



# DÁIL ÉIREANN

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*Dé Céadaoin, 26 Samhain 2008.*

*Wednesday, 26 November 2008.*

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Chuaigh an Ceann Comhairle i gceannas ar 10.30 a.m.

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*Paidir.*

*Prayer.*

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## **Leaders' Questions.**

**Deputy Enda Kenny:** The announcement was made yesterday of the resignation of the director general of FÁS. The Government will launch another committee today to deal with cutting down the waste of taxpayers' money. The Taoiseach has 33 Ministers and this is their function. He has cast doubts on the judgment of others in this House, but the only two people who did not seem to realise that something was radically wrong in FÁS was the Taoiseach himself and the Tánaiste.

Is the Taoiseach fully aware of what has gone on in this organisation? Many years ago he was Minister for Labour and dealt with it then. I have flight records for a round the world trip from Dublin to Frankfurt, Tokyo, Honolulu and San Francisco, and back to Frankfurt and Dublin at a cost of €12,000 of taxpayers' money. I have the records of a major hotel in Dublin, with a booking costing €29,000 for two and a half week stay. Two banquets were held in the hotel on the same day, one of which cost €8,000 and the other €9,000. I want to make it clear that when this country does business internationally, we expect to measure up to the standards that are required. However, the Taoiseach is in charge of this and what has gone on here is the gross abuse and reckless expenditure of public moneys.

Every Deputy in this House is visited by people on community employment schemes and so on who are trying to get back on FÁS schemes. However, things seem to have gone completely out of control at the top. Can the Taoiseach respond on his own judgment of the director general and his defence of his position? He has representatives on the board, appointed by different Ministers and Departments.

We are now at what I would call a "values revolution", where the taxpayers' money has to be respected as much, if not more, than individual money. The Taoiseach has responsibility for this. In view of the importance of FÁS in the years ahead, does he now believe that the board members should consider their positions?

**The Taoiseach:** Both I and the Tánaiste have been aware of the processes that were put in place to see what exactly is the problem in these matters. A similar process is also being conducted by an Oireachtas committee. I made the point two days ago that the Tánaiste indicated that an investigation was being conducted by the Comptroller and Auditor General into issues that have taken place, and that the director general would be before the Committee of Public Accounts in the normal way this week. I then went on to say that I know him personally, that he has been an excellent public servant and that I have every confidence in him. That

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confidence was justified. He is an honourable public servant and he did the honourable thing on behalf of the organisation that he led and tendered his resignation to the board of that organisation. I commend him for that.

He made a significant contribution to the development of services at FÁS during his tenure there, including the One Step Up programme, which has greatly improved the upskilling of the workforce. He tendered his resignation of his own volition because he is a public servant with a good track record. I do not think, no matter the size of the controversy, that it is right for me to reduce that career over that period of time and the good work done down to this issue. He has taken a decision based on accountability for this issue and I commend him for it.

The Tánaiste will report to the Government next Tuesday on what happens next. I understand that the board of FÁS will meet this evening for the purpose of appointing an interim director general of the organisation.

**Deputy Enda Kenny:** When I raised this issue yesterday, the first point I made was that I would not impugn the personal integrity of anybody. Did the Taoiseach discuss this with the Tánaiste before she contacted Mr. Molloy yesterday in terms of her conversation with him? Does the Taoiseach take the view that the audit committee of FÁS is representative of Ministers and Departments?

If they did not know about this, they should have been in the position of finding out, given that they represent the taxpayer. If they did know about it and its extent, then they are guilty of criminal negligence. This organisation now has a very bad name, even though it has done some great work over the years. In that context, the Taoiseach should ask the members of the board to consider their positions.

We are at the start of a values revolution in Ireland, as I have already said in other fora. In the past, we had the situation where the Taoiseach's predecessor saw no difference between right and wrong in accepting large sums of money over the counter. In this Chamber he told us that members of various boards were appointed on the basis of friendship. Irrespective of the party involved, this is a consequence of being in power for too long.

**Deputies:** Hear, hear.

**Deputy Enda Kenny:** The same would apply to any other party in office for too long.

On the basis of the Taoiseach's comments about the former director general's integrity, I assume Mr. Molloy wants to co-operate with the Committee of Public Accounts to get to the bottom of this issue. If the Taoiseach did have a conversation with Mr. Molloy, did he point out to him that there would be no agreement on severance pay or a golden handshake until there is co-operation with the Committee of Public Accounts, which represents the people and taxpayers? We cannot have a situation where the director general resigns and makes no further comment to a committee of this House, representing the people, on the profligacy that went on. That is fundamental to the start of clearing up this matter.

The Taoiseach will make appointments to another committee today, known colloquially as "An Bord Snip". It is a function of Ministers — and is part of what they are paid to do, along with setting out policy — to call in Secretaries General and Accounting Officers to deal with these matters. The Government does not need any more committees to point out what should be done. It is up to Ministers to identify where the waste lies and root it out.

Does the Taoiseach agree that there should be no agreement on severance pay or a golden handshake for the former director general of FÁS until and unless there is full co-operation

with the Committee of Public Accounts? Did the Taoiseach discuss this matter with the Tánaiste before she spoke to the director general?

**The Taoiseach:** I wish to point out, on the basis that Deputy Kenny is not impugning anyone's integrity, that the outgoing director general has been co-operating with the committees.

**Deputy Pádraic McCormack:** That is not so.

**The Taoiseach:** Any suggestion that he has not co-operated is incorrect.

**Deputy Pádraic McCormack:** He is not providing information to the committee.

**The Taoiseach:** Deputies cannot, on the one hand, say they are not impugning a person's integrity and then suggest that if co-operation is forthcoming, all will be well. Co-operation has been forthcoming.

**Deputy Pádraic McCormack:** That is not so.

**Deputy Brian Hayes:** It has not been forthcoming.

**The Taoiseach:** The chairman and the director general of FÁS have welcomed the fact that the Tánaiste asked the Comptroller and Auditor General, on foot of the public procurement report, to prepare further reports on other matters, including the question of the corporate services division. That is the factual position.

**Deputy Pádraic McCormack:** It is not so.

**The Taoiseach:** It is so. In relation to——

**An Ceann Comhairle:** Please allow the Taoiseach to reply to Leader's questions.

**The Taoiseach:** I am not answerable to Deputy McCormack during Leaders' questions.

**Deputy Pádraic McCormack:** I am a member of the Committee of Public Accounts and I know what has gone on.

**The Taoiseach:** I do not agree with the Deputy because Mr. Molloy has been co-operating.

**Deputy James Reilly:** That is an opinion, not a fact.

**Deputy Pádraic McCormack:** He had blanked-out pages.

**Deputy Brian Hayes:** The Taoiseach is offering his opinion, not facts.

**The Taoiseach:** Deputies are saying that people's integrity will not be impugned. They are aware that in relation to that redaction, it was agreed between the legal advisors of the Committee of Public Accounts and of FÁS, on the basis——

**Deputy Pádraic McCormack:** That is not so.

**The Taoiseach:** ——of the Data Protection Act.

**Deputy Brian Hayes:** That is not so. The Taoiseach is wrong again.

**The Taoiseach:** That is the information that the deputy chairman has indicated to the public.

**Deputy Pádraic McCormack:** That is wrong.

**The Taoiseach:** To return to the point at issue, rather than be distracted by these matters, the director general tendered his resignation and I understand the severance arrangements are in line with public sector norms. That is the normal procedure and Mr. Molloy would have that entitlement, the same as everybody else in that position. The board of the FÁS organisation will be meeting this evening. The Committee of Public Accounts will be holding its scheduled meetings and the arrangements for the attendance of FÁS officials is a matter for that organisation. Equally, it is a matter for the Committee of Public Accounts to decide what to do in this new situation. I am not going to get into any of that because it is a matter for the committee.

The director general, of his own volition, tendered his resignation. I commend him for making that decision, which he has done in the interests of the organisation he served and led. He has done a lot of good work in that organisation and in other Departments. I wish we were all in a position to say that we did everything perfectly, but none of us are able to say that. However, Mr. Molloy has taken on the accountability issue, for which I commend him. While there might be an avalanche of abuse against him personally — whatever way people want to play it is a matter for themselves — the honourable thing was done here. He has done it correctly——

**Deputy Paul Kehoe:** We are only protecting taxpayers.

**The Taoiseach:** ——and his career over that period of time commends him as a good public servant. In respect of specific issues, he has dealt with them honourably.

**Deputy Paul Connaughton:** What about the board?

**The Taoiseach:** The Tánaiste will report to the Cabinet next week regarding the board and any matter that arises in that context. I wish to make clear that FÁS will continue to co-operate with any ongoing investigations into these matters.

**Deputy Eamon Gilmore:** Mr. Molloy has done the honourable thing by offering his resignation. I am sure that was a difficult decision for him and I wish him well. From time to time, when things go wrong, we get resignations of senior public servants. However, what we do not get, particularly from Fianna Fáil in Government, is any resignation by Ministers or any sense that there is ministerial accountability. The amount of money spent on electronic voting was 100 times greater than the expenses in FÁS under scrutiny, for example, but there was no ministerial resignation or accountability to this House for that. What we get — the Taoiseach gave it to us again here this morning — is the suggestion that when something goes wrong in a State agency, it has nothing to do with Ministers. We are assured that the Minister will investigate and there will be a report to Government. Then the issue disappears.

Let me remind the House how this works. A State agency, whether it is FÁS or any other agency, is accountable to the Minister and the Minister is accountable to the people for the spending of taxpayers' money through this House. In respect of FÁS, there is ministerial responsibility. The Labour Services Act of 1987 states specifically that the remuneration and expenses of staff in FÁS must be approved by the Minister and the Minister for Finance. This also applies to the board of FÁS. This is outlined in section 7 of the Act and again in the Schedule to that Act. Furthermore, there is a provision in the legislation that gives the Minister power to give directions to FÁS in respect of expenditure on specific items.

Let us be clear about this. The Minister for Enterprise, Trade and Employment had responsibility for the expenses regime which applied in FÁS, because the Minister had to approve it. There were three Ministers for Enterprise, Trade and Employment over the period of time in

question, namely, the current Tánaiste, Deputy Mary Coughlan — who has only been in the job a very short time — the current Minister for Foreign Affairs, Deputy Micheál Martin and the current Minister for Health and Children, Deputy Mary Harney.

Did the Minister for Enterprise, Trade and Employment approve the expenses regime which applied in FÁS, under which some of the top executives benefitted? I heard Mr. Molloy on radio on Monday last say the arrangements in place were “entitlements”. Did the Minister approve them? If the Minister did not approve them, then I seek an explanation from the Taoiseach as to why three Ministers — I do not know which one was responsible here — were negligent in their duty in overseeing the organisation, as the Minister is required by law to do. FÁS is not a free agent. It is responsible to the Minister, who must approve its expenses regime and who is, in turn, accountable and answerable to this House for that approval. I want an answer on that today.

**The Taoiseach:** My understanding is that the rules regarding travel and subsistence in the Civil Service are set out in circular No. 11-1982 as amended by circular No. 18-2006. In 1998, the Department of Finance issued a letter to all Departments and offices regarding travel. The travel and subsistence policy in FÁS is a matter in the first instance for the board of FÁS and the Department of Enterprise, Trade and Employment. These are the arrangements that apply. I do not think the Deputy is suggesting that the Minister would clear individual expenses of persons in FÁS; if that is the suggestion I do not think it is a proper governance principle. There are codes in place regarding these matters which should have been applied, in the first instance by the board and then brought to the attention of the Minister. On foot of a report from the Comptroller and Auditor General, the Minister asked for a further investigation in the corporate services division that deals with these issues so that we can get to the bottom of what exactly was going on. This is an exercise of accountability by the Minister on the agency concerned but I do not think it is right to attribute personal responsibility on the expense sheets to the Minister.

**Deputy Pádraic McCormack:** What about the board?

**Deputy Seymour Crawford:** What about the Greens?

**An Ceann Comhairle:** Deputy Gilmore without interruption.

**Deputy Eamon Gilmore:** The Taoiseach’s answer is not good enough at all. Telling the taxpayer, who has to pay for this, about circular letters is not an adequate answer.

**Deputy Joan Burton:** We are going around in circles.

**Deputy Eamon Gilmore:** The Act which was passed by the Oireachtas, the representatives of the people, which set up FÁS, says without any doubt or ambiguity that it is the job of the Minister to approve the expenses regime in FÁS.

**Deputy Noel Dempsey:** Does it use the word—

**Deputy Eamon Gilmore:** I will read it for the Minister. Section 7(2)(a) states, “Such remuneration and allowances for expenses incurred by him . . . [this means any member of staff] . . . as An Foras or the subsidiary, as the case may be, with the consent of the Minister and the Minister for Finance”. It is explicitly clear that the approval of expenses regimes in FÁS, as established by this Act, is a job for the Minister for Enterprise, Trade and Employment.

I will ask the Taoiseach a direct question. Did the Minister approve travel by first class by senior executive staff of FÁS? This is the Minister’s job. This is not a matter of FÁS deciding

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this of its own volition. The arrangement for expenses remuneration in FÁS is a matter for which the Minister has responsibility. I want to know whether this was approved by the Minister and if it was not approved by the Minister, what has a succession of Ministers in that Department been doing over the 11 years in which the Taoiseach's party has been in office?

**The Taoiseach:** As I said to Deputy Gilmore, the specifics of the expenses regime that would apply to Departments, offices or agencies are under the remit of Departments. In 1998, the Department of Finance issued a letter. To answer the Deputy's question, the Labour Services Act 1987 refers to the Minister for Enterprise, Trade and Employment and the Minister for Finance. In 1998 the Department of Finance issued correspondence to all Departments and offices regarding the foreign travel issue and this is the regime that applies. It is a matter for the board and the management who are in charge of the day to day operations and implementation of Government policy in respect of that agency to ensure it is complied with. The issue now arising is that the evidence suggests *prima facie* that it was not being complied with. The question is what accountability arises as a result of this non-compliance. The director general has made a decision himself as head of the day to day operations of the agency regarding what he believes he should do in these circumstances and I commend him on that.

**Deputy Paul Connaughton:** He is gone now.

**The Taoiseach:** With regard to any other aspect of the issue, the Tánaiste on her return will report to Government and the Government will decide what, if any, other matters are required here to ensure the full public confidence in those who work conscientiously in this organisation to provide the services which it is statutorily required to provide.

**Deputy Pádraic McCormack:** Does the Taoiseach have confidence in the board?

### Ceisteanna — Questions.

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#### Benchmarking Awards.

1. **Deputy Enda Kenny** asked the Taoiseach the costs which accrued to his Department in respect of the payment of the benchmarking pay awards; and if he will make a statement on the matter. [29485/08]

2. **Deputy Caoimhghín Ó Caoláin** asked the Taoiseach the cost of benchmarking as it affects his Department; and if he will make a statement on the matter. [37596/08]

**The Taoiseach:** I propose to take Questions Nos. 1 and 2 together.

There have been two reports from the public service benchmarking body. The increases recommended in the first report of the body in June 2002 were implemented in my Department as follows — 25% of the recommended increase was paid in June 2003 with effect from 1 December 2001. The total cost to December 2003 was approximately €405,000; 50% of the recommended increase was paid from 1 January 2004, at an approximate cost of €491,000 for that year; and the final 25% of the recommended increase was paid from 1 June 2005, at an approximate cost of €150,000 for that year. The annual cost of full implementation is approximately €900,000.

The second report of the public service benchmarking body in December 2007 recommended an increase of 1.1% for the grade of principal officer. No other increase was recommended in

respect of general Civil Service grades. The proposed Towards 2016 transitional agreement, which was recently ratified by ICTU and IBEC, provides for the payment of this increase from 1 September 2008. No payment has been made to date by my Department in respect of this recommendation.

The estimated annual cost of this award to my Department is €26,000. Pay increases recommended by the public service benchmarking body are conditional on delivery of real and verifiable outputs in terms of modernisation and flexibility.

**Deputy Enda Kenny:** Is it the Taoiseach's view that the country can afford the national pay agreement as outlined?

**The Taoiseach:** Yes. It is important that if the agreement is ratified by all the parties to it, we should proceed with it and take into account the situation as it develops. I do not believe it is right to negotiate a deal last month and seek to say it does not apply this month.

**Deputy Pádraic McCormack:** The Taoiseach is changing his mind every day.

**The Taoiseach:** I was criticised by the Deputy's finance spokesperson last August. He is on the record as criticising me for not having completed a pay deal in August. He made another statement in September welcoming the fact that the pay deal had been completed in September.

**Deputy Enda Kenny:** We are still in a position where we have no recapitalisation of banks and there is tightening of credit to small businesses. The situation since July and September has deteriorated quite radically with 10,000 people a month losing their jobs, mostly in the private sector. Can I take it that it is the Taoiseach's intention to see that the pay deal goes ahead as agreed? It will cost €800 million next year and €1,200 million the following year and the Taoiseach is of the opinion that the economy can afford this at a time when we are in serious difficulties on the other side.

It is now six years since I made the point while in Killarney that the benchmarking process was a brilliant opportunity to start real reform of the public service in terms of value for money. As a politician and as the leader of the country, is the Taoiseach happy that the taxpayers were given clear and distinct results and responses regarding efficiency and better levels of service as a result of the benchmarking moneys that were paid out? The Taoiseach said that the cost of benchmarking in his own Department was €26,000. What increased efficiency is available now from the Department of the Taoiseach as a result of the benchmarking awards?

**The Taoiseach:** In answer to the first part of the question regarding the cost of the pay award, the Government has also made a decision for next year which sees a 4% savings on payroll costs to be effected. This will ensure an additional payment is not being made out of the

*11 o'clock* Exchequer on that basis in respect of any pay deal commitments that need to be dealt with next year. It is important to point out that the Government has made a number of decisions to ensure the cost of public service pay next year is controlled in a way that does not impose a further burden on the taxpayer. The €26,000 for my Department has not been paid. Pay increases recommended by the benchmarking body are conditional on the delivery of real and verifiable outputs in modernisation and flexibility. These are obviously still in hand.

**Deputy Pádraic McCormack:** Did that happen?

**Deputy Caoimhghín Ó Caoláin:** Has the Taoiseach noted that the report of the benchmarking body published in January amounted to bad news for low-paid workers in the public service? Has he noted that the trade unions and others have pointed out that higher civil servants and



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the top echelons in State and semi-State bodies continued to be awarded high pay increases while lower paid workers were left behind? Is he aware that this process is continuing even though it has been highlighted several times?

We have a concerted onslaught on public service workers. The intention of some commentators is to lay the entire blame for all our economic woes on that sector when the reality is that the economic mess we are in is attributable to failed Government policies and the financial institutions' bad practices.

When the Taoiseach was Minister for Finance, the benchmarking body was one of his responsibilities. What role does he see that body playing now and in the future? Will he agree it should not be used in any way to erode pay in the public service, especially for low-paid workers?

**The Taoiseach:** I do not accept the assertions made prior to the asking of the question.

Regarding the question itself, it is important to point out that the benchmarking process is a big improvement on the previous process, the analogue system of pay relativities. Under that system, when one category of worker obtained a pay award, there was an immediate knock-on effect for related pay categories across the service. That was not a sustainable or a good system.

The benchmarking arrangement is to provide for comparators between public service and private sector levels of remuneration in comparable jobs and areas of responsibility. The purpose behind the process is to ensure a talent pool of labour is available for both the public and private sector in respect of similar jobs of similar quality. The benchmarking body took into account the difference in pension provision that applies between the public and private sector. Benchmarking is a process; it is not a guarantee of an increase or decrease in salaries. It is a process of comparison. The private sector would contend that salary levels are beginning to decrease because of the competitive pressures on people in the sector.

One issue that has arisen in the comparisons between private and public sector pay levels at the higher end is that there is a growing disparity in absolute income levels between the lower and higher grades in the public service. It has been asked to what extent this strains the overall public service ethos. It has been commented on both inside and outside the House. It will have to be taken into consideration when determining terms of reference for the process in the future. However, the changed economic circumstances are such that the inflation seen with wage remuneration at the higher end of the private sector — the comparison made with the higher grades of the public sector — will not be a phenomenon that will continue.

The benchmarking process is a better process than its predecessor. It has provided a more transparent system, particularly with the second report, to compare like jobs with like in the public and private sectors. It has also taken into account the pension provision issue. At the same time, it has ensured we do not lose people from the public sector to the private sector or people not being interested in joining the public sector because of great disparities of income for comparable types of jobs. That is the broad policy context behind the process which I believe is right.

The issue for any future benchmarking process is to ensure we reflect on the fact some feel the disparity in absolute income levels between lower and higher salary grades in the public sector would become such that the natural cohesion and ethos of the service might be strained by use of the outside comparator principle since benchmarking was introduced.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach referred to the oft-cited disparity between public service and private sector pension provisions. Will he agree the Government has failed to address the other serious disparity, the denial of the right to collective bargaining and trade

union representation in the private sector? Is he prepared to take the appropriate legislative address of this serious disparity and afford the right to all workers to collective bargaining and trade union recognition? Will he consider during the course of his tenure introducing legislation to address this serious disparity?

**An Ceann Comhairle:** It is straying from the question.

**The Taoiseach:** I believe in the voluntary method of negotiation that has built up where people can come to agreement and, in cases where an agreement cannot be reached, they can use industrial relations mechanisms accordingly. That is the right code of practice.

**Deputy Caoimhghín Ó Caoláin:** What about the right to negotiation?

**The Taoiseach:** The Government has introduced the minimum wage. Through its tax policies it has ensured low-paid workers have a greater level of disposable income after tax than any previous Government provided. It has taken many of them out of the tax net. Increasing job creation in the past has provided many opportunities.

Returning to the question on benchmarking, comparisons are made between the various grades in the public sector and the private sector. The private sector provides the market price for labour which can differ from occupation to occupation, depending on levels of productivity or labour intensity. The benchmarking process, while it may not be perfect as far as some are concerned, is a better system than its predecessor.

**Deputy Eamon Gilmore:** In the Taoiseach's reply on the pay agreement that has been concluded, I understood him to say that it is the Government's intention to honour the terms of the agreement. I would like the Taoiseach to pursue the logic of this. No money has been provided by the Government to honour the agreement's terms. On the contrary, as he has confirmed to the House, there is a requirement on Departments, State agencies and public bodies to effect a 3% cut in their payrolls. There is a pay pause in the public sector until September next year. How can the Government honour the terms of the pay agreement when it requires public bodies to effect a cut in payroll? Some public bodies may be able to achieve such a cut by reducing staff, through retirements they do not replace or letting contract staff go but I expect there will be public bodies not in that position. Are public bodies free to claim inability to pay if they cannot achieve a 3% or 4% cut in payroll in circumstances where they are required to honour the pay agreement?

One of the terms in the pay agreement that I found difficult to understand was the provision for the final phase of the pay increase in the public service. The final phase is for a month. A phase of a pay agreement for the duration of a month is highly unusual. Does it follow that a second pay pause is teed up in that agreement at the end of that month? I have never come across a pay agreement that allowed for a pay increase on the first of one month, with a subsequent pay agreement kicking in on the first of the following month. Is there a second pay pause effectively built into the concluded agreement?

I drew attention to the last benchmarking report for higher paid public servants in January. The report appears to be following the logic that higher paid public servants and chief executives of State bodies should be benchmarked against chief executives in the private sector. We are not comparing like with like. We have seen what developed in the wider private sector, where the pay of chief executives has gone way up. Some companies pay their chief executives in millions and pay their staff the minimum wage. That logic has never applied in the public sector. It caused concern that there appeared to be a tendency in the last benchmarking report to move in that direction.

**The Taoiseach:** It is important to point out that the benchmarking report did not take chief executive salaries of major publicly quoted companies, it took the lower quarter of a range of salaries as being a fair representation, as far as one can find equivalence in these matters, between the higher paid grades in the public sector and a comparison in the private sector that was appropriate. The benchmarking body was careful and did not bring into play the very high levels of remuneration in the private sector to which the Deputy referred. That should be said in favour of the body. It was a careful calibration of what the comparison should be. I refer to the level of responsibility that these grades provide.

There is nothing teed up in respect of the pay agreement. It is as it is, that is what was agreed and negotiated. It covers the 21 month period and sin é. There is no understanding beyond that. It will be a matter for negotiation in due course after we get this one through.

Given the context of the budgetary and fiscal challenge facing any Government in present circumstances in Ireland, with a public pay and pensions bill of €20 billion, no area of policy can be immune from having to make a contribution to trying to address the fiscal deficits that have emerged. In a previous Question Time, talking about this generally, this method we have adopted provides the maximum flexibility for Departments and agencies to effect these changes and, at the same time, meet their targets. By putting it across the full pay bill spectrum, there are many ways this can be achieved. Flexibility is accorded to bodies to achieve this in whatever way is appropriate to the circumstance, rather than simply the blunt instrument of a staff embargo from a specific date.

Regarding the question of inability to pay, I am not aware if the State has invoked an inability to pay clause, or if any agent of the State has done so.

#### **Programme for Government.**

3. **Deputy Enda Kenny** asked the Taoiseach if he will report on the implementation of the agreed programme for Government; and if he will make a statement on the matter. [29486/08]

4. **Deputy Caoimhghín Ó Caoláin** asked the Taoiseach if he will report on the implementation of the programme for Government; if modifications have been made to the programme in view of changed economic circumstances; and if he will make a statement on the matter. [29531/08]

5. **Deputy Eamon Gilmore** asked the Taoiseach when it is intended to publish the progress report on the implementation of an agreed programme for Government; and if he will make a statement on the matter. [29623/08]

**The Taoiseach:** I propose to take Questions Nos. 3 to 5, inclusive, together. The programme for Government between the parties in Government, and which enjoys the support of a number of Independent Members of Dáil Éireann, was agreed following last year's general election and sets a detailed agenda for Ireland's development to 2012. Much progress has already been achieved in fulfilling the commitments. Each Department has produced a statement on its progress in regard to implementing the programme for Government imminently. These statements were published on the Government website on Wednesday, 24 September.

**Deputy Enda Kenny:** Does the Taoiseach accept that the programme for Government, as agreed between his party, the Progressive Democrats and the Green Party, cannot be delivered given the changed circumstances? Do the elements of the programme agreed with the party previously known as the Progressive Democrats stand in view of the fact that as an entity it no longer exists? What is the situation regarding this?

Can the Taoiseach provide an update on the €252 million in the programme for Government for IT for schools? Is that still in limbo or has it disappeared?

What is the position about the co-location of hospitals programme? It appears there are serious difficulties surrounding this agreement, an agreement I do not agree with. Will the Taoiseach provide an update on this?

**The Taoiseach:** The programme for Government was predicated on delivering growth rates of 4.5%, which are not in prospect for the immediate period ahead. Therefore, the important paragraph in any programme for Government must be invoked. This is that the primary consideration must be to deal with the budgetary situation and, in that context, priorities must be identified. That would be the case for anyone in Government at the present time. Priorities will be identified as we proceed during the course of this Administration out of the programme for government for implementation. One cannot implement a programme based on 4.5% growth annually if such growth does not materialise. The Deputy's specific questions on IT for schools should be tabled to the Minister for Education and Science.

The Progressive Democrats signed up to the programme for Government as published, therefore there is no separate arrangement for that party. I recently answered a question from Deputy Gilmore on co-location pointing out the state of play in respect of various projects under that initiative.

**Deputy Enda Kenny:** That is the first piece of realism from the Taoiseach, that the programme for Government as agreed and predicated on a 4.5% increase in growth, cannot now happen. In view of the fact that there will be another set of proposals today for public service reform, will the Government indicate it is not in position to deliver the programme as agreed because the growth rates are very different to what was predicted? Will the Government present its amended priorities? Can we take it that the Government will respond that it cannot implement all that was set out but will state what it can implement, namely a reduced agreed programme for Government based on what the Taoiseach thinks can be achieved next year and beyond?

**The Taoiseach:** The programme for Government stands. It is predicated on the assumptions I outlined. We have indicated they will have to be prioritised in view of the fact the resources of the State are not what one would have expected.

With regard to priorities from year to year, I refer the Deputy to the departmental Estimates of the Ministers which set out the activity they envisage during the course of this year based on the allocations available to them. As a result of the reforms introduced in the budgetary process — I speak as a former Minister for Finance — they will also have annual output statements which indicate to them what they expect to get for the money that has been allocated and the outcomes at the end of the year. They are also answerable to the various committees as to whether certain targets were exceeded or certain expenditures not spent, and the reasons for that. We have in our budgetary reform process the means by which Members of the House can examine these issues with Ministers through the committee system based on the departmental Estimates they put forward.

**Deputy Caoimhghín Ó Caoláin:** Would the Taoiseach accept that the programme for Government no longer has any credibility? Two of the signatories to the programme for Government, Deputies Bertie Ahern and Trevor Sargent, are no longer the leaders of their respective parties, Fianna Fáil and the Green Party, and the third signatory of the programme, Deputy Mary Harney, does not have a party. Does the Taoiseach accept that much of what is committed in the programme for Government is meaningless at this point, as has been repeatedly demon-

[Deputy Caoimhghín Ó Caoláin.]

strated since the programme was first announced, a programme that was never debated by the House at the time?

Is the Taoiseach aware that the programme commits the Government to extend entitlement to the medical card, not take it away as he has been doing in regard to the over 70s? Is he aware also that the programme commits the Government to indexing the income thresholds for qualification for medical cards to increases in the average industrial wage, doubling the income eligibility for parents of children under six years of age and trebling it for parents of children under 18 years of age with an intellectual disability? In the time since this Government of the 30th Dáil took office last year, have any serious attempts been made to deliver on those critical commitments? Does the Taoiseach accept that a revised programme for Government, reflective of the current position, is required and that honest and realisable expectations should be put before these Houses and the people?

**The Taoiseach:** I am dealing with all of these questions honestly, as I deal with all questions here in the House, and to the best of my ability and knowledge available to me.

The signatories to the programme for Government did not sign in an individual capacity. They did so on behalf of their parties for the duration of the term of this Government. The Deputy will find, if his party changes its leader, that he will be bound by the signatories of successors too. That is the way it works. It is an absurd argument to suggest that because parties change leaders, people retire or move on and they are replaced that in some sense agreements made are invalid. Such agreements were signed on behalf of the parties for the duration of the Administration. It is clear that is the case and I do not understand the purpose of the question other than to suggest that if anyone retires from politics there should be a general election.

On the point about the programme for Government, I refer the Deputy to the important paragraph in this and any other programme for Government worth the name, which confirms that trying to achieve overall budgetary balance must be a priority in the context of the delivery of any commitments in the programme. Commitments in any programme for Government are not free standing, regardless of the economic or budgetary circumstances. That was set out before, during and after the election.

The fact is that we are in a new economic climate where, despite the prospects on which we all fought an election, with all of us suggesting there will be nominal growth rates of approximately 7% per year, between actual growth and inflation. We put forward manifestos on that point. It was the one aspect on which we did agree. We might have had different commitments in the manifestos but at least we based them on the same growth rate assumptions. We are in a totally different position now and we must adapt to that.

It is only in trying to achieve budgetary balance, and there will be a budgetary equilibrium which will be a serious challenge in the course of this Administration, that one can contend to the public with any credibility the provision of sustainable public services at whatever level they can be achieved but we will not achieve them by proceeding with implementing commitments as if they were free standing, which they never were. The Deputy is portraying them as being free standing and then suggests they could be sustained for any period of time thereafter. Unless one had access to resources other than the Exchequer resources, one could not make that commitment.

I do not accept the Deputy's contention that there is any dishonesty. It is clearly the case that the programme for Government sets out the parameters within which all commitments are made and upon which any responsible Government can make them.

**Deputy Caoimhghín Ó Caoláin:** I welcome the fact that in his reply the Taoiseach has indicated to the House that he believes the Government should, as indeed we all would, feel bound by the signatories of our predecessors or whomever for the time being was leader of our respective parties and that he feels duty bound in terms of the delivery of the commitments contained in the programme for Government because that was what his predecessor signed up to. The kernel of the question is whether the Taoiseach would accept that the programme for Government, as Deputies here have been pointing out to him — it must be as evident to him as to anyone else here — no longer reflects a set of deliverables that he and this Government can live up to and can meet the expectations that have been created in the public mind.

Is the Taoiseach aware, for instance, that under the housing section of the programme for Government there is a commitment to deliver 90,000 housing units to meet the needs of 90,000 household units in the period of this Government and that there is direct reference in the programme to taking up the slack arising from the expected and slight downturn or slowdown in overall housing completion? Does he accept that a slight slowdown is not what has happened since last year? What we have seen is the total collapse of the construction sector and mass unemployment arising therefrom.

The programme for Government no longer reflects the reality faced by countless people across the State. Does the Taoiseach recognise that the Government should be committed to a programme for Government that would seriously seek to address both the housing needs and essential infrastructural requirements would, as a joint exercise, help to inject recovery into the economy? Does he accept that we are talking——

**An Ceann Comhairle:** There is little time remaining and there are three other Members offering.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach might accept the recommendation that looking seriously at delivering on commitments such as social housing and essential infrastructural projects can help both to arrest the decline in construction sector employment and help rejuvenate an economy in serious difficulty.

**The Taoiseach:** Significant funding is being made available in the social and public housing programme this coming year. Based on his experience and previous work as a local authority member, the Minister of State, Deputy Finneran is well *au fait* with the prospects for local authorities and others providing for that. This arises from a significant allocation; from memory it may be over €4 billion or €4.4 billion. That is a significant commitment.

**Deputy Pádraic McCormack:** Councils have no money.

**The Taoiseach:** To the greatest extent we can, this was one of the areas of the capital programme we sought to affect least because of the importance of housing for some of the reasons Deputy Ó Caoláin outlined. I am glad to know he is an advocate of the construction sector. He was an arch critic of it while I was Minister for Finance and I am glad he sees its importance now that it has had some difficulties.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach has a very confused memory. I am more concerned about how confused he will be in future.

**The Taoiseach:** I do not have a confused memory. The record will show these matters. It is great to see flexibility of thinking in Sinn Féin; it is a very important political development.

**Deputy Caoimhghín Ó Caoláin:** When the Taoiseach resorts to that sort of reply he clearly does not have the answers.

**The Taoiseach:** I have answered Deputy Ó Caoláin's question. I have obviously touched a tickle bone somewhere.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach should address the issues I have raised instead of taking swipes at Sinn Féin.

**The Taoiseach:** I have addressed the issues. If Deputy Ó Caoláin can give it he has to take it. It is called democracy.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach can keep that for the podium at next year's elections.

**The Taoiseach:** If one can give it one has to take it. It is part of the game. Deputy Ó Caoláin is getting there, in fairness to him. I have dealt with the housing issues. The national development plan allocation for 2009 is, in great measure, despite the budgetary difficulties, being proceeded with.

**Deputy Pádraic McCormack:** The country is full of houses at good value but there is no money to buy them.

**The Taoiseach:** If Deputy Ó Caoláin suggests there be provision for further investment in that area I remind him we are still budgeting for a 6.5% current budget deficit next year. We have provided in our capital programme for €8.2 billion of investment, a serious stimulus package towards economic activity from the Government. It is twice what it is in the EU and we note that the draft report from the Commission suggests an injection of 1% of GDP into the European economy. With our capital investment programme of approximately 5.5% next year we are already approximately 2.5% in excess of other countries. There is not as much room for manoeuvre as the Deputy suggests.

**Deputy Pádraic McCormack:** There are many empty houses out there.

**Deputy Eamon Gilmore:** The Taoiseach has made a very significant acknowledgement to the House this morning that while the programme for Government exists on paper, it no longer exists in reality because it was negotiated and agreed on the assumption that there would be a 4.5% growth rate, which is clearly not the case. Despite the commitments in the programme for Government to reduce tax and class sizes, they are being increased. It is an entirely different situation. The programme for Government is important in two respects. It tells the public what the Government intends to do in its planned four or five years in office. Programmes for Government also tend to be particularly important for the minority party in government. The programme for Government is the deal, the compromise parties make before they enter Government with each other. It is the contract between the parties.

When this programme for Government was being negotiated the Green Party took it very seriously because at one critical point the negotiations broke down. If the programme for Government no longer applies in reality, and that is the position no matter how it is spun, what is the understanding between the two parties about what this Government will do? Has the Taoiseach agreed with the Green Party some new programme for Government in these new times and, if so, will that programme for Government be published?

**Deputy Pádraic McCormack:** The Green Party is afraid to get out.

**Deputy Eamon Gilmore:** There is a commitment in the programme for Government that VAT on certain environmental goods and services will be reduced from 21% to 13.5%. The

budget recently increased VAT to 21.5%. Does that commitment to reduce VAT on environmental goods and services still apply? Does the Government have any plans to reduce the VAT rate, particularly following this week's announcement by the British Government that VAT in the UK will be reduced?

**The Taoiseach:** The Minister for Finance has outlined the budgetary position and one of the issues that affects us more pertinently in respect of the last part of Deputy Gilmore's question is the weakness of sterling *vis-à-vis* the euro. This concern continues. The programme for Government runs over a five year period. I have indicated its parameters. Part of the programme for Government refers to the need to have a responsible overall budgetary position so we can try, on a sustainable basis, to implement any commitments in it. All those commitments are conditional on achieving that because without it, the commitments cannot be achieved. Everybody has signed up to that. That is a continual budgetary challenge for Government.

The aspects of departmental activity getting priority are available in the departmental Estimates available to all Members of the House. They can be debated on Committee Stage or in plenary debate here on any aspect of public policy. Under the budgetary reforms I introduced, output statements are required in which Ministers must indicate the outcomes of the expenditure as envisaged during the year, what was done, what was not done and the reasons for any delays etc. All that information is available and it indicates the priorities the Government is attending to in the context of the more difficult situation we face.

**Deputy Eamon Gilmore:** I do not understand how this Government works.

**Deputy Pádraic McCormack:** Its members do not care.

**Deputy Eamon Gilmore:** Normally in a coalition Government certain commitments in the programme for Government have a particular resonance for different parties in that Government. Let us say there is something in this programme for Government which the Green Party sought to have included in it. If the Green Party says it wants that commitment to go ahead because it is agreed in the programme for Government, will the dominant party's response be that everything is predicated on the preliminary, preliminary paragraph? I cannot understand how a minority party could operate in government in those circumstances.

**Deputy Pádraic McCormack:** Deputy Gilmore had better get used to it.

**Deputy Eamon Gilmore:** I just want to know.

**The Taoiseach:** Did the Deputies hear that? Deputy McCormack says Deputy Gilmore had better get used to it.

**Deputy Pádraic McCormack:** The Green Party will take anything.

**Deputy Eamon Gilmore:** It appears they will take anything. That is the point.

**A Deputy:** The Green Party had better get used to it.

**Deputy Eamon Gilmore:** If there is no functioning programme for Government, how does a minority party operate in Government?

**Deputy Pádraic McCormack:** It might join the dominant party.

**A Deputy:** It lies down and rolls over.



**Deputy James Bannon:** The implementation of the national spatial strategy and the delivery of Transport 21 were incorporated in the programme for Government. What is the position on major capital projects such as the continuation of the motorway from Kinnegad to Roosky and phase 2B of Longford-Westmeath General Hospital, where, in 2002, €57 million was ring-fenced for this project? What is the situation regarding the three cities for the midlands? That was part of the programme for Government.

**Deputy James Reilly:** In 2002 and 2007 we were promised 3,000 extra hospital beds. A total of 1,300 were delivered at a time of plenty when the country was not in trouble and the remainder were to be provided through co-located hospitals. We still await such hospitals and not a single bed has been delivered, yet the HSE has closed 500 beds this year and intends to close another 600 next year.

**An Ceann Comhairle:** The Deputy should ask a question.

**Deputy James Reilly:** The Taoiseach and Deputy Ó Caoláin referred earlier to the construction industry. One man's slight downturn is another man's shuddering halt. What has the Taoiseach to say to those who will be left waiting for services as a result of these moves by the HSE? Why have the redundancies promised last year not been delivered? This was a new story yesterday whereas it is a year old. Susie Long had to wait seven months for a colonoscopy but the waiting time has increased to nine months while the number of patients on trolleys has increased by 50% this month compared with this month last year and the people of Navan will be unable to undergo orthopaedic operations for the rest of the year. Procedures are being cancelled all over the country, including in Cappagh and Waterford hospitals. How will the Government maintain services? As the Taoiseach said, the Government promised, under its previous leader, that there would not be cutbacks while the Minister for Health and Children said the cutbacks would not hurt patients. Yet we have this mess.

**Deputy Jan O'Sullivan:** The cervical cancer vaccination programme for 12 year old girls was announced in August and cancelled in November. What discussions have been held? It is in the programme for government. When will it be implemented?

**The Taoiseach:** The Minister for Health and Children said she would revert to the matter as soon as the budgetary position allowed.

**Deputy Jan O'Sullivan:** It is only €10 million.

**The Taoiseach:** Either the Deputy wants to hear the answer or she wants to give me the answer. The requirement of a national screening programme is an absolute prerequisite for the implementation of any other aspect of that programme. That is being proceeded with and additional money is being provided for that in the coming year.

With regard to Deputy Gilmore's question, the programme for Government must abide by the financial and budgetary realities. This is an agreed programme and we are working well as a Government working out all the priorities of various Departments. The Green Party is achieving many of its objectives in Government in respect of environmental matters and energy policy.

Deputy Gilmore should know if he is ever to be in Government again that every Government should have a basic cohesion about it. It is not about saying, "We have certain demands and what are you going to give us for them?" It is about everyone working together to achieve priorities within Government based on the budgetary situation. That leads to a much better

outcome than the making of demands all the time suggesting Deputy Gilmore's party's commitments are more precious than Deputy Kenny's, if that were ever to be the case.

**Deputy Eamon Gilmore:** That is a cosy little arrangement.

**Deputy Emmet Stagg:** It is highly technical.

**Deputy Enda Kenny:** It is a temporary little arrangement.

**The Taoiseach:** It is not a question of being a cosy arrangement, it is a question of being part of how a Government operates and how it intends to discharge its responsibilities in the circumstances in which we find ourselves.

It is hard to give a coherent answer to Deputy Reilly because his finance spokesman said we should have cut €5 billion more in our budgetary strategy.

**Deputy Pádraic McCormack:** The Government is cutting front line services, including home help.

**Deputy James Reilly:** Make savings on waste not on the backs of patients.

**The Taoiseach:** He said taxes should not be increased, which amounts to €2.3 billion and the budget deficit should be reduced from 6.5% to 5.5%, which amounts to another €2 billion. We would, therefore, need €4.3 billion. Fine Gael claim that saving can be made on by eliminating waste. Public services refer to nurses, teachers, psychologists—

**Deputy James Reilly:** And administrators. What about people lying on trolleys and waiting for colonoscopies?

**The Taoiseach:** —and the need for supports for medics and paramedics to be able to do their jobs to have an effective hospital system and provide a transparent and accountable system.

**Deputy James Reilly:** There is no transparency. That is the problem.

**The Taoiseach:** The Fine Gael proposal is that we can provide for €5 billion more in savings and expenditure cuts while, at the same time, every saving identified by the Administration is criticised, but such saving only add to that party's budgetary gap.

**Deputy James Reilly:** The cuts are being imposed on patients, not administrators.

**The Taoiseach:** That says more about Fine Gael's lack of credibility than it does about ours.

### **Requests to move Adjournment of Dáil under Standing Order 32.**

**An Ceann Comhairle:** Anois, iarratais chun tairisceana a dhéanamh an Dáil a chur ar athló faoi Bhuan Ordú 32. Before coming to the Order of Business, I propose to deal with a number of notices under Standing Order 32.

**Deputy James Bannon:** I wish to seek the adjournment of the Dáil under Standing Order 32 to raise a matter of national importance, namely, the health and welfare of two out of every three Irish adults, who according to a new report, Dietary Habits of the Irish Population, are an unhealthy weight with almost 25% being obese due to over consumption of foods that are high in fat, sugar and salt from the top level of the food pyramid.

**Deputy Joe McHugh:** I seek the adjournment of Dáil Eireann under Standing Order 32 in light of diverging taxation policies of the British Chancellor of the Exchequer Alastair Darling and the Minister for Finance to discuss a matter of critical national importance, namely the failure, in respect of current fiscal strategy, to observe responsibilities under the terms of the Good Friday Agreement to integrate the two economies on this island.

**An Ceann Comhairle:** Tar éis breithnithe a dhéanamh ar na nitheardaithe, níl siad in ord faoi Bhuan Ordú 32. The matters raised are not in order under Standing Order 32.

**Deputy Pádraic McCormack:** That is a pity.

### **Order of Business.**

**The Taoiseach:** It is proposed to take No. 2, Finance (No. 2) Bill 2008 — Second Stage (resumed).

It is proposed, notwithstanding anything in Standing Orders, that (1) the Dáil shall sit later than 8.30 p.m. and business shall be interrupted not later than 10 p.m. and (2) the proceedings on the resumed Second Stage of No. 2 shall, if not previously concluded, be brought to a conclusion at 10 p.m. Private Members' business shall be No. 57, motion re Small and Medium Enterprises (resumed), to conclude at 8.30 p.m., if not previously concluded.

**An Ceann Comhairle:** There are two proposals to be put to the House. Is the proposal that the Dáil should later than 8.30 p.m. agreed to?

**Deputy Eamon Gilmore:** No. The Labour Party will not agree any Order of Business because of the way in which the Government proposes to abolish the Combat Poverty Agency. As I said yesterday, the Government has done this in the sneakiest and the most underhand way by including it as an amendment to the Social Welfare (Miscellaneous Provisions) Bill. The agency is being dissolved and taken back into the social inclusion unit in the Department of Social and Family Affairs. This same unit poverty proofed the budget and gave the green light to all the cuts being implemented in the same Bill. As outlined by Deputy Shortall, 12 different measures provided for in the Bill will impact severely on the poorest people in this country. The Government has decided to close the only independent body established to examine poverty issues and to bring its staff back into the social inclusion unit where they will not be able to bark.

**An Ceann Comhairle:** The only issue at the present time is whether the House should sit later than 8.30 p.m.

**Deputy Eamon Gilmore:** Many issues come before the House and when Members or members of the press or people with considerable power and influence or people who are well organised identify with them, there is a great racket about them but not many people in or around the Chamber have experience of poverty and perhaps do not identify as much with it as they should. If an agency dealing with any other area of life was closed down in this manner, there would be a racket about it. However, this agency deals with poverty and the needs of people who are largely not given the voice they should be given. The Labour Party will not allow this to happen unchallenged. I challenge the Order of Business because the Government is trying to slip this measure in under the door in the Social Welfare (Miscellaneous Provisions) Bill. It is a retrograde step. There are 12 cuts in the Bill and the Government is clearing the decks for more down the line.

**An Ceann Comhairle:** It is a matter which can of course be debated when the Bill comes before the House.

**Deputy Caoimhghín Ó Caoláin:** I wish to briefly——

**An Ceann Comhairle:** The Deputy should be brief because only brief interventions are allowed at this time. The proposal before the House is that the Dáil should sit later than 8.30 p.m. tonight.

**Deputy Caoimhghín Ó Caoláin:** The Sinn Féin Deputies supported Deputy Gilmore and the Labour Party in their opposition to the Order Paper as presented yesterday morning on this same issue and we do so again today. They have clearly identified a mechanism to challenge Government's clear intent to silence, to censor and to set aside what it regards as a thorn in its side. The Combat Poverty Agency is a body which has spoken the truth. We spoke earlier about honesty. This is a time for honesty. The Combat Poverty Agency has served the interests of the least well-off and the marginalised of this State over the years of its operation.

**An Ceann Comhairle:** That can be debated when the Bill comes before the House. Only brief comments are allowed.

**Deputy Caoimhghín Ó Caoláin:** Unquestionably, the arguments presented by Deputy Gilmore deserve the support of all in this House who wish to see an end to poverty in our society.

**An Ceann Comhairle:** The issue is whether the Dáil should sit later than 8.30 p.m. tonight. I call the Taoiseach.

**Deputy Caoimhghín Ó Caoláin:** We will again support the Labour Party today.

**The Taoiseach:** I do not accept the contentions made in respect of the matters raised by the Deputies. The question of the elimination of poverty in the past ten years has been very successfully dealt with in many respects, although unfortunately the concept is still with us. The social partnership process has been instrumental in devising policies which have been most helpful to people who have been socially or economically deprived. That process should not be underestimated in terms of the continuing contribution it will make to safeguard to the greatest extent possible many of the advances we have made in this whole area.

While I respect the agency concerned and it will be brought into the Office for Social Inclusion, it is not the only body where advocates for poverty are located.

**Deputy Michael D. Higgins:** It is the destruction of advocacy.

**The Taoiseach:** There are many who advocate on this——

**Deputy Michael D. Higgins:** The Taoiseach is wiping it out because it was challenging clientelism.

**The Taoiseach:** No. I would not accept that at all.

**Deputy Michael D. Higgins:** The Taoiseach has been opposed to the Combat Poverty Agency since it was set up.

**An Ceann Comhairle:** The Deputy should allow the Taoiseach to finish.

**The Taoiseach:** I would not accept the Deputy's contentions. He is misrepresenting my position. With regard to the policy of poverty proofing budgets or other measures, while it is claimed that in some way the Office for Social Inclusion failed in that matter, it simply poverty proofed the decisions that were taken by Government.

**Deputy Kathleen Lynch:** It has obviously failed in that.

**The Taoiseach:** The budget documentation will show——

**Deputy Emmet Stagg:** There are no savings.

**The Taoiseach:** The previous budgets in which I was involved compare very favourably with a predecessor in the Deputy's party. We have been far better at providing for the lower income groups and dealing with poverty proofing than was the case when they had the opportunity themselves. The budget documentation confirms that.

**Deputy Eamon Gilmore:** It does not.

**The Taoiseach:** It does.

**Deputy Michael D. Higgins:** The Taoiseach's party was against the Combat Poverty Agency since the day it was founded.

**An Ceann Comhairle:** I must put the question.

Question put: "That the Dáil shall sit later than 8.30 p.m. tonight."

The Dáil divided: Tá, 66; Níl, 63.

Tá

Ahern, Michael.  
 Ahern, Noel.  
 Andrews, Barry.  
 Andrews, Chris.  
 Ardagh, Seán.  
 Aylward, Bobby.  
 Blaney, Niall.  
 Brady, Áine.  
 Brady, Cyprian.  
 Brady, Johnny.  
 Browne, John.  
 Byrne, Thomas.  
 Calleary, Dara.  
 Carey, Pat.  
 Collins, Niall.  
 Conlon, Margaret.  
 Connick, Seán.  
 Cowen, Brian.  
 Cregan, John.  
 Cullen, Martin.  
 Curran, John.  
 Dempsey, Noel.  
 Dooley, Timmy.  
 Fitzpatrick, Michael.  
 Flynn, Beverley.  
 Gogarty, Paul.  
 Gormley, John.  
 Hanafin, Mary.  
 Harney, Mary.  
 Healy-Rae, Jackie.

Hector, Máire.  
 Kelleher, Billy.  
 Kelly, Peter.  
 Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kirk, Seamus.  
 Kitt, Michael P.  
 Kitt, Tom.  
 Mansergh, Martin.  
 McEllistrim, Thomas.  
 McGrath, Michael.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.  
 Nolan, M.J.  
 Ó Cuív, Éamon.  
 Ó Fearghail, Seán.  
 O'Brien, Darragh.  
 O'Connor, Charlie.  
 O'Dea, Willie.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Rourke, Mary.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Ryan, Eamon.

Tá—*continued*

Scanlon, Eamon.  
Smith, Brendan.  
Treacy, Noel.

Wallace, Mary.  
White, Mary Alexandra.  
Woods, Michael.

## Níl

Allen, Bernard.  
Barrett, Seán.  
Broughan, Thomas P.  
Burke, Ulick.  
Burton, Joan.  
Clune, Deirdre.  
Connaughton, Paul.  
Coonan, Noel J.  
Costello, Joe.  
Coveney, Simon.  
Crawford, Seymour.  
Creed, Michael.  
Creighton, Lucinda.  
D'Arcy, Michael.  
Deenihan, Jimmy.  
Doyle, Andrew.  
Durkan, Bernard J.  
English, Damien.  
Enright, Olwyn.  
Feighan, Frank.  
Ferris, Martin.  
Flanagan, Charles.  
Flanagan, Terence.  
Gilmore, Eamon.  
Hayes, Brian.  
Hayes, Tom.  
Higgins, Michael D.  
Hogan, Phil.  
Howlin, Brendan.  
Kehoe, Paul.  
Kenny, Enda.  
Lynch, Ciarán.

