

STATE ENTERPRISES

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Twenty-five years ago there was in existence only a single company which might be regarded as similar to the very large number of semi-State bodies which are now in existence. During the intervening twenty-five years while that particular body—the National Land Bank, Limited—has ceased to be associated with the State, there has been a remarkable growth in the number of such organisations. The purpose of this paper is to describe shortly certain of the trading bodies which have been established and to investigate how far it is possible to trace any definite line of development. Although this may lead to an attempt to cover an unduly wide field, it is intended to mention individually all these bodies with the exception of (1) small organisations such as the Sea Fisheries Association, the Butter Marketing Committee, the National Blood Transfusion Association, Alginat Industries, Limited, (2) the two subsidiaries of Irish Shipping, Limited (the Cork Dockyard Company, Limited and the Insurance Corporation of Ireland, Limited—which was in existence prior to the establishment of Irish Shipping, Limited), (3) certain companies which are moribund or in process of being wound up, such, for example, as the Drumm Battery Company, Limited; Oils and Fats (Eire), Limited; and Timber Importers, Limited, and (4) other bodies, such as the National Health Insurance Society, the Agricultural Wages Board, the Pigs and Bacon Commission, the Dublin District Milk Board, and the Central Bank which are not, properly speaking, trading organisations at all. It is also proposed not to deal with organisations which have only come into existence or are still in process of formation, such as the Irish News Agency and the reorganised *Córas Iompair Éireann*. Even with these bodies excluded, the subject matter is rather too extensive for a single paper.

The method of approach might take the form of placing these bodies in categories, such, for example, as dividing them into (1) statutory boards, (2) statutory companies, (3) other companies, and (4) other bodies. A chronological approach, dealing with the bodies in the order in which they have been set up, would also be possible and would have the advantage that there would then be no suggestion of an attempt to place them in order of importance. I have, therefore, decided to deal with them under general heads so that there may be some coherence about the matter. These general heads are as follows:—

- I. Agricultural Companies.
- II. Financial Institutions.
- III. Industrial Undertakings.
- IV. Public Utilities.
- V. Transport Organisations.
- VI. Emergency Companies.
- VII. Other Bodies.

It is not intended to describe the functioning of these bodies in any detail but rather their origin, purpose, nature and financial position. When the factual statements have been completed an attempt will be made to draw some general conclusions.

I.—AGRICULTURAL COMPANIES.

COLUCHT GROIGHE NAISIÚNTA NA h-EIREANN TEORANTA

The Irish National Stud Company, Limited, was incorporated under the Companies Acts as a private company on the 11th April, 1946, in accordance with the terms of the National Stud Act, 1945, for the purpose of running a stud farm at Tully, Kildare, where the British National Stud had been located from 1916 (when it was founded on the basis of a gift from Lord Wavertree, the most valuable part of which was some thirty brood mares) to 1943.

The maximum capital of the Company is £250,000 but shares are taken up by the Minister for Finance and paid for from the Central Fund from time to time in accordance with the Company's requirements. At 31st March, 1950, the share capital so subscribed was £176,855.

There are five Directors all of whom act in a part-time capacity and are appointed by the Minister for Finance after consultation with the Minister for Agriculture.

The Balance Sheet of this Company, at 31st December, 1948, was as follows:—

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Issued Capital ..	132,145	0	0	Machinery, Furniture, etc.	3,463	14	5
Current Liabilities ..	31,255	1	1	Bloodstock	138,027	1	0
Bloodstock Replace- ment Fund ..	4,200	0	0	Other Items	12,275	0	5
				Profit and Loss Account	15,834	5	3
	£167,600	1	1		£167,600	1	1

When regard is had to the particular time—the high point of the post-war bloodstock boom—at which this Company was established, the results up to the present cannot be regarded as unsatisfactory. If the first progeny of Royal Charger (Nearco—Sun Princess) should prove successful on the racecourse this year, it is possible that this particular venture by the State into a highly speculative business may prove as successful as the British National Stud was while at Tully.

COMHLUCHT SIUICRE ÉIREANN TEORANTA.

The Irish Sugar Company, Limited, was incorporated as a limited liability company on 22nd September, 1933, pursuant to the Sugar Manufacture Act, 1933, for the purpose of acquiring, erecting and operating factories for the manufacture of sugar from beet grown in Ireland.

The Company operates four factories—three of which were erected and the other purchased from the former Irish Sugar Manufacturing Company, Ltd., in 1934, at a total cost of about £1,950,000. These are capable of producing 100,000 tons of refined sugar a year and the Company has in recent years been producing about 85,000 tons of sugar.

from beet grown in Ireland. Consumption of refined sugar in Ireland is in the region of 120,000 tons a year at present and the balance of about 35,000 tons is usually imported by the Company in the form of raw sugar from Cuba. It also engages in the production of ground limestone and a plant for this purpose, purchased in U.S.A. in 1948, has been established at Buttevant, Co. Cork.

The capital of the Company is £1,999,014 consisting of 500,014 fully paid ordinary shares of £1 each (500,000 of which are owned by the Minister for Finance), 500,000 fully paid 6 per cent Cumulative Preference shares of £1 each and £999,100 in 4 per cent. State Guaranteed Debenture Stocks. The Articles of Association provide that the number of Directors shall be seven, of whom, in existing circumstances, four are nominated by the Minister for Finance (after consultation with the Ministers for Agriculture and Industry and Commerce) and three are elected by the members of the Company. The present Directors act in a part-time capacity.

