

# BUSINESS



## Dinosaurs infest Leinster House

BUSINESS EDITOR SHANE ROSS, BACK PAGE  
Deputy business editor: Nick Webb

**APPOINTMENTS**  
13 pages of the finest jobs coverage in the market > PAGES 5-17

**Put on a happy face**  
Starting today: Reasons to be cheerful in Irish business > PAGE 2



**Retail wrecks**  
Where have all the shoppers gone? > PAGE 3



## Cowen moves as financial watchdog's expenses soar

SHANE ROSS

FINANCE Minister Brian Cowen has reacted swiftly to a request from the Financial Regulator (IFSRA) for a greatly increased subsidy this year. Following a submission for further State funding from the watchdog, the minister

has demanded it submit early proposals for charging the banks bigger fees, as opposed to burdening the taxpayer.

Costs at the Financial Regulator are due to rocket over the coming year. Figures seen by the *Sunday Independent* confirm that the self-proclaimed consumers' watchdog, which is responsible for

the regulation of banks and other financial institutions, is set to cost Irish consumers a fortune.

Among the items budgeted for by IFSRA for 2008 is a figure of €973,000 for "business travel expenses". This amounts to a cost of €20,000 a week, representing a 46 per cent increase on 2006.

A spokesman for the regulator described the travel figures as due to a number of items, including attendance at meetings, conferences and training abroad, but was unable to give full details of the destinations due to be visited by management and staff. Last year, trips included Paris, Calgary, London and Brussels.

The consumers' watchdog has submitted estimates for 2008, which show that it is seeking a record state subsidy of nearly €30m, compared with just over €24m in 2006 — a 25 per cent increase.

The heavy spend by the regulator comes as a surprise, especially as the financial watchdog had an arrange-

ment with the finance minister that funding from the taxpayer should not exceed the total it takes from the financial industry.

In 2008, the watchdog's own submission estimates that it will only levy €26m from the industry against the nearly €30m it is suddenly seeking from Mr Cowen.

Other costs notched up by the regulator include a budget of €606,000 for "training and conferences".

The subsidy to the regulator from the ordinary taxpayer is in sharp contrast to the practice in Britain. The UK's Financial Services Authority is totally funded by the financial industry.

## 3 Ireland may make bid for rival Meteor

Goldman Sachs sizes up €1bn-valued company

NICK WEBB

MOBILE operator 3 Ireland has hired investment bank Goldman Sachs to advise it on a possible bid for its €1bn-valued rival Meteor, which may be sold by eircom.

London market sources have confirmed Goldman Sachs has been conducting extensive research into the viability of a takeover of the business. However, sources indicated the process remains at a very preliminary stage.

In an interview last November, 3 Ireland boss Robert Finnegan would not rule out a bid for Meteor.

"It makes sense to look at all opportunities," he said. Last week, 3 Ireland declined to make any comment.

The mobile operator is owned by vast Hong Kong conglomerate Hutchison Whampoa, run by Asia's richest man, Li Ka-shing. Hutchison has operations around the globe ranging

from ports and hotels to telecoms and retail.

Last year, the corporation had sales of about €23bn, so funding any potential bid for Meteor would not be an issue. The company has already invested close to €400m to build up its position in the Irish market and roll out a high-end network.

However, persuading eircom boss Rex Combs to sell his prized asset may prove a stiffer task. eircom has emphatically denied that it has received any approaches to buy Meteor and insists the business is not for sale. It has been suggested that Babcock & Brown's UK-based corporate finance arm had sounded out potential buyers for the business.

eircom is considering splitting the former State telecoms company into two parts. The plan would see the creation of a wholesale unit called NetCo, which would own the valuable network infrastructure and a retail business called

ServCo, which would own the residential and business phone operations and Meteor.

Despite eircom's apparent attachment to Meteor, analysts believe ServCo could then be sold off to reduce some of the telco's €4bn debt mountain. BT Ireland has also been linked with a possible move for Eircom's retail business.

Late last year, eircom's owners, Babcock & Brown, submitted these proposals to the Government and to the telecoms regulator Comreg. The regulator is close to appointing consultants to examine these proposals.

Telecoms experts believe a deal for Meteor would create significant upside for 3 Ireland. It would give it access to Meteor's customer base. Latest figures show that Meteor had 908,000 customers at the end of November 2007. This is more than four times the number of customers won by the fast growing 3 Ireland.

Meteor also has an extensive retail network — some 40

or so outlets across the country. Acquiring this readymade retail footprint would give 3 access to prime high-street positions.

