first science or first engineering at third level—I presume it is the same across the UK—without having the necessary skill set from second level and then have to drop out at massive cost to themselves and their families. Do you have any comment to make on whether the CAO system should be refined and changed to ensure that people who enter science and engineering courses have the adequate skill set before they enter them?

*11.45 am*

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

Thank you. I will hand back to the panel to pick up on those questions.

**Gerry Kindlon:**

I will take the first question about the regions. What we experience in Derry, and what pervades in the north-west of Ireland, is exactly the same as what you experience in Kerry. At the moment, young people are leaving and the employment is not there for them.

One of the things that we realised in Derry is that, if we are waiting for large foreign direct investment to happen, it is not going to happen. That is why we focus on the digital economy. Many speakers said that an awful lot of the new businesses are small, emerging businesses, started sometimes by 20-somethings. Why we in Derry—and in Londonderry, too, by the way—focus on the digital economy is that the barriers to entry online are fairly low. You only need an idea and access to the Internet, and you could be making money very quickly.

We will take anything, but the business community in the city is focusing on small manufacturing entities. We tried to build on the cultural heritage of the city, which is significant. We are just after a very successful UK City of Culture, so we are

focusing on areas such as the creative technologies. Many of the young companies that are successful in Derry now are small companies, with 20 to 30 people, that are doing things like computer games, animation and animated children's storybooks. The regions—all the regions—need to concentrate and build up those young, small manufacturing entities and create our own momentum and cluster. That is the way forward.

We also need the skills. As Ann mentioned earlier, whilst many kids in Derry are doing subjects such as physics and chemistry at secondary school, they are choosing to take vocational careers. We need to educate them about the opportunities ahead and the way that the world is changing.

I identify with the problem, but that is the path that we are taking to try to, first, focus on the digital economy and, secondly, to try to educate everybody in the city—stakeholders, young people and parents—about the rate of change and what lies in the future. I hope that that helps.

**Frank Ryan:**

With your permission, Chairman, I will add to Deputy Spring's queries and, maybe, as I mentioned Ukraine, I will answer that question as well.

Deputy, you mentioned the issue of people only getting mortgages if they have permanent employment etc. The best thing for any financial institution to base its assessment on today is the skills sets of the person who is applying for a mortgage. That is the only thing that is sustainable.

Returning to what I was talking about earlier, none of the computer companies—Burroughs, NCR, Digital or the rest—are not there any longer. Employees in those companies would have had relatively easy access to a mortgage based on the current—it is like a balance sheet; a one-off view of a certain day of where the world is at. If I was extending mortgages, I would do so on the basis of the skills sets of the people who were asking for them and whether they were renewing their skills sets and will be relevant to the job opportunities of the future. They would be the best bet.

In relation to the populated areas, as you know, Deputy, I am a big supporter of the regionalisation of FDI. At the end of last year, IDA finished its most successful period ever, with more people employed in FDI- and IDA-supported companies than ever before. However, the one thing that we did not excel at was regional investment. Too much of that investment went into two or three areas in the country, and it is a real challenge.

I spoke earlier about the digital infrastructure that is necessary, not to guarantee investment, but to actually get you on the list for consideration and that infrastructure; the skills set that is available; and the talent that is coming from Kerry, Donegal, Waterford, the midlands and other areas around the country that needs additional investment. We are about to commence the development of a new strategy in IDA. The current strategy finishes at the end of 2014. It will be for a five-year period. We will definitely revisit the whole approach towards the regionalisation of investment.

Traditionally, in Ireland, fellow citizens rightly point to the levels of foreign direct investment into a particular community. I would say that, to some extent, part of the answer is in the FDI investment. The other part of the answer is in entrepreneurship and those talented people who are starting up their own companies, becoming future employers as opposed to future employees, and the focus that that needs. Now, in Ireland, in almost all the third-level universities and institutes of technology, there is an entrepreneurship module that every student can take. Still, few enough students actually take that module. It is optional. No matter what discipline or faculty you look at in universities and institutes of technology, students coming through end up running a small business. If they are doctors, they go on to be GPs. If a vet qualifies, he or she ends up running a small business. A solicitor qualifies and ends up running a small business. In the general community, we all need entrepreneurship skills on how to set up and operate a small business. I would love to see that optional module become a required module to move things forward.

Russia is a huge economy today. It has exports of around \$529 billion annually. Traditionally, Ukraine was the bread basket of the former Soviet Union. Anything that adds uncertainty on the periphery of the EU is highly unwelcome at this point in time. The EU is trying to recover its economic performance. It is barely doing so at present. We want to see it become much stronger. Therefore, we want to see the issue resolved as soon as possible. It will have an effect on the euro if it is not resolved. It will also have an effect on the Russian Federation currency as well, the ruble, if it is not resolved. I have to think that it is in everybody's interest to resolve the issue and to move EU, Russian Federation and United States relations to a new level. In years to come, I hope to see the Russian Federation, the EU and the United States working together for the betterment of all the people who live in those three huge regions.

**Ann Riordan:**

Patrick, you asked about the CAO points and the number of pupils who leave school with the leaving certificate in maths, science and physics. We need to go back to the fundamentals when children start school and the way in which we teach those subjects. The old system was a sort of spoon-fed hierarchy where children came and teachers provided them with information in line with the curriculum. There has been a paradigm shift with regard to how people gain that information now. You will find that they are starting at six, seven, eight and nine years of age now and are probably way ahead of the teachers in programming. That is just one example. Therefore, I think that it is incumbent on us to equip teachers with inquiry-based learning. It is a quantum shift in how we need to look at teaching as we go forward. We have been talking about the information age for 25 years and we are eventually getting there. It took a long time, I know, because my platform at the time was that the information age was now upon us. It is greater than we ever envisaged 25 years ago, with the introduction of the Internet, but our systems have not changed sufficiently.

There is also an obligation on industry to inform parents. Studies have been done in Europe with regard to who is influencing children in taking up those subjects. Although there are great programmes going around that involve talking to schools, teachers and educators, at the end of the day, it is the parents who the children go to for advice on what third-level degree they should go for.

Over the years, teachers have come to feel that they are not valued. Graduates often opt for areas other than teaching. We could attract better people. Teachers often get bashed a lot, so we need to value our teachers. That is the starting point. We need to teach them how to engage with enquiry-based learning, knowing that, in some areas, students will probably be ahead of them, particularly in the digital age. We also need to work with industry, government and academia. That is absolutely necessary for the way it is going to look in the future.

With regard to the CAO points, I do not have strong views on that, Patrick, simply because I have not looked into that area. It is incumbent on us to look at, say, how India attracts. I think that India has about 25% of the world's graduates in these subjects, which is more than the total of the US. How are such countries outstripping the west in attracting students? We need to look further afield to see how they do it.

**Mr Aengus Ó Snodaigh TD:**

Go raibh maith agat. There seems to be an acceptance of the inevitability of the casualisation of work. There are inherent dangers when you move away from having permanent or at least semi-permanent jobs to part-time, contractual, remote and short-term individual working—basically non-traditional methods of organising work. There is more and more of a shift towards that, and more often than not, it is to the benefit of the employer rather than the employee.

One problem I have seen is that the protection of the terms and conditions of workers over the years has not kept pace with the substantial change, especially since the recession, where employers are benefiting from or using the opportunity of the scarcity of work to drive down the terms and conditions of workers. There is an onus and obligation on us as politicians to do as much as we can to protect the terms and conditions that have been won over the past 150 years through legislation and industrial processes.

How can we do that? What are the additional protections and changes required to ensure that workers are not left behind? We are seeing more of the likes of zero-hour contracts, especially in the multiples in the retail industry, where people are basically queuing up and begging for extra hours. It goes back to the pre lock-out days, where you had dockers on the quays queuing up each day for a few hours' or few days' work. In some ways, businesses are getting industrial peace by hanging out the carrot of a few hours extra a week where some workers might get an hour here or an hour there, because they need some type of work and some type of income. They are not willing to complain about the way that work is organised and the way that their compliance, if you want, is being abused.

It is a challenge, not only for us as politicians and for the trade union movement, but for those who are promoting business and trying to attract business into countries at the moment.

*12.00 noon*

**Mr Willie Coffey MSP:**

As a former software engineer, I retain a keen interest in all things digital, particularly in what Europe is doing. Members may be aware that the European Commission's proposal in relation to the Connecting Europe Facility programme intended to invest some €9 billion in IT infrastructure, but sadly, that was reduced to €1 billion as part of the Multiannual Financial Framework (MFF) agreement that has only recently been concluded. Gerry and Frank talked about world-class infrastructure. The need to have that has, in my view, been seriously hampered by that decision. What do you think that the impact of that might be for Ireland in particular and for Europe in general? Do you think that that will hamper and seriously slow development of services that we are expecting for the new digital economy that we are part of?

Also, as a supplementary to Patrick O'Donovan's question, I would like to get your thoughts on how we encourage more people, particularly females, to take up software engineering. We had this problem for a number of years when I was a student of computer science and, frankly, we still have it. I would like to hear what the panel's views may be on encouraging improvement there.

### **The Lord German:**

All three of you on the panel said that the pace of change is speeding up. While that is correct, of course, Governments are obviously keen on retaining jobs. Frank, in particular, talked about companies exiting Ireland and disappearing altogether, but it might be in countries' interests to try to retain jobs and companies in the country concerned. Are there factors that Governments can propose, apart from the skills base, that would attract companies to adapt, change themselves and to retain themselves within the country, for example, by using research and development as being a key role within their company structure?

Secondly, all three of you talked about homeworking or distance-working happening more and what will happen in future life patterns. Does the locality of the company itself matter at all? You could say that a company located in country A could be finding people to do their work in country Z. Is there a connection between the locality of the home-based company and the homeworkers concerned?

Finally, Ann, I do try to keep up with my grandchildren, but could you tell me what a *dojo* is? *[Laughter.]*

### **Senator Jim Walsh:**

A Chathaoirligh, Ireland has an open and exposed economy, so, in the macroeconomic area, I want to ask the panel about the economic commentators today who say that what happens in Europe could in fact mirror what has happened in Japan for the past two decades, which is deflation and stagnation. Can you identify what each of you would see as the three main risk areas or barriers to economic growth in Europe? Without wanting to lead the witnesses, I wanted to ask two specific questions. What is your opinion on the demographics? George Weigel recently wrote about the demographic winter in Europe. Given that Germany has, historically, been the linchpin of the European economy, it is particularly bad. Ireland is one of the few countries at the replacement level of 2.07. My second specific question is about renewed concerns with regard to the leveraging within the Chinese economy. I saw

recently that private/public debt in China is now 193% of GDP. Most economists say that you are in difficulties once you go above 90%, and once you go beyond 120%, you are insolvent. Will you comment specifically on those two issues?

**Mr Seán Rogers MLA:**

Thanks to our three-percenters. It is very much the case that every silver lining now has a cloud. I have two or three points to raise. First, do you believe that the Central Application Office needs to be reformed to maximise the potential of our students on the whole island? We certainly have two good universities in the North, and I am all for mobility, but we export many of our best students across the Irish Sea, and they do not come back. Secondly, do you believe that STEM studies and entrepreneurship need to be nurtured much earlier, even back to primary school, in our school curriculum? You mentioned the A5. Do you believe that digital infrastructure is as important as roads infrastructure in developing our economy?

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

Thanks, Seán. Paschal followed by William Powell.

**Senator Paschal Mooney:**

Go raibh maith agat, Co-Chair. I will pick up on Seán's final comments, and I direct this at Frank of the IDA in particular. Where does the question of physical infrastructure come into play, if at all, in your discussions with foreign direct investors? That goes back to an earlier question about the widespread concern, which you touched on yourself, about the regional imbalance in the provision of jobs in the southern economy. I am not so sure whether there is a similar concern in the northern economy, but, in the context of road networks, the north-west and west region, I believe, suffer more than any other in the country from a lack of foreign direct investment.

Take, for example, the road network going west. I am not talking about Galway, but the N4 to the north-west and the A5 that cuts through Northern Ireland, which will continue to be underinvested, whether the reason be the economy or whatever. What impact, if any, does that network have on discussions with potential investors? I draw your attention to comments in today's 'Irish Independent' in the context of jobs. On an announcement to be made later this week that a new technology company will be setting up in Ireland, the reporter writes:

"The news comes amid signs that overseas technology firms are clamouring to come to Ireland.

A recent survey by AIB and Amarach Research of Ireland's 27 technology 'accelerator' funds revealed that the one in five applications now comes from overseas start-up firms.

Last month, the head of the Irish engineering facility of online travel website Tripadvisor said that US technology firms increasingly look to Ireland as a 'natural' base in which to set up an international headquarters.

'Dublin has the best combination of business-friendly practices and top talent ... We've done a lot of research ... and Ireland is clearly the best place in Europe ... We looked at London, but it just doesn't have the hiring climate that we found here.'"

If it is true—perhaps you will comment on it, Frank—that all these companies are “clamouring” to come into Ireland, should the IDA not take a more aggressive policy



towards such companies and say, “If you want to come to Ireland, well, you are going to have to listen to where we’d like you to go, and you will have to take that into consideration”? I do not suggest that you force them to go to these places; that is not the thought at all. However, if the new climate is that these companies are clamouring, we know that, particularly in the technology area, US companies are most definitely looking at Dublin as the centre to go to. Is there not an obligation on you and perhaps on wider government to maybe tweak your policy a little and say, “Sure, we are more than happy to have you and discuss and whatever, but we would also like you to take into account the macroeconomic dimension and the fact that we already have an increasingly regional imbalance”? I am wondering if the same might apply in the North of Ireland. Go raibh maith agat.

**Mr William Powell AM:**

I thank the panel members very much for their presentations this morning. Frank, in your presentation, you refer, and quite rightly so, to the diversity in the economy and the long-term move away from the agrarian-led aspect of the economy. However, as we were reminded by Arthur Spring, very great importance is accorded to the agrifood business sector and the energy sector. On the RTÉ breakfast news this morning, there was a reference to a report on climate change and its effect on food and energy security. In that context, could you give us an estimate on the level of employment in agrifood and energy in Ireland at the moment, particularly given the leading role played by your Agriculture Minister, Simon Coveney, in framing the successful deal on the common agricultural policy reform just last year? What role do you think the rural development plan can play in developing greater resilience and building skills for young people and new entrants, particularly in the agriculture sector but also potentially in the energy sector?

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

Before I hand back to the panel, I will pick up on the issue of the A5. As far as I am aware, the public consultation for the A5 starts again tomorrow. It was intended to start on 1 April. Maybe the MLAs will be able to shed a bit light and, if so, I will stand corrected, but I think that the public consultation on the A5 begins tomorrow for a second time.

**Frank Ryan:**

Aengus, chuir tú ceist faoi fhostaíocht sa tír seo, páirt-aimseartha nó lán-aimseartha agus araile. You put a question about the casualisation of employment in this country. I will make two points about that. First, we are working out of the past on this concept of full and temporary employment, and, at a time when so many people have lost their jobs in this state, there is enormous pressure on people to find work. I recognise that. There is a requirement for all companies to communicate more with their employees and to tell them what is happening, because things change so quickly now that employees should not just hear when things are going bad but should hear when things are going good as well. Some of the overseas FDI companies are very good role models to look at for the amount of time they put into communication with their employees and on bringing them up to speed with how the company is performing.

**Ann Riordan:**

The US Department of Labor estimates that today's learner will have 10 to 14 jobs by the age of 38. That is the way that it is happening. One in four workers today has been with their employer for less than a year, and one in two has been with their employer for less than five years. So, there is essentially a complete shift in the way we have to look at employment, I believe. I remember years ago thinking that the biggest employers would be employment agencies. The employee's contract is with the agency and they are then outsourced to different companies. That could be the way of the future. The onus will be on the employment agencies, with their contract, to also invest in skills and contribute to development and keeping skills updated. So, that is a picture of the future in this information age, which is upon us. Many people feel that that is the way to go because, whatever about the paperwork, it is essential that, somehow, each company that employs people has to commit to keeping its workforce updated and uses at least 10% of its revenue to reinvest in their employees. Otherwise, I think that people will be left behind. Irrespective of the education and skills that they have come out from school or college with, those will only be relevant for a year. So, I think that the whole nature of employment and the way that we employ people will shift.

*12.15 pm*

**Gerry Kindlon:**

I will address the question on infrastructure. I do not think that it is as simple as one or the other of digital investment or physical investment. When we talk about digital today, we talk about the future of work and what the world might look like in 20 years. For the leading edge of those digital companies in the leading edge of technology, connectivity will be absolutely critical. So, it is really critical to invest in connectivity for people at the leading edge, such as people supplying Wall Street, for example, or some key decision-makers in the world.

The second part is the question of how we upskill everyone, including the existing people in the workforce and our kids and everything. I think that connectivity there is less important, and we need to focus on adoption because we need to give them the skills so that they become best in class. When we are talking about an economy that is 20 years in the future, we have to remember the economy of today. The reality is that, in the north-west of Ireland, for example, we do not have a huge digital community. We have a growing digital community, but it is very small, and we are still largely dependent on traditional industry. So, for something such as tourism, the A5 is critical. For a lot of the traditional manufacturing base, where people are not as skilled digitally and where they rely on the physical network to get in and out of the country, we need the physical infrastructure. So, you have to trade and balance, and you have to make decisions, but you need to make decisions in the face of this ever-changing world. You must always make sure that you understand where that balance is.

I will address one or two of the other questions about Europe and what the key bottlenecks are. Definitely, skills are first. Secondly, for legislative communities across Europe, I think that the speed of decision-making and how informed that decision-making is is critical. To use the technology that is available to us, we need

to inform ourselves quicker and make decisions quicker and in light of an ever-changing world. The second big threat is the speed of our legislation and the speed of our decision-making, which, in world terms, is possibly not as quick as it should be.

**Frank Ryan:**

Chairman, with your permission, I will address the question on retaining jobs. That is an absolutely key feature of what IDA does, and the majority of our budget every year is spent in working with companies to renew their business models. That is the existing overseas companies here, not just attracting in more new names all the time. That is absolutely essential. The best example that I can think of is a Swedish company called Ericsson, which came here in the late 1950s. It used to manufacture electromechanical exchanges, and it went through that era. It then manufactured the AXE digital exchanges. In fact, the first digital exchanges that were installed in this state came from that factory in Athlone in the midlands. It now has a major software development activity in Ireland and employs almost as many as it did back in the days when it was doing the relatively simple assembly work of electromechanical exchanges. The company has had a management mindset and a culture that welcomes evolution, change, moving to the next challenges and addressing the challenges on behalf of customers. It sees that as a natural evolution as opposed to saying, "Shock, horror; things are changing. Things are downsizing in the products we're producing at the moment, and we're threatened by the future". It is actually inviting in the future. It is an excellent role model for transformation, as we call it, in IDA.

**Ann Riordan:**

I will take the question on homeworking. The first requirement is obviously a good infrastructure. Content is so rich now. Graphics and audio are required for successful homeworking, so we need the right infrastructure. For the UK and Ireland, time zones are probably the only other question. I know that many people work from home in Ireland for US companies and organisations in Asia. We are in a good time zone for working from home for each way, because you need audio contact at least once a week with them. There are absolutely no barriers at all to homeworking.

The other issue was CoderDojos. The programme was set up by a teenager based in Cork. That young man was very interested in computer programming, but he obviously wanted to work with other young people. He set up a programme in which seven-, eight- and nine-year-olds and early teens work together like a sort of play date. They come together, teach one another and support one another in computer programming from a very early age. We have seen a nine-year-old entrepreneur come out of that programme. It started in Cork, but 150 people are now in the CoderDojo club in Ireland and actively talk to companies. It is also spread right across Europe.

**Gerry Kindlon:**

I will add a couple of brief points about skills. The first is about girls and science. It is a fact that girls who go to girls-only schools perform better in science. We need to be conscious of the roles we ask them to play in life. Sometimes, that is as simple as the toys we give them when they are young: girls get dolls and boys get Meccano, Lego and things like that. Society has to address that issue.

On the specific question on skills in Northern Ireland, I absolutely believe that Northern Ireland has to lift the current maximum student number (MaSN). Too many of our brightest and best are leaving never to come back. In tandem with that, we have not raised fee levels in Northern Ireland, which means that more and more people who might have gone away to study are studying at home in Northern Ireland because of costs, so it is not really as socially inclusive as it should be. The MaSN in Northern Ireland really has to be looked at. In particular, coming from Londonderry, we need a larger university to be competitive in the longer term.

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

Thanks. Does anyone else want to pick up on this one? We have a number of contributors. We could do it in the final wrap-up.

**Mr Séamus Kirk TD:**

On the education systems both North and South, what sort of changes would you recommend to the respective Education Ministers? How can the role and mindset of parents be more effective in the area of decision-making about what courses will be pursued? As regards the intellectual capacity of students in our population and their inclination or general disposition to focus on technology studies, how do we compare with other jurisdictions? In India, which was mentioned earlier, there is a very significant percentage of engineers in this area.

Two or three others mentioned the A5. Mr Kinahan would certainly have been here in a much shorter time this morning if the A5 were complete and developed. Donegal and Derry would benefit considerably from its development. Let us hope that the public consultation process is accelerated and successfully concluded.

Broadband infrastructure in the country has relevance to the overall well-being of development in this area. There is the whole issue of optic-fibre cabling etc and its relevance to regional development.

As a public rep for Louth, I am looking at the Institute of Technology in Dundalk; there is also one in Letterkenny. They stretch across the border to get students to come onto their ICT courses. Do you see potential in those areas?

One or two Members touched on the changes, and I would emphasise that there is more to this discussion than technological development. There is the issue of the traditional sectors. I am looking at the growth in the world population and the increased demand that there will be for food products. We have a number of very significant players in that general area here on the island. There is the issue of the growing of energy crops, whereby alternatives are being looked at vis-à-vis the growing of crops that will increase the volume of availability in the world.

Frank is a very experienced public rep in the area of the coordination of public industrial development policy. He has been with Enterprise Ireland, and he is now the chairman of the IDA. How important is the paralleling or coordination of public

policy, and its predictability going forward, with the education system so that there will not be erratic changes here and there?

The small and medium-sized enterprises—SMEs—have a debt burden. Many Members will say that the SME sector is where the jobs growth will materialise. However, the academics say that they are weighed down with debt at this time. What sort of advice would you give to government or state institutions? What alleviation measures can be put in place to allow the anticipated or potential growth to be accelerated?

The last point that I will make is on technology and its advancement. There are Members who have been here a while. I notice the huge growth in the tablet population around the table. There was a time that this body depended on just the pensive quill but not any more.

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

We have a number of contributors offering, so I really will have to insist on brevity, Members. Otherwise, we will have to guillotine it.

*12.30 pm*

**Senator Cáit Keane:**

My question is on business, but I will do a preamble on education. Nobody mentioned that the ideal time to start children with IT is in preschool. There should be particular concentration on deprived areas to ensure that it is for everybody. It is the two-and-a-half- and three-year-olds who are teaching everybody what to do. They are not afraid of it as they have come from a different era than we did. The education sector has to ensure that people who cannot afford to invest in IT are looked after.

My question is on the scale-up of small and medium-sized enterprises, particularly in the IT sector, when they reach eight to 10 employees and go abroad—with maybe offices in London, and where everybody is or wants to be, Silicon Valley—and are given a few bob and off you go. There should be more emphasis on a follow-up in direct marketing. Our small companies are our bread and butter. Ninety-five per cent of people in Ireland are employed in small companies. It is great, and we all welcome the big companies coming in, which is very good, but we have to ensure that we look after the small ones.

Many small companies have spoken to me about trying to scale-up and open an office in London, and I know there is an Enterprise Ireland and IDA in Silicon Valley and London. However, every company that goes out should not have to reinvent the wheel on sourcing and good marketing. They do not have plenty of programmers, but they know what they want to do. They have it done and have the product. They want to sell it, but the selling of it is taking the time that they could be putting into developing new products.

Marketing in IT in small companies comes down the list. It is important because they have to exist and market, but there is a gap. Enterprise Ireland has innovation vouchers, but they are linked to research. If the company has the research done, it

should be linked to marketing that company, which would give it a leg up in selling its wares.

Because everything is in the clouds now, you do not need the person employed in the office to do the work. You mentioned that 25% of graduates worldwide are India-based. Would it be heresy to suggest that there should be some linkage and coordination between where the graduates are and where the companies that need them are, and how to source them? To get a programmer now in Ireland is quite difficult and expensive, and the price is going up every day. Obviously, you are employing indirectly somebody out there, but we know it is being done. It is in the clouds; it is happening. Broadband has been mentioned as well.

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

Thanks, Cáit. There may be different definitions of brevity, but could we just stick to the definition of brevity, otherwise I will have to guillotine other Members?

**Mr Martin Heydon TD:**

In fear of your guillotine, I will be as brief as possible. At one stage, the US had 49 states that claimed to be a smart economy, so it is a competitive marketplace. That is why we need to concentrate on areas where we are good. We do not necessarily need to reinvent the wheel. The IT sector is a niche market, but I want to touch on food and drink

Irish food and drink exports have hit almost €10 billion. Our target of €12 billion by 2020 looks more than achievable and easily surpassed. It is one area that can get that regional balance. Small artisan food producers around the country can get economic activity in areas where there is very little other economic activity. It is an area that is getting a lot of attention.

I am interested in people's views on what further synergies we could have between North and South. We have the Red Tractor in the North and Quality Irish in the South. Some arms of the state might be very nervous about trying to have any amalgamation there, but there is a huge potential benefit if we collaborated more east and west and North and South in looking to access new food markets. Irish whiskey is growing exponentially as are other areas of our food exports.

There are areas where it would be positive on both sides. On the one hand, you would have Ireland maybe getting access to Commonwealth countries that it has had difficulty accessing, but there would also be a benefit to the other side for accessing markets that we get to already.

On regionalisation, and leaving aside food and drink, when foreign companies say they are interested in coming to Ireland, how much it is the case that they have their homework done and are saying, "This is what we want, make it happen. This is where we are going"? Or, how much of it is you saying, "Well, here are all our options, North, South, east and west" and showing them around? Is the IDA very much in their hands and do they have a clear mind when they come over of what they want?

**Ms Joyce Watson AM:**

If we are talking about building our economies differently—that is what you are saying—will you answer some questions for me? Everybody is concerned with balancing the books. We all have a trading deficit. Germany is doing the best through its manufacturing and exports. How are you going to, first of all, protect against the outward migration of finance that would be gained by new technologies? How are you going to guard against uncollected taxation from offshore companies operating within your island, because you said that location can be and is anywhere? How are you also going to marry the new technologies with the existing technologies? I have not heard any mention at all about progress in that area. We know that, in the oil industry, the energy industry and all the industries that have been mentioned today, they are using the new technologies to promote the growth in those existing companies, but the biggest threat, which I see as the elephant in the room, is the tax avoidance that can happen through the likes of Amazon etc, where the biggest growth companies are highly concentrated in a very few hands.

**Ms Alison McInnes MSP:**

All the panel members talked about the rapid change in the private sector, but that is in quite stark contrast to what is happening in the public sector and the more organic change that goes on there, despite the very pressing need that there is, due to budgetary pressures and demographics. I am wondering about the panel's view on the role of open data from government and local public authorities in a drive to bring about public service innovation.

**Mr Joe O'Reilly TD:**

I will direct a comment to Frank, if I may. First of all, Frank, I want to acknowledge the success of the idea in the last year, but I am bound to—and would feel that I would miss an important opportunity if I did not—echo the earlier speakers regarding regionalisation of job opportunities. I was heartened to hear you say, in response to Deputy Spring, that, in the next IDA medium-term plan, you will look at strategies to improve regionalisation. Maybe you could elaborate on that and let us know how optimistic you are about that process.

In that regard, may I also highlight the border region? There is a nexus of third-level colleges and Plcs around there, and there is quite a good broadband and physical infrastructure there now, yet there is an economic deficit and deprivation based on historical factors. That area has lost out considerably. Are you optimistic, even in cooperation with your opposite numbers in Northern Ireland, that you could achieve inward investment to that region?

Lastly, we all talk about upskilling, and it is so important. We talk about the high-tech and high-quality jobs, which are critical, and their regionalisation etc. Unfortunately, as the Minister said, we have had a huge dislocation in the construction sector, mainly in unskilled people—60% of the construction people. That begs this question: can we do anything more to get traditional manufacturing industry into the country and to get inward investment in that sphere? I do not think upskilling and training etc will adequately deal with the dislocation of unskilled

people in the construction sector. I would be interested if Frank could offer us any optimism in that area.

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

Thanks, Joe. I have five more people who want to ask questions, and I really need each of you to ask your question in 60 seconds.

**Mr Seán Conlan TD:**

Just to follow on from my constituency colleague, Joe O'Reilly, I want to ask about the whole issue of regional development and also the areas touched on by Gerry and Frank: IT and computer programming. We can always talk about what problems we face in the lack of infrastructure in the north-west or around the border. A number of years ago, we were told that the Kelvin project would bring untold benefits to the region and that real-time computing would mean that we could develop courses and new job opportunities along the border and in the north-west. Have there been any practical benefits to the north-west from the Kelvin project? Has the IDA done anything significant to try to develop job opportunities along that corridor? What is being done? In a situation where we do not have the physical road infrastructure, if we had the IT infrastructure, and there is a line in place that allows real-time computing, what have the state agencies done to take advantage of that? Have they done anything?

**Mr Robin Walker MP:**

I think that we had a very good discussion from the panel, particularly about the opportunities in digital, though I think that both our economies have experienced the problems of putting too many eggs in one basket. We all want to see a broad-based economic recovery. I pick up on the comments from Mr O'Reilly about the need for a recovery of manufacturing in all our countries, and particularly the trend, which the US is seeing strongly and the UK is just beginning to see, of re-shoring. Has the panel any comments to make about re-shoring: the return of manufacturing industries to some developed world countries and any opportunities there? I think that that links to the point that Arthur Spring was making earlier about energy: making sure that energy is used close to its source and manufacturing opportunities are used in some of those more remote areas that can produce renewable energy.