Lynch, Kathleen.  
McCormack, Pádraic.  
McEntee, Shane.  
McHugh, Joe.  
McManus, Liz.  
Mitchell, Olivia.  
Morgan, Arthur.  
Neville, Dan.  
Noonan, Michael.  
Ó Caoláin, Caoimhghín.  
Ó Snodaigh, Aengus.  
O'Dowd, Fergus.  
O'Keefe, Jim.  
O'Mahony, John.  
O'Shea, Brian.  
O'Sullivan, Jan.  
Penrose, Willie.  
Perry, John.  
Quinn, Ruairí.  
Rabbitte, Pat.  
Reilly, James.  
Ring, Michael.  
Sheahan, Tom.  
Sheehan, P.J.  
Sherlock, Seán.  
Shortall, Róisín.  
Stagg, Emmet.  
Stanton, David.  
Timmins, Billy.  
Tuffy, Joanna.  
Upton, Mary.

Tellers: Tá, Deputies Pat Carey and John Cregan; Níl, Deputies Paul Kehoe and Emmet Stagg.

Question declared carried.

**An Ceann Comhairle:** Is the proposal for dealing with No. 2, Second Stage of the Finance (No. 2) Bill, agreed to?

**Deputy Joan Burton:** It is not agreed.

**An Ceann Comhairle:** Does Deputy Kenny wish to speak on the proposal on the Finance (No. 2) Bill?

**Deputy Enda Kenny:** I have made my point on this previously. I do not agree with the principle of guillotines and I object to this proposal.

**Deputy Joan Burton:** On the guillotining of the Finance (No. 2) Bill, we are probably at the most perilous stage of this nation's economic life. A decision will probably be made to sell some of our banks—

**An Ceann Comhairle:** We cannot deal with that now.

**Deputy Joan Burton:** —to private equity investors. The Government must allow a full debate on the Finance (No. 2) Bill before we have another Eircom disaster where private equity comes in—

**An Ceann Comhairle:** That can be raised during the course of the debate.

**Deputy Joan Burton:** —and picks us off like vultures. Closing down debate is not what we need now. We need a detailed debate on the Government's strategy.

**A Deputy:** The banks did not do much for them.

**Deputy Bernard J. Durkan:** Hear, hear.

**A Deputy:** They have no Charlie McCreevy.

*(Interruptions).*

**An Ceann Comhairle:** Deputy Burton has made her point. Does Deputy Ó Caoláin object to this also?

**Deputy Joan Burton:** I hope the Minister of State, Deputy Kelleher, feels like this when thousands of people in the banks lose their jobs.

**An Ceann Comhairle:** Deputy Burton can have a chat with him later. I call Deputy Ó Caoláin.

*(Interruptions).*

**Deputy Caoimhghín Ó Caoláin:** I object to the imposition of the guillotine on the Second Stage of the Finance (No. 2) Bill. All Deputies should have the opportunity to contribute to this important legislation at any time but particularly at this time of economic woes.

**An Ceann Comhairle:** Does the Taoiseach wish to speak?

**The Taoiseach:** Proceed.

Question put: "That the proposal for dealing with Second Stage of the Finance (No.2) Bill 2008 be agreed to."

The Dáil divided: Tá, 67; Níl, 64.

Tá

Ahern, Michael.  
Ahern, Noel.  
Andrews, Barry.  
Andrews, Chris.  
Ardagh, Seán.  
Aylward, Bobby.  
Blaney, Niall.  
Brady, Áine.  
Brady, Cyprian.  
Brady, Johnny.  
Browne, John.  
Byrne, Thomas.  
Calleary, Dara.  
Carey, Pat.  
Collins, Niall.  
Conlon, Margaret.  
Connick, Seán.

Cowen, Brian.  
Cregan, John.  
Cullen, Martin.  
Curran, John.  
Dempsey, Noel.  
Dooley, Timmy.  
Fitzpatrick, Michael.  
Flynn, Beverley.  
Gogarty, Paul.  
Gormley, John.  
Hanafin, Mary.  
Harney, Mary.  
Haughey, Seán.  
Healy-Rae, Jackie.  
Hoctor, Máire.  
Kelleher, Billy.  
Kelly, Peter.

Tá—*continued*

Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kirk, Seamus.  
 Kitt, Michael P.  
 Kitt, Tom.  
 McEllistrim, Thomas.  
 McGrath, Michael.  
 Mansergh, Martin.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.  
 Nolan, M. J.  
 Ó Cuív, Éamon.  
 Ó Feargháil, Seán.  
 O'Brien, Darragh.  
 O'Connor, Charlie.

O'Dea, Willie.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Rourke, Mary.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Ryan, Eamon.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 Treacy, Noel.  
 Wallace, Mary.  
 White, Mary Alexandra.  
 Woods, Michael.

## Níl

Allen, Bernard.  
 Bannon, James.  
 Barrett, Seán.  
 Broughan, Thomas P.  
 Burke, Ulick.  
 Burton, Joan.  
 Byrne, Catherine.  
 Carey, Joe.  
 Clune, Deirdre.  
 Connaughton, Paul.  
 Coonan, Noel J.  
 Costello, Joe.  
 Coveney, Simon.  
 Creed, Michael.  
 Creighton, Lucinda.  
 D'Arcy, Michael.  
 Deenihan, Jimmy.  
 Doyle, Andrew.  
 Durkan, Bernard J.  
 English, Damien.  
 Enright, Olwyn.  
 Feighan, Frank.  
 Ferris, Martin.  
 Flanagan, Charles.  
 Flanagan, Terence.  
 Gilmore, Eamon.  
 Hayes, Brian.  
 Hayes, Tom.  
 Higgins, Michael D.  
 Hogan, Phil.  
 Howlin, Brendan.  
 Kehoe, Paul.

Kenny, Enda.  
 Lynch, Ciarán.  
 Lynch, Kathleen.  
 McCormack, Pádraic.  
 McEntee, Shane.  
 McGrath, Finian.  
 McHugh, Joe.  
 McManus, Liz.  
 Mitchell, Olivia.  
 Morgan, Arthur.  
 Neville, Dan.  
 Noonan, Michael.  
 Ó Caoláin, Caoimhghín.  
 Ó Snodaigh, Aengus.  
 O'Dowd, Fergus.  
 O'Keefe, Jim.  
 O'Shea, Brian.  
 O'Sullivan, Jan.  
 Penrose, Willie.  
 Perry, John.  
 Quinn, Ruairí.  
 Rabbitte, Pat.  
 Reilly, James.  
 Ring, Michael.  
 Sheehan, P. J.  
 Sherlock, Seán.  
 Shortall, Róisín.  
 Stagg, Emmet.  
 Stanton, David.  
 Timmins, Billy.  
 Tuffy, Joanna.  
 Upton, Mary.

Tellers: Tá, Deputies Pat Carey and John Cregan; Níl, Deputies Paul Kehoe and Emmet Stagg.

Question declared carried.

**Deputy Enda Kenny:** There are only some ten Dáil sitting days remaining before the end of the year. Will the Taoiseach say when we will see the legislation giving effect to the Government's decision to change the regulations for medical cards for older people, which were given to these people as a right and withdrawn in part by the decision in the budget?



[Deputy Enda Kenny.]

Given the discussion this morning on good governance, has the Taoiseach reflected on the High Court decision this morning of Mr. Justice Feeney, who proposes to impose a restriction on a person by the name of Mr. Joe Burke of J & H Burke & Sons Limited?

**An Ceann Comhairle:** Enough of that now, Deputy Kenny, we are on the Order of Business. I cannot allow a discussion of High Court actions.

**Deputy Enda Kenny:** This is a consequence of his actions as a company director in 2005 and 2006. The person involved is the chairman of the Dublin Port Company. Does the Taoiseach wish to reflect on this?

**The Taoiseach:** We hope to have the relevant legislation before Christmas in this session.

**Deputy Enda Kenny:** Fine Gael produced a transparency in public office Bill which may be of assistance to the Taoiseach in dealing with this matter.

**Deputy Eamon Gilmore:** I wish to pursue the issue raised by Deputy Kenny, namely, the matter of the Bill which will result in the withdrawal of the medical card from pensioners.

**Deputy Pat Carey:** We cannot hear the Deputy.

**Deputy Eamon Gilmore:** The Bill has not yet been published and we have not been told when it will be published.

**Deputy Noel Dempsey:** It will be before the end of the year.

**Deputy Eamon Gilmore:** I thank the Minister for Transport; that is very helpful. I understand the Government also intends to have the legislation enacted before Christmas. Including tomorrow, some ten Dáil sitting days remain until Christmas. It is clear what the Government intends to do and we know its form. It will try to introduce this legislation at the last minute, slip it through and then guillotine it because it is a controversial measure. This is not acceptable.

**An Ceann Comhairle:** Deputy Gilmore is entitled to ask the question, but he is not entitled to answer it.

**Deputy Eamon Gilmore:** I thank the Ceann Comhairle.

**An Ceann Comhairle:** It defeats the entire purpose.

**Deputy Eamon Gilmore:** I will come at it in a different way. They say one should never ask a question in the Dáil unless one already knows the answer. I wish to know the Government's plans to introduce the Bill to the House. When will Second and Committee Stages take place?

*12 o'clock* Will the Government publish a schedule of business for the remainder of this session, up to Christmas time? There are three Dáil sitting weeks remaining and we wish to know the legislative plans for the remaining three weeks. What will the timetable look like between now and Christmas? We need to plan our diaries.

**The Taoiseach:** I always wonder what goes on at Whips' meetings.

**Deputy Emmet Stagg:** Only what the Taoiseach allows.

**The Taoiseach:** The Deputy has often made a fair effort to penetrate that cover. This Bill has yet to be published and considered. As soon as that happens, it is a matter for the Whips

to decide when it is taken in the House. Hopefully, with the co-operation of the House, we can introduce it before the end of this year. I look forward to the Deputy's co-operation in achieving that.

**Deputy Eamon Gilmore:** The Taoiseach knows very well he will not have co-operation, because we do not want it.

**An Ceann Comhairle:** He can only answer the question.

**Deputy Eamon Gilmore:** Here we are, with three weeks to go, and the legislation is not published.

**An Ceann Comhairle:** He can only answer the question on the legislation.

**Deputy Eamon Gilmore:** He has not answered it. He did not say when it would be published. The last I heard was that it was to be before the end of the month.

**An Ceann Comhairle:** It is the best I can do.

**Deputy Seán Barrett:** Now that the decision has been taken to guillotine the Finance Bill, for such important legislation, will the Taoiseach consider taking all Stages in this Chamber? These Bills are being sent over to committees. I am on the Joint Committee on Finance and the Public Service, and nobody knows what is going on. There is no coverage. Nobody sits in. With such an important Bill, this really makes a joke of democracy. I am asking in the interest of proper procedure that we debate all Stages of that Bill in the House.

Second, will we have a package of Dáil reform when we come back after Christmas?

**Deputy Pádraic McCormack:** Will we come back after Christmas?

**The Taoiseach:** It is a matter for the Deputy himself.

**Deputy Billy Kelleher:** The Deputy said he was retiring before the last election and he did not.

**The Taoiseach:** I would hate to think the Deputy might be missed.

**Deputy Paul Kehoe:** Fianna Fáil Deputies will all be made to retire after the next election.

**The Taoiseach:** The Finance Bill is taken in committee, as Deputies know, and it is open to any Member of the House to attend that committee for the purpose of contributing to it.

**Deputy Seán Barrett:** It is buried. Nobody knows what is going on.

**The Taoiseach:** That is not a reflection on those who attend the committee. I have been there many times and have had some interesting debates. I agree it is a matter of such importance that perhaps people will be able to find some time to cover it. However, that is a matter for others, not for Members of this House.

**Deputy Seán Barrett:** The debate should take place in this Chamber.

**The Taoiseach:** The question of Dáil reform is a matter for the Whips in due course. Getting agreement on Dáil reform is usually a matter of whether the Government is prepared to give further concessions to the Opposition. For the good order of the House, the fact that we are still here on the Order of Business at almost dinner time——

**Deputy Eamon Gilmore:** The Taoiseach is getting hungry.

**The Taoiseach:** —does not reflect well on the House.

**Deputy Bernard J. Durkan:** It is only two days a week.

**The Taoiseach:** If people wanted to engage in realistic arrangements which would be far more sensible I would always be open to them, but the prospect of getting agreement has never been great.

**Deputy Emmet Stagg:** On the same subject—

**Deputy Seán Barrett:** In view of the fact that the Taoiseach will be in Opposition after the next election, I suggest it is in his interest, as well as of this side of the House, to have reasonable procedures in place.

**Deputy Pádraic McCormack:** Will he be here after the next election?

**Deputy Emmet Stagg:** For the information of the Taoiseach, in case he is not aware of it, all parties in the House, including Fianna Fáil, have agreed a package of Dáil reforms which are with the Taoiseach for him to sign off on.

**Deputy Noel Dempsey:** Some of them are agreed — not all of them.

**Deputy Eamon Gilmore:** The Taoiseach did not get his way on everything.

**Deputy Emmet Stagg:** We have a package agreed between all parties.

**Deputy Eamon Gilmore:** It does not work like that.

**Deputy Emmet Stagg:** It is with the Taoiseach's office waiting to be signed off. The Taoiseach should not blame anybody else.

**Deputy James Bannon:** In order to give weight to the commitment of the Minister for Justice, Equality and Law Reform to stamp out begging by way of penalties, which has been sought by this side of the House for some time, I ask the Taoiseach when we can expect the criminal justice (public order) (amendment) Bill. Strangely, this will be the first legislative update of such measures since the Famine.

**The Taoiseach:** As I said yesterday morning, that Bill is expected next year.

**Deputy Joan Burton:** The Minister for Finance announced the appointment of four wise men to An Bord Snip Nua. Will this give rise to a need for legislation in the context of allowing people to transfer between the Civil Service and State bodies? Why are the appointees all men over 50—

**An Ceann Comhairle:** I would love to have a discussion on that but we cannot.

**Deputy Joan Burton:** —with no women and no young people from the business world with a knowledge of IT?

**An Ceann Comhairle:** We cannot have a chat on that.

**Deputy Joan Burton:** What insights are they supposed to have over and above that of people actually working in the area?

**An Ceann Comhairle:** Is legislation promised in this area?

**Deputy Joan Burton:** Will it require legislation?

**An Ceann Comhairle:** I ask the Taoiseach whether legislation is promised.

**The Taoiseach:** No.

**Deputy Joan Burton:** The Taoiseach was talking about debates in the Joint Committee on Finance and the Public Service.

**An Ceann Comhairle:** Legislation is not promised in that area.

**Deputy Joan Burton:** He said he was in favour of women's participation.

**An Ceann Comhairle:** The Deputy will have plenty of opportunities to discuss all that.

**Deputy Joan Burton:** Can I get an answer?

**An Ceann Comhairle:** Not two hours into the morning when it is not in order.

**Deputy Joan Burton:** Can I have an answer?

**An Ceann Comhairle:** There is another way of raising that. The Taoiseach said legislation was not promised.

**Deputy Joan Burton:** I think the Taoiseach wants to answer. Maybe he is going to appoint women to this task force.

**An Ceann Comhairle:** There are other ways of raising that. I am sure the Deputy will be able to do so.

**Deputy Bernard J. Durkan:** Given that the Minister for Communications, Energy and Natural Resources shared his thoughts on future energy requirements this morning on the radio and that he is not here at the moment, I ask the Taoiseach whether any agreement has been reached on the heads of the electricity (transfer of transmission assets) Bill. In view of the urgent——

**The Taoiseach:** The heads are not agreed.

**An Ceann Comhairle:** They are not agreed. That is it.

**Deputy Bernard J. Durkan:** They are under discussion at the moment.

**An Ceann Comhairle:** They are not agreed anyway.

**Deputy Bernard J. Durkan:** Legislation is proposed to enable ratification of the protocols to the 1957 European Convention on Extradition. In view of the ongoing occurrence of serious, violent, drug-related crimes, would it be possible to have the heads of that Bill discussed and agreed as soon as possible with a view to bringing the Bill to the House? In this way we can confront organised crime in a realistic fashion.

**An Ceann Comhairle:** When is that legislation planned?

**The Taoiseach:** The draft heads of the Bill are in preparation.

**Deputy Jan O'Sullivan:** There is another item of legislation linked to the legislation to remove medical cards from the over 70s. This relates to the fact that the Government wants to be able to talk to the IMO about the terms and conditions under which its members are paid. I refer to amending of the Competition Act 2002. Some of the professional organisations seemed to think it might have been dealt with in the Finance Bill, but it is not in the Bill. Is the Taoiseach proposing legislation to amend the Competition Act?

**The Taoiseach:** The statement to which the Deputy refers mentioned that we would undertake to introduce proposals consistent with EU law. I refer the Deputy to the statement made on the day.

**Deputy Jan O'Sullivan:** There will be legislation?

**The Taoiseach:** I said I refer the Deputy to the statement on the day.

**Deputy Jan O'Sullivan:** I heard that. I do not know whether it means legislation.

**Deputy Eamon Gilmore:** What does that mean?

**The Taoiseach:** What it means is what it says.

**Deputy Eamon Gilmore:** It is gobbledegook.

**The Taoiseach:** It means what it says.

**Deputy Phil Hogan:** The Taoiseach will be aware there is a——

**Deputy Jan O'Sullivan:** We will ask the Tánaiste tomorrow. She might know.

**Deputy Joan Burton:** Send us a circular. The Government is good at circulars. Circles of circulars.

**An Ceann Comhairle:** We will give Deputy Hogan a break.

**Deputy Phil Hogan:** The Taoiseach will be aware that the planning and development (amendment) Bill is on the Order Paper.

**Deputy Joan Burton:** The Taoiseach should cheer up.

**Deputy Phil Hogan:** In the context of the recent cases in the High Court involving the Dublin Docklands Development Authority, which are now subject to the advice of the Attorney General, will the Taoiseach be introducing this Bill in order to reflect the regularisation that is required with regard to the serious planning issues that have been brought to the courts in recent times?

**The Taoiseach:** I understand the Bill is planned for next year but the heads are still to be confirmed.

**Deputy James Reilly:** I am going to try for third time lucky. Deputy Gilmore and Deputy Kenny have already asked the Taoiseach about the legislation to remove medical cards from the over 70s. There are only three weeks left in the session. Can the Taoiseach tell us whether this legislation is to be introduced next week, the week after or the following week?

Is legislation proposed to deal with the levies and changes in health insurance? Could the Taoiseach tell us why the Minister, when she was explaining the fair deal scheme, was able to

give several examples of how it would apply, but we get no examples under this new proposal for tax relief and levies with regard to health insurance?

**An Ceann Comhairle:** I have ruled before that Deputies cannot fish for legislation on the Order of Business.

**The Taoiseach:** I have already answered the question about medical cards.

**Deputy Eamon Gilmore:** The Taoiseach did not answer it. That is the problem.

**The Taoiseach:** The Government would have to consider it, approve it, publish it and bring it to the House. It is normal procedure.

**Deputy Olivia Mitchell:** Is there legislation, a Cheann Comhairle?

**Deputy David Stanton:** I want to return to the issue of Dáil reform. When will the Government introduce——

**Deputy James Reilly:** The Taoiseach did not answer the question about legislation on medical cards.

**Deputy Olivia Mitchell:** Yes, he did not answer.

**An Ceann Comhairle:** Legislation is not promised in that area, Deputy Reilly.

**Deputy Olivia Mitchell:** That is what we are asking. Is it promised?

**An Ceann Comhairle:** Is legislation promised in that area?

**Deputy James Reilly:** Then there is no legislation necessary for this. I understood the Finance Bill and the health Bill would come through.

**Deputy Bernard J. Durkan:** They have been promised.

**Deputy David Stanton:** When will the Government introduce motions to the House to enable us to enact changes to the way in which we do business? I agree with the Taoiseach that this is a most inefficient way of doing business in the House. The ball is in the Taoiseach's court now. We put forward our proposals. We want to engage. We are not looking for advantage on this. We want to make the House more efficient. Will the Taoiseach please engage with us and bring forward his own suggestions? We have seen nothing from him yet. We will all engage with him to make this House more efficient. It is up to him.

**The Taoiseach:** As I said, we look into these matters on a continuing basis.

**Deputy Emmet Stagg:** For the past 25 years.

**Deputy Seán Sherlock:** When will the animal welfare Bill be published? Has the consultation period ended yet?

I support the request made last week for a debate in the House on the implications of the CAP health check, which will have far-reaching effects on Irish agriculture and the way we do business within the rural economy.

[Deputy Seán Sherlock.]

With regard to the mental capacity Bill, the Law Reform Commission report has been in existence since 2006. When will the Bill be published? The Taoiseach has previously said it will be introduced in mid-2009. I ask that it be published forthwith.

**The Taoiseach:** I understand that the proposed mental capacity Bill cannot be introduced any sooner than mid-2009, unfortunately. The process of consultation on the proposed animal welfare Bill was completed earlier this autumn. The submissions that were received are being examined before we go any further with the matter. The possibility of a debate on the CAP health check is a matter for the Whips.

### **Finance (No. 2) Bill 2008: Second Stage (Resumed).**

Question again proposed: "That the Bill be now read a Second Time."

**Deputy Arthur Morgan:** This is not so much a Finance Bill as depressing evidence of a Government that is continuing to sleepwalk through a crisis that not only threatens the banking system and the construction sector, but is also slowly bleeding the small businesses that employ most Irish workers and are at the heart of the economy. Hundreds of thousands of working families, whose effort drives this country's economy, have been abandoned in this Bill. They have been condemned to endure higher taxes and more stealth charges to fund the policies of failure. The Government has failed on income tax, on VAT, on tax exile status, on the reform of tax relief and on tackling tax fraud. It has failed to protect the vulnerable. Most importantly, in terms of ensuring economic growth, it is penalising working families rather than rewarding them.

There is nothing in this Bill to incentivise or stimulate the economy. Deputies should not just take my word for it — people outside this House have also criticised the Government's strategy. This Finance Bill has been described as a cobbled together package that does nothing to indicate that the Government knows what it is doing. The initiatives in the Bill have been described as not being of a scale that reflects the seriousness of the economic situation. It has been suggested that this legislation will do practically nothing positive for Irish business. I urge Members to listen to the voices of others outside the House.

I represent one of the parties in this House that was regularly castigated over recent years for pointing out the structural flaws in the Irish economy. There was a brief moment in September of this year when it seemed that the Minister for Finance was finally grasping the seriousness of the economic crisis threatening the Irish economy. I refer to his decision to schedule budget 2009 earlier than expected. Ten weeks on, it is clear that the decision was simply a public relations stunt. The budget was devoid of any substance and lacked any direction to drive the economy forward over the next three years.

Sinn Féin had proposed an increase of 5% in the PAYE tax credit so those on low incomes would get some respite from the higher energy, mortgage and food costs they have endured over the last year. This Bill, which leaves personal credits unchanged, widens the 20% tax band marginally. It does nothing to help families to deal with increased living costs at a time when inflation in the economy is over 4%. Double digit increases in electricity and energy prices have been levied on households this year. Many families face new transport charges for school buses, higher hospital charges, a new VHI levy and increases in university registration fees. When one considers these charges in the context of the tax increases for low and middle income families, it is clear — even at a conservative estimate — that the incomes of hard-working families will decrease by up to €1,500 in 2009.

The Minister has done nothing to restore the purchasing power of Irish families. His proposal to increase VAT to 21.5% is another regressive step that will have an unfair effect on Irish families. Towns on this side of the Border are being emptied of shoppers. The 2.5% VAT decrease that was announced by the British Chancellor of the Exchequer yesterday will exacerbate the gaping imbalance between the two economies. The Minister for Finance is actively encouraging shoppers to leave his tax jurisdiction. It is an example of the economics of “Fianna Fawltly Towers”, rather than the financial stability he has promised us.

The 1% income levy on workers who earn more than €18,305 is unwarranted and will damage low income families. The income levy should apply only to incomes in excess of €38,000. A 3% levy should apply to incomes in excess of €200,100. Our proposal to remove the PRSI ceiling would have the double effect of raising much-needed tax revenue while cushioning those on low and middle incomes from the worst effects of these increases.

Sinn Féin welcomes the decision to end the Cinderella clause for tax exiles. I am bemused by the Minister’s claim that tougher restrictions cannot be placed on Irish tax exiles because of double taxation agreements. Are we really to believe the Minister cannot act? He can raise taxes on a whim and write a blank cheque for the banks, but it seems he cannot take action in respect of a handful of supposed Irish citizens who do not want to pay tax here but demand to enjoy the benefits of Irish citizenship.

Perhaps we should not be surprised, given that more than ten years have passed since the first revelations of illegal private banks and offshore tax defrauding accounts held by hundreds of Irish citizens were uncovered by the McCracken tribunal and published in the Ansbacher report. We were told at that time that we could not get full access to the details of illegal accounts held by Irish citizens in the Cayman Islands. Following yet another unsuccessful High Court challenge by a Fianna Fáil Government, aimed at uncovering tax fraud, this Bill is making more changes in the tax code to empower investigations by the Revenue Commissioners. Such investigations have thankfully brought hundreds of millions of euro into the State coffers. Why is it taking so long to deal with offshore tax fraud?

The Government has stood by in recent years as billions of euro have poured out of the economy and into property investments in Britain and Europe. In 2006, Forfás estimated that the Irish economy had been a net investor outside this country since 2004, when Irish citizens invested €12.7 billion outside the economy. In 2006, Irish investors spent almost €8 billion on commercial property in Europe. Now that the horse has bolted yet again, the Government is introducing half-hearted measures.

The proposal to change the system of research and development tax credits is another example of a suspect Government measure. IBEC has described the changes in question as disappointing. Questions are being asked about the Government’s entire research and development strategy. Such a strategy has to make sense in the boardroom and on the workshop floor, but that is clearly not the case with the current proposal. Much more serious action needs to be taken. The Minister either believes in empowering the knowledge economy or he does not. There can be no halfway house in this regard. When the 2009 budget was unveiled, I said, “We can rebuild the economy, but that means taking bold decisions”. There is no evidence of such decisions in this Bill, unfortunately. Where is the investment in infrastructure that will create jobs and build competitiveness?

**Deputy Billy Kelleher:** The Europa Hotel would be a good investment now. It has already been invested in on a few occasions.



**Deputy Arthur Morgan:** We are looking for investment. I ask the Government to introduce a strategy in areas like school building and public transport that will stimulate jobs and get the economy going.

**Deputy Michael Ahern:** It is still going.

**Deputy Arthur Morgan:** That is more likely to happen if we reduce VAT rather than increasing it. I do not often agree with what the British authorities do, but I have to admit that the UK Chancellor of the Exchequer took a step in the right direction earlier this week. Where is the investment in infrastructure that will create jobs and build competitiveness? How will we help those who have lost their jobs to get back into the workforce as quickly as possible? How can we ensure they are supported properly while that happens? When will we end the era of tax breaks for the rich, while PAYE workers struggle to survive? Time and again, the Government has got the small things wrong, just like it does with the big things. It has failed to tackle the flooding of the Irish market with cheap imports. It has not dealt with contentious issues like sell-by dates and the incorrect labelling of products as guaranteed Irish. Small businesses are being starved of capital as their overdrafts are cut. New businesses cannot get seed capital or start-up loans. This Bill gives more tax breaks to the private health service, but cannot find a tax incentive or funding initiative for small businesses. It does not provide for the retraining of redundant workers. How is that possible?

In this Bill, the Minister proposes that struggling businesses will need to declare their corporation tax earlier. The process of claiming research and development tax credits, which used to take four years, has been telescoped into four weeks. The Minister seems to be more concerned with draining short-term cash flow than with the long-term strength of companies. The economy is in danger of a serious meltdown, but this Bill does not reflect the gravity of the situation. What will it take to get the coalition to wake up? The Minister for Finance, like the Government as a whole, is asleep at the wheel, unfortunately.

**Deputy Michael Ahern:** I wish to share time with Deputy O'Rourke.

**Acting Chairman (Deputy Seán Ardagh):** Is that agreed? Agreed.

**Deputy Michael Ahern:** Since 1987, no Minister for Finance has faced such a daunting task as the Minister, Deputy Brian Lenihan, faced when he framed his first Finance Bill. The economic and fiscal challenges we currently face have not presented for decades. Moreover, they have not been witnessed globally in modern history. Corrective measures have been attempted in all major economies, such as bank guarantees, recapitalisation, consolidations and so on. These have largely been unsuccessful in overturning the turmoil in the markets and have to date failed to bring back that intangible element, confidence, which is such a necessary ingredient for recovery.

The global financial crisis leads us to review the two major economic theories of the past century. Under his theory of monetarism, Milton Friedman argued that central government could not micromanage the economy. He also stated that a steady expansion of the money supply was the only wise policy and warned against efforts by treasuries or central banks to do otherwise. Friedman opposed government regulation of all types. His political philosophy, which he considered classically liberal and libertarian, stressed the advantages of the market place and the disadvantages of government intervention and regulation.

Mr. Alan Greenspan, the most famous former chairman of the Federal Reserve of the United States of America, was a disciple of Friedman for up to 40 years. However, he recently stated:

“Those of us who have looked to the self-interest of lending institutions to protect shareholders’ equity, myself especially, are in a state of shocked disbelief.” Mr. Greenspan thus acknowledged that his ideology, which followed Friedman’s, is not working. As we have witnessed in recent months, the result of such policies, which were unregulated and allowed to run wild in some economies, has been the demise of some of the most famous banks in the world. Chief executive officers, managers and other staff were granted bonuses on the basis of perceived performances which were found, in many cases, to be fabricated. The outcome is the current chaos in world banking.

The other major economic philosophy is that of John Maynard Keynes who asserted that downturns were not necessarily self-correcting and that economies could become stuck in a downward cycle. In those circumstances, he asserted, governments should pump money back into the economy in an attempt to inject confidence. We have seen this approach in recent weeks in Britain, the United States and elsewhere, with no positive results to date. This doctrine was promulgated up to the mid-1970s but was taken to an extreme by many governments which engaged in sometimes unfettered borrowing and spending, ramping up huge deficits as a result. Consequently, Friedman’s monetarist policy became the flavour of the day and was adopted by administrations such as those of Ronald Reagan in the United States, Brian Mulroney in Canada, Margaret Thatcher in Britain, Roger Douglas in New Zealand and Augusto Pinochet in Chile and, after 1989, in many eastern European countries.

The dilemma facing the Minister for Finance and his counterparts throughout the world is to find a balance between these two heavyweight theories of the past century. In the face of unprecedented fiscal and economic challenges, both nationally and internationally, such as the sudden and deep reduction in revenue, the banking crisis, the credit crunch and exchange rate fluctuations which have led to a weakening of sterling against the euro and a consequent adverse impact on our capacity to export, the Minister has produced a balanced budget which maintains public capital investment at high levels compared with national income, boosts productivity and ensures credibility and sustainability in the public finances. Equally important, the Minister has been mindful of the need to protect the vulnerable and weakest sectors of our society, as evidenced by the above-inflation increase across all social welfare programmes.

As Minister of State with responsibility for innovation policy between July 2007 and May 2008, I was privileged to be involved in the development of the policy document, *Innovation in Ireland*, which has as its goal the development of an innovation driven economy that maintains competitive advantage and increases productivity. The decision by the Minister to enhance the research and development tax credit regime will improve Ireland’s attractiveness to small and large companies, thus helping to achieve the goal of the innovation policy statement.

I particularly welcome the decision of the Minister to increase the tax credit for incremental expenditure from 20% to 25% and to give the option to carry back unused tax credit for set-off against the previous year’s corporate tax liability, thus generating a tax repayment, and a further option of claiming payment of unused credit where there is sufficient corporation tax liability in a previous year. I also welcome the provision of a tax credit on new or refurbished buildings used for or in these activities. I also commend the Minister on introducing a tax exemption with full relief where total corporation tax liability in any of the first three accounting periods does not exceed €40,000 and allowing marginal relief where corporation tax falls between €40,000 and €60,000.

The Bill confirms increases in excise duties including the rise in betting duty from 1% to 2% from 1 May 2009. Bookmakers were concerned that the original proposal would have led to the closure of many bookmakers’ shops. However, the decision by the Minister to allow this

[Deputy Michael Ahern.]

betting duty to be deducted in the computing of the profits for bookmaking businesses is a wise one which will ensure that betting funds will not move outside the State and that people will hold onto their jobs.

An income levy has been employed on numerous occasions in the past at times of financial difficulty as it allows for an effective and efficient method of collecting revenue. I welcome the Minister's commitment to ensure that all social welfare and similar payments are excluded from the levy as are welfare payments from other states. It is especially welcome that holders of medical cards will be exempt as will those below the income threshold of €18,304 per annum. I hope that, as has happened in the past, the levy will be removed as soon as possible.

I take this opportunity to congratulate Professor Patrick Cunningham who successfully drove Ireland's bid to have Dublin chosen as the City of Science for 2012. This successful bid will provide the platform to showcase the best of science and research being carried out in the State across all disciplines, whether by indigenous or international partners. Professor Cunningham deserves our gratitude for this tremendous success.

This Bill represents a balance between the need to protect those on low incomes and the need to restore order to the public finances. It contains the measures that are required to promote enterprise and business so that we can return as early as possible to the path of growth on which we were set for the last ten or 12 years.

**Deputy Mary O'Rourke:** I thank my colleague, Deputy Michael Ahern, for sharing time. I am pleased to contribute to the Second Stage debate on the balanced Bill produced by the Minister for Finance. It is balanced in that the less well-off are looked after while a penalty is imposed on those who earn a substantial income. What will become of all the moaning Minnies, both here and outside the House, who used the budget as a platform to espouse their cause and point out what the Government was doing wrong? How will they cope now that the new proposals have been implemented, thus removing an essential plank in their armoury?

I welcome sections 30 and 31 of the Bill, which deal with the enhancement of the tax credits for research and development. There is no doubt that the research and development tax credit should be the tax policy instrument of choice for the Government over the next decade. The knowledge economy of the 21st century requires us to attract in new "Web 2.0" companies in the same way as we attracted major pharmaceutical and technology companies over the last 20 years. Companies that win in the 21st century will be those whose intellectual capital is their stock in trade. The ability of companies to convert their unutilised research and development tax credits into cash will be a welcome bonus for start up companies, but also for companies that are making a heavy investment in this country.

There is no doubt the changes proposed in this Bill would propel Ireland to the forefront of locations for research and development in the global corporate world. Allied to the work of Science Foundation Ireland — I join in the praise of Dr. Cunningham, who has ensured that Dublin will become the European city of science in 2012 — and the excellent third and fourth level graduates produced by our universities and third level institutions, we have an opportunity to capture the next wave of economic development in the same way we did in the 1980s and the 1990s. I have read nothing but praise for those proposed changes and I am sure they are welcomed by all Members of this House.

I also welcome the changes to encourage businesses in Ireland, especially the relief from tax for certain start-up companies, which is contained in section 27. We have heard very little about this. Small businesses creating three or four jobs will significantly help to turn the economy

around at a local level. This section will provide relief from tax for new companies beginning to trade in 2009, where profits are under €40,000 and marginal relief where profits are up to €60,000 over the next three years. It will remove this particular burden from such companies at their formative stage. Small companies always feel the burden at the beginning and their owners often wonder will anybody listen to them and come to their aid. The owners of three small companies contacted me and said this is the one measure that has made up their minds to develop their ideas for a business. This change in the Bill recognises one inescapable truth. If we are to improve our economic position and rise from the current malaise, the corporate sector will have to lead the way, providing jobs and generating revenues in the economy.

I welcome the changes to the so called “Cinderella” income tax provisions. I know that it is a matter of perception rather than reality, but it is a very important perception. I have listened for years to moaning Minnies moaning about the “Cinderella” income tax provisions. I am delighted that they have been addressed in this Bill. These changes are designed to ensure that those who avail of the benefits of living here and are often citizens of the State, should make a contribution when they spend substantial periods of time in Ireland. At a time when we are all being asked to do our patriotic duty, those citizens who have done extremely well but prefer not to contribute to the tax take of the economy, should pay their fair share. That is why I said that the “Cinderella” clause was an issue of perception rather than anything else, especially the mechanism of it. The time spent in the country was measured up until midnight, hence the nickname of the clause.

The Finance Bill 2008 should be recognised in this House for what it is, namely, a well-formed, comprehensive finance measure that takes from those who can afford to give, encourages small businesses, and has looked at where Ireland should now position itself for research and development. The Taoiseach has always placed great emphasis on the fourth level of education, such as PhDs, Master’s degrees and specialisations. I am always amazed to meet young people who are doing a PhD in some particular aspect of their primary degree. I always congratulate them. They will be the people on whom this country and its citizens will rely in the future.

We had a great idea in the 1980s, and I do not think that a previous Taoiseach received enough acclaim for his idea on the financial services centre. I remember those years between 1983 and 1987 when we were in Opposition and that measure was developed. It was developed during a great economic depression. There seemed to be no chance of getting out of it, yet the ideas were formed then about the financial services industry and what it would mean if we could get it going. It mattered much to Irish people that we got so many high-end jobs into the country. The measures on research and development in this Bill will have the exact same effect, and I hope that in the next few years, those measures will be an added allure to Ireland when it shows the world what it has to offer. Small countries can punch above their weight, and that is what we will be doing in this instance.

**Deputy Kieran O’Donnell:** I am delighted to contribute to this debate. I would like to talk about some of the comments made by Deputy Lenihan. I would concur with some of them, but not others.

**Deputy Mary O’Rourke:** My name has been O’Rourke for many years.

**Deputy Kieran O’Donnell:** *Nee* Lenihan. I apologise. Deputy O’Rourke claimed that this budget was taking from people who could afford it, but this is not the case. The 1% levy is being charged on people who are paying the minimum wage. In last year’s budget, the Govern-

[Deputy Kieran O'Donnell.]

ment made reference to the fact that 878,000 people were outside the tax net. That is no longer the case, as the budget is taking money from people who can ill afford it.

The Deputy also spoke about the budget helping the corporate sector. There are certainly measures that do this, namely in the area of small business. I welcome section 27 of the Bill, which deals with new businesses that can pay no tax for the first three years where their liability is less than €40,000 per year. However, from my experience as an accountant, I know that tax is not always the consideration during the first few years of a business. The big consideration is access to finance from the banks, but people cannot get that access at the moment. The banks need to be recapitalised as a matter of urgency to ensure that happens. They need measures that will enable them to take on employees.

At the moment, available measures include the PRSI exemption scheme and a revenue job assist scheme. Employers are exempt from employers' PRSI.

However, the people they take on must be in receipt of jobseekers allowance or benefit for the previous two years. That should be amended to allow employers to hire people who have just become unemployed. The Government's key task is to ensure that the minimum number of people possible go on the live register. We must try to ensure that people are kept in employment.

The role of Government is to create a climate which enables business people to provide employment, operate profitably and contribute to the Exchequer through taxes. Through those taxes, the Government can then provide public services, infrastructure and look after the most vulnerable in society. On all those counts, this budget fails.

The budget fails across a range of areas, including education, to which Deputy O'Rourke referred. It sets primary and second level education back by many years. Ireland operates in a global economy and to do so successfully, it must become a knowledge-based economy. We must develop value-added services in the multinational sector to retain jobs and the springboard for that is education. If we do not invest in education at first, second and third level, we will be sorry in the long term. I have been approached by parents and teachers in Limerick who are worried about children not being provided with a proper education. Parents of second level students are worried that the reduction in teacher numbers will mean that certain subjects will only be available at ordinary rather than higher level in some schools. These are genuine worries. The cutbacks in education should be reversed, but the Government has not done so. The Government must ensure that class sizes are reduced and that the number of teachers in schools is maintained at current levels.

In terms of the public finances, the Government is not making the hard decisions that are required. Four wise men will be appointed to a review body, which has become known as An Bord Snip Nua, to make recommendations on public sector reform. The Minister for Finance will make an announcement on this review body at 4 p.m. today. I wish to know the terms of reference for that body and when it is expected to report to the Government.

The director general of FÁS resigned today because outrageous sums of money were spent by executives of that organisation. The call from my party leader, Deputy Enda Kenny, for the board of FÁS to resign is appropriate. We must move on from the current debacle. FÁS has a budget of €1 billion. While I welcome the establishment of the aforementioned review group, it is also critical that a person with expertise in the reform of large organisations be appointed immediately to scrutinise the spending of the boards of all State agencies. That person should examine all expenses incurred and determine whether board members are flying first class or

otherwise wasting money. Having conducted such an examination, the appointee should then set out specific rules and regulations on expenditure that will apply to all State boards.

The vast majority of those working in the various State agencies, including FÁS, do an excellent job. However, at the higher level of such organisations, outrageous amounts of money are being spent. This also applies to the banking sector, where outrageous sums are being paid to senior executives, based on perceived good performances. At the same time, some 40,000 ordinary employees in that sector are worried about their job security. Many of those same people have their savings tied up in bank shares. I have not seen one executive in the top banks lose his or her job but we have heard much talk of enormous rationalisation of the sector. The Government must bring certainty to Irish banking. The question of the recapitalisation of the banks in order to allow small businesses to prosper is critical. Equally important, however, is the number of jobs in the banking sector. People are worried in that regard and the Government has a responsibility to try to maintain employment.

Having appointed a person to examine spending in all State and semi-State agencies, the Minister should revert to the House in two week's time to outline how immediate savings can be made. We must have proper reform. Those working in the public sector must be given additional mobility to enable them to advance. At the same time, we must reduce or eliminate all wastage in the public sector in terms of administration, bureaucracy, improper procurement and so forth. The Minister of State, Deputy Mansergh, is currently examining the procurement area and I look forward to his up-to-date report on the matter. It certainly appears to be the case that enormous amounts of money are being wasted in a number of areas. One only has to look at examples such as PPARS and the electronic voting machines. The latter machines are still sitting in storage, slowly rotting away, while people are struggling to gain access to education and health services. Much money has been frittered away on useless projects.

I wish to refer to specific provisions in the Finance Bill. I have already referred to the income levy provision in section 1 of the Bill. That levy should not apply to those on the minimum wage. Section 3 of the Bill deals with the parking levy, which is estimated will yield €5 million in 2009. The levy will only apply to those working in major cities, including Limerick. A person who, for example, works in an industrial estate on the outskirts of Limerick city will not have to pay a parking charge, whereas a person working in the city centre will have to pay €200 per year. It is a ludicrous, anti-competitive measure that should be rescinded and I will table an amendment to that effect.

Section 8 of the Bill deals with tax relief for health expenses. I seek clarification from the Minister regarding nursing home charges. There now appears to be no mention of claims for relief on such charges becoming standard rated in 2010. I ask the Minister to make a commitment that nursing home charges will not be standard-rated for all years going forward because the cost of nursing home charges is already prohibitive for families and individuals. Many people are currently getting tax relief at the marginal rate for all medical expenses and, given the inadequacies in and high cost of our health service, that should remain the case.

The provisions in section 12 regarding mortgage interest relief are revenue neutral. The Government is giving relief to first-time buyers, which is welcome. However, it is clearly financing that by taking tax relief away from those who are not first-time buyers. People must move within the market and one of the biggest problems in the current housing market is the fact that bridging finance is not available. If I own a home and wish to move, I cannot do so until I sell my first home. Bridging finance is not provided. Similarly, if a person wishes to move to a second home, his or her mortgage interest relief drops from 20% to 15%, which is a penal measure in the current climate. I welcome the removal of the so-called "Cinderella clause" as it applied to non-residents in section 13 of the Bill.

[Deputy Kieran O'Donnell.]

I have no hesitation in welcoming measures which I feel will be of benefit. Equally, though, I have no compunction about criticising those measures which I believe will not bring our economy out of recession. I have already made reference to section 27 which deals with tax exemption for new businesses for their first three years in operation. However, the recapitalisation of the banks is just as important in terms of making finance available to such businesses.

Section 30 deals with tax credits for research and development, which I welcome. However, the credit should be based on expenditure incurred in the relevant tax year. The reference year at the moment is 2003 which is problematic because it means that if companies made large-scale investments in research and development in that year, they will be penalised. The Government is implying that it will be volume based, but that is not correct. It will be based on 2003. I will be looking for an equal volume basis. Section 30 has a provision whereby claims for research and development expenditure up to the end of December 2007 will have to be made before the end of this year. It was normal to allow a four-year measure. I will be tabling an amendment to the effect that all expenditure up to the end of 2007 could be claimed for up to the end of 2009 to allow people become used to the new measure. As it stands, people are being told they will need to submit a claim for 2007 within the next month. This is a penal and counter-productive measure which should be amended.

Fine Gael proposed that employers should be allowed to put research and development credits against employer's PRSI and I ask the Minister to consider this proposal. Section 34 proposes bringing forward the date for payment of corporation tax by five months for certain companies. It proposes bringing the date forward from November to June. This is a penal measure in the current climate and it will have significant effects on cash flow. It is anti-competitive and this is not what the Government should be doing to get the economy off the ground. Section 39 proposes an increase in capital gains tax from 20% to 22%. This is also a penal measure. Section 80 reduces the top rate of stamp duty from 9% to 6% for non-residential properties for all disposals after the 15 October and this provision is to be welcomed. However, if people cannot have access to finance, this measure will be of no use. The Minister must deal with practical as well as theoretical issues and this is not being done. He must interact with the economy.

Section 50 deals with the airport tax. The Government has rowed back on this measure since the budget and the charge is now €2 for all travel more than 300 km from Dublin Airport. I wish to make specific reference to Shannon Airport which is our international airport in the mid-west and the west. Shannon Airport is being penalised heavily by this travel tax. The €10 travel tax will apply to all transatlantic flights from Shannon. If the Government is committed to balanced regional development, this travel tax should not apply to Shannon Airport or anywhere on the western seaboard because it is a penal tax which works against us.

Section 67 will increase the rate of VAT by 0.5%. There is now a differential of 6.5% between ourselves and Northern Ireland and the UK where the VAT rate is 15% and ours is 21.5%. This is adding to inflation and the Government should not have increased VAT. In simple terms, Fine Gael's pre-budget document proposed no increase in taxes. It made proposals for stimulating investment and proposed €25 million for retraining in the construction sector. I see nothing of that nature in the Bill. Fine Gael proposed that the national development plan continue with investment whereas the Government proposes reductions. This shows a lack of vision on its part. This country has a great opportunity over the next three years to ensure that competitiveness is restored. This will be achieved by keeping taxes down and ensuring that Government charges do not penalise business. We must ensure that local authorities are not being forced to raise rates. The Government has reduced the local government fund by 7% and this will put pressure on local authorities. A charge of €200 has been imposed on non-

family homes which is to be collected by the local authorities but which is to be sent to the Central Fund. I ask why this income cannot be retained by the local authorities. I expect the Government to show it has a strategic vision when this Bill reaches Committee Stage.

Agriculture has always been our historical natural resource and it continues to be one of the country's major resources. This budget was penal in its provisions as regards farmers and the installation aid and retirement schemes. Small business must be funded so as to allow it to progress and provide employment. Otherwise, there will be more people unemployed and dependent on social welfare. This is an unhealthy position for both the State and for the people themselves. We must get to grips with the public finances and proper public sector reform. My hope is that the Minister and the Government will appoint someone with significant experience in this area to investigate all the boards of semi-State bodies to see whether there is wasteful expenditure as has been the case in FÁS. This may be happening in other State agencies. This person should then report back to the House within a period of two weeks. The country is looking for confident direction and leadership and a set of strategies. I expect to see the Minister for Finance back before the House next February or March with a supplementary budget because he is projecting a 1% increase in revenue in the budget and this will not happen. There is talk of a 6.5% of deficit in the GDP. I expect this will be in the order of 9% or 10%. We cannot continue in this fashion. We need direction and this Government is headless. It does not appear to know what it is doing which is extremely worrying. It needs to take control and come up with a set of policies to ensure that this economy becomes competitive, that people are not becoming unemployed and to ensure that people can stay in their jobs and secure their homes and provide for their children's education. The Minister must rescind the education measures in the budget, for the sake of the families and the children. He must give a sense of direction which currently the Government does not have.

**Deputy Michael Moynihan:** I welcome the Bill and I wish to discuss some aspects of it. I refer to the banking and financial crisis which has arisen both here and in the global economy. The Government issued a guarantee to the banks. It is widely reported in the media and elsewhere that further consultations are ongoing. In the late 1970s and early 1980s, a significant amount of money was given out by the banks in rural communities to pay for agricultural land. This resulted in inflated prices for agricultural land. People were given money to buy land at auction and this put farmer against farmer. It took a long time to repay the money because interest rates rose in the early 1980s to 22% and 23% and this crippled many farming communities. The current crisis has been caused by the amount of money that was loaned out. One could say that the entire capitalist system worldwide nearly came to a halt. It was said to be the biggest financial crisis since the 1929 Wall Street crash but this time governments across the world intervened to prop up the banks and the financial services. It may be time for governments everywhere to consider a fundamental change in the regulation of financial services and the banking sector.

In the Finance Bill, the Government has increased the limits on mortgages which local authorities can give out. There once was a time when ordinary people were only able to get mortgages from their local authority to build or buy a house. The threshold has been increased for low to medium income families to allow them to get local authority mortgages up to €285,000.

After the foundation of the State, the Agricultural Credit Corporation, ACC, and the Industrial Credit Corporation, ICC, were established as semi-State banking bodies. It may be time for governments around the world to provide banking services again, which would assist in ensuring proper banking regulation is in place. In 20 years time the economic cycle will have moved on again with further economic development. Is it time for nationalisation of banks with State-run institutions ensuring checks and balances are in place? It is also important that



[Deputy Michael Moynihan.]

those on bank boards and elsewhere who got their fingers severely burned in this financial crisis learn lessons from this experience. Whatever guarantees come out of the ongoing negotiations with the banks from the banking guarantee scheme, the economy will develop as the economic cycles change with a boom time returning again at some point. This has happened throughout history but we must learn lessons from the current crisis to ensure it does not happen again.

Small and medium sized businesses find themselves under pressure from the banks, many of which have withdrawn overdraft facilities. They also have to make end-of-year returns for tax, PRSI, PAYE and VAT. Every week, many firms are looking at the fundamentals of their business and letting people go in ones and twos which is not as headline grabbing as large job losses. It is, however, affecting significant numbers of people in rural and urban areas. Many banks made loan deals with farmers for the building of sheds under the farm waste management grant scheme. However, many have reneged on these deals because of the tightening of available credit, which must be condemned.

It is said the measure of a person is if he or she can learn from their past mistakes and move on from them. Fundamental issues have to be examined with regard to the financial services sector. Strict regulatory powers will have to be put in legislation regarding the Financial Regulator and the Central Bank. It might be time to establish a new banking system which will not allow what happened in the past year to recur. As public representatives, we must ensure it will never happen again.

Without wanting to re-fight the Lisbon treaty campaign, if there were ever a case for stronger integration with Europe it must be what has happened in the financial services sector. One need only look at Iceland, outside of the EU, and the collapse of its economy. Several weeks ago figures were given to us from the various financial authorities that €70 billion of EU money was being used to keep Irish financial services afloat. It is all very well for successful and super-wealthy individuals to lead campaigns against the EU and the Lisbon treaty. However, the ordinary people are benefiting in no small way from the amount of money the European Central Bank has been able to inject into the Irish economy and keep the banking system afloat. This is a fact that needs to be made known to the people.

I welcome the increase in the income levy for better-off earners. It was also welcome that the minimum wage sector and social welfare recipients were excluded from the 1% income levy. It is important to look after the less well-off in times such as these. For many years, we have talked about the success of our knowledge-based economy. The emphasis in the Finance Bill on supporting research and development enterprises is, therefore, welcome. The tax credit for research and development has been significantly enhanced to improve its attractiveness to large and small companies alike and to support the development of a knowledge-based economy. While we are going through a very difficult financial period, it is important we continue to fund research and development.

The reduction in commercial stamp duty from 9% to 6% is a welcome step to rejuvenate and kick-start the economy. Claims for tax relief in the business expansion scheme and the seed capital scheme have been extended by three months. The purpose of this measure is to make the system more user-friendly for those availing of the reliefs.

Many have commented on the tying up of the loophole which saw the super-rich blatantly exploiting the non-residency conditions for tax purposes. Those on low to medium incomes watch whether the Government asks the wealthy to contribute in times of difficulty. There are many tax schemes which were introduced for good reasons over the years to stimulate the

economy, employment and particular industries. Many of them have reached their sell-by dates and need to be re-examined.

Some argue that if the US had proper regulation of its financial services industry, it might not have the precipitated the current crisis.

Debate adjourned.