Combining Meteor and 3 Ireland's operations would create savings associated with managing a single cellular network rather than two competing outfits. However, as both 3 and Meteor own 3G licences, one would have to be sold.

Any break up of eircom will involve wading through a mountain of a regulatory red tape, which could bog down any deal for a considerable period. eircom's employees also own a large chunk of the firm, which would further complicate any potential break-up scheme.

However, with a price tag of between €800m to €1bn, the value of Meteor has increased dramatically since eircom beat off Denis O'Brien and Smart Telecom to buy it from Western Wireless for €420m in mid-2005.



THE NAME IS BOND, JAMES BOND: The toy version of the Aston Martin DB5, every little boy's dream

## No ejector seat to be seen as BoI sets out to fund plan for toymaker Corgi

NICK WEBB

BANK of Ireland is funding ambitious expansion plans at the iconic toy car maker Corgi International.

Corgi is best known for producing the James Bond Aston Martin DB5 toy car, complete with ejector seat, as well as the Batmobile.

Bank of Ireland's Burdala Financial subsidiary fronted a

near \$40m debt and equity financing undertaken by the die-cast model firm.

The Bank of Ireland Corporate banking unit provided \$30m of the funding, with the rest coming from shareholder

and other institutions. Corgi International was formed in late 2006, when Corgi Classic merged with Master Replicas and Hong Kong-based Card Inc. It is now listed on the Nasdaq.

## U2 firm losses at €1m



NICK WEBB

DE-LUX Merchandise, the rock music T-shirt company partially owned by U2, lost over €1m during 2006 as revenues slid sharply, according to new accounts.

The UK-based business had made a near €800,000 profit the previous year.

De-Lux had sales of €13m in 2006, compared with €24m a year earlier.

The company blamed its losses on increased investment in signing up new bands, as well as its existing roster of artists playing

## Revenue beat banks at chasing debts in court

LOUISE MCBRIDE

THE taxman is more likely to haul you into court over an unpaid debt than some of the country's biggest banks, according to new figures from the Dublin credit rating firm, BusinessPro.

The Revenue Commissioners got 2,061 court judgements last year to pursue unpaid debts — about three times the amount obtained by AIB. Court judgements are granted to lenders and other institutions who take a successful

court case against an individual or company that owes them money.

The average debt pursued by Revenue through the courts was €21,455, compared to €9,206 for AIB and €9,628 for Bank of Ireland.

A Revenue spokesman said that it had over three million customers and that "only a tiny proportion" of its cases end up in court. "No taxpayer will have a court judgement against them without having had several opportunities to engage with us," he said.

Credit unions, however, are

the most aggressive lenders when it comes to chasing up debts through the courts. Credit unions got 2,538 court judgements last year to pursue unpaid debts. At €11,916, the average debt pursued by credit unions through the courts has jumped by 60 per cent over the last two years.

"Credit unions have been given more flexibility over the last year and therefore they can lend more money," said James Treacy, managing director of BusinessPro. "This manifests itself in a higher number of judgements."

## Here's to good old Munster

LOUISE MCBRIDE

RESIDENTS in Cork and Tipperary may be up to their knees in water this weekend but they still think they have a brighter future than the rest of the country.

Munster people believe they'll have a more comfortable retirement than most of us, according to a new survey by equity release firm Seniors Money.

It found that half of Mun-

ster have a comfortable retirement, making it the most optimistic province surveyed.

However, Dubliners appear to be living in fear of their 'golden years'. Almost one in 10 believe they will not have enough money for basic living expenses when they retire.

"Given that there are over 150,000 people over 55 living in Dublin, this would equate to 12,000 seniors who are essentially poverty stricken," said a spokeswoman for Seniors Money.

about 44 per cent of Dubliners feel they will have to watch what they spend if their financial situation does not change between now and retirement.

Leinster residents living beyond the Pale are even more pessimistic — 48 per cent believe they need to watch their spending ahead of retirement.