**Mr John Scott MSP:**

Mine is a brief question. I want to ask the panel, from their individual perspectives and expertise, if they had one recommendation, following this discussion, to make to the Irish Government, what it would be. If they had one recommendation for the UK Government, what would it be?

**Mr John Paul Phelan TD:**

I do not want to sound a discordant note. My question is to Mr Ryan. Unlike my colleague Joe O'Reilly, I was a bit shocked by your comment that the IDA is now going to look at revisiting its approach to regional development. We in the south-east have been hearing that for a long time. Admittedly, I am from Kilkenny, but



Waterford city has an unemployment rate of 20%, which is the highest in the Republic of Ireland. Even at the height of the Celtic tiger economy, Waterford—along, probably, with your own part of the world, Chairman, Donegal—always had much higher rates of unemployment than most of the rest of the country.

I was under the impression that this revisitation had occurred before now. I was interested in Mr Ryan's comments. You gave the example of Fruit of the Loom in Donegal, which has been gone for years, employing 3,500 people, and Google, which now employs 2,500 in Dublin. Unlike Paschal Mooney, I do not suspect that you can dictate, particularly to those high-end tech companies, where they will end up. However, I am alarmed that you say that you are only looking at revisiting this issue now, when we have had such an abysmal regional problem for years, particularly in the south-east. We have the lowest average household incomes and the lowest third-level attendances. The highest rates of unemployment in the Republic of Ireland have continuously been in the south-east. We have one motorway, which we finished seven or eight years ago. We are building a second one at the moment, so motorways are not necessarily the way to create employment.

I do not want to be pedantic, but I will get it all off my chest in the one go: the idea was founded in 1948 or 1949, not between 1959 and 1965.

*12.45 pm*

**Mr Frank Feighan TD:**

I have just a few questions. First, what is your view of Ministers leaving en masse for the Patrick's day parades around the world? Are they of benefit to the country or not? Secondly, what are your views on the trade missions led by our politicians? We hear a lot of things coming back, but what tangible benefits have you seen secured?

One area that has gone unnoticed, which I think is very unfair, is the pharmaceutical sector. Where I live in the west of Ireland, effectively every small town has a pharmaceutical, which employs maybe 70 to 150 people. Most people in those towns do not even recognise them, because most of the staff commute from within a 40- or 50-mile radius. The pharmaceuticals have in a lot of ways been the backbone of our economy, but they have gone unnoticed.

Finally, I am shocked to find that you are coming up with a plan. It is quite obvious to anybody out there that there are now two Irelands. There is the Ireland of Dublin and the Ireland of the west. I understand that Dublin is easier to sell and a lot of the multinationals want to come to where the Convention Centre is. I applaud the way that you are going about building more office space and getting them in. However, there has to now be balanced regional development. As politicians, we will push you and we will help you, but it has gone a bit too far. So, I am surprised that you are just starting now.

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

I just want to make the panel aware of the fact that we have 10 minutes. You are not going to get to all the questions individually. Maybe, if we could, we will allow you to use the next 10 minutes to do an individual wrap-up. There will be an opportunity

later to meet Members if there are any specific questions. Between the three of you, you have 10 minutes; if you could just do a final wrap-up, starting with whoever wants to lead off.

**Frank Ryan:**

I know the ones that I would like not to answer. [*Laughter.*] I will try to take the bitter medicine.

I want to come back on an earlier comment relating to the demographic winter, which one of the Members of the Assembly raised. Ireland and the UK are expected to have the best demographics going forward for the next 20 to 30 years. I see that as an opportunity, particularly if we can get those people to the skill sets that are in demand.

Yes, there is great potential for the food sector. It is currently being realised. A strategy has been adopted by the state here called Harvest 2020. It is being read liberally around the world at the moment, and other countries are starting to follow the approach taken here. It has been very innovative. We have a food sector capable of enormous development. Deputy Spring referred to investment in the past 18 months by the Kerry Group, near Dublin in a place called Naas. A thousand research and development people will be engaged in that sector on that site. Glanbia recently announced the largest single investment in the dairy sector in the history of the state, in Belview, just on the border between Kilkenny and Waterford. Both are to be welcomed. There is a great future for us. The challenge for the sector here is to be on the value added side of the food industry. We will not be able to compete on the commodity side; we are a very small country, so we have to be on the value added side. Today, we are the largest exporter in the world of infant formula. Currently, for one in every seven infants fortunate enough to have access to infant formula, it is supplied from Ireland. When the two plans currently finishing construction are concluded, for one in every five infants in the world fortunate enough to have access to infant formula, it will be supplied from Ireland. That is an extremely high technology product to produce.

Cáit, you mentioned preschool in the deprived areas. I want to comment on that. A lot of our comments, for good reason, tend to be about universities, secondary schools and primary schools. Most of the international evaluations or the research now shows that children between the ages of 18 months and four years are in the key critical period. I currently chair one of those initiatives in inner-city Dublin, and I am very conscious of the needs of those infants. Otherwise, they end up going to primary school behind on literacy and numeracy, and that gap is never closed. No matter what the state does after that, that differential increases over time as opposed to decreasing. I am a big supporter of engagement on preschool education, particularly in deprived areas.

An issue was raised about the trade missions around the world and Ministers' participation in them. They are absolutely essential because there is amazing global competition today. After we went to China on the last major trade mission in which I participated, Angela Merkel and the German delegation arrived the following week. There is now wholesale world competition between states for trade and foreign direct investment. If we do not have our Ministers out there talking about Ireland and what

Ireland can do for people, we are at a major disadvantage, so I am an enormous supporter of those trade missions here.

I feel the need to comment on the new strategy for regionalisation. First, this state has been attempting to have successful regional development for quite some time. Each time, the state has introduced a new plan, and this has been ongoing, in my experience, for the past 20 to 30 years. Some sectors regionalise better than others. As you pointed out, Frank, the pharma/medical device sector has been very good at regionalisation, as has the engineering sector. The ICT sector has not been good at regionalisation; it has largely stayed in Dublin, Cork and Galway. There may be benefit in putting more emphasis on some particular sectors than on others, but we are committed to looking at this afresh with a blank page and asking honestly what more can be done and how can we deploy our resources to achieve this, recognising that, at the end of the day, it is the companies involved who make the final decisions. Neither this state nor the IDA has the authority to direct any set of shareholders or any company as to what they should do. They have to make that decision.

Given today's report in the 'Irish Independent', it is right that I would say that there is no orderly queue of investment forming to come into this state. There is phenomenal international competition for foreign direct investment. There was a time when that was just pan-European; it is now amongst the individual states in the United States and in Asia and all the developing countries. They have all learned the lessons of the past 30 years and they have all set up the equivalent of the IDA; the equivalent of Enterprise Ireland is in all those locations. They are all out there competing, and we have to do our absolute best in this region if we are to be successful in attracting investment in future.

There are opportunities in the re-shoring of jobs alongside what can be done about manufacturing. Jobs in manufacturing today are not the type of jobs that were in manufacturing 20 years ago. The skill sets that are needed for jobs in manufacturing today are not the skill sets that were needed 20 years ago. If we have the skill sets for advanced manufacturing, there can be further progress in those areas.

There was an issue as well about the recommendation of the Irish Government and the UK Government. That is very difficult to answer. Going forward, it is about skills. Most organisations and corporations worldwide talk about the deployment of financial assets and human assets, and, if you have the best skill sets, you are going to attract investment. That is common across Ireland and the British Isles.

I tried not to dodge any of the harder questions that have been asked, and I hope that, in some way, I have summarised some of the questions that have been put, Chairman.

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

I appreciate that, Frank. We are very tight for time, so maybe Ann and Gerry would like to give us a final word.

**Ann Riordan:**

Yes. There is low-hanging fruit of 900,000 jobs across Europe, of which, there are potentially 14,500 for Ireland; I do not know what the figure is for England. We need to look at strategies and at how we can compete for those jobs immediately. That is the low-hanging fruit.

I suggest that our businesses and industries get involved very closely with our educators and government. I will give you an example. As I said earlier, I worked with the long-term unemployed. The industry came together and wrote the curriculum for courses that were then rolled out by the FÁS and other agencies. As the industry bought into that as a corporate social responsibility, the long-term unemployed were 18 months ahead in technology terms of some of the employees in the multinationals. The industry was writing the curriculum for technology that was coming down the road. That is the benefit that industry can bring to educators. I encourage you to look at educators, government and industries coming together to create the workforce of the future.

**Gerry Kindlon:**

My comments are very similar. In my day job, I look after 250 engineers across seven countries. I work in manufacturing and look after analytics and failure analysis for Seagate. When I compare the different countries in which I have engineers, I have no doubt that skills are the most important selling points for these islands.

I want to give you a couple of final observations on how digital technology can help traditional industries and government. Obviously, the more that we insist on data being open and open source, the better, as it will be more free for people to use. I think that we need to think carefully about how data is structured, because the reality is that only about one third of all the data that is collected around the world is useable in its current form. So, government and other industries really need to think hard about how data is structured, and we need legislation on protection and security and all those things quicker to let the story and picture emerge quickly.

What I would say to Ireland and England is very much the same. For Northern Ireland, as well as skills, we need to speed up decision-making to be competitive. We have made great progress, and an awful lot of credit is due to the politicians. However, we are infuriatingly slow, and we need to speed it up.

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

Thanks for that final message, Gerry. No doubt that has not been lost on the legislators who are here today.

I want to thank all the guest speakers for their contributions, the magnitude of those contributions and the in-depth and insightful questioning. I think that it is clear that there is a great interest in the topic. It is certainly difficult to predict the future but, no doubt, working together on the challenges would be a good starting point.

*The sitting was suspended at 1.01 pm.*

*The sitting resumed at 3.15 pm.*

## **MICHAEL O'LEARY, CHIEF EXECUTIVE, RYANAIR**

### **The Co-Chairman (Mr Laurence Robertson MP):**

We are back in public session. I am sure that everyone will agree it was a real privilege to have visited the Memorial Gardens. It was certainly a privilege for Joe and me to lay the wreaths.

It is now my privilege to introduce Mr Michael O'Leary, who, for more than two decades, has led Ryanair, which is an airline carrying, I am told, more passengers than any other European airline. I am sure everyone present has had at least one trip on a Ryanair flight. That is how I came over here.

Minister Hayes had to leave sharply this morning after an excellent session. He had to go and take part in—I am not quite sure what it was—a sort of celebration of the fact that Ryanair has launched 20 new routes today as a result of the abolition of what we would call air passenger duty. I am not sure what it is called in Ireland.

Mr O'Leary, please address the plenary session. Thank you for joining us.

### **Mr Michael O'Leary:**

Ladies and gentlemen, it is a great pleasure to be here in such august company. Addressing such an august body as this reminds me much of making love to the Queen of England: you know it is a great honour; you are just not sure how much pleasure it is going to be.

I want to thank you for the invitation. It is the first time I have graced the halls of the Royal Hospital or any inter-parliamentary committee. I have been asked to give you a quick 15 minutes on Ryanair, which is now the world's favourite airline, carrying this year 81.5 million international passengers. We have grown over the years to become the largest airline in Ireland, but also the largest airline in the UK as well, so it is appropriate that I may have some commentary on what we can do or what we would ask of the parliamentarians of the United Kingdom—and Ireland, in particular—to try to stimulate tourism and to create jobs here in the UK and in Ireland.

At a time of recession, one of the key industries that can create particularly entry-level jobs is tourism. Most of us got our first job in a bar, a hotel or a restaurant. Most of our children and grandchildren will get their first jobs in those industries. As you look around Europe in the last 10 or certainly the last five years, as all of the European economies have fallen into fiscal crisis, it is striking that the instinctive response of many European Governments has been to follow the mindlessly insane policy of the UK Government and tax tourists.

In the UK, they call air passenger duty “APD”. Here we call it what it is: a passenger tax. It was a mindlessly stupid policy followed by an Irish Government some five years ago. When you are a small island on the outer edge of Europe and the only way of getting here is to fly, the idea of taxing tourists before they got here, instead of welcoming the tourists here first and then taxing them once you had got them on the island, was inane stupid. It followed a number of equally stupid fiscal measures followed by that Government five or six years ago.

The impact on Irish tourism has been catastrophic. Over the past five years, since the travel tax was introduced—first at €10 a passenger; subsequently reduced to €3 a passenger—combined traffic has fallen from 30 million passengers a year to just over 20 million at Ireland’s three largest airports: Cork, Shannon and Dublin. We have lost nearly one third of our passengers. The typical analysis that came out of Government circles—to be fair, the Department of Finance—was: “It doesn’t really matter. People don’t mind. Ah sure, it’s only a couple of quid. People don’t mind paying a couple of quid.” If people did not mind paying a couple of quid, I would have had that couple of quid out of those passengers long before somebody in the Department of Finance in this country woke up to the possibility that people did not mind paying an extra couple of quid. They do.

The travel tax, APD, was first introduced in the UK. Visitor numbers to the UK are down 20% in the last 10 years as the UK drives up air passenger duty. To be fair to the UK, it is a very large economy and has very large domestic passenger volumes. But at least in the UK, people have a choice: you can be ripped off with very high train fares, or you can spend all day driving round the “motor-works” of the UK if you truly want to travel around the UK. In Ireland we do not have a domestic air industry. The country is too small. We have, to be fair to the last Government, invested heroically in dramatically improving roadways and motorways, so we actually have a terrific motorway system now. But tourism has suffered dramatically in Ireland in the last five years under the penal travel tax.

I want to recognise the dramatic work of the current Government and to compliment Enda Kenny and Michael Noonan in particular, for taking the brave decision first to reduce the travel tax from €10 to €3 per passenger, which at least ameliorated some of the damage that had already been done. Thankfully, from midnight tonight, we finally get rid of the last €3. Instead, we look forward to a brave new world from tomorrow where we will be heavily promoting Irish tourism for visitors to come to Ireland from Spain, Germany, Italy and Portugal, instead of visiting the UK, where they will get stiffed with £13—about €15 or €16—of passenger tax. They can now come to Ireland for pretty much the same weather, better beer but no travel tax. It will be an amazing incentive to people to visit Ireland and has already provided Irish tourism this year with an enormous boost.

In response to the Government’s politically brave decision to scrap the travel tax, Ryanair this year has announced more than 25 new routes inbound to Ireland from destinations all over the UK and Europe. We have also increased very significantly the frequency of our flights from the UK back into Ireland. We expect to see dramatic increases in passenger volumes on all of our Irish flights this year because, from

tomorrow, we will be heavily promoting the fact that there are no passenger taxes here in Ireland. As a result of that, we have guaranteed the Government here in Ireland that we will deliver at least one million additional passengers this year. In fact, we will exceed that number. It will be about 1.2 million passengers this year. This morning, I signed off on our winter schedule, which should take the figure up to 1.3 million or 1.4 million.

The significance of that in Ireland is that, last year, the travel tax raised about €30 million. This year, our 1.3 million additional passengers will mean the Government take more in VAT receipts just from our incremental passenger numbers than they made from the entire travel tax last year. In addition to that, you will see about 1.4 million more passengers coming to Ireland this year. The Airport Council International, which is the representative body for most of Europe's largest airports, has done surveys where it estimates that about 1,000 jobs are created directly at its airports for every 1 million international passengers. That leads me to believe that Ireland could see the creation of about 1,250 jobs at the main Irish airports this year, solely as a result of Michael Noonan's brave decision to scrap travel tax.

It would be remiss of me at this forum not to call on UK parliamentarians to take the message back to Westminster that you have got to reduce—and preferably get rid of—APD. It is a deeply regressive tax. The idea that people on small incomes travelling on their holidays to Spain on Ryanair are paying the same 13 or 14 quid tax as rich business people travelling on British Airways paying fares of 600 or 800 quid—or not paying them, because their employers are paying their fares—is not just deeply regressive, but also deeply damaging to UK air traffic, particularly to tourism in the regions of the UK.

There are many issues of contention in the Scottish referendum at the moment, but one of the things that we would be very supportive of is the Scottish Government's claim that, if Scotland gets independence, they would scrap the travel tax north of the border. Most of the airlines—no great surprise—have come out and said that that would be a dramatically stimulative economic measure for Scotland. We do not take any side as to whether that should take place as a result of either an independent Scotland or Scotland remaining part of the United Kingdom. However, certainly, the regions—Scotland in particular, but also Northern Ireland—have suffered dramatically as a result of those APDs on traffic numbers, both on domestic flights and on international flights. We originally flew from Belfast City airport for a number of years. We had some success up there. Our difficulty with Belfast was that the runway is too short at Belfast City for our fully laden 737-800s. We were promised for three years that we would have a runway extension. After three years, we gave up waiting and closed the base in Belfast City. We would go back there or to Aldergrove, if there was a runway extension, but only when there is some kind of easement in those passenger taxes. They have a deeply damaging effect, particularly on price-sensitive air travel.

Today, however, should not be all about the APD, but again, I want to commend the visionary leadership of the Irish parliamentarians in getting rid of APD. I call on the UK parliamentarians to follow suit and see a dramatic rise in visitor numbers to the

UK, and in job creation in tourism and the UK regions. Ryanair will, I expect, continue to grow strongly over the next five years, in Ireland certainly, as a tax-free haven, or at least a haven free of passenger taxes. We would like the UK to follow suit.

This year, we have ordered another 175 aircraft. It will take Ryanair's fleet from 300 aircraft this summer to 450 aircraft over the next five years. It will see our traffic grow from 80 million passengers annually to about 110 million, and to 115 million passengers annually. It will mean that we will be directly responsible, based on Airports Council International figures, for creating about another 30,000 jobs, mainly for young people. I hope many of those jobs will be created in Ireland or in the UK—as long as there are fiscal policies implemented by both Governments that encourage investment in tourism, and that encourage companies in the tourism sector to grow and to create new jobs.

When you look at some European countries such as Spain and Italy, where we have very high rates of youth unemployment, yet the Spanish and Italian Governments are raising things like airport fees, that is deeply damaging to tourism and to air traffic. One wonders why we are not, in fora like these, discussing how we can stimulate tourism and lower the cost of the movement of labour and goods across Europe under the European Union. Tourism is one of those industries that is going to create lots of entry-level jobs and get lots of young people across Europe back into work. They cannot all be brain surgeons. They are not all going to write the next mobile app that makes them billionaires. For the average of the youth in Europe, investment in tourism and using fiscal policy and political insight to make tourism an attractive sector to grow would significantly help job creation across the European Union.

For our part, in Ryanair, as I said, we expect to continue to grow very strongly here in Ireland. We are responding actively to the stimulus that has been given to us by the Irish Government in withdrawing the travel tax here. We hope that the UK Government will do likewise, particularly where there is an input into policy coming from the political establishment in the North of Ireland, Scotland and Wales. I am sorry that I cannot bring any solace to the Members here from the Isle of Man, Guernsey or Jersey, as your runways are a little bit short for our aircraft, but nevertheless I would encourage you all to continue to work with the industry to try to lower access costs so that airlines and tourism can create more jobs for our young people.

That is all I have to say. I understand we are to have a question and answer session now. Ladies and gentlemen, thank you very much for listening to me. It has been a great pleasure. *[Applause.]*

3.30 pm

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much. As Members know, I also chair the Northern Ireland Affairs Select Committee and in one of our reports on aviation strategy we recommended a



reduction, and indeed abolition, of air passenger duty, certainly for Northern Ireland, for the reasons Mr O’Leary has given. We have not made much progress on that, although we achieved a big reduction in the international fare duty from Northern Ireland. Lord Dubs.

**The Lord Dubs:**

I thank Michael O’Leary for being here. He has made his pitch to us. Can I make a pitch to him? Tomorrow, we will debate a motion on dementia friendly travel to help people with dementia find it easier to travel, particularly people travelling from Ireland to Britain and vice versa. Would Mr O’Leary’s airline consider moving towards providing a dementia friendly service? I do not normally praise it publicly but the British Government is announcing a significant acceleration in the drive to encourage British businesses to become dementia friendly, and I wonder whether Ryanair would join other airlines in being part of that initiative.

**The Co-Chairman (Mr Laurence Robertson MP):**

We will take three or four questions together. Oliver Colville.

**Mr Oliver Colville MP:**

I thank Mr O’Leary very much for coming to speak to us, and I want to do a deal with him. I represent Plymouth and in 2020 we will commemorate 400 years of the Mayflower leaving Plymouth in order to find the American colonies. Currently, we have an airport which is not being used, and there is a big campaign to try to get it back into use. I am willing to take Mr O’Leary to meet the Chancellor of the Exchequer to see whether he might be willing to give him an air passenger duty holiday if he would be willing to consider using Plymouth Airport to bring people in to what I hope will be a magnificently big event come 2020 to commemorate the Mayflower leaving Plymouth to found the American colonies, if he is interested.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Jim Sheridan.

**Mr Jim Sheridan MP:**

I welcome Mr O’Leary. There is no doubt he is a very successful businessman, and we need more successful businessmen, and indeed businesswomen, in a country if we are to create jobs and generate wealth but there is another side to Mr O’Leary about which he does not often tell us. Most progressive employers tend to share their success with their employees. In terms of the consumers, I will leave that for other people to comment on his flights, but I have been reliably informed that, for instance, Mr O’Leary’s company is vehemently against any trade union recognition and that he actively campaigned to deny his employees the opportunity to join a trade union and have that trade union recognised, which in the UK is their democratic right.

They are also concerned about Mr O’Leary asking his employees to pay for their own uniforms. He has probably the lowest hourly pay rates in aviation history but, more

importantly, there are serious health and safety issues regarding his company. For instance, his cabin crew do not get the proper rest that other progressive aviation companies afford their employees. There is a concern also about what they call cosmic radiation, which particularly affects crew flying long distances. There are some major concerns regarding the way Mr O'Leary operates his business on which we do not often hear from him.

Finally, I note Mr O'Leary's comments on the air passenger duty, APD, but those of us who live in Scotland have become used to the fact that under independence, pound coins will be falling from the sky. They may not be legal tender but they will be falling from the sky. The only comment I will make about APD is that if it is scrapped, like everything else in life, something else has to give. If I have a choice between scrapping APD or building hospitals or educating children, I think I will stick with APD.

**The Co-Chairman (Mr Laurence Robertson MP):**

Mr O'Leary might take those three questions. Thank you.

**Mr Michael O'Leary:**

I would love to. To answer the first question on dementia friendly travel services, we in Ryanair, and most of the airlines, would be very much to the fore in assisting dementia friendly travel as long as Lord Dubs does not expect the airlines to be the ones who pay for all of it. In that regard there is a growing trend around Europe, largely as a result of the European Parliament, and one sometimes questions the sanity of some of the proposals that come forward from it, particularly in relation to passenger rights. It gets crazier by the day to such an extent that nobody considers the cost of providing some of these passenger rights. We have the bizarre situation in Europe, for example, every time there is more than a two hour delay the airlines are expected to provide cups of tea and coffee, meals, and overnight hotel accommodation free of charge, all of which sounds incredibly reasonable except that nobody books a Ryanair flight expecting a free cup of tea or coffee because we have never provided that service in 29 years.

More than 90% of all flight delays in Ryanair last year were caused by air traffic control delays. Generally, air traffic controllers, usually in France and Spain, either go on strike or on a go-slow. It is difficult to tell sometimes when a French air traffic controller is going slowly given that they move so slowly at the best of times yet whereas the European Parliament says we have a right of recovery of those costs from French air traffic controllers, the French passed a law saying we cannot recover the costs. There is a tendency among legislators and regulators to tell the airlines to pick up all the costs because it is a good idea. I agree it is a good idea but they cannot expect us to pick up all the costs. As an airline we have to provide care, meals, vouchers and so on when flights are delayed, usually through no fault of ours, yet competing forms of transport such as rail, ferry and coach have no such obligations imposed on them. There must be some degree of balance between competing forms of service. In Brussels there is no sense of balance in terms of what it tries to penalise the airlines with because most of the others, including rail, which in Europe is massively state owned and state subsidised, carry none of those costs. I would be all

in favour of dementia friendly travel services as long as someone will (a) tell me what that really means and (b) that cost is not imposed upon us.

3.45 pm

I will give Lord Dubs another example of what comes out of Brussels. We provide a service at considerable expense—and this includes all airlines, not just Ryanair - for passengers with a mobility impairment disability. I do not believe anybody has any difficulty providing wheelchair assistance through an airport. If one needs a wheelchair one arrives at the airport and books it. That is the way the system works. We pay the airports typically about €5 a passenger to take the passenger through the airport. It seems to me to be reasonable except we have to pick up that cost which means that, ultimately, it gets passed on to all our passengers. The latest proposal coming out of Brussels is that a mobility impaired passenger should have the right to have somebody come along with them. Not alone would we have to pay for the wheelchair to get them through the airport, with which we have no difficulty, we would now lose a seat beside them to allow their friend, partner or whomever else can travel free of charge with them. Somebody needs to sit down and think about that. One of the key things we need to do in aviation, certainly within the European Union, is examine how we can lower the cost of travel for everybody without adding some hidden costs. Dementia friendly travel is fine as long as it does not come with some unfair cost burden.

To answer Mr Colville's question on Plymouth, speaking as somebody of Irish heritage, while we look forward to celebrating the voyage of the *Mayflower* from Plymouth, I would be happy to meet George Osborne with him but he should not hold his breath that he will give us an APD holiday for Plymouth. If he does, however, all we will be missing will be a significant runway extension to allow us get a fully laden 737 in and out of Plymouth Airport. One of the problems that would arise if there was a runway extension at Plymouth and we could use it is that we would have real difficulty keeping the nearby Exeter Airport viable. That is a challenge we face here in Ireland in particular in that if an airport is within two or three hours of the catchment of another airport, they are feeding off the same inbound and outbound passenger volumes. We see it here on the west coast where we have Cork, Shannon, Kerry and Knock Airports largely all within a two hour catchment area of each other. We are growing rapidly in Shannon this year where they separated Shannon from the State airport company and made them independent but as Shannon has sensibly decided to lower their costs to stimulate growth, that puts real downward pressure on traffic numbers at the outer lying airports such as Knock and Kerry and, to a lesser extent, Cork.

I am all in favour of celebrating Plymouth and the *Mayflower*, but Mr Colville should not hold his breath that George Osborne will give him an air passenger duty holiday.

To answer my friend, Jim Sheridan, who has been a frequent correspondent of mine over the years, I regret to see he is as badly briefed as he has been in the past. May I say he has not been well-advised? Am I vehemently against trade unions? No. Will I try to run this airline free of trade unions for as long as I possibly can? Yes, but the Constitution of Ireland guarantees every one of my workers the right to join a trade union free from any harassment or, to use Mr. Sheridan's words, actively denying

people the right to join unions. It is against the Constitution of Ireland, and in 29 years nobody has ever been able to provide any evidence of me ever banning or preventing somebody joining a trade union. In fact, we actively encourage our people to join unions so that they can find out what the union rates are, come back to us and then we will beat them. Ryanair tends to pay more than the union rates but we expect far more productivity from our people that one would get in an average union run, failing flag carrier airline. To be fair, most of our people, and we employ 9,500 people this year, have enough cop-on to work out that if we pay them more to negotiate with us than they would get within the unionised environment, that is a good deal. That is the way we operate.

It is impossible in a western democracy here in Europe to somehow bully or prevent 9,500 people either (a) joining unions, albeit that would be illegal, or (b) being represented by unions if that is what the majority of them choose to do. What I find regrettable within a western European democracy is when the vast majority of my 9,500 employees freely negotiate directly with the company, elect their own representatives to negotiate directly with us, and then vote in secret ballot, as they do on a five-yearly basis, on five year pay and productivity deals that have guaranteed them pay increases at a time when British Airways, SAS, Iberia and Alitalia are cutting their people's pay.

We have the most secure employment, have not made anybody redundant in the past five or six years, participate in share option schemes, and have the most rapid rate of promotion of pilots and cabin crew around Europe. The only people who condemn the success of that formula are, funnily enough, the trade unions. I can understand why the trade unions find that a pretty unappetising strategy when it is blatantly successful, is clearly supported by the vast majority of the people who work for Ryanair, and embarrasses many of the trade unions, particularly in the European flag carrier airlines, which most recently have been led by the Spanish pilots' unions, a crowd called SEPLA. It is a partner of BALPA in the UK, with which Mr Sheridan will be familiar. It has negotiated a 15% pay cut for its pilots. This year, my pilots will get a 10% pay increase.

On the other points Mr Sheridan made, the average rate of pay in Ryanair is actually higher than it is in British Airways. My people do pay for their own uniforms. The cost of the uniform is about €250. However, I give them a uniform allowance of €400 each year. Over a three year uniform cycle they come out about €800 ahead.

On cabin crew rest, we comply with all international requirements on cabin crew rest. My cabin crew, like our pilots, operate on a schedule that typically sees them work five days on followed by four days off. That is a double Bank Holiday weekend for every week they work. On the five days when they are working, in full compliance with the Irish Aviation Authority, which is the same as the UK Civil Aviation Authority, CAA, they are by law prevented from flying more than 900 hours a year. Divided across 48 weeks that is an average 19.5 hours flying a week. Fatigue is not a problem for Ryanair's cabin crew or their pilots. Keeping themselves occupied during the very extensive time off is generally their only issue.

If one wants to scrap APD and look for an alternative, the most obvious one, which is followed by most sensible countries in the world, particularly in the US, is to tax hotel

bedrooms or guest houses because at least one would get the visitors into the country first. It will not make much difference if a €1 or €2 tax is put on a hotel bedroom. Ryanair is trying to attract people to Glasgow Prestwick and Edinburgh Airports from the continent of Europe with fares starting at £15 one way on which George Osborne levies a tax of nearly 85% by sticking £13 one way on top of it. I suspect George would be much better off, as would Scotland, regardless of whether it votes for independence, if a £1 or £2 charge per night per guest was levied on the huge number of hotel bedrooms available in Scotland, which we would like to fill. That would vastly exceed the sums currently generated from APD, which is deterring huge numbers of visitors from coming to the UK, and particularly to a country as beautiful as Scotland. I think that is all the questions.