*Sitting suspended at 1.30 p.m. and resumed at 2.30 p.m.*

### **Ceisteanna — Questions (resumed).**

#### **Priority Questions.**

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#### **Army Barracks.**

64. **Deputy Jimmy Deenihan** asked the Minister for Defence if a meeting with him was sought by a Defence Forces representative association to discuss barrack closures; the date the meeting was sought; if the meeting has taken place; and if he will make a statement on the matter. [42929/08]

**Minister for Defence (Deputy Willie O’Dea):** Yes, PDFORRA sought a meeting with me to discuss the issue of barrack closures. While no date has been set for such a meeting, I have assured PDFORRA that I will meet it to discuss how we can achieve the implementation of the decision to close barracks, including the closure date of 31 January 2009. I have had no request for a meeting from RACO.

**Deputy Jimmy Deenihan:** Surely, if PDFORRA asked to meet shortly after the announcement of the closure of barracks, the Minister could have arranged a date to meet by now. PDFORRA is concerned about the welfare of its members and the disruption of family life involved for 650 people who will be moving to different locations and workplaces. This will involve changing schools in some cases. In many cases it will involve travelling long distances to work because people cannot source alternative accommodation. In 2004 an announcement was made about the decentralisation of the Department of Defence and the defence headquarters to the Curragh. It still has not happened. The Minister expects these people to move from four barracks in the space of 14 weeks. That time lead-in is not adequate in view of the disruption involved, which has manifested itself outside this House and continues to do so in the counties affected, including some of the Minister’s people.

**Deputy Willie O’Dea:** My secretary wrote to PDFORRA on my behalf on 13 November, making it clear to PDFORRA that I would be prepared to meet to discuss the implementation of the Government decision, not the substance of the decision. I am awaiting a response from PDFORRA to that letter. If PDFORRA wants to meet me to discuss the implementation of the decision, I assure the House there will be no difficulty.

Regarding the 14 week timescale, discussions have taken place on behalf of the staff being moved, between my officials and the representatives in PDFORRA. There have been various discussions on the timetable. On a number of occasions, including to delegations that came to see me on this matter, I have said that if we cannot meet the target of 31 January, so be it. I am not hung up on the target. As of now, I expect it to be met but if it is not met by 31 January I am prepared to give it another while.

**Deputy Jimmy Deenihan:** In view of the fact that some personnel live across the Border in Derry and elsewhere and some personnel are serving in Chad at this moment, what accommodation has he made for these people? The Minister must realise that accommodation must be made for these people in their new workplaces. What guarantees can the Minister give the House that there will be adequate accommodation, whether office or storage, for personnel moving into a whole new work environment?

**Deputy Willie O’Dea:** I can give the House this guarantee, that no one will be moved until the facilities in the receiving barracks are adequate. As a representative of a party in favour of cutting public expenditure to a greater extent than the Government is——

**Deputy Jimmy Deenihan:** That has nothing to do with it at all.

**Deputy Willie O’Dea:** ——Deputy Deenihan will support that. I recall Deputy Deenihan’s immediate reaction to barrack closures. He did not question the merit of the barrack closure at all, in sharp contradiction to the Deputy James Bannon who stood on a platform in County Longford, trying to score political points off my colleague, Deputy Peter Kelly.

**Deputy Jimmy Deenihan:** It was the same with Deputy Pat The Cope Gallagher.

**Deputy Willie O’Dea:** He said that Fine Gael would oppose the closure of the barracks no matter what. It did not matter what it cost.

**Deputy Jimmy Deenihan:** Deputy Pat The Cope Gallagher did exactly the same in Donegal.

**Deputy Willie O’Dea:** This is playing politics and talking out of two sides of one’s mouth.

**Deputy Jimmy Deenihan:** I am not playing politics.

**Deputy Willie O’Dea:** Perhaps Deputy Deenihan will enlighten the House——

**Deputy Jimmy Deenihan:** I am asking the Minister a question.

**Deputy Willie O’Dea:** ——as to where Fine Gael stands on this matter. Is Fine Gael for or against the closure of the barracks?

**An Leas-Cheann Comhairle:** I will explain the procedure, which is that the Minister answers the questions and the Deputies opposite pose them.

**Deputy Willie O’Dea:** I would like to get some clarification. The people are entitled to know where Fine Gael stands on this important matter.

### **Information and Communications Technology.**

65. **Deputy Brian O’Shea** asked the Minister for Defence the steps he has taken to define and classify the risks and threats in the area of cyber security and defence; and if he will make a statement on the matter. [42930/08]

**Deputy Willie O’Dea:** Cyber security, cyber crime and Internet security represent challenges that are constantly evolving and require vigilance and appropriate responses. Cyber security is multifaceted. The nature of the threat and the potential impact also varies considerably depending on the approach and objective of those with malicious intent.

Each State agency, business and individual should take every precaution with regard to security. Awareness of security, the risks and available safeguards, can be seen as the first line

of defence for the security of information systems and networks. I am aware of considerable activity in this regard. My colleague, the Minister for Communications, Energy and Natural Resources, has undertaken a number of awareness campaigns aimed at individuals, SMEs, the education sector, the public sector and business.

My colleague, the Minister for Justice, Equality and Law Reform, and the Garda Síochána are also active in areas such as cyber crime and cyber bullying. The legislative programme includes the criminal justice (cybercrime) Bill, being prepared by the Department of Justice, Equality and Law Reform. This Bill gives effect to the Council of Europe Convention on Cybercrime as well as to the EU Framework Decision on attacks against information systems.

My Department and the Defence Forces focus on the risks and threats arising in the context of the roles laid down by Government for the Defence Forces. My Department and the Defence Forces implement a programme of continuous review of ICT security in order to keep up to date with current threat levels. This risk assessment is carried out by a high-level board comprising civil and military personnel and is supported by subgroups that carry out specific reviews where a security risk is identified. Detailed policies and guidelines are provided to all users of ICT systems and considerable resources are invested in assessing weaknesses and protecting systems against cyber attack and malicious security breaches. The Defence Forces take comprehensive measures with regard to the security of their information and communications systems when deployed in Ireland and overseas. Details of measures taken are not publicised for security reasons but, given the levels of upgrading and increased protection put in place in recent years, the vulnerability to such attacks has been greatly minimised.

**Deputy Brian O'Shea:** I thank the Minister for the reply. Could the Minister confirm that his is the lead Department in this area? Can the Minister assure the House that, if a cyber attack like the one mounted on Estonia in April and May 2007 were to occur here, we have the capability to minimise the effects of the attack as the Estonian authorities were capable of doing? Is he aware that during the five day war between Russia and Georgia, cyber warfare was engaged in by both belligerent parties in parallel with conventional military operations? Can he inform us of the international contacts he is developing in respect of this issue? My understanding is that there must be international co-operation in order to deal with the mal-evil forces that engage in cyber warfare.

**Deputy Willie O'Dea:** The Department of Defence is not the lead Department. We operate the same system as under the emergency planning provisions. Each Department is primarily responsible for its own security. The central, co-ordinating Department is the Department of Communications, Energy and Natural Resources. That has been agreed by the committee on emergency planning.

I am aware of the situation in Estonia, to which Deputy O'Shea averted. We have invested much time and effort to develop systems to protect information accumulated by the State or other organisations. In the event of an attempted crime, the Garda Síochána is the relevant authority. The Department of Defence has been extremely active. We keep upgrading the equipment, we have people who are well clued in, we have a high level committee constantly assessing the risk of a cyber attack and we have sub-committees that focus on anything that is identified. I have had dozens of meetings with the emergency planning committee since I took over as Minister. They have had very little discussion on cyber crime. I get a threat assessment at each of those meetings, both from the Garda Síochána and from the military. Cyber crime has not featured. The risk of a cyber attack is regarded as being extremely low. However, in deference to Deputy O'Shea's interest in the matter and now that it has been brought to my attention, I will raise it at the meeting of the emergency planning committee due to be held

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before Christmas. Eleven Departments are represented on that committee and I will ask them to communicate with their own Departments and give me an update on the position.

On the international dimension, we have kept in touch with our international colleagues in this regard because it is a multinational operation. An interesting workshop is being organised by the OSCE for next March, which we hope to attend, on combating cyber crime on a multinational scale.

**Deputy Brian O'Shea:** I thank the Minister for undertaking to raise this issue at the next meeting of the emergency planning committee but he should seriously consider having the Department of Defence as the lead Department. I am aware that a cyber attack is seen as very unlikely but I am sure he will agree there is a need to be prepared for any eventuality, particularly as these sort of attacks can materialise out of nowhere and can be devastating because of the extent of the areas that can come under attack. It is not just the public Internet connections and information systems. It can attack bodies like the banking institutions and affect the exchange of information.

**Deputy Willie O'Dea:** I agree with Deputy O'Shea about the possible devastating impact of such an attack. Considerable discussion has taken place on who should be the lead Department in this regard and after due consideration it was decided that the Department of Communications, Energy and Natural Resources should be the lead Department. I do not have time to go into all the factors that led to that conclusion but in the event of a cyber attack or a threatened cyber attack I, as chairman of the emergency planning committee, would convene a meeting of the committee. The Department of Defence would chair that operation but we will be depending on the Department of Communications, Energy and Natural Resources to co-ordinate the response across the different Departments.

### **Defence Forces Policy.**

66. **Deputy Jimmy Deenihan** asked the Minister for Defence if, with regard to the agreed action plan under the pay agreement and modernisation agenda for the Defence Forces, the specific initiatives and commitments under the heading "organisation and strength", specifically the identification and exploration of the challenges to achieving optimum structures and flexibility, that have taken place within the timeframes laid down in the action plan; and if he will make a statement on the matter. [42868/08]

**Deputy Willie O'Dea:** The White Paper on Defence 2000 sets out defence policy and a framework for modernisation and change over the period to end 2010. This framework has provided the overarching modernisation goals for the Defence Forces. Action plans under successive pay agreements have underpinned this ongoing modernisation process.

The commitment to which the Deputy refers is contained in the action plan under the pay agreement and modernisation agenda for the Defence Forces. The action plan was itself derived from the modernisation agenda of March 2007 agreed with the Defence Forces representative associations and both were, in turn, modelled on the Towards 2016 agreement between the social partners.

The commitment referred to in the Deputy's question is one of 17 and is the opening one in the action plan. It is set in the context of the successful reduction in Permanent Defence Force numbers to 10,500 and maintenance of the three-brigade structure in line with the recommendations of the White Paper on Defence 2000. The commitment to continued modernisation and change and to seeking optimal Defence Force structures and flexibility is affirmed in this opening statement.

The consolidation of the Defence Forces formations into a smaller number of locations is a key objective of the White Paper on Defence. The dispersal of personnel over an extended number of locations is a major impediment to essential collective training. It also imposes increased and unnecessary overheads on the Defence Forces in terms of barrack management, administration, maintenance and security. As the Deputy will be aware, four barrack closures were recently announced in the budget. These closures will facilitate collective training, while also freeing up under-utilised resources and personnel for operational duties.

The action plan goes on to elaborate a wide range of further commitments across the whole spectrum of change and modernisation in the Defence Forces.

The House will be fully aware of the tremendous progress that has been made in the modernisation of the Defence Forces since 2000, which is described in detail in the White Paper on Defence 2000 published by my Department in April 2007. As provided for in the modernisation agenda and pay agreement, a performance verification group, PVG, has monitored performance against the commitments set out in the action plan and has made recommendations as to whether the pay increases set out in the agreement were justified. The Defence Forces representative associations, my Department and the military authorities are represented on the PVG. The group has an independent chairman, Mr. Frank Murray, former Secretary General to the Government. The PVG met on a regular basis to review progress on all elements of the action plan. The most recent meeting was on 30 July 2008.

I am satisfied with the overall progress that has been made to date in implementing the action plan and that the modernisation agenda in Defence is continuing to yield significant improvements to the Defence Forces' capabilities.

**Deputy Jimmy Deenihan:** The key issue is that the representative bodies agree that the Minister and the Government makes the decision about the closure of barracks but there is a commitment in this pay agreement that where closures were to take place, there would be consultation beforehand with the representative groups. In this instance, that did not happen. That is the main point of contention.

Will the Minister clarify if there is a template for the closure of barracks that would ensure that if barracks were to be closed in the future, a certain procedure would be gone through? I am sure the Minister will agree that the representative bodies should have been consulted in line with this pay agreement. That agreement was signed up with Government and the procedures were not followed. This agreement was voted on by their members but some of those members are now asking, when is a deal not a deal? They are confused about what has happened. Will the Minister confirm that it was part of that pay agreement that consultation should have taken place first? Is there a template for barrack closures? Is this a breach of this pay agreement?

**Deputy Willie O'Dea:** I do not believe it is a breach of the pay agreement. My understanding of the pay agreement is that if we were proposing to close barracks in normal circumstances we would consult. As Deputy Deenihan knows, this was a budgetary decision taken by Government in regard to cutting public expenditure generally. This relates to the Department of Defence specifically. It was not a unilateral decision by me to close barracks on which I got the agreement of Government. It was a collective decision of Government in the context of the budget. It was a budgetary measure and we are under no obligation to discuss in advance items that will be in the budget. That is the context of it. If it was being done in the usual way outside the context of a budget, whereby I decided that we needed fewer barracks, I would consult with the representative organisations.

**Deputy Jimmy Deenihan:** The Minister mentioned cost a few times. What is the saving factor when it is factored in that the four barracks due to be vacated will have a huge cost in terms of security, heating and maintenance? If this closure of barracks is all about cost, what saving will result? Is that factored in to the budget? Does the Minister know the exact saving he expects to make from the closures? Can he tell us the saving that is expected?

**Deputy Willie O'Dea:** First, it is not all about cost. It is also about collective training. I have been under pressure from the military from the time I took over this Department to consolidate the number of barracks to allow people going into dangerous foreign territory to train together. It is felt to be in the interest of the safety of the troops that they should train together in advance of going into darkest Africa.

**Deputy Jimmy Deenihan:** That is another issue.

**Deputy Willie O'Dea:** I can confirm to Deputy Deenihan that I have a good deal of correspondence to back that up.

Second, in regard to cost, the Deputy will be aware there is a later question on cost which we will reach. However, a cost-benefit analysis done by the Department shows that the total cost of this measure over the next three years will be approximately €5.9 million. As against that, recurrent savings will be approximately €2.7 million per annum. On the value of the properties we will get back, the savings will be approximately €30 million. It will be of huge benefit to the Exchequer, therefore, but cost is not the only factor. There is also the question of collective training as we undertake more dangerous missions.

#### **Defence Forces Property.**

67. **Deputy Brian O'Shea** asked the Minister for Defence the cost-benefit analysis that has been undertaken regarding the potential net savings to the Exchequer arising from the planned closure of St. Bricin's Military Hospital and four military barracks; and if he will make a statement on the matter. [42931/08]

**Deputy Willie O'Dea:** The closure of barracks and the consolidation of the Defence Forces formations into a smaller number of locations is a key objective of the White Paper on Defence. The consolidation process is designed to facilitate collective training and improved training standards, while also freeing up under-utilised resources and personnel for operational duties. The dispersal of personnel over an extended number of locations is a major impediment to essential collective training. It also imposes increased and unnecessary overheads on the Defence Forces in terms of barrack management, administration, maintenance and security.

As I have said in response to many questions in this House, Defence Forces properties are kept under constant review so as to ensure the most appropriate organisation of the Defence Forces, taking account of the operational requirements. The development and increased capability of the modern Defence Forces, when taken together with the improved security situation along the Border, has removed the rationale for having seven barrack posts along the Border and provided the opportunity for consolidation of units in a smaller number of locations. Four barracks at Monaghan, Longford, Lifford and Rockhill will be closed under the current consolidation plans.

The closure of St. Bricin's Military Hospital is a separate matter and arises from the Government decision to relocate the Defence Forces headquarters to the Curragh. Under the arrangements, services for the Defence Forces generally, which are currently provided by St. Bricin's Military Hospital, will transfer to the Curragh. St. Bricin's will remain in operation as a military

medical facility, MMF, serving the eastern brigade until a modern facility suitable for the brigade is provided. Planning for the new facility has just begun.

The current plan has been put together in close consultation and co-operation with the Defence Forces general staff. It provides an overall package that will serve the needs of the Defence Forces into the future. A detailed cost-benefit analysis was compiled by the Department on the overall package of consolidation proposals. The immediate costs which will be incurred in preparing the barracks to receive the troops will be approximately €3.2 million, against annual recurring savings estimated at €2.7 million. Over a three year period, with the disposal of the properties, the net benefit to the Defence Forces will amount to some €23.6 million.

In the case of St. Bricin's, the upgrading of the military hospital in the Curragh will amount to some €2 million while the provision of the new medical facility in Dublin will amount to some €750,000. The funds realised from the disposal of St. Bricin's will be used to offset these costs and for further investment in Defence Forces equipment and infrastructure. In accordance with Government policy, receipts from the sale of military installations which are surplus to requirements will be reinvested in the Defence Forces.

**Deputy Brian O'Shea:** Listening to the Minister one would think this was a strategic decision. Do the closures not arise from the fact that the Minister had to achieve economies in his budget this year? The real reason this is happening is to save money. Although there may be side benefits, such as those the Minister outlined, this would not have happened if he had not been asked to achieve economies. What evaluation has been done on the properties to be disposed of? Was any evaluation done before the budget announcement? Will we reach a situation such as the Minister's predecessor reached in October 1998 when he had to admit to the House that private security in Ballincollig was costing €1,400 per day? In these recessionary times there is very little demand for any properties here, to say the least. These could be on the Minister's hands for quite some time and a high security bill could be involved. What is his response to PDFORRA's estimate that the additional facilities that need to be provided at Dundalk, Finner Camp in Ballyshannon and Custume barracks in Athlone could cost approximately €3 million?

**Deputy Willie O'Dea:** One of the first things I received when I came into the Ministry of Defence was a request from the military to close further barracks on the basis that peace had arrived in Northern Ireland and there was no justification for seven Border posts. The British were already in the process of beginning to close their Border posts. The point was very forcefully made to me about the necessity for consolidated training. The missions we take on are more and more dangerous so it is important for troop safety that they train together. That was a consideration and there was also a cost element. I resisted the pressure from the military for quite some time but in the new economic environment I have had to look anew at what they said. Deputy O'Shea is correct that I had to achieve savings in the Department of Defence, like the other Departments. I could not have achieved these savings with the number of barracks we have, four of which are due to be closed.

The approximate estimated value of the four barracks is €21 million. For commercial reasons, I do not want to give the individual figures for each barracks. We have done a detailed cost-benefit analysis on the situation and over the next three years we estimate the change of station allowances, the cost of transport for 18 months, security in the closed barracks and all the other costs we will meet will come to approximately €23.5 million less than what we will save through recurrent savings on maintenance, administration, utilities, etc., and the potential value of the property we are getting back. That cost-benefit analysis is being given to the Comptroller and Auditor General or the Committee on Public Accounts — I am not sure which — and will appear in the public domain in the very near future.



**Deputy Brian O'Shea:** I am pleased the cost-benefit analysis will be published — I was going to ask that question next. Is it realistic in the current climate to anticipate that the properties will be sold for any kind of a decent price? PDFORRA sees the change of station allowance as costing the State approximately €2 million and travel allowance for an 18-month period as costing approximately €3.7 million. That does not tally with the Minister's figures. I take it that he contests those figures vigorously. PDFORRA says that to provide the facilities its members will need at the locations to which they are being transferred would cost approximately €30 million. The Minister did not respond to that in general but would also contest it. Deputy Deenihan asked earlier when the facilities will be ready. Has the Minister any idea when the proper facilities will be available?

**Deputy Willie O'Dea:** I contest those figures. I am told that €500,000 is all that is necessary to immediately spend on the barracks to which the troops are going because there are extensive facilities available in those barracks already. I am taking into account the various allowances, the cost of transportation and that €500,000. We envisage spending another €2.5 million on infrastructure over the next three years and that brings the figure up from €3.2 million to €5.9 million. I cannot understand how anybody can come up with a figure that says closing barracks will cost us more than keeping them open, especially when we have experience in the past of the savings we have got from barrack closures. That makes no sense.

#### **Defence Forces Accommodation.**

68. **Deputy Jimmy Deenihan** asked the Minister for Defence if his attention has been drawn to the fact that in excess of 20 Defence Forces officers who are attending full-time third level education courses in Dublin are required to live in steel containers in Cathal Brugha Barracks, Rathmines, Dublin; his views on whether this accommodation is suitable for members of the Defence Forces; the alternatives that were examined before the decision was made to use this accommodation; the reason these alternatives were rejected; and if he will make a statement on the matter. [42819/08]

**Deputy Willie O'Dea:** Defence Forces regulations require members to live in barracks unless they are given permission to live out. Over the years the practice has been for significant numbers of personnel to live out of barracks. As part of the Defence Forces modernisation programme, approximately €40 million has been spent since 1999 on refurbishing both long-term and short-term accommodation across the Defence Forces.

Arising from the changing security situation and to provide a sound basis for future modernisation of living-in accommodation, my Department, in conjunction with the military authorities, is undertaking a study to identify the Defence Forces' overall long-term operational requirement for living-in accommodation. The study will also examine and determine the nature and standard of accommodation to be provided. There has been a delay in finalising the report but it is expected to be available by the end of the year. However, one of the preliminary findings of the study is that there is sufficient, good quality accommodation to meet the current requirement across the Defence Forces generally and any shortages are confined to only a few locations where the demand is high.

The outcome of the study will provide the basis for a three to five-year programme of refurbishment of living-in accommodation to be undertaken in conjunction with the overall Defence Forces infrastructure development programme. In considering the priorities for the building programme for 2008 and 2009, my Department has decided no further costs will be incurred on the refurbishment of living-in accommodation until this plan is in place. The requirement for living-in accommodation in Cathal Brugha Barracks is being considered as

part of the overall Defence Forces requirements and the provision of any accommodation required there will be addressed in the plan. Approximately 77 officers are living-in in the barracks. This includes the officers referred to in the question.

I emphasise the accommodation referred to is of a temporary nature pending completion of the living-in accommodation plan. These units were built specifically as accommodation units for single occupancy. The units consist of en-suite accommodation and are fully furnished and heated. The temporary accommodation was specified, sourced and procured by the Defence Forces. The accommodation units comply with all relevant regulations and health and safety requirements.

**Deputy Jimmy Deenihan:** I understand a number of these containers, which I am sure the Minister has seen, were used in the Glen of Imaal and a commitment was given to provide portakabins as a temporary measure. I have received information that the containers are totally inadequate and they are a total insult to the people living in them. The Minister would not live in them and I would not expect anybody to live in them. His reply is not accurate based on the information I have received and it is not acceptable.

While the Minister awaits the presentation of the report to which he referred, it is not acceptable that these officers must continue to live in this totally unacceptable accommodation. Will he consider other alternatives? For example, accommodation is available in Griffith College. Why does he not provide an allowance to the officers to seek accommodation in the private sector, as is the case with Garda recruits? Does he agree it is not acceptable to have these young officers, who are the future of the Army, living in these conditions?

**Deputy Willie O'Dea:** In the various contacts I have had with elements of the military and the representative organisations, this matter has never been drawn to my attention. Nobody has mentioned it or has written to me about it.

**Deputy Jimmy Deenihan:** I am bringing it to the Minister's attention.

**Deputy Willie O'Dea:** I am assured by my Department that the military engineers who sourced and prepared these accommodation units are perfectly happy with them. They compare favourably with the accommodation our troops must occupy sometimes when they are overseas.

**Deputy Jimmy Deenihan:** That is a different issue.

**Deputy Willie O'Dea:** I accept that is a different scenario but I have been asked by my Department to convey an invitation to the Deputy to visit the barracks and to examine the units. We can discuss the issue after he has seen them for himself.

**Deputy Jimmy Deenihan:** Such containers are usually found on building sites and workers drink tea in them.

**Deputy Willie O'Dea:** Has the Deputy seen them?

**Deputy Jimmy Deenihan:** Yes, I have a photograph which I meant to bring with me to show the Minister. I will pass it on to him.

**Deputy Willie O'Dea:** I invite the Minister to visit the barracks.

**Deputy Jimmy Deenihan:** I will. I have visited a number of barracks and I intend to visit the remaining barracks. However, the containers are not acceptable. Will the Minister confirm whether they were used in the Glen of Imaal and then transferred to this barracks?

**Deputy Willie O'Dea:** I will find that out for the Deputy. The matter has been brought to my attention by this parliamentary question. I do not have the information but I will get it to him and let him know.

### Other Questions.

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#### Reserve Defence Force.

69. **Deputy Billy Timmins** asked the Minister for Defence the progress that has been made on implementing the recommendation of the Reserve Defence Force implementation board report regarding the reactivation of the reserve of officers-men first line and front line reserve; and if he will make a statement on the matter. [42890/08]

**Deputy Willie O'Dea:** The Reserve Defence Force review implementation plan provides for a phased approach to enhancing the capabilities of the reserve over the period to the end of 2009. The introduction of new RDF organisational structures, the development of new training syllabi, improved equipment and clothing have successfully been delivered as part of phase 1 of the plan. Phase 2 of the implementation plan is currently being implemented and a pilot scheme for the integrated Army reserve was initiated in 2007 and subsequently extended into 2008. In line with the implementation plan timeframe, proposals with respect to the first line reserve have been prepared by the military authorities and are currently being considered. I look forward to reviewing the recommendations and a proposed plan of action in due course. My primary objective is to ensure the experience and knowledge of the former Permanent Defence Force personnel of the first line reserve is utilised for the maximum benefit of the Defence Forces.

**Deputy Jimmy Deenihan:** The Minister has agreed in the past that the integrated Army reserve is not working and it has not taken off as expected. The first line reserve is a valuable resource. For example, in 1999, more than 300 officers took redundancy and since then between 20 and 30 officers annually have left the Army prematurely. This vast resource is available to the Minister. If the integrated Army reserve does not work, this is the solution because these people can travel abroad and fit in easily with the Permanent Defence Force because they have the training. It would be difficult to find people in the Reserve Defence Force to do that because of their training and background.

When will action be taken? The report was accepted by the Government. When will action be taken? When will recruitment take place? Will the Minister provide an adequate incentive for former officers to become involved again?

**Deputy Willie O'Dea:** I do not disagree with the Deputy about using the first line reserve if the integrated reserve concept does not work but, as he will be aware, the changes in the reserve were to take place over a number of phases. The first phase comprised additional training, radical changes in the organisational structure, additional equipment, changes in the gratuity system and so on. All those have been put in place. We are now at the next stage, which is the development of the integrated reserve. I agree with the Deputy that the initial

outcome of the pilot projects we initiated in this regard was disappointing. The first pilot project was undertaken in 2007 and it continued into 2008. More than 300 people have completed training for the integrated reserve. We never envisaged reaching a figure of 2,500 as a result of the pilots but at least we have made a start.

The development of the first line reserve is looked on as the next phase. We have resolved the integrated reserve problem. I do not disagree with the Deputy that if we run into problems with this and have to give up or it does not develop as we expected, we can look more closely at the front line reserve. However, we are not giving up on the integrated reserve. We have learned valuable lessons from the pilot projects and changes will be made in the recruitment of people to the integrated reserve as a result. The next phase will be first line reserve and we see a role for both. The intention is make the PDF as efficient and effective as possible, with which the Deputy agrees.

**Deputy Jimmy Deenihan:** I am glad the Minister accepts the first line reserve can become the foundation stone or the spine of the integrated reserve and this presents a great opportunity. Will the Minister outline a timeframe within which definite progress will be made during 2009?

**Deputy Willie O'Dea:** Is the Deputy referring to the first line reserve?

**Deputy Jimmy Deenihan:** Yes.

**Deputy Willie O'Dea:** As the House will be aware, the implementation report made various recommendations about pay and conditions, recruitment, training and the relationship between the first line reserve and the Army reserve and Naval Service reserve. The military authorities had reservations about some of these recommendations, on which they are working. They will present me with their final recommendations as to what should happen. I have asked them to speed up the process and contact me as quickly as possible.

### **Ministerial Transport.**

70. **Deputy Ciarán Lynch** asked the Minister for Defence the cost of the recent refurbishment of the Gulfstream Government jet; the nature of the work undertaken; and if he will make a statement on the matter. [42762/08]

**Deputy Willie O'Dea:** The Gulfstream IV entered MATS service in 1991 and has accumulated an average of 660 flying hours a year since then. It is maintained in accordance with the manufacturer's recommended overhaul and maintenance cycle. This is a practice common to all Air Corps aircraft, both fixed wing and rotary wing. Requisite inspections and checks are carried out at various specified intervals, depending on the flying hours accumulated, as set out in the Air Corps approved maintenance programme for the aircraft, which incorporates all of the manufacturer's recommended maintenance activities. In addition to the maintenance procedures carried out by Air Corps technical personnel at Baldonnel, the Gulfstream IV undergoes a full annual maintenance inspection at Gulfstream's maintenance facility in the United States.

The Gulfstream IV commenced its 2008 annual scheduled maintenance inspection and service in the United States in mid-July. The 2008 maintenance requirement was quite extensive in that the airframe was due its 72-month inspection, the undercarriage was due a 9,000 landings check and the cabin management system was due major mandatory modifications. The aircraft also underwent water pipe work reconditioning and an extensive inspection of the interior.

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Essential repairs to the interior which had not been renovated since the aircraft was first acquired 17 years ago were also undertaken. The extent of this work led to increased downtime of the Gulfstream IV which returned to operational service earlier this month. The total cost of this maintenance is approximately €1.8 million. In regard to the interior refurbishment, the work included the recovering of the cabin seats; restoration work on the seat-belts; the replacement of carpets; and refinishing of cabin ledges, console tables and the conference table which had become damaged and worn during the years. The cost of this aspect of the maintenance programme is approximately €426,000. I have been informed that Gulfstream IV interiors are normally replaced every five to seven years and that this interior work was long overdue.

**Deputy Brian O'Shea:** I understand the number of hours flown by the Gulfstream IV is higher than for similar jets. The former Taoiseach once stated there was not an aircraft in the world, including the Third World, that had flown for as many hours as the Gulfstream. Was any major fault detected when the maintenance work was carried out this year? I know there were replacements and that there is a certain level of maintenance which is due in cycles of months, years and so on, but did anything else of importance show up and, if so, what was it?

**Deputy Willie O'Dea:** It is important I clarify the situation for the benefit of the House. The immediate answer to the Deputy is that no major fault showed up, to the best of my knowledge. However, as the Deputy may be aware, there was an incident relating to the Government jet on its return from Tbilisi last week. While the aircraft was on the runway, one of the warning lights indicated an hydraulic fault. As the aircraft had not taken off, the aircrew immediately telephoned the Gulfstream company in the United States and took advice on how to proceed and what repairs to carry out. They were so advised, isolated the problem and sorted it out. On the journey home another warning light flashed which indicated there was a problem with the wheel brakes. As a result, the Government jet which was carrying the Minister for Foreign Affairs, among others, and was due to land at Cork Airport diverted to Shannon Airport which has longer runways — if there was a problem with the brakes, the flaps could be used to stop the aeroplane. When the aircraft landed at Shannon Airport, it was found, thankfully, that the brakes were in perfect working order. Therefore, it was obviously a question of a malfunctioning light. The Air Corps has been working on the aircraft since at Baldonnell Aerodrome. I understand it needs a new part for the hydraulics and that this is being fitted. The short answer to the Deputy's question is no. During the major recent overhaul in the United States, nothing showed up.

**Deputy Brian O'Shea:** While I am glad there was no accident because of the fault outlined by the Minister, bearing in mind the huge number of hours flown by this aircraft, is it possible the wiring system in general may require examination? It is obviously an electrical fault of some description. One wonders how many other aircraft have this number of flying hours. What data does the manufacturing company have in regard to the lifespan of the components of the aircraft such as the wiring system? At what stage would problems begin to emerge?

**Deputy Willie O'Dea:** I do not know the normal number of flying hours ratcheted up during the lifetime of a jet. However, I know this jet has been put to maximum use. The wiring system and the hydraulics are under examination. I understand a replacement part is needed and that it is being fitted. For the benefit of the House, I repeat that there is routine maintenance of the aircraft in accordance with well established international standards, the regularity of which depends on the number of flying hours clocked up. Therefore, it must be happening regularly

at this stage. In addition, there is the overall annual examination which usually happens in the United States during the summer.

**Deputy Brian O'Shea:** When an aircraft has an uncharted number of flying hours, there are no previous data.

**Deputy Willie O'Dea:** I understand that, as does the Air Corps. I do not know if the Deputy is suggesting we acquire a new Government jet, which would be——

**Deputy Brian O'Shea:** I am suggesting it should be rendered as safe as possible.

**Deputy Willie O'Dea:** That is being done.

**Deputy Jimmy Deenihan:** We would not like to lose the Minister.

**Deputy Willie O'Dea:** It is usual to replace the interior once every five years, or seven years at the most. It has not been replaced since 1991. The cost of a new interior, as publicly announced, is approximately €3.5 million but we have managed to get away with spending €426,000 and still make it look new. We are doing everything possible to save money in the interests of the country.

**Deputy Jimmy Deenihan:** And to save lives.

### **Defence Forces Equipment.**

71. **Deputy Ruairí Quinn** asked the Minister for Defence the progress made with regard to the fitting of a roll-over protection system for troop carrying vehicles, arising from a number of recent road accidents involving Army lorries on the M50 and in Granard, County Longford; and if he will make a statement on the matter. [42769/08]

**Deputy Willie O'Dea:** Arising from an accident involving a troop carrying vehicle in Granard, County Longford in June 2007, a study group was formed to advise on the introduction of a roll-over protection system for troop carrying vehicles incorporating roll bars and safety belts. The total requirement identified by the study group included the fitting of the system to 135 trucks. The fleet is made up of four makes or models of vehicles with vehicle bodies of different specification across the model range. There is no standard roll-over protection system for military vehicles in service with the Defence Forces. For that reason, the evaluation of a suitable system to satisfy all demands requires the examination of solutions from a number of potential suppliers.

The Defence Forces plan to fit the systems to a number of selected vehicles initially for a pilot phase to allow for testing and consideration of the most suitable system for each particular type of vehicle. A company was requested to fit a system to a troop carrying vehicle for evaluation and trial. The company advised in April that due to the manner of construction of the vehicles, it might take six to eight weeks to manufacture and fit such a system. A roll-over protection system was fitted to a DAF 4x4 troop carrying vehicle in July 2008. This vehicle is in service with an operational unit for evaluation purposes.

During the month of October a system of standard pattern seat-belts was fitted to a troop carrying vehicle and a roll-over protection system was fitted to another troop carrying vehicle. Other systems and products are on order from other suppliers and these will be fitted to selected vehicles and made ready for testing in the next couple of weeks. All of the equipment will be evaluated by an operational unit. Following a period of evaluation and user feedback,

[Deputy Willie O'Dea.]

the findings from the evaluations will be presented to the general staff of the Defence Forces for their input before a final tender competition is conducted for a suitable restraint system.

**Deputy Brian O'Shea:** My concern in this area is the length of time it is taking. I take the point that four makes or models of truck are in operation. I would like to see this process moving forward more quickly. All the testing seems to be done in terms of routine operation. Do tests exist which could be done on the strength of roller bars under controlled situations in terms of accidents? The assurance I seek is that in spite of cutbacks, the optimum roll-over bars, seat belts or whatever the solution is to ensure to the greatest degree the safety of troops in transit will be provided immediately and that resources will not be a constraint.

**Deputy Willie O'Dea:** To give Deputy O'Shea an idea of what we are dealing with, the systems for safety of trucks are in process of being developed. Many of them are at the research and development stage. There are a number of suppliers and we must deal with all of them. We must get the proper equipment for the particular type of truck. There are four different types of truck in the Army. I am sure neither Deputy O'Shea nor any other Deputy would like us to buy systems which turned out to be incompatible with the trucks for which they were to be used.

The accident was in June and the report was supposed to be completed and available by the end of 2007 but it was not because of delays in potential suppliers getting back to us. It was finally completed in February 2008. In April 2008 instructions were first given to begin testing. Systems have been fitted to a small number of trucks and I believe three out of the four types of truck are covered. No other country has the system we are discussing in place. I do not use this as an excuse but I want to make the point that the system is in the early stages of development. The British are examining it and they recently placed an order for a number of systems for a very small number of British Army trucks. We are leading the way in this regard and I assure Deputy O'Shea that no expense will be spared. We have an allocation of approximately €500,000 for what we are doing this year and this will be more than what is required.

**Deputy Brian O'Shea:** I am somewhat reassured by this and perhaps in the present recessionary times retailers and manufacturers will be far more anxious to get business and move it ahead. I am pleased to hear that when the solutions are found they will be implemented quickly and that resources will not be an inhibiting factor in their provision. We all want a solution whereby the safety of troops is assured from an early date and I take it this is what the Minister has told me.

**Deputy Willie O'Dea:** I agree with Deputy O'Shea and this is exactly what I am saying. We will lead the field in this regard. There is no one size fits all system but what is encouraging is that testing has already begun. A number of systems will be fitted to other trucks during the coming weeks. After the initial teething difficulties we are well on the way and it is our intention to provide a safe system for those trucks.

### **Army Barracks.**

**Deputy Jimmy Deenihan:** Is Question No. 72 to be taken with other questions?

**An Leas-Cheann Comhairle:** It is.

**Deputy Jimmy Deenihan:** How many?

**An Leas-Cheann Comhairle:** The Minister will answer that now.

**Deputy Willie O’Dea:** I propose to take Questions Nos. 72, 74, 75, 79, 94, 116, 121, 123, 125, 130 and 132 together.

**An Leas-Cheann Comhairle:** This means the time limit for the question has trebled.

72. **Deputy Frank Feighan** asked the Minister for Defence the provision that has been made for funding the provision of the additional office, living and storage accommodation at Finner Camp, Custume Barracks and Aiken Barracks required by the transfer to those locations of the personnel from the barracks recently announced for closure; and if he will make a statement on the matter. [42850/08]

74. **Deputy Willie Penrose** asked the Minister for Defence the anticipated cost of reassigning the 650 military personnel, arising from the Budget 2009 announcement of the closure of a number of military barracks and posts; and if he will make a statement on the matter. [42759/08]

75. **Deputy Kieran O’Donnell** asked the Minister for Defence the budgetary costs provided for in facilitating the barracks closures announced as a result of Budget 2009; and if he will make a statement on the matter. [42922/08]

79. **Deputy Enda Kenny** asked the Minister for Defence if the personnel in those barracks that will be closed have been briefed by officials of his Department on their financial entitlements on changing stations; if such briefings are planned; when they will take place; and if he will make a statement on the matter. [42864/08]

94. **Deputy Michael D. Higgins** asked the Minister for Defence if his attention has been drawn to the concern expressed by members of the Defence Forces and the broader community in Donegal at the social and economic implications of the decision to close a number of Army posts in Donegal; if he will reconsider the decision; and if he will make a statement on the matter. [42757/08]

116. **Deputy Bernard J. Durkan** asked the Minister for Defence if recent decisions to dispose of a number of military installations throughout the country were driven by financial curtailments or if a fundamental appraisal of such installations was carried out with a view to improving the efficacy and integrity of the Defence Forces relative to such installations; and if he will make a statement on the matter. [42801/08]

121. **Deputy Eamon Gilmore** asked the Minister for Defence if he is satisfied that adequate accommodation will be provided for all of those members of the Defence Forces who are to be relocated by 31 January 2009, arising from the announcement made on Budget 2009 day of the closure of St. Bricin’s Hospital and a number of military barracks; and if he will make a statement on the matter. [42755/08]

123. **Deputy Dinny McGinley** asked the Minister for Defence if it is his intention to visit Donegal and meet the personnel and families of both Lifford and Rockhill Army bases who are concerned at the decision to close both; the disruption that it will inflict on both communities and the fact that north Donegal, a Border area, will be left without an Army base, and the security, economic and social implications of closure; and if he will make a statement on the matter. [42684/08]



125. **Deputy Niall Collins** asked the Minister for Defence if work has started on the process of closing the four Border military posts; if the Defence Forces have a timetable in place for these closures; and if he will make a statement on the matter. [42682/08]

130. **Deputy Eamon Gilmore** asked the Minister for Defence if he will outline, in regard the Budget 2009 announcement, the decisions to close a number of barracks and military posts; the estimated value of each such site, including buildings; the manner in which it is intended to dispose of each site; and if he will make a statement on the matter. [42758/08]

132. **Deputy Willie Penrose** asked the Minister for Defence if his attention has been drawn to the concern expressed by members of the Defence Forces and the broader community in Longford at the social and economic implications of the decision to close Connolly Barracks, Longford; if he will reconsider the decision; and if he will make a statement on the matter. [42756/08]

**Deputy Willie O'Dea:** I propose to take Questions Nos. 72, 74, 75, 79, 94, 116, 121, 123, 125, 130 and 132 together.

The military authorities have conducted a detailed review of the immediate requirements to enable the closure of the relevant barracks and the redeployment of personnel to their new locations. In addition, medium-term capital works required in Athlone, Dundalk and Finner, to accommodate the transferring personnel in the longer term, have also been identified. Planning is currently ongoing to acquire whatever facilities are necessary, which I am advised are fairly minimal, to ensure that everything necessary is in place to accommodate the transferring personnel before the closure date of the end of January.

There are significant facilities already available in these new locations. The immediate costs involved in providing the necessary additional facilities at all three locations is less than €500,000. Including allowances and transport, the cost over 15 months is approximately €3.2 million, against annual recurring savings of approximately €2.7 million. Over a three year period based on current estimates, the cost to the Department of closing the proposed barracks would amount to approximately €5.9 million while total receipts savings, including receipts from the disposal of the relevant properties, should amount to around €29.5 million, a net gain of €23.6 million. These figures do not take account of the qualitative benefits accruing to the Defence Forces from improvements in collective training, savings on administration and management of the barracks being closed or the costs of currently transporting troops from the barracks being closed for training, etc.

The consolidation of the Defence Forces formations into a smaller number of locations is a key objective of the White Paper on Defence. The dispersal of personnel over an extended number of locations is a major impediment to essential collective training. It also imposes increased and unnecessary overheads on the Defence Forces in terms of barrack management, administration, maintenance and security. The consolidation process is designed to facilitate higher training standards, while also freeing up under-utilised resources and personnel for operational duties.

The funding previously realised from the disposal of surplus barracks and properties has, together with pay savings, provided some of the resources required for infrastructure, training-area development and equipment procurement. It is my intention that the funding and savings from this initiative will, in accordance with current Government policy, again be reinvested in the Defence Forces.

In terms of the socio-economic impact on local communities from the closure plans, I would anticipate that this should be negligible. Most of the personnel serving in these installations live in the areas and will continue to do so in future. Indeed, the closures could benefit the areas as the barracks are redeveloped, which was the experience of the last consolidation process.

At the request of the representative associations my Department did arrange for the briefing of personnel at Longford and Monaghan Barracks and Rockhill and Lifford military posts on the change of station allowance entitlements. The purpose of these briefings is to give an outline of the change of station allowance scheme to the relevant personnel and to address as far as possible any issues of concern that may arise.

The Chief of Staff has visited each of the barracks to meet personnel. Staff concerns can also be put forward through partnership and representative arrangements. If there are issues arising these will be brought to my attention and will be addressed in the appropriate manner. I have also met with a number of delegations comprising local representatives and members of Dáil Éireann from the areas and have explained the situation to them as best I could.

**Deputy Joe McHugh:** I know the Minister does not have available the cost benefit analysis as of yet and I appreciate the fact it will be made available. If a cost benefit analysis is done on any public service infrastructure in a county such as Donegal or Kerry, the more one moves away from the core obviously it will cost the State more and if one examines everything from education to public servants and other Government services of course it will show that it will cost the State. This is why we subsidise flights to Carrickfinn and have a public service obligation arrangement for Derry city airport. We must have these arrangements. The argument that there is no socio-economic impact is not good enough. The president of Letterkenny chamber of commerce strongly articulated that these measures will impact on the amount of money spent locally, for example. In the past eight years, €1.3 million has been invested in the barracks at Lifford and Rockhill. Will the Minister examine the possibility of a compromise solution? I realise this has been debated within the Minister's own party. Is there not a compromise solution? Two stations have been cherry-picked in north Donegal, which is a unique area. Is there not a compromise solution that might involve either one or the other station, because it is affecting the area on a socio-economic basis? There are also security issues which I will raise at a later date.

**An Leas-Cheann Comhairle:** Several Deputies have indicated a desire to contribute.

**Deputy Willie O'Dea:** I am sure Deputy McHugh is not suggesting we could make savings by leaving alone the number of barracks, even though there are clearly too many for an army the size of the Irish Army. We are closing four of the seven barracks in the Border region. This is because the threat justifying the establishment of those barracks has disappeared. As far as I am aware, the British army has closed or is in the process of closing all military installations along the Border.

I refer to the point about the socio-economic benefits of the barracks put by the local chamber of commerce. There is a chamber of commerce in my constituency and occasionally it puts a case to me on some matter in good faith. We have all heard these arguments in cases where barracks have closed previously and they did not hold up. On one such occasion the same arguments about the possibility of people moving and spending money elsewhere were made, but most people did not move at all. If someone lives in a certain place that person will shop in the locality. Such people simply must travel a greater distance to work. I do not claim this is a strong argument, but we have found in the case of some barracks closures that the development which subsequently took place on the sites of the former barracks were of economic benefit to the region. I recognise that was in better economic times.

I realise the intent of Deputy McHugh's remarks and I appreciate he proposes a compromise and that he does not completely oppose the policy. We have examined the matter very closely. There are people in my party who have made strong representations to me on the matter. We have examined the matter very closely and decided that the original decision as outlined in the budget will stand. I am confident that when considered in retrospect the decision will be of benefit from the point of view of cost savings and the consolidation of training operations.

**An Leas-Cheann Comhairle:** There are several supplementary questions.

**Deputy Brian O'Shea:** I listened carefully to the remarks of the Minister on several related questions and I refer to the socio-economic argument against the closures. Will the Minister agree there was a very different economic climate in the aftermath of the closures ten years ago? There will not be a great deal of demand for the sites in question, namely, the 30 acres in Letterkenny, the 2.6 acres in Lifford, the 20 acres in Monaghan and perhaps even the 8 acres in Dublin. In the short term to medium term there will be no major developments that will create employment in construction. It has never been more important to have money circulating in our towns throughout the country to the maximum extent possible. The retail trade is taking a significant hit throughout the country. I do not accept the argument that there will be an economic spin-off or improvement from the proposed land disposals in the short term, medium term or the longer term. Is the Minister seriously saying these properties will be sold for development in the short term or medium term and that the barracks will be replaced by projects which will benefit the local economy?

The Minister provided a figure of €500,000 associated with the cost of facilities and accommodation at the three other barracks to accommodate the people being transferred. It is very difficult to accept that this figure is accurate. I accept it is the estimate he has been given and I do not question that, but it seems, with 650 troops and 40 civilian personnel being transferred, a great deal more will be needed to finance the move. Does the Minister agree that the estimate of €30 million to be generated by the disposal of the properties is, to say the least, unrealistic?

**Deputy Willie O'Dea:** I intended to address that point earlier when it was mentioned by Deputy O'Shea. Although I am certain no one in the House believes it, we cannot work on the assumption that the economy will never recover. Of course the economy will recover. We are under no obligation to rush out and sell those sites immediately. However, I understand from some of my officials that we have received some preliminary inquiries about the lands even though they have not yet gone to tender and I have no intention of providing for that in the foreseeable future. Deputy O'Shea referred to the short and medium term, but it depends on what is meant. No one can say with certainty when the economy will recover sufficiently to allow us to yield the desired value from those sites, but it will happen. They will be an asset of the Defence Forces which we can sell and then reinvest the proceeds, as agreed with the Department of Finance, in building up the infrastructure, equipment and training to the benefit of the Defence Forces, especially for foreign missions.

I refer to the €500,000 mentioned by Deputy O'Shea. This is the estimate I have received for the immediate costs of transfer. It refers to the minimum necessary to enable the troops to move. That is all that can be spent in the short term and I understand that amount will be sufficient. Let us not forget that built into the cost of the move is the fact that we will spend €2.5 million in the next three years to improve further the facilities to which the troops will move.

**Deputy Niall Collins:** I compliment the Air Corps on its recent display at the official opening of Thomond Park. I am sure Deputy Deenihan would agree that it was a magnificent display and it added to the occasion.

I am mindful that we are discussing personnel and their families and we must keep this in the back of our minds. We are closing four out of seven barracks, which is better than closing seven out of seven. Can the Minister indicate if there is a mechanism whereby personnel can apply to be located at a location other than the designated location of that person's unit? Has a security assessment been carried out given the closures include Border posts? What will the mechanism be for the payment of change of station allowances for Army personnel and civilian employees?

**Deputy Willie O’Dea:** I am very pleased that my fellow Limerick colleague, Deputy Collins, mentioned the opening of Thomond Park. It was a stupendous occasion, which words cannot begin to describe. I believe Deputy Deenihan was present.

**Deputy Tom Hayes:** One should not ask who else was present.

**Deputy Jimmy Deenihan:** I was unable to attend as I was very busy in the Dáil. However, I was there for the game in 1978, some 30 years ago, unlike 500,000 people who claimed to be there but could not possibly have been.

**Deputy Willie O’Dea:** The stadium could only accommodate 14,000 people, yet 500,000 attended the game in 1978.

Deputy Collins asked if someone who was re-deployed from a barracks in Monaghan to Dundalk, or someone re-deployed from Lifford to Finner Camp could apply to move to a different location. The answer is “Yes”; it is possible to apply to a different location. I have instructed the military authorities to do everything possible to accommodate those people if they wish to go to a different location.

A security assessment has been done and the result is that there are no down-side security implications. I wish to make it clear that all civilian staff will continue to be employed. At the moment I am negotiating with the Department of Finance for a voluntary redundancy scheme — I emphasise the word “voluntary” — for the civilian staff, of which they will be entitled to avail if they wish. We do not have all the details yet and the Department of Finance has not finally agreed to the scheme but I am hoping to come to an agreement shortly. If civilian staff wish to be redeployed to any place other than the place to which they are being deployed, they can ask for that as well and I will do my best to accommodate them.

**Deputy Jimmy Deenihan:** According to the recent IMC report, there has been an increase in dissident activity along the Border. As I understand it, the Border is now monitored from Finner Camp. However, the range of the helicopters currently at Finner is not large enough to carry out proper surveillance on the Border. I ask the Minister to clarify this.

As this is probably the last Question Time with the Minister before the closure at the end of January, my next question is with regard to the time frame. People are being asked to move, as we said before, in 14 weeks. If one asked a civil servant or a public servant to move to a decentralised post in that period it would not be acceptable to any of their representative unions. That is the concern here. The Minister has repeatedly stated in the House that if arrangements are not in place in the barracks — if there is any reason for not moving — he will be flexible with that date.

I ask the Minister to clarify the issue of Border security in the context of the IMC report, and also to confirm that the timeframe will be extended if arrangements are not made in time. Finally, can the Minister give us any specific date for the important meeting with PDFORRA?

**Deputy Willie O’Dea:** The Army did a security analysis and reported to me that there were no down-side security implications. I have to take that as is. With regard to the timeframe, Deputy Deenihan will understand, as will others, that if one is doing something like this one must have a target time; otherwise, nothing will ever get started. The target time in this case is the end of January. If we do not manage to achieve the move by the end of January I will not lose any sleep over it. If we do not meet our target we do not meet it. It is as simple as that. What was the other question the Deputy asked?

**Deputy Jimmy Deenihan:** It was about the meeting with PDFORRA.

**Deputy Willie O’Dea:** I have written back to PDFORRA saying I was prepared to sit down and talk, not about the substance of the decision but about how it is being implemented, and about any issues such as station allowances and transport.

**Deputy Jimmy Deenihan:** Absolutely.

**Deputy Willie O’Dea:** I have not yet heard back from the organisation.

**Deputy Jimmy Deenihan:** The Minister has met with everybody else.

**Deputy Willie O’Dea:** I have not yet heard back. I have given it the opportunity to respond to me. However, if Deputy Deenihan is suggesting it, in the spirit of Christmas I will accept his suggestion that I contact PDFORRA and invite its representatives to a meeting.

**Deputy Jimmy Deenihan:** I thank the Minister. That is fair enough.

**Deputy Dinny McGinley:** I do not know whether the Minister has replied to my specific question, No. 123.

**Deputy Tom Hayes:** All the Munster fellows are sticking together.

**An Leas-Cheann Comhairle:** Allow Deputy McGinley to continue.

**Deputy Dinny McGinley:** I ask the Minister to consider that two of the stations being closed are in Donegal and to take account of the social, economic and security implications of this. The two stations that are being closed, Lifford and Rockhill, have been an excellent back-up to the civil authorities there for 30 or 40 years. In addition, there are still cross-Border incursions. I was at a funeral in the area some months ago and in the same graveyard that evening a man was taken across the Border and shot dead in Doneyloop. There are many incursions from Northern Ireland into Donegal. All of north Donegal will now be left without any military presence except Finner Camp. I have nothing against Finner; they are doing excellent work there with the Air Corps.