The Balance Sheet at 30th April, 1949, was as follows:—

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Issued Share Capital	1,000,014	0	0	Factory Premises and Plant, Machinery, Ground Limestone Equipment, Motor Vehicles, etc. . .	567,279	4	0
Debenture Stock ..	999,100	0	0	Investments at Cost (less Reserve for Depreciation) ..	495,065	13	8
Due to Banks ..	979,004	3	7	Stock in Trade:			
Sundry Creditors, etc.	380,288	18	8	Sugar ..	2,496,014	15	8
General Reserve and Sinking Fund for redemption of Debenture Stock ..	540,000	0	0	Materials, etc.	731,638	18	4
Reserves for Capital Expenditure ..	442,348	9	6				
Reserve for Taxation	415,353	0	0		3,227,653	14	0
Employers' Liability Insurance Fund	77,251	1	3	Sundry Debtors, etc.	661,170	11	7
Reserve for Pension Scheme ..	20,000	0	0	Cash on Hands ..	870	16	10
Debenture Stock, Redemption Account ..		20	0				
Profit and Loss Account ..	98,660	6	4				
	<u>£4,952,040</u>	<u>0</u>	<u>1</u>		<u>£4,952,040</u>	<u>0</u>	<u>1</u>

The financial strength of the Company is apparent from these figures.

DAIRY DISPOSAL COMPANY, LIMITED.

This is a private company registered under the Companies Acts on the 19th April, 1927, with a view to the rationalisation of the creamery industry. It is a holding company with a share capital of £10 divided into ten shares of £1 each which are held in trust for the Minister for Finance and controlling as subsidiary companies the Condensed Milk Company of Ireland (1928) Ltd., Cleeves Confectionery (Limerick) Ltd., Northern Irish Condensed Milk Distributors, Ltd., and the Newmarket Dairy Company (1932) Ltd. There are three Directors appointed by the Minister for Agriculture all of whom are civil servants and devote the whole of their time to the Company's business. In the first decade

of the Company's existence, capital expenditure was met from voted moneys but in recent years such expenditure has been met from accumulated profits.

In 1926, there were 580 creameries and separating stations in the Irish Free State. Of these about 400 were owned co-operatively and the remaining 180 were proprietary concerns. The Condensed Milk Company of Ireland (1924) Ltd. owned 113.

As a result of the competition for milk supplies between two (or even three) creameries operating in an area where one would have been sufficient, neither concern could be assured of a large enough supply of raw material. Overhead costs and running expenses were, therefore, high and the financial standing of some of the larger co-operative societies was in jeopardy.

In order to put an end to this position, Dáil Éireann in 1927 voted a sum of £500,000 to purchase the main proprietary concerns. This decision was in accord with the general State policy to make the manufacture of butter entirely co-operative and place the ownership of the industry in the hands of the farmers supplying the milk. Arrangements were made where necessary for the creation of new co-operative societies and the transfer to them of such of the proprietary creameries as it was desirable to keep in operation. Redundant premises were closed down and their milk supplies transferred to the neighbouring premises of the co-operative societies with which they had been in competition. The sum of £500,000 advanced by the State was used by the Dairy Disposal Company Ltd., for the purchase *inter alia*, of 183 creameries and the erection of four new creameries.

By 1928, eighty creameries had been closed as redundant and forty-two had been transferred to new societies. Much of the plant of the redundant creameries was used in the equipment of creameries set up in new areas, mainly in Counties Sligo, Cork and Donegal.

Since then, the Company has developed the creamery industry extensively in West Kerry and County Clare especially by the use of travelling creameries. At the end of 1949, it was operating seventeen central creameries, 112 separating stations and twenty-three travelling creameries in addition to a toffee factory and condenseries for its large condensed milk business. Under the Creameries (Acquisition) Act, 1943, the remaining proprietary creameries in the country (with the exception of one) had been acquired.

The Consolidated Balance Sheet of the Company and Associated Companies at 31st December, 1948, was as follows:—

LIABILITIES				ASSETS			
	£	s.	d.		£	s.	d.
Issued Capital ..	20,000	0	0	Premises, Plant, Travel- ling Creameries,			
Sundry Creditors ..	209,962	1	4	Trade Marks, etc.	1,015,639	0	5
Department of Agri- culture ..	519,957	3	0	Motor Transport ..	24,090	0	0
Bank Overdrafts ..	621,060	6	9	Sundry Debtors ..	374,088	8	0
Reserve for Deprecia- tion ..	478,480	0	0	Stocks and Stores ..	888,981	6	11
Reserve for losses on realisation ..	146,091	7	3	Cash in hand and at Bank ..	34,317	2	1
General Reserve ..	53,075	14	10				
Profit and Loss Account ..	288,489	4	3				
	£2,337,115	17	5		£2,337,115	17	5

This Company is, therefore, in a very strong financial position. No payments have, however, been made to the Exchequer by way of interest on the large investment in the Company which reached £1,200,000 in all but about £350,000 has been repaid, including a sum of £112,000 voted early in 1933 to meet trading losses up to the 31st December, 1931.

The Company is also of great importance to the economy of the country as its exports of condensed milk for the year 1949 amounted to £1,098,000, output being much larger than in any previous year.

As will be gathered from its name, the intention originally was that the Dairy Disposal Company Limited should not remain in existence for any prolonged period of years, but the depression in the dairying industry which started in the Autumn of 1930 and the effects of the economic dispute with Britain made it impossible for the Company to arrange for the sale of the various creamery groups which it still has on hands. In retrospect, it is also not clear how it was intended that the Company should dispose of the condenseries.

II.—FINANCIAL INSTITUTIONS

AGRICULTURAL CREDIT CORPORATION, LIMITED.

The Agricultural Credit Corporation was incorporated on 30th September, 1927, following the passing of the Agricultural Credit Act, 1927, which implemented certain recommendations of the Banking Commission of 1926. The Commission found that the supply of private capital and bank loans available was inadequate for agricultural purposes generally.