**Mr Jim Sheridan MP:**

Can I—

**The Co-Chairman (Mr Laurence Robertson MP):**

I think we have covered quite a few issues. I have nine people waiting—

**Mr Jim Sheridan MP:**

How many times have I communicated with you?

**The Co-Chairman (Mr Laurence Robertson MP):**

Order. I have nine people waiting. Out of respect for each other I will have to request that they ask brief single questions. Paschal.

**Senator Paschal Mooney:**

I am sorry that I will breach that rule slightly. I am an unashamed fan of Ryanair because I am old enough to remember when there was a cartel operating across the Irish Sea. As a young emigrant I could not afford to travel by air; I had to take a boat. Ryanair has done a great deal to revolutionise access for what I would call the ordinary five eights or, as one of my colleagues referred to them on one occasion, the people who eat their dinner in the middle of the day. They are the people Ryanair cater for and while I do not always choose it as I have a residual loyalty to the national carrier, Aer Lingus, I applaud all the efforts, and indeed Michael O’Leary. My questions are inter-related. As Ryanair operate Europe-wide, does Mr O’Leary have any views on what we like to think is a resurgent European economy? Is it actually happening? Are there any signs of growth from his perspective?

Also, in the context of the funding of the new generation of airplanes he is about to purchase, which I believe will be one of the biggest orders Boeing has ever had, I understand Mr O’Leary is looking for money. Will he be allowing the public to access through a rights issue? How will that be done, or is that private information at this stage? I ask because I encouraged one of my young lads to put some of his money into Ryanair shares and I would like to see whether he will be able to gain some benefit. In that context, will a dividend be paid?

I had other questions but taking account of the Co-Chairman's stricture in this regard, does Mr O'Leary have any tips for the Grand National coming out of Gigginstown? Thank you.

**The Co-Chairman (Mr Laurence Robertson MP):**

Arthur Spring please.

**Mr Arthur Spring TD:**

Thank you very much. I will put a couple of short points and questions. First, it is policy within Ryanair that to travel between the UK and Ireland one needs to have a passport. Eighty per cent of the population of the UK have passports. Seventy per cent of the population of Ireland have passports. Is Mr O'Leary not excluding a large part of that market? I imagine that people who do not have passports would be of the demographic that would not be marketing group AB. Can we do more for those people? I am aware that Aer Lingus will accept a driving licence, for example.

In relation to regional development, as part of my analogy of TEM—tourism, energy-agribusiness and microenterprise—we are looking at tourism for regions. How can we get regional airports on this island to attract more lucrative, and frequent, adventure holidaymakers? In terms of what we are trying to do, Mr O'Leary will have access to large numbers of people in the critical areas. There are 36.5 million people living within one hour's drive of airports that fly into Kerry yet we do not have an all year round season and we do not see many tourists. I believe one of the reasons for that is because adventure based, activity based holidays involve golf equipment, surfboards, and shooting and fishing equipment. Could Mr O'Leary look at doing something for those people because I believe it is key to this environment? They will probably spend more money than the people on the bus tours travelling around the country.

The next question—

**The Co-Chairman (Mr Laurence Robertson MP):**

Can we be quick please? I did request Members to ask one question. I think this is probably the third or fourth.

**Mr Arthur Spring TD:**

This is the third one. Currently, Mr O'Leary, as the face of Ryanair, is telling the institutional investors now that it is becoming a friendly airline. He has been the face of a hard ass airline, so to speak, for a long time. How can he go back to the market after 20 years and say to passengers that Ryanair is a friendly airline with soft hands and that it will look after them? Will people believe that?

**The Co-Chairman (Mr Laurence Robertson MP):**

We will see if Stephen Rodan can count a little bit better. One question please.

**Hon Stephen Charles Rodan SHK:**

In his presentation Mr O’Leary referred to the constraints in providing a service to the Isle of Man, Jersey and Guernsey. I wondered what those constraints might be when in the Isle of Man we spent recently about £3 million extending our runways and we have an open skies policy, with no regulation. In fact, Easyjet, which recently started up, has expanded its operations, particularly to Gatwick through the loss of the Flybe slots at Gatwick. There seems to be commercial opportunity for the likes of Easyjet and I wonder why not Ryanair.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. That is getting better. Roger.

**Deputy Roger Perrot:**

I congratulate Mr O’Leary first on his presentations but, second, on his answers, and that makes me rather nervous about asking a question in case he gives me a thump between the eyes as well, but I will persevere. I come from Guernsey. We own a little airline called Aurigny. If passengers travel from Guernsey and then on internationally from the UK within 24 hours, we do not need to pay this wretched air passenger duty. Unfortunately, the onward airlines make us pay it because there is no arrangement between Aurigny and the other airlines to see through that idea. We have tried to get HM Revenue & Customs, HMRC, to be kind to us about this but they will not let us do anything. They will not let us self-certificate if we are travelling on within 24 hours so what we must try to do is get the airlines to co-operate with our funny little airline. I wonder, and this is where I get a bit nervous, whether Mr O’Leary has any appetite for entering into an agreement with us so that he does not take air passenger duty from us when it is not liable to be deducted.

*4 pm*

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. We will take Andrew and then come to Mr O’Leary.

**Mr Andrew Rosindell MP:**

First, Mr O’Leary’s presentation today was greatly interesting to all of us. However, I felt the opening remarks regarding the Queen were inappropriate and he might like to consider withdrawing those remarks.

Second, on a practical point, could I ask Mr O’Leary why he insists on British people travelling domestically on Ryanair, not outside UK borders, showing their passport? I know many people that have been stung by this knowing that normally one does not have to show one’s passport within the UK to travel anywhere yet Ryanair not only refused them admission to the flights but was totally unhelpful in rebooking people. Ruining people’s holidays and travel arrangements is not the way a friendly airline should behave. Would Mr O’Leary consider changing his policy?

**Mr Michael O’Leary:**

Thank you very much for those questions. To respond to Senator Paschal Mooney, I see some considerable degree of growth in the European economy but it is patchy. It is where Governments have followed sensible fiscal policy, and I would be selfish about the airline industry. Belgium withdrew its travel tax. The Dutch scrapped its travel tax, and the Irish are now following suit. I believe we will see dramatic growth in transport and tourism here in Ireland this year and it reminds us yet again that where Governments can be persuaded to follow sensible fiscal policies, economic growth and activities will follow.

On the funding of aircraft, there continues to be public access to the success story of Ryanair. The Senator’s son and the others can continue to buy our shares. We have committed to paying out the dividend before the end of this year.

As to whether I have any Grand National tips, they are the same tips I give to everybody going to Cheltenham, which is usually to buy Paddy Power shares. The average odds for the last five winners of the Grand National have been 33-1 so either stick a pin in the paper or buy the bookmaker’s shares.

To respond to Deputy Spring, and this also raises the issue of IDs, one of the significant benefits in the way people travel in recent years has been the Internet. One now books one’s ticket on the Internet. When someone books their ticket on the Internet, we will not allow them make the booking unless they agree that they have a passport and that they will show the passport at the boarding gate. Whether someone is travelling on a domestic flight within the UK or between Ireland and the UK, if they do not say they have a passport and that they will produce that passport, we do not allow them even to make the booking. Everybody who has made a booking on Ryanair has said that they have a passport and they will produce the passport. There is no point in showing up at a Ryanair gate with a Blockbuster video card and saying, “That is who I am”, and there is a reason for that. If one goes on a flight today, for example, from Kerry to London or, to answer Andrew’s question, a domestic flight from Stansted to Glasgow Prestwick, to where we no longer fly, or Stansted to Derry, that aircraft may have started off this morning in Madrid with a Spanish crew. Ninety per cent of our passengers now check in on the website. They no longer go to an airport ticket desk where there are people expert in IDs and visas who ask if one has a passport, a European Union ID card etc. The first place Ryanair staff see one is at the boarding gate where they have a total of 25 minutes to check one’s boarding card and put one on the flight. We have to make it very easy, therefore, for a multinational staff, which is what our cabin crew are, to recognise that travel document. That is why we require passengers to travel with their passports, even if they are travelling between Ireland and the UK where I accept because we have a common travel area one does not need a passport, domestically within the UK or domestically within Spain. We see them first at the boarding gate. We only have a very brief 30 second interaction with them as we pull the card and make sure that matches the boarding card, and we do not have people who are skilled in the ludicrous number of different ID requirements that are available to military personnel in particular, parliamentarians and so on. Everybody who has booked a ticket on Ryanair has agreed that they have a passport and will produce it as part of the ID, and that is part of the transaction of flying with us.



On regional airports, I believe regional airports have an enormous role to play in being drivers of the economic activity in their regions but if they want to grow they must be competitive. We are very happy to grow at the Irish regional airports and at the UK regional airports. We want to grow at those airports but we will only do so where we get very low airport costs. That means, in effect, that the airports have to say to us that if we bring them another 100,000 passengers in the next 12 months they will charge a minimal sum of, say, 50 cent or €1 per passenger, and they will try to make their money from the car parking and the shopping. That is the way the partnership with the airports works. Heathrow Airport does not have to do that because Heathrow is Heathrow and Charles de Gaulle is Charles de Gaulle, but all the airports have to do it because that is the only way to grow. That is why measures like APD are so damaging to regional airports and why the travel tax was so damaging to the regional airports here in Ireland, less so to Dublin.

Sports equipment is a bit of a problem for us. The problem is trying to handle golf bags, fishing rods, skis and all the stuff that does not go down the normal baggage belt. It has to go around to an outer gauge baggage belt. It needs separate handling. It simply becomes far too expensive for us to do it. In terms of many of the activity holidays, I was down in Faro last Thursday doing a press conference and as one comes through Faro Airport, Paul McGinley has set up a business renting the latest set of tailor-made golf clubs to passengers, largely from Ireland and the UK, who no longer bring their own golf clubs with them because we charge them more for the set of golf clubs than we do for the ticket price itself. Industry has a way of coping with those issues and we get innovative solutions such as that.

How will I become the face of the friendly airline? We have always been the friendly airline. The most friendly thing Ryanair can do for passengers is not rip them off with high fares and fuel surcharges, which is what so many of the high fare flag carriers have been doing for many years. I argue that I have always been friendly, just a little misunderstood.

Stephen asked about the Isle of Man. We operate a 737 800 series aircraft that carries 189 passengers, therefore, fully laden it is quite heavy. It is much heavier than the average Easyjet aircraft, which carries about 160 passengers and has the same performance but off a shorter runway. In terms of the problem for destinations like the Isle of Man, and it is the same with Jersey, Easyjet will fly one to London but the islands have always been told that they can have a connection to London and that is it. Why do we not have more direct routes from Europe into the Isle of Man and the Channel Islands? Runway lengths is an issue for us. We could operate a service from the Isle of Man to, say, London Stansted but we would have to limit our flights to about 160 passengers per flight instead of 189 passengers, which would make it not very attractive economically to us. We would love to fly to the Isle of Man but from London, Brussels, Paris and Frankfurt; we just need a longer runway.

The same issue applies to Deputy Perrot's question about Guernsey, an island I am very familiar with as my sister lives in the Channel Islands. Again, we would love to fly direct to Guernsey but the runway length is a prohibitor for us. The problem for Aurigny, and this is one of the examples of the crazy aspect of APD, is that people making connections do not pay the two APDs. Most people making connections are

flying on British Airways across Heathrow, which is the most expensive way of flying to and from the UK so they are subsidising the richest people while penalising the more price sensitive passengers who would fly directly to Guernsey if there was no APD and if it had a longer runway.

The future for the Isle of Man, Guernsey, Jersey and the islands is longer runways, although admittedly that is expensive, and the question of how to stimulate more direct flights to bring inbound visitors directly to Guernsey and the Channel Islands. Visitors will never come to the Channel Islands by connecting through Heathrow. Most people who have connected through Heathrow know it is a nightmare and while Guernsey is wonderful and Jersey is a delightful place to visit, stopping off in Heathrow on one's way there or going back through Heathrow is what limits the tourism in terms of direct flight to and from Jersey.

To Mr Rosindell, I happily apologise for my opening remarks. It is always hard to judge the room. That is a joke that normally works quite well. I would have thought it might work well here. I did not mean to convey any discourtesy, and I apologise if I did.

To come back to the passport and IDs issue, as I think I explained in my reply to Deputy Arthur Spring, one of the problems is that the boy or the girl at the boarding gate who will be checking his domestic flight within the UK may have started off in Italy that morning. The girl is Italian. She has never seen some other card but she is pretty familiar with passports and the European Union ID cards for some of the Schengen countries. When travelling across 36 countries and through 185 different airports, as we do on a daily basis, it has to be a very simple and efficient passenger ID transaction, which is why we require all passengers to produce a passport, even if they are travelling on those routes where legally we do not require a passport.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Darren Miller.

**Mr Darren Miller AM:**

Thank you, Chairman. I thank Mr O'Leary for his presentation earlier. Can I ask him about the situation in Wales? He does not have any passenger routes that fly into Wales. He will be aware that the Welsh Government recently nationalised Cardiff Airport and is looking to develop new routes. It may also interest him to know that there has been some suggestion by a commission established by the UK Government that air passenger duty should be devolved to Wales to provide an opportunity for reductions or the abolition of the duty in the future as a means to improve and increase transport opportunities that might be presented to our economy. We have a very good runway in Cardiff, and there is capacity at that airport to develop new routes in an out. What discussions is Mr O'Leary having or may have in the future with the Welsh Government?

Also, is Mr O'Leary contributing to the debate on devolution in Wales? He has done so already in respect of other parts of the United Kingdom but will he indicate if he might want to contribute to that debate, particularly in terms of the air passenger duty

suggestion, given that a piece of legislation, a new Wales Bill, is making its way through Westminster which provides an opportunity for that devolution to take place?

**The Co-Chairman (Mr Laurence Robertson MP):**

Before calling the next speaker, I acknowledge the presence of the Secretary of State for Northern Ireland, Teresa Villiers MP, the British Ambassador to Ireland, Dominick Chilcott, and their team. You are very welcome. Thank you for joining us. The next question is from Mark Pritchard.

**Mr Mark Pritchard MP:**

I thank Mr O’Leary for his investment in the UK and all the jobs he has created over many years. I am not looking for a leg room upgrade. I have never flown in one of his aircraft but I thank him for his investment. I thank him also for apologising for his earlier remarks. Apologising in front of a room full of politicians is never easy and rarely done, so I thank him for that.

If the United Kingdom votes to leave the European Union in 2017, would that be good or bad for Mr O’Leary’s business?

**The Co-Chairman (Mr Laurence Robertson MP):**

Bob Walter. You probably have something to say on that.

**Mr Robert Walter MP:**

I will not answer that particular one. I was going to begin by saying I am no great defender of air passenger duty but I would say that rich businesspeople flying business class paid double the amount of air passenger duty as those in economy. In referring to APD Mr O’Leary spoke about the disadvantages of flying from an island or islands off the west coast of Europe. I ask him about his corporate philosophy going forward. Does he see himself as an Irish airline that has made good, an international airline that just happens to be based in Ireland, or could he be based somewhere else?

**The Co-Chairman (Mr Laurence Robertson MP):**

We have gone to short questions now. Thank you. John Scott.

**Mr John Scott MSP:**

John Scott, representing Prestwick Airport, now owned by the Scottish Government. I thank Mr O’Leary for his commitment to Prestwick Airport in the past and I hope that will continue in the future. Does he have a vision for Prestwick Airport, and would he consider reintroducing flights between Prestwick and Stansted, as they flew previously, with the economy now improving between Scotland and England? Also, would he look again at offering inbound flights to Prestwick, as he did hitherto, in addition to or instead of the inbound flights to Edinburgh?

**Deputy Martin Heydon:**

I thank Mr O’Leary for his contribution. Away from his day job, and as one of the biggest supporters of the racing industry here in Ireland, I am interested to hear how he compares being a racehorse owner in the UK to being a racehorse owner here. How does he find the experience of being an owner on both sides of the Irish Sea? I ask that question because it is an industry that employs 14,000 people in this country and is worth over €1 billion to our economy. I would welcome his views as the breeding and racing industry will be seriously challenged into the future in terms of how we can maintain our position as a world leader in that regard. What is his view of the current state of the industry?

*4.15 pm*

**The Co-Chairman (Mr Laurence Robertson MP):**

This gives me an opportunity to remind Members that the Cheltenham racecourse is in my constituency so that is a particularly good question. Paul Coghlan.

**Senator Paul Coghlan:**

I salute Mr O’Leary on what he has achieved, and I believe he will achieve that friendly image. Today is a good step on that road. As he said, he has been somewhat misunderstood. The Minister for Finance, Deputy Michael Noonan, says Mr O’Leary is an honest man, and we are all delighted that they have honoured their word to one another in terms of bringing in the extra numbers. That is so important for our economy.

I ask Mr O’Leary about his recapitalisation plans, given all the new aircraft he is purchasing on which I wish him every success.

**Mr Willie Coffey MSP:**

I thank Mr O’Leary for the comments he made on the Scottish Government’s proposals to abolish air passenger duty after independence. What would he say if a particular Government or political party proposed to introduce a tourism tax levy on hotel rooms while retaining air passenger duty?

**The Co-Chairman (Mr Laurence Robertson MP):**

We will take the last question from Danny Kinahan.

**Mr Danny Kinahan MLA:**

I thank Mr O’Leary for revolutionising the air traffic world. What can Aldergrove, which is in my patch, do to tempt him to come to that airport other than the air passenger duty? Are there routes that are blocked by other airlines holding them which are not used?

**Mr Michael O’Leary:**

Thank you very much for the questions. I will try to give answers as brief as the questions posed.

To Darren Miller, we talk probably twice a year to Cardiff Airport. We would be very keen to go back and fly from Cardiff Airport. We have flown from Cardiff two or three times in the past ten or 12 years. The reason we pulled out is because the airport increased the airport fees. One of the challenges for Cardiff now is Bristol Airport, which has privatised and is just across the Severn Bridge. It is a very competitive airport with very low airport fees. We have told Cardiff Airport that we would be very happy to fly there but their fees will need to be as or more competitive than those of Bristol Airport, and then we would happily grow from Cardiff as well. We have got close to an agreement with them and then for various reasons the issue went away again. They are also a little nervous that if we go in there a small regional airline the Members will not have heard of, Aer Lingus, which runs a small turboprop thing in and out of Cardiff Airport on an irregular basis at high prices, might depart.

I have to be careful too. I am happy to clarify something on which I was misreported in one of the UK papers, as I believe was Willie Walsh. I was asked what I thought of the plans put forward by, I believe, the SNP and that if Scotland achieves independence, would withdrawing travel tax be good for tourism in Scotland. I believe it would. I went on to say that it would be equally good if the UK Government or George Osborne withdrew or scrapped the tax in Scotland. It is very important for Irish people to stay the hell out of devolution debates in Scotland, Wales or anywhere else because, frankly, it is none of our business but I would be very vocal in encouraging regional or national governments to withdraw the tax. The Northern Ireland Government has had some success with some of the transatlantic stuff where people are driving across the Border to come down to Dublin to avoid those taxes. We need more of that. It is important to stay out of any devolution debates in Scotland or Wales because, frankly, my opinion is irrelevant but whether it is an independent Scottish Government or a UK Government that realises the error of its ways and scraps APD, it would be very good for Scottish tourism and the Scottish economy generally.

Mark Pritchard asked if I think it would make it worse if the UK leaves the EU. Yes, I do from a visitor-passenger number point of view but it is not critical. It has certainly been good for visitor numbers to the UK and the Continent that we are in a European Union that generally has made it easier for people to move between countries, although it would not make that much difference from a passenger point of view if the UK stayed in or left given that it is not in the Schengen area or the Eurozone. The industry would work its way around that but it would make it much less easy for UK citizens to travel abroad and purchase properties in Italy and Spain as many of them have done or, equally, for Spanish people to visit the UK. It would not be that damaging one way or the other. We would respect whatever decision the UK made in relation to EU membership.

Robert Walter asked about the UK APD. Rich people do not pay higher rates of APD travelling in business class in British Airways. They pay a fraction of the percentage of APD being paid by people on ordinary incomes travelling on Ryanair. A family of four travelling on Ryanair from the UK to, say, Spain may pay an average fare of €40. They are paying an APD of nearly €20 on that, which is about a 50% rate of tax. Rich

businesspeople who do not even pay their fares in BA's business class will be paying a rate of tax of less than 5% on their £600, £700 and £800 air fares. That is important. The issue is the regressive nature of the tax. We would have far less difficulty with APD if it was a percentage of the air fare paid but businesspeople, and many parliamentarians, travelling business class are outraged by the scandalous levels of APD.

Am I an Irish airline made good? Yes. We are an Irish airline made good and are very proud to be Irish but we regard ourselves as European, as do many Irish people of my generation. I am probably at the outer end of a younger generation—I am 53—but I have never regarded myself as being limited by being Irish. I am very proud to be European but that does not mean that when the English come to the Aviva Stadium or we occasionally go to Twickenham that we do not want to beat the living daylight out of them. It just does not happen very often. We are very proud to be an Irish airline based here in Ireland. It would be very easy to move, but I would not want to move outside of Europe. I am very proud to be Europe's favourite airline.

John Scott asked about Prestwick Airport. One of the issues we have, and I have talked to both the previous owners of Prestwick Airport and to the Scottish Government since it bought Prestwick Airport, is that we will carry about 1.2 million passengers to Prestwick this year but we would like to double that to about 2.5 million. The two routes we would need to operate, and we would readily get an extra million passengers into Prestwick, would be London and Belfast but the problem for us is that because London and Belfast are domestic routes, at £9.99 or £15 one way air fares, the person is paying two rounds of APD. The price sensitive traffic, particularly on those domestic routes, collapsed so there is not much point in us trying to fly between Prestwick and Stansted for £15 when George Osborne is levying 100% rate of tax on those fares. I have said to both the previous owners of Prestwick and to the Scottish Government that if they are able to persuade George Osborne to remove APD, at least on those domestic flights, or make it a percentage of the air fare paid, we would readily go back into Prestwick Airport on domestic routes to Belfast, probably Derry or Londonderry as well, and also London. I believe we would see a huge resurgence in traffic in Prestwick Airport, but we cannot do it while that heinous rate of APD is on those domestic fares.

To answer Deputy Martin Heydon, my experience of being a racehorse owner here in Ireland is exactly the same as it is in the UK. It is something on which I have to continue to work very hard. I have got to make a lot of money because if one is in jump racing, all the money is going one way, namely, out. I am a great fan of UK racing. Cheltenham is the spiritual home of anybody involved in racing, certainly in jump racing. I was fortunate enough to have a winner or two there this year, which makes the crazy amount of money I spend on horses, trainers, jockeys and God knows what else throughout the year worthwhile. It is an industry that we can be very proud of in Ireland. Whether it is flat racing, where we have Aidan O'Brien and Coolmore, or jump racing with Willie Mullins and many of the others, the Irish certainly lead the way in flat or in jump racing, although I have many friends involved in racing in England as well and they are equally talented. If one pays tax in Ireland, racing is another way of returning some of one's ill-gotten gains in the industry. Apart from paying tax, which I do as well, I certainly enjoy it.

To answer Senator Paul Coughlan, we have to find about \$8 billion over the next five years to purchase 175 new aircraft. I am happy to advise the Senator that we currently have about €3 billion in cash sitting on the balance sheet. That will be enough for the deposits. We should be able to raise enough bank debt to be able to continue to buy those aircraft and fly them over the next five years.

Willie Coffey, and I hope I picked up his name correctly, asked what my reaction would be if Governments levied a hotel tax and kept APD. The position would be exactly the same as it was when Governments introduced travel tax - fewer people will travel to his country. However, if they had a choice of taxing people at the point of entry, which is APD, or taxing people once they get there, which is perhaps the hotels or the restaurants, they would be far better off getting tourists and visitors into the country first before they tax them rather than sending them somewhere else, which is what APD has successfully done in the UK over many years.

Lastly, to answer Danny Kinahan's question, we have spoken a number of times to Aldergrove. We have come close to returning to flight operations in Aldergrove on a number of occasions but again the big bugbear for us there is APD. To run an operation to and from Belfast we would want a blend of UK domestic routes, which would be routes to Glasgow, maybe Manchester, Liverpool and London. They suffer APD on both ends of the domestic route but Aldergrove would at least give us the alternative of offering many more European destinations to and from Belfast, which we were prohibited from doing in Belfast City Airport because of the short runways. Very much like Cardiff, we are continuing discussions with the airports and I would hope that some of the 175 new aircraft we take over the next five years will eventually find their way to our Celtic friends in Cardiff and to Aldergrove as well, or maybe even Belfast City Airport if they finally deliver on the promised runway extension. but I understand there is some political difficulties with that locally around Belfast city.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. The Taoiseach will be here in a couple of minutes. I will take one more question. Frank Feighan.

**Deputy Frank Feighan:**

In Ireland West Airport Knock we have had a departure tax of €10 for as long as I can remember, which appears to be loyally paid. What are Mr O'Leary's views on that?

**Mr Michael O'Leary:**

When the previous Government first introduced the travel tax the traffic in Knock declined by 25% in the 18 months after it was introduced for the obvious reason. Knock is a very attractive destination in the west of Ireland, particularly in the months of June, July and August. We fly approximately 12 routes in and out of Knock. The average fare across all those routes in November is less than €10. We lose money hand over fist but we have got to keep the planes full and keep flying, so the average fare is less than €10. At a time when the Government is trying to levy a €10 tax, it simply becomes a zero sum game. We will not fly people around for zero, which is what we were doing in routes like Shannon, Cork and Knock. The travel tax damaged

regional traffic and regional tourism in particular and the withdrawal of the travel tax under the last budget, which I emphasise will disappear tomorrow, has resulted in a dramatic growth in traffic at Knock this year. We have added six new routes. We will grow our traffic in Knock by some 400,000 passengers. We will grow our traffic in Dublin by about 1.1 million passengers. I am sorry; I will correct that. Knock will grow by 80,000 passengers and Dublin by 800,000 passengers. Shannon will grow by about 350,000 passengers. Kerry will go up this summer by about 40,000 passengers, and Cork will go up by about 40,000 passengers. In total, that is just over 1.2 million passengers solely and entirely due to the Government scrapping the travel tax. That is the significance of it.

**Deputy Frank Feighan:**

Will Mr O'Leary clarify that this is a unique tax to Knock? People pay €10 to depart. One pays it—

**Mr Michael O'Leary:**

The development levy, yes.

**Deputy Frank Feighan:**

The development levy.

**Mr Michael O'Leary:**

The development fee. It is a regrettable and regressive measure. We have been trying to persuade Knock airport not to charge it. We would like to see it disappear but we have not been successful in that yet.

**The Co-Chairman (Mr Laurence Robertson MP):**

I think everyone will agree we have had a very stimulating session. Michael O'Leary, thank you very much for coming to us.

**Mr Michael O'Leary:**

Thank you very much.

**The Co-Chairman (Mr Laurence Robertson MP):**

Please keep sponsoring the races at Cheltenham. You are very welcome there.

**Mr Michael O'Leary:**

Thank you.

**The Co-Chairman (Mr Laurence Robertson MP):**

And good luck with your business. Thank you very much for joining us.



**Mr Michael O’Leary:**

Thank you very much. *[Applause.]*

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

With the agreement of the Members we will suspend for one minute, not for a coffee break but to allow them stand up, stretch and talk. Is that agreed? Agreed.

*The sitting was suspended at 4.25 pm.*

*The sitting was resumed at 4.35 pm.*

## **AN TAOISEACH, ENDA KENNY TD**

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

We will resume in public session. My Co-Chairman, Laurence Robertson, has acknowledged the presence of the Secretary of State for Northern Ireland, Teresa Villiers MP. I would also like to acknowledge the Secretary of State’s presence, that of the British Ambassador, Dominick Chilcott, and Julian King from the Northern Ireland Office. You are very welcome. Also in our audience today is the Chargé d’Affaires from the US Embassy, Stuart Dwyer, whom I would like to acknowledge also.

I now have the honour of inviting An Taoiseach, Enda Kenny, to address the Assembly. I would like to acknowledge his continued commitment to east-west co-operation, and I have no doubt we will get an insight into his vision for future east-west co-operation.

**An Taoiseach (Mr Enda Kenny TD):**

Thanks very much. Joe said to me, “When you come here speak to them in Irish”, so tá mé chun caint as Gaeilge an t-am ar fad agus tuigfidh sibh céard atá á rá agam. That means we will conduct this entirely as Gaeilge, and you are all very welcome. *[Laughter.]*

Co-Chairmen, distinguished Members, fellow parliamentarians, ladies and gentlemen, welcome to the Royal Hospital in Kilmainham. I thank Joe and Laurence for their diligence and the commitment they are showing in the co-chairing of the British-Irish Parliamentary Assembly. I know the Members have had a fairly busy time since we met last in Letterkenny and that they had their 47th Plenary in London in October. I recall the first Plenary in London many years ago when the advice from a well-known former Leas-Cheann Comhairle of the Dáil was to engage with the British, show them we do not have horns and that it is well worthwhile negotiating with and talking to the Irish. We went there and they came here, and that continued for a number of years. There were outings on the golf course, long discussions afterwards and things began to work very well. That has evolved to become a very strong point.

My own experience of being a Member of the British-Irish Parliamentary Assembly when it was first set up, and all the years in between, has given me an insight into British politics and the way the mother of Parliament works. That relates also to the understanding I have with the British Prime Minister in the context of what we do, both at the European Council and in respect of the bilateral arrangements between Ireland and Britain. The Members are building new relationships with different politicians, new politicians and people in the different communities. It is great for this BIPA, with its new Members, to get to know other new Members from the Commons and across the different parties in the sense of what we all stand for and how we can work together in the common interests of our two countries.