The Minister’s colleague gave an undertaking that the Minister would respond positively to what I am going to ask him. In view of the fact that two stations are being closed and the consequent disruption to families, who have to leave their homes and travel through Barnesmore to Finner and so on, will the Minister do these families and his personnel in Lifford and Rockhill the courtesy of meeting them to explain his position, if only to thank them for services rendered so far?

I do not know whether the Minister has been in Donegal yet and visited any of these barracks, but before the final closure will he not visit them, as a gesture, and meet these people man to man? The Chief of Staff was there, but it was sop in áit na scuaibe. Deputy O’Shea will understand that. I mean no disrespect to the Chief of Staff, but as far as we are concerned the Minister is the kernel of the whole thing. Will the Minister go to Donegal and meet the personnel of these two camps?

**Deputy Willie O’Dea:** As I have told the House, a security assessment has been done by the military, which found that there would be no down-side implications. I know the military has acted as an aid to the civil power in Donegal and elsewhere. I have met delegations for hours and heard many stories about crime — people being shot and robbed and so on. That is primarily a matter for the Garda Síochána, not only in Donegal but in Limerick and elsewhere. There were seven military installations along the Border because of the situation in Northern Ireland, which has now come to an end. The British have closed their facilities and there is no justification for our keeping seven facilities open along the Border.

With regard to travelling to Donegal, Deputy McGinley has——

**Deputy Dinny McGinley:** We will get the Minister a helicopter. We will get one of the helicopters to bring him up.

**Deputy Willie O’Dea:** Deputy McGinley’s colleague, Deputy Pat the Cope Gallagher, has already made strong representations——

**Deputy Dinny McGinley:** Yes.

**Deputy Willie O’Dea:** ——to me about going to Donegal and I am considering those.

**Deputy Jimmy Deenihan:** He is very much against these closures.

**Deputy Willie O’Dea:** When I make a decision I will come back to Deputy Gallagher.

**Deputy Dinny McGinley:** What about Deputy McGinley? I put pressure on the Minister here and not behind closed doors.

**An Leas-Cheann Comhairle:** I wish to advise the House that 13 Deputies have submitted——

**Deputy Dinny McGinley:** Not behind closed doors. We have had enough of that this week with FÁS and so on. The Minister should tell us now whether he is going to Donegal or not.

**An Leas-Cheann Comhairle:** Deputy, please.

**Deputy Tom Hayes:** He is going up, he said.

**Deputy Dinny McGinley:** Is he going up or not? Is the Minister a man or a mouse?

**An Leas-Cheann Comhairle:** Please, Deputy.

**Deputy Dinny McGinley:** Tell us now. Is he going or is he not going? There were 500 people up there marching the other day. We went to meet them and promised to raise it here.

**An Leas-Cheann Comhairle:** The Deputy will resume his seat, please.

**Deputy Dinny McGinley:** Will he go or will he not?

**Deputy Jimmy Deenihan:** Tá sé ag dul.

**Deputy Dinny McGinley:** Come on. Is the Minister a man or a mouse?

**An Leas-Cheann Comhairle:** Deputy McGinley, please resume your seat.

**Deputy Dinny McGinley:** The Minister should tell us before he goes. We all heard about what a great man he is down in Limerick.

**An Leas-Cheann Comhairle:** It is quite clear the Deputy wants to go to Donegal himself in a hurry.

**Deputy Dinny McGinley:** I ask the Minister to be a man and tell us in the House that he will go up to Donegal and meet with these people——

**An Leas-Cheann Comhairle:** If the Deputy does not resume his seat he knows he will have to leave the House.

**Deputy Dinny McGinley:** —who have looked after the security of this country for 30 or 40 years.

**An Leas-Cheann Comhairle:** All right. I ask the Deputy to leave the House.

**Deputy Dinny McGinley:** The Minister is bringing party politics into it.

**An Leas-Cheann Comhairle:** Deputy, please.

**Deputy Dinny McGinley:** The Minister should tell us whether he is going or not. He should be a man or be a mouse.

**Deputy Jimmy Deenihan:** He will tell the Deputy.

**An Leas-Cheann Comhairle:** I ask the Minister to resume his seat.

**Deputy Dinny McGinley:** If the Minister goes out that door without giving me an answer he is a mouse. The Minister should stand up and tell us whether he will go.

**An Leas-Cheann Comhairle:** Deputy McGinley, please have some respect for the Chair. The Deputy is normally very orderly.

**Deputy Dinny McGinley:** I mean no disrespect to the Leas-Cheann Comhairle. I have occupied that chair for many hours.

**An Leas-Cheann Comhairle:** The Deputy is a very orderly Deputy and he is obviously anxious to go to Donegal himself in a hurry—

**Deputy Jimmy Deenihan:** He is going to say it now. He is going to confirm it.

**An Leas-Cheann Comhairle:** —but I would rather the Deputy just took his seat.

**Deputy Dinny McGinley:** I take great umbrage that the Minister would tell another Deputy behind closed doors—

**An Leas-Cheann Comhairle:** I ask the Deputy to resume his seat. He is normally such an orderly Deputy.

**Deputy Dinny McGinley:** —but because I happen to be over here I am not representing Donegal at all.

**An Leas-Cheann Comhairle:** Deputy, resume your seat or—

**Deputy Dinny McGinley:** I tell the Minister I have been representing Donegal for 30 years in the House and I will not take that from the Minister or from anywhere else over there.

**An Leas-Cheann Comhairle:** I will facilitate the Deputy. If he does not—

**Deputy Dinny McGinley:** We have put up with it for too long and I will not put up with it any longer.

**An Leas-Cheann Comhairle:** If he does not take his seat, Deputy McGinley will leave the House.

**Deputy Dinny McGinley:** That is what it is. Is he going to Donegal or not?

**An Leas-Cheann Comhairle:** All right. I will name the Deputy.

**Deputy Dinny McGinley:** Let there be no doubt about this. Is the Minister going to Donegal or is he not? That is what I want to hear. Is the Minister a man or a mouse? He is a mouse in my eyes. I ask the Minister to stand up and prove he is a man and that he is a Minister.

**An Leas-Cheann Comhairle:** The Deputy will resume his seat, or I will adjourn the House.

**Deputy Dinny McGinley:** Adjourn the House. There is no respect from the Minister.

**An Leas-Cheann Comhairle:** I will ask the Deputy one last time.

**Deputy Dinny McGinley:** I have as much right to be in this House as any other man or woman.

**An Leas-Cheann Comhairle:** Will the Deputy please resume his seat?

**Deputy Dinny McGinley:** Is the Minister going or is he not? That is what I want to find out.

**An Leas-Cheann Comhairle:** I will have to suspend the sitting.

**Deputy Dinny McGinley:** The man behind the Minister — the Minister of State, who is also from Limerick — would tell me if he was in the Minister's boots.

**An Leas-Cheann Comhairle:** As the Deputy will not leave the House, I am suspending the sitting for ten minutes.

**Deputy Dinny McGinley:** The Minister is trying to make it political. The Army is not political in this country.

**Deputy Michael Ring:** Good man, Dinny.

*Sitting suspended at 3.50 p.m. and resumed at 4 p.m.*

*Written Answers follow Adjournment Debate.*

### **Business of Dáil.**

**Deputy Dinny McGinley:** I have no intention of being disrespectful to the Ceann Comhairle or to this House. I asked a straight question of the Minister for Defence, Deputy O'Dea, namely, whether he would he do those stationed in the barracks in Donegal the courtesy of meeting them. It was an open invitation. The Minister responded that if he decided to go, he would not let me know in this House but would tell another Deputy. This was disrespectful both to my position as a long-standing Member of this House and to the House itself. That is why I took this matter so seriously. I have too much respect for the House and for the chair in which the Ceann Comhairle is seated. I have occupied that chair myself for many hours in the past. Perhaps I will have an opportunity to do so again.

It is my position that the Minister was disrespectful to me, to the House and to the Army. He tried to politicise the Army, an entity which should be above politics for every democrat since the foundation of the State. The Minister told me he would impart the information to my constituency colleague but not to me in this Chamber. That is why I said what I did.

**Deputy Michael Ring:** The Minister was in the House to answer questions but he did not answer Deputy McGinley's.

**An Ceann Comhairle:** The position is that Mr. McGinley would not leave the House when ordered to do so by the Chair.



**Deputy Jimmy Deenihan:** He was not ordered to leave.

**An Ceann Comhairle:** I acknowledge the orderly manner in which Deputy McGinley conducts his business in this House and elsewhere. If he is willing to leave the House for the remainder of the day, as requested by the Leas-Cheann Comhairle, we will leave it at that. I am obliged to ask him to leave the House.

**Deputy Dinny McGinley:** I hope the Ceann Comhairle understands my position.

**An Ceann Comhairle:** Yes, but I have to ask the Deputy to leave the Chamber.

**Deputy Jimmy Deenihan:** Deputy McGinley was not asked to leave the House.

**Deputy Dinny McGinley:** The Leas-Cheann Comhairle did not ask me to leave the House.

**Deputy Michael Ring:** It was the Minister who left. The mouse left the House.

**An Ceann Comhairle:** My information is that the Deputy was asked to leave.

**Deputy Michael Ring:** Mouse O'Dea left the House.

**An Ceann Comhairle:** I must ask again whether Deputy McGinley is willing to leave the House for the remainder of the day.

**Deputy Tom Hayes:** On a point of order——

**An Ceann Comhairle:** Is Deputy McGinley willing to leave the House for the remainder of the day?

**Deputy Tom Hayes:** He will do so on the understanding that he was not originally asked to do so.

**An Ceann Comhairle:** This matter is between the Chair and Deputy McGinley and nobody else.

**Deputy Tom Hayes:** On a point of order——

**An Ceann Comhairle:** I am not taking evidence. This is not the Star Chamber. It is between the Chair and Deputy McGinley.

**Deputy Dinny McGinley:** I do not wish to be disrespectful. I will leave under protest but I hope to be back.

**Deputy Michael Ring:** It would be no harm to bring Mouse O'Dea back to the Chamber to allow him to apologise to the House.

### **Adjournment Debate Matters.**

**An Ceann Comhairle:** I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 21 and the name of the Member in each case: (1) Deputy Charles Flanagan — to raise with the Minister for Justice, Equality and Law Reform the impact and consequences of the proposed cuts to the budgets of the Equality Authority and the Irish Human Rights Commission; (2) Deputy Bernard J. Durkan — the urgent matter of mortgage supplement in the case of a woman to whom the Health Service Executive is only prepared to offer assistance on a 50% basis as the mortgage is in joint names, even though there is a barring order against her husband; (3) Deputy James Bannon — the need for the Minister for Finance to establish a mortgage rescue scheme to minimise mortgage repossession,

which is potentially a major cause of homelessness; (4) Deputy Thomas McEllistrim — the need for the Minister for Education and Science to encourage and support the development of flexible learning at all levels; (5) Deputy Mary Upton — to ensure that Drimnagh Castle secondary school, Walkinstown, Dublin 12 is immediately given the promised funding for its leaving certificate technology programme; (6) Deputies Olywn Enright and Noel J. Coonan — the need to sanction an extension to Scoil Naisiúnta Cronain Naofa, Dromakeenan, County Tipperary; (7) Deputy Seán Sherlock — the provision of a new vocational school at Buttevant, County Cork; (8) Deputy Dan Neville — the increase in mental illness and suicide in times of economic recession; (9) Deputy Martin Ferris — the impact of the budget on schools in Kerry; (10) Deputy Joe Costello — the need for the Minister for Education and Science to ensure that the Centre for Deaf Studies, TCD, 40 Lower Drumcondra Road, Dublin 9 is adequately funded; and (11) Deputies Michael Noonan and Kieran O'Donnell — the provision of funding to the Brothers of Charity, Bawnmore, Limerick.

The matters raised by Deputies Noonan and O'Donnell, McEllistrim, Enright and Coonan and Sherlock have been selected for discussion.

### **Finance (No. 2) Bill 2008: Second Stage (Resumed).**

Question again proposed: "That the Bill be now read a Second Time."

**Deputy Michael Moynihan:** Businesses are subject to a significant amount of regulation and it is small businesses which are most affected. Following the 2007 general election, the Joint Committee on Economic Regulatory Affairs was established to regulate the regulators. The difficulty is the large volume of regulation constantly coming through from all Departments and from the European Commission. It seems no consideration is being given to the effect this is having on small businesses and the enterprise community. This did not present a major problem as long as the Celtic tiger was roaring and businesses were operating at full tilt without time to think about the costs arising from this regulation. In the United Kingdom, there is a dedicated Department for Business, Enterprise and Regulatory Reform, and legislation is being drafted to ensure that every item of legislation is vetted for its impact on the particular sector it will regulate.

In this State, regulation has developed over the years without any tempt at overview or consolidation. The Department of the Taoiseach commenced a process last year with a view to reducing regulation by some 20%. Progress is ongoing in this regard and departmental representatives have discussed this at a meeting of the Joint Committee on Economic Regulatory Affairs. In light of the downturn in the economy and the associated challenges faced by all sectors of industry, particularly small and medium enterprises, we should ensure that any legislation which comes before the House is properly vetted so that businesses are not stifled by excessive regulation.

The agricultural sector experienced a major crisis in the mid-1990s in regard to BSE and brucellosis, leading to serious difficulties for the dairy industry and the suckler herd. As a result of the excellent work done by the Department of Agriculture, Fisheries and Food and the farming community, that has been brought under control. We are now almost brucellosis-free and have overcome the BSE crisis. However, all the additional staff recruited by the Department at that time remain in place. When a particular situation has been successfully monitored and resolved, is there a need to retain the associated additional staff? This is an important consideration given the need to ensure an efficient public service.

I welcome the changes to the income levy. The higher income earners are certainly being targeted. This is something the vast majority of people would welcome, and is something that we must examine. There is a section of middle income people out there who seem to be paying

[Deputy Michael Moynihan.]

for everything, yet who also contribute the most to society. They look at the high rollers and those who seem to be getting everything for nothing.

This is a fair and equitable Bill and should be the cornerstone to make sure those that can pay do so. As the economy tightens, and indications are that it will be very difficult in 2009, we will have to be mindful of those who lose their jobs and are forced to take social welfare payments. This is a global financial crisis, and is probably the worst crisis since the Wall Street crash in 1929. The Government is working hard to make sure we limit its effects. The difference between now and 1929 is that governments are intervening this time.

We saw banks make mistakes 30 years ago with the farming community, when they handed out credit willy-nilly. Maybe it is time for us to rethink the whole banking sector and the whole banking system in this country, with a national bank that is not a semi-State body. We need a banking system on which small and medium sized firms can depend. The mistakes that were made recently and those that were made in the late 1970s and early 1980s should never happen again.

**Deputy Michael Ring:** I wish to share time with Deputy Hayes and Deputy Crawford.

I spoke to the Minister for Finance about the tax to be levied on Knock Airport, as did Deputy Calleary and other Deputies. I know there are still reservations about it, but I am pleased the Minister has reduced it from €10 to €2. That regional airport is very important for the west. It suffers from the disadvantage of not having enough people, and it would be further disadvantaged if the people flying in and out of Mayo were taxed a further €10. I am delighted the Minister dealt with that.

I am disappointed the Minister did not deal with small businesses in the Finance Bill 2008. Small businesses are under terrible pressure. They cannot get funding from the banks. I call on the Minister and the Government to send out a directive immediately to all local authorities. They cannot come in here and look for a 3%-4% increase from small businesses. There are businesses suffering across the country, and if local authorities think they can increase water charges and rates this year, we will see many more of them fold. The day where they can charge businesses as they like is over. I am disappointed the Minister did not bring something in to get small businesses up and moving again.

We have already spoken about quangos, when we dealt with the FÁS issue. The Minister should write to every quango and to the local authorities. What was going on here over the last ten or 15 years was not right. Officials from every quango and local authority were travelling all over the world and thinking this was never going to end. It has ended and the message needs to come from the Department of Finance that we are in a serious situation at the moment. All foreign travel by officials from quangos and local authorities should be immediately stopped. There should be an investigation into every quango in the country. FÁS was one of the big boys, but there are many small boys and girls out there who played hell and thought this bubble would never burst.

There was a job going in Mayo County Council recently. There are interview boards for such jobs and for jobs like general operators. Up to 150 people could apply for these jobs. The new thing now is to put the manager or the county secretary on the interview board, and these people could get three months' work in doing interviews. It is probably more profitable than working. It is time this stopped and that all these quangos were dealt with. It was all about giving the councillors a few trips here and there, but that was nothing in comparison to what was going on behind the scenes, where officials were travelling everywhere using their credit cards and so on. It is time to stop all this. I recently put down some Dáil questions about the Western Development Commission. The same thing was happening there. The good times are over. The small people out there are being attacked in this budget and they will have to pay

the 32 taxes introduced by this Government since then. That is nothing compared to what will happen when the local authorities get going in a few weeks' time.

I was disappointed the Minister did not come in with new ideas. I thought he would bring in some initiative to try to get small businesses up and moving. Small businesses employ people in towns and villages across the country. Instead of initiatives to keep them afloat, we introduce stealth taxes and direct taxes. The owners of small businesses are fed up with councils, the Revenue Commissioners, inspectors and so on. Some people are telling me that they would be better off on social welfare because they would not suffer as much aggravation from the State. Instead of encouraging them, they are being annoyed by civil servants who are not creating a job yet have to be paid out of the Exchequer every year.

Maybe it is time we had a proper review of what has been going on in this country. European legislation was coming in here and the Government was passing it on. Every time a European directive was put through, it cost the taxpayer, small businesses and those employing people here. They are sick and tired of going to doctors due to stress caused by the State. Instead of encouraging them to employ more people, we are putting further pressure on them. The recent budget certainly did not do anything for small businesses and I hope we see an initiative shortly from the Government. I know the Taoiseach is sitting down with the Cabinet at the moment and they will come up with some kind of a national plan. They are long enough in the job to get this plan up and running.

I see Deputy White is here, and I am sure she will not mind if I have a few words about the Green Party. I was in somebody's house the other day, and the woman had one of these new bulbs. She said that she was depressed enough with the state of the country and with the Government, but that now she is depressed further with these lights that will not shine. That was the best initiative of the Government in the last 12 months. The Green Party is depressing her with these lights.

**Deputy Mary Alexandra White:** They save money.

**Deputy Michael Ring:** Deputy Cuffe spoke the other day about bicycles. The way this country is going, we will be going back to using bicycles because nobody will be able to buy anything else. What time have I left, a Cheann Comhairle?

**An Ceann Comhairle:** You have 30 seconds.

**Deputy Michael Ring:** I had better be on my bike so. I will hand over to my colleagues.

**An Ceann Comhairle:** The Deputy has been as illuminating as ever.

**Deputy Seymour Crawford:** The Finance Bill 2008 is the last section of a completely discredited budget, with many U-turns and a total failure to face reality. Since last July, the Taoiseach and his Ministers prepared the country for what they said would be a tough but fair budget. They would look after those in need, but instead the budget attacked the medical card for the elderly, the education of our children, and by raising taxes on employment, the incentive to work.

In County Monaghan over the last five years, 1,200 jobs have been lost in the furniture industry. Along with the losses in the building trade, hundreds have also been lost in the timber frame manufacturing companies IJM and Century Homes.

The Bill before us increases VAT at a time when the VAT rate in Northern Ireland has been cut. This will have a devastating effect in my constituency and the entire Border region. The VAT rate in Northern Ireland is now 15% compared with 21.5% in the Republic. The price of petrol was also increased in the budget by eight cent per litre, bringing it close to the

[Deputy Seymour Crawford.]

price in Northern Ireland and therefore discouraging people from travelling South to buy petrol and other goods.

I urge the Minister, even at this late stage, to reconsider the VAT situation and take account of the proposal made by Fine Gael last summer to introduce a VAT rate of 20% and claw back some of the windfall benefits obtained by the ESB and others. It is vital the Ministers for Enterprise, Trade and Employment and Finance take a serious look at the price differentials north and south of the Border in the same retail chains. They must deal with the anomaly that exists, especially with regard to food products, to which VAT does not apply. Taxes on car parking spaces and tax relief for bicycles will not affect the Border region.

We understood that the Taoiseach had a plan to take the country out of recession but this Bill introduces 17 new taxes aimed at ordinary taxpayers, raising an average of €2,500 from a typical household. The Minister has been forced by the Opposition and the general public into a U-turn on the income levy provision, which is now a little more equitable than its original form, but there are still serious problems for self-employed people where their gross income is being utilised as the base. In the farming sector, for example, most farmers have been forced to make major investments on their farms for environmental reasons. That investment will not increase their incomes by one cent but the normal depreciation allowance will not be allowed.

When the Government took initial steps to deal with the banking problems it was supported by the Fine Gael Party. However, it is totally unacceptable that the current uncertainty be allowed to continue, putting serious pressure on small industries for whom necessary and normal overdrafts are no longer available. It is vital the Minister brings his discussions with the banks to a speedy conclusion to ensure that finance is available to small businesses. Otherwise, more jobs will be lost and our best workers will either emigrate or join the swelling dole queues, thus increasing costs to the State.

It is unreal that at a time of economic difficulty, the Government has chosen to target education. There is no doubt the increase in class sizes and the lack of teachers and support services will mean that disadvantaged children and those with disabilities will have a lesser chance of obtaining employment on leaving school and will, in the long term, cost the country much more.

I cannot leave the subject of the budget and this Finance Bill without referring to the complete lack of leadership and responsibility at the Department of Health and Children and the HSE. The Finance Bill itself does not deal with the medical cards for those over 70. I understand that the medical card fiasco will be dealt with in separate legislation. However, it is impossible to understand the logic of a Minister and her appointees closing public hospital wards, such as the orthopaedic ward at Our Lady's Hospital in Navan, where there are state-of-the-art theatres and top quality staff. Patients who should have been operated on in that facility are now being sent to private facilities and their treatment is being funded under the National Treatment Purchase Fund or under private health insurance. Clearly, for the Minister for Health and Children, it is more important to prop up her friends in the private sector than to deal with the mismanagement of public health services.

While I welcome the U-turn in the Finance Bill *vis-à-vis* the original budget statement that full tax relief would not be available to those who must pay nursing home charges, the fact that the so-called fair deal has been delayed indefinitely and its financial structures severely limited will have a major effect on many families in the future.

I welcome the fact the Minister for Finance is committed to examining the overall cost of public service. Once again, however, rather than demand responsibility from the 33 Ministers and Ministers of State, he has decided to set up another independent review. Unfortunately, the track record of this Government in dealing with problems highlighted by the Opposition, the national media or independent reviews is not promising. I do not expect a better result from this latest review, unless the Taoiseach and Minister for Finance accept that major surgery

is needed to bring the cost of running this country under control and to regain our lost competitiveness.

**Deputy Tom Hayes:** I am pleased to have the opportunity to speak on the Finance Bill and to refer to some of the issues that are currently exercising people, including the enormous number of job losses in recent times. Many people are also very concerned at the numbers leaving Ireland, whether immigrants from abroad or native Irish people who were educated here, because there are no jobs available to them.

The budget and this Finance Bill do nothing to assist the one area in which there are opportunities to create employment, namely the small business sector. Never before have I heard so many people in small businesses complain about how difficult it is for them to operate at present. In that context, the increase in the VAT rate must be condemned, particularly as the British Government has cut the VAT rate in the United Kingdom, which is encouraging people to cross the Border to do their shopping in Northern Ireland. We see evidence of this on our television screens on an almost nightly basis. That is putting additional pressure on businesses which are already struggling because of the economic downturn. The budget and Finance Bill do nothing to help small businesses which have lost competitiveness.

Agriculture and tourism are very important sectors in Ireland. During the last recession in the 1980s, the agricultural sector helped to bring about an uplift in the economy. Food production increased in every county. However, because of actions taken in the past, fewer young people are staying on the land and agricultural colleges all over the country have closed. This budget has made matters worse by abolishing installation aid, which was one of the few incentives for young people to go into farming, produce food and create wealth. I condemn that decision and urge the Government to reinstate installation aid at some stage in the future. I urge it to do likewise with the farm improvement scheme, which has been suspended. There is not a village, town or county that will not be badly affected by the ending of such schemes. The Government is behaving in an anti-rural and anti-small business manner.

Tourism also presents many job creation opportunities. The industry has been neglected in recent years because of the Celtic tiger. People who have been taking holidays abroad should be encouraged to stay at home. There are many very good hotels in the country now which are struggling to stay afloat. The Government must do something to assist the tourism industry.

The racing industry also deserves attention. Coolmore Stud in my constituency of Tipperary South and many other small stud farms are providing much-needed employment. Areas like Fethard, Cashel and the rural areas around them, are very dependent on the bloodstock industry. The racing industry has suffered a cutback of €55 million in the budget and this is wrong. It is unfair to the industry. People do not understand. I invite Members of this House and commentators on the bloodstock industry to come to County Tipperary and see for themselves the dependence of many ordinary families on that industry. There is a misunderstanding and a misperception of the industry. It is thought that it is owned by kings and queens and the wealthy but that is not the reality. Small farmers are very dependent on the industry. They own a few horses or keep them for others and they lease out their land or their stables. The spin-off is the creation of 15,000 jobs in the industry.

The bloodstock industry should be removed from under the aegis of the Department of Arts, Sport and Tourism and put under the aegis of the Department of Agriculture, Fisheries and Food because it is an agriculture-based industry. It contains a certain amount of sport. When he was Minister with responsibility for sport the Ceann Comhairle gave it his approval and was very committed to it in his time. However, it would be preferable to have it under the aegis of the Department of Agriculture, Fisheries and Food which is its proper home.

Ireland produces approximately 42% of all foals in Europe. They are probably the best in the world, yet we are turning our back on the industry. Many people are under huge financial

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pressure, in particular the smaller people with one or two foals. In Goffs or Fairyhouse foals are selling at a huge loss and those people will be driven out of this industry. Nobody cares. The Government only announces cutbacks, which is wrong. I am not talking about the big multinationals and interests but the small farmers. We need to support this industry, to understand it better and to help the small people involved in it.

**Deputy Dara Calleary:** I wish to share time with Deputy Mary White.

I welcome the chance to comment on the Finance Bill which was framed and delivered in an incredibly difficult international environment. I refer in particular to the United States where Titans of the US such as GM and Ford are going to Congress begging for their survival and to the UK where an extraordinary budget was introduced this week and where short-term populist measures have been taken with the promise of an upturn and the threat of a long term payback. It seems we may have to re-invent the English language to come up with words for the amount of debt outstanding in all those economies. The EU is today announcing its own programme for regeneration.

The Finance Bill is specific in its measures for supporting enterprise, combined with the increased provision for county and city enterprise boards announced in the budget. Many of them are doing excellent work in promoting small companies by helping them to start up and guiding them through the difficult initial years. The Bill provides further measures which are to be welcomed. The provision whereby new companies will see full relief where their total corporation tax liability in any of the first three accounting periods does not exceed €40,000, is particularly welcome. This will be a comfort to companies when they are in the early stages of development.

The increase in the rate of tax credit for incremental expenditure undertaken by a company on qualifying research and development from 20% to 25%, is necessary as we try to position ourselves in the knowledge economy and move our industries from traditional to new. I have met companies around the country, many of whom came to Ireland to do a specific job. They have re-engineered themselves by means of retraining and research and development and without losing employees. They now do something completely different. This is one of the stories that has been lost in the current climate. The number of such companies was reflected in the IDA survey. Companies came to Ireland to do a specific job perhaps 20 or 30 years ago and through investment and because of the talent of their workforce they now have a different work function and they are still in Ireland. The provision on research and development is to be welcomed.

The budget provided support to start-up companies with a provision whereby new companies will get full relief. The budget has also made some provisions for first-time buyers. We cannot tar the entire construction industry with the same brush. There are many small builders who operated their businesses decently and honourably over the past ten years. Tarring them all with the developer brush is unfair to those who built houses in response to the demand and did not behave like the big city-based developers.

**Deputy Seán Sherlock:** That is an implied acknowledgement of the cowboys.

**Deputy Dara Calleary:** I remind Deputy Sherlock that we must support and encourage them.

I welcome the fact that the stamp duty applicable to non-residential property is being reduced from 9% to 6% and there is also an increase in the rate of mortgage interest relief for first-time buyers. This has been coupled with a reduction in mortgage interest relief for non-first-time buyers. This rebalancing makes for a fairer system. The new home choice loan scheme will facilitate first-time buyers to return to the market. This is being piloted through the system by the Minister of State, Deputy Finneran. It is noticeable that the banks, in spite of reducing

other facilities still seem anxious to target the first-time buyer in terms of promotion and advertising.

I welcome the extension to the stamp duty relief available for farmers acquiring land who are aged under 35 and have specific agricultural training. I also welcome the renewal of the 25% general farming stock relief and the special 100% stock relief for young trained farmers.

I agree with Deputy Hayes that the suspension of the installation aid scheme and the farm retirement scheme was regrettable. It was necessary in view of the expenditure contained in other schemes in the Department. A date should be set for the reintroduction of those schemes and in the case of the installation aid scheme, provisions should be made for those farmers who reach the age threshold during the time of the suspension. They should be assured now that they will be included in the scheme when it returns. I welcome the 17% increase in REPS 4. This rewards environmental investment in farming. The payments under the single farm payment have commenced today.

I note the CAP health check last week and the provision of the fund of €23 million for other areas of agriculture arising from the modulation increase. I ask that the Minister for Agriculture, Fisheries and Food would give consideration to putting some of that money into reducing the cut in the disadvantaged area payment, particularly to farmers in the west.

Deputy Ring referred to the air travel tax. Much of what he said about quangos and other agencies is true and should not be dismissed. The introduction of an air travel tax and the reduction of the proposed initial fee is welcome. The Minister has taken on board the cross-party representations made about the regional airports. Our regional airports provide a vital service. While once dismissed by certain elements in this House, they have now been embraced by all by reason of the service, the access and the support they provide to our regional economies. Any support is welcome. The lower rate of €2 will now apply to departures from any Irish airport where the destination is 300 km or less from Dublin Airport. That means the traditional Irish destinations such as Manchester, Liverpool and Glasgow, for people using Ireland West Airport, will be subject to the €2 rate.

Deputy Moynihan spoke earlier about the burden of red tape. The budget contains a number of initiatives such as legislation to provide for the introduction of e-stamping and the simplification and streamlining of provisions in a range of Acts for the collection and recovery of tax and duties.

I spoke last night on the Labour Party's Private Members' motion on small business about the burden being placed on small business by our interpretation of legislation. I have only been a Member of this House for a wet week. The House passes legislation but leaves its interpretation and implementation to outside bodies. We need to take control of the implementation of legislation, as it is resulting in large administrative burdens being placed not just on small businesses but farming and people in general. A red-tape audit needs to be conducted. While the Government is committed to reducing the red-tape burden by 25%, it will not be enough and many businesses will not even survive to see that reduction. Greater urgency must be attached to this and I know the Tánaiste and Minister for Enterprise, Trade and Employment will do that.

The Bill provides for all second-hand vehicles to be subject to a pre-registration check by the NCT as a condition of registration. The establishment of a temporary register for foreign-registered vehicles intending to remain in the State is welcome and overdue. Motor dealers are under pressure due to the influx of second-hand cars from outside the jurisdiction. Many dealers have made large investments in their premises in the past several years. Many of them provide substantial and technical employment in areas where it would not normally be. This measure will assist them in facing these challenges.



[Deputy Dara Calleary.]

On Private Members' business last night I spoke on the banking system. I want to reiterate to the departmental officials and the Minister for Finance that this House placed faith in the banking system by passing the Credit Institutions (Financial Support) Bill in the manner which it did. I increasingly believe, and as the evidence mounts day by day, that this faith has been thrown back in our faces by the manner in which some banks are dealing with small businesses.

**Deputy Michael D. Higgins:** Hear, hear.

**Deputy Dara Calleary:** These banks are engaged in corporate bullying, using and abusing the very people who they were happy to serve this time last year. The banks are now putting them through the mill in a manner which no one can stand over. It is ironic that banks in the UK are giving guarantees on fees and contracts. I would hope Irish banks take similar acts of faith in their small business and general clients. I am not pleading for charity cases but for substantial and solid businesses with successful track records who for reasons outside of their control are facing pressure. They need space and this was the spirit of the bank guarantee legislation.

There are several other issues regarding small and medium-sized enterprises which I would like to see tackled on Committee Stage. Pre-qualification for Government contracts may have been a good measure several years ago but now it must be challenged. I welcome the Bill and that the Minister took on board feedback since his Budget Statement. I look forward to its passage through the House.

**Deputy Mary Alexandra White:** In light of the domestic and global economic downturn, the Government was right to bring forward the budget to impinge on the public the dire state of our public finances and the adjustments required in the short term. These are necessary to maintain money in the economy but they are also balanced as the need for extra revenue cannot be achieved only through borrowing. Revenue-raising through taxation is necessary and that signal has been sent out.

Mistakes were made with part of the budget — the medical cards and income levy thresholds to name two. The restructured income levy provides for the shielding of both social welfare dependants and low-income earners from the 1% levy, while the 3% on income over €250,000 is progressive in its targeting of the tax take on the wealthiest.

The levy of €200 a year on non-principal residences also marks an important shift towards more progressive taxation. It is a levy on those with the luxury of a second property and a resourceful way of funding local government. The move to finance local government by this measure should reduce local government dependence on motor taxation for revenue, an environmentally positive signal.

Other tax increases, such as DIRT in certain cases and capital gains tax, are taxes on wealth. The increase in the latter was advocated by the Green Party in the last general election so as to reduce the inequity whereby those who benefit from capital gains pay less than those who work and pay tax on their earnings.

Despite the economic challenges and tight fiscal parameters in which this budget was constructed, the Government has succeeded in driving forward the need to re-balance taxation and incentives towards a more environmentally sustainable system and way of life.

Combating climate change through the development of renewable energy generation, the allocation of €20 million for the greener homes scheme, €5 million for the warmer homes scheme for low-income households and the extension of capital allowance for energy efficient equipment are all welcome. In total, €71 million is being provided in capital funding for energy efficiency and energy research programmes. Climate change is the single greatest moral impera-

tive of our time. Such investment is vital if we are to make Ireland a hub for renewable energy in Europe and beyond.

Other important environmental allocations include the extra €89 million for water services investment. The dangers facing the country from under-investment in our water infrastructure are massive, not to mention the EU penalties and fines that will loom large if we do not get our act together. With the water framework directive coming down the track, all water must be of good quality by 2015. The Government, and in particular the Minister for the Environment, Heritage and Local Government, Deputy Gormley, have shown a determination to make the investment before it is too late. Many areas, including Carlow-Kilkenny, will be glad of the input of capital investment in waste water treatment plants.

Two innovative ideas for reducing our usage of cars have been introduced. The levy on parking spaces in cities, while unpalatable to many, is a firm signal that we must move away from our complete reliance on and worship of cars. The car might be convenient and comfortable. However, until society arrives at a stage where cars are carbon-neutral, we will have to get used to the idea of using them less. This measure will hopefully make people reconsider their modes of commuting and opt for public transport which needs more investment.

With this in mind the safeguarding of investment in public transport projects in Transport 21 is crucial, which I welcome. The continuation of the rural transport and the green schools programme is also welcome. I urge future decisions to expand these schemes as much as possible.

I am sorry Deputy Ring is not in the Chamber. The second innovative idea on reducing car usage in this budget is the tax relief for employer provided bicycles through the cycle-to-work scheme. While Deputy Ring may belittle cycling, I could not see the Danes, the Dutch or the Finish Opposition parties laughing at a tax incentive scheme like this. This idea has gripped the imagination, judging by the number of telephone calls and e-mails to the Green Party's constituency offices.

The tax relief provided for bike and safety equipment purchase is more than ample. Those who criticised the amount allocated for it would be the first to criticise the allocation if it were any greater. The cycle-to-work scheme is yet another innovation the Opposition wants more funding for but cannot tell us from where it would get it. I will not be holding my breath. As 2009 will be the first year of this scheme, the Government was right to be prudent in its allocation as it is not yet known what its take-up will be.

One other environmental aspect of the 2009 budget which should be acknowledged for its importance is the tax relief for cleaning up heavily polluted industrial sites. This is important for a green economy such as Ireland which produces quality and safe food in a clean environment. This is why many tourists come to Ireland. There is no need to rake over the sorry track record of industrial pollution but there is a need to rectify these industrial mistakes. This tax relief will be of benefit in cleaning up these sites.

I welcome the progress in section 13 regarding our infamous tax exiles. For far too long this State has had an ambivalent relationship with Irish people who find the burden of tax residency too costly. We have castigated their refusal to pay tax in this country, yet they are treated as national heroes with praise for their philanthropy and reportage of their business affairs and opinions. There is nothing national or heroic about these people attending events in Ireland throughout the year, taking positions on State and commercial boards and proclaiming pride in being Irish, while paying none of the tax the rest of us pay. If they benefit from this country they should financially support this country. No amount of job creation or generosity should overlook that. I welcome the move in section 13 to limit the time spent here by these non-residents. I hope the change will be enforced and their movements in and out of the country monitored so that they comply with the law. I commend the Bill to the House.

**Deputy Michael D. Higgins:** I propose to share time with Deputy Sherlock. I welcome the opportunity to speak on this Bill but my disappointment is due to the absence of a clear connection to the economy. Deputies on all sides have described the challenges the economy faces, not least in the potential to exceed 7.5% unemployment and perhaps an increase in unemployment next year and the following year. It is only reasonable that the main thrust would be in terms of the employment potential of the Bill in terms of employment protection or employment creation.

Regarding employment protection, we are not well served by those scapegoating the public service. I regard those who work in the public service with admiration. I was a Minister and know the differences that exist in the public service. A small army of people are in grades such as clerical officer up to principal officer, some of whom earn wages that qualify them for family income supplement. There are significant gaps in wages as one goes from higher executive officer to principal officer to assistant secretary to Secretary General. Talented people who decide, rather than working for themselves or private corporations, to work for the public service have my admiration. I regard it as cowardly of those who want to see a different kind of public service that they will not specify what change they would make.

I would make a change. We need a new economy, a new banking system and a different version of the public service. The public service is not well served as we move into conditions of change by having inflexibility, authoritarianism, hierarchy, excessive rules and so forth. We need to take that out and to examine the different quality of interaction at the time of a collapsed economy, which is anxious to recover, and previous good times. It is not acceptable to go into an office where people are registering as unemployed — as we heard on a radio programme recently — where there are five hatches, only two of which are open, with people drinking tea in the background. They are entitled to drink their tea but then, in time, they open the hatch and it is time to put on the hatchet face for the public. That is not acceptable. The degree to which morale in the public service is being reduced and attacked is serious. This is a time at which it needs to be reconfigured.

I turn to the pathetic connection between this Bill and the needs of the economy. The position in which the Irish economy finds itself is very different from the position of the British economy. It is different in so far as the British economy has the option to spend, in a rather Keynesian way, its way back to what it believes will be economic progress. In the case of Ireland, we have gone from a surplus in the national accounts just two years ago, to the second highest projected deficit in the EU; it will be the highest if the projections are taken as a proportion of GDP although I do not have the time to give detailed figures. I am not being anti-national in this.

What could have been done? The Government could have returned the national development plan and subjected it to an employment test and driven such capital expenditure as would have taken up the slack in, among other areas, the construction industry by addressing all of the schools in band 1.1. Granted, it would not have received the stamp duty it had during the housing boom. The largest contraction in sales is in respect of building materials such as furniture, glass and lamps as reported by *The Economist* intelligence unit. My suggestion would take up these secondary effects and there would be a better multiplier because the expenditure would be regionalised. One would not receive stamp duty but would create a good effect in the economy. There is nothing in the Bill in this respect but there is much droning on about the expenditure for an approved school building. No statement is being made that the national plan is being reconfigured to do certain things.

The Green Party might like the following suggestion and I am amazed it is not pushing it more strongly. I welcome the research and development references in the Bill. These are positive but I would prefer if they were connected to a real strategy in terms of the sustainable economy, the green economy, re-insulation, the retrofit of houses and the return to different

estates. These are good, solid expenditure items that would justify borrowing at any time because one is creating the capacity for recovery.

I do not understand how it can be helpful to double the amount of time one must wait. If one interrupted one's education, as many did, to enter the construction industry and one wants to get back to education, it is now twice as hard. There are ridiculous little rules about people dragging themselves through local authorities to get a utility bill to prove one was not living at home for the previous 12 months. If one happens to be in a flat where the landlord is paying the electricity and the ESB, one is done for. The authorities will not accept driving licences, bank statements or phone bills. Utility bills must be provided. When did God make utility bills a requirement of any scheme? That is the kind of unimaginative, deadly stuff in the Bill.

Returning to education is one example where people will be faced with problems but there is a string of others. I feel sorry for those in public service whose lives are ruined by little meaningless rules so that they must turn themselves into ritualists. We in the political end of the spectrum have not given any direction.

I refer to what has preceded this Finance Bill, namely, our discussion on the banking sector. No one can make any progress on building a new economy, with a high employment content, without admitting what went wrong. The truth is there was an international credit crisis but within it there is a homegrown, crafted, carefully planned — over several  
5 o'clock McCreevy budgets — property bubble that we put within the credit bubble. I agree with Deputy Calleary, who referred to small builders. These builders put one brick on another, know the square footage of a house and know about slates. They are not those who got the big benefits. Those who got the benefit were pure speculators. The Government supported the speculative version of the economy that has nearly brought us all to ruin. Therefore, the banking system that stood behind it, like people blowing air into a fire, are the same people to whom people are now turning for help. For example, when the Labour Party was anxious to protect people's bank deposits and suggested a figure of €70 million, the Government did better and suggested €100 million. I welcome that but I do not welcome giving a blanket guarantee to the banking system that is now bleeding dry all its previous customers by looking for special charges for the renegotiation of term loans, freezing term loans, calling in overdrafts and so forth.

This House spent all night talking about solvency but the issue now is liquidity. There are people throughout the country who are worried about their jobs, and there are many decent employers who want to keep their employees but they are being crucified by banks.

There is nothing in this Finance Bill to indicate there will be relief. Instead of that, and it is the worst scenario of all, into the scene I have described is emerging the private consortium of Mallabraca containing as it does the Carlisle Group, famous for hit and run asset stripping activities everywhere it has invested.

On the question of the National Pensions Reserve Fund or the work of the National Treasury Management Agency, if it is profitable for Mallabraca to come into the Irish banking system and remain for five years, why would it not be appropriate for Irish funds to do that with the guarantees and the social responsibility of enhancing liquidity? Instead, we have Mallabraca, with its Carlisle Group that has such luminaries as President George H. Bush, former Secretary of State Baker, Frank Carlucci and so on and is the tenth largest US defence contractor as it happens by sheer serendipity due to the board.

I want to be consistent. I have said in this House that the NTMA should examine the question of investing in armaments. I have said that the National Pensions Reserve Fund should be careful about its investments and yet one of the leading funding groups, with its \$160 billion fund, that funds armaments and is the tenth largest contractor for defence spending in the

[Deputy Michael D. Higgins.]

United States is coming into the Bank of Ireland. Does any Member of this House believe that kind of thinking will revitalise or make safe a single job or create a job in any village or town in Ireland?

**Deputy Seán Sherlock:** The Minister for Finance made a call to patriotic action. It was more of a cull in terms of patriotic action because despite the circumstances in which we find ourselves, the current difficulties we face and the external factors that have affected this economy, there was no imagination in terms of the framing of this budget. There was little by way of providing an economic stimulus that would create jobs and build a foundation on which we could climb out of this morass if not in the short term at least in the medium term. Instead of putting in place some inventive measures, the Government decided to slash and burn across the divide.

To take one sector, agriculture is a primary producer. Food and drink exports amount to €8.2 billion to €8.6 billion every year but at a time when production going on in that sector and in the face of a global food scarcity, the Government decided to take money out of that productive part of the economy by way of cuts in the installation aid scheme and not extending the farm waste management scheme.

It has been proven that every euro spent within the rural economy has a multiplier effect and it stays within the rural economy. In cutting the installation aid scheme and other such schemes, the Government is automatically reducing that multiplier effect and the potential within what was a productive sector. That did not make economic sense. I ask the Minister, when replying, to address that particular aspect because we need to be imaginative about the direction in which this country is going in this tough economic climate.

The issue of VAT is one on which I would like the Minister to respond. If we are in an inflationary period and if there is less money in the economy, and public and consumer sentiment is non-existent, why would the Minister increase VAT at a time when people are not spending money? The returns to the Exchequer will be significantly reduced anyway. If the Minister could stimulate such demand by reducing VAT he would, by extension, increase returns to the Exchequer. That seems to be the most logical approach. He should not increase VAT but maintain it at the current rate or reduce it marginally but he certainly should not increase it in the current climate. I do not understand the reason the Minister has done that, and perhaps we could get an answer as to his logic in that regard.

On the Taxes Consolidation Act 1997 relating to research and development activity, we all agree that foreign direct investment has been very good for this country. That is something that has been a bedrock of policy for a number of years but we need to consider whether we should continue to rely on foreign direct investment.

I welcome the tax credits for research and development but I again question the reason for the base year of 2003. If a company is involved in research and development there is a good possibility that its research could predate that date. I would have favoured 2000 as a base year to try to exercise a credit of that nature but perhaps there is a logic to the Minister's position on that. He might respond to that when replying.

On the issue of banking, we need some consistency. Banks, by their very nature, have been profligate in the way they have lent in that much of it was developer led. There is an opportunity now through this State guarantee to enforce a new culture on banking. I argued last night in our Private Members' motion that an ecological loan book could be set up. At a time when not everybody will be eligible for the national insulation scheme we could set up a system of preferential rates that would allow people to borrow for improvements to their homes that would offset carbon. As I understand that scheme, the State has the control to enforce that

type of lending and I do not understand why it does not do that. That would have a knock-on multiplier effect in terms of job creation. If preferential loans could be given to people who are not eligible for grant aid for home improvements, it would have a positive knock-on effect for the local economy. We need a little more imagination. While we all acknowledge the position we are in, four Ministers are involved in the Enterprise, Trade and Employment brief and surely many actions can be taken to stimulate the economy. This party has given many ideas about what we would do if we were on that side of the House and there is scope for those to be taken on board.

There has been much battering of the public sector of late. I know umpteen local authority outdoor staff on Cork County Council's northern division who have been let go. They were either on temporary contracts or had tendered for jobs. One of them has worked for the council as a JCB operator for more than 30 years of his life, was out on call at 2 a.m., 5 a.m. or whenever the council wanted him and gave a good service. If we are to have an argument in this House about culling the public service we must be careful.

**Deputy Michael D. Higgins:** Hear, hear.

**Deputy Seán Sherlock:** We must acknowledge that workers of that nature on the front line, who served their local authorities well and had great loyalty to them and to the people they served, are being let go.

**Deputy Michael D. Higgins:** They were proud.

**Deputy Seán Sherlock:** There are people working in FÁS offices throughout this country with whom I deal on a daily basis through community employment schemes. I support those people who deliver for their communities. I distinguish between the work they do and some of the profligacy that may have taken place at the top.

**Deputy Peter Kelly:** I am pleased to have the opportunity to speak here today on the Finance Bill. I strongly believe the measures announced will increase national productivity and competitiveness. This Bill seeks to restore order and stability in the public finances. It also seeks to protect those who are most vulnerable. As everyone knows, we are in difficult financial conditions, the "perfect storm" as some commentators have termed it. This Bill has been guided by the principles of fairness, sustainability and affordability, and by the need to put in place measures to improve our economic performance.

In difficult times, difficult choices have to be made, but we must not forget how far we have come as a country and how much potential we still have to grow. Ireland is well equipped to get through this economic situation. I am a positive man by nature, and believe that the glass is always half full. Considerable improvements have been achieved in recent times for the majority of our people. We are in the middle of an international economic and financial storm, a storm that is affecting most of the world.

We must be realistic about what has to be done so that we protect the gains made and ensure we are in a good position to benefit from the global economic improvement when it emerges. Nobody would question the assertion that Ireland has enjoyed unparalleled economic success over the past decade and a half. Our economy has been transformed beyond recognition. This transformation was achieved by hard work and enterprise from our citizens, and was supported by sound economic policies from the Government. Our economy is in a position to cope with the financial situation. We have a highly-skilled labour force, full of people with enterprising ideas and the determination to succeed in life. We can face the current situation from a position of strength.

[Deputy Peter Kelly.]

The economic environment has clearly become more challenging. The openness of Ireland's economy makes us more exposed to global economic developments. While we have benefited substantially from positive developments in the global economy in the past, at present we are clearly being adversely affected by what is happening worldwide, particularly in the United States, and the difficult conditions in the house building sector. This is a time for decisiveness, and a Bill such as this is what we require.

The Bill emphasises the need to support the enterprise sector by enhancing the knowledge economy as the best means of meeting our economic challenges. New companies will see full relief where total corporation tax liability in any of the first three accounting periods does not exceed €40,000. There will also be an increase in the rate of tax credit for incremental expenditure undertaken by a company on qualifying research and development from 20% to 25%.

While people may disagree with aspects of this Bill, it is necessary for such measures to be taken at this time. This Bill has been framed in the context of the most difficult economic and financial climate in a generation. This is a worldwide situation that is having an influence on most of our trading partners. We are a small open economy subject to the winds of change. It is up to us as a country to determine how we will respond to the conditions we experience.

On the domestic front, the contraction in the new house building sector, which will continue into next year, has been added to by the international credit difficulties. The downturn in construction has resulted in a rise in unemployment and deterioration in consumer sentiment. The forecast for next year is not great and the scale of the downturn has surprised many experts, but we must not lose heart. The Irish economy retains a sound structure. In ten years we have increased the number of people at work by 600,000.

We must ensure we are in a position to take advantage of any economic upturn. The Minister said last night that he is guided by the need to introduce measures that would strengthen economic performance and encourage recovery. I echo those sentiments.

The Bill tackles areas that are crucial to our economic recovery and development. It contains measures that will attempt to make our research and development tax credit regime more attractive. Support is being provided to assist start-up companies and a new tax incentive scheme to facilitate the removal and relocation of Seveso listed industrial facilities is also being introduced.

I was pleased that farm pollution control relief will to be extended to 31 December 2010. This relief will continue to encourage farmers to make the necessary costly investments in pollution control measures. Another provision renews the 25% general farming stock relief and the special 100% stock relief for the same period. This is a progressive Bill, which encourages innovation and development. While we are experiencing an economic slowdown, we do not have to stand still.

I refer to one of the main talking points of the current financial crisis, namely, our banks. The Minister for Finance said the Government has not ruled out making a State investment in our banks. However, the institutions must show a capacity to attract investment. The main concern is that the banks provide money to the economy through legitimate lending to sustainable businesses, as they must be an engine for our economy.

Our country has always been open for investment that supports domestic jobs. I was disappointed to hear the recent criticism from some quarters concerning our reliance on foreign investment. These critics should remember that much of our economic success has been thanks to overseas investment. The Government said that it would welcome private investment in banks on terms that serve the public interest. This means private investors would have to

demonstrate a medium to long-term commitment to the economy. The Government will keep the public interest to the fore in this regard. Thus far, the Government's guarantee scheme has been successful in safeguarding the stability of the banking sector and in restoring its liquidity position. However, international market expectations about capital levels in the banking sector have altered and the Minister and the Government are acutely aware of meeting new challenges.

VAT is another issue that has been raised in these times of economic difficulty. While our VAT rate will increase from 21% to 21.5%, the UK Government will reduce its standard VAT rate from 17.5% to 15%. However, this does not compare like with like. Our starting point is very different from the UK's. We have a low taxation economy and, therefore, it is not possible to reduce taxes further. The Government is providing a long-term fiscal stimulus through capital investment of approximately 5% of GNP, which is twice the EU average. This will not only support jobs in the short term but will also add to our long-term productive capacity. The majority of foodstuffs, oral medicines, books and children's clothes and shoes are taxed at the zero rate of VAT, which is important. Our taxation policy has given us a significant competitive advantage over the past 15 years. We have ensured we have had the lowest levels of direct taxation on income and, therefore we have marginally higher indirect taxation. Following the budget changes, Ireland will still be one of the lowest taxation economies in the EU.

We must all be committed to protecting the economy from the worst effects of the current international downturn and to ensuring our international competitiveness is maintained and enhanced. The Bill assists our country in doing so. Maintaining support for enterprise is crucial and we must build for the future in concentrating on research and development. Improving our competitive position is essential to facilitate a rebalancing of the economy towards more sustainable, export-led growth and to maintain our attractiveness as a location for inward investment. While external factors such as commodity prices and exchange rates have an impact on domestic costs, these are beyond our control. We must seek to control costs over which we have influence and steps must be taken to improve productivity.