Overall, almost 5 out of 10 Irish adults believe they face a grim retirement if their finances don't improve. Time to head to the flood plains of

## the Irish property developers conference 2008

The Four Seasons Hotel, Ballsbridge, Dublin 4 - Thursday, January 17th 2008

### Conference Programme\*

Morning Session		Afternoon session	
8.45 - 9.00	Chair: Pat Gunne, European Director, CBRE.	2.00 - 2.30	Sean J. Conlon, Founder and Principal, Conlon & Co.: Making it in the US.
9.00 - 9.30	Thomas Dowd, Partner, Quinlan Private, Western Europe: The role of private equity in property development.	2.30 - 3.00	Tim O'Rahilly Tax Partner, PricewaterhouseCoopers and John Forbes, UK Real Estate Leader, PricewaterhouseCoopers: Emerging Trends in Real Estate
9.30 - 10.00	Enda Faughnan, Tax Partner, PricewaterhouseCoopers Current Tax issues affecting property transactions	3.00 - 3.20	Coffee Break
10.00 - 10.30	Pat McArdle, Chief Economist, Ulster Bank: Economic outlook 2008/9 what will shape your property development year?	3.20 - 3.50	Gerry McCaughey, Founder Century Homes: The green imperative for Irish Property Developers.
10.30 - 10.50	Coffee Break	3.50 - 4.20	Brendan Sheridan, Director, Piers Group: Regional Development Opportunities - Wither the National Spatial Strategy?
10.50 - 11.20	Richard Nesbitt, Group Chairman, Arnotts: Arnotts and the City, from retail to property development.	4.20 - 4.50	Calbhac O'Carroll, Director, MOLA: The opportunities in Central Europe and Russia for Irish Developers.
11.20 - 11.50	Paddy Kelly, Chairman, Redquartz: Views from an industry legend.	5.00 - 5.30	Marie Hunt, Economist, CBRE: Inside track: Irish Investors, the next property hot spots that will dominate in the coming year.
11.50 - 12.20	Dick Gleeson, City Planner: Building to live and work in the City: the developer's role.	5.30 - 5.45	Chairman's closing remarks: - views on the market for the year ahead.
12.20 - 12.45	Chair's Q&A.	5.45 - 7.00	Drinks reception
12.45 - 2.00pm	Lunch and presentation of the PricewaterhouseCoopers/Amarach Consulting Property Survey 2008.		*line-up subject to change

Irish Independent

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markets

Who's up, who's down

Elan's Kelly Martin (right) was one of the few winners on a bad week for Irish shares. His stake in Elan rose by nearly €176,000. Martin's 183,150 shares are now worth €305m.

Rumour of the week

Heavy trading of shares in home building firm McInerney last week prompted rumours that an Irish developer may be building up a stake in the company.

Multinationals

Intel Down \$0.62 to \$22.05. Intel and its closest peer, AMD, were subjugated by New York Attorney General Andrew Cuomo in an antitrust probe into computer-chip pricing.

Winners and Losers

McInerney +10% Despite continuing negative sentiment towards the Irish residential property market from all quarters.

Directors' dealings

Independent News & Media's Sir Anthony O'Reilly (right) spent €4.69m buying 2m shares at prices of between €2.33 to €2.36 last week.

What are the odds?

Which stock market will perform worst in 2008? Paddy Power has the odds. Settled in percentage terms from close of business on December 31, 2007 (or nearest business previous day) to December 31, 2008 (or nearest previous business day).

Table with 4 columns: Index, DAX, FTSE, Dow, Nasdaq, S&P, EUP. Values: 6/1, 6/1, 4/1, 3/1, 6/1, 6/1.

Iseq Ftse Dow



Shares at a glance

Table listing various companies (AIB, CRH, Bank of Ireland, etc.) with columns for Last Price, Chg, Year High, Year Low, and Mkt Cap.

DOLMEN STOCKBROKERS (01) 6333800

property

Jane Suiter

Singer staying put with a juicy site sale

Cranberries star Dolores O'Riordan has hit the property jackpot with the €3.2m sale of a site in Howth, after opting to hold on to her current home

FORMER Cranberries' chanteuse Dolores O'Riordan and her Canadian husband Don Burton have hit the jackpot - properly speaking.

Former objector and neighbour Feargal Quinn is no doubt heaving a sigh of relief.

THERE may be a dearth of top class homes for sale in Dublin at the moment but a few brave souls are testing the market.

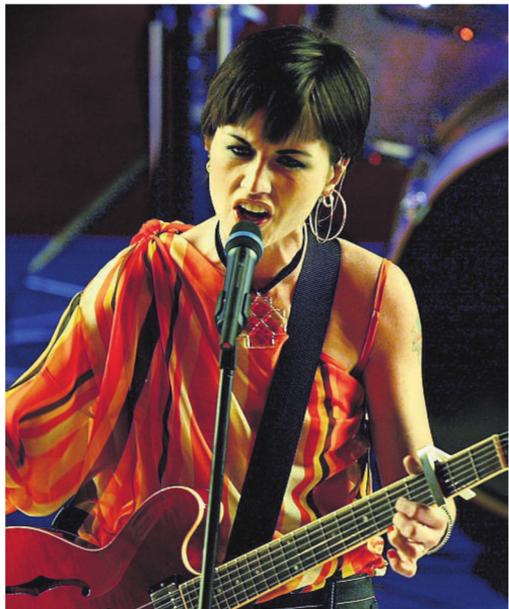
company watch Dan White

Horizon slip-sliding away

LAST week's profits warning from IT-distribution company Horizon further hammered the share price which lost a quarter of its value in the aftermath of the announcement.