Twenty years ago, imagination only would have led us to believe that Her Majesty, the Queen of England, would come here on a royal visit and that the President of our country, President Michael D. Higgins, would go on a return formal state visit to Britain. Not only is Her Majesty able to speak our language, and it was very well spoken with a fluency—the Irish word for that is *blas*—I understand the British Monarchy are tweeting in Irish. They learned this from Commander Hadfield in the space station and last Friday, Buckingham Palace sent its tweets as *gaeilge* - that means in Irish—about the visit of our President to Britain next week.

The last time I was in Windsor Castle was as a tourist in the 1970s. I have the privilege to go there next week to accompany the President and his good wife to a state occasion in Windsor Castle. A celebration of our Irish spirit and culture will be demonstrated at the Albert Hall also.

If we think about it, the Members have helped bring about an understanding and a negotiation either way that allowed these events to happen. Her Majesty, the Queen, was able to come here on a royal visit, and our President will be able to return that formally.

I have to say, and Irish Members will know it, that when the Queen came here she made an exceptional effort to engage with the Irish people. There was a reticence in the beginning as to whether people should turn out in numbers to see the Queen passing by but by the time she got to Cork, there was a homely, warm atmosphere, epitomised by Pat O’Connell’s demonstration to her of a mother in law fish in the English Market. He is a gregarious character, with great experience. The people charged with protocol went to Cork and asked him how he thought he would be able to greet the Queen. He said, “Well, first of all, you should not have the counter between me and her. She is a very welcome visitor”. He showed her an exceptionally ugly fish with its mouth wide open. She asked the name of the fish and he said, “It is a monkfish, but here we call it mother in law fish”. That was the point of laughter between the two of them. The picture of the Queen of England engaging with an Irish fishmonger, whom she received in Buckingham Palace last week, went around the world.

The state visit highlights the warmth now generated between our two peoples. The age we are now in is one where there is a very strong relationship between the two islands that will bring prosperity to peoples North and South on this island and on both sides of the Irish Sea. That is why, Joe and Laurence, I am pleased to see the

twin themes of work and jobs dominate your plenary programme. Our Minister for Jobs, Enterprise and Innovation, Deputy Richard Bruton, spoke to the Members this morning, and tomorrow they will hear from the Minister for Public Expenditure and Reform, Deputy Brendan Howlin, who has carried out a very difficult job here given the very difficult economic circumstances in recent years in putting a programme of reform into the public service and dealing with the difficulties in expenditure ceilings in this country.

On these islands our economies are open. Obviously, we are not immune to the vagaries of the world in which we conduct our trade, export our goods and do more and better business. Increasingly, we have to rely on each other.

It is important to note that only two months ago the first troika, so to speak, travelled to Singapore on a comprehensive trade mission, and Secretary of State Villiers will understand this, with participation from Northern Ireland, Britain and ourselves. Clearly, there are niche areas each can cover comprehensively, and it was a triumvirate that travelled to Singapore.

In March of 2012, Prime Minister Cameron and I concluded our joint statement, which we entitled British-Irish relations—the next decade. That set out a vision of closer co-operation between Britain and Ireland and identified a range of areas where we could advance that.

We know there are 50,000 Irish people on the boards of British companies who have made a significant contribution over the years to the British economy and the infrastructure of Britain.

Obviously, there is a great deal of work to be done in an extensive programme through the annual summit meetings, and I must say there is a great deal of interaction between senior officials on many of these areas.

The second annual summit took place recently in Downing Street where the Prime Minister and I discussed the progress made in the past 12 months and looked at what we might achieve in the next 12 months. In fact, in the past 12 months we have achieved a great deal. We published our joint economic study. We had the joint trade mission to Singapore to which I referred. We are continuing work on the introduction of a reciprocal short-stay common travel area, CTA, visa. There is a real energy, from a hospitality and tourism perspective, to be able to market Britain and Ireland with a common visa, particularly with interest now from China and India from where huge numbers of people are beginning to travel on an annual basis. That is a real demonstration of commitment to economic engagement and expansion by two countries on a common visa in an area about which there is very little difficulty.

Last year, I was privileged to be able to go to Flanders Fields with Prime Minister David Cameron. An Irish Taoiseach and a British Prime Minister stood there under the Peace Tower in Messines and visited the grave of Willie Redmond from County Clare, who was an MP in the Commons for 32 years. He joined the British Army in the Great War, the centenary of which we commemorate this year, and urged others to do so on the basis of the freedom of small nations and the hope that were Britain to

win that war, Home Rule would apply for Ireland. These were difficult times for our people afterwards, having lost 50,000 people.

*4.45 pm*

Members should believe me, if they have not been there, that it is an emotional experience to go to Flanders and see the craters made by the greatest man-made non-nuclear explosion in history, which took place on the Messines ridge, and the Menin Gate, with the more than 50,000 names, including three brothers from Dublin who died over two days with the Fusiliers. The Last Post is played at that gate every Friday by local buglers. It is a powerful evocation of what war was about, and for young people it has a striking impact.

The day we visited, Laurence, was very cold. The local school children came down and sang “Stille Nacht” in the place where the Germans played the British in the famous match during the truce on Christmas Day. Believe me, cold or not, it is a poignant moment to pass by all those little graveyards and headstones of unknown soldiers who were nothing more than young lads and young men fighting in that war. When Queen Elizabeth came here and recognised the contribution they had made at the Memorial in Islandbridge, that, too, was a significant moment because when the survivors from Ireland came back here after the Great War they were not recognised by the Governments for many years. It was only many years afterwards that an amnesty was given to them, and they had a right and a belief to fight for the freedom of small nations or for King and country, whichever was their issue.

There are peace parks springing up throughout our country where those from every county, Protestant and Catholic, who fought in all the wars are commemorated in various ways. Members would be surprised at the numbers who travel from abroad to see the place from where long-lost relatives came. Prime Minister Cameron was able to locate the final resting place of a number of his ancestors who fought in the Great War. In many ways, that was for me a powerful moment of connection between our two countries.

I understand, Joe, that a committee of the Assembly has been undertaking an analysis of the progress to date on the implementation of the Good Friday Agreement, the Belfast Agreement and the St Andrews Agreement, with a view to identifying outstanding issues and bringing forward recommendations for further action. I know that is difficult, but I very much welcome this work and look forward to any findings or recommendations that are brought forward here.

Through the Good Friday Agreement the people on all parts of this island, North and South, have made clear their commitment to peace and to a society founded on mutual respect, equal rights and opportunities.

The Good Friday Agreement has opened up not just economic opportunities. It opened up hearts and minds and a great sense of a future where all the communities dwell deep in each other’s shelter and never in each other’s shadow, in other words, connection and interdependence are very important. It is vital that the parties work to develop and enrich this sense across our land.

The peace process shows that politics really does matter, and that politics can make a difference.

The political situation in Northern Ireland remains more fragile than we would have wished but all parties must stay focused on the prize of enduring peace, and the solidity of peace. That is why I welcome the recommencement of party leader talks. I met with Dr. Haass in New York recently during the St Patrick's week celebrations and had a reflection with him on the outcome of the talks he had on the parades, past activities and so on. It is a difficult journey, but our destination of peace and prosperity is very well worthwhile.

As Taoiseach I met groups from both sides of the community in Northern Ireland who have a raw emotion inside them that has never been concluded. That is difficult, whether it be the families of the so-called disappeared or the relative of the single survivor of the Kingsmill massacre. I talked to them. I brought them down to Government Buildings and spent three hours listening to the reservoir of unended hurt that these issues were never concluded. I met also the people of Ballymurphy, who lost so many loved ones over a two or three day period. While that happened many years ago, that emotion is as raw as it was very shortly afterwards.

I mentioned this to the Prime Minister when I was in Downing Street because these issues are powerful but at the same time it is very important for people to be able to speak to the political process about what might be done, and I know we have to inch forward in a slow but sure fashion.

What we have said, following the invitation from the First Minister and the Deputy First Minister, is that both Governments are very supportive of what has to be done by the parties in Northern Ireland. I noted President Clinton's words in Derry: finish the job. We started this process 20 years ago and we have moved a very long way. There are a number of issues that need to be dealt with, and dealt with they must be, but they cannot be dealt with from outside, as many might assume. It must come from the inside, with encouragement from the outside, because essentially this is about the peoples of the North.

I genuinely do not want to see a type of blockage by the political process clinging to the past when so many young people want to get around that and open up the adventure of the future. The world we live in is changing rapidly and the digital frontiers, and the opportunities that present, are global in reach and available at the touch of a button. We must be able to build on the confidence levels in Northern Ireland, and we are happy to support our colleagues in this regard, be it cross-Border activities in health, education or infrastructure. We are not flush with money ourselves but we want people to understand we can do that with the co-operation we have, and we get co-operation from the United States and the European Union. That is why, during the Presidency last year, we were in a position to get extra moneys for the peace dividend, which is to be used for sensitive communities where young men in particular are often driven down the wrong road to criminality and who see no hope or way out. In that sense we must really commit to working with communities all the time. I spoke to President Obama about this in the White House during the St Patrick's week celebrations in the US and a number of Senators, Congressmen and others.

Joe and Laurence, I want to give recognition here to the steps that have been taken by First Minister Peter Robinson and Deputy First Minister Martin McGuinness in continuing on the journey to a more united and reconciled Northern Ireland. These issues are important and while we can have differences of opinion, it is important that people see the First Minister and Deputy First Minister working in the interests of the Northern Ireland economy and therefore its people. When they travelled to China we were able to make available to them the facilities of our ambassador, who was a fluent Chinese speaker. The same applied in Japan and other places around the world where trade missions might be taking place in parallel or might cross their paths. In that sense, we are very happy to continue to work with our colleagues in the interests of demonstrating what peace can bring in terms of jobs and opportunities.

Both Governments are making every effort to speed recovery and economic cohesion throughout the island. We have had discussions about that as part of our programme in Downing Street. With the Northern Ireland Executive we are looking to see how best public funds can be used in the delivery of the services people need to make their lives and their communities work better. We want to see good results this year, and we hope to see those good results.

The Members of this Assembly know better than most the importance of political engagement at all levels to provide the leadership that drives that reconciliation because politics on its own is not good enough. It will not deal with all the issues. Civil society is crucial in shaping a genuinely reconciled society. There must be that sense of trust and belief from one community to the next.

It is not enough to forgive. I believe we have to fore give as well. That means that each of us give a little bit in advance, like a down payment of trust or a step to a better future. We have to look beyond the curve and consider where we want Northern Ireland to be in six months, two years, five years or ten years. What is our picture, and what can those of us who have some measure of responsibility do to assist that? Co-Chairmen and Members, we will support every move we can that helps this process. Each year, our Reconciliation and Anti-Sectarianism Funds provide almost €3 million to hundreds of groups, large and small, in the community and voluntary sector working to create understanding of the different traditions in this island. I was in the Short Strand some years ago and they had children from both sides of the community in the jerseys of the different sporting clubs, which showed them that the game is played irrespective of traditions, beliefs or backgrounds.

I often say that for the sake of coming generations the only “other” we should think of has to be “each other” because a wall between people does not differentiate from the fact that we have a shared humanity and a shared island. We should work, therefore, in every way we can to make that possible. That is why young people are key, and we focus on them to give them hope, a shared and prosperous future, and a sense of understanding that they have an opportunity to play their part. The groups we support demonstrate the will of the majority to forge and nurture reconciliation throughout the island.

We can be sure that relationships were forged and nurtured across that divide in Flanders, and on the fields and the farms of the Somme. When Willie Redmond was

shot and very badly wounded on the Messines ridge, he was carried by a Protestant, on his back, for half a mile to the convent where he received treatment. He died there. The convent was moved later but the grave remains in the middle of a ploughed field. For the first time, as a result of that Great War to end all wars, where Protestant and Catholic fought in the interests of the Allies and the British Army north and south—the first time it ever happened—the opportunity to harness that type of connection is an unstoppable force, if we get it right in peacetime, for the good of the economy and jobs.

As Members know, we are starting the decade of commemorations encompassing the Ulster Covenant, the Great War, the Easter Rising and through to Independence and partition. We set up a committee here, with the assistance of professional historians, to ensure these events are done sensitively and comprehensively, with understanding on all sides of what is involved. We take the opportunity of new relationships on and across the islands to build understanding and trust over this decade of commemorations.

The period 2012 to 2022 sees a range of centenaries and other milestones in the history of the island of Ireland. We have to use them to reflect not just on what we have done but what we have yet to consider doing for, with and on behalf of each other for years to come.

This Assembly has done important work in considering these issues. I am pleased that the Irish Government is supporting a number of commemorative projects through the Reconciliation Funds. The events of this period shaped relations between Britain and Ireland for the century that followed. British-Irish partnership on significant commemorative events is therefore an important aspect of the commemorative programme. That is why the exhibitions have taken place in the Great Hall in the Commons and in Dublin, Belfast, and North and South. The Tánaiste laid a wreath in the North on Armistice Day. I was in Enniskillen. It was poignant to be there but also to see the co-operation in the laying of a laurel wreath among all the poppies, showing the singularity of peoples and their wish to live in peace.

Certain historical events will call for joint co-operation and attendance and with plans taking shape for the centenary commemoration of the 1916 Rising, it is the hope that representatives of the Royal Family and the British Government will be hosted in Dublin when those commemoration ceremonies take place.

Ceremonial events around the First World War, including the commemoration of the outbreak of war, the Battle of the Somme, and the Armistice, are also opportunities to reflect on and better understand our shared experiences through that war. The lamps may have gone out all over Europe, but with the Good Friday Agreement the flame of hope was lit, and the partnership we celebrate allows us to strengthen that hope and light.

The British-Irish Parliamentary Assembly has been a light for a very long time. Its Members have been at the forefront of the development of British-Irish relations for many years. I would like to thank them for what they have done and wish Joe, Laurence and all the Members continued success with their efforts into the future.

This is a time for confidence. This is a time for courage. This is a time for steadfastness and understanding that if the peoples and the Governments work together, the opportunity for prosperity and peace for the future for millions of people is at hand. Thank you. *[Applause.]*

Do you want me to take a few questions, Joe?

*5 pm*

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

Yes, that would be great, Taoiseach.

**An Taoiseach (Mr Enda Kenny TD):**

Joe, at the back.

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

Joe O'Reilly might want to start off followed by Paul Flynn.

**Mr Joe O'Reilly TD:**

I thank the Taoiseach for his address and for his ongoing personal commitment to North-South and east-west relations, which I welcome.

First, the Taoiseach will agree that the proposed HGV levy the UK Government is introducing, which I gather will become law tonight, threatens economic co-operation along the Border. It will be a disincentive to economic co-operation, increase the cost of commodities and jeopardise jobs in the haulage sector, and across a number of other sectors, in the Border catchment area. For that reason it is very serious socially and economically. I acknowledge that the Taoiseach raised the issue with Prime Minister Cameron. I acknowledge also that the Minister for Transport, Tourism and Sport, Deputy Varadkar, is raising it in the North-South Ministerial Council. Nevertheless, it is being introduced. I understand the UK Government has admitted it was not aware of the full implications of this measure in an Irish context, and I would like the Taoiseach to comment on that. That raises the possibility of this body being used more as a warning system in this regard. This British-Irish Parliamentary Assembly should have a greater role in flagging such difficulties to the sovereign Governments if legislation or taxes prejudice unity and co-operation.

Second, what are the prospects that we can ease this problem, return to a relatively normal trade situation and eliminate the levy or at least open up most of the roads to ensure it is eliminated? It is a very serious issue in my constituency. I thank the Co-Chairman for the opportunity to raise it.

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

I will take questions from a number of Members who are offering. Paul Flynn followed by Andrew Rosindell.



**Mr Paul Flynn MP:**

I thank the Taoiseach very much for his reference to the start of this organisation as the Body, now the Assembly. It is certainly true that there was a deep gulf of misunderstanding between the British Parliament and the Oireachtas in the late 1980s, early 1990s. There were mythical horns on both sides about the opposition but the coming together has been remarkable, and it has sowed a vital purpose.

I am delighted to hear the attention given to the life of Willie Redmond. If anyone is a unifying force between North and South in this country it is Willie Redmond, who genuinely fought for the rights of small nations. He was opposed to the Boer War, and he saw the dangers of a German victory. The speech he made a few days before he died is one we should all know. I would like to see the commemorations concentrate on his words, and his life and sacrifice, and for him to become better known in both our countries.

**The Co-Chairman (Mr Joe McHugh):**

Andrew Rosindell.

**Mr Andrew Rosindell MP:**

Can I say on behalf of everyone from the United Kingdom how much we admire the Taoiseach's determination to strengthen relations between the people of the United Kingdom and the people of Ireland, and the warm relationship he has with our Prime Minister, David Cameron. There are many ways in which we can strengthen that relationship in years to come. I wonder how possible it might be at some stage in the future for Ireland to rejoin the family of Commonwealth nations. There are 2.5 billion people around the world who are members of the Commonwealth and in each of those countries there are English, Irish, Scots and Welsh ancestors. The one missing place at the table at all these Commonwealth events is Ireland, and I believe most people in the United Kingdom would dearly love to see Ireland take its place back as part of the Commonwealth family. How possible might that be?

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

Thanks, Andrew. The final contributor in this batch is Sean Rogers.

**Mr Sean Rogers MLA:**

I thank An Taoiseach. I agree the flame of hope is lit but will he ensure that major infrastructure projects such as the A5 and the Narrow Water Bridge are kept on the agenda? Thank you.

**An Taoiseach (Mr Enda Kenny TD):**

Joe, yes, this is an important issue. First, when the British-Irish Assembly was set up it was used as a link between the two Governments on issues of politics, whether it be about opportunities for work, the transport systems across the Irish Sea or whatever. I

recall on many occasions political debates between the politicians about what might be done. There is no reason that should not continue where it is warranted in terms of issues that are of considerable importance either side.

Yes, we did discuss the question of the HGV levy and its impact with the Prime Minister in the Cabinet room. Deputy Ann Phelan and others had been in touch with me about its impact, and I am aware they met the truckers. The point was made that there was a need for greater understanding about what it actually means in an Irish context, and the specific case was made that the A5 would be exempt. On the Prime Minister's instructions that matter is being examined. I know the levy is being introduced this evening. I am aware there is better understanding of its impact on Ireland. It remains to be seen what can come from those discussions.

Paul, yes, there was a degree of tension, a lack of understanding and a lack of the history of connection in the 1980s. That is gone. People can make contact with each other now at will, which is very welcome.

Herman Van Rompuy, President of the Council, is bringing the European Council to Flanders Fields on the date of the start of the commemoration of the Great War, and we will see to it that Paul's point about Willie Redmond being a unifying force is brought to the fore again. Standing with the British Prime Minister, both at Tyne Cot and the Menin Gate, was a symbol of the way we have moved on. With the difficulties in Crimea recently it is worth noting that 30,000 Irish men lost their lives fighting for the British in that war and 50,000 in the Great War, with so many more casualties from it.

Andrew, for very many years the link between Ireland and the UK has never been stronger at a political, trade and co-operation level. We supported the Irish Open being held in Northern Ireland some years ago with Rory McElroy. The Giro d'Italia will be held there this year. The Olympic flame was carried through Northern Ireland down to Dublin. All of those connections could not have happened previously. The question of the Commonwealth is not one for an immediate decision but I believe we can build on the existing trade links. We do not have the resources to have embassies and consular offices in many countries but the Commonwealth is in those countries, and the demonstration by the three Ministers visiting Singapore on a trade mission speaks for itself. The Commonwealth has leverage to open new markets both for Britain and Ireland in so many ways, and we should build on that platform because I believe it was very successful.

Sean asked about the A5. There were some legal difficulties about sections of that road. We committed moneys to it; they still stand. That funding was reduced from what it was originally because of the catastrophic impact of the economic collapse here, but we are happy to support that scheme.

The Narrow Water Bridge project could not be undertaken on this particular round because of the scale of the difference between the tenders and the amounts of money initially allocated. I have tabled it for the North-South Ministerial Council discussions, which will be hosted here in Dublin in June, where we will try to revive this issue. My view is that we will have a different type of bridge. There is no dissent about the importance of having the link but it was a case of significant moneys being

put up under the European programme and by both councils, but the tenders being vastly in excess of that. That may mean a different style of bridge or whatever but it is an issue we intend to keep alive, and it will be the focus of discussions at the North-South Ministerial Council in June.

**The Co-Chairman (Mr Joe McHugh):**

Thanks, Taoiseach. Mark Pritchard followed by Bob Walter.

**Mr Mark Pritchard MP:**

A European Commission and a European Union that works well is good for Ireland and for the United Kingdom. The Taoiseach will be aware of discussions in the UK about wanting to see major reform of the European Union, some of which he may or may not agree with.

On the issue of free movements of peoples, does the Taoiseach believe that should be part of a wider discussion within the European Union and, if so, does he think it will require a treaty change?

**The Co-Chairman (Mr Joe McHugh):**

Thank you, Mark. Bob Walter followed by Seán Conlon.

**Mr Robert Walter MP:**

I thank the Taoiseach for his address. Ireland is a member of both the Organization for Security and Co-operation in Europe, OSCE, and the Council of Europe, and one member state has annexed part of another member state. The European Union has responded with some sanctions including travel bans, which come at very little cost. Does the Taoiseach believe the European Union can unite in its reaction to Russia's annexation of Crimea?

**The Co-Chairman (Mr Joe McHugh):**

Thank you, Bob. Seán Conlon followed by Paul Coghlan.

**Mr Seán Conlon TD:**

Following on from the point made by my constituency colleague, Deputy Joe O'Reilly, on foreign toll tax, cabotage is a very serious issue currently for Irish hauliers and people in the UK should understand that it will increase transport costs significantly between the two islands. In Committee B this morning we decided to do a report, which will be reported in the next Plenary, on what these islands can do to establish a common area between the two jurisdictions where we would not impose foreign toll taxes on other member states of the Assembly and have an arrangement whereby cabotage would not apply throughout the islands. The purpose of this body is to have an all-Ireland economy on this island and to free up trade between the islands. In terms of the possibility of that happening, I ask that the issue of cabotage be raised as well as the foreign toll tax.

I welcome that the Taoiseach raised the issue of the A5 with David Cameron but I also believe that the A1 from Dublin to Belfast and the A3 from the Border counties of Cavan and Monaghan to Belfast should be included in that arrangement because it is vital that people in south Ulster and along the Border are not crippled by this tax.

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

Thanks Seán. Paul Coghlan followed by Paschal Mooney.

**Senator Paul Coghlan:**

No one doubts the Taoiseach's interests in and efforts regarding further progress in the North. As he said, relations within this body and, equally, his relations with the British Prime Minister and the British Government, were never stronger, but I get the sense that to make further progress there is a need to engage more at community level in the North if we are to advance the Haass talks. With elections in the offing in the North, would the Taoiseach agree we must now be patient for a little while longer? We will continue our efforts in that regard, as I know will the Taoiseach.

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

Thanks Paul. Paschal Mooney followed by John Crown.

**Senator Paschal Mooney:**

Go raibh maith agat agus fáilte romhat, a Thaoisigh. I applaud the underlying theme of reconciliation in the Taoiseach's presentation and the tolerance and understanding he showed to the different traditions in this island, and long may he continue to do so. It is a benchmark for our Members from the UK that gives an insight from the leader of our country that the general sentiments he expressed would be reflected generally throughout this country in terms of the on-going relationship between Britain and Ireland.

I would like to add my voice to those of my colleagues from the Border counties regarding the HGV levy. I hope the Taoiseach will continue to make representations in that regard because it is a very serious issue.

In the context of the UK's proposed referendum to either remain in or withdraw from the European Union, the Taoiseach has expressed concern publicly in that regard and conveyed his support, in so far as one can when looking from the outside in, for the UK making the decision to remain but if this referendum takes place, does he believe it should highlight Irish self-interests? For example, if the United Kingdom opts out of the European Union there is the possibility of the reintroduction of Border controls on the only land frontier between Britain and Ireland, which is in the North. That will have devastating effects on cross-Border trade and on the theme the Taoiseach has been sustaining throughout his stewardship of this country. Does the Taoiseach have any concerns in that regard?

*5.15 pm*

Finally, what is the Taoiseach's position on the granting of votes to the Irish diaspora? As he is aware, the Constitutional Convention he set up has been examining constitutional matters in the Republic, debated that issue and made certain recommendations. The members of the Irish in Britain organisation are constant attenders at Plenary sessions and feed into committee deliberations, therefore, we are very aware of the importance of the diaspora. In that regard I compliment Lord Dubs who, during his tenure as chair of the committee, highlighted issues relating to the diaspora. Does the Taoiseach have a view on how he can progress what is now becoming an increasing request from the diaspora to take part in local political engagement? Go raibh maith agat.

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

Thanks Paschal. Five Members have indicated their wish to ask questions. I am sure they will not adhere to my instructions but I ask them to be brief as I understand the Taoiseach is under a time constraint, and we appreciate him being here. John Crown followed by Lindsay Whittle.

**Senator John Crown:**

The Taoiseach is very welcome. I, too, would like to join in the expressions of gratitude to him for all he has done for Anglo-Irish relations.

I have a brief question. Due to the unique situation in our Republic of a constitutional recognition that our people live in two separate jurisdictions, and the unusually high percentage of our citizens who have emigrated, including 1 million born in Ireland who reside in the UK, and following on Senator Paschal Mooney's comment, is it the Taoiseach's intention, as we examine the issue of Seanad reform, to ensure that in future Seanad Éireann, which is the only body in the Oireachtas in which Irish people who live in the North and abroad can have a say, will ensure their rights will be continued, and hopefully expanded, in any planned reforms the Taoiseach will make to the Seanad? I thank the Taoiseach.

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

Thanks John. Lindsay Whittle followed by Danny Kinahan.

**Mr Lindsay Whittle AM:**

Good afternoon Taoiseach. All the Celtic countries have a history of exporting our most important asset, that is, our young people, and none, I have to say, as blatantly as Ireland. When I arrived the first sight I saw as I drove along the Liffey was a sign stating "Get your United States work permits and visas here". If I was a young person, would I be right in thinking that I am being educated and trained in Ireland only to leave this country? If I was a visiting investor that message would put me off because it would tell me that the best talent is on its way out. It is important for young people to gain world experience but my simple question is: how do we get them back?

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

Thanks Lindsay. Danny Kinahan followed by Frank Feighan.

**Mr Danny Kinahan MLA:**

I thank the Taoiseach and add my thanks, as an Ulster Unionist, for all the work he has done to get us all working together, and also this body. Does the Taoiseach recognise that the final twist of the Haass talks was one step too far, that we have to find our way around that and also that we need pressure on Stormont to get it to work better so that we can change and move towards normal government?

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

Thanks Danny. Frank Feighan followed by Seán Crowe.

**Mr Frank Feighan TD:**

The Taoiseach alluded to our report today on the British-Irish Assembly and the implementation of the Good Friday, Belfast and St Andrews Agreements. Some key conclusions and recommendations were made. The committee believes the two agreements had huge significance and a transformative effect on security, politics, and economic and social opportunity on the island of Ireland, and in Northern Ireland in particular.

One of the conclusions of the committee was that it was very disappointed that the obligation of reporting on the implementation of the Good Friday Agreement has not been conducted in a meaningful or regular way and that there were gaps that must be addressed. The committee strongly recommends that the British and Irish Governments, as guarantors of the Agreement, and the Northern Ireland Executive should each establish a mechanism for formally reporting on the implementation of all aspects. We will be pushing that but I ask the Taoiseach for his views on that.

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

Our final contributor is Seán Crowe.

**Mr Seán Crowe TD:**

Go raibh maith agat. My question is on the same issue. I do not want to take his speech out of context but when the Taoiseach speaks about the North and moving forward inch by inch in a mature fashion, alarm bells go off in terms of that type of mindset. Deputy Feighan spoke about the huge gaps that remain in terms of the Good Friday Agreement. The two Governments are the guarantors of the Agreement but years later we still have not dealt with basic issues such as the past, victims, the growth in sectarianism, human rights not being addressed etc. Those gaps remain. I would like to hear the Irish and British Governments saying that their mindset, hopes and vision is to take giant steps forward, not doing so inch by inch.

**An Taoiseach (Mr Enda Kenny TD):**

Thanks. Mark mentioned Britain's view towards the European Union. We have been very strong supporters of what the Prime Minister stands for in the sense of the elimination of red tape, the capacity of the digital Single Market. The removal of physical borders has taken place but not the removal of digital borders. Clearly, the mandate Ireland achieved during its Presidency for the Transatlantic Trade and Investment Partnership, TTIP, talks between Europe and the United States carries with it the opportunity for at least a couple of million jobs either side of the Atlantic and, more importantly, the setting down of the conditions for world trade for the next 50 years. Those issues are even more important now given the annexation of Crimea by Russia. That is an issue we need to examine.

Regarding free movement of people, that is part and parcel of the fundamentals of the European Union. Britain is not a member of Schengen, nor are we, and if we were a member of Schengen and Britain was not, border controls would go up again and create all of that difficulty. That is an issue.

On whether this will require treaty change, the next 18 months will see a good deal of development about where Europe is headed. The economic catastrophe that befell Europe is being rectified slowly but surely, although perhaps not as fast as people would wish. Nobody is happy with the situation where 26 million people are out of work, including 6 million to 9 million young people. That requires countries to be in a position to make serious changes in their cost competitiveness, how they deal with their productivity and so on.

This week, the European Central Bank will make what will probably be a landmark decision. We will watch with great interest what it actually does. I cannot answer the question, Mark. The issue of treaty change is treated very seriously by many countries.

In our case, we have a Constitution. Depending on the transfer of any powers involved it is a matter for the Attorney General to advise the Government on whether a treaty change, and therefore a referendum, is warranted. We were the only country in the Eurozone to be required to hold a referendum on the fiscal stability treaty. That happened in the middle of the worst period of the recession yet the Irish people voted 60-40 in favour of the fiscal stability treaty, despite our very close links with Britain and our future being linked with the euro, the Eurozone and the capacity of that market.

I would make this point, Mark. We have had so many referenda in Ireland over the years our electorate are used to them. They understand the difference in terms of the Commission, the Parliament and the Council; that triangle of power is well understood. Europe has helped to transform this country over the past 40 years. I cannot say whether there will be another requirement for treaty change. Once that process or those discussions are started, any country could decide it needs a range of issues. It may well be that some of the changes proposed are minor and may not require treaty change, but it is a matter that lies ahead of us for the future.