In further support of our competitiveness objectives, the Government is committed to maintaining a low burden of taxation on capital and labour and has implemented a range of policies aimed at improving competition in product markets and flexibility in the labour market. Improving our competitiveness position also means ensuring externally-driven price increases are not allowed to be worsened by internally-generated effects. We must all pull together at this time.

The mix of measures in the Bill is balanced. They protect those on low incomes and also seek to support enterprise and development. There is no quick fix for the current climate in which we find ourselves. I believe fervently, however, that if we maintain a steady ship and plot our course carefully, we can get through the financial downturn. I have great faith in our country. We dragged ourselves up from the rubble of our fight for independence and had to endure a civil war. We stood alone on the edge of Europe as World War Two raged and survived to tell the tale. We moved from mass emigration to the Celtic tiger, becoming a country that welcomed its former emigrants back. We have always been a resourceful people and we have, on countless occasions, proved ourselves adept at making the most of a difficult situation. We will get through the current downturn. We are a proud nation and people and if we work together there is much that we can achieve. I welcome the cycle to work scheme, which is a great idea. Healthy in mind is healthy in body. We look forward to seeing people on their bicycles all over the country.

**Deputy Seán Barrett:** Will the Deputy be cycling from Longford?



**Deputy Peter Kelly:** Perhaps I should, because my grandfather, Pat Gibney from Bective Street, Kells, County Meath, was a great cyclist. He was the all-Ireland one-mile grass cycling champion. He won the title in Virginia, County Cavan. I come from a long line of cyclists. My family are all on the bike.

**Deputy Olivia Mitchell:** Is the Deputy's punctured?

**Deputy Peter Kelly:** I have to confess I have not been on a bike for a couple of years. However, after listening to Deputy Mary White, I intend to get out my bike and get on the move.

**Deputy Olivia Mitchell:** There is a tax relief available.

**Deputy Peter Kelly:** That is probably the main reason I will do it. The Finance Bill is a good place to start working together to achieve what we want. I commend the Bill to the House.

**Deputy Olivia Mitchell:** I wish to share time with Deputy Seán Barrett.

**Acting Chairman (Deputy Johnny Brady):** Is that agreed? Agreed.

**Deputy Olivia Mitchell:** I welcome the opportunity to speak on the Finance Bill. I have been sitting here for a while and have listened with great patience and restraint to the Government spokespersons talk about the current state of the country, the national finances and the economy generally. They speak as if it all had nothing to do with them and that somehow this was something global that descended on us. In fact, the blame for our particular situation lies firmly and squarely with the Government. We do not blame the Government for the international credit crunch, the global recession or fluctuating currencies but we do blame it for the fact we have come out of years of budget surpluses, which should have left us well placed to withstand the global downturn, whereas we are now so broke we will probably be impacted more than any other country of which I can think with the exception of Iceland. I also blame the Government for the budget, which was a wholly inadequate and inappropriate response when the Government finally got around to acknowledging there was a problem.

Most of what I wish to say relates to my brief, the tourism industry, but I also want to raise one other issue, namely, the reduction in the tax relief being made available for health. There are two aspects to this, the tax relief on nursing homes and the tax relief on general medical expenses. The reduction of tax relief on nursing homes from 41% to 20% has been pushed out until 2010 and the Minister informed us it would no longer be required at the higher rate because people would be subject to the fair deal. If one reads the fair deal, one finds it will only benefit a very small percentage of the population. If one lives long enough and has expended all one's assets, eventually one will benefit from it but the reality is that most families will have to pay for their nursing home costs. In those circumstances, they will not only not benefit from the fair deal, they will not benefit from the subvention they would get at present and also, on top of this — a treble whammy, if one likes — they can only get tax relief at the lower rate. There is no doubt this will cause huge hardship when it dawns on people this is the case.

The real problem is for families, who effectively face a halving of the tax relief on medical expenses. If one has a family of three or four children, it is very easy to rack up enormous medical bills. Even when my children were small, we always reached the monthly threshold and certainly every family would now reach the €100 limit. A GP is €50 or €60 a throw and there are also tests, dental bills and many other costs. Anyone contemplating orthodontic treatment for their children, for example, will now forget about it. The State has totally reneged on its responsibility in this area. This measure will have a huge impact on families who do not

have the medical card and must pay for everything — they are the ones who will really suffer. This has not yet dawned on people but it will be a real problem for families and, as usual, it will be mothers and fathers who sacrifice their own health rather than deprive their children.

Ideally, health should be accessible to all and the State should be able to ensure people can attend their doctor freely when there is a need. However, as we are so far from that position, at least we could give tax relief at the marginal rate.

I want to turn to the issue of the impact of the budget on tourism. It seems the Government thinks the departure tax is somehow a victimless tax on faceless people and it does not seem to appreciate the impact this will have on the industry. The Government does not take the tourism industry seriously. It is regarded as something light and fluffy — very nice in good times but really not that important. The reality is that while its role in regard to foreign exchange is important, tourism plays an enormous role in terms of employment, particularly in the regions outside Dublin where there is no other employment. Over 250,000 people are employed directly and indirectly in tourism, which is a vital employment source for the country. Where else will jobs come from in the future? They will not come from manufacturing or agriculture, where output might grow but jobs will not, so jobs growth must come from services. Tourism is the ideal service to grow, yet the Government seems to be trying to tax it out of existence.

Ireland is an island nation. The most crucial element for our economy is aviation access into and out of the island, and close to 95% of all travel in and out is by air. Airlines and airports are vital to us so we should be wooing them and looking after them, not taxing them. Why penalise and disincentivise the tourism industry?

Everybody knows the state of Aer Lingus in particular is extremely fragile, as is the state of all airlines at present. Aer Lingus claims this departure tax will increase its costs next year by €30 million unless, of course, it moves its routes out of Ireland — we know it has already made a first move to Belfast. If it tries to pass on the increase to passengers, it is they who will very quickly move to Belfast. There is direct competition and if we begin losing flights, we can just close down altogether. I do not need to mention the VAT increases relative to the VAT reduction in the United Kingdom, which will cause a flood over the Border. Why would the Government decide to tax an industry that was bound to contract in a world recession? If we lose routes or, worse, entire airlines, which is not beyond the bounds of possibility, we can close up. Only today, Ryanair announced that, as a direct result of this tax, it is cutting yet another route out of Dublin.

The holiday home tax is bizarre. I do not understand its purpose given that all of these holiday homes were built with a tax relief designed specifically to incentivise people to build them. Then, when they built them, the Government put a disincentive tax on anyone thinking of getting into the self-catering business sector. Many of these houses are already lying idle and some I have seen are not well maintained. I do not know what purpose this tax can have except perhaps as a revenue raiser — it is €200 this year but could be €2,000 next year — but it will certainly not help the tourism industry. We will end up with rural tenements and villages that are completely derelict by the seaside, along the Shannon and everywhere else holiday homes were built. On top of all of these specific taxes we also have the other costs which feed into the tourism industry and are extremely relevant. Energy represents 10% of costs to hotels. This is the highest in Europe and we are completely uncompetitive. We had a recent hike in taxi fares to ensure we can fleece the tourists even further when they get here. As well as high energy costs, we also have high costs in transport and communications and poor broadband access. All of these militate against the tourism industry.

Just when profit and capital gains taxes were a memory in the tourist industry and in almost all industries, the Government has decided as part of this financial package, which was to take

[Deputy Olivia Mitchell.]

us out of a hole, that demands for these taxes are to be brought forward. In good times one could borrow to pay these taxes if they were brought forward but access to borrowing does not exist for businesses now.

It is a measure of the Government's failure to grasp the conditions in which businesses are operating that it should look to ailing businesses and expect that they would somehow find it easier than the Government to access cash. It is yet another example of businesses, employers and earners of vital foreign exchange being asked to pay for the Government's mistakes.

I wish to raise an issue mentioned in the budget but which will not become law until next year. This is a new VAT charge on the margins of tour operators. It is accepted that this must come in at some stage as a result of an EU directive but this is not the time to introduce something which will add 3% to the cost of foreign holidays. It is due to be introduced in 2010. Many of these tours are already contracted by the tour operators which means they will be out of pocket. I ask the Minister of State, Deputy Haughey, to bring it to the attention of the Minister for Finance and ask him whether it is possible to postpone this tax until times are better.

**Deputy Seán Barrett:** I wish to devote the few minutes I have to speak on this to the provision in the Finance (No. 2) Bill which raises the betting duty from 1% to 2% and to point out that, of all the major racing nations, Ireland is the only one that does not have a direct levy on its betting industry directly allocated to its racing industry. However, in terms of relative economic importance racing and breeding are far more important to Ireland than any other racing nation.

When the fund for racing was created in 2000, a direct link between the betting duty and racing was established. A limit was placed on the absolute amount that could be transferred to racing and this limit was reached in 2004. It was then raised and the new limit will be reached in 2009. The spending of the fund is controlled by Horse Racing Ireland, HRI, a body established by the Government. Even the 2% levy will leave the contribution to racing from the betting and gambling industry far below the levels in other major racing nations in relative and absolute terms.

It is essential that this funding is copper-fastened and that the industry does not have to go back to the days of dependence on annual Government handouts. Without the assurance of continued funding, HRI will be unable to plan beyond a one year time horizon and it cannot enter into any form of capital expenditure plans or commit to any borrowing to fund such projects.

As a result of the cut in funding, the long overdue redevelopment of the Curragh racecourse, which is home to Ireland's most high profile races and offers tourism and other benefits, has been put in doubt. The tax revenue or buoyancy from such developments would far exceed the amount of grant in any one year. This is crazy.

Conforming to international practice and directly linking the 2% betting levy to racing would also address the mistaken belief that taxpayers fund racing. It will also reinforce the message that the industry is self-funding, self-sustaining and more than self-financing. It is fair and reasonable that beneficiaries and consumers of the industry's product should support it, and be seen to do so.

In the budget for 2009 the Government announced a reduction of 9.5% for racing, irrespective of the level of duty collected from the betting industry. This was one of the most aggressive cuts in the budget and was in spite of the funding being limited to inflation since the year 2000. Retaining this limit would have kept increases far below the level of increases in all other

spending areas. The reduction also came against a background of increases in betting turnover never seen during the same period.

It is important to note that despite the gaming industry's failure to produce figures, almost all turnover through betting shops is from horse racing and not other sports. Gambling through telephone, Internet and betting exchanges, which is where turnover on other sports is mainly channelled, does not contribute to betting duty because the companies base the computer servers in offshore locations to avoid taxation. This is unfair and unreasonable. Those who bet via the Internet or by telephone exchanges do not contribute anything towards the levy or towards the racing or breeding industries.

The Irish breeding industry exports 85% of its produce, unlike its main competitors who have large home markets for their output. It is vital for the industry that our reputation as a producer of high quality bloodstock is maintained. One of the key ways we can ensure this is by maintaining the reputation of our racing. Only by continuing to attract top class overseas competition to our major races can we do this. This means having prize money at internationally competitive levels; otherwise, the committees in charge of grading races will downgrade our top races and, as a result, the rating of our entire industry.

The growth of the number of horses in training since the introduction of the fund is 41% and this has resulted in an increase in tax revenue to the State which far outweighs the amount of money paid out under the scheme. Furthermore, the Irish breeding industry, unlike that of other nations, is primarily export-oriented with more than 85% of thoroughbred horses bred here being exported and thus earning substantial revenues for the State from foreign income. Ireland is the third largest producer of thoroughbred foals. Horse racing and breeding are significant, export-oriented rural industries which account directly for 14,850 jobs and one in eight jobs in the agriculture, forestry and fishing sector. This should not be forgotten.

Racing relies on the rearing and husbandry of thoroughbred horses and involves enormous input from full-time professionals, including trainers, jockeys, work riders, grooms, vets, farmer breeders, racecourse managers, racecourse employees, transport staff, security staff, integrity services, stud book and registry staff and so on. All of these people contribute in no small way through their PAYE and PRSI payments.

It is important to specify clearly that the racing industry, including breeding, in this country does not depend on handouts from anybody. It is an industry in its own right and should be respected as such. For this reason, I respectfully suggest that because of its importance as an industry, it does not belong in the Department of Arts, Sport and Tourism where it is judged alongside other amateur sports and seen as receiving grants far greater than them. They should receive a fair level of support to promote sport but in this instance moneys derived from a betting duty were supposed to go directly to the industry which, in return, would develop and contribute to the economy. However, the income from the betting levy goes into the regular funds of the Department of Finance and is not considered as income of the Department of Arts, Sport and Tourism. Therefore, if we examine the figures of the Department of Arts, Sport and Tourism, we find a large sum of money allocated to the racehorse and breeding industry. This gives a very wrong impression to the public, which is unaware that the original idea was to allow the income from the betting duty offset the grant allocated to the industry. I wish to avail of the opportunity to correct the impression given on a regular basis, sometimes from the House but also through the media, that the breeding and horseracing industries are treated preferentially compared with other sports. It is not recognised that we are dealing with an industry rather than a sport, which provides 14,850 direct jobs. This amounts to one eighth of the total amount of jobs in the agriculture, forestry and fishing sectors. I seek appropriate recognition for the industry and the contribution it makes to the economy.

**Deputy Beverley Flynn:** I wish to share time with Deputy Niall Blaney. I welcome the opportunity to speak on this Bill. It was only some months ago, before the summer, when I spoke on the economy. The position has changed drastically in that short period. I will discuss the economic downturn and the global credit crisis. I recognise that Deputy Mitchell referred to the problems in Ireland in this regard, but clearly this is a global problem. The world economy is suffering and as a result the economy in Ireland is in difficulty.

I refer to the banks about which I spoke last July. I am very concerned at the inability of the banks to function in the interests of business. I am not referring to the ability of the banks to function in their own interest, but I am concerned about the lack of availability of moneys for small businesses which are struggling. I understand that in many cases such businesses are receiving help from the banks, but onerous rates of interest are being charged, which puts further pressure on businesses that under normal circumstances would not have a difficulty. I am keen to see tighter regulation in the financial sector and would like to see the Minister for Finance bringing about a recapitalisation of the banks. This needs to be done, along with private investment, sooner rather than later. There should be a significant injection of confidence in the marketplace. Combining private investment, which I believe is available, with Government money is the best way to proceed. I encourage the Minister to do so as soon as possible.

Let us consider the situation when the bank guarantee was introduced some months ago. The Government was the first to make such a move, however most other countries have followed suit. I note that the vast majority of countries in Europe have injected capital in the banks and it is clear we must do the same at this stage. Consider the level and duration of the guarantees provided to banks in other countries. Most were offered a guarantee of between three and five years as opposed to the two-year guarantee introduced in Ireland. I accept that our guarantee was a blanket guarantee and this was not the case in many other countries. However, the duration of the guarantee and the fact that we have not yet injected any Government money into the banks needs to be addressed very quickly.

I call on local authorities to support businesses and re-examine the level of commercial rates. Rates should be frozen for this year and development levies should be reduced in local authorities, because the level of development, not only in County Mayo, but throughout the country is so small at present. The development levies charged in the past are unsustainable. I understand that local authorities are also experiencing financial difficulties, but there is no point killing off potential development by imposing onerous development levies. Any measure to stimulate growth at this stage should be welcomed.

I refer in particular to one area of the Finance (No. 2) Bill 2008, namely, air travel tax. Since the budget, I have spoken with the Minister for Finance on the matter. I am especially concerned about this measure as I come from the county in which Ireland West Airport, Knock is located. I recognise that the Minister has reduced the departure tax from €10 per passengers to €2 per passenger and has taken account of the concerns raised by the regional airports, especially those on the western seaboard. The lower €2 tax will apply to departures from any Irish airport to a destination 300 km or less from Dublin Airport. This means all Irish departures to locations such as Manchester, Liverpool and Glasgow will be subject to the €2 charge. This measure is more equitable than that proposed in the budget and it removes the advantage given to passengers flying to UK destinations from Dublin rather than Knock. However, I am still not satisfied and I do not believe the €2 charge should apply at all to the airport at Knock. The charge has and will continue to have a negative impact on tourism. The benefits to the State coffers will be negated by the drop in tourism revenue which will occur in the west of Ireland as a result.

I wish to correct several assumptions made concerning smaller airports. There is an assumption that the airport in Knock is dependent on operational subsidies, that the main services connect to Dublin and that it is a loss-making airport. These assumptions are incorrect. Ireland West Airport, Knock is a low-cost, profitable, independent airport. It receives no operational subsidy. Some 97% of the traffic is direct to 28 international destinations. Will the Minister acknowledge that certain aviation policies currently in place in the country provide the airport in Knock with a competitive disadvantage and constraint? The Minister should examine abolishing the €2 charge altogether. I draw his attention to the fact that when a similar tax was introduced in the UK the Government exempted the highlands and the island regions of Scotland because of the scarcity of the population, the peripherality of those regions and their reliance on air services. That situation is very similar to that which pertains in Knock.

I draw the Minister's attention to the fact that the current system of state operational support, namely, the core airport expenditure system, rewards failure not success. The airport at Knock is a victim of its own success. If Knock airport were loss-making there is no doubt that under

6 o'clock that expenditure scheme help would have to be provided. However, because the airport operates on a profit or breakeven basis, it does not receive such support.

Since State airports receive supports and services not available to Knock a competitive disadvantage exists. I have strong views on this issue, because most of those who avail of the services at Knock airport come from the UK as tourists and I am conscious that a negative impact will be felt. The airport receives no hand-outs for air traffic control, it does not benefit from usage by Government sponsored military aircraft, it has no preferential tax status, it does not benefit from any accelerated infrastructure in the region and it does not benefit from free marketing. I highlight these facts and draw the attention of the Minister to the fact that those in County Mayo and the airport at Knock are already discriminated against. Given the similar experience of the regions in the UK referred to above, there is a good case for exempting Ireland West Airport, Knock from the €2 charge. It is still not too late to do this and I call on the Minister to examine the possibility.

I refer to the income levy which is among the measures in the Finance (No. 2) Bill 2008 changed since the budget. I welcome the new 3% income levy on those earning in excess of €250,000 per year. This measure will bring in 20% of the tax take. This is a welcome measure. It sends the right signal to the market that those who are in a position to pay more are paying more. I am also happy to see that all social welfare recipients will be excluded from the levy, as are those with an entitlement to a medical card. That is necessary. I welcome the exemption threshold of €18,304 per annum, which excludes those on low incomes from the levy. In addition, I welcome the introduction of the age-related exemption for persons aged 65 or over €20,000 per annum for a single person and €40,000 for a married couple. This shows compassion on behalf of the Government. Those who are in a position to pay more — those paying the 3% levy — will contribute 20% of the overall take from this levy. This has enabled the Minister to provide these exemptions and increased thresholds to help those who are less well off in our society. I welcome that.

I also welcome the measures to support business, although I will not get a chance to go through them in great detail. I welcome the introduction by the Minister of the three-year exemption from corporation tax on trading profits and chargeable gains for new companies, which is to commence next year. This is a welcome development. In addition, the research and development tax credit has been increased from 20% to 25%. Lastly — again, I do not feel the Minister went far enough in this regard — the reduction in stamp duty for new residential property from 9% to 6% is welcome. However, there is a need to stimulate growth in the construction industry. I have spoken about this in the past. I do not believe enough has been done and I would like to see a few more measures to help in this regard. I would have liked

[Deputy Beverley Flynn.]

to see stamp duty reduced further but, at the same time, I recognise that the Minister has gone down the route of trying to improve matters, and I welcome that.

**Deputy Niall Blaney:** I thank Deputy Flynn for sharing her time with me. I welcome the opportunity to speak in the House on the Finance Bill. There is much worry out there about the state of our economy, and from talking to my own constituents I know it is a very real concern. However, it is worth pointing out that this is not an issue that is particular to Ireland. We are in the midst of a global economic crisis, but one for which we are better equipped than many. Difficult decisions had to be made by the Government to deliver this budget. They are decisions we would rather not have to take, but they are necessary in these uncertain times.

I do not think any Minister enjoys having to deliver stricter budgetary controls to social welfare beneficiaries, schools, hospitals, PAYE workers or senior citizens. These decisions were taken to ensure that the progress of the past decade is protected and that the country is best placed to take advantage of the inevitable upturn in the international economy when it comes. Our economy is now much better insulated than it was in the 1980s to withstand the difficulties to be faced over the next couple of years. We are tackling the situation head on, and I am confident the Government will see Ireland through this storm. Our focus is on generating economic growth by providing employment, assisting industry and enhancing the competitiveness of the economy. The Government's decision to guarantee deposits in Irish banks in an effort to restore confidence was a courageous one and has been replicated by many other European countries. We have led the way in times of despair, and other countries are examining our movements to try to keep up. The Government was elected to manage the economy and that is what we are doing at this difficult time.

Many commentators both inside and outside the House have given their spin on the question of recapitalising the banks. I have one concern in this regard. Many people are throwing their weight behind the idea of recapitalising the banks as an answer to everything. We must realise that this recession is not just of our own doing; it is a global recession. The difficulties with the banks are a global problem. I do not believe that to suddenly recapitalise the banks would be the answer to everything. Too many people are putting all their eggs in one basket. The Minister is right to examine this before going too far and perhaps realising there are further ramifications down the road.

Much has been offered in this budget in terms of social welfare for those more in need. Improvements in the family income supplement for low-income working families have been introduced and there have also been increases in child-related payments to those dependent upon social welfare. A total of 18,000 more families will become eligible for the back to school clothing and footwear allowance — an allowance that is much needed by many families.

The closure of two Army barracks in my own county is causing much concern among staff and Army personnel in both Rockhill and Lifford. Unfortunately, the running of these barracks is extremely costly and the Minister has decided that the personnel are to be facilitated at Finner Camp in the near future. This decision has been reached for two main reasons, the first of which is cost savings. In addition, it is believed that due to the peace process in Northern Ireland there is less requirement for Army barracks along the Border. It is envisaged that the proceeds of the sale of Rockhill and Lifford Army barracks will produce substantial resources for the modernisation process of the defence organisation. There is much unrest among soldiers and their families about the imminent closures and I have met with many of them in recent weeks. I have also met with the Minister to convey these concerns. At the very least, the Minister will deliver. The personnel involved should be very well accommodated. I expect the

Minister will step up to the plate in this regard and do what he can to ease the burden for our Army personnel and associated staff in these difficult times.

At this time, it may be tempting to become negative about what we have achieved in this country over the past ten to 20 years, but I would like to focus on the positive for a moment. The value of GDP increased in Ireland by a factor of more than 70 between 1970 and 2006, which is well above the EU average. National debt as a percentage of GDP has fallen from over 87% in 1990 to just over 20% in 2006. This economy has been booming now for many years and nobody can deny the progress that has been made in this country over the past ten to 20 years. We have all been part of building it and we have all enjoyed it. Such has been the progress that Irish emigrants come back home on holiday and can barely recognise their home towns. We must not forget that.

We have experienced incredible growth and prosperity and the economy is now taking a hit, but I believe that with the proper management this Government is providing it will level out. The good times will be back. However, the emphasis at this critical point is damage limitation. I appeal to those in the public service to row in behind the relevant Ministers. No Minister wants to make savings within Departments but that is the situation we face. People will have to grasp the reality. With a bit of rowing together for the next couple of years, the good times will come back sooner. In the last couple of weeks since the budget, people have started to realise we are facing difficult times. I appeal to those in the public sector to work with the relevant Ministers for the good of all concerned and for the good of our country. I believe that with the proper mentality and a spirit of co-operation we can bring the good times back sooner rather than later.

The economic outlook has changed. However, after the strong performance of our economy over many years, the Government is in the best possible position to navigate our way successfully through the challenges that lie ahead. That is what we intend to do. Our focus must now be on positioning Ireland to participate in the global upturn.

The Opposition has been playing political football with the economy in recent times. It plays the blame game when it is required to consider the economic problems this country faces. When the Opposition parties were in government over ten years ago, they decided to freeze direct school funding. They also proposed a reduction in teacher numbers. I do not think the proposals they are making nowadays are very different. When they were in power, they cut the budget for school buildings and renovations by €20 million. This is in stark contrast to the record of the current Government. Over the past 11 years, the Government has invested unprecedented amounts of taxpayers' money to build roads, schools, houses and water and sewerage treatment plants. We have spent billions on increasing pensions, children's allowance, carer's allowance and other social welfare benefits. The level of spending on health, education and social welfare has increased in the current budget. It is fair to say that times are tough. Everybody is feeling the strain on their disposable income. I wonder which of the aforementioned increases the Opposition would like us to withhold. Should we decide not to spend additional money on schools, roads or pensions? The Opposition parties are keen to remind us of the 1980s. I understand their interest in the decade in which they were last returned to government following a general election.

**Deputy Bernard J. Durkan:** We mention the 1980s because that was the last time the country was broke.

**Deputy Niall Blaney:** Deputy Durkan will have his chance in a minute.

**An Ceann Comhairle:** The Deputy is right. Deputy Durkan will get his chance.



**Deputy Bernard J. Durkan:** I thank the Ceann Comhairle.

**Deputy Niall Blaney:** At that time, inflation was approximately 21% and personal tax rates were 40% and 65%. When Fianna Fáil returned to power in 1987, Ireland had a higher *per capita* debt than Ethiopia and Sudan. I am confident that with Fianna Fáil at the helm, we will not go back to the 1980s. The Taoiseach has been the subject of much criticism from the Opposition over recent weeks, as the budgets over which he presided were held up to scrutiny.

**An Ceann Comhairle:** The Deputy's time has expired.

**Deputy Bernard J. Durkan:** Everything has expired.

**Deputy Niall Blaney:** I do not think there was anything in his budgets that the Taoiseach should be ashamed of. When he was Minister for Finance, the old age pension increased by €66. Financial supports for the parents of kids under the age of six were almost doubled. Provision for special needs education was doubled. The social welfare budget increased by 40%. The Taoiseach looked after the vulnerable in our society. I have confidence in the Government. The Irish people are willing to work with the present Government to bring about a return to the good times sooner rather than later.

**An Ceann Comhairle:** I call Deputy McHugh. He has 20 minutes.

**Deputy Joe McHugh:** I wish to share my time with Deputies Durkan and Doyle.

**An Ceann Comhairle:** Is that agreed? Agreed.

**Deputy Seán Power:** I assume the Deputy will take ten minutes and give his colleagues five minutes each.

**Deputy Bernard J. Durkan:** No. We will see how things develop.

**Deputy Joe McHugh:** We are interested in equity on this side of the House. It will be done in an equitable manner.

**Deputy Andrew Doyle:** We will take seven minutes each.

**Deputy Joe McHugh:** I am glad to be able to contribute to this debate. I propose to highlight two problems in the constituency Deputy Blaney and I represent. I refer to the continued mass exodus of shoppers across the Border and the difficulties encountered by small businesses in County Donegal as they try to survive. There is a false economy in the region. As businesses try to hold things together without having to lay people off, they find in most instances that they are unable to get credit from the banks. They are trying to hang in there. I share Deputy Blaney's optimism that we will get out of this crisis eventually. We need to do something in the meantime, however. In the United States, ambitious proposals are being made and political leadership is being shown. Similar action is being taken, rightly or wrongly, across the water. The unprecedented times we are experiencing are economically dangerous. Nobody has the authority to say he or she knows what is going to happen. The UK Chancellor of the Exchequer, Mr. Alistair Darling, has decided to reduce the rate of VAT in the other jurisdiction on this island to 15%. The two jurisdictions that are side by side have separate economies, which can lead to anomalies. The major anomaly relates to the two different tax bands that exist.

I would like to mention something I raised last night. I will not spend too much time on it. We have an obligation under the Good Friday Agreement. I am aware that Deputy Blaney is the chairperson of the British-Irish Interparliamentary Body. We need to examine the anomal-

ies that are being created. Two things are happening. People from Donegal, Dublin and other parts of the South are travelling to Northern Ireland for a so-called “shopping experience”, but they are not getting it. While I accept they are getting reduced prices, and many people are happy to go for price, they are getting something else as well. It is predicted that many stores in the Border areas of Northern Ireland will have to close this Saturday morning because they will be unable to cope with the level of demand. There are similar issues on this side of the Border, where businesses may have to close their doors because there is not enough demand. We need leadership. The Government should do something. We need the Minister to come up with some kind of solution to try to stimulate the economy. This country’s economy needs some form of stimulation or injection. We will not trade our way out of this problem if we continue to increase indirect and stealth taxes. We need to trade our way out of our economic difficulties. That is something the Government should focus on.

I heard indirectly this morning about a discussion that took place in a public house in Letterkenny last night. I was not present for the discussion, naturally, because I was in this House. The proprietor of the public house told me that a man summed up the present difficulties by comparing the Irish economy to a boat off the coast of Tory Island — it is rudderless and it lacks a captain. We need somebody to take charge and control. Both of the economies on this island — the regional economy in Northern Ireland and our own economy here — are faltering. Both of them need some form of stimulus. Petrol and diesel prices on either side of the Border will always increase and decrease over time, which will lead people to cross the Border. The economy in Northern Ireland is in as much trouble as the economy in this jurisdiction. The difference is that the authorities there are doing something about it. They are getting customers, etc. I wish to mention something of which this country should be cognisant. There is an Asda store in Newry and another on my doorstep in Strabane. Asda is a subsidiary of Wal-Mart. It is not called Wal-Mart, but it is part of the same corporation grouping. Its outlet in Strabane has the highest turnover of any Asda outlet in the United Kingdom. The revenue being accrued at that store is being lost to our Exchequer because of the 30% differential in this country’s pricing structure. We have failed to attack our high cost base. We are not protecting our small and medium sized enterprises. We have hammered them by introducing more red tape and bureaucracy. We have not assisted them.

**Deputy Bernard J. Durkan:** Hear, hear.

**Deputy Joe McHugh:** Some small and medium sized enterprises in this country are surviving. They are working in the global market. They will continue to survive. We should be supporting small business, at the discretion of the Minister. If a small business is thriving, we should give it incentives to help it to take people off the dole and into work. Perhaps we could make grant aid available to help small businesses to expand. That is just one way of making progress in this regard. As people lose their livelihoods, they become insecure, which is the last thing this country needs. We are all responsible for nurturing the type of democracy to which we all aspire. We need to do something quickly. I emphasise that economies in other parts of the world, including the United Kingdom and the United States, are doing something about these problems. I appreciate that we are affected by international factors. The effects of the troubled economic climate are even being felt in Dubai. As I said earlier, the Irish economy is like a boat off the coast of Tory Island — it is rudderless and it lacks a captain.

**Deputy Bernard J. Durkan:** It is holed below the water line.

**Deputy Joe McHugh:** We need somebody to steer the ship. The Ceann Comhairle might have to take a sabbatical from his comfortable Chair and return to his former pasture.

**Deputy Charlie O'Connor:** The Opposition was not that nice to the Ceann Comhairle when he was a Minister.

**Deputy Andrew Doyle:** On 3 September, the Taoiseach announced that there would be an early budget, on 14 October to exert control over the public finances and instil confidence in the Irish economy at home and abroad. In the meantime, prior to the announcement of the budget, he agreed a national pay agreement which provided pay increases of 6% to workers, despite having said in July that it would not be the end of the world if an agreement were not reached and that partnership had served its purpose. He accepted the 6% increase in September in the full knowledge that the agreement was neither sustainable nor affordable.

What is missing in the current situation is confidence in the Government and the Minister for Finance and confidence on the part of the financial sector and the business market that we can play our way out of the difficulties we are experiencing. Instead, what we got in the budget was a list of stealth taxes. My colleague, Deputy Bruton, has observed that these additional charges will amount to some €2,500 for every family in the State. At the same time 10,000 jobs per month, or more than 300 per day, are being lost. In other words, significant numbers of people who were formerly tax contributors are becoming tax takers. This imbalance, if it continues to worsen, will seriously jeopardise our finances and hinder our ability to extract ourselves from the mess we are in.

The Government claims this is a global crisis. That is true. However, our difficulties were made worse by the domestic policies pursued in recent years. The Government reminds me of a hedgehog caught in the headlights in the middle of the road. It knows it will be run over if it remains there, but it chooses not to move in the hope that the driver will see it and stop. Unfortunately, we cannot depend on other countries to help us out of this difficulty.

**Deputy Bernard J. Durkan:** Most hedgehogs get squashed.

**Deputy Andrew Doyle:** When the Finnish were experiencing similar difficulties some years ago, they chose to invest in education. The Government has chosen to do the opposite.

**Deputy Seán Power:** What did the Finnish do about hedgehogs?

**Deputy Bernard J. Durkan:** It is a prickly subject.

**Deputy Andrew Doyle:** The Government has reduced funding for research, agriculture and job creation. In education, funding was provided in recent years for such noble and innovative initiatives as the applied leaving certificate programme, the Traveller's book allowance scheme and the transition year programme. All these initiatives enhance educational prospects for children who might not otherwise remain in the school system. All now face significant reductions in funding.

We should go back to basics. Instead of being part of the problem from the point of view of overproduction, greenhouse gas emissions and so on, we should look to be part of the solution. People will need food and pharmaceutical products into the future. We can obtain an advantage by investing further in research and development into cutting-edge technologies. The Minister of State at the Department of Enterprise, Trade and Employment, Deputy Devins, recently attended the launch of a research and development facility for Oriflame, a Swedish cosmetics company, in Bray. It is heartening to know that almost every Irish employee in that company received their third level education in an Irish institution. The reason Oriflame has invested in Ireland is the availability of that level of expertise in a workforce which has come through the Irish education system. We have an edge on other countries in this area and it is something we must develop. Many Irish companies in this sector remain at the head of the field.

In regard to agriculture, we have in Professor Gerry Boyle an excellent director of Teagasc. His vision for 2030 shows his ability to drive the industry forward. We should encourage the transfer of as much information as possible to as many young and energetic trained farmers as possible. Instead, however, we have imposed roadblocks in their path, with the installation aid grant being abolished — or suspended, as we are told — and the restrictions in the early retirement scheme. Currently, only 8% of farmed land is farmed by farmers under the age of 35. It is likely that only half that figure would have been achieved in the absence of these schemes. We should try to trade our way out of the current difficulties rather than sitting in the middle of the road waiting for somebody to bail us out.

I agree with Deputy Flynn that increasing development levies at this time is not the ideal solution. Wicklow County Council was faced with a catch-22 situation in this regard when it could not install a water scheme for Arklow without doubling the class two levy because the required funding was not forthcoming from the Department of the Environment, Heritage and Local Government. Adding to the costs will not stimulate activity. It would be normal in such a situation to emulate a commercial trader by offering an incentive to encourage people to spend. However, the opposite approach is being taken.

There is speculation that the Minister for Finance will introduce a mini budget in February. I submit that this is the mini budget and that the real budget will be introduced in February.

**Deputy Bernard J. Durkan:** I welcome the opportunity to contribute to the debate on this important Bill, which gives legislative effect to the budget proposals. The Finance Bill and the Social Welfare Bill are the two most important items of legislation that go through the Houses every year.

The first question to ask is how have we arrived at this juncture. Why are there swingeing cuts in services throughout the State and taxes being imposed of which were not mentioned a year ago? Why were these taxes not introduced last year or the year before? Why were medical cards for over 70s, which were granted prior to the 2002 general election, taken away so suddenly? What have older people done wrong? Have they committed some atrocity for which they must be punished? Why have their rights been taken away arbitrarily at the stroke of a pen?

Why are the problems in education that were identified some 18 months ago, such as overcrowded classrooms and inadequate accommodation, now being exacerbated through reductions in funding? These problems were recognised by Government and Opposition alike. Parents, teachers and politicians combined to focus on the problems of overcrowded classrooms and insufficient teachers to address the unsatisfactory pupil-teacher ratios. Why has this suddenly changed?

Cuts are being imposed throughout the agriculture sector. We are a food producing country. In the past 18 months it has become clear that the EU has insufficient food supply for its own population. The proposed cuts in all these sectors will impede economic development here.

Although not officially announced, we are all aware that a spate of cuts are being imposed in health services throughout the State, such as restrictions in the qualification criteria for medical cards and home help hours being reduced. A series of swingeing, slash and burn cuts are being imposed on the most vulnerable members of our society.

What has gone wrong? The public was deceived in the last general election. For the Government, there was no question of being honourable and admitting that the State was broke. The budget represents a band-aid whereby urgent remedial action is being taken. Why was it not taken a year or 18 months ago? The answer is that it could not be done because a general election was about to take place. I did not touch yet on the banking situation.

[Deputy Bernard J. Durkan.]

All of this has a serious impact on where we find ourselves now. Why are we here? Certain people in certain places did not do the job they were supposed to do. The Government did not do the job it was supposed to do. It did not impose the regulations that it should have imposed. The Department of Finance did not impose the regulations that it should have imposed. The Central Bank did not impose the regulations it should have imposed. The Financial Regulator did not do so either. The reason for this is that they were all acting under the direction of the Government. They were not supposed to do this, but that is what they were doing. We are now in a situation whereby the people of this country must pay the price, in spite of the fact that they were not guilty. They did not ignore any regulations. They continued to work and took the advice they were given. Now they are up to their ears in debt. We have now incurred personal debts far in excess of anything in the US or elsewhere in the world. We were told by people who were supposed to know that we were the third richest nation in the world and the envy of everyone. What in God's name went wrong?

A Cheann Comhairle, you are the only person in this House who can look forward to the next general election with confidence. Long may that continue, because you are doing a wonderful job as Ceann Comhairle.

**An Ceann Comhairle:** I agree.

**Deputy Bernard J. Durkan:** Everybody in the country must surely know that somebody somewhere should have taken action on that side of the House. Some of us were trying to do it on this side of the House. We pointed out all the things that were happening and that should not have happened, but we only had access to limited information. We took the information that we received and we acted upon it. A crazy situation has developed. We now have a Finance Bill that hits everybody indiscriminately and that will create further economic problems for this country down the road.

Before the Ceann Comhairle took the Chair, Deputy Johnny Brady was the Acting Chairman. Before the last general election, he used to express grave concern about the prospect of the Green Party in government with Fine Gael. Imagine his chagrin when it transpired that the Green Party went into government with Fianna Fáil? His worst fears were realised when it was announced in the budget that bicycles were to be issued to the population, and that a special grant was to be given to employers to issue such bicycles. The good news came afterwards. It has now been generally agreed that saddles will be put on the bicycles as well.

**An Ceann Comhairle:** I do not mind as long they are not being put on greyhounds as well.

**Deputy Bernard J. Durkan:** Whatever happens from here on, there is a duty on the part of those in public life to tell the people the story as it is. They should not hold vital information from the public, especially in the run up to a general election.

**An Ceann Comhairle:** The Deputy has gone over time now.

**Deputy Bernard J. Durkan:** I am sorry. I tend to do that. We in public life should not hold from the public information that would be pertinent at a time when the public are about to make a vital decision such as choosing a Government for the future. The people were entitled to that information, but it was withheld.

**Deputy Seán Power:** The Deputy should accept the result of the election. The people have spoken.

**Deputy Bernard J. Durkan:** My colleague from south Kildare is a very nice guy and I am very fond of him. However, I am not so fond of him that I am afraid to criticise him and his party for the way they misled the Irish people and brought the economy to a shuddering halt. I must say that it is appalling.

**Deputy Charlie O'Connor:** I wish to share my time with Deputy Gallagher.

I welcome the opportunity to make a brief contribution to this important debate. A Cheann Comhairle, as someone who has been a genuine admirer of your work for a long time, it is absolutely gratifying to sit here in the Chamber and listen to such eminent Fine Gael Deputies praise your work. We have come a long way. I was in the Chair myself last night, and I heard colleagues talk about Cinderella and Dracula. It has been that sort of debate.

In yesterday's debate, the Minister stated:

The Bill before us today has been framed in the context of the most difficult economic and fiscal climate in a generation. The upheaval and uncertainty in the international financial system has had a detrimental impact on the global economy and its prospects. Each day brings further bad news for economies across the globe. The majority of our trading partners are experiencing a weakening in their economic fortunes, and this clearly will have a negative impact on a small, open, trading economy such as ours.

In fairness to the Minister, that puts this particular discussion into context. Some colleagues across the floor should be force fed on a diet of international newspapers and made to watch Sky News and CNN for a while. This problem is happening all over the world, even in America. The glum expression of President-elect Obama tells its own story.

I will not stand here on the Fianna Fáil backbenches and say that there are no difficulties for me or for my constituency in Dublin South-West. I live in Tallaght, which is the third largest population centre in the country. People have been talking all week to me about the issues that are of concern to them. By the way, I was at a dinner for Shamrock Rovers last Saturday, and the Ceann Comhairle will be glad to know that he is a hero in Tallaght for what he did for the club. He stood up for us when many did not. That is to his enormous credit. The club and its supporters look forward to welcoming him in Tallaght next year.

**An Ceann Comhairle:** I hope the glow is reflected on the Deputy.

**Deputy Charlie O'Connor:** The Ceann Comhairle is very kind. It is important in all this doom and gloom that Ireland stays open for business. It is important that we continue to go out and spend money on entertainment, on taxis and the Luas from Tallaght into town and on shopping. I read the statement by the Dublin City Traders Association to the effect that it is glad to note that people are beginning to spend again. This might be happening because it is coming up to Christmas, but it is important nonetheless. It is important to maintain jobs.

I was made redundant three times in my life and I know what it is like to go home to the family and announce that Christmas is cancelled. I know what it is like to be under pressure looking for a new job. I know what it is like to access social welfare services. I spent all day at the Select Committee on Social and Family Affairs, which is dealing with the Social Welfare (Miscellaneous Provisions) Bill 2008. There are serious issues involved, which also affect us on this side of the House. However, we must get the message across. Deputy Cyprian Brady made a valid point that as far as social welfare is concerned, we must continue to do our best to ensure that funding is available for those who need it. The unemployed clearly need our support.

[Deputy Charlie O'Connor.]

Other colleagues have spoken of the need to continue to ensure job creation. I will not just talk about Tallaght, but I am entitled to talk about the needs of our community. We have a very young population in Tallaght and people will be worried. I visited a number of schools this week, where there are issues about education that are of concern to teachers.

We must continue to promote all of our constituencies. That will happen in Donegal, Limerick, Monaghan, Kerry and elsewhere and I will not fight with any colleagues about needs. The message we must get across to the Government is that the best way out of poverty and economic difficulties is to continue to be positive and continue to create jobs.

My colleagues may challenge me on the needs of my constituency. I do not want to be purely parochial but my constituency, like every other, has certain needs. In times of difficulty, one must continue to be positive and get one's message across. In Tallaght, for example, there is a pressing need for a new Garda station. I hope, despite the current difficulties and constraints, that project will not be put off forever. It is important for me to continue with my campaign in that regard. Tallaght also needs a new court house. The area needs facilities for more gardaí and I will continue, even in these difficult times, to make that point. When the upturn comes, it is important that projects such as this are on the table. I hope the Minister will continue to listen to me.

It is important that various infrastructural developments go ahead, country wide as well as in Dublin. As far as my constituency is concerned, one of the proposals of which we are most proud is the plan to extend the Luas. The Luas is a tremendous service, which transports passengers between the city centre and Tallaght. There are plans to extend the Luas line from the city centre to the former Point Theatre, now known as the O2, as well as plans to extend the line beyond the west Tallaght estates of Fettercairn, Brookfield and Ardmore and out to City West and Saggart. That will have a very positive effect in terms of selling points for my community. It will enable us to continue to make a positive case for new jobs in our area because the transport infrastructure, along with other infrastructure, is continuing to develop.

Deputies who know Tallaght will know that a great deal of progress has been made there in recent times, with the development of many new hotels and other infrastructural facilities. These are the kinds of facilities one expects to find in any major population centre. I often said that Tallaght had the population of a city but the status of a village but thank God, that has now changed and we are progressing. We must keep our eye on the ball and in these difficult times, continue to be positive and to get our message across.

I have often quoted Deputy Bertie Ahern in saying that at a time when all boats are rising, one must remember the little boats and at a time when boats are in difficulty, it is even more important that we continue to mention the little boats. I will continue to stay faithful to my ideals as far as social inclusion is concerned and will continue to speak up for my community at every opportunity. I will also continue to do my shopping in Tallaght. I will not be found going across the Border to take advantage of lower prices. If that upsets people, I am sorry for that but the few bob that I spend will be spent in my own community. I hope everyone else does the same.

**An Ceann Comhairle:** It is clear that Deputy O'Connor will not rock any boats.

**Deputy Pat The Cope Gallagher:** I am grateful for the opportunity to contribute to this debate and thank Deputy O'Connor for agreeing to share his time with me. I first came into this House in June of 1981 and experienced the economic difficulties of the 1980s. I was proud

to be here in 1987 as a Minister of State in the Government which laid the foundations for the economic recovery of the 1990s. Social partnership, which the Government entered into at that time is one of the bedrocks upon which our economy is now established. In addition, our membership of the European Union gave free access to a market of more than 500 million people for our goods and services. The high standard of education of our young people also contributed to our economic recovery.

Unfortunately, we are in difficult times once more, something I did not think I would experience again in my political lifetime. However, we are an island economy which is highly dependent on exports and the fact that there are so many factors outside of our control makes it more difficult to deal with our problems. Having said all that, the economy must be managed properly and financial rectitude is vitally important.

The price of oil has dropped considerably in recent times, which is a welcome development. However, while the drop in price is reflected at the pumps, it is not reflected in the surcharges on transatlantic flights. The airlines should be called to account for this. When the price of oil rose, the surcharge was increased, although perhaps this is an issue for another day.

I refer to the banks which have contributed to the current economic downturn. They were too generous in giving 100% mortgages to customers, which is now causing serious problems for those who have lost their jobs and are unable to make their repayments. The banks have a responsibility to assist us now. They cannot continue to exercise the type of pressure they are exerting on businesses. They must work with business people rather than against them.

I am pleased that the Minister was pragmatic with regard to the 1% levy and agreed that it would not apply to those earning less than €18,304 per annum. I also welcome the age-related exemptions for those over 65 whose gross income is less than €20,000. The 3% levy does not concern us in Donegal. There are very few, if any, people in the county earning more than €250,000. Unemployment in Donegal has increased by 60% in the past 12 months, which is very serious. While we are very proud of our county and would not swap it for the world, there is no doubt that the fact that it is squeezed between the Atlantic Ocean and Northern Ireland, with only a five kilometre border with the Republic, causes its own difficulties.

PAYE workers will pay 1% on their income, as will many self-employed people. With regard to the latter, I am particularly concerned about hard-pressed farmers. I seek clarification from the Minister on the issue of capital allowances and whether they will be taken into consideration for farmers. Farmers are very hard pressed at the moment, which is not helped by difficulties with the installation aid and the early retirement scheme. I have received letters from mothers of young farmers who are concerned about the serious consequences of the suspension of such schemes. I hope the suspension to which the Minister refers will take age into account. Perhaps the Minister will look at the entire area again. The changes to the disadvantaged area scheme and the suckler cow scheme will also affect many farmers in my constituency. I hope the Minister will decide to divert the envelope of funding that is available in Europe at the moment to the sheep sector, which is particularly hard pressed.

The Bill refers to the corporation tax rate. Successive Governments have retained our low corporation tax rate, while various European countries have argued for tax harmonisation. If they want to harmonise taxes, let them come down to our level. The purpose of harmonisation was to remove Ireland's competitive advantage, which has been so important to our economic development. Section 5 outlines certain exemptions regarding corporation tax, which I welcome.



[Deputy Pat The Cope Gallagher.]

Some Deputies have suggested to the Minister that the regional airports should be exempt from the airport levy for flights within the country. The additional funding that the levy will yield will have a crippling effect on regional airports, even at the lower rate of €2. In the case of flights between Donegal and Dublin, for example, many of the passengers on those flights are cancer patients travelling to Dublin for treatment. That should be taken into account by the Minister. The airport levy provision was tweaked very recently. Many rushed out to welcome the pragmatic decision of the Minister, but all politics is local. I come from west Donegal where it takes one full hour from west Donegal to the N56 whether it is in to Letterkenny or in to Donegal town. The airport is in west Donegal because of the pragmatism and commitment of many people who went with their heart rather than their head and it has been quite successful. The public service obligation has been extremely helpful to us. There is no public service obligation on the Dublin to Prestwick flight. It is being done by Aer Arann on a Tuesday and at weekends. It is 145 miles from Carrickfin to Prestwick, but we are just fortunate that it is within the 300 km from Dublin. It makes little sense. This was amended to facilitate other airports in the country without any thought being given to Carrickfin.

As a result of the commitment of those in Carrickfin, we now have a Saturday flight to Rotterdam. The distance from Dublin to Rotterdam is in excess of 475 miles. Those who are flying in from Rotterdam do not pay the €10 but when they are flying back out again from Carrickfin they must pay €10. This will have a crippling effect. I suggest to the Minister that he must find some formula, taking into account the size of Carrickfin or the fact that it is a developing airport, that it is contributing substantial funds along with Fáilte Ireland and Saoirse Ireland to the marketing of this charter route. Last year, 1,247 passengers flew from Rotterdam and spent a week in Donegal and wrote glowing reports on their return. They wrote about scenery in Donegal, the lakes, rivers and mountains. The hills and the stunning coastline captured the hearts of these visitors and they could not wait to show their videos to their friends to convince them to come to Donegal. The marketing campaign is under way and this year we hoped with an 80% payload to have about 1,680 passengers coming to Donegal. This would mean we would have to find €16,000 whereas the Minister should allow us an exemption. I hope the Department of Finance will use its ingenuity to find a solution. It found it elsewhere for the other airports in the country, for Knock Airport — of which I am very supportive — and for Galway and others, to ensure they were brought nearer to the west coast of the UK. The Department should now find some formula to exempt Donegal. There may be an exemption in existence of which I am not aware but I ask it to consider the many cancer patients avail of this very important service.

While I may sound somewhat negative I am a realist and a pragmatist and I have been through all this before. I realise there has to be financial rectitude. The Minister has a most difficult job to do. On the positive side, the Committee Stage of the Social Welfare Bill is under way in another part of the building as we speak. I recognise that Fianna Fáil has never forgotten those who have played such an important part in the development of this economy and the €7 increase in pensions is important.

I take the opportunity to commend the Minister for his pragmatic response to the case I and many others made on the medical card issue. Many of our elderly may never use the medical card but at least at this stage in the autumn of their lives, they can take comfort in the knowledge that they have one. I do not have time to refer to other issues tonight such as the carbon tax and VRT which I do not regard as fully equitable and I will expand on that point tomorrow.

Mar focal scoir, tá áthas orm an deis a fháil páirt a ghlacadh sa díospóireacht fíor-thábhachtach seo. Gheobhaidh mé deiseanna eile amach anseo maidir le h-oideachas agus an cáin ar fheithiclí a thagann isteach ó tíortha eile.

**Deputy Caoimhghín Ó Caoláin:** The Finance Bill implements what can only be described as one of the most disastrous budgets ever imposed on the Irish people. It seems that as the Taoiseach and his Ministers were returning from their summer holidays they witnessed with growing panic the major recession facing the economy. The fundamentally flawed economic decisions of the past decade were clearly coming back to haunt them. The chickens were coming home to roost. It would appear that since 14 October, the Taoiseach and his Ministers have been running around like headless chickens.

Their panic and first reaction was to bring forward the budget to 14 October. It was a rushed job and like all rushed jobs, it quickly fell apart. Within days, decisions like the axing of the automatic medical card entitlement for over-70s were altered but not withdrawn. We had the unprecedented sight of Cabinet Ministers and backbenchers apologising to the public for decisions they had stood and applauded in this Chamber but days before. The savage budget announced on 14 October remains a savage budget and its worst effects have yet to be felt. An ill-considered budget has been followed by further ill-considered measures in this Finance Bill.

Low income families are being hit with the 1% levy on all incomes above €18,305. That figure is far too low and we in Sinn Féin have called for the 1% levy to be applied to incomes in excess of €38,000, more than double what is being exacted here by Government. We called for the threshold for the 3% levy — which we welcome — to be lowered to income in excess of €200,100. It is not a case of not pointing out how it can be acquired, how it can be done. We have done that very clearly, time and time again, over these past weeks. It is typical of the wrong-headedness of this Government that it refused to introduce such a levy on higher incomes during the Celtic tiger years and to devote the revenues raised to address inequality. Now the Government is doing so out of budgetary necessity while at the same time penalising low income families with a 1% levy.

Low income families are also penalised by the VAT increase to 21.5%. They will be disproportionately affected by the rise in prices. This is another example of the Government's perfect timing. VAT goes up by 0.5% to 21.5% on this side of the Border and is being reduced by 2.5% to 15% in the Six Counties. The VAT gap thus created, along with underlying cross-Border price differences is already having a very damaging effect on the retail sector and employment in the Border counties within this jurisdiction. As usual, this Government has made decisions without giving a thought to the effect on such vulnerable local economies, important integral parts of the overall economy. The Government's failure to harmonise the economy on an all-Ireland basis, is a long term failure with real consequences for real people and it must be addressed.