It's time Glanbia did Dairygold deal

WITH the share price having risen by more than two-thirds to a fever over the past year, what does Glanbia boss John Maloney do for an encore?



DOLORES O'RIORDAN: The former singer is now making her money in the building trade

bought office buildings in the south-east of the UK at the Chequer Hill, has amazing 1.75 acre site, Shanet, on the Bally in Howth, for some €3.2m, preferring to stay in their current home just down the road in Thomam Woods which their kids 'really love'.

IT seems all those smiling photos of new buddies Ian Paisley and Martin McGuinness are enough to keep the Northern property market afloat.

THE headlines there were all about the slowdown in the rate of growth but prices still rose at an annualised rate of 24 per cent in the final three months of the year.

company watch Dan White dwwhite@independent.ie



AUDITION: Michael O'Leary tries for the role of Doctor Who

Ryanair slows down

THE New Year has brought continued gloom for Ryanair shareholders. Having fallen by over 10 per cent in 2007, its shares have shed a further 17 per cent of their value so far in 2008 and are now just €3.85.

Advertisement for Powers Gold Label Irish Whiskey, featuring a bottle and the text 'Enjoy Powers Sensibly Pure Gold. Share the wealth.'

feature

No respite for retailers as clouds darken

The property slump and credit crunch have hit the shops where it hurts - in the till, says Louise McBride

WARNINGS that economic growth would reach its slowest level in 15 years this year didn't daunt too many shoppers in the run-up to Christmas.

IN the week before Christmas, football figures - effectively the number of shoppers on Irish streets - were about 21 per cent higher than the same time last year, according to figures released last week by business information company, Experian.

LAST November, the CHQ shopping arcade in the International Financial Services Centre opened its doors to shoppers.



CHQ: 'It's not Grafton Street or Dundrum.'

opinion Brendan Keenan

The debate on Irish nuclear power should be fuelled by pragmatism

A reliable source of electricity that helps cut carbon emissions may be a no-brainer for Britain, but not here

AIR play by Energy, ex-Minister Eamon Ryan for putting a lot of people right about electricity. You cannot tell what has come from - if indeed it has "come" from anywhere.

I know of an old lady once who removed the lightbulbs every night in of them and added to her ESB bills. I kind of understood her reasoning, but not that of those who fretted that we would be "financing" it.



SELL, SELL, SELL: Rathgar girl Clare Devereux now lives in LA, but she made sure she got to BT's January sale. Photo: Tony Gavin

MacDougal, a retail analyst with the London investment bank Blue Owl Securities. "To what extent this hits Ireland will depend on their view of the economy. A number of British retailers are pulling back on retail space."

THE appetite for retail accommodation in the Irish market is more likely to come from US and European retailers than the British this year, according to a report published last week by real estate giants CB Richard Ellis.

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CHQ: 'Early January has been slow.'

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2.3 per cent Annual fall off in numbers of shoppers across Ireland this Christmas

There are a lot of people out there with no mortgages and these people have a lot of disposable income," said Coffey, chief executive of the Dublin City Business Association, which represents Dublin retailers.

"About 50,000 people under 30 could have negative equity in their houses," said Tom Coffey, chief executive of the Dublin City Business Association, which represents Dublin retailers.

"There is a lot of people out there with no mortgages and these people have a lot of disposable income," said Coffey, chief executive of the Dublin City Business Association, which represents Dublin retailers.

There has been price erosion across the board in Irish retail, said Fitzsimons. "Recommended retail prices are not holding."

There is also a question mark over the future of certain shopping centres, particularly those over 15-years-old. The days of small shopping centres - those with one main anchor store and about 15 smaller stores - could also be numbered, said Fitzsimons.

Snapshot of slow post-Christmas trading at CHQ centre



CHQ: 'Early January has been slow.'

ACCA Independent Colleges

"Intellectuals solve problems; geniuses prevent them." Albert Einstein



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