In 1947, the capital structure of the Company was reorganised pursuant to the Agricultural Credit Act, 1947, to place the organisation on a sound financial basis. Prior to the reorganisation the Company had a paid-up capital of £500,000 in 525,000 "A" shares of £1 each (10/- paid up) and 475,000 "B" shares of £1 each (10/- paid up). The commercial banks held a majority of the "A" shares which carried a State-guaranteed dividend of 5 per cent. while the remainder were held by the Minister for Finance and the public. The Minister for Finance also held all the "B" shares on which no dividend had been paid. Under the provisions of the 1947 Act, the Minister for Finance became the sole shareholder in the Corporation, the shares formerly held by the banks and the public being cancelled and the holders paid off at par. The Act also conferred power on the Minister to nominate all the directors of the Corporation. Under the arrangements previously in operation three of the seven Directors were nominees of the commercial banks. The number of Directors is now three.

The Corporation may lend money to any farmer for purposes related to Agriculture and to any body corporate which engages as its principal business in activity of an agricultural character.

The Balance Sheet on the 30th April, 1949, was as follows :—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Issued Capital ..	300,000	0 0	Loans on Security	1,326,580	12 1
3% State-guaranteed Mortgage Stock, 1957-67 ...	700,000	0 0	Investments ..	209,716	15 6
Bank Overdraft ..	140,154	17 4	Sundry Debtors ..	5,775	6 3
The Minister for Agri- culture ..	238,117	12 3	Premises, etc. ..	1,940	10 9
Sundry Accounts and deposits ..	107,291	2 0	Cash on hands ..	293	15 0
Reserves ..	53,500	0 0			
Profit and Loss Account ..	5,243	8 0			
	<u>£1,544,306</u>	<u>19 7</u>		<u>£1,544,306</u>	<u>19 7</u>

Excluding the sum of about £238,000 in respect of loans (free of interest) made to farmers for restocking following the losses of livestock in the winter of 1946-47, and the large loans made to co-operative societies, it would seem that the loans made for farming purposes are in the region of £1,000,000.

INDUSTRIAL CREDIT COMPANY, LIMITED.

The Industrial Credit Company, Ltd., was incorporated as a public limited liability company on the 4th October, 1933, pursuant to the Industrial Credit Act, 1933, to carry on the business of an issuing house and to engage in the promotion and financing of industrial undertakings. The establishment of the Company was rendered necessary by the inadequate financial facilities available for new industrial undertakings. The Industrial Credit Company has, therefore, performed functions which in the case of public issues of established industries would normally be discharged by private underwriters and would not be attended by undue risk.

In 1933 and again in 1936, a public issue of share capital by the Company was underwritten by the Minister for Finance in accordance with the terms of the Industrial Credit Act, 1933. The issues were under-subscribed, and under the terms of the underwriting agreement the Minister purchased the shares which were not taken up by public subscription. This accounts for the Minister's share-holding in the Company amounting to £804,517 out of a total paid up capital of £812,500 consisting of 500,000 shares of £1 each, fully paid, and 500,000 shares of £1 each, 12/6 paid. Apart from the ordinary powers which the Minister possesses by virtue of his holding in the Company, he also has the right, for so long as he retains his position as majority shareholder, to nominate three of the five directors, the remaining two being elected by the shareholders. The Chairman who is also Managing Director, acts in a whole-time capacity.

The Balance Sheet at 31st October, 1949, was as follows :—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Paid up Capital ..	812,500	0 0	Loans and Advances	219,393	1 6
Reserve Fund ..	100,000	0 0	Investments ..	1,008,001	12 3
Sundry Creditors, Bank overdraft, etc.	249,523	18 10	Customers' liability in respect of guarantees	140,000	0 0
Contingent liability in respect of guarantees	140,000	0 0	Other Assets ..	16,651	0 10
Profit and Loss ..	82,021	15 9			
	<u>£1,384,045</u>	<u>14 7</u>		<u>£1,384,045</u>	<u>14 7</u>

On the latest figures available, it would appear that the Company transacts a considerable part of the total life and industrial assurance business carried on in this country. The number of persons employed by the Company represents approximately 26 per cent of the total labour force employed in insurance and any discrepancy between the size of this force and the proportion of total business transacted by the Company is explained by the retention of the staffs of the dissolved companies.

III.—INDUSTRIAL UNDERTAKINGS.

BORD NA MONA.

This is a statutory board established by Order of the Minister for Industry and Commerce on the 21st June, 1946, in accordance with the provisions of the Turf Development Act, 1946, to carry on the work of bog development, etc., commenced by the dissolved Turf Development Board, Ltd., with a view to the production, at the end of the development period, of 1,000,000 tons of machine-won turf yearly about half of which will be used for generation of electricity.

The Board of Directors consists of a Chairman, a Managing Director (who is required to devote the whole of his time to the duties of his office) and three Directors who act in a part-time capacity.

Apart from grants from moneys voted by Dáil Éireann for the Experimental and Research Station, Bord na Móna is financed under Section 53 of the Act by advances out of the Central Fund not exceeding £3,750,000 which are made by the Minister for Finance on the recommendation of the Minister for Industry and Commerce. These advances are repayable with interest but up to the present, in accordance with a provision of the Act, in cases other than bogs in production prior to the passing of the Act, no interest has been charged in the accounts.