During Question Time today, the Taoiseach tried to misrepresent the view of Sinn Féin, reiterated throughout the Celtic tiger years, that the Government had made the economy dangerously over-reliant on inflated property prices and depended too much on construction for employment. Despite my protestations, he deliberately misinterpreted this as hostility on our part to the construction industry. It was such utter ballyhoo. He has lost it whenever he resorts to that type of codology.

**An Leas-Cheann Comhairle:** I am loath to interrupt the Deputy but will he move the adjournment of the debate?

**Deputy Caoimhghín Ó Caoláin:** “Codology” is a fine word upon which to conclude at this point.

Debate adjourned.

### **Private Members’ Business.**

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#### **Small and Medium Enterprises: Motion (Resumed).**

The following motion was moved by Deputy Willie Penrose on Tuesday, 25 November 2008:

That Dáil Éireann:

- seriously concerned at the crisis situation now facing many small and medium sized enterprises arising from the credit famine and which is contributing very significantly to the massive increase in unemployment levels;
- condemns the refusal of the banks to make available the normal credit streams which are the lifeblood of such companies;
- deplores the failure of the Government to either ensure the banks make credit available or to provide alternative sources of credit;
- expresses its further concern that failure to take urgent action will result in the collapse of many such companies within weeks and a further serious increase in unemployment;
- calls on the Government to:
  - establish a small business operational fund to ensure that credit streams are made available to small and medium sized firms, drawing on the €15 billion small business operational fund established in September by the European Investment Bank, which Irish banks have so far refused to access;
  - assist such firms by ensuring that Departments and Government agencies settle their bills within ten days, rather than the current 30 days;
  - establish a monitoring group made up of representatives of the Government, small and medium sized enterprises and the banks to monitor the lending practices of the financial institutions; and
  - strengthen the role of the county enterprise boards by removing the limitation on the type of enterprises the boards can support and raising the limit on the number of jobs they can create above the current figure of ten, as well as a significant increase in measure 1 funding to maximise their potential for job creation.

Debate resumed on amendment No. 1:

To delete all words after “That” and substitute the following:

“recognises:

- that the global banking crisis is impacting on economic activity across the global and Irish economies;
- that small and medium sized enterprises are experiencing a more challenging environment for business;

- the importance of ensuring that credit, including short term credit such as overdrafts and current account facilities are made available to small and medium-sized businesses;
- that the purpose of the EIB facility for SMEs is to provide medium to long-term funding for investment projects through the commercial banks; and
- that the Government has taken decisive action to stabilise the banking sector to maintain credit facilities across the business sector including SMEs;

commends the Government for:

- bringing forward the credit institutions (financial support) scheme which:
- secured the stability of the major domestic credit institutions and the Irish financial system overall in the face of unprecedented international financial turbulence;
- promotes confidence in the economy by ensuring the stability and sustainability of our financial system;
- promotes through the realisation of the objectives of the scheme sustainable lending practices and the appropriate availability of credit for the enterprise sector of the economy; and
- facilitates the structured dialogue initiated with the covered institutions to ensure that the Irish banking system continues to be able to access liquidity and funding to meet the credit needs of the economy;
- requesting the banks to avail of the facility for medium to long-term lending to SMEs from the EIB;
- the very considerable progress made on the implementation of the recommendations of the *Report of the Small Business Forum* to assist small business;
- its decision of March 2008 to set a 25% target for the reduction of administrative burdens on business arising from domestic legislation, to be achieved by 2012;
- its schemes and supports already in place to assist SMEs through the enterprise development agencies;
- the very significant 16% increase in the capital allocation for 2009 to county and city enterprise boards in recognition of the importance of the micro-enterprise sector to our economic development;

and

expresses its confidence in the Government to take further appropriate, concrete measures to assist small and medium-sized business through the current difficult period.”

—(Minister for Finance).

**Deputy Damien English:** I wish to share time with Deputy Simon Coveney.

**An Leas-Cheann Comhairle:** Is that agreed? Agreed.

**Deputy Damien English:** I thank and congratulate the Labour Party for putting down this motion which deals with a serious issue, one which the Government, however, has not yet realised. Question Time and other private Members' business has been devoted to the problems faced by small businesses and the threat to jobs, yet there is still no action or plan from the Government. This is an emergency. Serious problems are faced by small businesses. They cannot get cash or credit from the banks. Access to credit, overdraft facilities and short-term loans are an important tool for business. Without them, business cannot function. Unless one

[Deputy Damien English.]

is in a cash-rich business, there is a time delay in getting payments for products but the Government still has not realised this.

I hope the Minister of State, Deputy Martin Mansergh, will get this through to the Tánaiste and Minister for Enterprise, Trade and Employment. She has not a clue as to what is going on. Last week on Question Time, it was as if she was on cloud-cuckoo-land. The Minister for Finance also seems to be unaware of these problems. Last night he stated, “The banks are very conscious of what is expected of them under the guarantee in so far as business lending is concerned.” Are the banks conscious of it? The banks are not even conscious let alone conscious of what they are doing. They are not making money available to small businesses. Businesses that have been in operation for up to 50 years, returned profits and survived through thick and thin have had their overdraft facilities slashed, getting no access to credit and, if they do, it is at a high cost with terms and conditions that are not manageable. Meanwhile, Ministers come into the Chamber, smile, talk and glide through it all. They have no real awareness of the major problems faced by small businesses.

This will all hit home in January and February when the numbers on the live register go way up. Small businesses employ the majority of the workforce. The two or three employed in one business and the seven or eight employed in another, when combined, make up to 800,000 people, according to one Minister last night. Many of these jobs will be gone in the new year because businesses will not be able to continue unless some real action is taken.

There was nothing new in any of the ministerial speeches from last night. The Minister for Finance claimed, “financial supports focus on supporting start-ups”. That is the key to the problem. We need a change of policy that will focus grants and supports on job protection to keep what we have. While we want to see more job creation, it must be acknowledged we have a duty to protect the jobs we already have and keep small businesses alive. Last week I asked the Tánaiste and Minister for Enterprise, Trade and Employment to examine these matters. I do not believe she has.

Apart from making money available, there are other services the Government can provide for small businesses to get them through these difficulties. The UK Government introduced a free company health check through its Business Link service. It covers areas such as effective invoice-chasing, debt management, credit insurance, maximising cash flow, marketing and business plans. I asked the Tánaiste and Minister for Enterprise, Trade and Employment about providing such a service to our small businesses and she looked at me as if I was making it up.

Small firms have been busy trying to grow their businesses. Any encouragement they received from State agencies was to develop and market new products. They were not given the other tools they needed to do business such as proper cost accounting, debt management, invoice-chasing and so forth. Will the Government make available professional advice to small businesses to guide and help them through these tough times? Accountants are often seen as watchdogs for the Revenue. That is not good enough. Accountants are well-trained to help guide businesses through these current economic circumstances. They, and other services such as the County Enterprise Boards, should be paid by the Government to do this. The Government has a duty and responsibility to step in and assist businesses with the help and advice they need. I want the Government to study and copy the UK Business Link system and others to help small businesses to survive through 2009. If it does not, many jobs will be lost.

**Deputy Simon Coveney:** I commend the Labour Party for tabling this excellent motion.

Protecting jobs is the key issue facing the Government. Up to 10,000 people a month are losing their jobs while next year 100,000 people will lose employment. Job protection and job creation must be central to all the Government’s decision-making, outside the provision of

front line services. Small businesses are the main driver of our economy. Across the country, up to 1.2 million people have jobs in businesses employing less than 50 which when combined come to 56% of the entire workforce.

Many of these businesses are facing a lethal cocktail of plummeting consumer confidence and less public spending, less business-to-business spending, below-cost selling to generate cash flow and a credit famine from banks on overdraft facilities and lending. While short-term cash flow for otherwise healthy businesses is a problem, they cannot get cash or credit from their banks to carry them through a lean period. In recent weeks more than half of small businesses have been refused access to finance or an extension of existing credit lines. Of the 46% which were successful, nearly 40% could not meet the stringent conditions attached by their banks to secure funds. Most of these businesses have been in existence for ten to 20 years or more.

Last night I spoke to a retailer from a medium-sized clothes shop in a normally busy shopping centre, who explained in desperation that his operating overdraft facility had been cut by his bank from €70,000 to €7,000. These are impossible trading conditions in which to survive. The sad truth is that many businesses cannot and will not survive for much longer if conditions do not change.

The Government has a responsibility to act. As is becoming commonplace in the face of crisis, the Government commends itself for past actions no longer relevant to current challenges while the Opposition brings forward new ideas and initiatives to meet these challenges. While the Government still bleats on about how successful its bank guarantee scheme has been in saving the banking sector, the problems needing solutions have moved on.

Capitalisation of banks, from appropriate sources, and a change of approach from banks towards releasing funds to small businesses in need of capital are required immediately. This motion calls for definitive action from Government in a way that makes sense.

However, further measures can be taken at local level to assist small businesses. This evening I call on all local authorities, which have not yet agreed budgets, to freeze all commercial rates for next year.

**Deputy Michael Ahern:** What about Cork County Council on which Fine Gael has a majority?

**An Leas-Cheann Comhairle:** Allow the Deputy to make his contribution.

**Deputy Simon Coveney:** While I accept that local authorities have a difficult budgeting job to do in 2009 as funding from central government has been reduced for next year, the shortfall must not be made up by targeting a business sector that cannot shoulder any further financial burden. Increasing rates will result in job losses by pushing some businesses over the edge. I am asking managers and councillors to prioritise the protection of jobs in their budget deliberations to allow small businesses to survive the financial storm that is blowing. If this does not happen, not only will jobs be lost unnecessarily but we will damage the rate base for local authorities for future years.

**Deputy Darragh O'Brien:** I wish to share time with Deputies Michael McGrath, Collins, Michael Ahern, Kennedy and White. It is ironic that Labour and Fine Gael support a joint motion since they cannot agree anything on joint economic policy.

**Deputy Simon Coveney:** It is not a joint motion.

**Deputy Damien English:** It is a Labour motion, we support it.

**Deputy Simon Coveney:** Does Deputy O'Brien not know the difference between this and a joint motion?

**An Leas-Cheann Comhairle:** Deputies should allow Deputy O'Brien to make his contribution.

**Deputy Darragh O'Brien:** I will give examples of how neither of the parties can agree on economic policy. With all due respect——

**Deputy Willie Penrose:** Deputy O'Brien would not know too much. He should look after the Greens. We will put him under a cabbage.

**Deputy Darragh O'Brien:** We had the decency not to interrupt other speakers.

**Deputy Willie Penrose:** We are not talking balderdash.

**Deputy Darragh O'Brien:** That is a matter of opinion.

**An Leas-Cheann Comhairle:** Deputies should allow Deputy O'Brien to make his contribution.

**Deputy Darragh O'Brien:** If the Members are going to shout me down and not listen to other arguments, that is why they are in opposition for so long.

**Deputy Willie Penrose:** We listen to proper arguments, ones that are soundly based.

**An Leas-Cheann Comhairle:** I ask all Deputies to allow others to be heard with respect.

**Deputy Darragh O'Brien:** We mentioned county councils across the country. The council in Deputy Coveney's constituency, controlled by Fine Gael, has already passed the budget and increased rates.

**Deputy Simon Coveney:** It has not. Cork County Council has not done so.

**Deputy Darragh O'Brien:** I met people from the Irish Hotels Federation today and the council has not implemented a freeze.

**Deputy Simon Coveney:** Deputy O'Brien's information is incorrect. He might correct his statement to the House. He should get his facts right.

**Deputy Michael Ahern:** Deputy Coveney would know a great deal about it.

**Deputy Simon Coveney:** Yes, I would. Fine Gael controls that council and will control much more after the next election.

**Deputy Darragh O'Brien:** Thanks, Deputy Coveney. I am pleased to be given the opportunity after two minutes to speak on the Government amendment to the motion. The SME sector in Ireland is vitally important to the country, its economy and society as a whole. Indigenous businesses in the SME sector employ approximately 880,000 people. It is crucial that the Government continues to support this sector in what is undoubtedly a difficult economic environment. In the past 20 years we have seen the number of people at work in Ireland double from 1 million to 2 million.

**Deputy Simon Coveney:** Deputy O'Brien should not give us a history lesson. He should tell us what his party will do.

**An Leas-Cheann Comhairle:** Deputies should allow Deputy O'Brien to speak.

**Deputy Darragh O'Brien:** Whether Deputy Coveney likes it, we have seen employment in Ireland double from 1 million to 2 million in 20 years. Many things contributed to this achievement but one I would like to single out is social partnership. Before the late 1980s, businesses and workers faced continuing uncertainty, strike action was the norm and for employees to receive decent terms and conditions they had to enter into local bargaining with employers. This situation led to high unemployment, economic stagnation and massive uncertainty for employers and employees in the private and public sector. Social partnership will continue to be one of the main pillars of our economy and will assist Ireland in coming through these global difficult economic times. It was the foresight of successive Fianna Fáil Governments that led to social partnership at a national level becoming the norm, ridding the country of millions of days and euro wasted due to industrial action.

**Deputy Simon Coveney:** Are speakers required to speak to the motion?

**Deputy Darragh O'Brien:** It is crucially important for the SME sector that it has certainty of pay and conditions. That is why I and my Government colleagues fully support the national pay deal. The announcement by Fine Gael at its national conference that it would scrap the national pay deal that was agreed after careful consideration by Government, employers including SMEs, and unions strikes me as a blatant example of the short-sightedness of Fine Gael and its ill thought-out economic policies.

**Deputy Damien English:** We were being honest. Deputy O'Brien's party should tell the truth.

**Deputy Darragh O'Brien:** The much vaunted potential suitors in Labour have flatly rejected Fine Gael and Deputy Richard Bruton's plan to bin the national pay deal.

**Deputy Damien English:** They are entitled to.

**Deputy Darragh O'Brien:** Last weekend, any chances of the much publicised Mullingar accord being dusted off by the Opposition are dead in the water.

**Deputy Simon Coveney:** We do not have an accord with the Labour Party.

**Deputy Darragh O'Brien:** Not only did Fine Gael wish to ban the national pay deal, it proposed that increments due to workers under previous pay deals would not be paid.

**An Leas-Cheann Comhairle:** I must call the next speaker.

**Deputy Simon Coveney:** Thank God.

**Deputy Darragh O'Brien:** This was another proposal rejected by Labour. No wonder that over the past 20 years, Fine Gael has failed miserably to convince the electorate that it is fit to govern.

**Deputy Damien English:** That speech will save jobs.

**Deputy Darragh O'Brien:** If Deputy English did not interrupt me so much I would have had more time.

**Deputy Michael McGrath:** I welcome the opportunity to speak on the Government amendment to the important motion before us. Small and medium sized businesses in Ireland are the lifeblood of the economy, with more than 250,000 of them employing more than 800,000 people.



[Deputy Michael McGrath.]

SMEs are owned and controlled by people deeply committed to their business and to the well-being of our country. We welcome the progress in foreign direct investment in recent years, and the contribution of multinationals to our country but we are at the mercy of decisions taken at corporate headquarters of these multinationals in New York and Tokyo. As an economy, we can never allow ourselves to become overly reliant on multinationals and we must place an emphasis on supporting SMEs in any practical way we can. Access to credit is essential to SMEs in our economy. Otherwise, they will not survive and the consequences for our economy will be devastating.

For this and other reasons, the Government introduced the bank guarantee scheme and subsequently the Credit Institutions (Financial Support) Bill, which was approved and enacted. The full details of the scheme were published subsequently. One of the purposes of the scheme was to support SMEs by protecting the stability of the financial institutions they rely on for credit and by maintaining the overall stability of the financial system in Ireland. The guarantee scheme has been successful in restoring access to normal liquidity levels for the banks. The scheme gives the Minister significant powers in respect of the lending practices of the banks, the appointment of representatives to the board and the credit committee of the institutions concerned. By virtue of the scheme the State has greater control in terms of the operation and practices of the banks. In the public interest, the Government must ensure the banks are not engaging in reckless lending, which perhaps happened in recent years. On the other hand, the Government must ensure the normal lines of credit essential to SMEs are open. The Minister made it clear that further steps would be taken, if necessary, to achieve these objectives.

That is why we have had the PricewaterhouseCoopers report, following the examination of the loan books of the banks and the capital adequacy provisions. Arising from the report, the Minister has been in detailed discussions with the financial institutions covered by the scheme discussing, among other issues, the possibility of consolidation of financial institutions in Ireland. While the PricewaterhouseCoopers report found that the capital adequacy requirements of the six banks covered by the scheme in Ireland meet the requirements of the regulator, the reality is that the international wholesale markets have set a different barometer in respect of capital adequacy requirements for institutions to whom they wish to lend.

Some economists have pointed out that we will revert to a more traditional banking system in Ireland, whereby banks will rely on the deposits they have on hand rather than accessing credit on the interbank markets. If that were true, short-term credit may not be as freely available to SMEs in the period ahead as it once was, when banks were overly reliant on accessing credit on wholesale banking markets. The banks have been vilified recently, and some of the criticism may be justified, but without them there would be no economy because the wheels of commerce would quickly grind to a halt.

The motion refers to the European Investment Bank facility of €30 billion which the banks in Ireland can access but that relates to medium and long-term capital requirements and not to working capital. ISME and other representative groups have pointed out that it is the lack of working capital or cash flow that is causing serious difficulty for businesses. We want the six banks to access that €30 billion and provide the funding to small and medium enterprises for medium and long-term projects but it will not solve the immediate issue of working capital, and we should be honest about that. There are some important initiatives in the budget to support SMEs.

The public sector reform initiative announced today will be of benefit to SMEs also because every small business interacts with local authorities, the Revenue and Departments. A leaner, more efficient public service will benefit SMEs along with every citizen in the State.

**Deputy Niall Collins:** I wish to speak in support of the Government amendment. To pick up where the previous speaker ended in regard to the bank guarantee scheme, it is to the credit of the Government and this institution that we set up the scheme in such a timely manner. It is a major currency to have confidence within the banking system because it is the lifeblood of all our businesses and households. Setting up the scheme in the manner in which we did was vitally important and heralded across the world as a major initiative, and we all know what happened following that. All the other countries across Europe and in other parts of the world followed the initiative taken by the Government here and the Oireachtas.

It is important to point out that the scheme has not cost our Exchequer a single euro. The banks have been allowed to trade, and there was an influx of money into the country at the time it was set, which was vitally important to keep the show on the road.

In any discussion on the banks we must be mindful that banks are in business to make money but at the same time they have to take the long-term view, and I am not sure if they have been doing that recently in terms of the small and medium enterprises. We cannot say they are out to screw everybody but the impression is that they have been screwing people and not taking the long-term view. People who had the European Central Bank tracker mortgages benefited when the rates were moving but those on the other rates did not benefit as quickly as expected.

SMEs in general are under pressure, not just from banking but from a variety of factors. Of particular concern to me is energy costs. In the part of County Limerick I represent, in the mid-west region, I can point to up to a dozen sites that have planning permission approved for wind farms but the ESB — and I have taken up this matter with the regulator — will not allow the connections to proceed for the wind farms to commence. Producing free, clean energy would ultimately have an effect.

I agree wholeheartedly with what Deputy Coveney said about the local authority sector. Local authorities have a major role to play in this area, particularly in respect of waste water charges. Not only are many local authorities charging for water going into a premises but they have introduced the new concept of charging the same amount for the cubic metres of water coming out. Small businesses are getting hit twice, so to speak.

I echo the call made in this House that local authorities should consider culling much of the unnecessary overseas travel in which they indulge. Local authorities' core functions are about housing, sanitary services and the provision of roads. There is no need for their members to travel around the world.

Another factor that has been brought to my attention is affecting small and medium enterprises. Last Saturday a number of sole traders, small and medium enterprise people, raised several issues with me at my clinic. They spoke about the return of the black economy, which is stronger than it ever was previously, and they are quite concerned about it. My next comment should not be construed as racist because I am merely echoing what was said to me. They told me that many of the new Irish or the non-Irish nationals, particularly those in the fringe construction sector, are engaging in “for cash” type jobs. These are not legitimately registered trades people, and that practice is having an impact on the ground.

Another area where the sole traders and the small registered contractors are experiencing difficulty is in regard to banks when they look for some extended credit to renegotiate their leases and help with their cash flow.

Regarding small and medium enterprises, we must bear in mind that many of them are family run businesses. It is not just the one job, so to speak.

I welcome the 16% increase in the allocation to the county enterprise boards. In my constituency recently, the enterprise centres received three grant allocations. Croom, Ballylanders and

[Deputy Niall Collins.]

Broadford, in County Limerick, each got a capital grant of €450,000 to develop enterprise centres which are crucial. I thank the Minister for that.

I will make one point on bank capitalisation. If the banks are to be capitalised we must look at a mix. The debate is centring on whether it should be Exchequer funding, public money or private money. It might be prudent to have a mix and the Minister is taking the right approach in not rushing in with a blank cheque drawn on the National Pensions Reserve Fund and handing it over to the banks. They should be given a chance to sort out their house internally without having to use the Exchequer funding.

Critics either in this forum or outside of it will blame the Irish Government for the problems in the Irish economy but they cannot blame the Irish Government for the problems in the world economy. We are a small island nation, and we should keep that in perspective.

**Deputy Michael Ahern:** I am delighted to have been given the opportunity to support the Government amendment. The amendment clarifies that the Government is acutely aware of the effect of the world-wide banking crisis on the economic activity of this country as well as globally.

The Government moved swiftly to ensure that the Irish banks did not go the same way as those in the United States, Britain and other countries. It must be made clear that the guarantee scheme was not implemented to save the bankers; it was to save the money of the ordinary people who had it deposited in bank accounts. It was implemented to safeguard the banking system, which provides the lifeblood of the commerce and the economic activity in the country. Without a smoothly operating banking system, the economic life of the country would grind to a halt.

Much has been said in recent weeks about the lack of credit. As Deputy Collins mentioned, the banks are in operation to make money and lending is one source from which they get their income but recently the banks, due to their shortage of liquidity, reverted to the strict criteria they had used for many years. In recent years they did not implement that criteria. That is what led to the crisis being experienced in the country and more so in other countries, especially the United States of America. The banks were brought out of their hold by the Minister for Finance with the guarantee scheme and they must now play their part to ensure that funds are available to legitimate applicants.

In recent years the Government has taken a number of actions to strengthen the competitiveness and productive capacity of the economy. The Department of Enterprise, Trade and Employment has an allocation of €495 million for 2009, an increase on 2008, for investment in small, medium and large industries through their agencies such as Science Foundation Ireland, Enterprise Ireland, the Industrial Development Authority and the county enterprise boards. The increase for city and county enterprise boards for the coming year is 16%, which shows the Government's commitment to those micro industries.

Last Wednesday, the Tánaiste launched Enterprise Ireland's strategy for internationally traded services which will focus on the growth and development of the services sector. It is interesting to note that for the years 2000 to 2007, exports in that area increased three-fold, the largest in any sector.

The importance of small and medium enterprises was recognised in the report of the Small Business Forum. In implementing the report recommendations, the Government has confirmed the central importance of the small business sector and its commitment to that sector. Examples of actions taken to date include the audit exemption increase from €1.5 million to €7.3 million, which I authorised as Minister of State in the Department.

The 2006 budget included a package of measures designed to help the small business sector, including the extension and radical improvement of the business expansion and seed capital schemes up to 2013. There was an increase in the VAT cash accounting and VAT registration turnover thresholds. That was to simplify administration and reduce working capital requirements in small businesses. The innovation voucher scheme was launched and this scheme provides an incentive to small businesses to explore new ideas. The tech-check programme was also launched and this programme provides small businesses with an opportunity to access a highly subsidised independent technology check-up and to help them to identify ways to boost their productivity and profitability.

The 2009 budget announced tax relief measures for start up businesses by way of remission in corporation and capital gains tax in the first three years of their new businesses. The introduction of the better regulation programme to tackle regulatory burdens would be very helpful to small businesses particularly. I commend the amendment and offer my support.

**Deputy Michael Kennedy:** I want to take the opportunity to address a few issues Deputy Varadkar raised last night. I want to reprimand the Deputy for his remarks in labelling the Tánaiste and the National Consumer Agency as saboteurs. If there are saboteurs in the Oireachtas, they are on the other side of this House.

**Deputy Damien English:** Is it anybody in particular?

**Deputy Michael Kennedy:** Deputy Varadkar's comments on the recent IDA survey were not constructive and were deliberately set out to misrepresent the facts in the survey, which aimed to ascertain whether IDA clients would, if given the opportunity, decide to invest in Ireland again. Deputy Varadkar stressed that according to the survey 27% of foreign companies would locate themselves in the UK or elsewhere in western Europe. He did not mention that these 27% presented a range of reasons for not choosing Ireland, none of which related to Ireland and the support of the Irish Government.

Deputy Varadkar also did not mention the 82% of companies that rated Ireland as a good to excellent location for investment. He did not mention that 75% of companies with fewer than seven years of investment in Ireland would chose to invest in Ireland once again. Nor did he mention the 50% of companies who said if they were making their original investment all over again, they would again choose Ireland as the location. Picking, choosing and manipulating survey results to suit the Opposition's agenda to drive down the Government's reputation in the wider global economy is an example of sabotage.

**Deputy Damien English:** The motion is on small business, not foreign investment.

**Deputy Michael Kennedy:** Regarding public servants' travel expenses, I share the view that public funds should be used only for stated purposes. Deputy Varadkar is very quick to criticise but I remember a time when his attendance at a conference in Malaysia was the subject of a damning article in his local paper, *The Community Voice*. The trip cost €3,000 then, probably €5,000 in today's terms, and the conference was on urban planning. Deputy Varadkar — then Councillor Varadkar — was quick to defend his actions stressing that, "Just because Kuala Lumpur is in Asia, it is hardly alien from Dublin 15."

**Deputy Damien English:** The motion is not about Deputy Varadkar but about small business. Has Deputy Kennedy read the motion? It does not mention Deputy Varadkar.

**Deputy Michael Kennedy:** My point is that Deputy Varadkar is quick to piously dish out his criticism, but less amenable to taking it. Similarly, he is more than willing to manipulate statistics and facts to suit his own agenda.

**Deputy Damien English:** A Leas-Cheann Comhairle, this cannot continue. This is an attack on Deputy Varadkar's character. This motion is on small business and has nothing to do with Deputy Varadkar.

**An Leas-Cheann Comhairle:** Deputy Kennedy has two minutes. Deputy English must allow the Chair to run the debate.

**Deputy Michael Kennedy:** A survey by Fingal County Council — which is in my and Deputy Varadkar's constituencies — indicated people there are more optimistic about their future and the local economy than they are about the national economy. The Fingal business and employment survey 2008 interviewed businesses across the county of Fingal and I am delighted to say these businesses have responded very positively for the most part. Such is the positive environment for local business in Dublin North that a local enterprise, Simtech, won not just the local Fingal Enterprise Board prize, but also received the top prize at the national enterprise awards.

This positivity, despite the negativity which is fed from those on the other side of this House, will serve Fingal well as we come through the downturn. This attitude will prepare businesses to come out the other side with renewed vigour. To this end, all local stakeholders — county councils, businesses and county enterprise boards — must work together to ensure all constituency and national business interests are given the best opportunities for success in the coming months.

Regarding any recapitalisation of the banks by the Government, I am satisfied that the Minister for Finance, Deputy Brian Lenihan, will ensure that the banks are forced to give credit to businesses and private individuals through loans for future development and overdrafts. On the county enterprise boards, I am delighted this Government has supported two very successful enterprises in my area, including a new one starting up in Swords.

**Deputy Mary Alexandra White:** I welcome the opportunity to take part in this Government debate on economic issues, particularly focusing on small and medium-sized enterprises. In such a debate we need to focus on and recognise the positives still there in our economy and the large array of supports and schemes available for small and medium-sized enterprises. We have a dynamic and well-educated labour force. We have flexible markets. The tax burden on labour and capital is low. Our participation in the euro provides insulation against currency speculation, and there is no greater example of the benefit of being in the euro than recent times. We have a pro-business society.

Regarding support for small and medium-sized enterprises, we must remember the important role played by State bodies such as county enterprise boards. I welcome some of the representatives from Carlow County Enterprise Board here this evening. They received a 9.4% increase for 2009.

**Deputy Damien English:** They need it all.

**Deputy Mary Alexandra White:** Enterprise Ireland gives financial and non-financial support, for example access to Enterprise Ireland's overseas office network, marketing, research, technical, technology and training advice and specific programmes aimed at entrepreneurs such as the enterprise start and enterprise platform. Enterprise Ireland's high potential start-ups division works with the regional teams to encourage regionally-based, high-potential start-ups, and that is good.

One aspect of the motion that is to be warmly welcomed is the plan to reduce red tape for small businesses. I come from a business background for most of my adult life and the small

and medium-sized enterprises have to put up with significant red tape, such as multiple forms from the Central Statistics Office. The farming sector complains about red tape but small and medium-sized enterprises have a huge amount of red tape and we must get rid of it.

**Deputy Emmet Stagg:** What will the Deputy do about it?

**Deputy Mary Alexandra White:** Watch this space.

**Deputy Emmet Stagg:** I have been watching it a long time.

**Deputy Damien English:** There is a lot of space all right.

**Deputy Mary Alexandra White:** Government progress in acting on the findings of the report of the Small Business Forum is welcome, for example, the threshold for exemption from the requirement for companies to have their accounts audited has increased. The VAT registration turnover thresholds have also increased. Budget measures to help businesses are also very welcome. Deputy Stagg might be interested in this. The increase in the research and development tax credit from 20% to 25 % is welcome, as are the three-year exemptions from corporation and capital gains tax up to €40,000 for start-up companies and the increase in capital spending on science, technology and innovation.

**Deputy Emmet Stagg:** So everything is okay.

**Deputy Mary Alexandra White:** I want to turn to something close to my heart. This country can turn itself around when Carlow aims to be probably the first green energy town in Ireland. The environmental challenge of combating climate change is the greatest moral imperative of our time. The global green technology sector is worth €284 billion worldwide. We must grasp that potential to support our sectors and business people through identifying and investing with the Government and businesses to create jobs in the renewable energy sector. We can do this. Germany has created over 200,000 jobs in renewable energy, and with the Government's determination to see through the establishment of the task force on green enterprise jobs, we should do it. Ireland is only at 5% in manufacturing of green technology jobs.

**Deputy Emmet Stagg:** Now is the Deputy's chance to do something about it rather than talking about it; the Green Party is in government.

**Deputy Mary Alexandra White:** We are indeed and we relish that chance. We will be able to build on that with support from the Minister for Communications, Energy and Natural Resources, Deputy Ryan, and the Minister for the Environment, Heritage and Local Government, Deputy Gormley, to ensure the environment is right to push through these competitive, green-collar jobs, which are lasting and long term and will not drift to low-cost economies.

**Deputy Emmet Stagg:** We have seen none yet.

**Deputy Mary Alexandra White:** I commend the motion to the House.

**Deputy Emmet Stagg:** I am glad Deputy White supports the motion.

**Deputy Pat Rabbitte:** I wish to share time with Deputy Tuffy.

The purpose of the motion is to focus on the real fear that is out there — fear of losing one's job, fear of losing one's home, fear of the unknown and fear of emigration starting all over again. However, the opportunities in the usual economies that traditionally accommodated outward migration from Ireland are fewer now than used to be the case. The need is for the

[Deputy Pat Rabbitte.]

Government to take a grip, to convince people that it has a plan and, if not to inspire, to at least instil confidence.

The problems confronting the Government are exceptional — the Lisbon treaty, the banks and the economy. Any one of these issues is challenging; all three together is daunting. We, in opposition, should admit that but the Opposition would not be doing its job if it did not point out the Government has contributed significantly to the depth of the hole in which we find ourselves in respect of each of the three issues. Perhaps the Lisbon treaty referendum was unwinnable at the time but it was mishandled by the Government. On the banks, the Government has gambled the country's solvency without any tangible results for the SMEs looking for the restoration of normal credit lines to maintain employment and to stay in business. On the economy, the Government has been amazingly unsure-footed and is flying in the face of the international trend by levying higher taxation without setting out any plan for economic recovery.

The failure to communicate confidence is worsening the gloom out there. People feel the Government parties are making it up as they go along. According to themselves, Ministers only engaged with the banking crisis when our banks were facing imminent collapse. I have never believed that version but that is the version fed out by the Taoiseach, the Tánaiste and Minister for Enterprise, Trade and Employment and the Minister for Finance. Since 30 September, the same Ministers have prevaricated as to the correct response, indeed as to any response, to the credit famine. At first they conveyed the impression that they believed the banks' claim there was no need for capitalisation. Gradually they have come around to acknowledge the need to address capital adequacy ratios but assert that State equity would only be considered as a last resort.

As a result we are now gambling with private equity consortia whose routine practice is to come in, make a killing and get out. The senior Ministers then echo the banks warning that even after they are appropriately capitalised, it will not necessarily follow that they will resume normal lending. We are bluntly informed by bank chiefs, whose enterprises and personal wealth have been rescued by the taxpayer, that loans to deposit ratios will determine their lending policies during the recession. The same banks demonstrated little concern for loans to deposit ratios during the boom and, in some cases, encouraged reckless borrowing that threatens our economic recovery.

The international financial tumult, falling stock markets and fiscal crises are not always intelligible to all of our people but everyone understands the fear of losing one's job. If Government cannot persuade banks to resume normal credit lines more and more people will lose their jobs. The figures are frightening. For the first time since 1999, the number at work has declined and almost 100,000 more people are on the live register than 12 months ago. Altogether more than 250,000 people are on the live register and the figure is rapidly climbing towards 300,000. The Government's summer time mantra that "the downturn won't be like the 1980s" is already wishful thinking.

The last thing this crisis needs is for viable small and medium enterprises to shed workers because the usual credit lines no longer apply. From the outside, one gets the impression the bank chiefs' response to being bailed out is to resist Government cajoling that they should put their house in order. They do not apparently acknowledge their unique position in our economy and in our society. The Government seems to be expected to support them but they do not have to reciprocate. Who is to dictate the new architecture of banking in Ireland? It appears the Government is prepared to acquiesce in private capital funds dictating the shape of banking in the future. The Government should have drawn on expert opinion to fix a strategy that

would determine the new architecture rather than having the new architecture imposed on it by venture capital.

For example, it would be healthy for bank customers to have a third force in Irish banking, assuming the two lead banks can be recapitalised. If leaked documents about the Educational Building Society are accurate, then there would appear to be obvious synergies between the EBS, Irish Nationwide and Irish Life & Permanent plc. Why should Government acquiesce in Irish Life & Permanent plc becoming the icing on the cake for a new private consortium buying into, say, Bank of Ireland? We will have to live for a long time with the effects of the imminent restructuring. If the Government does not get it right, awful damage will be inflicted on our economy.

**Deputy Joanna Tuffy:** The Government needs targeted measures for different categories of people signing on in order that as many of them as possible can take up jobs. For example, more needs to be done to address long-term unemployment. Research highlights that long-term unemployed people and their families are more likely to be poor and an initiative taken by Tallaght Institute of Technology, on which my father worked, involved training the long-term unemployed for jobs in Intel. More of this type of approach is needed.

The recent quarterly national household survey showed there was a decrease in the number of men at work of more than 32,000 and male unemployment increased by 58.3% compared to an increase of 37.1% in unemployed females. The vulnerability of men to unemployment in the current economic climate needs to be addressed. The largest decrease in male unemployment was in the construction sector. There is a need to ensure older men who worked in manufacturing or construction and who were let go are given assistance to find new jobs in order that they do not become long-term unemployed. Many issues arise for men and older women in this position. They usually have lower levels of educational attainment and age discrimination is a factor. We know anecdotally many employers will not hire older people and one is considered old when one is 40. Such people are less likely to emigrate because of family commitments at that stage of their lives. We must not return to the mentality that abounded when I finished college in the late 1980s that emigration is a safety valve. Many of my friends emigrated and never returned. We lose as a society when people emigrate to other countries apart from the loss they suffer. Many of them have gone on to have successful lives elsewhere.

Youth unemployment is another phenomenon. The rate of increase among people aged under 25 signing on the live register is much greater than that for other age groups. The percentage increase in this category between October 2007 and October 2008 was 71% compared to an increase of 57% in other age groups. This suggests people aged under 25 are more vulnerable to the increase in unemployment and, in some towns, the increase has been more than 100% over the past year. For example, the increase in the number of young people signing on was 120% in towns in Cork county. There have been big increases in certain areas, therefore, measures must be targeted on a geographical basis to tackle youth unemployment, in particular.

I refer to the steps taken in the past in places experiencing serious recession and youth unemployment. Franklin D. Roosevelt's New Deal involved measures which involved the public sector and third level colleges in providing training and work experience to young people who were vulnerable to the depression. Similarly, the French Socialist Party when it was in government took measures specifically to help young people get back to work. New schemes could be introduced similar to the social employment schemes and the community employment schemes. As one who participated in the social employment schemes introduced by Deputy Ruairí Quinn, I realise there needs to be a much higher level of quality and training as part of any such schemes.



[Deputy Joanna Tuffy.]

The Government needs to arm itself with information about why particular groups are more vulnerable to unemployment than others, and what their needs are in terms of educational qualifications or any other needs, so it can put in place programmes that will train them and give them opportunities to get back into the workforce. There should be great emphasis on trying to create jobs and training people for the type of areas in which we need to create jobs in future, such as the environmental goods and services sector, information and computer technology, and so on. We need to get all of the agencies to work together, including third level colleges, which are not involved in this issue at all.

To conclude, the most important point in building our economy is to provide opportunities for jobs. This is not just about the economy. The reason we want jobs is so that people have a better quality of life. This should be our primary response. There needs to be a much more proactive approach than is the case at present. We need to make sure we give the necessary training and skills to have a sustainable economy in the future.

**Deputy Mary Upton:** I welcome the opportunity to speak in the debate, which concerns an issue that is affecting more and more people as the days go by. The loss of 10,000 jobs every month makes stark reading for those people who are affected by this recession. The last time the Labour Party was in power in 1997, we were creating 1,000 jobs a week.

The current Government appears asleep at the wheel. It seems the Government is more concerned with the bigwigs in the banks and how they will fare rather than the people who are losing their jobs on a daily basis. This includes the small industries which, it would appear, have very little support and for which little concern has been shown. The current job losses are taking place in dribs and drabs — one here, two there — in small businesses such as the local bakery or launderette. These job losses do not make the headlines and they are not headline news except, of course, for those who lose their jobs. It is a headline for them when they have to put bread on the table and pay the mortgage, or when they are in fear of having their house repossessed.

In the local social welfare offices that impact on my constituency, the following changes have occurred since May 2005. In Thomas Street, the increase in the live register is 790; in Ballyfermot, it is 612; and in Bishop Square, it is 1,736. These 3,000-plus people are concerned about the bankers and the millions they have received in payments and bonuses for a job that was badly done, because it is the bankers' mismanagement and cavalier attitude that has landed these unemployed people in a mess, with some of them about to lose their homes.

I spoke before about the cavalier attitude with regard to lending by some mortgage providers. For example, a woman on a community employment scheme was handed a mortgage of €150,000. Anybody who knows anything about CE schemes will know there was no commitment she would have a job after the three-year stint. Her home is about to be repossessed.

However annoyed ordinary people are with bankers, they are far more concerned that a solution be found to their immediate problems. They do not want to whinge about the bankers; they want something done. Instead of working to provide a solution, the former Taoiseach is acting as an advisor to hedge fund providers who are looking to take advantage of the situation in the Irish banks. We have a Minister for Enterprise, Trade and Employment who is paralysed into inactivity and has not shown any initiative in helping small and medium-sized businesses that are haemorrhaging jobs on a daily basis.

The Government has not recognised the true scale of the problem facing the country. In America, the key economic debate was on the disconnect between Wall Street and Main Street. Here in Ireland, it is between Mount Street and Main Street. Everyone I have met recently in

my clinics or on the streets of Dublin South-Central seems to recognise the scale of the crisis facing us and the effect this has on small Irish businesses and the opportunities for employment.

Yesterday, I met two workers in my constituency who had worked for 30 years in the construction industry but have now been let go from good, well-paid jobs. On their own initiative, they are now doing garden maintenance and cleaning windows. They are obviously upset by this but the key point they made to me was that whatever meagre income they are making, it was because of their own initiative. There did not seem to be anybody to offer them a helping hand to set up this small business, which they had to do themselves.

We talk about a deterioration in competitiveness and its effect on business, yet the Government continues to take steps to make it more difficult for companies to trade. Bord Gáis and the ESB both secured significant price increases in September — 20% and 17.5%, respectively — yet despite falling costs, prices have not gone down for small businesses and savings are not being passed on to the customer in any real way.

The VAT increase of 0.5% will add further to price inflation at a time when the retail sector is already forecasting one of the worst years in history. The announcement with regard to the VAT cut in Northern Ireland makes Irish retailers even more uncompetitive and will only exacerbate the exodus of Irish shoppers across the Border this Christmas.

A decade after the sale of Eircom, the country continues to lack a decent and affordable broadband service for businesses to utilise, which is absolutely vital in today's business economy. Proper broadband penetration is as far away as ever in certain parts of the country. How can we expect business to thrive when it does not have access to basic facilities?

Most small businesses are operating on low profit margins yet they are very highly regulated. I have no problem with regulation, which is important, but the level of regulation and its cost to these industries is quite damaging and prohibitive for them.

The Labour Party calls on the Government to take a number of very basic, straightforward steps to tackle the lack of credit available to companies operating in Ireland. These common sense ideas should be taken on board immediately by the Minister and should not be allowed to drift.

On a positive note, I want to congratulate Ireland Inc. on having secured the European City of Science for Dublin in 2012. However, the one point I would make is that we must put in place the infrastructure to support start-up companies in science and technology if we believe in the mantra we all repeat regularly, namely, that science and technology is the way forward.

**Deputy Joe Costello:** I welcome the opportunity to discuss this important Private Members' motion and congratulate Deputy Penrose for tabling it on behalf of the Labour Party.

I utterly reject the Government's amendment which begins with the now meaningless Government mantra for all it woes: "that the global banking crisis is impacting on economic activity across the global and Irish economies". The word "global" is thrown in twice for good measure in case we missed it the first time. Of course the global economy impacts on Ireland's very open economy but Ireland's banking crisis is essentially a home-grown phenomenon. Ireland's banks broke all the basic regulatory rules and handed out money with the reckless abandon of a drunken punter in Paddy Powers who thinks he is winning when in fact he is losing his shirt. The Financial Regulator also went to sleep on the job.

The collateral damage caused by the banks' negligence is now causing serious damage to the economy. Already, the Government has had to bail out all the main banks with an approximately €500 billion national guarantee and has put the country's financial integrity on the line. This action was supposed to stabilise the banking system and attract the necessary liquidity

[Deputy Joe Costello.]

into the banks' vaults. However, six weeks on, the banking crisis is still upon us and the credit crunch is worsening daily. The banks are not lending to small and medium-sized businesses, as ISME's spokespersons tell us daily. The recent ISME survey shows that 54% of small and medium businesses had sought credit or a credit extension from their banking institutions and had been refused, which is a colossal figure.

The banks do not appear to have the funds to make money available or they are deliberately hoarding any money they can collect to ward off the rainy day of their indebtedness, which has been created by their overexposure to the construction industry in particular. Small and medium enterprises are the back bone of the economy. They have created hundreds of thousands of jobs throughout the country and the figures provided by the Minister recently were 250 small and medium businesses and a minimum of 800,000 jobs.

However, to continue to operate they need to borrow, they need overdrafts and they need a cash flow. The Irish banking system is failing them and in failing them the banks are failing the economy and much worse, they are contributing to redundancies and the dole queues. The 95,000 job losses in the past 12 months and more than 100,000 job losses projected by the ESRI for next year is the abyss facing many Irish families for the first time this Christmas.

What compounds this awful waste of human resources is the failure of the banks to access a ready source of funding that was specifically set up by the European Union to bolster small and medium-sized enterprises throughout the 27 member states. When the autumn summit of European Union Heads of State was held six weeks ago in Brussels the European Investment Bank, EIB, placed the sizeable sum of €30 billion on the table for the banks of the 27 member states to access and loan it to their small and medium enterprises to ensure they were well resourced and did not face a credit crunch in the present financial turmoil. It was specifically for this purpose.

To date, not one of the Irish banks has bothered to draw from this invaluable pot of money while 22 of the 27 member states have grasped the windfall with open arms and are busily using it to oil the wheels of business in their countries and protect the jobs of their citizens. The Irish banks are reported to have rejected this money because it is subject to EU regulation and will not give them the profitable return they became accustomed to during the halcyon days of the Celtic tiger. Their arrogance and unwillingness to change bad habits is costing this country dearly.

Yesterday, the Minister for Finance told us that the European Investment Bank has been in contact with some of the Irish banks. Why is it not the other way around? The Minister has admitted that he has urged the banks to utilise the facility — wonderful. What is the purpose of bailing out the banks with €500 billion of taxpayers' money if the Minister cannot tell the banks that the viability of small and medium enterprises is as important as the viability of the banking system? There must be a *quid pro quo*. If the banks will not draw down and lend the money that is being offered to them on a plate then what is the purpose of the taxpayer saving them from collapse? They are not carrying out the job they are supposed to do.

Ultimately the buck stops with the Minister for Finance and it is not good enough for him to save the banks and state he is doing so and then stand idly by as they revert to their old discredited and irresponsible practices. Six weeks have passed since €30 billion was placed on the table by the EIB and none of this money is circulating in Ireland, money which could now be protecting Irish jobs in Irish enterprises and which was intended for that purpose. This is another example of the European Union at its best and the Irish Government at its worst.

**Deputy Jan O'Sullivan:** I commend my colleague, Deputy Willie Penrose, for tabling this motion. I sat beside him last night during his opening contribution. He spoke about the real

effect of the downturn on his community. He spoke about a particular enterprise in County Westmeath and the effect on the man running it and on the entire community. All of us in the House represent such communities. They look to us to do something practical about the problems they see all around them. This is why we tabled this motion.

On many occasions, we have spoken about large job losses in our constituencies. I have spoken about concerns in companies such as Dell, which is a large employer in my constituency, and other companies where we have seen 100 or 200 jobs lost. Today, an announcement was made of a total of 240 job losses in west Limerick, Kilkenny and Galway. Along with these large announcements are the small numbers of jobs being lost in small businesses throughout the country. These are having a devastating effect on the communities concerned.

By and large, this involves viable businesses which are having problems with cash flow whereby because of the recession they cannot get access to credit. Realistically, these companies will be up and running and viable again in whatever length of time it takes to come out of the recession. In the European Union it is suggested that within a year or two we should be out of the recession provided the proper action is taken by governments of the European Union. It is a real contrast to what is going on in Europe to see what is happening here. We have a total lack of action and leadership from our Government.

Prior to coming to the House this evening I was watching the news at 6 p.m. I saw Mr. Barroso speaking on behalf of the European Union about a €200 billion fund which he urged member states to use to start their economies working and move out of recession. Immediately afterwards, the RTE correspondent stated that Ireland will not use this fund because we have overspent or the Government does not want to use it. It seems crazy that for a country which was so rich so recently we are now being told that we will not participate in this European attempt to climb out of the recession. We are not seeing any positive measures coming from the Government that will pull us out of recession and create the type of positive climate that will make people believe in Irish industries and companies. We should have already drawn down money from the small business operational fund, to which the Labour Party's motion refers specifically.

All we can see is the Government standing idly by stating it hopes the banks will decide to use the fund. We need something more proactive than this. I suggest the credit unions might draw down this fund or that the Government should do so. Small businesses in every corner of the country are looking for somebody to take action and looking to the Government. We, in Opposition, tabled this motion to encourage the Government to take action.

We see small businesses which cannot get access to perhaps €10,000 or a small amount of money in terms of cash flow. However, €500 billion is guaranteed to the banks. Despite this, there does not seem to be any way in which the Government feels it can tell the banks to do something. My colleague, Deputy Rabbitte, referred to the fact that the banks are being extremely prudent now when they were anything but prudent in the recent past when they were profligately lending in all directions without any sense of proportion. Suddenly, they have become extremely prudent and will not lend to viable small businesses in all of our constituencies throughout the country.

We see how this affects real people. I know people who are preparing to emigrate and trying to figure out how they will rent out the house, what they will do with the dog and how will they afford to get to the country where they hope they might be able to get work. We see other people trying to figure out how they will pay their mortgages when their jobs are gone. I see small business people who cannot even get unemployment benefit because they are told on the basis of their tax figures from last year they had a good income. It is not accepted that now they have no income and they are finding it extremely difficult to get basic unemployment

[Deputy Jan O'Sullivan.]

assistance. The real world is demanding that action is taken. I hope this motion is a catalyst for the Government to take the type of action needed.

My colleague, Deputy Upton, referred to the role of science. I do not think people with good ideas receive the type of practical support that is needed and I want to cite one example from my constituency. Two young men, the Collison brothers, one of whom won the Young Scientist of the Year award a couple of years ago, came up with a great idea. However, they could not get funding in Ireland and went to Silicon Valley. Their company is now worth more than \$1 million.

**Deputy Damien English:** They did not travel first class.

**Deputy Jan O'Sullivan:** We need practical solutions for the people who are crying out for help.

**Minister of State at the Department of Enterprise, Trade and Employment (Deputy John McGuinness):** Like the Opposition I welcome the opportunity to debate the issues associated with the SME sector in the current economic situation with the loss of jobs and so forth. However, one cannot take this debate without considering the world situation. I understand the comments of Deputy Costello concerning the global situation, which was mentioned twice. Let us consider the position throughout the world.

**Deputy Joe Costello:** To be sure.

**Deputy John McGuinness:** No one could have predicted the Americans would nationalise the banks and that a further €800 billion would be tossed into the USA economy, that China would do likewise in the past few weeks, or that the property sector there could be as effective as it is here. We are not immune from the impact of the global economy, because we have strived in recent years to be a part and parcel of the global economy and to take the benefits from it. We are now in a downturn, as is the global economy. The United States of America, Ireland and everyone else is dealing with this financial crisis. We could not but be affected by events. The measure of the Government and the economy is how we will emerge from the crisis. I disagree with the remarks of Deputy Rabbitte who promotes fear and talks of fear this and fear that. Recovery is about building confidence. This debate has not done much to build confidence in the small and medium enterprise sector, or to encourage job creation in that sector at home and we are aware of what is happening abroad.

**Deputy Jan O'Sullivan:** We have done so.

**Deputy John McGuinness:** It is important to recognise what is happening.

**Deputy Damien English:** The Minister of State could listen to some of our suggestions.

**Deputy John McGuinness:** The Opposition Deputies present should examine their counties and the work of the county enterprise boards, some 35 of which are doing an excellent job. The budget in my Department has been increased by 9%.

**Deputy Joe Costello:** The money is waiting out there, but there is no control over the banks.

**Deputy John McGuinness:** The budget of the county enterprise boards has been increased by 16%. Some 2,700 companies and businesses are registered each month and 1,000 of those companies are registered by women.

**Deputy Damien English:** We all agree on that.

**Deputy John McGuinness:** Today in Mullingar some 4,000 women met to discuss the promotion of their businesses, to discuss how to gain from State agencies and how to gain a better understanding of ways to create and grow their business.

**Deputy Joe Costello:** They are walking away.

**Deputy John McGuinness:** They displayed a confidence in the future and in what they could achieve within their own communities and businesses by way of job creation. I take my hat off to them. However, there are very few in the House who recognise their achievements.

**Deputy Emmet Stagg:** That is only what the Minister of State believes.

**Deputy John McGuinness:** There are very few on the Opposition benches who recognise the work of Enterprise Ireland on behalf of small companies. They consider the reverse scenario. Deputy Stagg is incorrect.

**Deputy Emmet Stagg:** We are asking for——

**An Leas-Cheann Comhairle:** Deputies should allow the Minister of State to make his contribution.

**Deputy John McGuinness:** The question is how ones deals with the situation.

**Deputy Emmet Stagg:** We suggested to the Government what needs to be done.

**Deputy John McGuinness:** One does not deal with it by crying into one's beer. One deals with it by standing up and taking the challenge to the outside economies.

**An Leas-Cheann Comhairle:** The Minister of State should direct his contribution to the Chair and I can engage with the other Deputies.

**Deputy Damien English:** This is more fun.

**Deputy John McGuinness:** They are engaging with me and distracting me from the Chair. Enterprise Ireland should be used in the same way as the county enterprise boards, whereby there is seamless availability of support, funding, mentoring systems and continued education.