On Robert's question about whether the European Union can unite in respect of the

annexation of Crimea, there was a very serious mood at the last two European Council meetings. There was an understanding that this is wrong, not accepted and not recognised but be that as it may, the situation has evolved to where the people have voted, in whatever capacity, to join the Russian Federation, and Crimea has been annexed.

Europe has responded very strongly. It is slightly more difficult for Europe than any other entity because many of the countries bordering Russia are so dependent upon gas, materials or spare parts, if they are members of the North Atlantic Treaty Organisation, NATO, and so on. It is not so easy if economic sanctions viciously kick a country that might be 80% or 85% dependent upon Russian gas for its energy levels.

One would like to think that Ukraine would be a buffer between east and west and that the people of Ukraine would be winners from this, but the responsibility lies with them to make that decision. That is why Europe responded by saying it will sign the political elements of this agreement now, put €11 billion on the table, reduce tariffs for exports from Ukraine into European markets, sign the political agreement with Moldova and Georgia by early June, provide assistance for an OSCE mission there of 500 or 600 people, and supply equipment and so on for the Ukrainian border forces. The important point is that when Yanukovich left, the Ukrainian people did not destroy the presidential palace. There is no evidence of people being beaten, raped or murdered. There was the invasion of the television studio and the sacking of that person, which is not acceptable in any circumstances, but there is an opportunity now where the Union, aided by others, wants to assist. An agreement has been put in place. It has evolved to a point where President Putin rang President Obama, and there is a dialogue going on about what happens from here on. The Russians have said they have no interest in annexing other parts of Ukraine. This is a very difficult situation. We do not appreciate the extent of the depth of culture of the Ukrainian people, what that means and the scale of the country. These issues are always difficult to decide.

On whether Europe can unite, yes. If Gazprom increases the cost of gas to Ukraine from \$200 to \$400 per cubic metre by the end of the month, that is what other countries are already paying. That is why the nature of the debate on energy in Europe will have to change to include the elimination of the energy islands, as they are called, and other opportunities to make Europe independent in terms of its energy. That is why the European Council decided on interconnectors being facilitated from the Iberian Peninsula, Spain and Portugal, where there is a fully integrated market, to the Pyrenees and the rest of Europe, including the southern Mediterranean and the southern corridor from Ukraine. These are areas that were parts of the discussion that took place the other day.

To answer Seán on the A1, A3 and A5, it remains to be seen whether the full impact of what this means for Irish hauliers travelling to Northern Ireland and *vice versa* is understood. On the question of limitations, changes or exceptions being made, that point has been raised already. The point about the A5 was raised on the day I attended. The point about the A1 and the A3 has been made also.

Yes, Paul, there is a need to be patient, but not too patient, in respect of the elections taking place in Northern Ireland. I take your point that it is very important communities do not lose momentum in that regard.



While I might disagree with Seán one can be sure moving inch by inch, but there is a need to break out of the lethargy that might come about because people believe it is alright when it is not alright and get stuck into these communities. He made that point in the Dáil on many occasions.

Paschal spoke about the theme of reconciliation and made the point about the HGV levy.

On the referendum, I recall that issue being discussed when Dick Spring was a young Labour Deputy. We did a report on the Irish in Britain and voting opportunities for them. He referred to 70 million people worldwide, but it depends on how far back one goes. It is an issue we need to examine. We always had the theme of Irish people in America and overseas being able to vote yet in the crucial Florida vote in the election a number of years ago, they were received too late to be counted. It is about what we do.

Senator Crown spoke about the Senate. There is a requirement in our Constitution for everybody to have a postal vote, which costs about €5.65. Depending on how far back one wants to go, sending postal votes that will be guaranteed to be delivered to each individual would involve a fairly excessive charge.

The party leaders and the different groupings have decided to examine this issue in three or four ways. The immediate action he can take, and he has already sent a proposal to the Committee on Procedure and Privileges, is to make the Senate much more relevant and effective in terms of its workload, what it can do, the people it can call before it to address it such as MEPs, legislation and all the issues the Senators have discussed.

Looking at the longer term issue, it is not new ground; we have been there previously. The arguments frequently put forward are whether it is possible to have people working in western Perth vote in whatever election, and the old chestnut about 35 million Irish Americans who do not live here and do not pay their taxes in the jurisdiction wanting to vote. It depends on how one considers that. Arising from our discussions I am not averse to having a taskforce examine these options but we must be practical in what we do.

*5.30 pm*

On the question of how we can put an end to emigration, we will put an end to it by developing our economy and understanding that we have a great deal of opportunity here. I was in Intel Ireland, in Leixlip, the other day which has had the single biggest investment ever made in the history of this State from private enterprise, namely, €5 billion, in the past three years. That will guarantee and underpin the workforce of more than 5,000 who will be in those jobs for the next 20 years. In terms of what is happening in Intel, there is an entire suite of new opportunities. That is a massive investment and endorsement.

If Members go down to the Docklands they will see where Google, Yahoo, Microsoft and other such companies are located. The energy created by those young people has

spread around the world. Dublin is seen as a cosmopolitan city. There are clusters of these firms in Galway, Cork and Limerick. There is a great deal of activity taking place in the universities and institutes of technology. We have the best demographics of any country in Europe in terms of the next 25 years, therefore, there is an excitement here.

I am glad to see that many of these firms send people abroad for training and experience, and they come back having gained that experience. Young people will not hang around if there is nothing to do. That means that Government of the day must make the changes that grow the economy and provide those opportunities.

We believe our education system is flexible enough to cater for the demands coming down the line in the next five to ten years. Where will the jobs be in the next five years? Sixty thousand new jobs were created here last year, 40% of which were in companies in operation for less than five years. Whether it be in data, analytics, the cloud and all that comes from that there is a great deal of opportunity that in so many ways suits the personality of our people, but we have to get our home fires right in the first place. We have to get the economy right, run it competently and have a competitive instinct, which attracts jobs in its own right.

I am glad to say that from that point of view the pipeline into the country is strong. Equally, the creativity of many young people going out is very strong, and we hope to build on that.

To answer the question of how we encourage them to stay, they have to want to stay. They have to understand that this is a place where they can live and work, have a career and raise families if that is what they want. It is never easy to get it right all the time.

Danny asked if we can go further in terms of the Haass talks. The answer is “Yes”. The invitation here was from the First Minister and the Deputy First Minister. We support that. Parties are now meeting about the platforms and the issues that were raised. They will discuss what has been gained, and deal with that. We have got to sort this out. President Clinton said it well: finish the job. It will not be finished from outside; it has to be finished from inside.

I accept what Deputy Frank Feighan stated. This is true. I cannot understand why we cannot have a mechanism, when this body sends its reports from the Co-Chairmen or whatever, to discuss that, follow it through and put flesh on the value of the work Members do here in terms of the time they give. I will take that up with Joe and Laurence.

Seán, yes, there are huge gaps but we must start somewhere. When I spoke to the survivors of Kingsmill and Ballymurphy, they had never been to Government Buildings in Dublin. They had never met a Taoiseach of the day. It was important to sit with them, listen to what they had to say and talk to them for a couple of hours to get a feeling of what they wanted, and what they want is a sense of closure despite all the troubles, with 3,000 people blown up, beaten, shot and disappeared. There is a sad story behind so many doors and that will not be closed by statistics or time. There is a release mechanism that is very important personally, and I feel that every time I talk to these groups.

On the past, the flags, the parades and the other issues, surely in the modern world from 2014 and beyond we should not have a block that is tied only to the past, which prevents so many young people starting on a new adventure in terms of what Northern Ireland can be, irrespective of their background or their community. That is what we have to work at, and I know Seán has that interest at heart.

I think that is the last of the questions. I thank all the Members for their questions, which I appreciate.

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

Thank you very much, Taoiseach. We know you are under time constraints and we very much appreciate you giving up your time. I thank you on behalf of the Co-Chairman and on behalf of the Members. The Plenary session is suspended until 9.15 tomorrow morning.

*Adjourned at 5.35 pm.*

**Tuesday 1 April 2014**

*The Assembly met at 9.20 am*

**MINISTER FOR PUBLIC EXPENDITURE AND REFORM, BRENDAN  
HOWLIN TD**

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

Good morning all. This plenary is in session. I have pleasure in introducing the Minister for Public Expenditure and Reform, Mr Brendan Howlin TD. Since the formation of the coalition Government just over three years ago, Minister Howlin has been at the forefront of efforts to bring public expenditure into line with the realities that followed the economic and fiscal crisis. He also has been responsible for the reform of the public service and for bringing its practices and conditions into line with current demands. We are absolutely delighted to have you here, Minister. Members, you will find that Minister Howlin is a straight talker and says it as it is. I am looking at the preamble I have just read out, and when it says he is at,

“the forefront of efforts to bring public expenditure into line with the realities that followed the economic and fiscal crisis”,

it means that he becomes a very important figure in relation to getting the country back in order again. Certainly, the hard decisions that the Minister and his colleagues have had to make in Cabinet are a long-term project and a long-term game. He has been in politics quite a number of years; I am not going to mention the figure, as you might do that yourself, Minister, but he carries with him long experience and a credible track record in government, not just in this Government but in previous governments as well. You are very welcome, Minister, and we look forward to your contribution.

**Mr Brendan Howlin TD:**

Thank you, Joe, and good morning all. I enjoyed last night—thank you for your hospitality. No doubt good social interaction was had by all. Joe prompted me to tell you how long I have been in politics. I have been 31 years in Parliament, but I was elected as a child and have had the privilege to serve in three Governments. I have always had handy Ministries—health, environment and local government and now public expenditure. I am genuinely delighted to be asked to speak to this important forum today. I have said before to many gatherings that there is much to gain from sharing ideas and experiences, and I believe that the opportunities presented by this gathering will be of immense benefit in developing and implementing policy as we share the experience that each of us has.

I know that public service reform is a priority for all of us and it is an issue, as the Co-Chair has said, at the heart of my work in what is a new bespoke department of reform. Our experiences of public service reform, the challenges that we face and the challenges that we are currently facing, both sides of the Irish Sea, are very similar.

In terms of our own reform programme, upon taking office almost exactly three years ago, we embarked on the most ambitious programme of reform in the history of the state, having identified greater efficiency and effectiveness in the public service as a key enabler—a crucial enabler—of economic recovery.

Since then, I acknowledge that significant progress has been made in reducing costs, improving productivity, more online delivery of services, development of shared services, and putting in place the structures to reform public procurement and property management, to name just a few areas that I will happily expand upon.

We have been implementing these reforms at a time of increased demands on public services, particularly across the areas of social welfare, health and education. Notwithstanding these increased demands, we have maintained service provision while very significantly reducing staff numbers in the public service by over 30,000 since 2008. This represents a reduction of 10% in the number of public servants in Ireland. The cost to the Exchequer of public service pay and pensions has fallen from €17.5 billion—the peak—in 2009 to €14.1 billion last year. New working arrangements have been introduced, including longer working hours for all public servants, new rosters, and standardised annual leave and sick leave arrangements.

I should note that such unprecedented reforms have been achieved in an environment of industrial peace and stability. The Croke Park agreement and, more recently, the Haddington Road agreement, have been key enablers for these radical changes.

The Croke Park agreement delivered on its objectives, achieving €1.8 billion in pay and non-pay savings during its course. The Haddington Road agreement, which commenced last summer, sets out a number of measures to deliver a further round of reductions of €1 billion in the public service pay and pensions bill up to 2016. It also provides—this is really important—for an additional 15 million working hours across all sectors of the public service, which will help to deliver long-term and sustainable increases in productivity and service provision, dealing with issues like premium pay and agency work.

Let me provide a few examples of the progress that we have made on public service reform. Following a major review of public procurement in 2012, we have established, within my department, the new Office of Government Procurement, which has targeted half a billion euros in savings over the next three years—€127 million to be achieved this year.

Our Human Resources and Pensions Shared Service Centre for the Civil Service, which we established, has been operational since March last year; it is now servicing over 24,000 employees across 19 organisations, and it is growing. When fully operational next year, it will provide services to 40 public sector organisations with savings estimated at €12.5 million annually thereafter. Other shared service projects are progressing not only in the Civil Service but across other public service sectors.

The Office of the Government Chief Information Officer has been established within my department to build on our strong performance on e-government and to maximise

the potential benefits of digitalisation and open data to deliver services and information in a more efficient and innovative way.

Our government services portal now includes quick links to more than 400 information and transactional services. A number of customer-facing online services have also been launched. These include [fixyourstreet.ie](http://fixyourstreet.ie), which allows the public to report non-emergency issues to their local authorities, for example, and [intreo.ie](http://intreo.ie), through which employers and jobseekers can access all existing information and services in relation to support, training and unemployment entitlements.

An action plan setting out a broad range of measures to deliver efficiencies in the state's extensive property portfolio was published by my department last summer and is now being implemented.

We have issued 600,000 public service cards, and plan to issue 900,000 this year. The cards are currently being used for social welfare payments and the free travel scheme, and we are considering extension of the card to cover a much greater and wider range of services.

A series of public expenditure reforms have been implemented to bring greater structure, scrutiny and openness to the budgetary process. We are also extending our whole-of-Government performance measurement system—IrelandStat—to all government departments. The IrelandStat website provides information on how Government are performing across all indicators, and does it on a multiannual basis, so you can look at comparisons.

We are also making good progress in implementing a comprehensive programme of political and legislative reform, aimed at enhancing openness, transparency and accountability in public administration.

*9.30 am*

In January this year, I published our second Public Service Reform Plan—the first one was shortly after we came to government in 2011. I published two reports on its implementation and now a second reform plan, outlining the key cross-cutting and sectoral reform initiatives that will be implemented over the next three years, as well as addressing our broader ambition for reform right up to 2020.

Given the fiscal situation that we inherited, the first phase of our public service reform programme obviously had to focus on ways to consolidate and reduce costs, and taking out duplication and waste by focusing on shared services, better procurement, rationalisation, reducing staff numbers and improving expenditure controls. The next round of reforms will continue to drive down costs and create greater efficiencies but will also have an increased focus on citizen engagement and improved outcomes for service users, for our economy and for every citizen.

As part of our greater focus on service users, we are committed to driving greater use of alternative service delivery models. This will include considering innovative approaches to funding services in return for delivering specified outcomes—I will happily amplify that if anybody wishes to hear it.

Recent years have also seen a radical change in the habits and behaviour of citizens and businesses through the use of consumer technologies such as smartphone, tablet and smart TVs. In the coming months, we will be publishing our strategy to ensure that the public service adapts to and embraces this new environment.

Our digital strategy will also drive improved performance and effectiveness of public services. Where appropriate, a mandated “digital by default” approach will be adopted. The main transactional services across the public service are also now being identified and prioritised for digitalisation.

We need to change radically how we engage with citizens and businesses. Public service organisations will consult with their consumer bases to identify areas where priority action is required to improve and enhance service delivery. As well as changing how we deliver public services, we are continuing to focus on efficiency and productivity. This will include the greater use of shared services, in a range of areas such as human resource management. People Point, the first integrated human resource management system across the public service is already established and well on the way to being completed. We are establishing shared pensions and payroll services, financial management and training services across all sectors of the public service. I have already mentioned our target of €500 million in public procurement savings over the next three years.

We have implemented our property management action plan. This is the first time that there has been a thorough audit of all the buildings owned by the state and agencies of the state to see how they are deployed, what terms of leases and ownership each has so that we can get a rational overview.

As reforms are realised, we are obviously making savings. I announced that I want to use some of those savings to reinvest in front-line services. I call this the reform dividend; it will serve to underpin and sustain the reform agenda onwards, well beyond the crisis time, as reform should be a permanent part of innovation of services.

We are also progressing our legislative programme to improve public governance and rebuild public trust in the administrative and political oversight. The legislative package will include the introduction and implementation of lobbying regulation so that people understand and know who is lobbying government, and it is done in a transparent way; the enactment and implementation of a reformed Freedom of Information Act—there is legislation before the House on that; we have determined to join the Open Government Partnership—I was pleased to attend the meeting in London last year. We are set to enact and implement legislation to protect whistleblowers. We will continue the comprehensive programme of statute law revision to revise the law book going back to earliest times. We will further strengthen our ethical framework for office holders and public servants, to consolidate the legislation to make it simpler and clearer.

We must also ensure that we have the capacity and capability to deliver reform. Leaders and managers across the public service must have a clear sense of what needs to be achieved and a strong focus on performance, delivery and results. Traditional practices must be tested to ensure that they actually underpin the new citizen and the

business requirements of the state. In practice, I discovered that for very many years, the political and administrative systems were very good at measuring inputs but very bad at measuring outcomes. We need to have a joined-up approach.

The renewal of the vision and strategy for the Civil Service is another core part of our public service reform programme. Given its important role at the centre of the public service, we must ensure that our Civil Service is a strong and capable organisation, equipped to address current and future challenges, with a workforce that has the skills, capacity and tools to meet new and changing environments.

Our Civil Service renewal programme is identifying a clear vision for the Civil Service for the future. In doing this, we are looking at ways to improve a range of areas such as leadership, change management, policy formation and implementation. In order to harness their knowledge and experience, every civil servant is now being given the opportunity to have his or her say on what the Civil Service does well and what needs to improve. As well as participating in this process online, a series of town hall meetings are taking place across the country to enable civil servants to be involved in addressing the issues that affect them. In engaging with a broad range of stakeholders, I am confident that we can build a vision for the Civil Service of the future which will give everybody in the Civil Service—in fact, every citizen—pride in our public administration.

In January, I also published a consultation paper on strengthening Civil Service accountability. You can imagine that that took some time to negotiate with the senior leaders of the public service. This process will assess how greater clarity, certainty and common understanding on the key issues of who is accountable and for what. I am going back to a Cabinet meeting and later to the Dáil and words like “accountability”, “answerability” and “responsibility” will all be trotted out without a clear definition of who is accountable, answerable and responsible. We need to have clarity in relation to that, and that is a process that I have embarked upon.

In concluding, I am committed to building on the successes we have achieved to date. In spite of those achievements, we remain in very challenging fiscal times and reforming our public services is, as I said at the outset, a critical component in meeting those challenges.

A core objective that we all share is in convincing the public that the public services they pay for are worth the investment and are up to the mark. We need to make this argument by maximising the contribution from the public service to convince people that they are efficient and effective and an enhancement to the recovery that is under way in our country.

As we can all appreciate, achieving these goals will not be easy. Further hard work and commitment will be necessary because the reform agenda is still very much a work in progress. But this is a challenge that I am convinced we will fully meet. I know from the enthusiasm within the body of public servants and civil servants generally that there is a willingness to understand that reform is absolutely required.

Thank you for listening to me, and I look forward to answering any specific questions that might arise.



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

Minister, thank you very much. No doubt there will be questions around how you achieved many of your objectives—I suppose that one in particular is getting Haddington Road across the line. Obviously, it is not just about finance but about being answerable, accountable and responsible, as you said. Thank you for your contribution. I now invite comments, observations and questions from the floor. To kick us off we will go to Scotland, and John Scott.

**Mr John Scott MSP:**

Thank you, Co-Chair Joe. I was interested that the Minister touched on lobbying reforms and whistleblowers, almost in one sentence. Would he like to expand a little on the lobbying reforms? That is something that we are also looking at in the Scottish Parliament, so in the spirit of learning from neighbours there might be information that he can give us in that regard.

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

Thank you, John. David Melding, followed by Lord Shutt.

**David Melding AM:**

Thank you, Joe. It is really refreshing to hear someone who believes in the need for reform as well as it being a necessity because of the financial situation, because I think that efficiency is key to spending citizens' money effectively. I have two questions, the first a slightly mischievous Tory question. A lot of people argue that when the state gets to be above about 40% of the economy it starts to crowd out the private sector. Have you found that as the public sector is being reformed and cut, in effect, in terms of its previous size, there is more private sector activity? Are you measuring that?

My second question is completely unrelated. I was really interested to hear what you said about the statute book. All common-law jurisdictions need to keep an eye on this, because it is practically impossible for the citizen, even if they are informed, to know what is on the statute book sometimes and to find out the relevant law. Do you think that one approach could be for Bills, rather than amending lots of existing law, to repeal, consolidate and state in a modern context what the law is in particular areas? That would the statute book and redundant statutes quite dramatically.

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

Thanks, David. Lord Shutt.

**The Lord Shutt of Greetland:**

Thank you, Joe. Much of your prospectus has been about embracing the new technology. Have you done any assessment of what I would describe as “new technology poverty”, whether that is real poverty with people not being able to afford

gadgetry, et cetera, or whether it is because people just cannot cope because they are too elderly or frail. Do we have an assessment of where that is? Bearing in mind what you have said, how do you cope with that if it is substantial?

**Mr Brendan Howlin TD:**

Thank you for the questions. On John's question on the legislative reform agenda, there is a long list and I did not want to go through it in any great detail—I could not do it. The lobbying legislation will be introduced in this Session. We had a lot of concern among the public in relation to the influence of business in particular on policy. There are totemic issues such as the Galway tent, a famous tent organised by a political party annually at the Galway races; a lot of very wealthy people attended and donated significant sums of money to a political party. People were concerned that that might influence how policy is formed. We have embarked on having a proper register of lobbying. That caused some concerns, so I organised a seminar last year of all lobbyists, because everybody is a lobbyist—every citizen is entitled to lobby. The farmers lobby very strongly in this jurisdiction, as do, legitimately, the employers and the trade unions. So lobbying is a good thing, as long as it is done in a transparent and open way. The rules are set; if you are going to lobby, you register. Ministers and senior public servants, including advisers, keep a log of meetings, and they will be public, so people will know about it. I will send you the full prospectus in relation to the lobbying Bill.

The whistleblowing legislation—what is now called the Protected Disclosures in the Public Interest Bill—is currently before the Dáil. It is an overarching piece of legislation that covers both the public and private sectors. There has been sectoral protection enacted in various pieces of legislation, but I am repealing all of that and having one overarching system. Britain has good whistleblowing legislation; I presented on this at the Open Government Forum last year. We looked at a few of the concerns that emerged from the whistleblowing legislation in Britain—for example, the test originally in the British legislation was that you had to act from a good motive. Of course, you could whistleblow on wrongdoing and be motivated by the wrong motives, but the information that you gave could still be absolutely right. So Britain has changed that, and we have learned from it. Although we have linked the legislation into the normal protection of workers, so the redress for most workers will be through the normal labour protection systems such as the Labour Relations Commission, we have doubled the protections in terms of somebody who is fired for whistleblowing. It will be a four-year salary return rather than the two years for normal unfair dismissal. Again, I can give you the details.

*9.45 am*

David asked me two questions, one he classified as a Tory question. As a Labour Member of the Dáil, I will respond in a way that I think will surprise him. One of the things I said when I took this job is that I would not be approaching any of the decisions I made from any ideological perspective. My perspective is what is the most efficient and best way of doing something. There is a test for every new service before we provide it—and that is, where is it best provided. Is it the private sector or the public sector? An objective test is applied before we make any determination, certainly to establish any new service within the public service. On the statute law

reform programme, I am blessed to have a zealot, a very bright lawyer who wanted to drive this agenda. We have enacted two pieces of statute law reform already, basically clearing up all redundant legislation off our statute books, and we are now doing the same with statutory instruments. He has a team of young lawyers and some students working on this, and they are producing very fine legislation all the time.

David asked whether we should keep amending legislation or repeal it. I am very wedded to the latter. When we are bringing in legislation, even for legislators reading that the Act of '61 is amended, to actually read it in a coherent way is difficult for legislators, and certainly for the general public. So consolidation is a much better way to go.

On the final question from Lord Shutt about new technology poverty, he makes a very valid point. My department has not made that sort of assessment, but we obviously look at platforms to ensure that everybody can access systems—more and more systems are online—through public libraries, local authorities, and so on. We support community groups as well to upskill and enable people to use new technologies. I find that older people are often much better at using technology than middle-aged people—the young and the old seem to be much more attuned than those in the middle.

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

Everybody is trying to figure out what category they are in. We have Jim Dobbin followed by John le Fondré.

**Jim Dobbin MP:**

Minister, since you are changing the way the public sector is involved in the delivery of services, have you seen an expansion of voluntary sector organisations, and has there been the need to invest in those voluntary sectors by way of grants?

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

Thank you. John le Fondré, followed by William Powell.

**Deputy John le Fondré:**

Thank you. I assume that one of the biggest elements of expenditure is salaries and pensions. I definitely heard the Minister referring to the centralisation of pensions and admin services. I think I heard him talk about changes to the actual public sector pension scheme. Could he touch on the challenges or successes of that area particularly and, if possible, at a high level, give an outline of what reforms are proposed or have taken place in the public sector pension scheme set-up?

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

Thanks, John. William Powell, followed by Joyce Watson.

**William Powell AM:**

Thank you very much, Co-Chair, and thank you, Minister Howlin, for your wide-ranging address this morning, reflecting the breadth of your portfolio responsibilities. You referred to innovative ways of delivering public services and in answer to an earlier question you made some reference to third sector organisations and their part. Back in the UK and in Wales, local authorities and central Government are tending to row back from certain functions and devolve them down to groups such as town and community councils. My understanding is that that tier of government has been reformed or, to some extent, removed here in Ireland. Could you give us a little more information about the ways in which that devolution of services is happening here on the ground? I have particularly in mind services such as public libraries in smaller communities. There is also great pressure on the network of public conveniences across Wales. In the last couple of days, the Welsh Government have announced some additional protection for that network in view of the importance to the tourist sector in particular. Do you have some things you could share with us in that connection?

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

Thanks, William. Joyce Watson.

**Joyce Watson AM:**

I have a simple question. You talk about the reform dividend and reinvesting the savings. How do you choose?

**Mr Brendan Howlin TD:**

Thanks again for all the questions. Jim's first one links with William's on the question of the voluntary sector. I am a former Health Minister. While I do not know if it was unique to Ireland, something that was certainly a significant feature of Irish health provision was the way in which voluntary services were simply subsumed into the state system. That had a number of consequences. One was that we did not have a uniform delivery mechanism across the state. Some areas were very good in childcare provision, for example, while others were very good in elderly care provision because they had very good voluntary groups there before they were subsumed into an integrated system. That was one of the drivers of an integrated health system when the HSE was created. I will not go into the model because that would take a long seminar in and of itself, but what happened was that an integrated system was simply built on top of the bits. It is important that we have a clear understanding of expenditure in terms of the inputs and outcomes. We have a way to go in how we deal with the voluntary sector in relation to, for example, healthcare provision. Although we have service-level agreements with voluntary groups, a real lack of transparency has emerged in relation to that, particularly in the past few months.

I want to be innovative in how services are delivered. There are really good third sector bodies that are providing services in a very innovative way. I am asking for those to be piloted across the country to see if we can learn from those and not simply do things in the traditional way, so you make a very valid point. I am also having discussions with my colleagues about the devolution of spending authority. I have a

personal view about local government, which is not yet shared by my Cabinet colleagues, that it is daft that the Department of Environment and Local Government determines which particular roads, sewage plants or water schemes go ahead. Each of them is determined centrally rather than by giving a block grant; the accountable people locally who stand for election locally say, “Well, actually we’re not building that road; we’re going to spend the money on the water scheme”, and make that determination locally. Personally, I would also do that for education: I would devolve the money to schools rather than centrally determining the number of special needs assistants, resource teachers and front-line teachers. Let the school determine, in a bespoke way, what the disposition of resources should be. However, that is a discussion that I have not yet advanced far enough with my colleagues.

On John’s question, about one-third of current public expenditure is paying salaries. We have reduced it, in the way that I have set out, from €17.5 billion to €14.1 billion and we are going to reduce it further. We have enacted—this took my first year in office—a new public service pension scheme that will apply to everyone in the public sector, from judges to parliamentarians, from civil servants to teachers and so on. It moves from an end-of-career determination of pension to a career average. In the legislation there is also provision, which I have not yet enacted, to change the accrual of pension to current pensioners from the linkage with the current holder of the office that they last held to the consumer prices index. I have not done that because it would actually cost us money to do that now, since no one is getting a pay increase but the consumer prices index is slightly increasing. Again, that is a very comprehensive piece of legislation, negotiated with the trade unions over a year. We estimate that it will save about 35% on the pensions bill by 2050. It affects only people who join the public service from 1 January 2012. There are of course arguments that we should impact on those who are already in the public service now, but so far I have resisted that.

I think I have answered on the innovative ways that William asked about. Libraries are still a local government issues; there is no voluntary involvement that I am aware of, unless someone knows different.

Joyce asked me about the reform dividend and how we make that determination. In the best democratic tradition, I decide.

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

Thank you, Minister. Paul Coghlan, followed by Alf Dubs.

**Senator Paul Coghlan:**

Thank you very much. That was a very interesting overview, Minister, touching as you did on such a multiplicity of matters. On Haddington Road, which we congratulate you on, as I understand it that provides for a certain mobility where transfer is necessary to suit the exigencies of the individual service. But is it not in effect being defeated, in that civil servants fight turf wars? They say, “What we have, we hold”, or as people in another jurisdiction might have said, “Not an inch—no surrender. We are not moving whatever”—sorry, Jim. How are we going to get over this? I should not mention anything particular, and I will not, but there is a natural

thing in all of us—perhaps it is human nature. Some people in the Civil Service treat their office as their own property. They will fight turf wars and do everything to defeat you. Anyway, I would be interested in a comment on that.

Minister, I admire you very much and I would love to go into an awful lot of what you discussed today but we will have another opportunity. On legislative reform, now that the constitutional position of the Senead has been upheld by the people, do you see more legislation being properly initiated in the upper House? Would you comment on the present position where both Houses, if I may say so, are being starved of legislation? It is probably just a particular problem at the moment but I would be interested in your views. Thank you.

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

Thanks, Paul. Alf Dubs, followed by John Robertson.