The Balance Sheet at 31st March, 1949, was as follows:—

LIABILITIES				ASSETS			
<i>Receipts</i>	£	s.	d.	<i>Capital Assets</i>	£	s.	d.
Per Capital Account	2,289,713	2	8	Per Capital Account	2,221,737	14	6
Sundry Creditors ...	148,102	11	11	Cash on Hand & at Bank	109,106	11	11
Kildare Emergency and County Pro- duction Schemes	106,847	15	3	Sundry Debtors ...	118,412	16	2
Other Items... ..	69,093	5	9	Stocks and Stores ...	151,318	1	11
				Production Expenses, 1949-50	13,181	11	1
	<u>£2,613,756</u>	<u>15</u>	<u>7</u>		<u>£2,613,756</u>	<u>15</u>	<u>7</u>

Bord na Móna is at present in much the same position as the Shannon Scheme during the years 1925-27. At Lullymore Factory, Co. Kildare, however, it operates for the production of turf briquettes one of the most highly mechanised works in Ireland. This has proved a very profitable business.

It may be mentioned also, as a matter of interest, that during the final quarter of the year 1949, peat moss exports to U.S.A. were one of the leading dollar earners.

CEIMICI TEORANTA

This is a statutory company incorporated as a public company with limited liability under the name Monarchana Alcoil na hEireann, Teoranta, on the 11th November, 1938, in compliance with the terms of the Industrial Alcohol Act, 1938.

The main purpose for which the Company was established was the erection and operation of factories to produce industrial alcohol from potatoes and thus provide a market for surplus potatoes. The Industrial Alcohol (Amendment) Act, 1947, under which the name of the Company was changed, also extended its objects to include the manufacture and sale (subject to licence of the Minister for Industry and Commerce) of any substance produced or obtained by chemical process.

The issued capital of the Company is £275,763 in shares of £1 each fully paid, virtually the whole of which is held by the Minister for Finance. There are five directors, three of whom are nominated by the Minister for Finance, and two elected by the members of the Company. With the exception of the Managing Director, all the directors act in a part-time capacity.

The Balance Sheet at the 30th September, 1949, was as follows:—

LIABILITIES				ASSETS			
	£	s.	d.		£	s.	d.
Issued Capital ..	275,763	0	0	Lands, Buildings, Plant and Machin- ery, Furniture, Motor Vehicles, etc.	208,720	0	0
Sundry Creditors (in- cluding provision for Taxation, pro- posed Dividend, etc.)	96,844	13	2	Stock-in-Trade ..	108,816	12	6
General Reserve ..	39,000	0	0	Investments at cost (less depreciation Reserve)	80,296	9	0
Profit and Loss Account	7,168	19	11	Sundry Debtors ..	13,541	11	11
				Cash at Bank and in Hand	1,935	13	6
				Chemical Develop- ment Account ..	5,466	6	2
	<u>£418,776</u>	<u>13</u>	<u>1</u>		<u>£418,776</u>	<u>13</u>	<u>1</u>

This indicates that the Company is in a strong financial position.

IRISH STEEL HOLDINGS, LIMITED.

This is a private company with limited liability incorporated under the Companies Acts on the 20th June, 1947, to acquire the assets of Irish Steel, Ltd., and maintain the works at Haulbowline, Co. Cork, as a going concern.

The capital of the Company is £100 divided into one hundred shares of £1 each, of which only three have been issued. The funds of the Company are provided by borrowings guaranteed, up to a limit of £300,000, by the Minister for Finance. There are three directors all of whom are appointed by the Minister for Industry and Commerce after consultation with the Minister for Finance. They are civil servants and act in a part-time capacity.

The Balance Sheet at the 30th June, 1949, was as follows :—

LIABILITIES				ASSETS			
	£	s.	d.		£	s.	d.
Issued Capital ..		3	0	Property, Plant and			
Overdraft with Bank	227,090	14	4	Equipment ..	103,265	0	0
Sundry Creditors ..	34,581	9	8	Stocks ..	111,187	1	3
* Provision for Taxation	9,000	0	0	Sundry Debtors ..	66,301	10	1
General Reserve ..	9,000	0	0	Other Items ..	474	10	7
Profit and Loss							
Account	1,552	17	11				
	<u>£281,228</u>	<u>1</u>	<u>11</u>		<u>£281,228</u>	<u>1</u>	<u>11</u>

MIANRAI TEORANTA.

This Company was established on the 1st June, 1945, and represents the amalgamation of the former Slieveardagh Coalfield Development Company Limited, (incorporated on 20th May, 1941), which was dissolved and the Minerals Exploration and Development Company, Limited, which was incorporated as a public limited liability company on the 1st September, 1941, in accordance with the provisions of the Minerals Exploration and Development Company Act, 1941. The Company has the twofold purpose of (a) working Slieveardagh Coalfield and (b) exploring and developing any particular land for the purpose of ascertaining the nature and quantity of any minerals there and the advisability of working them.

The share capital of the Company is £200 divided into 200 fully paid shares of £1 each, all of which are held by, or in trust for, the Minister for Finance. It is financed as regards (a) above by advances not exceeding in the aggregate £88,000 repayable with interest and as regards (b) by payments from voted moneys.

The Articles of Association provide that the number of Directors shall not exceed seven or be less than four, all of whom shall always be appointed by the Minister for Finance after consultation with the Ministers for Industry and Commerce and Agriculture.