**Deputy Emmet Stagg:** The Minister of State should not mislead the House.

**Deputy John McGuinness:** That is what Irish business is doing. Irish business people are travelling abroad in numbers. Some €24 million was accrued in Latin America during the last trade mission and some €65 million on the trade mission to China. This was not done by Enterprise Ireland, but by Irish companies which are putting their money where their mouth is. They are going abroad and creating a footprint in those markets, which are very difficult to break. Irish businesses are not afraid to enter the BRIC countries, namely, Brazil, Russia, India and China. These people are creating a market for themselves, creating jobs for the country, sustaining jobs at home and paying taxes.

**Deputy Emmet Stagg:** Everything is rosy in the garden.

**Deputy John McGuinness:** I recognise there is a issue with the banks.

**Deputy Joe Costello:** Let us hear it.

**Deputy John McGuinness:** It is important that we record the matter. Deputy Stagg has delivered a great deal of negative comment.

**Deputy Jan O’Sullivan:** We have not. That is very misleading.

**Deputy John McGuinness:** I would not like to be looking into his glass. Of course we must deal with the banks. I recognise there is an issue with how they draw down that money from Europe. I believe there is a necessity on the part of Government to urge and pressurise and to ensure that the small and medium enterprise sector is supported to the extent that it continues to be viable in the future.

**Deputy Emmet Stagg:** The Deputy means we should force them.

**Deputy John McGuinness:** The small and medium enterprise sector has created 800,000 jobs. Some 95% of these companies emerged from the activities of county enterprise boards, Enterprise Ireland and the activities of the IDA.

Let us consider the knowledge economy and research and development. Although we lost 70 jobs in County Kilkenny today, I respect what happened there. I will support the workers to ensure their rights are secured. However, there is also a positive story involving Merck Sharp & Dohme in County Carlow which is building on the knowledge economy and creating jobs. They are not politicians; they are business people putting money where their mouth is.

**Deputy Joe Costello:** The Minister of State should organise a little cash flow.

**Deputy Joan Burton:** I wish to share time with Deputy Eamon Gilmore.

The Minister of State, Deputy McGuinness, will be making a grant available for the fairy tales of Enterprise Ireland. I congratulate my colleague Deputy Willie Penrose on putting forward such a positive motion which focuses on the need for small and medium sized businesses to get access to working capital.

Last September, the European Investment Bank, EIB, announced a new package of loans amounting to €30 billion for small and medium sized businesses in Europe. Some €15 billion of that sum will be made available during 2008 and 2009. Despite the acute difficulties faced by Irish small and medium sized businesses in accessing working capital and investment financing, there has been no sign of the banks making their share available to firms. The Minister of State gave no indication that there has been a change in the position of Irish banks, or that they would make available the EIB funding. This must happen as a matter of urgency.

The Labour Party has tabled questions to the Tánaiste and Minister for Enterprise, Trade and Employment, Deputy Mary Coughlan, on the matter. She has referred to discussions with the banks and, apparently, some of the banks are considering this action. It seems the reason the banks do not wish to make these funds available is that the profit margin from such activity is not high enough. If the banks are not prepared to do it, perhaps the Minister of State, an enterprising person, could do so in the spirit of Mr. Seán Lemass? Will the Minister of State find a way of unleashing this money, as Deputy Penrose suggested. Some 22 European countries are using this fund but Ireland is not. The matters referred to by the Minister of State make no difference in this regard.

At present, small and medium enterprises throughout the country are being squeezed hard. We heard yesterday there will now be a 6% differential between our VAT rate and that charged in the North, some 90 minutes drive north of Dublin, Athlone, Sligo or Donegal. One can shop in the North a good deal more cheaply than here and such a price differential is what we are competing against.

The Minister of State mentioned the situation in the Irish banking sector. We acknowledge there is an international situation which makes the position of Irish banks especially difficult. However, it is our own home-grown construction bubble which has caused major problems. Last night, Deputy Penrose referred to long-standing construction firms, or firms allied to the

construction industry, which are now making redundant people they have employed for decades because they simply cannot continue to operate without reasonable support from the banks. They need working capital.

What is the solution with which Fianna Fáil and the Minister for Finance are so taken? The Minister wants to invite private equity funds such as the Carlyle Group and JC Flowers to rescue the Irish banks. This is like being rescued from a whale by a shark. What is the difference? If these groups take a stake in the Irish banks they will require the investment to be turned over or flipped within a period of three to five years. There will be substantial job losses in the short term in what was previously considered good, stable employment in the banking sector.

At the same time there is a National Pensions Reserve Fund and a National Treasury Management Agency about which the Government often boasts. However, the Government has decided to sideline these agencies rather than have them take an active role in providing a flow of credit to Irish businesses, small and large throughout the country. Those is Fianna Fáil would be well-advised to be wary of the day private equity funds come knocking on the door, posing as good samaritans to respond to our financial difficulties. The solution to our problems lies partly within our own resources. We should also take up the invitation from the European Investment Bank to use the funds it has made available. However, we should look to the resources of the State and make an equity injection into the banks that are profitable and sound, but which need to be recapitalised. Is it some kind of bizarre ideology that is holding Fianna Fáil back when even people such as George Bush are acknowledging that some kind of State investment in the banks may be appropriate to save a sound financial system? Does the Minister not recognise that if this State made an equity investment, for example, through preference shares with a coupon rate, it would be possible to convert these and then sell them at some profit to the taxpayer when we experience the upturn we know will eventually come? What I find terrifying is the mention of “made men” in all the weekend papers. They are suggesting that the former Taoiseach and people with Drumcondra affiliations are, to quote Royston Brady in the television documentary, “like something out of ‘Goodfellas’”. Made men are circling the Irish banks to offer their help by selling us out not just to venture capitalists but to vulture capitalists. Is that all the Government has to offer?

Deputy Penrose has made admirably concise and detailed proposals that would help firms of the type he is talking about — a firm that has given good employment in a rural area outside Mullingar but is now letting up to 140 people go. The Minister of State himself has a very successful record in business. I ask him to give some serious attention, in the context of his own responsibilities, to the positive proposals put forward by the Labour Party. The Minister should not be afraid of an active State. An active State would save tens of thousands of Irish jobs. The vulture capitalists will only gobble them up.

**Deputy Eamon Gilmore:** I join with my colleagues in complimenting Deputy Willie Penrose on tabling this motion, and I thank all Members of the House who contributed to the debate. The Minister of State, Deputy McGuinness, spoke just now about the need for confidence. Unfortunately, what he had to say does not give a great deal of cause for confidence in the Government’s handling of the problems facing small businesses. I refer to his description, for example, of the global economic crisis. He implied that the nationalisation of the banks by the United States Government and the injection of money into the economies of the United States and China by their Governments are problems. That is not the problem. That is the sound of other governments solving the problem, something that is in scarce supply in this country. If his only answer to owners of small businesses who are short of credit and are worried about whether they can keep going until the end of the year and into the new year is that the Enterprise Ireland mentor is at the end of the line, I am afraid that is not much comfort either.



**Deputy John McGuinness:** That is to misrepresent what I said.

**Deputy Eamon Gilmore:** It is not a mentor that small businesses are looking for now. It is money and credit. It is a means by which they can keep going for another period of time. Incidentally, the Minister, in responding to this motion yesterday was also wrong when he gave the impression that the EIB funds could not be used for working capital. In fact, they can be used by way of a two-year loan, which is very much at variance with what the Minister had to say.

This Labour Party motion is a call to action to help small businesses weather the worst economic climate for a generation and to save jobs which our economy is haemorrhaging every week. There is a real crisis and it requires real, practical solutions. While members of the Government spent the last two months clapping themselves on the back for giving a blanket guarantee worth €500 billion to the banks, thousands of people lost their jobs. Almost 12,000 were added to the live register in October alone. While the Government was congratulating itself for its quick thinking in saving overstretched big property developers, hundreds of small businesses were going to the wall for want of modest credit from the bank. It has not stopped since. The Government is still congratulating itself in its response to our motion. The response commends the Government for promoting, “through the realisation of the objectives of the scheme sustainable lending practices and the appropriate availability of credit for the enterprise sector of the economy”. That is fantasy. Where are the facts? A total of 100,000 people have joined the live register in the past 12 months, the sharpest rise since records began. Buried in that figure is the story of small businesses having to shut up shop in every community, town and city in Ireland. In the absence of official data from the Central Bank, the best available information comes from ISME. In a recent survey, it found that 54% of companies surveyed had been refused applications for new finance or the extension of existing credit lines. These were not new companies, but businesses of long standing. Small businesses employ one in every four industrial workers and one in every two employees in the services sector. In all, almost two thirds of the entire workforce are employed in small businesses, the majority of which are Irish-owned. They are the backbone of our economy, and they are feeling the strain. They are feeling the strain because consumer confidence is low and nothing has been done to rally it, and because there is less money in people’s pockets and so many households in which someone has lost his or her job. Most of all, they are feeling the strain because the very banks which got a no-questions-asked bailout from this Government are now withholding normal lines of credit.

Big developers who cannot pay the interest on their massive loans are having that interest rolled onto their debt. Is that what the Government means by “sustainable lending practices”? If that is the case, where is the “appropriate availability of credit” that will sustain our small businesses and save jobs? It appears that instead of saving our economy, the banks are strangling it. It is clear the guarantee devised by the Government gave it no power to influence what the banks did with it. It can request that the banks avail of the European Investment Bank’s facility for long-term lending to SMEs, but it cannot require them to. In addition — surprise, surprise — the banks have so far refused to access it.

The likely consequences of any deal the Government strikes with the vulture capitalists currently circling our banks pose an enormous risk to our economy. Private equity is only being considered as an option because the Government has lost its nerve. Why would Ireland consider private equity investment — the ultimate in quick buck capitalism — when governments elsewhere have refused to deal with this sector? A private equity deal might address the immediate problem, and doubtless there would be another blizzard of spin about decisive action, but how are the Irish economy and the banking system to deliver the returns that private equity demands? How many jobs will be lost? How much value destroyed?

What the Irish economy needs now is a long-term view. How can the Government be assured that the public interest — that of having a bank system that serves households and businesses

— will not be squeezed out by the private interest of these private equity groups? What about the effect on this country's reputation abroad? If the Government does this deal, how can any other Irish company raise money through the Irish Stock Exchange? The word will be out that when the going got tough the Government brought in private equity.

We are in the middle of a national crisis. The rate at which jobs have been lost over the past 12 months is unprecedented, and there is evidence that it is getting worse. What we need is practical action now and practical solutions that will make a difference to small businesses, which are on the brink of letting people go. The motion put down by the Labour Party calls on the Government to do a number of simple things of which it is perfectly capable. Frankly, I do not understand why it has refused to accept these. We want to establish a small business operational fund, drawing on the €15 billion made available by the EIB for lending to small businesses. If the banks will not access the fund, the State should establish some mechanism by which small businesses can access it.

**Deputy Joe Costello:** Hear, hear.

**Deputy Eamon Gilmore:** We want to help the cashflow of small businesses by having all Government Departments and agencies settle their bills within ten days instead of 30 days. The UK Government has already decided to proceed with such a measure. We also want the Government to establish a monitoring group comprising representatives of the Government, SMEs, and banks to monitor the lending practices of financial institutions, for the simple reason that the banks are telling the organisations representing small businesses one thing and then doing the very opposite in practice. There needs to be an independent mechanism by which their lending practices are reviewed. We want to strengthen the role of county enterprise boards and remove the cap on the number of jobs that can be created by them. These modest proposals should not be dealt with in a partisan manner in this House. Unfortunately, the Government is blind to the problems currently being faced by small businesses throughout the country. Rather than accepting the modest proposals outlined in the amendment and doing something with them, the Government has moved a bland and self-congratulatory amendment that will do nothing to assist small businesses and even less, frankly, for the Government's own credibility.

Amendment put.

The Dáil divided: Tá, 77; Níl, 70.

Tá

Ahern, Bertie.  
Ahern, Dermot.  
Ahern, Michael  
Ahern, Noel.  
Andrews, Barry.  
Andrews, Chris.  
Ardagh, Seán.  
Aylward, Bobby.  
Behan, Joe.  
Blaney, Niall.  
Brady, Áine.  
Brady, Cyprian.  
Brady, Johnny.  
Browne, John.  
Byrne, Thomas.  
Calleary, Dara.  
Carey, Pat.  
Collins, Niall.  
Conlon, Margaret.  
Connick, Seán.  
Cowen, Brian.  
Cregan, John.

Cullen, Martin.  
Curran, John.  
Dempsey, Noel.  
Devins, Jimmy.  
Dooley, Timmy.  
Fahey, Frank.  
Fitzpatrick, Michael.  
Fleming, Seán.  
Flynn, Beverley.  
Gallagher, Pat The Cope.  
Gogarty, Paul.  
Gormley, John.  
Hanafin, Mary.  
Haughey, Seán.  
Healy-Rae, Jackie.  
Hector, Máire.  
Kelleher, Billy.  
Kelly, Peter.  
Kenneally, Brendan.  
Kennedy, Michael.  
Killeen, Tony.  
Kirk, Seamus.

## Tá—continued

Kitt, Michael P.  
 Kitt, Tom  
 Lenihan, Brian.  
 Lowry, Michael.  
 Mansergh, Martin.  
 Martin, Micheál.  
 McEllistrim, Thomas.  
 McGrath, Mattie.  
 McGrath, Michael.  
 McGuinness, John.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.  
 Nolan, M.J.  
 Ó Cuív, Éamon.  
 Ó Fearghail, Seán.  
 O'Brien, Darragh.

O'Connor, Charlie.  
 O'Dea, Willie.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Rourke, Mary.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 Treacy, Noel.  
 Wallace, Mary.  
 White, Mary Alexandra.  
 Woods, Michael.

## Níl

Allen, Bernard.  
 Bannon, James.  
 Barrett, Seán.  
 Breen, Pat.  
 Broughan, Thomas P.  
 Bruton, Richard.  
 Burke, Ulick.  
 Burton, Joan.  
 Byrne, Catherine.  
 Carey, Joe.  
 Clune, Deirdre.  
 Connaughton, Paul.  
 Coonan, Noel J.  
 Costello, Joe.  
 Coveney, Simon.  
 Crawford, Seymour.  
 Creed, Michael.  
 Creighton, Lucinda.  
 D'Arcy, Michael.  
 Deenihan, Jimmy.  
 Doyle, Andrew.  
 Durkan, Bernard J.  
 English, Damien.  
 Enright, Olwyn.  
 Feighan, Frank.  
 Ferris, Martin.  
 Flanagan, Charles.  
 Gilmore, Eamon.  
 Hayes, Tom.  
 Higgins, Michael D.  
 Hogan, Phil.  
 Howlin, Brendan.  
 Kehoe, Paul.  
 Lynch, Ciarán.  
 Lynch, Kathleen.

McCormack, Pádraic.  
 McEntee, Shane.  
 McGrath, Finian.  
 McHugh, Joe.  
 McManus, Liz.  
 Mitchell, Olivia.  
 Morgan, Arthur.  
 Naughten, Denis.  
 Neville, Dan.  
 Noonan, Michael.  
 Ó Caoláin, Caoimhghín.  
 Ó Snodaigh, Aengus.  
 O'Donnell, Kieran.  
 O'Dowd, Fergus.  
 O'Keefe, Jim.  
 O'Mahony, John.  
 O'Shea, Brian.  
 O'Sullivan, Jan.  
 Penrose, Willie.  
 Perry, John.  
 Quinn, Ruairí.  
 Rabbitte, Pat.  
 Reilly, James.  
 Ring, Michael.  
 Shatter, Alan.  
 Sheahan, Tom.  
 Sheehan, P.J.  
 Sherlock, Seán.  
 Shortall, Róisín.  
 Stagg, Emmet.  
 Stanton, David.  
 Timmins, Billy.  
 Tuffy, Joanna.  
 Upton, Mary.  
 Wall, Jack.

Tellers: Tá, Deputies Pat Carey and John Cregan; Níl, Deputies Emmet Stagg and Paul Kehoe.

Amendment declared carried.

Question put: "That the motion, as amended, be agreed to."

## The Dáil divided: Tá, 75; Níl, 69.

## Tá

Ahern, Bertie.  
 Ahern, Dermot.  
 Ahern, Noel.  
 Andrews, Barry.  
 Andrews, Chris.  
 Ardagh, Seán.  
 Aylward, Bobby.  
 Behan, Joe.  
 Blaney, Niall.  
 Brady, Áine.  
 Brady, Cyprian.  
 Brady, Johnny.  
 Browne, John.  
 Byrne, Thomas.  
 Calleary, Dara.  
 Carey, Pat.  
 Collins, Niall.  
 Conlon, Margaret.  
 Connick, Seán.  
 Cowen, Brian.  
 Cregan, John.  
 Cullen, Martin.  
 Curran, John.  
 Dempsey, Noel.  
 Devins, Jimmy.  
 Dooley, Timmy.  
 Fahey, Frank.  
 Fitzpatrick, Michael.  
 Fleming, Seán.  
 Flynn, Beverley.  
 Gallagher, Pat The Cope.  
 Gogarty, Paul.  
 Gormley, John.  
 Hanafin, Mary.  
 Haughey, Seán.  
 Healy-Rae, Jackie.  
 Hoctor, Máire.  
 Kelleher, Billy.

Kelly, Peter.  
 Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kirk, Seamus.  
 Kitt, Michael P.  
 Lenihan, Brian.  
 Lowry, Michael.  
 Mansergh, Martin.  
 Martin, Micheál.  
 McEllistrim, Thomas.  
 McGrath, Mattie.  
 McGrath, Michael.  
 McGuinness, John.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.  
 Nolan, M.J.  
 Ó Cuív, Éamon.  
 Ó Fearghail, Seán.  
 O'Brien, Darragh.  
 O'Connor, Charlie.  
 O'Dea, Willie.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Rourke, Mary.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 Treacy, Noel.  
 Wallace, Mary.  
 White, Mary Alexandra.  
 Woods, Michael.

## Níl

Allen, Bernard.  
 Bannon, James.  
 Barrett, Seán.  
 Breen, Pat.  
 Broughan, Thomas P.  
 Bruton, Richard.  
 Burke, Ulick.  
 Burton, Joan.  
 Byrne, Catherine.  
 Carey, Joe.  
 Clune, Deirdre.  
 Connaughton, Paul.  
 Coonan, Noel J.  
 Costello, Joe.  
 Coveney, Simon.  
 Crawford, Seymour.  
 Creed, Michael.  
 Creighton, Lucinda.  
 D'Arcy, Michael.  
 Deenihan, Jimmy.  
 Doyle, Andrew.  
 Durkan, Bernard J.  
 English, Damien.  
 Enright, Olwyn.

Feighan, Frank.  
 Ferris, Martin.  
 Flanagan, Charles.  
 Gilmore, Eamon.  
 Hayes, Tom.  
 Higgins, Michael D.  
 Hogan, Phil.  
 Howlin, Brendan.  
 Kehoe, Paul.  
 Lynch, Ciarán.  
 Lynch, Kathleen.  
 McCormack, Pádraic.  
 McEntee, Shane.  
 McGrath, Finian.  
 McHugh, Joe.  
 McManus, Liz.  
 Mitchell, Olivia.  
 Morgan, Arthur.  
 Naughten, Denis.  
 Neville, Dan.  
 Noonan, Michael.  
 Ó Caoláin, Caoimhghín.  
 Ó Snodaigh, Aengus.  
 O'Donnell, Kieran.

Níl—*continued*

O'Dowd, Fergus.  
 O'Keeffe, Jim.  
 O'Mahony, John.  
 O'Shea, Brian.  
 O'Sullivan, Jan.  
 Penrose, Willie.  
 Quinn, Ruairí.  
 Rabbitte, Pat.  
 Reilly, James.  
 Ring, Michael.  
 Shatter, Alan.

Sheahan, Tom.  
 Sheehan, P.J.  
 Sherlock, Seán.  
 Shortall, Róisín.  
 Stagg, Emmet.  
 Stanton, David.  
 Timmins, Billy.  
 Tuffy, Joanna.  
 Upton, Mary.  
 Wall, Jack.

Tellers: Tá, Deputies Pat Carey and John Cregan; Níl, Deputies Emmet Stagg and Paul Kehoe.

Question declared carried.

### **Finance (No. 2) Bill 2008: Second Stage (Resumed).**

Question again proposed: "That the Bill be now read a Second Time."

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach tried this morning to imply a lack of support by Sinn Féin for the construction sector, because we pointed out the serious dependence the Government has had on this sector for the economic activity of the State in the past decade. I described this as codology and stated that it was an indication that the Taoiseach had no contribution to make when he was resorting to such nonsense.

For the Taoiseach's benefit and for the benefit of others, let me spell it out again. The basis for sustainable growth was laid by Irish workers in the 1990s. Fianna Fáil-led Governments from 1997 had the resources to invest in sound infrastructure, to develop public services that were both equitable and efficient, to foster industry that provided employment and raised revenue through exports, and to create an enhanced society as well as a prosperous economy. Instead, these Governments saw a growing economy and they decided with their friends, the developers, the speculators and the bankers, to reap the rewards through ruthlessly exploiting the increased demand for housing and commercial property. They created a massive property bubble and a perilous over-dependence on construction for employment. Now the bubble has burst.

Construction employment has collapsed and so has Government revenue. Families are mortgaged beyond their means and many are losing their homes. Negative equity is rife and the full consequences for individuals, families, companies and financial institutions have yet to be seen. All of this was predictable. We in Sinn Féin were among those constantly highlighting the folly and the injustice of Government economic policy. We identified clearly how the economy was allowed to become grossly over-dependent on the construction sector, accounting for over 20% of the State's GDP and employing one in every eight workers at its peak. An over-inflated construction sector masked a steady flow of job losses, particularly in provincial towns.

The Government failed to accept that the over-reliance on the construction sector was not sustainable and could not continue indefinitely. Consequently, it failed to put in place a strategy to deal with the anticipated contraction of the construction sector or the needs of those dependent on that sector for their employment. An estimated 30,000 construction workers have lost their jobs to date in 2008, and I believe the real figure is significantly greater. The lack of alternative employment is resulting in workers who lost their jobs emigrating in search of work. The Government still has not brought forward a strategy to get these workers back in employment or in training. It has allowed the social security entitlements of many construction workers

to be undermined by failing to take action as unscrupulous employers coerced workers into registering as self-employed. There is ample evidence that this was the case. Of those who lost their jobs in the construction sector in the year to the end of June, 50.3% were under the age of 25, while 23% of those under 25 still employed in the construction sector at the end of June did not have a leaving certificate qualification.

The collapse in construction is a critical factor in the current recession which has spawned this regressive Bill. Rather than simply criticise the Bill and the budget, Sinn Féin has put forward progressive proposals for recovery. These proposals are based on the need to make sure that a controlled reduction in dependency on the construction sector includes measures to ensure continued employment opportunities in construction, as well as measures to enable workers from this sector to access alternative employment. To increase our competitiveness and to aid economic recovery, the Government should front-load infrastructure projects that can employ workers from the construction sector, in areas such as transport, schools, crèches, hospitals and primary care development. There is much to be done in those areas.

In particular, we want to see a State housing infrastructure plan, designed to address both housing need and unemployment in the construction sector. This would include the following: the construction of the required social housing by local authorities on a targeted basis over five years; the completion of currently stalled regeneration projects in local authority housing estates and complexes; a programme of upgrading of local authority dwellings, with special emphasis on housing for older people; a social housing maintenance programme, equipping local authorities to ensure that their housing stock is kept in good repair; a home heating programme to ensure that local authority tenants, especially older people, have sufficient and energy efficient heating in their homes; a home insulation programme to conserve energy and reduce energy costs for householders; and a home adaptation programme to carry out essential works to adapt homes for the use of people with disabilities, in tandem with reform of the disabled person's housing grant.

Specific training and upskilling courses for alternative industries to construction should be made available through FÁS and the State's universities and institutes of technology. We need to see special retraining for construction workers so they can work in the energy saving and renewable energy sectors. The Government should introduce a specific back-to-education scheme for construction sector workers under the age of 25 who did not complete second-level education.

Measures to allow apprentices to complete apprenticeships that were curtailed due to the recession in the construction sector should also be introduced. The Government should use either this Finance Bill or the social welfare Bill to address the predicament of construction sector workers who were pushed into becoming self-employed by their employers and who consequently do not have adequate social insurance contributions to allow them to access social welfare entitlements. Their contributions for the past five years should be considered, rather than the normal governing contribution period of two years.

The debate on the banks has not focused on the situation faced by hard pressed mortgage holders who have lost their jobs. There should be a mortgage support package for such families. The Minister still has time to address their needs on Committee Stage of this Finance Bill and I urge that he do so.

These are just some measures that could help regress growing unemployment and begin to revive the economy. We placed them in the form of a motion in the name of Sinn Féin Deputies on the Order Paper yesterday. The Finance Bill before us, in contrast, is devoid of any strategy to get our economy out of recession. There is also an air of unreality about the Bill, in that the

[Deputy Caoimhghín Ó Caoláin.]

near-collapse of the banking system is not addressed. The Government guarantee scheme for the banks is fundamentally flawed and provides scant protection for taxpayers. Are we soon to see the international corporate vultures allowed in to feast on the Irish banks or are they to be recapitalised by the State at the expense of more cutbacks in vital public services? There are other choices and we have outlined some of them.

This is a regressive Bill. There is nothing in it to help struggling small and medium businesses which are starved of capital. In contrast, the Bill retains tax breaks for the burgeoning private health industry which is profiting at the expense of the public health system. I urge Deputies to reject the Finance Bill at every stage, including here tonight when the Second Stage guillotine is applied by the Government parties. I must indicate, with some regret, that we do not have a Finance Bill before us that truly measures up to the challenges of today's times and Sinn Féin will be rejecting this Bill accordingly.

**Deputy Michael Kennedy:** Go raibh maith agat, a Cheann Comhairle. Tááthas orm deis a bheith agam labhairt ar an Bhille seo.

We live in a time when citizens are greeted each morning by a barrage of bad news stories relating to the global economic climate. Daily we hear about the US Government being asked to bail out more failing banks, the US motor industry and so forth. Sadly, this bad news is unavoidable. However, this Finance Bill was crafted primarily with the aim of resolving the crisis as soon as possible. I echo the Minister's call for Ireland to be prepared to take advantage of the economic upswing when it occurs. The Minister for Finance, through this Bill, will help us to prepare for that event.

We are being hit from all sides, as the Minister for Finance pointed out yesterday. This open economy of ours has benefited in the past from its position in the global economy but it is now suffering because of that position. However, the Government is addressing this crisis. Already the public service task force report has recommended the employment of greater economies of scale in the purchasing of common materials across the public sector. This illustrates the Government's commitment to cost curbing and cost cutting.

The Government could not have done anything differently to prevent our economy reaching this point, despite what those in Opposition claim. The term "difficult choices" has been banded about so much before and since the budget that it almost seems like a cliché to repeat it. However, the Opposition seems disinclined to accept that regardless of which party was in power during these past few months, cuts had to be made and the Government did not make its choices willy nilly.

The Minister and his officials have resolved to balance the budget in such a way that the necessary cuts are made while spending is still continued in the vital areas of infrastructure, social welfare, health and education. Underlying this balance is the aim to further strengthen the economy, which is facing a contraction both this year and next. The budget and the resulting Finance Bill represents a proactive approach to solving this country's economic problems.

The Bill encourages new business and development, protects the elderly and most vulnerable in our society, adds enormously to the current health and education budgets and increases the income of the Government by targeting those who can afford to contribute that bit more to society. In addition to these achievements, the Government has demonstrated its willingness to listen to all stakeholders with a vested interest in the economic future of this country and made the necessary changes.

As mentioned, the Minister has used the Bill to amend certain elements of the budget. In the area of income tax, the Finance Bill makes changes to the proposed income levy. I am

relieved that those under 65 years of age earning less than €18,304 will be exempt from the levy. The same exemption has been granted to those over the age of 65, with the income threshold increased to €20,000 per person and €40,000 for married couples. As we all know, there is now a three-tier system of levies, where the levy paid is the dependent on one's income, with the highest paid earners in our society paying the most. This is an equitable system, with the higher earners paying 2% or 3% of their incomes to the State in order to pay for the exemptions of low earners. Equally, the new levy does not apply, nor should it, to any social welfare income. The pain of paying the levy for those on middle incomes will be offset by a widening of the tax bands.

The figure of €18,304 per annum is also used as the new point of entry to the income tax system and all those earning below this will also be exempt from PAYE and PRSI deductions and will take home 100% of what they earn. This represents approximately 36% of income earners. The threshold for entry into the tax system has increased by 259% since 1997, which is a commendable record for any Government. The message of these reforms is this that those on the highest earnings should pay the lion's share of the tax income due to the State.

We remain a low tax economy and despite the fall in employment, there are still significantly more people in the workforce than when Fianna Fáil came to power. It is because of this tax system that Ireland remains attractive to international corporations, which, along with building, agriculture and tourism, have formed the backbone of this economy.

One of the most advantageous elements of this year's budget is the change to the area of research and development, where the existing tax credit has been increased to 25%. This will increase the attractiveness of Ireland to foreign investors and domestic businesses alike. A range of options is also being made available, providing flexibility in the use of tax credits. There is also a three-year exemption from corporation tax on trading profits for new companies who operate for the next year. The exemption on tax liabilities not exceeding €40,000 will last for up to three years and is yet another strategy to encourage entrepreneurship.

As a Deputy representing north Dublin, incorporating the Swords area, I particularly welcome the focus on research and development in the Bill. My area is one of the largest economic centres outside the city centre and certainly one of the biggest in the north Leinster region. While the issue of tax exemptions for research and development is complex, I intend to convey the importance of this element of the Bill to my constituents at every opportunity.

While on the subject of businesses, I wish to take this opportunity to mention the banking bail out scheme and the current squeeze being experienced by businesses. It is important for the Government in its negotiations with the banks for any re-capitalisation scheme to make it conditional on the banks freeing up credit for small and medium businesses and individual citizens. I am confident the Minister for Finance will achieve the best result for the country.

While the Finance Bill is certainly good for business development, we must not forget about the changes being made to the current system in respect of first-time home buyers.

I welcome the increase in mortgage interest relief. In this time of property market uncertainty, it must be a relief for first-time buyers that the Government is willing to take into consideration the burden of a person's first mortgage and provide a large proportion of relief. The rebalancing of the mortgage relief system in favour of first-time buyers is thankfully revenue-neutral and at the same time provides the most assistance to those who in turn are affected most by the paying of a mortgage, the young people starting on the property ladder.

One area which thankfully remained unchanged in the budget was residential stamp duty. I welcome the Minister's decision to steer clear of intervening in the residential sector. Conversely, I welcome the reduction in the rate of stamp duty on the sale of commercial property and this should go some way to reducing the strain on commercial buyers. Hopefully, once



[Deputy Michael Kennedy.]

commercial markets begin to move again, the demand for development will take off and bring some refreshment to the construction industry. The income from stamp duty to the Government from the anticipated increase in commercial property sales is also significant.

Much has been said about the Cinderella rule and how a person's residency and therefore his or her tax liability, in particular wealthy people involved in sports and the arts, is determined by the number of days he or she resides in the State. I am happy that this has been changed. The Minister has now brought in the provision that a person in the country at any stage during the day will be counted as residing that day in the country. I welcome the fact that under the Finance Bill, regardless of when a person leaves the State, his or her presence here at any time, on any day, will count as a day towards determining their residency. This will not affect cross-Border workers who are employed here in the South. In the call for patriotic duty perhaps these wealthy Irish people who have been paying their taxes elsewhere should reconsider their occasional residency and instead look towards these shores as a permanent home and tax base.

As a Member representing the area where Dublin Airport is located, I welcome the lowering of the new airport tax for shorter journeys and believe the new lower tax will benefit people in the west of Ireland in particular. I will be making strong recommendations to the Minister for Finance to amend the Bill in such a way that Irish airlines are compelled to establish a special air tax client bank account and return the air tax on cancelled or no-show flights back to the Government as currently it is pocketed by the airlines on the basis that their administration fee of €20 is in excess of the airport tax. Insurance brokers in the insurance industry must set up a special designated account for clients and this rule should also apply to airlines. It is ridiculous that airlines can pocket money which was designed to be given to the Government. I will ask the Minister to consider this as it is a simple accounting procedure and it will not cause any difficulty for the airlines. If the airlines do not refund the customer, the money should be given to the Government who can put it to good use. I have written to the Minister for Finance outlining this suggestion and I hope he will consider my comments and suggestion.

As a representative of an area which is highly multicultural — I do not mean this in any offensive way — I welcome moves to tackle VRT evasion. The proposal to introduce pre-registration of imported vehicles, estimated excise assessments and the establishment of a temporary registration system for cars brought into the State for more than 42 days, should go a long way to resolving a particular problem. I refer to the meeting which the Taoiseach held today on the OECD report. I commend the establishment of a new group to examine the question of costs in the public service and to consider setting up redeployment schemes so that personnel can be transferred from one section to another and equally where there would be targeted redundancy packages. In the past, redundancy packages have resulted in the good people leaving employment. We need to get rid of the people who are not contributing as much as they could and we need to hold on to the good people who do a good job. By and large, the public service does a good job even though it is often criticised unfairly. No more than any other group in society, there are the bad apples in the barrel and we need to weed them out. The taxpayer expects to get value for money.

I welcome the fact that the Taoiseach has set up his own Cabinet committee on driving this programme. The Taoiseach has the determination to bring this about and I look forward to the packages coming on stream as early as possible, perhaps by early next summer. We all subscribe to his view that we need a lean, motivated, high-performing, responsive and effective public service and the general public is calling for this, particularly in the context of our economic downturn. We cannot afford to have any people in the system who are not giving 100%. I wish the Minister for Finance well. We need to see results and I am confident there is a determination in Government to bring this about.

I note comments from the other side of the House that this is just an Irish problem. There are reports in magazines and newspapers every day of the week. I refer to some headlines in today's newspaper which give an idea of the global nature of the problem, for example: "Germany predicting its biggest economic decline since the war". This headline should make the point that Ireland is part of the global economy. If Germany, one of the strongest economic units in all of Europe and indeed the world, is suffering, it is ridiculous to propose that the state of affairs here has been caused by the Government. There are references to moves to help free up credit in the United States. A number of banks have been bailed out or have been allowed to fail and the US Government is under pressure to bail out the motor industry. A comment in today's newspaper refers to the number of jobless in OECD member states as being 42 million, across 30 states. To suggest that our problems are brought about by our Government is quite ridiculous.

I must stress to those who do not believe we are in an economic downturn that a report from the OECD has stated the economy will remain in one until 2010. We have a major economic problem and need to take decisive action. One group of our colleagues on the other side of the House wants to increase taxes while the other wants to slash spending. They have no common approach in their commitment to being part of a future government. They cannot even agree on their tax or economic policies.

**Deputy Jimmy Deenihan:** It is always a good tactic to attack the Opposition when one cannot give an answer to the problem.

**Deputy Michael Kennedy:** The media has commented on the Opposition leaders' failure to agree on economic policies. One headline over an eminent journalist's article stated, "Kenny's call for pay freeze attacked by Labour". I am not passing any personal judgment on this.

**Deputy Ulick Burke:** The Deputy is commenting on both sides of the debate.

**Deputy Michael Kennedy:** The media reports which Fine Gael keeps quoting are saying its remedies for the economic problems are at variance with those of the Labour Party.

**Deputy Pat Breen:** The Deputy is being very selective in his quotes from media reports.

**Deputy Michael Kennedy:** The British Labour Government's budget has led to headlines such as, "Labour bets all on UK stimulus packages". Betting all is like going into the bookies and putting one's shirt on a horse.

**Deputy Ulick Burke:** The bookies would not even accept a bet from Fianna Fáil these days.

**Deputy Michael Kennedy:** The people would not take Fine Gael's and I am sure the Deputy will find that out pretty smartly. The people do not believe Fine Gael has any remedies.

**Deputy Pat Breen:** That is not what the opinion polls are saying.

**Deputy Michael Kennedy:** I believe the Taoiseach, the Minister for Finance and the Government have the right approach to these economic problems. They have taken decisive action with the banks and have the right methods to take advantage of the upturn in a few years' time.

**Deputy Jimmy Deenihan:** I wish to share time with Deputies Ulick Burke and Pat Breen.

**An Ceann Comhairle:** Is that agreed? Agreed.

**Deputy Jimmy Deenihan:** It would be an understatement to claim we are facing one of the most economic challenging times ever. Solutions are not easy to come by. The problems we are experiencing have been festering away over the past ten years when wrong decisions were made because of expediency and to win political favour. We have stored up problems with which we must now deal. It will not be easy, which the Minister for Finance has accepted on several occasions.

When economic times were good with an abundance of moneys there was much to say during the Finance Bills. There were, however, many reasons for the economic boom. Between 1994 to 1999, Structural Funds gave a major boost of €9 billion to the economy. At the same time, the building boom began. In 2006 alone, some 90,000 houses were built which each brought in €100,000 in tax revenues, which amounts to €9 billion. It follows that if only 26,000 housing units will be built this year, there will be a major shortfall for the Exchequer.

Another factor of the economic boom that is often overlooked is the investment by American technology firms. It began with Intel in the late 1980s and continued into the 1990s when Silicon Valley technology firms invested in Ireland. They are still pushing our export boom.

Another aspect of the economic boom which will not continue is borrowing. From 1977 to 1981 a Fianna Fáil Government trebled the national debt from £4 billion to £12 billion. We are always reminded of the then incoming Fine Gael Government doubling it but rarely reminded of who trebled it. Eventually when various Governments decided they had enough of State borrowing, it was replaced by individuals borrowing. Today, Irish borrowers owe the banks an alarming €400 billion, a figure given by the Minister for Finance to the Labour spokesperson, Deputy Joan Burton. That borrowing is not sustainable. The likelihood of that rate of borrowing continuing will not happen. As a result consumers will not be spending as much on the high street as they used to, with the result there will be less revenue from taxation.

The UK Government has cut its VAT rate from 17.5% to 15% which will have a major impact on areas such as our tourism industry. In a way, we are already competing with Northern Ireland. While Tourism Ireland is responsible for promoting the island of Ireland, there is an emphasis to promote the North more than the South to prove to all political parties in the North that all-Ireland arrangements work. People attending international holiday fairs have realised this is the case. The Ceann Comhairle, who was Minister for Arts, Sport and Tourism, will understand this too. With the reduction in the UK VAT rate, there is a greater reason to visit Northern Ireland. Meanwhile the Minister for Finance has raised our VAT rate from 21% to 21.5%. Prices in the North will be competitive. Several people who went on shopping trips recently to Newry and Belfast that I spoke to could not believe the difference in prices. The Minister will have to examine this issue because it will lead to another outflow of funds.

I thank the Minister for reviewing the betting tax proposals. There has been a proliferation of betting shops in many towns. I do not understand how a town of 4,000 people like Listowel can sustain five betting shops. However, the original proposal on betting tax would have closed some of them. I also welcome the review of the airport tax. Kerry Airport would have been severely disadvantaged, as Knock would have been too, if the original charge had not been reviewed. I am glad the Minister listened to our concerns about this and has amended the proposal.

**Deputy Ulick Burke:** I am glad to have the opportunity to say a few words on the Finance Bill. In Ireland, there are not many sections of society that would have confidence in this Government and Deputy Brian Lenihan as Minister for Finance to take this country out of the state of crisis in terms of finance, employment or otherwise. I refer to the cuts brought in by the budget last month and the instant angry reaction that so many sections of society have shown on the streets of this city and throughout the country. I do not know if the Government

realises the anger that exists in the population at large because of the waste we have had from this Government over the past ten years. The poor, the elderly and the infirm must bear the consequences of the lack of action in the past.

Many Members on the Government side have built up the idea of the wonderful support the Government has given to new start-up businesses. If they went outside the door of this House they would realise the difficulties small businesses have in this country. How can people in government reconcile that fact with what is happening in agriculture? The Minister for Agriculture, Fisheries and Food has introduced cuts, particularly in the area of young, start-up farmers. I refer to the installation aid scheme, which was cut and abandoned. Will the Minister examine the effect this is having? There are 400-500 young farmers in this country who have some degree of involvement in the installation aid scheme. Some have a major investment in the scheme, others to a lesser extent. I hope the Minister for Finance or the Minister for Agriculture, Fisheries and Food will withdraw the savage cuts in that area and allow the young farmers who want to get involved in agriculture and who want a livelihood in this country to go ahead, particularly those who have had an involvement to date. It is a costly process but they believe it is important to them to do so.

The loss to the farming community as a result of cutting the suckler cow scheme by €40 per head and the disadvantaged area scheme will be €1,200 to any farmer and family community in County Galway. That is the statistic for everyone to see. On top of the 1% levy, other cuts and the increase in bus fares for children there is a realisation that what the Minister is doing is cutting and hurting the opportunity for people to make a livelihood in the west, particularly in County Galway. The Minister must re-examine those schemes again.

What has been done in education? I do not believe the Minister for Education and Science understands the consequences of the cutbacks he has introduced. In the instance of substitution, he blames teachers and queries the legitimacy of many of those who are out for whatever reason. That is an indicator that he is not familiar with the everyday working of a school situation. There will be chaos on 1 January and a demand from school management to withdraw all involvement in all extracurricular activity in school life, whether at second level or where principals will be forced to send children home to their parents at primary level. When that happens, the Minister for Finance and the Minister for Education and Science will have to take responsibility for it. The Minister for Finance will not do so, he has walked away from everything and shaking his head is the negative response he has.

**Deputy Brian Lenihan:** There is such a thing as personal responsibility, Deputy.

**Deputy Ulick Burke:** It is time the Minister re-examined those cuts in the interests of safety in this country for many children in school.

I refer to what the Minister for Social and Family Affairs has introduced. She has cut back on the back to education scheme. In that instance, the folly and inequity of the Minister's action is such that a person on low pay will have the difference of €1.21 between social welfare, whether jobseeker's allowance or otherwise, and income. The difference between the person on low income going back to education and the person on social welfare will be €63,000 over three years, the average time to get a third level degree or certification. There is a disincentive to those who want to work because they are penalised if they are 21 years before they can benefit. They receive €6,400 whereas the person on jobseeker's allowance or social welfare payments of one kind or another will get €25,000 per year to fulfil that. That is inequitable and must be changed if we are talking about reasonableness and balance.

**Deputy Pat Breen:** I am delighted to have the Minister for Finance and the next Minister for Finance in the Chamber. Former President Harry Truman once said “It’s a recession when your neighbour loses his job; it’s a depression when you lose yours.” As the current economic crisis rages throughout the world, many analysts are describing the situation as the worst financial crisis to hit the global economy since the 1920s.

I was at a Council of Europe meeting this morning where we had a hearing on the world financial crisis. We met people from the IMF, the OECD, a top banker from Société Générale and President Sarkozy’s economic advisor. What the OECD had to say was interesting. The representative said we could expect the recession to be deep and long, worse than the recession of the 1980s, and that it will be at least 2010 before things get better and return to pre-turmoil levels. In the meantime, unemployment will rise sharply, the housing market has some way to go before it hits a low and the only positive news is that oil prices are down and this will help things along the way.

The representative said we are entering a new period of globalisation. G7 has become G20 and it met last week in Washington and identified the problems. One of the interesting comments was that only 18 or 27 EU countries have bank liquidity rules. We have an extraordinary crisis and a major challenge. The OECD representative said that countries like Ireland would feel the pinch much more and get more pain because of our dependence on the housing sector.

We were talking about recession; unfortunately, this Government has turned it into a depression. One of the greatest tests of leadership is the ability to recognise a problem before it becomes an emergency. The Government has shown little leadership and as a result Irish people have lost trust in the Government and in the Minister. The budget targeted the most marginalised and vulnerable people in our society. It was full of half-baked proposals. As a result it was forced to do many U-turns.

No sector of society has escaped the crisis. The inability to access credit is crippling many of our small and medium sized businesses. The recapitalisation of our banks is necessary to ensure those businesses can get access to much needed credit.

Previous speakers referred to what happened in the United Kingdom this week when the Chancellor, Alistair Darling, reduced the VAT rates and announced a series of other measures to stimulate the economy. As Deputy Deenihan said, we have already witnessed a mass exodus of people travelling across the Border where they are getting more favourable rates for the euro because of its strength against sterling.

That reduction in VAT rates is set to compound the problem here. In recent days I received a number of calls from business people in County Clare who wanted to know what the Government was doing about the problem. Many of them will be out of business by Christmas if something is not done about it but rather than introducing strong measures in the Finance Bill to assist those retailers, the Government has done the opposite. It has introduced an income levy and increased the rate of VAT, which will make many Irish goods much more expensive.

I welcome the strides in the Bill regarding research and development and the credit regime but I am extremely disappointed that regional development took a major hit in the budget, particularly the shortfall of €1.3 million in funding for Shannon Development, which could see grant aid to industries reduced at a time when those industries need extra support.

Today we witnessed the effects of the open skies agreement, with Delta Airline’s announcement that it was ending its Shannon-Atlanta service from next summer. The recent announcement of the US customs and border protection facility at the airport is welcome but passenger figures are on a downward spiral in Shannon.

The air travel tax was unwise, particularly with the downward trend. The Belgian Government had to cancel its plans to introduce that tax. I appeal to the Minister to re-examine this travel tax and the damage it will do to regional tourism.

The cutbacks in the farm installation aid and the farm retirement scheme will have an impact on young farmers. Many elderly farmers will be forced to continue working while, unfortunately, younger farmers may choose the emigration route.

The EU President, José Manuel Barroso, announced today that the European Commission has proposed a €200 billion plan to revive EU economies. However, it appears the Irish Government is to opt out of this proposal. The Minister might comment on that when replying because it is an important issue. I am aware it will be discussed at the EU Heads of State meeting on 11 and 12 December. I ask the Minister to clearly outline the reason he will not sign up to those proposals.

Does the Government have a strategy? How does it intend to restore confidence in the economy? The Minister said this Finance Bill contains a mix of measures which have struck an appropriate balance between the need to protect low incomes and restore stability to the public finances. I believe it does neither. There is no plan or strategy. There are no ideas coming from the Minister's side of the House. The country needs a clear strategy. Ordinary men and women throughout the length and breadth of this country are very worried at a time when we need someone to lead this country out of the recession and not into a depression. People need reassurances. That is very important to them. Sadly, they will have to continue to battle their way through the crisis without any leadership from this Government.

We face an extraordinary crisis and a real challenge but with real leadership we can overcome that challenge, as many of the speakers said at the meeting I attended this morning in Paris.

**An Ceann Comhairle:** Iarraim anois ar an t-Aire Airgeadais, an Teachta Brian Lenihan, chun an díospóireacht a fhreagairt.

**Minister for Finance (Deputy Brian Lenihan):** In my reply I will respond as far as possible to the points raised by the Deputies in their remarks on the Bill. I assure Deputy Breen that there will be leadership, we will stabilise the public finances, we will weather the storm and come through the difficult times. If we take corrective action now we will ensure that Ireland benefits from the upswing when it happens.

As the House is aware, budget 2009 and the Finance Bill were prepared taking account of the difficult economic position prevailing both internationally and domestically. The budget set out a medium-term strategy to stabilise balance in the public finances as soon as possible. That required and obliged us to reduce public expenditure and adjust tax levels to reflect the changed realities of lower economic growth. Restoring order and stability to the public finances will underscore Ireland's well-earned international reputation as a good place to do business. The Finance Bill continues this process and sets out targeted support to enterprise to assist economic recovery.

There has been much discussion in recent weeks about the use of fiscal stimulus packages. In particular, Deputies Bruton, Breen and several others referred to the proposed European Union Commission communication. We welcome this communication as an important signal to EU consumers and business that member states, including Ireland and the Commission, are taking action to boost demand and support business in these difficult times. The Government is already taking corrective action in line with what the Commission is seeking from the member states. For example, the budget provided growth in current spending of 3.6% and capital invest-

[Deputy Brian Lenihan.]

ment of €8.2 billion in 2009, over 5% of GNP. Viewed by any international standard there is a substantial stimulus package in this budget, as substantial as can take place having regard to the overall need to restore stability to the public finances. Our relatively low tax rates for the employed are broadly consistent with the measures proposed by the Commission recovery plan but we do not have room for manoeuvre in terms of an additional fiscal stimulus beyond that envisaged in the budget.

Current budget projections indicate that at least €45 billion will have to be borrowed between 2008 and 2011 to sustain the current level of public services, of which over €9 billion will be used to fund day to day expenditure. This is not sustainable. Debt servicing costs have a first call on resources and an increasing debt interest burden will reduce our productive capacity, increase unemployment, over-burden the taxpayer and undo past efforts to help the vulnerable.

It is acknowledged by the Commission that not all member states have the same capacity for giving a fiscal boost and the impact on member states' ability to borrow on the markets must be taken into account. The priority for small, open economies like Ireland with relatively high general Government deficits is to get our public finances back in order, otherwise the long-term competitiveness and international reputation of the economy will suffer.

Throughout the debate Deputies raised various issues relating to banking and the challenges faced by small businesses. The Government took swift and decisive action at the end of September to safeguard the Irish banking system to ensure that our financial system continued to meet the needs of the economy and in particular the needs of the small and medium-sized enterprises. Over 250,000 small businesses operate in our economy and employ approximately 800,000 persons. Access to credit and finance, including short-term credit, is the engine of the SME sector. The Government is very conscious of the need to ensure that credit lines continue to be extended to viable businesses. To support this objective and, more generally, to secure the stability of the major domestic credit institutions, this House introduced and approved the credit institutions (financial support) scheme. The focus has been to promote confidence in the economy and ensure that the Irish banking system continues to be in a position to access liquidity and funding to meet the credit needs of the economy.

In my recent discussions with the six guaranteed institutions, I pointed out to the institutions that the fundamental object of Government policy is to ensure that the banks continue to play a crucial part as motors of the economy and in the giving of credit.

As regards the income levy, I welcome Deputy Bruton's contribution to the debate. I am pleased that he has recognised the increased fairness of the income levy as constructed for the Finance Bill. I believe the levy is a progressive and fair measure. The exemption thresholds for those on low incomes and those over 65 years of age protect the vulnerable and the elderly. Middle income earners will pay at 1%. Income in excess of €100,100 will be levied at 2% up to a ceiling of €250,000. Only income above this amount will be levied at 3%. This is a very progressive levy. As introduced in 1993 it was not nearly as progressive. As I said yesterday, those who can best afford to pay pay the most. In fact, the top 1% of income earners will contribute 20% of the levy yield.

Deputy Burton asked for marginal relief at the exemption thresholds. I presume this is the Deputy's remedy to alleviate the position known as the "step effect". As I stated during my introductory speech, where the age-related or general thresholds are exceeded, the levy will be payable on all income. To introduce a marginal rate system on top of the exemption limits would be both very costly and add an undue level of complexity into the system for businesses and payroll operators.

It should be noted that there are step effects in our tax system which have been in place for a number of years. For example, there is a step in the health levy and in the PRSI system. There is no compelling evidence that these step effects have discouraged workers from accepting increases in pay, as Deputy Burton suggested. As the Minister of State, Deputy Mansergh, and Deputy Michael Ahern said during the debate, there is a precedent for the income levy. The income levy introduced by the Fianna Fáil-Labour Government in 1993 had a step effect, as did the income levy introduced by the Fine Gael-Labour Government in the early 1980s.

I would like to clarify the position of the income levy for the self-employed and farmers. Deputy Fleming is correct in his assessment that the income levy is not applied on turnover. The levy is applied after deduction of legitimate expenses directly associated with the performance of the trade. He is also correct in pointing out that the use of the income levy is preferable to increasing the income tax rates. As the Minister of State, Deputy Mansergh, rightly pointed out yesterday, to provide the same yield as the income levy we would have to increase the standard rate by 1% and the higher rate by 2%. This would mean an increase on middle income earners of 3% and not the 1% as proposed.

I assure Deputies Ciaran Lynch and O'Donnell that the income levy will not be applied to the minimum wage. The annualised equivalent of the minimum wage is €17,542 whereas the income levy exemption threshold is €18,304. This is €762 more than the minimum wage annualised.

I thank Deputy Cyprian Brady for his comments on the changes to the mortgage interest relief provisions. This measure will provide real assistance to first-time buyers without placing an additional cost on the Exchequer. Deputy O'Donnell pointed out this initiative will result in a reduction in relief for non-first-time buyers. However, it is not possible to make this measure revenue-neutral without rebalancing the relief in this way and non-first-time buyers are not under the same pressure as first-time buyers.