**The Lord Dubs:**

Minister, thank you very much indeed for such an exciting presentation. It almost seems churlish to say this but I have two questions. First, would you like to look forward the next couple of years and give us a hint of what is on your agenda for further changes down that path? Secondly, how much talk do you have with Ministers in Belfast? In other words, are there not certain respects in which what you are doing has an all-Ireland dimension, say as regards the third sector, and do you not really need similar policies in Belfast to make what you are doing achieve maximum effectiveness?

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

Thanks, Alf. John, followed by Stephen Rodan.

**Mr John Robertson MP:**

It is good to know that Labour policies are still alive and well. Minister, I was interested to hear what you were saying about whistleblowers. One of the things that we have noticed in the UK, and from one of the press articles today about people here, is that it is all very well changing policy and enacting that. It is actually enforcing it that is the problem. According to the *Guardian*, Mr O’Leary, who was a guest of ours yesterday, has something like 270 outstanding victimisation cases against him waiting to be heard. It strikes me that that policy is not being enacted and that the rules are being ignored. So if you are going to do away with all these things and introduce new things, how are you going to make sure that we actually enforce them?

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

Thanks, John. Stephen, followed by Paul Murphy.

**Hon Stephen Rodan SHK:**

Thank you. I think all of us are interested in streamlining public administration and we are all doing it to some extent, for reasons of financial necessity. What would interest me are the practical methods that you actually use for shrinking the Civil Service. To what extent is that compulsory redundancy, to what extent is it natural wastage—not filling posts as they become vacant—and to what extent is it early retirement incentives? You have said that there is broad consensus and recognition of what needs to be done. I think we would be interested in whether it is as easy as it sounds.

*10 am*

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

Thanks, Stephen, and finally Paul Murphy.

**Rt Hon Paul Murphy MP:**

In a way, it follows on from what Stephen has just asked. Minister, you said at the beginning of your very interesting talk that something like €3 billion had been saved, basically in staffing costs. I certainly accept the points that Stephen made: that some of those savings may have been made in natural wastage. However, I would assume, too, that a lot of those jobs simply went. If they went, does that mean that there are lots more people on the dole or did the private sector pick up those jobs, which presumably is what you wanted to happen?

**Mr Brendan Howlin TD:**

First, Paul asked me about Haddington Road. I was in the thick of it this time last year. It was the first time that any Government had embarked on a public sector pay deal that involved agreeing to public pay cuts, longer working hours, changing rosters and a whole range of other things. Perversely, it was the only pay deal we have ever had which every public sector union voted in favour of. I am going to write my book about the alchemy of how that was achieved. But it was largely achieved by an understanding with the trade union movement of how dire our economic circumstances were and, like a good employer, opening our books in a realistic way to explain the options: you either cut front-line services or you cut the wage costs and there was an agreement to do that, as long as it was in a fair way.

For example, Haddington Road only imposed an actual cash wage cut on people in receipt of salaries above €65,000. Everybody else had additional hours to work but did not actually have a cash deduction. As Paul knows, one of the things in the Haddington Road agreement is to allow for mobility and redeployment. Under the agreement you can be redeployed up to 45 kilometres from your current workplace, which certainly works well in the big cities and so on. So we have redeployed well in excess of 10,000 people from underutilised workplaces to areas that that were under pressure. For example, we moved people from the Department of Agriculture in Tipperary into the Garda vetting unit in Tipperary because of the pressure on Garda vetting. Within the HSE there was very significant movement and transfer—all done without resistance, bluntly.

You asked a second question about Seanad legislation. People have spoken on that and I think that we need to listen to them and give a strengthened role to the Seanad. I have initiated a lot of legislation in the Seanad, and I like to do that. I have found that it is very useful to do that, because you can have a more confined debate in terms of numbers—it is more intimate and often more meaningful in the Seanad—on issues such as reform, which requires some serious thought.

Alf asked about looking forward and where we are going from here. We published in January the next phase of reforms. Obviously, we have to keep our foot on the pedal of ensuring that we do not run out of control again in expenditure terms. Having said that, I want to change structurally how we do budgets. I had this debate just yesterday before I came to your dinner last night. One thing that we have done as part of the European semester, which any Government can do, is to have a multiannual budgetary cycle. We have a three-year horizon so that you do not have the situation where people have to spend money this year or lose it. We have done that already in capital and we did it last year in current side. There is a three-year horizon of expenditure.

Every few years—we did it in 2011 and we are going to do it again this year—we are going to have a comprehensive review of expenditure so that almost on a blank sheet basis we look at what we are spending money on. The old idea that in every department you have a baseline and you get a 5% increment, as if everything that you are doing is right, should end. But we need to involve Parliament much more in the rigours of that scrutiny from the earliest time. Because you have a three-year horizon, you know the budget line and indicative expenditure line for every department for next year and the year after. The comprehensive review of expenditure will give you all the policy options to reduce or increase expenditure. I would like to see Parliament vigorously engaged in that process, by calling in not only officials of each line department but service users to ask whether it is value for money, given scarce resources, and whether it is a better use of money. I understand why that has not worked in a time of crisis, because, bluntly, opposition parliamentarians—and if I was in opposition I would fit exactly into that category—are not keen to put forward options for cuts. But in a healthier time, when we are looking at additional expenditure being available, that sort of rigorous evaluation should happen. That is what I would like to see happening.

You mentioned Belfast. I meet twice a year with the northern Finance and Personnel Minister, who is currently Minister Hamilton. I met his predecessor as well, Sammy Wilson. We have very good and amicable discussions. Minister Hamilton is very interested in the reform agenda, in particular.

John talked about enforcement of whistleblowing. You are absolutely right: enforcement is everything. We have a very transparent and simple mechanism. There are layers of whistleblowing protection in-house and ratcheting up as the need arises, if no action is taken on the case presented by the whistleblower. There is robust and simply accessed redress through the existing labour relations mechanisms—the labour court and the LRC.

On Stephen's point, we are all in the business of streamlining. I should tell you another little vignette. During Ireland's presidency of the European Union last year,



one thing that fell into my lap was the reform of the administration within the European institutions. It is very instructive that people coming here, representing the Commission and the European Central Bank, to put discipline on us in Ireland as profligate spenders, had no great enthusiasm for anything approaching discipline in expenditure of the institutions of the European Union. So I am not sure whether it is true that everybody is embracing the reform agenda. We had very great resistance to modest reductions in expenditure and administration in each of the institutions of the European bodies.

You asked about compulsory redundancies. Part of both the Croke Park and Haddington Road agreements is that there are no compulsory redundancies in the public service. We have achieved staff reductions through natural wastage, a certain crudeness through a moratorium. There are exceptions to the blanket moratorium, but exceptions that I have to approve in my department. Obviously, we replaced teachers because we fixed pupil-teacher ratios and so on. There is a crudeness about that because we are not automatically replacing people who are retiring. I would prefer a much more targeted voluntary redundancy package, and that is what we are doing right now. We have asked each Minister and each agency to see if there are surplus staff who can be offered a voluntary exit package.

Finally, the other Paul talked about savings of €3 billion and whether the 30,000 people who left went on the dole. They did not because there is no compulsory redundancy. Mostly they were people of an age who were close to retirement. Because we brought in wage cuts—initially the previous Administration through Croke Park and this Administration after Haddington Road for people on an income in excess of €65,000—there was a delay between the impact of your wage cut and how that impacted on your pension. So if you retired within what we called the grace period, you would be protected on the pre-cut level of pension. That was an encouragement for people who were close to retirement age to leave, so we had a significant exit because of that. There were not people who were then looking for work, by and large.

**Co-Chairman (Mr Joe McHugh TD):**

Minister, I am conscious of your time. I think that we have two-and-a-half minutes left. Frank Feighan has indicated that he wants to ask a question. A quick question, Frank, and the Minister will depart then.

**Frank Feighan TD:**

One question, Minister. First, I am looking forward to reading the book that you are going to write. Secondly, when we lost the confidence of the financial markets, the European community and a lot of our international colleagues, what measures did you and the Government take to get that confidence back across the European Union and with our partners in the UK and further afield?

**Senator Jim Walsh:**

Minister, Brian Lenihan spoke in 2010 about undertaking benchmarking with other European countries. Have you done any of that and has it been updated, because that

might be necessary as background music to any future negotiations so that we maintain competitiveness? That is my first question. No. 2 is on management. I remember seeing your official at the start of this crisis; we asked him questions about his assessment of management in the public service. I always remember his remark, as many of you know very well. He said: “But we don’t have management in the public service. What we have are grades”. In our county recently, I have heard of a person who was transferred within the public service and, because she was working too hard, she was approached by some of her colleagues to ask her to scale back because she might embarrass them. I would have thought that that has all gone. Are there any initiatives in that area to improve the management structures, because, ultimately, without good management, you do not have good, functioning public services?

*10.15 am*

**Mr Brendan Howlin TD:**

Frank asked about the issue of confidence, which has many layers. It is true to say—I am not making a political point—that trust and confidence in Ireland was lost, certainly in the last year or six months of the previous Administration. People did not trust the data that they were being given. Repairing that was a job of work on a number of fronts. Both Michael Noonan and I, in our very first meetings—in fact, in advance of going into government—made it very clear with the troika, the Commission, the European Central Bank and the IMF that we would do two things: we would never over-promise and we would never under-deliver. We did not do so on any issue. We made more than 200 timeline commitments and we delivered on every one of them in time. That builds trust.

There was a second tier of trust that we needed. I was anxious because we still had a scarcity of capital. We were spending between €3 billion and €3.5 billion on the public capital programme anyway and I would like to spend more, for a number of reasons. The first is to stimulate jobs, because the construction sector is still about half of what it should be and a quarter of what it was at peak. We also need to have more PPPs. Regaining the trust of the markets was even more challenging than getting the trust of institutions such as the European Central Bank and the Commission, but we did that, again by constant negotiation and discussion. I had very long meetings with, for example, the European Investment Bank, the Council of Europe bank, banking institutions and investors. We got the first PPP over the line last year. There is a robust interest in and market for Irish PPPs right now because of that. The biggest manifestation of renewed confidence in Ireland Inc. is the cost of borrowing money, which, as you know, has fallen below 3%. That is historically low for Irish 10-year bonds. We have gained that through painstaking work and delivery. That is not something that you can do by talk; it is something that you do by showing that you are going to make commitments and then delivering on them.

Jim asked two questions. On benchmarking, we set out in Haddington Road the pay deal that will apply until 2016. One of the commitments that I gave was that there would be no further asks, because I think that we have asked a lot of our public administration. One thing that I want to do now is to rebuild morale in the public service, because it has been dented by a barrage of criticisms. Some of that was highly

justified, because we had not only an economic failure but a political and administrative failure. Our job is to repair all three broken elements of Irish society. I think that we have done a fair job in doing all that.

The management side is a key element of what we want to do in the restructuring of the public service. We have three initiatives under way right now. One is about vision and renewal, on which we have asked public servants. There have been some extraordinarily good submissions from public servants, some collectively and some individually, in relation to that. We also have the accountability document that I published. I set up an expert group, headed by Professor Kevin Rafter and two colleagues, to present to me the findings of the review by the end of May. All of that will migrate into one common package, which I hope to legislate for, of renewal and restructuring accountability. The aim is that people will know who is responsible and accountable within the public service, so that we do not have systemic failure but we have accountable people. That would be my objective in the coming short period.

The final point is that I think we have a real issue in some sectors. An example is healthcare. I do not want to harp on about the quality of management at delivery level but, as you rightly say, we have had in the past many people being promoted into grades, so that you became a procurement officer or a human resource management person because you happened to be at that grade, without any expertise. We need to have much more bespoke expertise across all lines of administration into the future.

**The Co-Chairman (Mr Laurence Robertson MP):**

I thank the Minister for a very stimulating discussion. I also thank everyone who contributed. As my Co-Chairman Joe said at the outset, the Minister is very straight-talking, as I think he has proved, demonstrating a very good helping of common sense, if I may say so. Minister, thank you very much for coming today.

**REPORTS OF COMMITTEE B AND D**

**The Co-Chairman (Mr Laurence Robertson MP):**

We now move on to the consideration of reports and work of committees. I would now like to invite Rob Walter to update us on the work of Committee B on European affairs.

**Committee B (European Affairs)**

**Mr Robert Walter MP:**

Thank you very much indeed, Co-Chair. Can I bring the committee up to date on the work of Committee B, the committee on European affairs? Colleagues will recall that, at the October Plenary in London, we presented a report on the Irish presidency of the European Union. This was responded to at the time by the Irish Minister for European Affairs, Pashcal Donohoe. I think that this was an innovation—I hope a precedent—that plenary sessions can have responses to our reports directly from Ministers who are responsible for those activities.

We have now received also a written response from the United Kingdom Minister of State for Europe, David Lidington, and that is available on the table at the back of the room.

In January, the committee, undertaking its latest inquiry, visited the headquarters of the European Investment Bank in Luxembourg to take evidence in relation to that inquiry. This was a very informative visit. We met with Jonathan Taylor, who is the United Kingdom vice-president of the bank, and other officials. We took evidence on the operation of the bank, the bank's engagement with the UK and Ireland and the role that the bank has played in response to the economic crisis.

I will let Mike German speak for himself, but he noted, I recall, in the meeting of our committee yesterday that the reception we received at the bank, where they gave very freely of their time, were very informative and very helpful, was I think an indicator of the importance that the bank places on the work of this Assembly.

One of the benefits from our visit was to be informed of projects of the European Investment Bank that have come to fruition. At yesterday's committee meeting, we decided that we should visit one of these projects to see what lessons can be learned from international comparators. As a result, the committee will visit Bilbao in Spain, where the bank has helped a number of initiatives to establish. These include the granting of a €60 million loan for financing microcredits to facilitate access to long-term finance for small businesses, entrepreneurs and microfirms, fostering job creation, especially for young people and the unemployed; a €400 million loan for the construction of the so-called Basque Y, which is linking Vitoria, Bilbao and San Sebastián and also connecting Spain to France; a €65 million loan for the expansion of the liquified natural gas regasification terminal in Bilbao itself; and a €100 million loan to the regional investment programme in health infrastructure in the Basque country. It is also intended that the co-rapporteurs Lord German and Seán Conlan will visit Brussels to meet with officials from the relevant institutions to gather evidence that will be brought together in the report, which we are hoping to bring to the October Plenary.

The committee decided at its meeting yesterday to produce a short, follow-up report to its November 2010 report, which was on the EU concept of a British and Irish regional economic space. In particular, we are going to look at the implementation of EU cabotage rules, and in particular the UK's HGV road user levy within the BIPA jurisdictions. This will be a case-study example of the EU working, or not working, between the two jurisdictions. Colleagues may recall that the Taoiseach was asked a question on this yesterday. It is hoped that a short report will be presented to the October Plenary, and having set a precedent in the past, we hope that we could perhaps get a UK transport Minister along to respond to that report. Seán Conlan and Danny Kinahan are going to be the co-rapporteurs in this short inquiry.

The committee also agreed yesterday that its next major inquiry would be into the operation of the two visa systems within the European Union, that is, within and outside the Schengen areas—within, obviously, is the Schengen, and outside is the common travel area. The focus of this will be the impact of the two systems on trade, tourism, labour and study, and it will home in on the practicalities for business. The co-rapporteurs on this inquiry will be Aengus Ó'Snodaigh and Lord German. The

committee hopes that the inquiries and reports will be of interest to the wider Assembly, and hopes that they will provide the basis for debate at forthcoming Plenaries.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much, Bob, for that very comprehensive report. Are there any contributors? Would anyone like to speak or ask any questions?

**The Lord German:**

Thank you, Co-Chair. I just wanted to amplify the reception that the committee got with the European Investment Bank. The point that I just want to make is that, given the way in which this Assembly and its committees do their work, it is very important that we receive comprehensive and adequate evidence, given the difficulties of holding a large number of evidence-gathering sessions between Plenary sessions and, secondly, that the responses that we get are responded to adequately by the jurisdictions in these islands.

On the first of those, I would say that it was an exemplar of good practice—the way in which we were received. We were given a complete outline of the area that we were trying to investigate, but we were also able to ask very searching questions and to delve in a very detailed way into policy areas of the European Investment Bank. I would hope that all jurisdictions, since this applies to everyone in these islands, will in some way find this report to be very useful as a means of, and a tool for, instructing and helping Governments to be able to make the most of this enormous funding. We may think that we are doing a good job, but, of course, where there are always people doing better—and it is very important that we get that message across—the responses that we get will be just as important as the evidence that we receive.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much. I now call Paschal.

**Senator Paschal Mooney:**

Go raibh maith agat, Co-Chair. I am particularly pleased that Robert and his committee are going to look again at the HGV levy. It raises a question in my mind that pending legislation in the British Parliament that has an impact on the Republic of Ireland, as this particular piece of legislation undoubtedly will have, might be usefully not so much headed off at the pass, but perhaps could be better informed if there could be some sort of mechanism—whether it is through the committee system or Plenary, or some other bilateral arrangement—that would alert those of us on this side of the Irish Sea to such legislation.

The reason why I am raising this is that I became aware about nine months ago that this legislation was pending, and I did try to bring it to the attention of the Irish authorities but, quite frankly, they did not really do anything about it. That is being blunt. I raised it at our transport committee, because it had been conveyed to me that there was legislation of this nature coming through. I then decided that I would study

the various debates that took place, particularly at the transport committee meetings, and I discovered that there was only one member from Northern Ireland who sat on that committee. He is a DUP member from Strangford who—and I want to be kind to him—according to the transcripts of the exchanges that took place on this issue, did not himself seem to be aware of the impact that it was going to have on cross-border trade. He talked about the concession route. Part of the legislation is on that seven miles of road, which we on this part of the island refer to as an approved road, between Dundalk and Castleblayney in counties Louth and Monaghan, and another stretch of road between Clones and Monaghan in County Monaghan, which in total is seven miles. It will be unenforceable under the legislation, because it is a through route. However, it raises in my opinion a fundamental question here about whether this body—this Assembly—could be usefully engaged in ensuring that, in the future, where legislation is coming down the line, colleagues on the British side, in particular, would try to inform themselves as to whether that legislation, which of course extends from Northern Ireland, would impact on the Republic. There may be very few instances of this happening, and very few examples of it happening. The one that I am quoting—which Bob has quoted—is very significant. Putting it bluntly, it means that hauliers in County Donegal who transit across Northern Ireland to carry out cross-border trade, using the A5, which is the most direct route to the south, or vice versa, are now going to be liable to a levy every time they cross over and back. That must inhibit cross-border trade.

*10.30 am*

So, the concession that this side is looking for is that at least the A5 can be included in the concession route similar to the 7 miles that I referred to, as well as a tolled motorway in the UK. They are the only other concession routes that have been granted under the legislation. It seems to me—to use an Irish expression—that the cow has bolted and the gate is closed in this regard, but I hope that I am wrong. I would hope that colleagues who are involved in this area, and particularly on the basis of Bob's report, will ensure that the follow-up report will be effective in trying to roll back the essence of this legislation, which is very detrimental to cross-border trade and will put hauliers out of business on the Republic side of the border. There is absolutely no question as of the increased costs involved.

So, I do not want to labour the point too much, but I am making the general point here. It would be interesting if Bob might, in his response, give some observations on this, as to some mechanism that might ensure that, in the future, where there is pending legislation that you, colleagues in the British Houses of Parliament, would be aware of and might just study from an Irish perspective, to see whether it would have any adverse impact—on trade in particular, as that is what we are talking about here—maybe in a general sense, but certainly on trade issues. Thank you very much, Co-Chairman.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. I call on Seán Conlan.

**Mr Seán Conlan TD:**

Just to follow on from the last contribution, I suppose that Paschal may not be aware that the Taoiseach has raised this issue with David Cameron, and the Minister for Transport, Tourism and Sport, Leo Varadkar TD, has raised it on numerous occasions with Stephen Hammond, the UK Minister for Transport.

**Senator Paschal Mooney:**

That was six months after the legislation was passed, Seán.

**Mr Seán Conlan TD:**

The problem, Paschal, is—*[Interruption.]*

**The Co-Chairman (Mr Laurence Robertson MP):**

Order, order.

**Mr Seán Conlan TD:**

The problem, Paschal, is that the way that the legislation is framed in the UK does not allow a blanket exemption for Northern Ireland. It is a flaw in the way that the legislation was drafted, Paschal, so there is no simple solution to this problem. Therefore, what the UK Government has to do is to exempt specific routes. By exempting specific routes, obviously, you have the problem of how you control and police this. So, the legislation itself is flawed, and it is a wider issue than just UK tolling—the issue of cabotage has also been raised, and I raised it here yesterday. Committee B will be providing a report here to the committee.

However, the issue of cabotage is very significant. Until four months ago, the UK authorities, or the Irish authorities, did not impose the cabotage rules on trucks from either jurisdiction. Basically, what it means is that, under EU legislation, a UK truck is not supposed to enter the Republic of Ireland without a load on board to take a load out of the Republic of Ireland; you have to come in with a full load, leave your load, collect a load and go out again. Similarly, an Irish truck cannot go into the UK unladen, pick up a load and come back to the Republic.

Four months ago, the UK authorities started to impose the cabotage rules on Irish transport companies. Obviously, this means that, under these rules, each haulier and truck can make fewer journeys across the Irish sea every week. That increases transport costs, as you need to have more trucks on the road.

I have proposed a motion, which I hope we will hear at the next Plenary, that we treat all of the islands and jurisdictions that are member states of this Assembly—the islands of Guernsey, Jersey, the Isle of Man, the National Assembly for Wales, the Scottish Parliament and the Parliaments at Westminster and the Republic—as one functional area, so that the cabotage rules do not apply in the functional area. If we are going to impose, in any jurisdiction within the Assembly, foreign taxes or a form of road tax, they would not be imposed on other members of the Assembly. If we could do that, we would be ensuring that the idea of free trade and the removal of barriers

would be something that we would be enshrining as part of the Assembly's remit and function.

It seems to me very strange that, for the last 20 years, we were trying to develop better relations, to free up trade and to increase cross-border trade, and also to create a one-island economy in the Republic of Ireland and Northern Ireland, but, suddenly, today, a tax is imposed on hauliers from the Republic entering the UK. To address Paschal's point, this has been raised at the most senior level by the Taoiseach with the Prime Minister, and it has been raised for a number of months by the Minister for transport in Ireland with Stephen Hammond MP.

However, unfortunately, the UK legislation does not allow a block exemption, and that is where the problem lies. So, finding a solution is going to need a bit of change and, maybe, an amendment to the legislation itself. Certainly, I would urge the UK members present to get on to Stephen Hammond MP to look at the legislation and to realise that this is a barrier to trade. Rather than freeing up trade between the islands, it is imposing restrictions that were not here before. I would please ask everybody to try to familiarise themselves with the legislation and see what we can do about it. Thank you.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Certainly, that is something that we can do. If there are no more speakers—*[Interruption.]*

**Senator Paschal Mooney:**

Co-Chairman, would you mind if I just briefly—

**The Co-Chairman (Mr Laurence Robertson MP):**

Very briefly, if you would, please.

**Senator Paschal Mooney:**

I just want to clarify that the specific point that I was making was that, where there was pending legislation in the future that might have an adverse effect on cross-border trade, members might take account of that and alert the relevant authorities. I appreciate fully that the Taoiseach and the Minister for transport in Ireland have been making representations, but sadly, those representations have come following and subsequent to the passage of the legislation. It did not happen during the debate that has been going on since last summer in the British Houses of Parliament. All of the representations have come in the last two to three months. That was the point I was making. I was not in any way decrying the fact that there were no representations made. The law had been passed when the representations were being made.

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

For clarification, the representation did not just happen in the last two to three months, but I can furnish you with details of that.



**The Co-Chairman (Mr Laurence Robertson MP):**

Okay, thank you. If there are no more speakers, I will come back to Bob for a wind-up. Thank you, Bob.

**Mr Robert Walter MP:**

Seán has responded to a number of the points that have been made. I think there are three real points as far as this particular question is concerned. In terms of the cabotage situation, I think it is interesting, because I think that fault probably lies on both sides of the border on that one in not raising it, and also with the Northern Ireland Executive. Similarly on the road levy, I think the Northern Ireland Executive seems to have been silent on it, but we will find that out in our inquiry. As far as the early warning system on legislation is concerned, I think it is an interesting way in which we might proceed. I think it is probably not within the remit of my committee to look at that, but Committee A might want to look at whether we should have some form of early warning system between the two jurisdictions.

**The Co-Chairman (Mr Laurence Robertson MP):**

Certainly. I think that last point is a very good one and perhaps something we can look at at the next steering committee. I think it would be good business for us to look at that. Bob, thank you very much and thank you to the members of your committee for the work. We look forward to further updates as we proceed.

**Committee D (Environmental and Social Affairs)**

**The Co-Chairman (Mr Laurence Robertson MP):**

I now call on the chairman of Committee D—which is the environment and social committee—Lord Dubs, to give an account of his committee’s work. Thank you, Alf.

**The Lord Dubs:**

Thank you very much indeed. We are in the middle of an inquiry into Irish Travellers and Roma. We have so far taken evidence in Belfast and in Dublin. Whereas Committee B goes to glamorous places like Luxembourg and Brussels, we visit Traveller sites. So, it is not quite at that level of excitement, but it is pretty interesting. We decided, because of the importance of looking at these sites, that we would do a site visit every time we took evidence. As I say, we have been to sites in Belfast and in Dublin and they have been extremely informative. Of course, we are only halfway through, so I can just give some tentative ideas as to which way we are going.

There are clearly negative attitudes towards and perceptions of both Irish Travellers and Roma. There is also discrimination against them, so we are looking at a balance between the two. There is criticism of anti-social behaviour against both groups and there is also an issue with shops. For example, in Belfast, I think, Roma are kept out of certain supermarkets. They just do not let them in at all, which is a pretty depressing state of affairs. I think it was just one chain of supermarkets. On the other

hand, we met police officers in Belfast and Dublin who are working very hard to establish better relations with these communities. There are some problems, like non-attendance at schools, which they are trying to deal with—not just the police, but local groups.

Of course, there are problems about language as well as regards the Roma. One needs interpreters; it is not just Romanian, but it is the Romani language itself, and that also poses certain difficulties. The Travellers have a high prevalence of mental health issues, and we were also saddened to hear that there are quite high levels of suicide. We have seen some well-maintained sites and we have seen some derelict sites. The contrast is quite remarkable. One of the things that did disturb us—you will appreciate that Travellers like to stay in small kinship groups—is that, as they have children, the pressure on accommodation, where they are in housing, is particularly difficult. If Dublin City Council, say, offers them housing away from the kinship group, they do not like to go; they prefer to be with their kinship group—that is my expression—and so they put caravans on the back of the houses so that they can go on living there, and it is difficult for the authorities to provide good housing when there is an unwillingness to take it.

In Belfast, also, there is something quite disturbing in that the leader of a kinship group tends to be a very powerful influence on the group, and, in one or two instances, he did not want other people to go onto the site. So, the authorities were quite frustrated that the site was empty. There was housing there, and yet they could not fill it because there were people from another kinship group, and they would not have them there.

The thing is fraught with problems, and whether we can come up with any positive solutions, I do not know. We still intend to take evidence in London and to visit Dale Farm, which is quite a notorious site that has been controversial over the last couple of years. We have also decided that we will go to Edinburgh to take evidence there, given how much work the Scottish Parliament has done.

I have asked the Romanian Ambassador to London to give evidence on this issue when we go to London, and he has said that he will come and meet us. So, that is quite positive. We have some way to go. However, we have had a discussion about what we will do next. We have decided that we have done quite a lot on social policy and that we will do something on environmental policy, and we have agreed that we will look at the environmental aspects of fracking, or fracturing, or whatever it is called. It is quite a controversial issue in every jurisdiction. So, we will have quite a lot to get our teeth into. However, that is some way ahead, because we have some more evidence to take on the Traveller and Roma communities.

I am grateful to members of the committee for being willing to tramp around these sites and for giving it more time, to the staff for providing a very good service for us and to the people who have given us evidence.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much, Alf. Would anyone like to come in on that?

**Mr Jim Wells MLA:**

I am on this committee, but I hold a view on this issue that is rather different to that of most members of the committee. I will be pushing for recognition that while some of the opposition to Travellers is based on prejudice, some of it is based on fact. I will be asking the Traveller community to address those issues that frequently occur within their community that cause real friction with the settled community.

When the caravan club comes to my constituency and its members park in lay-bys, they are welcomed with open arms. When itinerants in exactly the same caravans arrive, my phone will be red hot, asking for them to be moved on. When I ask why there is this opposition, sometimes, very factual statements are made, which, frankly, are true. I think that it is very important that the community tries to meet the settled community halfway and addresses these issues, so that there is some understanding as to why this friction arises. I do not think that it is entirely an issue of a minority community that is getting a bad deal; it is a minority community that really does not understand why the settled community has some difficulties with its activities.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Jim. Would anyone else like to contribute?

*10.45 am*

**Senator Cáit Keane:**

I would like to thank Lord Dubs and the committee, of which I am a member. It is a difficult subject, but an important subject. I remember—and Jim brought it to mind when he said that he might have a different view to the rest of the committee—when I sat on a committee about 12 or 14 years ago, and that report was not agreed. There was a supplementary report at the end of the report, because there were diverging and different views. However, hopefully, as a committee, we will sit down and come to a consensus if we can. It is difficult; we are coming up with difficult issues, particularly related to ethnicity and culture and the importance of that to people. So, I look forward to continuing the work. As Alf said, they may not be exotic sites, but they are important sites.

**The Co-Chairman (Mr Laurence Robertson MP):**

Is there anyone else wishing to contribute? If not, I will come back to Alf for a brief wind-up.

**The Lord Dubs:**

I will be very brief. Jim, we have talked about what you have said on the committee, and, clearly, there is a need to reflect the concerns that you have expressed as well as the fact that there is discrimination against these groups. Both are relevant and important points. Thank you for your comments.