The Balance Sheet at 31st March, 1949, was as follows :—

LIABILITIES				ASSETS			
	£	s.	d.		£	s.	d.
Subscribed Capital		200	0	Land, Buildings, Plant, Motor			
Sundry Creditors		6,089	18	Vehicles (<i>less</i> amounts written			
Advances by State	417,604	17	6	off as per Contra and otherwise) ...	37,847	19	8
Interest accrued				Stock in Trade ..	6,300	17	9
thereon ..	58,953	0	11	Sundry Debtors, etc. ..	4,449	3	9
	<u>476,557</u>	<u>18</u>	<u>5</u>	Cash at Bank and on Hands ..	2,585	0	6
<i>Less</i> amount written				Exploration and Development			
off as per Contra,				Accounts (<i>less</i> amounts written			
in accordance				off as per Contra and otherwise)	12,527	0	9
with certificate				Profit and Loss Account (<i>less</i>			
issued under Section				amount written off as per Contra)	39,273	11	7
2 of the							
Minerals Com-							
pany Act, 1947	379,864	3	0				
	<u>96,693</u>	<u>15</u>	<u>5</u>				
	<u>£102,983</u>	<u>14</u>	<u>0</u>		<u>£102,983</u>	<u>14</u>	<u>0</u>

It would appear, therefore, that the operation of this Company up to the present has not been a success financially.

IV. PUBLIC UTILITIES.

THE ELECTRICITY SUPPLY BOARD.

The Electricity Supply Board is a statutory body established in accordance with the Electricity (Supply) Act, 1927, to generate and sell electricity. The Board consists of a Chairman and six ordinary members, two of whom are part-time. The members are appointed by the Government for a period not exceeding five years.

Prior to 1925, when the construction of the hydro-electric plant in the river Shannon was decided upon, electricity was produced for sale by local authorities, companies and private individuals. The Shannon scheme envisaged the incorporation of all these sources of supply in a national network and the Board was, therefore, empowered to acquire existing electricity undertakings.

In the year ended 31st March, 1949, the Electricity Supply Board generated (and purchased) 710,000,000 units of electricity and sold 569,000,000 units for £4,344,000. The number of units sold was about double the sales in 1939 which in turn were seven times the sales in 1929.

The Balance Sheet of the Electricity Supply Board at 31st March, 1949, was as follows:—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Capital Accounts ..	19,497,529	0 0	Capital Assets ..	26,207,998	0 0
Amounts reserved for capital loans repaid, depreciation, etc.	8,391,999	0 0	Stocks on Hand, etc.	3,469,224	0 0
Sundry Creditors ..	1,604,020	0 0	Sundry Debtors ..	1,137,041	0 0
Non-repayable receipts for rural electrification ..	725,000	0 0	Cash in Hand and with Bank ..	343,913	0 0
Loans from Trustees of Superannuation Funds ..	669,200	0 0	Cost value of Installations Work and Sales Boyne Development Suspense Account	194,818	0 0
Reserves ..	313,888	0 0	Deficiency (Fisheries Account) ..	59,000	0 0
Capital Assets Adjustment Reserve ..	270,297	0 0		80,589	0 0
Surplus (Electricity Account) ..	20,650	0 0			
	<hr/>			<hr/>	
	£31,492,583	0 0		£31,492,583	0 0

It is quite obvious that from a financial point of view this body is a colossus being almost as large as all the other State bodies together.

V.—TRANSPORT ORGANISATIONS.

AER LINGUS, TEORANTA

This Company was incorporated under the Companies Acts as a private company on the 22nd May, 1935, "to carry on and foster the business and pursuit of aviation in all its forms both within and without Ireland." The Company operates one internal air service and external services to places in Britain and the Continent.

Under an agreement made on the 28th March, 1947, between Aer Rianta, Teo.; Aer Lingus, Teo.; British Overseas Airways Corporation and British European Airways Corporation, it was agreed that the capital of Aer Lingus, Teo. should be subscribed for and held as to 60 per cent. by Aer Rianta and 40 per cent. by B.O.A.C. and B.E.A.

The authorised capital is £5,000,000 and the issued share capital

£952,000, which is held as to £571,195 by the Irish Company and £380,799 by the British Corporations, the remaining six shares having been issued to the directors and subscribers.

The Balance Sheet at 31st March, 1949, was as follows :

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Issued Capital ..	952,000	0 0	Premises, ground		
Current Liabilities			Equipment, Aircraft Fleet and		
and Provisions ..	352,932	0 0	Engines and Furniture and Fittings, at cost less depreciation and amounts written off ..	294,827	0 0
			Materials in stock, etc.	218,137	0 0
			Sundry debtors, etc.	296,710	0 0
			Cash at Bank and in Hand ..	380,547	0 0
			Capital Loss on Sale of Aircraft and Equipment ..	102,374	0 0
			Expenses of increase in authorised capital	12,337	0 0
				<u>1,304,932</u>	<u>0 0</u>
				£1,304,932	0 0

The very fine operational record of the Company, which has had no fatal accident arising from an air crash, may be mentioned.

AER RIANTA, TEORANTA.

This is a public company incorporated under the Companies Acts on the 5th April, 1937, pursuant to the Air Navigation and Transport Act, 1936, primarily (1) to develop civil aviation in Ireland by operating air services inside or to places outside the State either directly or through air transport undertakings in which it has a controlling interest, and (2) to acquire and hold shares in Aer Lingus, Teoranta.

The authorised share capital, at first £500,000, was increased under the Air Navigation and Transport Act, 1946, to £2,000,000. The issued share capital is £2,000,000, all the shares (with the exception of twelve held by the Directors and subscribers to the Memorandum and Articles) being held by the Minister for Finance.

The Balance Sheet of the Company at 31st March, 1949, was as follows :

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Issued Share Capital	2,000,000	0 0	Premises, etc. ..	51,536	0 0
Amounts due to Subsidiary Companies	754,419	0 0	Investments in Subsidiary Companies		
Reserve Account ..	48,735	0 0	Aer Lingus, Teo. ..	571,195	
Sundry Creditors, etc.	14,743	0 0	Aerlinite, Teo ..	1,425,000	
				<u>1,996,195</u>	<u>0 0</u>
			Sundry debtors (including amounts receivable from Dept. of Ind. and Comm. in respect of deficits) stocks and cash at Bank and in hand ..	768,823	0 0
			Preliminary Expenses	1,343	0 0
				<u>2,817,897</u>	<u>0 0</u>
				£2,817,897	0 0

VI.—EMERGENCY COMPANIES.

