

From: Paul O'Rourke [orourke.paul@gmail.com]
Sent: 23 July 2010 18:31
To: review, secretary
Subject: Submission from member of the public: Paul O'Rourke

Dear Sir / Madam,

I make this submission solely on my own behalf as an Irish citizen and taxpayer.

I have grave concerns regarding the privatisation of the assets listed in table (1) Commercial Semi state bodies in the notice on the Dept of Finance website. The Irish exchequer is without argument in a quite dire financial situation. Expenditure needs to be cut, taxes increased and ways at generating further revenue investigated.

I would strongly argue that the cost of day to day spending should not be met with the disposal of long term assets. It is the most simple rule of finance and applies to everything from a household to a multi-billion euro conglomerate – short term expenditure should be met by short term finance. In the case of the Irish exchequer deficit, this would point to raising income through taxation and cutting costs through day to day expenditure cuts, such as cutting spend on social welfare, health etc. To sell off state assets would only give some temporary relief while not addressing the route cause – that income is too low and expenditure too high. State assets that took generations to develop would be forever cast adrift because of the excesses of this generation.

Privatisation would undoubtedly lead to further erosion of Irish assets being owner by the Irish state and Irish people. Take the port companies, for example. As a result of a tendering process one would imagine that a large UK operator such as Peel Ports would be a contender to win the operator's contract. Whilst the people carrying out this review may scoff at such a suggestion, this would effectively see the control of Irish ports once again under UK control, as would undoubtedly happen to many other strategic assets.

I am in full agreement that Irish commercial semi-states should be operated efficiently, with a return being generated for the exchequer, while providing excellent services to their customers.

Some of these organisations are very successful, well run and give a return to the exchequer. The resultant financial activity (sub suppliers, employee tax take etc) generated from these organisations is predominantly accrued by Ireland Inc. Any disposal to foreign owners would see this inevitably reduced.

Irish Jobs will be lost with further seepage of exchequer income. Not to mention the loss of control over strategic assets. An argument could also be made that the state should be taking on and developing assets that give a return, not disposing of them.

And the motives of private sector becoming involved in the ownership of these assets should not be ignored. Private sector companies are not rewarded by putting Irish jobs and Irish strategic interests first - they are rewarded by profits. They will seek to buy these assets at the lowest possible price they can get them for, alter the structure as required, make efficiencies, target new business etc and turn a profit while only investing the minimum they can get away with to continue to turn a profit. Simple. The price paid will undoubtedly be less than the maximum the assets could be deemed to be worth. A simple outcome of a negotiated deal. And if the efficiencies are that obvious well surely these bodies could be encouraged to make them while staying under public control?

And what of the Eircom scenario? The assets are disposed of, mismanaged, run into the ground and the state eventually has to pick up a bigger bill than before disposal. This could realistically happen in the case of many of these semi-states, where large investment in infrastructure is needed (ESB, RTE etc). In many cases only by the state guaranteeing the loans and by borrowing against the value of existing assets can the necessary finance be secured.

So to summarise, I strongly contend that the Irish exchequer shortfall should be met, not through the disposal of state assets, but through the cutting of current expenditure and the raising of additional income through taxes, other income streams etc. I think the disposal of these assets will be to the long term detriment of the Irish state.

I would appreciate acknowledgement that this email has been received.

Kind Regards,

Paul O'Rourke,

Ranelagh, Dublin