It is a difficult report. It is the most difficult work that I have been involved with on Committee D, simply because it is not clear how we can find our way through it. We will do our best and we think that it is important. These people are having a difficult time, and so are the local communities. They are both the victims of it.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much, Alf, and thank you to the members of that committee for their work. We look forward to further updates.

**ANNUAL REPORT**

**The Co-Chairman (Mr Laurence Robertson MP):**

We will move on to the annual report. The steering committee has agreed the draft annual report 2013, copies of which are available on the documents table in the adjoining room. I beg to move

*That the Assembly take note of the Eighteenth Annual Report 2013.*

Is that agreed? I see that it is.

*Annual Report agreed.*

**MOTIONS**

**BANK OF SCOTLAND IRELAND**

**The Co-Chairman (Mr Laurence Robertson MP):**

We will now move to motions. I beg to move

*That the Assembly examines relationships in relation to the orderly wind up of Bank of Scotland Ireland.*

I invite the presenter, Mattie McGrath TD, to introduce the motion.

**Mr Mattie McGrath TD:**

Thank you, Co-Chairman, and thank you to members for receiving it. In presenting my report to you, I recommend that you read the report, bearing in mind that this report was assembled from data collected from various banks, newspaper articles and accounts during 2012. The financial figures contained in the report, when edited in 2013, have long since been confirmed as surpassed and the losses surrounding this report have increased by approximately 25%. The report contains information that crosses all of the separate jurisdictions that we represent. For that reason, this report proves that, working together, we need to look at issues jointly. In the report, I have shown the impact on the taxpayer and citizens in different regions. Since I tabled the report in 2013, the Irish courts have stopped Certus—the company that was appointed to wind down the mess that they left behind—from presenting summonses to take people to court in the Irish courts. The Irish court ruling, known as the Stapleton

judgment, has resulted in bank staff from the Bank of Scotland having to present daily in the Irish high court.

As regards the departure costs for the Irish republic of the Bank of Scotland (Ireland)—BOSI—Certus is collecting money and directing the appointment of receivers. It has withdrawn €6 billion in credit and will not be lending further into the economy of the Republic of Ireland. That is widely accepted. It is extracting as much as it can collect, not caring about the job losses and the misery that it is creating personally or to the economy. It is demanding full, 100% payments from small customers, small farmers, big farmers and small businesses, and certain large customers can negotiate large discounts. It is operating smash-and-grab policies, protected by eighteenth century laws of receivership and other outdated laws. On the other hand, it is selling off large chunks of the loan books to foreign investment funds for sums as low as 10% of the original loan value. It will not do a deal with the Irish customers, many of which are the backbone of the economy and are creators of employment. It prefers to see people being evicted from their homes, businesses and farms.

To summarise, it has offered a short synopsis of what is happening. I present this to the meeting in the hope that you may begin to understand and appreciate the difficulties and the cover up that has taken place. To move forward out of recession, we must uncover the truth and check and question the legality of what bankers at Lloyds and elsewhere have committed. I urge members of the committee sitting at Westminster to present this information to Parliament if they see fit, and to the appropriate regulatory authorities and the police for further investigation, as Lloyds Banking Group is domiciled in the British jurisdiction and is in receipt of British taxpayers' money. Thank you, Co-Chairman.

**The Co-Chairman (Mr Laurence Robertson MP):**

Does anyone else wish to contribute?

**Mr Jim Wells MLA:**

We are experiencing a similar problem north of the border. We have Ulster Bank, which, of course, is operational on both sides of the border. It is selling off its loan book for a fraction of the debts. That loan book includes loans to small, viable businesses that are coming out of the recession and have spent the last five years struggling to keep their heads above water. There is light at the end of the tunnel, as they are now back in profit. However, their loans are sold to companies that have no stake whatsoever in Ireland, north or south. They then relentlessly pursue the loan book that they have bought and will often wind up viable companies to realise the asset. The companies seem to have no say whatsoever in these negotiations, and they are simply told, 'We are winding you up, we are putting you into liquidation and we are going to seize your assets and sell them off to redeem the loan and perhaps make a slight profit on the entire transaction'. This is the last thing that we need in Northern Ireland as we are coming out of recession. Things are beginning to move and move quite well. These companies are employing people, taking on more staff, and then, out of nowhere, decisions are being made that would never be made in a normal set of

circumstances. It is simply that these holding companies are still utterly determined to get their profits as quickly as possible.

We are in a difficult position, because this is a UK-wide situation. It is not one that we in Northern Ireland have any direct control over, although our Minister of Enterprise, Trade and Investment is trying her best to make Ulster Bank see sense. If these holding companies would hold off for maybe another 18 months, they would have loan books that would be considerably more valuable than they are at the moment, because things are on the up. Everyone is agreed—I do not know what the situation is in the Republic of Ireland—that things are definitely moving forward positively in Northern Ireland. We have had something like 11 months of increased employment, and companies are now back into credit. So, it is a slight variation of what the situation is in the Republic. Some of these loan books are actually being sold for 50% of their value—their salaries discounts are staying in the Republic. Some of these loans are nothing to do with property speculation, or building, or development land; some of them are viable businesses in the high street and some are in manufacturing. However, if they unwind the loans at the speed at which they are going, they will put several thousand people in Northern Ireland unemployed totally unnecessarily.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Jim, did you want to come in?

**Senator Jim Walsh:**

Yes. First of all, I compliment Mattie on putting forward this motion. I think that when the history of this economic crash is written it will actually show that the people who were probably one of the main instigators of the collapse—the banking system—totally abandoned any sort of prudential banking. They were then, by successive Governments, given all of the aces with regard to recovering, oftentimes to the detriment of the citizen who had played very little part in what had occurred. It is regrettable that the rights of the citizen who has been caught in the firing line have, to a large degree, been overlooked in what, I think, was a good intention; that it was necessary to salvage the banks in order to get the economy working properly. We need a functioning banking system. However, I find, in Ireland, six years after the crisis began, we still have dysfunction in banking and there are no credit laws. SMEs and people looking for mortgages are still finding it virtually impossible to secure the loans that they need for the economy to function.

I would like to support Jim on the point that he made with regard to the selling off of the loan books. This is starting to happen in our banks as well. There are no protections for the rights of borrowers. In fact, the Minister for Finance, in fairness, has been sure-footed in his handling of the financial issues since he came into office, but I think that he has developed a blind spot in this area. He has expressed a wish that the venture capital funds will comply with the codes of conduct that have been put in place for the banks, but there is no legal obligation on them to do so.

Also, I think it is totally unacceptable that the position taken is that the banks should be allowed to sell the loan books at a discount, without giving the borrower the opportunity to purchase their own loan at a similar discount. Many of them will be

unable to repay the full loan. So, it was an opportunity, I think, to extricate a lot of people from the financial difficulties that they are in. The Minister's only response was that it is—and I admit that it is—administratively easier to sell them in chunks rather than to do it individually. I personally do not think that that is an acceptable position. I do not want to be offering work on other committees, but I think that the whole banking area is something that we could usefully address ourselves to—either one of the existing committees or a new committee, or whatever else. However, I do think that the problems that we have in the banking sector will not go away quickly.

There are economists, who I think may well be reading it correctly, who feel that we are six years into it and we could well be into the next decade before this issue will be corrected, and maybe longer. Therefore, it is something that we should focus on. I commend Mattie for putting down this motion, but it is only a small step in a much bigger picture, into which we need to inject some good, strong political thinking.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. The motion invites committee C to consider taking this up. Also, the select committee that I chair will be producing a report on the structure of banking, particularly in Northern Ireland, within a month or so, and members may want to look out for that.

**Senator Paschal Mooney:**

I want to put on record my support for Deputy McGrath's proposed motion and the conclusions that he reaches in his summary, where he hopes that members of the committee sitting at Westminster will present the information to Parliament. I take on board what you have said, Co-Chair and also, of course, the relevant committee of the Plenary. Obviously, this is a very complex financial matter, and it would seem that it would be left to those Members of Parliament who have expertise in this area, but I am sure that Plenary would agree that Deputy McGrath raises fundamental issues in his comprehensive briefing note, which has been circulated to most members. It raises serious questions about the manner in which these events have taken place over the last number of years, so I would hope that, as a result of his initiative, there will be some positive action in this regard and that the questions that have been raised by Deputy McGrath will be, in time, answered, and answered effectively. Thank you very much.

**Mr John Scott MSP:**

As you have said, Co-Chair, your committee is looking at this in Westminster, and, of course, in terms of the British side of the argument, that is properly where it should be looked at. Nonetheless, coming from Scotland and with the name of the Bank of Scotland involved, one feels a certain responsibility, and the Bank of Scotland was, of course, headquartered in Scotland before the takeover by Lloyds. I do not think, however, that the Bank of Scotland or Lloyds have covered themselves in glory at all, and I welcome Deputy McGrath bringing forward this motion. I do not believe that Certus has covered itself in glory either in the way that it has sought to recover lost moneys. The £1.46 billion write-down in the loans to one tenth of their book value is certainly unusual. I think that that is a record write-down, and you, Laurence, might

want to look at that by extending the remit of what you are looking at in the House of Commons to cover the scale of that write-down. I am certain that you will also be aware that Lloyds has claimed tax credits for the losses in Ireland, and these are a matter of ongoing dispute, I understand, with Her Majesty's Revenue and Customs. So, as others have said, this is going to run and run for some time yet, and I wish those who have the task of sorting it out every success, but it is certainly not going to be easy.

*11.00 am*

**Senator Cáit Keane:**

I thank Mattie for putting down the motion, because it is important to keep issues on the agenda, particularly the economic agenda that has literally ruined this country. It is important to discuss this and how we go forward and build on the mistakes of the past. However, when I was listening to Minister Howlin today talking about openness, transparency and accountability, where the buck stops is important, and it is only now, with this Government, that that is being done. It should have been done years ago, because we had regulators in the bank who were supposed to regulate. We had the European Central Bank, which went wild in lending, and we had an economic union, but not a monetary union as such, if we look at it. So, looking at where the buck stops and who is responsible, which is what Minister Howlin has said today that he is doing and that this Government is doing, should have been done years ago. You say that regulators and regulation are there, but who is scrutinising the regulators to ensure that they are regulating properly? That is important. Select committees and committees of the Dáil and the Oireachtas have an important role to play in ensuring that, when positions were put in place maybe 14 or 15 years ago, that the responsibility and aims of the regulators—I am just calling them all 'regulators' now—that the buck stops with somebody, somewhere, as well as the Minister of the day. That was not done. I look forward to Minister Howlin finishing the reform of Government and then this will be in place and there will be a hammer on somebody's head, at the end of the day, rather than everybody blaming everybody else. Thank you.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. I call on Patrick O'Donovan.

**Mr Patrick O'Donovan TD:**

Thank you, Co-Chairman. I want to acknowledge the motion and make a request, if it is possible, regarding the work of the committee that is taking on this work. I am sure that the same is probably the case in communities across Britain, but, certainly in Ireland—north and south of the border—there is a very real campaign by the banks absolutely to divest themselves of communities, to take staff out of the branches and to, I suppose, have the public vent its anger towards staff members at counters rather than executives at a senior level. It is a very lonely and difficult place for a lot of bank staff to work at the counter of any of the banks that have been bailed out by taxpayers, whether in Britain or Ireland. One of the things that I would ask the committee that is going to have a look at this to consider is the impact of the crisis in terms of the retail



banking network and the way in which it is impacting on the staff in those organisations, but, more importantly, how it has looked at the network itself. There is no doubt in my mind, certainly here in this state, that there is a very concerted and organised attempt by the main banks that have been bailed out by the state to start a campaign to close their branch networks across the country. They are doing it very subtly by, first of all, withdrawing counter services, then encouraging people to use online facilities, which is all very well and good, but that is being used as a shoe horn or crowbar so that, in a couple of years' time, they can say that there is no need for a banking network. The same will be true in Scotland, Wales and England, and rural parts of all of these islands. Therefore, one of the things I would encourage the committee to do is to consider that, as we have bailed out the banks, the banks have an obligation and a civic responsibility, which they are walking away from.

**The Co-Chairman (Mr Laurence Robertson MP):**

Okay, thank you. Does anyone else wish to contribute? I see not. Therefore, I will just bring Mattie back to quickly wind-up at the end.

**Mr Mattie McGrath TD:**

Thank you, Co-Chairman. I thank the members for listening. As I said in the summary, I ask that people take the time to examine it again and for your committee or any of the committees to examine this practice because too many people are hurting and will continue to hurt, and there has been no proper resolution. As Senator Keane has said, there are lots of regulators and regulations, but no-one is being held accountable. It is just not acceptable. Taxpayers have bailed out the banks in all jurisdictions and here there are also tax write-offs that are enormous and, I think, questionable. Therefore, thank you very much for your consideration.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Mattie. I thank all members for their contributions. I now put the question that the motion be agreed to. Is the motion agreed?

*Question put and agreed to.*

*Resolved:*

*That the Assembly examines relationships in relation to the orderly wind up of Bank of Scotland Ireland.*

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much. The clerks will now bring the motion to the attention of the British and Irish Governments.

**DEMENTIA FRIENDLY TRAVEL**

**The Co-Chairman (Mr Laurence Robertson MP):**

The second motion concerns dementia-friendly travel, which was raised briefly with Michael O’Leary yesterday. I invite the presenter, Lord Dubs, to introduce the motion, which I will not read out, as it is quite a long motion and it is in the papers.

### **The Lord Dubs:**

I beg to move

*The British Irish Parliamentary Assembly believes Dementia is a challenge throughout our respective jurisdictions in Britain and Ireland;*

*Members welcome the progress of Irish in Britain in developing the “Cuimhne” whole-community memory loss strategy to improve the lives of older Irish people and their families affected by dementia; and notes work being done on the ground—engaging families, support services and welfare providers, older people’s forums and pensioners’ groups, enabling them to improve services and keep those with memory loss included.*

*The Assembly further notes that Irish in Britain staff have established links with a well-known hotel group and a number of companies recognising the business case for expanding their market by becoming more dementia friendly; and welcomes the partnerships that have been built with The Alzheimer’s Society (UK), the All Party Parliamentary Group on Dementia and the Prime Minister’s Dementia Task Groups, tackling the cultural factors that prevent older Irish people from accessing mainstream support.*

*Members of the Assembly understand the difficulties that arise in keeping those with early stage dementia engaged in normal and active family life. We note that for those living overseas, visits back to Ireland provide a vital link with families. For carers and those affected by dementia, travel can be an uncertain experience and may very quickly become impossible.*

*The Assembly urges travel and transport companies to pay special attention to the needs of those experiencing memory loss and to assist families and carers maintaining their connection with home. Members believe there is a compelling business case for companies to take appropriate steps to become dementia friendly and enable families to remain part of the travel market.*

Thank you, Co-Chairman. May I start by thanking colleagues here for supporting this motion to enable it to be put on the agenda? I appreciate that. May I also thank Irish in Britain, which is an organisation that supports Irish communities and Irish people in Britain, for its help both in preparing the motion and giving me some background information? Indeed, Jennie McShannon, the chief executive, is here today and she has been very supportive of this issue.

Dementia will be an ever-increasing problem in all our communities and all our jurisdictions. As we live to be older, the proportion of people affected by dementia will inevitably increase. This will be a real burden and a real problem for all of us. This motion seeks to deal with just one aspect of it.

Committee D has, over recent years, published two reports on the Irish community in Britain. Indeed, we discovered a number of problems, including the increasing rates of dementia and the difficulties that that causes, the need for carers to have full responsibility and to be supported in turn. It is inevitable, therefore, that the number of people of the Irish community in Britain suffering from dementia will increase over the years, for the same reason that the whole population as a whole will have increased numbers of people suffering from dementia. So, this is going to be a problem.

One of the difficulties for Irish people living in Britain is their wish and their need to come back to Ireland and to maintain connections with their families and friends. Having any disability is difficult in our society, but having dementia is particularly difficult because it is not necessarily a visible disability, but it causes real problems.

Irish in Britain has established what could be called a whole-community dementia strategy called ‘Cuimhne’ in order to engage families, businesses and welfare services in providing support. Indeed, it is gratifying that the Prime Minister has been supportive of the strategy, as has the Alzheimer’s Society and Dan Mulhall, the excellent Irish ambassador in London. So, there is a lot of support for this, and it is quite a difficult issue so we need that particular support.

One aspect of this is travel. Travel is a difficulty, and what we want to is to make travel dementia-friendly. You may come to your own views about what Michael O’Leary said yesterday. Obviously, I would have rather asked him the question after our debate, but that is the order in which our business happens. You will remember that what he said was, ‘Yes, fine, provided it does not cost us anything’. Well, you know, it was not a very sympathetic response, but it was some sort of response. I actually believe that there is a business case to be made. If people feel that they can travel through having a dementia-friendly approach in terms of travel, they and their carers will also travel and that might well increase the number of people flying on Ryanair and other airlines, rather than reduce it. So, the business case is certainly not against this; it may well be very much in favour.

Indeed, thousands of journeys are made every year between Britain and Ireland, and many of these are, as I said, made by older Irish people travelling home as they have done for a long time. Their children may now accompany them as carers, so there will be tickets bought as there will be more need. However, the problem at the moment is that because travel is difficult, people affected by dementia tend not to do it, because it is too difficult for them and their carers. So, what we want is to alert the travel services, as well as other businesses, in order that they can adopt a more dementia-friendly policy, which means training their staff as to how to handle people with dementia, so that travel for sufferers of dementia and their carers will become an easier experience, rather than become a very difficult one.

So, as I said, it is a matter of training staff so that they can have better communication techniques, and so that the travel process involving questions often and giving instructions will be an easier one. There are a lot of initiatives already on this issue, and I believe that this motion will help to take it further. Of course, it is not easy. We saw from Michael O’Leary that his immediate response was, ‘Yes, fine in principle, but it may cost us money’. I was not overwhelmed by his response; on the other hand, he did not say, ‘Forget it’, which he might have done, so I suppose that is something. Certainly, Irish in Britain has approached travel companies, and it is getting more positive responses than we had here yesterday.

So, I believe that this motion will do something to help Irish people living in Britain suffering from dementia. All people suffering from dementia want to travel, but this motion is particularly concerned with Irish people in Britain to enable them to travel home and stay in touch with their families and friends here in Ireland.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you very much, Alf. Does anyone else wish to contribute?

**The Viscount Bridgeman:**

Through you, Co-Chairman, may I ask Alf whether it is easier for dementia sufferers to obtain a blue badge?

**The Co-Chairman (Mr Laurence Robertson MP):**

Can anybody help? Yes, Seán.

**Mr Seán Crowe TD:**

I just want to support the motion itself. If someone gets dementia, it does not mean that they cease to be a member of your family. It is vital for anyone who has a sick relative to make sure that they can attend all the family occasions, whether they are weddings, funerals, happy occasions, births, you name it. You know, families like to get together. That is a tradition, not only in Ireland, but right across all of the jurisdictions, but there are barriers there depending on the health of the individuals in that family. I do not think that it is too much to ask transport providers to upskill their staff if we are really concerned about having an inclusive society, which I feel very strongly about.

If you think this motion through, it is not extreme and it is not asking for a huge amount. I think that it is the right thing to do, so, fair play to those who put this motion together. It is the right thing for this committee to do and it sends the right signals as to the type of society that we want to see develop.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Joyce.

**Ms Joyce Watson AM:**

I want to speak in support of the motion. Dementia is another disability, albeit in a different form. As a society, at large, we like to pride ourselves as UK citizens, wherever we are, that we do look after the most vulnerable in society. I think that to ignore one sector, and to not enable those people to live their lives as fully as they could, would be detrimental to our natural way of thinking. In those terms, I absolutely support it.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Mattie.

**Mr Mattie McGrath TD:**

Thanks, Chair. I too would like to commend the proposal. Certainly, I have no knowledge or understanding of dementia, but I think, from listening to documentaries and reading things, in the very early stages, persons with dementia or with the onset of dementia who are used to travelling abroad, or might have a holiday home or whatever, become very intimidated by travelling and often they will not. If they have loved ones abroad or whatever, it really cuts them off from their families. Whatever

we can do to make travel easier, or to make them feel safer when they are attempting to board, or while on board, it is very important that we do that. It is becoming a bigger issue, and younger and younger people are suffering with this ailment. None of our families or people we know are untouched by it, so I commend the motion and I want to support it.

*11.15 am*

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. Oliver.

**Mr Oliver Colvile MP:**

Thank you, Laurence. I was not prepared to speak very much on this, but I have to say that I have done quite a large amount of work on the issue of dementia, especially in the south-west, where I have a tremendously good university that has been taking the lead on a lot of this and has been chairing David Cameron's challenge on dementia as well. This is a very important subject. Everybody knows somebody who has been affected by dementia in some form or another and this is an issue that will get increasingly important and will have a greater strain upon the national health service too.

I am afraid that it is not just to do with the Irish community. It is to do with ethnic minorities across the world and across the country. Indeed, I participated in an inquiry that Baroness Greengross did, who, as many people may know, was the chief executive of Age Concern. We looked very firmly at what happens among the Asian subcontinent of people who suffer from dementia. Of course, there is a sense among those people that they try to avoid actually having a discussion about all of this. So, it is incredibly important and we, as growing countries, have to try to deal with these kinds of issues as well. So, I am very supportive of it.

However, I do not think that it is just about aeroplanes, if I might say so; it is also about people getting on trains. It is about using buses and how people can get from A to B. The worst thing, if you are a carer and suddenly your mother or, for that matter, your father has dementia and can get quite aggressive and violent, that can end up producing problems within dementia. So, what we need to do is to be campaigning for dementia-friendly communities and dementia-friendly companies. I am delighted that the Royal Navy in Plymouth has been taking the lead on this in a big way, and I would urge that we take this very seriously and have a much wider debate about all of this as well. Thank you.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. I will have to ask for brevity because the panel members for the next session are here and waiting. I call John Robertson.

**Mr John Robertson MP:**

Thank you, Co-Chair. I am probably not the only person here to have had a parent with dementia, and things have thankfully moved on since then. It is without doubt going to be one of the illnesses that people will be looking at more in the future. It will become like cancer in a lot of ways. I know that a lot of places are looking at it, therefore. Full-blown dementia will take longer to kick in and therefore there will be a gap—a long gap, I hope—where they have a useful life, and therefore we have to give them every help. I agree with Oliver that it is not just about airplanes and things like that; it is much more than that. It is not just about being able to get them around, but to assist those of us who have had somebody in that position. How important it is to get them out to see things, rather than being stuck in a room with just four walls.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. I call Paschal.

**Senator Paschal Mooney:**

Go raibh maith agat, Co-Chair. I applaud Alf's committee's initiative in this regard, and also Irish in Britain, which has obviously provided much of the background information. The thought occurred to me that, as it is narrowly focused in the context of the Irish in Britain and bringing accessible, dementia-friendly travel to Ireland—not in any way detracting from the wider issues that Oliver and others have raised about the manner in which transport could be best utilised to help those with dementia and their carers—and, as the Irish Government has a 25% share in Aer Lingus, perhaps Alf might feel it would be a useful exercise to correspond with the Irish Minister for Transport, Tourism and Sport on this issue, and see whether it could use its percentage ownership of Aer Lingus to initiate some of the suggestions in this area that have been outlined in the report, or in the motion, which, once again, I heartily endorse.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you. I think that is everyone who wishes to speak. I will just come back to Alf for a very quick wind up.

**The Lord Dubs:**

Thank you, Co-Chair. Very briefly, I will just thank colleagues for their support. It is an important issue. I will not go into all the details, but I do take Oliver Colvile's point. Of course, it is not only Irish people who are affected, but we have had that particular emphasis. Clearly, if airlines and other travel companies—and I agree that it should be all forms of travel—become sensitive to one group of people, they will also become sensitive to others. So, it will have a knock-on effect that will be beneficial. Indeed, Irish in Britain has also got a deal with some hotel chain to make it, as it were, more friendly. I thank colleagues for their support.

May I just mention blue badges? It is quite a difficult issue. Alzheimer's develops very slowly and, in the early stages, there might not be a need for a blue badge. The Alzheimer's Society does not think that everybody who has dementia should automatically get a blue badge. It should be in cases of need. I am aware—I have been

involved in the blue badge issue for some years—that there are real problems in Britain about who gets blue badges and who does not. People use them who should not have them, and people who should have them do not get them. It is a wider issue, and I cannot give a clearer answer than that, except that I will undertake, with Irish in Britain, to look further into it. There is a problem and you have put your finger on it.

I thank colleagues again for their support and beg to move.

**The Co-Chairman (Mr Laurence Robertson MP):**

Thank you, Alf, and thank you to everyone who took part. I now put it to the meeting that the motion be agreed to.

*Question put and agreed to.*

*Resolved:*

*The British Irish Parliamentary Assembly believes Dementia is a challenge throughout our respective jurisdictions in Britain and Ireland;*

*Members welcome the progress of Irish in Britain in developing the “Cuimhne” whole-community memory loss strategy to improve the lives of older Irish people and their families affected by dementia; and notes work being done on the ground—engaging families, support services and welfare providers, older people’s forums and pensioners’ groups, enabling them to improve services and keep those with memory loss included.*

*The Assembly further notes that Irish in Britain staff have established links with a well-known hotel group and a number of companies recognising the business case for expanding their market by becoming more dementia friendly; and welcomes the partnerships that have been built with The Alzheimer’s Society (UK), the All Party Parliamentary Group on Dementia and the Prime Minister’s Dementia Task Groups, tackling the cultural factors that prevent older Irish people from accessing mainstream support.*

*Members of the Assembly understand the difficulties that arise in keeping those with early stage dementia engaged in normal and active family life. We note that for those living overseas, visits back to Ireland provide a vital link with families. For carers and those affected by dementia, travel can be an uncertain experience and may very quickly become impossible.*

*The Assembly urges travel and transport companies to pay special attention to the needs of those experiencing memory loss and to assist families and carers maintaining their connection with home. Members believe there is a compelling business case for companies to take appropriate steps to become dementia friendly and enable families to remain part of the travel market.*

**The Co-Chairman (Mr Laurence Robertson MP):**

Just before we move on to the next item, may I apologise to the meeting? I have to leave part way through the next session in order to get back to chair a meeting at Westminster. Could I thank Joe and his team, Sinéad and all the team, for putting on this Plenary? It has been very useful, and I have enjoyed it very much. I thank also our own clerks, Robin, Amanda and Michael, and everyone for taking part. Again, my apologies for having to leave a little bit early. Thank you.

**PANEL DISCUSSION - REFORM OF PUBLIC SECTOR**

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

We now turn to the sub-theme of this session, which is reform of the public sector. We have had an invaluable curtain-raiser this morning with the presence of the Minister for Public Expenditure and Reform, and we will now have a panel discussion that will be led by two distinguished guest experts on government and public administration. I hope that I am building them up and elevating them high enough—but not, I hope, too high.

I welcome Dr Eoin O'Malley of the school of law and government, Dublin City University, and Dr Richard Boyle, head of research, publishing and corporate relations, the Institute of Public Administration. I propose that each of our guest speakers take seven minutes, which should leave close to an hour for contributions from the floor, and we look forward to their input.

I will first call Dr Eoin O'Malley, who has authored and co-authored many research papers on various aspects of Irish politics and government, has written books on how Ireland is governed and has edited collections of studies on related topics. He is also a very respected contributor to debates on political reform in Ireland.

**Dr Eoin O'Malley (Dublin City University):**

Thanks very much, Co-Chairman, and thank you for the opportunity to speak this morning. I am going to speak a bit about the theme of the Assembly: the future of work and what that future might look like in the public sector.

Imagine you were walking around outside and saw a piece of litter on the ground. How many of you would pick it up? Perhaps not many of you, possibly for good hygienic reasons. If you saw a piece of litter in your local park, would you pick it up? I hope that most of you would, given that you represent your areas and this is the sort of thing you should care about. Would you pick up a piece of litter in your own garden? You almost certainly would, because it is your garden and you own it.

When we think about who we would expect to pick up that piece of litter in their work, one would hope that, if it was in the Royal Hospital Kilmainham, the grounds maintenance man or woman would do it, because that is their job and what they are meant to do. One would also like to think that the person who is in charge of the Royal Hospital Kilmainham would do it, because creating a nice atmosphere and a good appearance for the building is important for the goals of the organisation.

When we think about the future of work in the public sector, we should think about whether people have ownership of the goals in their jobs. In most countries throughout Europe and even in North America, about 20 per cent of the working population work in the public sector. Increasingly, those who work in the public sector are of a professional grade, and not so many people such as cleaners work directly for the public sector. Professionals tend to have some sort of ownership of the



organisation's goals. For instance, doctors and nurses have an interest in clinical outcomes and making patients better, so they are aligned with the goals of their organisation. Very often, imposing controls on them leads to perverse outcomes and failures.

For instance, in the late 1990s and 2000s under the Blair Governments in the UK, when waiting-time targets were introduced in hospitals, the medical staff responded to them rationally by introducing what were called hello nurses. The staff had been told that everybody had to be seen within 10 minutes of entering casualty, so they had a nurse standing at the door who said hello and then showed people to their seat. There was no clinical exchange, but the target was satisfied. The nurses and doctors, and the patients, knew that that was not satisfactory, but it happened nonetheless, because controls were imposed on people who were professionals.

What I suggest—it is probably a little unusual—is that one might look to academia as a model in thinking about how people should work in the public sector, assuming that they are professionals. Obviously, academia is not usually held in great regard, and for very good reasons—we are kind of lazy and we do not do very much. However, it is unusual in that it has an almost complete absence of control. If there was an attempt to introduce controls, I can guarantee that it would backfire. Academia is unusual in that the system is almost completely performance based so, if someone has been sitting in an office for 25 or 30 years, they will not necessarily be promoted. People are promoted if their research output and teaching are good and have some sort of impact. There is nothing to prevent people from being promoted. In better universities, it regularly happens that a 24-year-old woman is made professor very early on in her career.