These companies are in rather a different category to other State enterprises as they were designed primarily for the purpose of acting as agencies for the central purchasing of commodities subject to international control during the emergency period. It thus happens that two of them (*viz.* Oils and Fats (Eire) Ltd., and Timber Importers, Ltd.), have ceased operations and Fuel Importers (Eire) Ltd. remains in existence only for the purpose of disposing of coal purchased in 1947.

FUEL IMPORTERS (EIRE) LIMITED.

This Company was incorporated under the Companies Acts as a private company on the 8th July, 1940. It was first established for the purpose of purchasing coal in Britain but subsequently was entrusted with the function of providing supplies of emergency fuel, e.g., turf and timber, in the non-turf areas and also made substantial purchases of coal in U.S.A. and South Africa in the year 1947, following the fuel crisis in the preceding winter.

The Company's capital is £100 in 100 shares of £1 each, only ten of which have been issued. The Minister for Finance has power to guarantee borrowings by the Company up to a maximum of £6,000,000 and has, in fact, guaranteed borrowings up to that figure.

The Balance Sheet of the Company at 31st December, 1948, was as follows:—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Issued Share Capital	10	0 0	Stocks of Fuel	5,347,300	16 6
Sundry Creditors	64,238	15 2	Debtors and Debit		
Due to Company's			Balances	11,617	0 3
Bankers	5,298,603	1 10	Furniture, equipment,		
General Profit and			transport, etc. (at		
Loss Account, etc.	15,934	1 4	cost less deprecia-		
			tion)	18,008	6 3
			Cash on Hands	1,826	5 4
			Preliminary Expenses	33	10 0
	£5,378,785	18 4		£5,378,785	18 4

The main operations of the Company now consist in liquidating the coal and turf bought in 1947—the wood having been sold off at a loss in the first half of 1949. It is generally believed that when the present stocks, mainly coal, have been sold there will be a deficit of about £3,000,000 to be met by the State.

GRAIN IMPORTERS (EIRE) LIMITED.

This Company was incorporated under the Companies Acts as a private company on the 29th September, 1939. It was established as a central agency to purchase and import wheat, maize and other grains which were subject to international control. In addition, the Company at present is utilised for the purpose of ensuring that flour and bread can be sold at the subsidised prices.

The Capital is £100, divided into 100 shares of £1 each, no part of which is held by or on behalf of the State. The six Directors who act

in an honorary capacity, were nominated by the Irish Corn Trade Association.

The Balance Sheet at 28th August, 1948, was as follows:—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Issued Capital ..		7 0 0	Subsidy Receivable from Exchequer ..	1,257,601	5 7
Importer Distributors	4,292,557	15 2	Payments on account of Grain, etc., on passage ..	1,283,661	12 4
Due to Bankers ..	214,588	1 6	Sundry Debtors ..	39,181	14 9
Sundry Creditors ..	556,288	13 10	Unexpired values and payments made in advance and sacks, stationery and cash on hand ..	8,159	8 8
Flour Millers' Quota Association ..	27,000	0 0	Balance of transactions (without taking credit for Unallocated Grain, etc. and subject to other outstanding matters and commitments)	2,501,837	9 2
				<u>£5,090,441</u>	<u>10 6</u>
				<u>£5,090,441</u>	<u>10 6</u>

TEA IMPORTERS, LIMITED.

This Company was incorporated under the Companies Acts as a private company on the 8th July, 1941, for the purpose of purchasing and importing teas from abroad to supplement the allocations being received at the time through the Ministry of Food. In recent years, the Company has purchased in India and Ceylon sufficient teas to meet the present ration requirements.

The authorised capital of the Company is £100 in 100 shares of £1, of which five have been issued. There are five directors each of whom holds a share. The four original directors (who still hold office) were named in the Articles of Association and the fifth was co-opted in 1947. The Minister for Finance has power to guarantee borrowings by the Company up to a maximum of £4,500,000 and has in fact guaranteed borrowings up to £4,000,000.

The Balance Sheet at 31st March, 1949, was as follows:—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Issued Capital ...		5 0 0	Furniture, etc. ...	1,687	19 11
Credit Acceptance	3,750,000	0 0	Stocks on hands ..	3,929,646	7 6
Due to Bankers ...	71,179	1 2	Sundry debtors ...	48,678	12 2
Sundry Creditors ...	177,021	2 7	Miscellaneous items	12,055	17 7
Miscellaneous items	15,184	1 9	Profit and Loss Appropriation Account ...	21,320	8 4
				<u>£4,013,389</u>	<u>5 6</u>
				<u>£4,013,389</u>	<u>5 6</u>

The small debit to Profit and Loss Account is of no significance in a business of this size.

are representative of or have functions in relation to or are otherwise connected with racing, or the ownership or breeding of bloodstock or bookmaking.

The income of the Board is derived from a levy (at present $2\frac{1}{2}$ per cent.) on bets made with bookmakers on racecourses and from the working of totalisators on racecourses, the usual deduction of ten per cent. being made from bets placed with the totalisator. The net annual income from the levy is more than twice that from the totalisator.

The Board's income is expended on increasing stakes, carriage of horses to race meetings and the improvement of racecourses. It also assists substantially the publication annually of THE IRISH HORSE.

The Balance Sheet at 31st March, 1949, was as follows:—

LIABILITIES			ASSETS		
	£	s. d.		£	s. d.
Sundry Creditors and Reserves	278,810	1 3	Premises, Transport, etc.	41,081	17 6
General Purposes A/c. Balance	12,789	19 9	Investments at or under market value	216,078	6 6
			Sundry Debtors ..	8,409	6 5
			Cash in Bank and on Hands	26,030	10 7
	<hr/>			<hr/>	
	£291,600	1 0		£291,600	1 0

The bulk of the Board's income up to the present has been spent on increasing stake money and carriage of horses but, as building materials become more plentiful, improvements to racecourses, which have already been carried out where materials were available, will become more important and adequate reserves for this purpose have been set aside. Even with the restrictions in operation, a sum of over £210,000 has been spent in the improvement of racecourses and provision of amenities for the public.

The Board has been successful in keeping the standard of racing in Ireland at the high level reached during the war years when there was no racing in Great Britain. As a result, the standard of bloodstock in Ireland at present is probably higher than it ever was.

GENERAL CONCLUSIONS.

The direct investment of the State at the 31st March, 1949, in the organisations covered in this paper may be set out as follows:—

	£	£
<i>Repayable advances from Central Fund:</i>		
Electricity Supply Board	19,492,280	
Bórd na Móna	2,029,000	
Purchase of Creameries	808,000	
Irish Tourist Board	413,915	
Mianraí, Teoranta	93,692	22,836,887
	<hr/>	

Purchase of Shares :

Aer Rianta, Teo.	1,999,989
Industrial Credit Company, Ltd.	804,517
Irish Sugar Company, Ltd.	500,000
Agricultural Credit Corporation, Ltd.	300,000
Ceimici, Teo.	275,756
Irish Shipping Ltd.	199,994
Irish National Stud Company, Ltd.	162,883
Irish Assurance Company, Ltd.	129,814

 4,372,953

TOTAL £27,209,840

The Electricity Supply Board thus accounts for about seventy per cent. of the total.

In the financial year 1948-49, the return received by the Exchequer from these organisations was as follows:—

Interest on Advances :

Electricity Supply Board	747,821
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*Dividends (gross) on Shares held by
Minister for Finance :*

Agricultural Credit Corporation Ltd.	9,000
Ceimici, Teo.	27,576
Comhlucht Siuicre Eireann, Teo.	25,000
Industrial Credit Company, Ltd.	32,181

TOTAL £841,578

It may also be of interest to tabulate shortly the amount of the borrowings from their bankers guaranteed by the Minister for Finance in respect of State companies at the 31st March, 1949.

Name of Company	Maximum amount of Guarantee	Actual amount due by Company
	£ s. d.	£ s. d.
Fuel Importers (Eire), Limited	6,000,000	4,996,773 18 1
Tea Importers, Limited	4,000,000	3,820,815 1 3
Oils and Fats (Eire), Limited	1,500,000	747,180 17 7
Grain Importers (Eire), Limited	1,250,000	Nil
Irish Steel Holdings, Limited	300,000	213,853 17 3
TOTALS	13,050,000	9,778,623 14 2

In the case of Grain Importers (Eire) Limited, the guarantee has since been increased to £6,000,000, so that, even when Oils and Fats (Eire) Limited is finally wound up, the maximum amount of borrowings guaranteed by the State will be £16,300,000.

As is well known, one of the reasons for setting up bodies such as these has been to give the persons directing them freedom from parliamentary control in their day to day operations. It looks, however, as though there is a feeling that this development has been carried too far, because recently the question of some form of review of the financial operations of State-sponsored bodies has engaged the attention of both houses of the Oireachtas, a motion on the matter being discussed in Seanad Éireann on the 2nd March, 1950. During the debate, the Minister for Finance indicated that this particular question has been receiving the consideration of the Government during recent years but that no conclusion has been reached.

One definite line of development can be traced. In the first decade, the public were usually invited to subscribe for shares but with the exception of the preference shares of the Irish Sugar Company, Ltd., the response was so poor that the expense and trouble involved could not be justified and the more recent organisations have all been financed directly or indirectly by the Exchequer.

Formerly, companies in the main might be divided into public and private. State companies might now be added as a third category, their outstanding characteristic being that the bulk of the share capital is held by the Minister for Finance and that the single shares held by all other persons (including even the directors) are held in trust for him.

It may also be of interest to consider which type of organisation is the most suitable for State trading purposes. As regards ease of establishment, there cannot be any doubt that the statutory board can be brought into existence much more easily and more expeditiously than the statutory company for which a memorandum and articles of association must be prepared, signatures obtained and registration formalities completed. To bring a statutory board into existence all that is required is a short statutory instrument. As against this great advantage in the initial stages, it has been argued that the company organisation is more flexible and that awkward though the amendment of a memorandum of association may be, should the necessity arise, it can normally be achieved with much greater rapidity and much greater certainty than the amendment of a statute. On the whole, however, the advantages in the case of public organisations appear to lie generally with the statutory board.

Finally, in view of the great interest in nationalisation in Britain in recent years, the extent to which these State enterprises here represent nationalisation may be considered. For this purpose, nationalisation may be defined as the conversion by legislation of private enterprises into State monopoly. Only three of the bodies covered can be said to have any element of this, viz., the Dairy Disposal Company, the Irish Assurance Company and the Electricity Supply Board. The first of these was not intended to be a permanent company, neither it nor the second is a monopoly and the third has so completely overshadowed the small organisations it replaced that it must be regarded as a vast new undertaking. All the other bodies represent enterprises originated by the State.

DISCUSSION.