Academia is also unusual in that there are few controls but there is strong horizontal monitoring or accountability. Nobody really looks at what I do, yet I still seem to do a 60 or 70-hour week, or at least I think I do—I probably do not, though. However, I still consider myself to be reasonably hard working. Why do I not sit at home and watch daytime television all day? I could, and it would probably be years before anything happened to stop me doing that, and even then it would be hard to fire me, but I do not. I get up early in the morning and try to work hard and be productive.

One reason for that is peer review. I want the esteem of my colleagues, and that is important for me. Equally, it is important for doctors, nurses and teachers and many whom we might regard as professionals in the public sector. It is also ideal in that it is incredibly cheap. I suspect that a lot of what people are talking about is how to introduce accountability to prevent the failure that we have seen in the public sector in the past. We introduce more controls to do that, but those controls are very expensive, because when we introduce controls on somebody who is reasonably productive, we make them less productive. In trying to get the 10 per cent who are unproductive to be productive, we lose productivity among the 90 per cent who were already productive and we probably lose gains. Therefore, cheap monitoring such as peer review is probably a good thing.

11.30 am

Something unusual in academia is that there is very little hierarchy—or at least there used to be very little hierarchy. It is a bit like a golf club, as it is somebody's turn to manage the place and then they go back to being a regular academic or a regular golfer. That is helpful in that it prevents information and power from being stuck at one level. Many of the failures that happened in the United Kingdom and Ireland in the financial crisis were because information was not flowing through the system, so what needed to be known by a minister was not known because it was going through a hierarchical conduit.

The other thing about academia is that it is very flexible, so people will move from job to job quite a lot. That does not tend to happen in the public sector in, say, the civil service, when people go in at the age of 24 or whatever and stay there for the rest of their lives. Most 24-year-olds nowadays would be scared out of their wits if they were told at 24, "By the way, you will be here for another 41 years." People do not want to work like that. If we want to think about what our future should be and how we might re-vision work within the public sector, we might want to think about whether a career-based system is one that people want. Will it be harder to get good-quality staff working in the civil service if you tell them, "You will be here for 40 years and you may be at the same desk for 40 years if things do not go well"?

If we move to a position-based system, whereby people move in and out of working in the public sector and in and out of particular jobs and apply for various positions, what will we create in those people? They will be self-motivated, because when their contract is up in three years' time in a particular job and it is no longer necessary, they will move on somewhere else. They will be self-motivated to maintain a sense of progressing their own career.

For policy makers such as you, a move to a position-based system will have implications for how you deal with things. You will have to think about how we reorganise pensions if we are going to move to a position-based system. It is probably just a matter of time before we move in that direction; in fact, we have already started to do so. I think that such a move will be important and useful, because it will create a much more flexible, much more responsive and probably more resilient public sector that will be able to deal with the increasingly wicked policy problems that we will face in the next 10 years and it will strengthen our ability to deal with those.

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

Thank you very much, Eoin.

Dr Richard Boyle is from the Institute of Public Administration. He is the author of many research papers, consultancy reports and books on various aspects of public service management. He has worked closely with Irish central and local government, as well as with the Organisation for Economic Co-operation and Development and the

World Bank, and he serves on the boards of a number of international bodies that are concerned with public service management and evaluation.

**Dr Richard Boyle (Institute of Public Administration):**

Thank you and good morning, everybody. First, on a personal level, I am delighted to be here. As someone whose father was from County Armagh, who was born and brought up in England, who married an Irish woman and who has lived for most of the past 30 years in Dublin, I can say that British-Irish relations are very close to my heart.

On the subject of the session, public sector reform, I will start on a positive note. I have been involved in a recent survey of the views of senior public service executives across 16 countries in Europe. It shows that in both Ireland and Britain there tends to be, on the whole, a more positive view than in most countries that reforms over the past five years have led to improvements in the cost and efficiency of the provision of services.

Notwithstanding that positive sign, it is no exaggeration to say that, although public sector reform is regularly called for, we are at a critical moment in deciding the direction of our public services. In all our jurisdictions, comments in the media about the public sector not being fit for purpose are common. There is an urgent need to consider the future role of public services in the light of the changed economic and financial landscape that the global financial crisis has brought about.

In that context, the Institute of Public Administration has identified in work that it has conducted on international trends in reform five main challenges for public sector reform. I will mention each of them briefly.

The first is the challenge of designing a productive public service. Addressing productivity and efficiency in the public services requires action on a number of fronts, including more joined-up government and better performance evaluation; more and better scrutiny of the effectiveness of expenditure programmes; and benchmarking of performance against baselines, trends and targets and against other countries. On shared services, outsourcing and procurement, there is a need for high-quality service level agreements and governance arrangements that set out clear service standards. It is common for performance data that is produced to be peripheral to decision making in practice. We need to look more at how we make data more relevant to political decision making.

The second challenge is renewing public service capacity. Many public services have smaller budgets and fewer people to deliver them than they had a few years ago. Many of the more experienced people have left on early retirement and have not been replaced. Sometimes, the number of young people who are coming into the system

has been restricted by staffing limitations. That changed environment demands better leadership and management skills from public servants and a clear understanding of the priority capacities that are needed in the sector to provide policy advice and run necessary services.

A particular issue that the fiscal crisis has highlighted is the need to urgently build greater capacity to operate effectively at European and international levels in order to promote national and mutual interests. Another key capacity issue concerns the top level in Government departments and agencies. The British experience of introducing non-executive directors on departmental management boards is one example of a model to bring new thinking to bear at the top management level that is worth further investigation.

The third challenge is implementation. There is a widespread perception of an implementation deficit in public sector reform, which is evident in past efforts at reform. It is clear that changing structures alone is not enough; sometimes, it is not the right thing to do, although it is often what people go for first as the easy and more visible option. Greater expertise in change management is needed. The centre of Government needs a stronger challenge role, but that must be balanced by the centre tempering the inevitable tendency in times of economic hardship towards micromanagement and control.

A major challenge for any reform programme is ensuring the implementation of priorities that cut across Government departments and sectors. There is a need for things such as named leaders who are responsible for a small number of critical, measurable, sector-wide and outcome-orientated goals and for producing results and action plans with regular reporting of progress. On that, the experience of implementing the current reform programme in Ireland is instructive and might be helpful.

The fourth challenge is engaging the citizen. Previous reforms that have been aimed at better customer service and enhanced consultation have been important, but they have engaged the citizen primarily as a passive recipient of services. When citizens have a more active voice in the design, delivery and monitoring of services, citizen engagement will play a more prominent role. That will involve greater public access to data on performance and things such as experimentation and continuing the development of user-driven services, including individualised budgets, particularly in social care.

The fifth and final challenge, which I know is close to the hearts of many Members here, is to secure effective political accountability. Much prominence has been given to the need for political reform, but less attention has been paid to the challenge of managing accountability at the political and administrative interface.

It would seem reasonable that, in any new accountability arrangements, parliamentary committees should expect accounting officers and other senior officials to have to give evidence about current performance and major planned programmes and projects. Public servants in such circumstances should be responsible for the quality of the advice that is given by the departments and any inadequacies in the evidence that is relied on. Such a development, and associated scrutiny of spending proposals, of course requires parliamentary committees to have the capacity and support to make sound judgments on the information that is provided.

To echo a point that was made earlier, we need to be aware of too much accountability of the wrong sort. Public servants are already subject to a variety of accountability demands, and those demands are, in many respects, fragmented, leaving gaps that can lead to perceptions of incompetence. A thorough review of existing accountability relationships and the adoption of a more networked approach to public service accountability that involves Parliament and its committees at the apex is needed. The central issue is the strong co-ordination of what is an otherwise fragmented accountability system.

Reform demands strong and consistent leadership at political and administrative levels. It also requires sound evidence to inform future developments; learning from past successes and failures; and benchmarking our experience against that of others.

I look forward to further discussion and dialogue on these issues.

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

Thank you. Those were interesting contributions, which certainly gave us food for thought. I was interested in your analysis that there may be too much accountability, Richard, but I know what you were getting at. I also note Eoin O'Malley's focus on the possible and potential incentives for working in the public service.

We will now open up the discussion to the floor.

**Mr Jim Wells MLA:**

I was interested in Eoin O'Malley's speech, but he skated over the issue of pensions very quickly. The two good attractions of public service are employment stability and continuity, and pensions. As one gets older, it is amazing how much more fascinated by pensions one becomes. When I was 29, I cashed in my pension, thinking, "I'm never going to be old. I'm never going to be 60. I'm never going to need a pension." However, when you get into your mid-50s, your attitude changes.

In Northern Ireland and the rest of the UK, those of us who are fortunate enough to be in final salary schemes are in a very small minority. Only three of the top 100 FTSE companies offer a final salary scheme, but the civil service and Government do. The difficulty with the system that we have at the moment is that if I or anyone in the civil service were to leave our post for even one day, to take up any other option, we would come back either to a money purchase scheme, which is much less lucrative, or to no scheme at all. Under the new proposals, if you leave the Northern Ireland Assembly for three months, to have a baby, to go travelling or to look after a disabled relative, you will come back in a much inferior position.

Until we can guarantee the pensions of people who want to exercise the flexibility to move out into private industry or various spheres and then come back in, they will never move, because they are in a golden-handcuffs situation. As final salary schemes disappear from the private sector—they will soon disappear from much of the public sector, too—those who have them will hold on to them with grim determination until the final day. Why would they leave? How could they afford to leave? It would not be unusual to have to pay £250,000 to buy a similar scheme on the open market. I do not know what the situation is in the Republic of Ireland but, if it is similar, you will not get the flexibility that you need.

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

Thanks, Jim. Joe O'Reilly is next, to be followed by Jim Dobbin.

*11.45 am*

**Mr Joe O'Reilly TD:**

I thank our two guest speakers for taking part in this important session.

One model of public service reform that was proposed here in the past was the decentralisation model, which was to move the public service around the country and in that way make it more accessible to the people and have an effect on the spatial strategy by developing towns around the country. The introduction and implementation of that proved to be an unmitigated disaster, in that it cost a lot of money to buy sites that have not been used. Will the panel comment on that failure? What would they suggest as ways of bridging the deficit of connectivity between people and the public service, and also developing the regions and not having all the power and administrative apparatus centred in the city?

I turn to another issue that constantly occupies the public. There is a lot of anecdotal stuff on it but not always a great amount of evidence, although there is a certain body of evidence to support it. The concern is that there is a huge wastage of public money

in the administration of that money by institutions at both local and national level. Because it is public money or taxpayers' money, there is no concept that it is money and that it needs management. How might we tighten that up and incentivise an alternative outlook? Whether it is a public contract or something else, everybody thinks that public money is money for old rope or that it is for abuse. Do the panel have thoughts on how to tighten that up?

Thirdly, I ask the panel to comment on the fascinating idea that people will no longer work a lifetime in one role and that they will keep switching jobs and acquiring new skills. The idea that the traditional model that we grew up with—the permanent job for life—will no longer exist raises exciting possibilities but also great challenges, including questions about mortgages and pensions, which the previous speaker mentioned. On mortgages, I ask the panel to respond to the concern that institutions will not lend to people who are on contract work or who are not permanent. That was also touched on yesterday.

I would be happy to have those issues addressed. I am happy that this session is taking place, and I commend Dr O'Malley and Dr Boyle for their input. It is important for a body of the Assembly's nature to grapple with the issue and to see it as a priority.

**Mr Jim Dobbin MP:**

I disagree slightly with Joe O'Reilly, as some models of decentralisation do work. My local authority has split into four townships that report to the centre. That seems to work quite well, and the local communities are very involved in the process.

A number of years ago, I chaired a local authority neighbourhood services committee and we were in the process of breaking up the local authority into 11 neighbourhoods so that the staff from different departments worked together in teams. Will the panel comment on the possibility that such a system, although it can be quite complex to operate, could be successful as it gets the workforce much closer to the community?

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

I hand back to the panel to deal with the contributions from those three speakers.

**Dr Eoin O'Malley:**

I thank members for their questions. I agree with Jim Wells, more or less. There is a golden-handcuffs situation. People like pensions and security, but there is a serious problem that needs to be addressed in that security can tie people down and fail to allow them to do things. It does not allow civil servants or public servants to get

experiences that we might want them to get by moving in and out. That has to be addressed by policy makers.

Joe O'Reilly described decentralisation in Ireland as an unmitigated disaster. It is difficult to disagree with that assessment. However, I agree with Jim Dobbin that it was not decentralisation that was the problem; rather, it was the cynical way in which it was introduced.

It makes sense to decentralise certain services outside Dublin, London or Belfast. For example, all drivers' licences need not be processed in a capital city. However, a bigger issue raised when you move policy-making advisers outside the city is that that makes it harder for them to interact.

There has been, at least in Ireland, talk about separating out the policy-making and the implementation capacity. That is probably wrong and rather foolish. The implementers are part of the policy-making process, so if you do not understand who will implement a policy and they have no say in that, issues will arise. For example, a story circulated about a UK civil servant who asked who would collect the poll tax in Hillhead. Had the then UK Cabinet been conscious of who would implement the policy, you may have seen quite a different policy. Therefore, you do not want to separate out policy making and implementation too much.

**Dr Richard Boyle:**

I will deal with the wastage of public moneys and the public perception of wastage. There are a couple of interlinked issues in that regard. First, a strong perception exists about wastage, which is tracked in opinion surveys. That perception is not always entirely accurate. I mentioned the need to get more and better performance data, so that we can see where the wastage is and where it is not. That is vital in getting more informed evidence and debate on that subject.

After doing that, it is then a case of how we enhance Parliament's scrutiny role in examining the use of public money. The Public Accounts Committee has a predominant role in that at Westminster. However, as we strengthen the committee system in our jurisdictions, other committees have important roles to play in questioning why public money is being used ineffectively. Constantly demanding better information from the system on that use is one way of helping to tighten up and incentivise alternative approaches.

The issue of mortgages and institutions not wanting to lend to people on contract work is important and challenging. In some areas of the senior public service in a number of countries, they manage the balance between the move towards more contract-oriented positions and the permanent positions on which institutions are willing, for example, to lend mortgages, by providing that a person would be in a



fixed-term contract for a particular position in the public service and, at the end of that period, they may have a chance to renew that contract or to move on elsewhere in the public service and not automatically lose their job. Therefore, they are trying to balance some longer-term stability with the need to give a focus on fixed-term performance-orientated contracting.

A major challenge in how decentralisation was practised in the Irish experience was that it was not decentralisation in the real sense. Indeed, it was more about the relocation of services than the decentralisation of decision making and power. If you are to have effective decentralisation, locating decision making closer to where people are must be an important element. You also need a fairly small number of centres where that happens, rather than a diffuse approach, if it is to work effectively.

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

Thank you, Richard. Patrick O'Donovan is next, to be followed by Darren Millar.

**Mr Patrick O'Donovan TD:**

Thank you, Co-Chair. When I hear of people discussing political reform, political accountability and accountability in the public sector in particular, especially the higher echelons of the public sector, I am reminded of a former Minister, Jim Hacker, who, with his sidekick Sir Humphrey Appleby, ran a very effective Government ministry—so much so that, at one particular time, they had a hospital with 400 people working in it and no patients. Rather than dealing with the issue, the Minister skirted away from it, the senior civil servant was promoted, and everybody was left in situ. That would be funny if it was not how the civil service still runs, in my estimation.

When a political muck-up is found out, the Minister takes responsibility. Sometimes he will be fired; rarely, he will resign. The senior civil servant continues as they normally do. Sometimes they are promoted and sometimes they are moved sideways, but more often than not, they are left where they are. There is no accountability when it comes to the civil servants. We were talking about that during the presentation. It is interesting that, in my lifetime, I cannot recall a public servant being dismissed for incompetence, inefficiency or making a bad decision.

**Mr Aengus Ó Snodaigh TD:**

Maybe later today, Patrick.

**Mr Patrick O'Donovan TD:**

I cannot recall one being dismissed for causing a huge wastage of money, but I recall political people being held accountable in that sphere.

When we talk about incentives for people to perform, we have to look at the private sector. The incentives in the private sector are very clear. If a person mucks up and costs huge amounts of money, they will not get promoted and they will certainly not be moved sideways. In a compassionate society, a hospital does not continue to run with 400 people working in it and no patients. That is the difference. In the private sector, there is accountability and responsibility, and there are consequences; in the public sector, there are not.

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

Thank you, Patrick. Obviously, the direct talking of the Minister this morning has rubbed off. It is a bit contagious, but we appreciate that input.

Darren Millar is next, to be followed by David Melding.

**Mr Darren Millar AM:**

Thank you, Co-Chair. I thank both panellists for their contributions this morning. I found the introduction fascinating, particularly what was said about local responsibility, citizen responsibility and ownership of issues such as littering. Has either panellist looked at the ability of local taxation versus national taxation to incentivise people to take more local responsibility and be more owners of the problems on their own doorsteps? It strikes me that that could be an opportunity to encourage people to take more responsibility for matters on their own doorsteps.

The issue, of course, is ensuring that there is some citizen voice, choice, influence and control over the services that are provided so that people can determine whether taking more responsibility themselves will lead to a reduction in their local taxation. If they can influence and make a decision about that, there may be some opportunities for Governments.

On accountability, one of the challenges that we have, certainly back in Wales and in other parts of the United Kingdom, is that, when it comes to collaboration in the public sector and organisations working together, there is a huge gap between political and citizen accountability in local government and the national health service, for example. There is a clear opportunity for social services to work more closely with the national health service, but the political and democratic accountability of the national health service is quite different in its make-up from the democratic accountability mechanisms in local government, in which locally elected

representatives are responsible for the delivery of social care. They are not responsible in quite the same way for the national health service.

I agree with the point that Jim Dobbin, I think, made about the opportunities that can be presented when we look at bigger regional local government structures. There are, of course, opportunities for economies of scale, but where do we fit the in accountability structures at the local level to ensure that there can be a local flavour to the delivery of services, even within a regional framework? Are there any international examples of that approach being particularly successful?

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

Thanks, Darren. David Melding is next, to be followed by Martin Heydon.

*12 noon*

**Mr David Melding AM:**

I agree with Patrick O'Donovan. It seems to me that, in the public sector, the principles of evaluation and redundancy are often weak—by evaluation, I mean finding out whether moneys are being misspent by crooks and whether public policy interventions have actually worked. How can we scrutinise such things if we do not have a clear set of measurements? I am not talking about having some crass targets. Instead, we need to find out what will make a particular public policy be deemed a success; what will happen if it does not work, which will allow us to make a comparison; and whether there is any difference if the policy applies in area A but not in area B, because the application of some scientific method or placebo test is key in such matters.

I have seen a number of public policy reforms that have tried to use such methods, particularly that of trying reforms in certain areas but not in others and vigorously trying to compare things. We need more of that approach. I am not sure whether peer review or a looser principle along the lines of saying, “Let’s hope all these professional chaps are going to be decent” is quite enough.

Secondly, I want to ask the metaquestion. We live in liberal western democracies that have spent anything between 45 and 55 per cent of national wealth on public services. We have been shriven a bit by the financial crisis, but the globalisation that is going on means that a lot of our competitors, such as the likes of China and the new economies, will be spending 25 or 30 per cent. We also have the citizen consumer, who is not going to put up with sloppy public services as readily as past generations might have done. Where are we going to come in here? Is 35 per cent going to be sustainable in a generation, or are you a bit more optimistic or pessimistic about that?

A lot of people are writing about this now. For example, the great Italian economist Vito Tanzi says that we will be lucky if we can hold our public to giving us 35 per cent of national wealth to spend on public services.

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

Thanks, David. The final question is from Martin Heydon.

**Mr Martin Heydon TD:**

I thank the gentlemen for their very interesting presentations. I make the following comments mindful of the fact that even a small-scale change or improvement in performance by the public or civil service will, by its nature, stretch around the country and have a massive positive impact on it, as well as across the border and across the sea.

On wastage, a very important move that the Government is making at present is on the centralisation of procurement. We have been very poor at procurement. For example, when I became a county councillor five years ago, I was shocked by how poor our local authority was at getting value for money. If we can get it right, we can make big savings by centralising procurement.

On staff motivation, I apologise to all the public and civil servants who are in the room and I accept that this is a huge generalisation, but my view is that, in general, morale in the public and civil service is quite poor. The moratorium on recruitment and the Croke Park/Haddington Road agreement have had an impact, with public and civil servants being asked to do more for no great increase in pay and the feeling that their role is not appreciated to the same extent. This also touches on Patrick O'Donovan's comments about the carrot-and-stick approach and how we can get the best out of this situation.

I will give an example. In my area, the local health service had been incurring significant costs on taxis. The Rural Transport Network, which was set up as a result of a Government programme, needed to get more people on to our buses and it engaged with the local Health Service Executive office with a view to setting up a clinic that it could bring patients to. Although that approach would have made huge savings on the taxi side and would have been a major help to the network—everyone was going to be a winner—huge difficulties were encountered, because it would have meant giving the HSE person in question extra work to do when there was no incentive for them to carry it out. It was going to make no difference to their pay packet at the end of the week. Eventually, some progress was made, but not nearly the amount that could have been made.

The fact is that there was no incentive for that person because they were getting an incremental increase anyway through increments that were not performance related. Irrespective of whether they saved or cost the state thousands of euro, their job was not going to change and they would still work from nine to five from Monday to Friday. It is about getting a balance between being able to mark that people are doing well and rewarding them for that, and being able to recognise it when people do not do their jobs well and ensuring that those people do not move up the chain and are not rewarded for poor performance.

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

Thank you, Martin. Before I hand back to the panel, I add that I would like to get their thoughts on a particular issue.

Public meetings are quite an important component of the political process—in this country, anyway. However, it is usually a case of politicians turning up to public meetings on their own. That makes for good copy in the local press and a bit of blood on the carpet at the meeting, but would it be helpful if individuals in public administration were encouraged to attend public meetings, whatever they are on health or other issues? A public meeting is a venting exercise, but the people who should be in a position to explain exactly what the story is are never at the meetings—only the politicians are there. Would it be helpful if people in public administration were encouraged, rather than it being made mandatory, to attend public meetings with the politicians?

**Dr Eoin O'Malley:**

The hospital that was talked about was the most efficient hospital in Europe and it won an award. That probably goes some way towards showing that we have to be very careful about how things are measured, because the hospital with no patients might win an award for efficiency and so on.

We talk about what works and how we deal with failure, but we should be careful that we do not punish reasonable failure too much. In making policy, we inevitably go into uncharted territory. For instance, in climate change, nobody knows whether policy X or policy Y is going to work. We can try to gather evidence to make better guesses, but they are essentially guesses. If we punish policy makers for failure, they will not try anything; they will do the safe thing.

Somebody talked about public procurement, which is an issue for small and medium-sized enterprises in that civil servants seem to be reluctant to give out procurement contracts to them. One of the reasons is that, if something goes wrong, the civil servant feels that they will get a barracking from the minister, or from TDs or MPs.

They give procurement contracts to the IBMs of the world because that makes for safe work.

Martin Heydon talked about the centralisation of procurement, but that means that we tend to move away from the end users. My only experience of public procurement being centralised is that, whereas I used to be able to go on to Ryanair's website and book a flight for myself in 15 minutes, I now have to go through a centralised website and it takes more than two days to book a flight. It is all based on the assumption that I was out to steal from the state. Most people are not out to do that. If they have some sort of ownership of their organisation's goals, they will not be out to steal from the state. It is a mistake to assume that public servants do not regard public sector money as real money and treat it as somebody else's money.

We need to remember that lots of policies fail, and we need to allow for such failures. I think that it was David Melding who spoke about finding out what works. The UK probably leads the world in looking at that, because it has a "what works" unit. A behavioural insights team has been set up that is doing, for example, randomised controlled trials to try out new policies and see whether they work. We should probably move towards doing that.

**Dr Richard Boyle:**

I will pick up on a couple of the other important and interesting issues that were raised, such as citizen responsibility and local versus national taxation.

The more that people understand what is being provided for them locally and the more clarity there is around the resources that are provided at a total place level, whether that is through local or national taxation, the better informed they are about the choices that they can make about whether such levels of public service are worth supporting. That is linked to the point that was made on the bigger issue of the appropriate level of expenditure, and whether it is 35 per cent. That involves the more fundamental issue of the role of the state and whether we want a state that is run along Scandinavian lines, where, traditionally—although this is changing—people have been happy for 50 per cent of expenditure to go towards public services, or whether we want a state where having 25 or 30 per cent of expenditure go towards public services is the norm. The more informed that people are of what they are getting for that expenditure, the better informed they are in making such choices.

On citizen voice and choice, I mentioned in my short presentation individualised budget initiatives, particularly in social care, whereby people have resources and decide how they want to use them and which services they want to use. Such initiatives are very much to the fore in giving citizens more of a voice in the delivery of public services.

The motivation issue is a crucial challenge. Martin Heydon is right in that, given the nature of cutbacks in all our services in recent years, people feel that they are being left with more to do with less pay, less time and fewer resources, and motivation and morale is a major challenge. That can be addressed only through a mixture of approaches. Given that financial resources are not available, it is about what can be done on the non-financial side in particular. Job design can be addressed to give people more ownership and greater clarity of understanding. There is a lot of international evidence that the clearer people are about the goals that they are meant to be achieving and the more regular feedback there is on how well they are performing, the greater the chances that their motivation will improve, even in difficult circumstances. Certain things can be done, but I agree that it is a major challenge.

Finally, Joe McHugh asked whether public servants should be encouraged to attend public meetings. The short answer is yes. I know of some places where that happens. It is helpful for public servants to hear at first hand about the concerns of people on the ground and to take that back to their own work situations.

**Dr Eoin O'Malley:**

There is no reason why they cannot attend.

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

I thank the panellists. I hope that you will stay with us for the next while. You are welcome to stay as we wrap up. I call Andrew Rosindell to move the Adjournment.

## **ADJOURNMENT DEBATE**

**Mr Andrew Rosindell MP:**

I beg to move

*That the Assembly do now adjourn.*

My lords, ladies, senators, members of Parliament and friends, in moving that the Assembly do adjourn, I offer on behalf of all of us our heartfelt thanks to all those who have made this plenary session of the British-Irish Parliamentary Assembly here in Dublin such an incredible opportunity for us. I thank our Irish hosts for the warmth of the hospitality, for the amazing programme that we have enjoyed and learned so

much from, and for the opportunity to come here to such incredible surroundings at the Royal Hospital Kilmainham and to learn about so much common history that is shared between our two nations.

*12.15 pm*

Of course, the highlights of the past two days have been the speech by the Taoiseach, Enda Kenny, whose comments were inspiring, and the very moving visit that we all took part in to the Irish national war memorial, where we witnessed the laying of wreaths by the two Co-Chairmen, Joe McHugh and Laurence Robertson. That very moving experience for all of us reminded us of our shared history and our common sacrifices over the past century in the cause of freedom.

The dinner at Farnleigh yesterday was a highlight of our two days in Dublin. I thank all our hosts for making us so welcome and for organising such a splendid occasion. The debates, speeches and discussions have been particularly inspiring. There has been a frank exchange of views and opinions on all sorts of issues that affect both our countries. We were all particularly entertained, for different reasons, by the chief executive of Ryanair, who spoke to us yesterday. Both ministers, Brian Hayes and Brendan Howlin, gave excellent explanations of their roles and areas of public policy.

I again thank our wonderful Irish hosts on behalf of those of us from the United Kingdom. I particularly thank the clerks and the secretariat of BIPA—both in the UK and here in Dublin—who have done an excellent job, as we have been extremely well looked after. They are the height of professionalism and we thank them sincerely for all that they have done to make the past two days so worth while and successful.

We very much look forward to welcoming everyone back to the United Kingdom in October. Our next session will take place in Kent. We will visit Ashford and go across the English Channel to Flanders to look at the history of the First World War as we remember its anniversary this year. We look forward to returning the hospitality. I hope that all of you will come to London, visit Kent and take part in the plenary session later in the year.

Ladies and gentlemen, I thank you again for your attendance. I must also thank our excellent Co-Chairmen, Joe McHugh and Laurence Robertson, for conducting the proceedings so well and so efficiently, and for giving fair hearings to all sides of the argument, whichever side people come from.

There is no doubt that Britain and Ireland have much in common and our heritage is very strong. I believe that we are one family—a family of two nations, sharing the same region of Europe—and I look forward to strengthening that relationship in the months and years ahead. I believe that we can look back on the past two days and say that we have made a great step forward in building a stronger and closer relationship,



and the friendship that we share and cherish so much. Thank you very much indeed.  
*[Applause.]*

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

Thank you very much, Andrew. It was interesting to hear your comments on us being one family. That means that I am related to Jim Wells.

**Mr Jim Wells MLA:**

No way! *[Laughter.]*

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

Thank you very much, Andrew. We appreciate your contribution and we look forward to the return leg in Flanders, which, as the Taoiseach said yesterday, will be poignant. I believe that we have to take on board John Scott's suggestion. There should not just be one-off events; there has to be a comprehensive programme right through to 2018. I think that the steering committee will take that suggestion on board.

Our business is now concluded. On behalf of us all, I thank all our speakers, our secretariat, the staff at the Royal Hospital Kilmainham, the Office of Public Works, the staff at Farmleigh, the curator and staff at the Donegal County Museum and all those who helped to make this plenary session such a stimulating event. I also thank the reporters and our media personnel.

I also acknowledge Maurice Kirwan and Richie Price. Maurice has been at every single Irish plenary since the Assembly's inception in 1990—Members can figure out which one is Maurice and which one is Richie from that timeline. We appreciate that, and I acknowledge that personally as well. Thank you, Maurice.

I conclude by saying that we are a parliamentary body—I suppose that, technically, we are a parliamentary assembly. I acknowledge Members' roles in relation to yesterday's event at the war memorial. It was historic; it was the first opportunity for Irish and British parliamentarians to commemorate jointly a very significant event—the beginning of World War One. I hope that that was the beginning of more commemorative occasions, as we should not underestimate the value of parliamentary business and joint activity such as joint commemorations. I acknowledge all Members' contributions to that end.

The plenary session now stands adjourned. Lunch will be served in the Baroque Chapel—I hope that I pronounced that right. Thank you very much.

*Adjourned at 12.21 pm.*