Miss Beere, proposing the vote of thanks, said that the Society were greatly indebted to Dr. O'Donovan for the labour which he had undertaken in the preparation of this paper with its wealth of detail. The

assembly of the material relating to State enterprises would provide a valuable work of reference. She hoped that the paper would stimulate others to contribute detailed studies of some of the enterprises which were touched on—necessarily in brief—in the paper. Papers of this kind would be most valuable to the Society. She thought there was a tendency on the part of some members of the public to criticise State companies adversely whether such criticism was deserved or not. There was an impression abroad perhaps that those who were placed in control of State concerns were richly rewarded. Those who wished to satisfy their curiosity on this score might profitably consult the Dáil Debates of 23rd October, 1946, in which the Minister for Finance, had given much detailed information in reply to a Parliamentary question.

On first reading the paper she had some doubts as to the categories of undertakings adopted and questioned the inclusion of Cómhlucht Síúicre Éireann as an agricultural company and, on the other hand, Bord na Móna as an industrial undertaking. The selection of appropriate categories must, however, be largely a matter of opinion and on the whole she had come to the conclusion that it would be difficult to quarrel with the arrangement which had been adopted.

In the section dealing with Irish Shipping Limited she thought reference might have been made to the Irish Shipping Limited Act, 1947. This Act, which had met with support from all sections of the Oireachtas, gave permanent form to the earlier emergency legislation under which the Company had been established. The Act provides for an increase in the share capital of the Company to a total of £5 million. The present issued capital of £200,000 is out of proportion to the Company's assets. The Act also provides that the Minister for Finance may purchase shares of the Company and may guarantee the principal or interest or both on any moneys borrowed by the Company up to £2 million, and that the Minister for Industry and Commerce may pay subsidies to the Company. No subsidies have, in fact, been paid to the Company.

Those who are familiar with the Irish Shipping Limited accounts will be aware that profits from the date of establishment in 1941 to June, 1949, had amounted to £2½ million, after providing a similar sum of £2½ million for taxation. The fact that the Company have been able to acquire a fleet of seven modern vessels at a cost of about £2 million has provided a measure of national insurance against any future emergency. This State enterprise has given us two new industries which would not have come into being under private enterprise: (i) the deep sea shipping industry, and (ii) the marine underwriting market. The marine insurance business has been sold to the Insurance Corporation of Ireland but it is of interest to note that it has a substantial premium income from abroad. Irish Shipping Limited is also a substantial dollar earner.

Miss Beere questioned Dr. O'Donovan's statement that Irish Shipping Limited with a new fleet is in a strong position to meet competition. The Company's position was certainly stronger than it had been when they were dependent on old or chartered ships. International shipping is, however, the most highly competitive business in the world and there is scarcely a nation which has not been obliged to come to the assistance of its shipping industry in one way or another,

by operating subsidy, tax relief, building subsidy, or by some other means.

Dr. O'Donovan had referred to the fact that a member of the Irish Tourist Board might not be nominated or elected as a member of Dáil Éireann or Seanad Éireann. She inquired whether there was not a similar provision in the legislation establishing some of the other State enterprises.

In conclusion, she hoped that at some future time Dr. O'Donovan could take this paper a step further and give the Society his views as to the future of the State enterprises. There might, for instance, be a case for handing some of them over to private enterprise now that they were established. There was also the question as to whether the State Company was suited to our national economy and, if so, whether there should be any further extensions in the number of State enterprises or changes in organisation of existing concerns.

Mr. R. J. P. Mortished:—The number and variety of our State enterprises are remarkable in a country where no political party (hardly even the Labour parties) believe in State enterprise on principle. The explanation must be that the State has found itself obliged to take action because private enterprise has either entirely failed or has got itself into a mess from which it has to be rescued. Initiative by the State is intelligible where an enterprise calls for very large capital, as in shipping or air transport, since we have no tradition of large-scale enterprise. But why should the State be expected to run a National Stud? Our people are apparently not prepared to take risks or to take a long view. The State companies in which some private capital is invested are very few and the proportion of private capital is very low. Possibly an experiment might be made in trying to attract the very small investor (the big investor having failed) by offering low-priced shares with some guarantee against loss; they would have to be non-voting shares to avoid the possibility of losing national control. Having regard to the nature of the businesses, the general impression given by the survey is that the State enterprises as a whole have done much better, even financially, than most public talk would suggest. But financial results are not the sole criterion. If in the national interest a job has to be done and if nobody other than the State is prepared to do it, then the State must take action, and it is not indispensable that the undertaking should show a commercial profit. But each case must be examined on its merits. We undoubtedly need foreign-going shipping and, in spite of our general economic weakness, we may be able to make it financially profitable, as other weak countries do; but the task will not be easy. We may perhaps need air services; that depends partly on our defence policy, but as we have no discoverable defence policy we cannot answer the question. It is difficult to see that a National Stud is indispensable. A Tourist Board is certainly necessary, and much more money, public and private, should be spent on it and by it. A longer discussion of the relative advantages of the various forms of State enterprises would have been desirable, and a tribute of praise is due to the public servants who are doing well jobs which the business man and others who attack State enterprises are not prepared to do at all. It was understandable, but unfortunate, that the paper had been almost silent on the problem of public control. Greater publicity is certainly desirable. Detailed criticism and supervision

by the Dáil would be an appalling prospect, in view of the irresponsibility and blind partisanship shown by too many politicians. Merely Ministerial control is not satisfactory, since our Ministers are (unfortunately) Party men. British experience does not suggest that bodies such as Consumers' Councils or advisory boards for particular enterprises are very effective. Perhaps there is a case for a permanent, general supervisory body, acting in much the same way and in the same spirit as the Committee on Public Accounts, but not composed solely or even mainly of members of the Oireachtas.