I welcome Deputy Noonan's contribution and I am heartened that he appreciates the reasons that the health expenses relief has been reduced generally to the standard rate. Uppermost in my thoughts when deciding this measure was the welfare of those in nursing homes. I was aware that the nursing homes support scheme was being drafted but would not be in place by the start of 2009. This is one of the reasons I extended marginal relief for nursing home expenses for a further period. My intention was to review the provision again in the context of a fully operational nursing homes support scheme. However, in light of this debate and having reflected on the points raised by Deputies Noonan and Mitchell, I will consider an amendment on health expenses relief for nursing homes on Committee Stage so that the default position will be continuation of marginally rated relief for nursing home care rather than standard rating at the end of next year.

On a related point, Deputy Bruton asked, regarding the scheme of capital allowances for specialist palliative care units, why provision is being made to allow qualifying capital expenditure under the scheme from the date of the enactment of the Finance Act 2008 through which the measure was introduced. The reason for this is that the scheme will not be commenced until approval from a state aid perspective is received from the EU Commission and I did not think it reasonable that legitimate capital expenditure on qualifying projects should be excluded from benefiting under the scheme in the period pending that approval. My Department will continue to engage with the EU Commission in an effort to expedite the state aid approval process for the scheme.



[Deputy Brian Lenihan.]

Deputies Bruton, Burton and Sherlock raised issues regarding the changes to the research and development tax credit scheme, in particular the availability of the credit for expenditure on buildings. Since the scheme was introduced in 2004, expenditure on new or refurbished buildings used exclusively for research and development activities has attracted a tax credit of 20% of that expenditure paid over a four-year period. However, data emerging from a review of the operation of the scheme being carried out by my Department suggests that this part of the scheme is not being used. This reflects the fact that in many instances work on research and development takes place in production or manufacturing environments and not only in laboratory conditions.

The Bill provides that a tax credit of 25% will be available from next year in respect of a proportion of the expenditure incurred on a new or refurbished building used in part for research and development activities. In this way, we hope not alone to capture the benefit of additional research and development activities which may be undertaken in conjunction with production and other activities, but also have the opportunity to benefit from the fruits of that research and development with the potential for additional production activities to be undertaken here. The provision requires state aid clearance from the EU Commission which my Department will pursue.

Deputy O'Donnell expressed concern about the time limit on companies making a claim in respect of a tax credit. The Bill provides that such claims must be made within 12 months from the end of the accounting period in which research and development expenditure giving rise to the tax credit was incurred and applies to claims made on or after 1 January 2009. This is a reasonable requirement for the future. I realise, however, that the requirement will put pressure on companies and their advisers regarding claims for accounting periods ending in 2007 and prior years. However, the Revenue Commissioners have issued an e-brief in recent days advising tax practitioners and other interested parties that they can lodge, before the end of this year, protective claims in respect of any tax credit arising in the accounting periods ending on or before 31 December 2007. Specific details on such claims can then be submitted thereafter. This should relieve the pressure on companies and advisers on the claims deadline in the Bill.

A considerable number of Deputies, including Deputies Crawford, Tom Hayes, Morgan, McHugh and Sherlock, have noted the differential in VAT rates existing as a result of the decision by the UK Government to reducing its standard VAT rate from 17.5% to 15%. This measure has been adopted by the UK authorities as part of a fiscal stimulus package. It must be recognised that our starting point is very different from that of the UK. We already have a low taxation economy, especially in the area of direct taxation, both income and corporation taxes. This lower starting position for direct taxation makes it more difficult to reduce taxes further.

As I have already said, the Government is providing a long-term fiscal stimulus through capital investment of approximately 5% of GNP next year, which is twice the EU average. As a small open economy, many of our standard rated goods are imported and cutting the VAT rate would benefit the economies from which we import far more than our own.

The Government increased the standard VAT rate by 0.5% as part of a general package of revenue-raising measures to fund key public services. Already we are borrowing 10% of all day-to-day public services expenditure. This is unsustainable and we faced difficult choices in bringing forward corrective measures. Each percentage point reduction in our standard VAT rate would cost €450 million in a full year. For Ireland to reduce the standard VAT rate by 2.5 percentage points, as has been done in the UK, would cost around €1.125 billion in a full year.

Some of the goods and services that will be affected by the increase in the standard rate are alcohol, cigarettes, cars, petrol, electrical equipment, furniture, telecommunications, cosmetics, confectionery, soft drinks and adult clothing and footwear. The effect of the increase in the standard rate means an increase of 8 cent on an item costing €20, or 41 cent on an item costing €100. Approximately half the value of goods and services purchased in the State are not subject to the standard rate of VAT and, therefore, are unaffected by the change in the standard rate.

The reduction in the UK standard VAT rate will have an impact on the price differential on some goods between the North and the South. However, the UK has increased excise on alcohol, cigarettes, petrol and diesel to offset the 2.5% reduction in VAT on those items. Consequently, there will be no reduction in the price of those products in Northern Ireland as a result of the reduction in the UK VAT rate to 15%. It is important that Members of this House recognise that the weakening of sterling has had a more significant impact on relative prices than any VAT changes on the price differential between North and South of the Border.

The provision on VAT and tour operators is being introduced as a result of an Appeal Commissioners' decision which made all tour operators liable to VAT. The measure will regularise the VAT position of tour operators and bring their treatment into line with most other EU member states. Several Deputies, including Deputies Gallagher and O'Donnell, raised the issue of the air travel tax. In this regard, Ireland is not unique; the UK, France and the Netherlands all apply air travel taxes. Our rates will be lower than those applying in most other countries. Tourists to Ireland will be subject to the tax only on their return journey, so €2 or €10 in the context of a much larger purchasing decision involving hotel expenditures etc. should not have much effect on tourism.

Time does not permit me to respond on all the other points raised but before I conclude I would like to acknowledge the support of Deputy Bruton on the amendments to betting duty in the Bill. I welcome his understanding of the complex nature of the sector and the challenges it faces. There is a clear need to widen the tax base for gaming and gambling activities generally. I reassure Deputy Ciaran Lynch that persons who need to travel to work at unsocial hours and who have no reasonable alternatives to using their cars will not be liable for the car parking levy in those circumstances.

Irish taxation policy has given us a significant competitive advantage in the past 15 years. We have ensured that we have had the lowest levels of direct taxation on income; therefore, we have had marginally higher indirect taxation. That model of taxation has worked well for our economy and will be even more important now in leading us back to the path of economic growth.

This year, for the sixth consecutive year, a married one-income couple with two children, on average earnings living in Ireland, has the lowest average tax rate in the OECD. When cash benefits from the State, such as child benefit, are taken into account, such families face a negative tax burden, receiving more money in cash transfers from the State than they pay in income tax and social security contributions. After the budget changes, we are still one of the lowest taxed economies in the EU and I look forward to Committee Stage where we will have the opportunity for a more detailed discussion on the measures contained in the Bill.

**An Ceann Comhairle:** As it is now 10 p.m., in accordance with an order of the Dáil of this day, I am required to put the following question: "That the Bill be now read a Second Time", "Go léifear an Bille an Dara hUair anois".

Question put.

## The Dáil divided: Tá, 79; Níl, 67.

## Tá

Ahern, Bertie.  
 Ahern, Dermot.  
 Ahern, Michael.  
 Ahern, Noel.  
 Andrews, Barry.  
 Andrews, Chris.  
 Ardagh, Seán.  
 Aylward, Bobby.  
 Behan, Joe.  
 Blaney, Niall.  
 Brady, Áine.  
 Brady, Cyprian.  
 Brady, Johnny.  
 Browne, John.  
 Byrne, Thomas.  
 Calleary, Dara.  
 Carey, Pat.  
 Collins, Niall.  
 Conlon, Margaret.  
 Connick, Seán.  
 Cowen, Brian.  
 Cregan, John.  
 Cullen, Martin.  
 Curran, John.  
 Dempsey, Noel.  
 Devins, Jimmy.  
 Dooley, Timmy.  
 Fahey, Frank.  
 Finneran, Michael.  
 Fitzpatrick, Michael.  
 Fleming, Seán.  
 Flynn, Beverley.  
 Gallagher, Pat The Cope.  
 Gogarty, Paul.  
 Gormley, John.  
 Hanafin, Mary.  
 Harney, Mary.  
 Haughey, Seán.  
 Healy-Rae, Jackie.  
 Hoctor, Máire.

Kelleher, Billy.  
 Kelly, Peter.  
 Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kirk, Seamus.  
 Kitt, Michael P.  
 Kitt, Tom.  
 Lenihan, Brian.  
 Lowry, Michael.  
 Mansergh, Martin.  
 Martin, Micheál.  
 McEllistrim, Thomas.  
 McGrath, Mattie.  
 McGrath, Michael.  
 McGuinness, John.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.  
 Nolan, M.J.  
 Ó Cuív, Éamon.  
 Ó Fearghaíl, Seán.  
 O'Brien, Darragh.  
 O'Connor, Charlie.  
 O'Dea, Willie.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Rourke, Mary.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 Treacy, Noel.  
 Wallace, Mary.  
 White, Mary Alexandra.  
 Woods, Michael.

## Níl

Allen, Bernard.  
 Bannon, James.  
 Barrett, Seán.  
 Breen, Pat.  
 Broughan, Thomas P.  
 Bruton, Richard.  
 Burke, Ulick.  
 Burton, Joan.  
 Byrne, Catherine.  
 Carey, Joe.  
 Clune, Deirdre.  
 Connaughton, Paul.  
 Coonan, Noel J.  
 Costello, Joe.  
 Coveney, Simon.  
 Crawford, Seymour.  
 Creed, Michael.  
 D'Arcy, Michael.  
 Deenihan, Jimmy.  
 Doyle, Andrew.  
 Durkan, Bernard J.  
 English, Damien.

Enright, Olwyn.  
 Feighan, Frank.  
 Ferris, Martin.  
 Flanagan, Charles.  
 Gilmore, Eamon.  
 Hayes, Tom.  
 Higgins, Michael D.  
 Hogan, Phil.  
 Howlin, Brendan.  
 Kehoe, Paul.  
 Lynch, Ciarán.  
 Lynch, Kathleen.  
 McCormack, Pádraic.  
 McEntee, Shane.  
 McGrath, Finian.  
 McHugh, Joe.  
 McManus, Liz.  
 Mitchell, Olivia.  
 Morgan, Arthur.  
 Naughten, Denis.  
 Neville, Dan.  
 Noonan, Michael.

Níl—*continued*

Ó Caoláin, Caoimhghín.  
 Ó Snodaigh, Aengus.  
 O'Donnell, Kieran.  
 O'Dowd, Fergus.  
 O'Keeffe, Jim.  
 O'Mahony, John.  
 O'Shea, Brian.  
 O'Sullivan, Jan.  
 Penrose, Willie.  
 Rabbitte, Pat.  
 Reilly, James.  
 Ring, Michael.

Shatter, Alan.  
 Sheahan, Tom.  
 Sheehan, P.J.  
 Sherlock, Seán.  
 Shortall, Róisín.  
 Stagg, Emmet.  
 Stanton, David.  
 Timmins, Billy.  
 Tuffy, Joanna.  
 Upton, Mary.  
 Wall, Jack.

Tellers: Tá, Deputies Pat Carey and John Cregan; Níl, Deputies Paul Kehoe and Emmet Stagg.

Question declared carried.

### **Finance (No. 2) Bill 2008: Referral to Select Committee.**

**Minister for Finance (Deputy Brian Lenihan):** I move:

That the Bill be referred to the Select Committee on Finance and the Public Service, in accordance with Standing Order 120(1) and paragraph 1(a)(i) of the Orders of Reference of that committee.

Question put and agreed to.

### **Adjournment Debate.**

#### **Health Services.**

**Deputy Michael Noonan:** There was some very bad news in Limerick earlier today when the management of Bawnmore, which is a facility for persons with mental handicap, called the staff together and told them they would have to let 30 go before Christmas, that another 30 jobs were on the line between January and March and that services would have to be discontinued for 100 persons who were getting services.

Bawnmore looks after severely mentally handicapped and mildly mentally handicapped adults. Some of its work is for residential patients and others are helped on a day care basis. When the Minister, Deputy Harney, was allocating funds to the HSE for 2009, sufficient money was not allocated to the Brothers of Charity, who run Bawnmore. They were allocated €27 million but need another €1.5 million to keep services going. Despite the fact this was raised in the House on a number of occasions, unfortunately, the Minister cannot see her way to assist them further.

It is a common theme with the cuts emanating from the Department of Health and Children that the most vulnerable are identified for the cuts. It is as if somebody picked out the groups that did not have strong trade union or organisational backing. We have seen the cutbacks that were originally proposed to take medical cards from persons over 70 and those which deprive 12 year old girls of lifesaving vaccines. Now, we see 100 persons with mental handicap being deprived of services because their carers will no longer be paid and will be made redundant. If one takes 60 carers out of an institution like Bawnmore, there is a serious problem.

[Deputy Michael Noonan.]

I appeal to the Minister to reconsider the issue and to provide special funding so that mentally handicapped persons are not sent back to the care of their families, and that they can continue to avail of the excellent care they have received and are receiving in the Bawnmore centre in Limerick.

**Deputy Kieran O'Donnell:** I am grateful for the opportunity to raise this matter, which came to my attention over a week ago when the parents of adults who are residents in Bawnmore, and the service providers, the Brothers of Charity, advised me that the brothers were due €1.5 million from the HSE in respect of services. They had various discussions ongoing with the HSE but the money was not forthcoming and they needed the matter raised in the Dáil. I put the matter down on the Adjournment a number of times last week but it was not allowed. I am pleased it is allowed tonight and I am looking for a result.

We are concerned here with services for up to 100 intellectually disabled persons who are resident in the Bawnmore complex as well as throughout Limerick city and county. This involves 60 staff who care for these adults. As Deputy Noonan mentioned, today the Brothers of Charity informed more than 30 people working in full-time whole-time equivalent posts that if funding is not forthcoming from the HSE their jobs will finish at the end of December. If funding is not received, another 30 full-time carers will be let go in March. A total of 40 adults using the service will be affected from the end of December and up to 100 will be affected from March.

If 60 full-time posts are let go it will affect all services in the Brothers of Charity in Bawnmore. This is a disgrace. The Brothers of Charity do not even have a letter of intent from the HSE that this funding will be forthcoming. This is an indictment on the Government, the HSE and local Ministers. I hope and expect that in the reply we receive from the Minister of State, Deputy Seán Haughey, on behalf of the Minister for Health and Children, that not only will the funding be provided but that we will be given a date and it will be provided as a matter of urgency. The parents of these young and older adults are extremely concerned. Once again, the Government is hitting the most vulnerable sections of society, this time the disabled. I expect to hear a positive response and we will not let this go.

**Minister of State at the Department of Enterprise, Trade and Employment (Deputy Seán Haughey):** I will take the Adjournment on behalf of my colleague, Deputy Mary Harney, the Minister for Health and Children. From the outset, I wish to emphasise the Government's commitment to providing a high-quality service to all people with a disability. This commitment is illustrated by the substantial investment we have been making in disability services over the past number of years.

In recent times, significant additional resources have been provided for services and supports in this area. The multi-annual investment programme, which is a key component of the Government's disability strategy, will by the end of 2008 have provided for 980 new residential places; 313 new respite places, and 2,505 new day places for the intellectual disability service. It will also have provided for 300 new residential places and 950,000 extra home care and personal assistance hours for people with physical and sensory disabilities.

Funding was also provided for the targeted transfer of persons with intellectual disability and autism from psychiatric hospitals and other inappropriate placements. Since 2006, more than €550 million has been allocated to the HSE under the multi-annual investment programme, of which €425 million was for disability services and €125 million for mental health.

The Government has further emphasised this pledge to people with disabilities by allocating additional funding to the continued development and enhancement of services in 2009. In the

budget for 2009, an additional €10 million was allocated to the HSE for services in the area of disability and mental health. The funding for 2009 will provide for 125 additional therapy posts in the disability and mental health services area, targeted at children of schoolgoing age. Once-off funding of €1.75 million will be provided for suicide prevention initiatives and for mental health projects supporting service users and carers.

With regard to the specific matters raised by Deputies Noonan and O'Donnell, the HSE has confirmed that the full level of funding approved by it to the Brothers of Charity for the delivery of services to people with intellectual disability in 2008 will be paid to the organisation this year subject to normal and agreed financial procedures. The budget for the Brothers of Charity in Limerick in 2008 is approximately €29 million. This represents an increase of 64% since 2002, when its budget was €17.6 million.

At present, 262 clients receive residential services from the organisation and a further 125 receive day services. In addition, the Brothers of Charity work in partnership with the HSE and other service providers in the Limerick area in the provision of early intervention services.

The Brothers of Charity services in Limerick have been in discussion with the HSE about core deficits for some time. In documents supplied to the HSE, the Brothers of Charity in Limerick refer to a deficit of €1.5 million. In 2006, the core deficit stood at €750,000. The HSE considers that the increase since 2006 is the result of the combination of a number of factors, including an increase in staff numbers above the levels approved and funded by the HSE.

At the beginning of 2008, the organisation indicated that it had approximately 50 staff over the levels approved and funded by the HSE. While the organisation has indicated the need to enhance service delivery and staffing levels to address particular difficulties, HSE policy is that, prior to employing additional staff over approved levels, all other alternatives must be explored by the relevant organisation.

In 2008 an efficiency savings target of 1% was introduced by the HSE for all voluntary organisations providing services for people with a disability. The objective of this initiative was for organisations to review all non-front line expenditure and generate savings of this order through improved practices. In this way, any core deficits should not have been impacted.

It is essential that every health service provider takes responsibility for reviewing all expenditure in a proactive way and revisits approaches to service delivery, to ensure that front line services are prioritised within available resources. The HSE does not believe that the Brothers of Charity have yet explored all other alternatives to ensure the services are delivered within the funding available to them.

**Deputy Kieran O'Donnell:** That is incorrect.

**Deputy Seán Haughey:** The HSE has given an assurance that it will continue to work with the Brothers of Charity in Limerick to review their financial position and ascertain how services can be maintained within approved funding and staffing levels and in line with the practices and costs in other similar organisations.

### **Adult Education.**

**Deputy Thomas McEllistrim:** Many businesses throughout the country have been affected by the major downturn which is gripping the world's economy. The increasing number of people who have become unemployed represents a major challenge that we must address. Certain sectors of the economy, in particular the construction and manufacturing sectors, have seen a downturn in activity with subsequent corresponding significant increases in unemployment.

[Deputy Thomas McEllistrim.]

Rising unemployment levels coupled with the downturn in the Irish economy represent the most demanding challenge which Ireland has faced in almost 20 years. That employment in manufacturing should be declining in an economy such as ours is no surprise. Manufacturing follows cheap labour, wherever it goes. In short, the answer to the loss of labour intensive manufacturing is retraining and education. FÁS, the VECs and other educational establishments provide a wide range of courses for people who need to be re-trained or who need new or better qualifications to return to the workforce. However, it is increasingly important to do more than provide training and education for those who have lost their jobs.

The need to constantly up-skill and educate those in employment at every level from the shop floor to the highest levels of management is also crucial and one of the best insurances against future unemployment. This is why our education and training establishments need to become even more flexible with regard to the availability, organisation and structure of courses, particularly for mature students and those in employment.

We can all recall something of a minor furore when the then Minister for Education and Science, Deputy Noel Dempsey, introduced a new primary teaching course for graduates run by Hibernia College. The degree involved a mixture of tutorials, coursework, teaching practice and on-line study. This course is now very much accepted and Hibernia's founder, Seán Rowland, recently received an award for entrepreneurship.

Distance learning should no longer be considered the poor cousin of traditional on-campus learning. Flexibility is a major advantage of such courses, as students can study when it suits. Moreover, the courses also allow more flexibility when it comes to completion. Since the Open University pioneered distance learning in the 1960s, the concept has evolved to meet the demands of modern living and to match the expectations of professionals who are keen to further their education, but because of time, location and personal commitments, are unable to do so in the traditional setting of a university.

Many of Ireland's universities now offer distance learning programmes and have responded to the growing need for courses aimed at professionals who seek to attain a masters or other postgraduate qualifications. At the Institute of Technology Tralee, masters programmes are offered on a part-time basis over two calendar years with module workshops, residential and bimonthly facilitated action-learning group meetings.

This year, the UCD Michael Smurfit School of Business launched its first postgraduate distance learning programme, a masters degree in management. It offers a range of business-related subjects including marketing, management, law and human resource management. The decision to offer this course in a flexible manner has resulted in a course intake some three times greater than before, despite the fact that it was never advertised.

In addition to distance learning programmes, other more flexible programmes have also appeared on the Irish market from such establishments as Dublin City University, the Open University and the Irish Management Institute. The need for greater choice and flexibility can be accommodated by courses which allow candidates to learn at their own pace. The concept of a credit bank, whereby students can work towards qualifications such as diplomas and from there to masters degrees offers many advantages including motivation.

The development of student support structures aimed at assisting students to complete their studies could include a personal tutor, a person available to discuss course matters by telephone, e-mail or through a drop-in service. Entry requirements tend to be more flexible and to acknowledge to a greater extent workplace experience. At Dublin City University, for example, there are five entry routes to its distance learning programme, including evidence of substantial relevant work experience. Flexible learning offers greater advantages for employers

and hopefully we can look forward to an expanding range of courses including courses with a strong workplace focus and tailor-made or bespoke diploma courses for companies. Employers often prefer the distance learning option, as it offers some reassurance that staff can engage with the learning process in a flexible way and it can reduce the likelihood of constraints on the ability of staff to complete work.

We must maintain the competitive edge provided by the skills of our workforce. Responsive and flexible training programmes are providing both individuals and businesses with the necessary skills to succeed in the ever-changing global economy. Such colleges as the Institute of Technology Tralee along with the universities, vocational education committees and FÁS—

**Acting Chairman (Deputy Jack Wall):** The Deputy should conclude.

**Deputy Thomas McEllistrim:** A lifelong learning framework aimed at enabling experienced professionals to further their education in a flexible manner is developing. The development of flexible learning at all levels should be supported and encouraged.

**Deputy Seán Haughey:** I thank the Deputy for raising this issue. A key priority for the education system is to continue to respond to the needs of learners across the sector and to respond to the wider needs of society and the economy. Much progress has been made in adapting and responding to these needs. This can be seen in the very substantial programme of curriculum change across both primary and post-primary levels, the development of new learning opportunities outside the traditional post-primary system, the expansion of third level, the growth of a new fourth level and the provision of adult and further education opportunities.

With regard to flexible learning, one particularly significant development in recent years is the national framework of qualifications, NFQ. The framework was introduced in 2003 to bring greater coherence and a shared understanding to the Irish system of qualifications. Through its system of ten levels, spanning awards from basic literacy to post graduate learning, the framework seeks to recognise all learning, wherever it is gained.

Flexibility for learners is a core principle at the heart of the framework, as it incorporates not just major awards such as the junior certificate or bachelors degrees, but also minor awards for partial completion of those major awards. This enables learners to move at the pace most appropriate to them and their lifestyles, secure in the knowledge that their learning is being recognised along the way. Principles have also been laid down for the recognition of prior learning, such as that attained in the workplace and other non-formal settings. The framework also provides support for education providers in determining policies on access to programmes, transfer between programmes and progression through programmes leading to awards at each level of the framework. It is especially important that non-traditional progression paths are facilitated and this is a key focus of a current National Qualifications Authority of Ireland study on the implementation and impact of the framework.

The introduction of the leaving certificate applied and leaving certificate vocational programmes has significantly enhanced the range of options available to post-primary students. The facilitation of external leaving certificate candidates by the State Examinations Commission and especially the option to sit examinations for one or more subjects also increases flexibility for learners.

In the area of further education, the back to education initiative, BETI, which commenced in October 2002, provides flexible part-time options throughout the sector. It is targeted at adults with less than upper second level education, including unemployed adults. It aims to give those who wish to return to education an opportunity to combine their return to learning with family, work and other responsibilities. Programmes are offered on a part-time basis in



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the mornings, afternoons, evenings or at weekends. Under this initiative a programme may be offered comprising as little as one hour per week, or as much as 17 hours per week, depending on the needs and demands of the prospective learners. Initially, only back to education initiative participants with a social welfare entitlement or medical card were entitled to free tuition. In order to encourage participation, from September 2007, free tuition on the BTEI was extended to participants with less than an upper second level education. Child care support is provided to enable participation by those with child care needs and courses are often organised at times when children are at school.

The Department of Education and Science is working with the Higher Education Authority to support the expansion of opportunities for flexible learning. Developmental funding has already been allocated under the strategic innovation fund, SIF. Examples of projects being funded through this fund include the supported flexible learning project. The aim of this project is to establish mainstream flexible learning at the institutes of technology to meet learner and workforce development needs. The institutes of technology, including the Dublin Institute of Technology, are collaborating on this project. Successful implementation of the project will result in mainstreaming supported flexible learning within and across the institutes.

Employer engagement is another key feature of flexible modes of learning. The Cork Institute of Technology roadmap for employer-academic partnership, also funded under the strategic innovation fund, will identify learning needs within workplaces, draw up a comprehensive plan for partnership between employers and higher education institutes, and offer a single, simple, relevant, inclusive framework to facilitate interaction with the workplace.

These are but two of the projects funded under the strategic innovation fund to develop flexible modes of learning in partnership with industry. The outcomes of these projects will be vital in meeting the core challenge of providing flexible learning opportunities in the higher education sector. In addition, my Department and the Higher Education Authority will advise on the development of a national policy on open, distance and blended learning.

I again thank the Deputy for raising this issue and providing me with an opportunity to outline the recent developments in supporting flexible delivery modes across the education sector.

### **Schools Building Projects.**

**Deputy Olwyn Enright:** I thank the Ceann Comhairle for giving me and Deputy Noel J. Coonan the opportunity to raise this matter. Scoil náisiúnta Cronain Naofa is located in County Offaly but serves children from its hinterland of south Offaly and north Tipperary. It is one of a number of schools on which substantial amounts of money have been spent to get them through the complicated stages of the schools building programme. Having successfully navigated that, the school was, needless to say, expecting to proceed to building its extension. However, that has not happened. This school has spent €148,269 so far on fees to get through the process and is one of 14 or 15, including the Convent of Mercy national school in Borris-in-Ossory, County Laois, that has not been given permission by the Minister to proceed.

I believe the Minister is to make an announcement in the first quarter of 2009, if not earlier, on which schools are to be allowed to proceed under this programme, and I believe strongly that the schools in Dromakeenan and Borris-in-Ossory need to be included. The school in Dromakeenan has 249 students. It has a special autism unit that is currently operating from a prefab. It has two thirds of the space it is supposed to have. The Minister himself, in his portfolio and in view of his previous positions, will be well aware of the importance in the primary school curriculum of having adequate space. The school in Dromakeenan does not

have the space needed to implement the curriculum. Similarly, if the Department wants autism units around the country — which has clearly been its preference, as it is not prepared to sanction the ABA model — schools that are willing to set up these units which are extremely important, need to be given the proper facilities, as the children need those facilities. That is not the case in Dromakeenan. It is a great school but it is hampered by its inability to develop. Those at the school have done fantastic work in terms of car parking and so on.

The Minister will be making decisions over the coming weeks about what projects will proceed. To spend the amount of money that has been spent on this project to date and not allow it to proceed would be almost criminal. I ask the Minister of State, Deputy Haughey, and particularly the Minister, Deputy O’Keeffe, to give proper consideration to this in view of the amount that has been spent and to give the school permission to proceed to build, which it is ready to do.

**Deputy Noel J. Coonan:** I thank the Ceann Comhairle for allowing me to raise this issue along with my colleague, Deputy Enright. This is an important matter for people in the Dromakeenan area, which is just outside the borders of north Tipperary, on the outskirts of Roscrea. Many parents and children in the area have major concerns, particularly about the safety issues to which Deputy Enright has alluded. Two of the classrooms are less than half the size they should be. The three children in the autism unit — into which two more children are anxious to enter — are in temporary accommodation. The fact that a learning support teacher must work from a kitchenette is unfair to the pupils and the teachers. The management must be complimented on the fact that it has everything *in situ*. It is ready to roll. It has gone through all stages with the Department — with the exception of the most important stage, which is sanction to build — and the contractor is on site.

We are conscious in rural Ireland that the Minister of State, as a Dublin Deputy, may exert more influence than perhaps even the Taoiseach himself, who comes from a rural area. The Government’s emphasis is on providing accommodation for people within the greater Dublin area and the commuter belt. However, our children in rural Ireland deserve fair play too. We are not going to stand here and allow them to be neglected. The people of north Tipperary and south Offaly deserve their share of the resources, and Dromakeenan national school certainly deserves it.

Moreover, it would be an ideal opportunity, with the local elections coming, for the Taoiseach to present himself in that area to turn the sod. He would be taking in north Tipperary and south Offaly for the local elections.

**Deputy Olwyn Enright:** He does not need any encouragement to do that.

**Deputy Noel J. Coonan:** Perhaps at the end of the year he could be there for the official opening, just prior to the general election we anticipate.

This is a serious issue. I urge the Minister of State and his senior Minister, Deputy O’Keeffe, to sanction this proposal because it is essential for the people of the area and it is an example of what we need in rural Ireland.

**Deputy Seán Haughey:** I thank the Deputies for raising this matter as it provides me with the opportunity to outline to the House the position with regard to the proposed building project for scoil náisiúnta Cronain Naofa, Dromakeenan, County Offaly.

Scoil náisiúnta Cronáin Naofa is a fully vertical co-educational facility. This means it caters for boys and girls from junior infants to sixth class inclusive. The enrolment as at 30 September 2008 was 249 pupils. The school has a current staffing of a principal, nine mainstream assistants, three learning support teachers and one special class teacher.

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The school has applied to the Department of Education and Science for large-scale capital funding for an extension and refurbishment project. In common with all applications for large-scale capital funding, the application was assessed in accordance with the Department's published prioritisation criteria for large-scale building projects. It has been assigned a band 2.4 rating under this process. A band rating reflects the type and extent of work needed at a school and the urgency attaching to it. In this case, the band 2.4 rating reflects the fact that the school has a deficit of mainstream accommodation but this deficit is not as significant as that of higher band rated projects. The school also needs a refurbishment. Overall, the Department of Education and Science intends to provide the school with suitable accommodation for a five-teacher school.

The project was on the Department's capital programme for 2007 to advance to tender and construction. Tenders were submitted late last year. Unfortunately, the funding was not available to allow the project to progress to construction at that time, and this continues to be the case. As the Minister has said in this House many times, due to the extent of the demand on the Department's capital budget, all school accommodation needs cannot be met together. They can only be met incrementally over time in a structured and orderly manner. We must be realistic in accepting that there was significant under-investment in school buildings over decades. Taken together with the current extra demands on the Department's capital budget from newly emerging communities with little or no school infrastructure, and the growing need to provide for special needs pupils, the Department must have an orderly process for allocating capital funding to ensure that the most critical needs are met first.

The Minister appreciates that boards of management and wider school communities are anxious to see their individual building projects proceed as quickly as possible. The Minister has no desire to see schools in less than suitable accommodation. However, he is also realistic about what needs to be done on a nationwide basis and is anxious to ensure that the resources of the Department are targeted at the most urgent needs first.

The Department of Education and Science's capital allocation for next year will amount to €581 million. This will allow it to continue to invest significantly in primary and post-primary school buildings throughout the country in order to provide additional school places and continue the Department's programme of modernising existing schools. Annual capital resources of this magnitude have allowed the Department of Education and Science to deliver more than 7,800 building projects under the last national development plan alone. The Minister is looking forward to building on this unprecedented level of work with the €4.5 billion allocated under the current national development plan.

I thank the Deputies again for raising this matter and assure them that the project for scoil náisiúnta Cronain Naofa will be considered for advancement under the Department's school building and modernisation programme as and when the funding becomes available and consistently with the priority attaching to it.

**Deputy Noel J. Coonan:** On a point of information, the Minister of State might tell us what a "fully vertical co-educational facility" is.

**Deputy Olwyn Enright:** We know what "co-educational" is, but what does "vertical" mean?

**Acting Chairman:** I am sorry; we must move on.

**Deputy Seán Sherlock:** Like the people of Dromakeenan, the people of Buttevant are proud of where they come from. They have an equally dire need for a new school. They have been campaigning for such a school for over 11 years. When I was a member of Cork County

Council, we co-ordinated with the local VEC on the rezoning of a specific parcel of land to allow the new school to be developed. That site was purchased over 12 months ago. As I understand it, a schedule of accommodation was submitted in September of this year. Nothing has come back from the Department yet. The school authorities are seeking the appointment of a design team. Such an appointment should not incur an undue cost. On behalf of the community, I want the next stage of the process to be reached.

Like their counterparts in hundreds of schools throughout the State, the pupils and teachers of the vocational school in Buttevant are having to work in dire circumstances. The building in question dates back to pre-Famine times. Its structures are not in line with what one would expect to see in a modern school. Notwithstanding the financial circumstances the State finds itself in, if it is to be progressive it needs to move this project onto the next stage. That would not involve a major outlay. All I am calling for at this stage is the progression of the project — it should not be stalled.

I will leave it at that because I have summed up my point. I have tabled parliamentary questions on this matter in the past and have raised it on the Adjournment previously. I will continue to raise this issue. I appreciate that the Minister of State will give me a *pro forma* reply. I appeal to the official in the Department of Education and Science who will be responsible for reading the transcript of this debate to take up this case and try to move it on to the next stage.

**Deputy Seán Haughey:** I thank the Deputy for raising this matter and giving me an opportunity to outline the current position in respect of the proposed building project at Coláiste Pobail Naomh Mhuire in Buttevant, County Cork.

All applications for capital funding are assessed in the school planning and building unit of the Department of Education and Science. The assessment process determines the extent and type of accommodation needed at each school, based on such matters as the demographics of the local area, any proposed housing developments in the locality, the condition of the school buildings, and the capacity of the proposed site. That process ultimately leads to the determination of an appropriate accommodation solution. As part of this process, each proposed project is assigned a band rating under the published prioritisation criteria for large scale building projects. These criteria were devised following consultation with the education partners. Projects are selected for inclusion in the school building and modernisation programme on the basis of priority of need. This is reflected in the band rating that is assigned to them. There are four band ratings, of which band 1 is the highest and band 4 the lowest. Band 1 projects, for example, include the provision of buildings where none currently exists, but there is a high demand for pupil places. Band 4 projects are those in which facilities are desirable but not necessarily urgent or essential. Each band rating has a number of sub-categories which more specifically describe the type of works needed and the urgency attaching to them.

Coláiste Pobail Naomh Mhuire in Buttevant is the sole post-primary education provider in Buttevant. It operates under the aegis of County Cork VEC and has a current enrolment of 192 pupils. Enrolments at the school are stable. The VEC applied to the Department of Education and Science for capital funding to provide a new school building for Coláiste Pobail Naomh Mhuire on a greenfield site. The proposed new school building was to cater for a long-term projected enrolment of 325 pupils. The project reached an early stage of architectural planning in 2001. At that time, the VEC identified a site for the new school. However, acquisition of the site was not finalised for a number of reasons. In the intervening period, the Department became concerned about declining enrolments in the school. In that light, its planning and building unit conducted a review of second level education provision in the Buttevant area. This review took into account factors such as enrolment trends at the school, the impact

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of projected housing developments and existing post-primary school provision in the general area. On completion of this review, the Department affirmed its original decision that a new school on a greenfield site should be provided to cater for a long-term projected enrolment of 325 pupils. Approval was given to County Cork VEC to identify a suitable site to enable the provision of this building. A site has been acquired for that purpose. Consistent with the approach that the Minister, Deputy Batt O’Keeffe, has outlined, the application was assessed in accordance with the published prioritisation criteria for large scale building projects and assigned a band 2 rating. Due to the level of demand on my Department’s capital budget, unfortunately, the Minister is not in a position to provide an indicative timeframe as to when this project can proceed further.

Deputy Sherlock will appreciate that modernising facilities in our 3,200 primary and 750 post-primary schools is not an easy task in light of the decades of under-investment in this area and the need to respond to emerging needs in areas of rapid population growth. The Minister, Deputy Batt O’Keeffe wants to assure the Deputy that the Government has a sincere determination to ensure that all children are educated in appropriate facilities to enable the delivery of a broad and balanced curriculum. This is evidenced by the scale of funding made available for school buildings under the former and current national development plans. Thousands of school building projects were carried out under the last national development plan to provide new and modernised educational infrastructure. Thousands more will be carried out under the new national development plan. Projects will be advanced incrementally through the system over time on a prioritised basis, as and when the funding situation allows. I thank the Deputy again for raising this matter. The Department’s planning and building unit is well aware of the needs of Coláiste Pobail Naomh Mhuire. It will be in contact with the VEC when it is in a position to advance the project further.

#### **Message from Select Committee.**

**Acting Chairman:** The Select Committee on Social and Family Affairs has completed its consideration of the Social Welfare (Miscellaneous Provisions) Bill 2008 and has made amendments thereto.

The Dáil adjourned at 11 p.m. until 10.30 a.m. on Thursday, 27 November 2008.

## Written Answers.

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**The following are questions tabled by Members for written response and the ministerial replies as received on the day from the Departments [unrevised].**

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*Questions Nos. 1 to 5, inclusive, answered orally.*

*Questions Nos. 6 to 63, inclusive, resubmitted.*

*Questions Nos. 64 to 72, inclusive, answered orally.*

### **Overseas Missions.**

73. **Deputy David Stanton** asked the Minister for Defence the progress that has been made on allowing members of the Reserve Defence Forces to participate in overseas duties; and if he will make a statement on the matter. [42800/08]

108. **Deputy Joe Costello** asked the Minister for Defence the position regarding members of the Reserve Defence Forces who wish to serve abroad; and if he will make a statement on the matter. [42753/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 73 and 108 together.

The organisational changes, enhancements to clothing, equipment, training and the piloting of the integrated reserve, all delivered as part of the Reserve Defence Force Review Implementation Plan, have significantly improved Reserve Defence Force capabilities. It was intended, as part of the plan, that these improvements in capability would build towards overseas service by members of the Reserve. In line with the plan provisions, it is hoped that a small number of Reservists will be able to undertake overseas service in late 2009. The military authorities have identified a small number of posts requiring specific skills that may be filled by members of the Reserve. Expressions of interest have been sought from suitably qualified Reservists who have completed integrated training. Any commitment to overseas service by members of the Reserve will be on a voluntary basis.

Work on the necessary regulatory changes is progressing and terms and conditions of service are being examined. The Representative Associations will be consulted in due course. I am happy that such work is proceeding on schedule in line with plan provisions.

*Questions Nos. 74 and 75 answered with Question No. 72.*

### **Defence Forces Representative Associations.**

76. **Deputy Simon Coveney** asked the Minister for Defence if a Defence Forces representative association was admonished by his officials or the military authorities for its response to the announcement of barracks closures; if such admonishment was administered at his direction or under his authority; and if he will make a statement on the matter. [42830/08]

**Minister for Defence (Deputy Willie O’Dea):** I am pleased to have an opportunity to clarify this matter. Representation in the Defence Forces was established under the Defence (Amendment) Act, 1990. The Act sets out the scope of representation and the purpose for which Representative Associations are established. The legal and regulatory provisions surrounding representation in the Defence Forces are particular to the Defence Forces. As the Deputy will appreciate, they represent a carefully crafted compromise between the rights of the association to represent members and the unique requirements of a disciplined military organisation. These provisions bind both sides to the process.

Section 2 (1) of the Act excludes matters “relating to any operation and the raising, maintenance, command, constitution, organisation and discipline of the Defence Forces”. The Regulations made pursuant to the Defence Amendment Act 1990 prescribe the arrangements for interaction between the Representative Associations and the media and commentary on political matters. They go on to state that “The Association shall not sponsor or resort to any form of public agitation as a means of furthering claims or for any other purpose whatsoever”.

The clear intention of the Oireachtas when the legislation was enacted was to preclude representatives of the Defence Forces from questioning or campaigning against legitimate decisions of the civil power. The provisions of the act were not framed with a view to restricting the Association in any of its legitimate activities. On the contrary, the Act has served to vindicate and protect the Association’s rights over the years and sustain representation in a manner that has met the needs of the Associations and the modernisation agenda of the Defence Forces.

My Department has an obligation to seek to ensure that the representative process operates in accordance with the relevant legislation and in the best interests of the parties to the process. In meeting this obligation, my Department has correctly expressed concern to PDFORRA about specific actions taken by them that could damage the system of representation in the long term. I have also expressed my disappointment to PDFORRA in this regard. I am aware of the views of PDFORRA on the decision to close these barracks. This does not, however, confer a right on PDFORRA to depart from the scope of representation as enacted by the Oireachtas.

I can assure the deputy that my Department remains fully committed to the system of representation as established by the 1990 Act. My Department has engaged with PDFORRA in discussing all of the issues that PDFORRA have raised with regard to the implementation of the decision to close these barracks.

### **Naval Service Operations.**

77. **Deputy Brian O’Shea** asked the Minister for Defence if he is satisfied that there are sufficient resources available to the Naval Service to allow it to discharge its role in regard to the prevention and interception of drug smuggling; the proportion of sailing time for Naval Service vessels devoted to anti-drug patrolling; and if he will make a statement on the matter. [42748/08]

**Minister for Defence (Deputy Willie O’Dea):** Responsibility for the prevention of drug trafficking rests primarily with An Garda Síochána and the Revenue Commissioners. However, the White Paper on Defence provides for a security role for the Naval Service to assist and support the civil authorities in this important work. The Joint Task Force on Drug Interdiction was established in 1993 as a Government measure to improve law enforcement in relation to drugs and consists of members of an Garda Síochána, the Customs Service and the Naval Service. Drug Interdiction is carried out by Naval ships on receipt of intelligence from the Joint Task Force.

The Naval Service is tasked with patrolling all Irish waters from the shoreline to the outer limits of the Exclusive Fishery Limits. The primary day-to-day role of the Naval Service is to provide a fishery protection service in accordance with the State’s obligations as a member of the European Union. All Naval ships on patrol are multi-tasked. Although the majority of effort is concentrated on fishery protection, general maritime surveillance is also carried out on an ongoing basis while ships are on patrol, including surveillance for illegal activities. Given the multi-role nature of naval patrols, it is not possible to separate out drug patrolling from other types of patrolling and surveillance.

The number of Patrol Vessels on patrol in Irish waters at any one time varies between three and eight. The Naval Service is committed to having at least three vessels on patrol within the Irish Exclusive Economic Zone at any one time. In 2007, the Naval Service completed 1,661 days patrolling at sea. The successful seizure of a large quantity of cocaine by the Naval Service off the South West coast earlier this month was as a result of the close co-operation that exists between the services who form the Joint Task Force and demonstrates how Naval Service resources are being maximised effectively in combating drug trafficking. I would like to take the opportunity to congratulate the Naval Service again on such a well executed operation in what I understand were extremely difficult circumstances.

#### **Random Drug Testing Programmes.**

78. **Deputy Thomas Byrne** asked the Minister for Defence the number of Defence Forces personnel tested under the drug testing programme in 2007 and to date in 2008; the number and rank of those who tested positive; the type and class of drugs detected; the action taken when a member tests positive; and if he will make a statement on the matter. [42649/08]

**Minister for Defence (Deputy Willie O’Dea):** Defence Force policy on drug and substance abuse or misuse is centered on the premise that the unlawful possession, supply or use of a controlled drug is incompatible with membership of the Defence Forces. In October 2002 the Defence Forces introduced a Compulsory Random Drug Testing (CRDT) programme. Since then, 8,422 tests have been conducted with 34 tests yielding a positive result (0.4%). In 2007 a total of 1,905 tests were conducted of which 7 proved positive. The positive tests included 3 where cannabis was detected, 3 where amphetamine was detected and 1 refusal to undergo testing which is classed as a positive test result. Of the 7 personnel who tested positive 1 held the rank of corporal, 5 held the rank of private or equivalent and one was a recruit.

In 2008, to date, a total of 1,871 tests have been conducted of which 5 proved positive. The positive tests included 2 where cannabis was detected, 2 where cocaine was detected and 1 where barbiturates were detected. All 5 personnel who tested positive, held the rank of private or equivalent. The CRDT programme now incorporates Reserve Defence Forces personnel. Personnel serving overseas are also liable for testing.

Personnel who test positive for a controlled substance are liable to administrative actions terminating their service in the Defence Forces. Following a High Court judgment earlier this year, the procedures that apply in the case of a positive test result are being updated. Revised



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procedures have now been developed. Discussion on the introduction of these new procedures is currently taking place with the Representative Associations through the Conciliation and Arbitration process. I expect that this will be completed in the very near future.

Pending the introduction of new procedures, the administrative processing of positive test results has been put on hold. In the meantime, the programme of Random Drug Testing has not been affected. Tests continue to be conducted in accordance with the planned schedule. The schedule consists of annual testing of 10% of the Permanent Defence Force and 10% of all Reserve Defence Force (RDF) personnel who report on annual camp. Any positive results will be processed under the revised procedures.

*Question No. 79 answered with Question No. 72.*

### **Naval Service Operations.**

80. **Deputy P. J. Sheehan** asked the Minister for Defence the agencies other than the Naval Service that assisted an officer of the Naval Service (details supplied) in calculating the movements and journey of a yacht (details supplied); the number of man hours involved in calculating this journey; and if he will make a statement on the matter. [42730/08]

134. **Deputy P. J. Sheehan** asked the Minister for Defence if he will make a detailed statement on the tracking of a yacht (details supplied) that he referred to on a radio show on 6 November 2008; when he first became aware that this yacht had been tracked; and if he will make a statement on the matter. [42729/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 80 and 134 together.

After the seizure of 1.5 tonnes of cocaine at Dunlough Bay in July 2007 the Naval Member of the Joint Task Force on Drug Interdiction was asked to assist the Garda Síochána in the maritime phase of their investigations. He completed a survey on the RHIB (Rigid Hull Inflatable Boat) used in the attempted importation of the drugs and in the course of his investigations was able to trace the RHIB ownership to an individual with an address in Capetown and also the company which sold the RHIB. He plotted co-ordinates from 3 satellite phones on Admiralty Charts which helped to prove the connection between Colombia, a yacht, “Lucky Day”, which transported the drugs across the Atlantic from Trinidad and Tobago and the RHIB which was used to offload the drugs from the “Lucky Day” and transport them to Irish shores. The coordinates from the phones which were plotted on admiralty charts gave a historic view of the passage of the drugs across the Atlantic.

He further downloaded navigational information from equipment confiscated from the RHIB and from the “Lucky Day” which helped piece together the case in respect of the movements of the vessels at sea. It is estimated that approximately four months was dedicated solely to the task of establishing the movement of the yacht. On the 6th November 2008 I gave a radio interview in which I indicated that the passage of the yacht “Lucky Day” had been tracked prior to the capture of its illicit cargo off the south west coast in July 2007. As was detailed at the trial of those charged in relation to that capture, the route of the yacht “Lucky Day” was established in the course of the preparation of the prosecution. I may not have clearly conveyed the retrospective nature of this tracking exercise and I am happy to now clarify and detail the work of the Naval Service in this regard.

The Maritime Analysis Operations Centre (Narcotics) (MAOC(N)) based in Lisbon is designed to tackle smugglers bringing drugs into Europe from Latin America and West Africa.

It is operated by seven countries namely, Ireland, the UK, Portugal, France, Italy, Spain and the Netherlands. MAOC(N) opened in Lisbon on the 25th July 2007 and the official inauguration was held on the 30th September 2007. The seven countries concerned began informal cooperation on the issue in April 2007. I wish to acknowledge the huge contribution made by members of the Naval Service, an Garda Síochána, the Revenue Commissioners and the Irish Coast Guard in capturing all evidence which ensured a conviction against those charged with the possession of the drugs concerned.

### Overseas Missions.

81. **Deputy Tom Sheahan** asked the Minister for Defence when he will make a decision on the extension of the Chad mission; and if he will make a statement on the matter. [42779/08]

102. **Deputy Liz McManus** asked the Minister for Defence if it is intended to extend the mandate of the Irish contingent serving with EUFOR beyond March 2009; and if he will make a statement on the matter. [42765/08]

114. **Deputy Noel O'Flynn** asked the Minister for Defence the implications for Ireland and for the Defence Forces, of the United Nations taking over direct command of the EUFOR mission in Chad and the Central African Republic; and if he will make a statement on the matter. [42722/08]

126. **Deputy Kathleen Lynch** asked the Minister for Defence if he will make a statement on the progress of the EUFOR military mission in Chad. [42764/08]

129. **Deputy Niall Collins** asked the Minister for Defence the number of Irish troops serving as part of the UN mandated EU mission in Chad; the nature of the duties they are undertaking; the current level of risk; if the mission has assisted displaced persons in returning home; and if he will make a statement on the matter. [42683/08]

**Minister for Defence (Deputy Willie O'Dea):** I propose to take Questions Nos. 81, 102, 114, 126 and 129 together.

The European Union military mission to Chad and the Central African Republic, EUFOR TCHAD/RCA, established under the authority of United Nations Security Council Resolution 1778 (2007), was formally launched by the General Affairs and External Relations Council on 28 January 2008. A total of 400 Defence Forces personnel are currently serving with EUFOR – 18 at the Operational HQ in Paris and 382 in Chad (23 at the Force Headquarters, and 359 as part of the 98th Infantry Battalion). The headquarters of the 98th Infantry Battalion are located at Goz Beida in south east Chad. The threat level is currently assessed as low/medium.

Ireland is the second largest contributor to the mission with 400 personnel. The aim of the mission is to protect civilians in danger, particularly refugees and internally displaced persons (IDPs), facilitate the delivery of humanitarian aid, and protect UN personnel. The mandate of the EUFOR mission is due to expire on 15 March 2009. The nature of the duties includes, inter alia, long range patrolling, situational awareness patrols, familiarisation patrols. The EUFOR Tchad/RCA Mission is progressing most satisfactorily. Despite the challenges that have faced EUFOR Tchad/RCA a solid foundation has been laid, which will help prepare the way to build future successes and contribute to the long-term beneficial impact of a safe and secure environment for those most vulnerable in Eastern Chad and North Eastern Central African Republic.

The return in recent months of some Internally Displaced Persons (IDPs) to their villages of origin in the vicinity of Kerfi, which is near Goz Beida, has been a positive development.

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They primarily returned due to the presence of the EUFOR troops and the deteriorating conditions in the camps with regard to the lack of water and reduced rations.

There was a number of isolated incidents of banditry and criminality in the Irish area of operations recently. Notwithstanding this, the presence of the 98th Infantry Battalion patrols in theatre have resulted in an increased feeling of security among the Non-Governmental Organisations, the international organisations and the local community. The commencement of the harvest season and the associated movement of nomads has not brought about any rise in ethnic tension and only minor incidents have occurred in areas previously affected by criminality. The overall situation in the Irish Battalion’s area of operations is assessed as calm but volatile.

On 24 September 2008, the UN Security Council, (UN Security Council Resolution 1834 (2008) expressed its intention to authorise a United Nations military component to follow-on the EUFOR mission when its mandate expires on 15 March 2009. The Security Council requested the Secretary-General to submit a report on the follow-on operation concerning its size, structure and mandate. A decision on the matter will be taken by the Security Council by 15 December 2008. I very much welcome the authorising of a United Nations military component to follow-on the European Union Mission when its mandate expires on 15 March 2009. It is important that we do not have an interregnum in the security situation and continue to facilitate the UN’s Operation Planning and the Force Generation process.

The Government has approved, in principle, the Defence Forces continued participation in the UN follow-on mission. Final approval will be considered in the context of the UN mandate, the extent to which other current EU Member States contribute to the follow-on mission and the level of logistics support that will be provided. Ireland will require, at a minimum, that the current level of logistical support available to Irish Defence Force personnel continues to be provided.

#### **Defence Forces Equipment.**

82. **Deputy Billy Timmins** asked the Minister for Defence if any equipment from previous barracks closures remains unpacked or in storage following the move; the range of the equipment; the barracks the equipment was moved from; the length of time the items have been in storage; and if he will make a statement on the matter. [42921/08]

**Minister for Defence (Deputy Willie O’Dea):** The use and storage of military equipment etc. is an operational matter for the Defence Forces. The military authorities have advised that it is not possible to give a detailed breakdown of storage of equipment due to the extensive effort involved in compiling the information required in the time available.

#### **Departmental Expenditure.**

83. **Deputy Seymour Crawford** asked the Minister for Defence the way it is intended to achieve the 19% reduction in medical expenses projected in the Estimates for defence; and if he will make a statement on the matter. [42832/08]

**Minister for Defence (Deputy Willie O’Dea):** The 2008 Defence Estimate included an increased provision in respect of additional medical costs related to the initial deployment by the Defence Forces to the EUFOR Chad mission. The reduction in the 2009 Estimate is due to the fact that such additional costs will not arise in 2009.

**Defence Forces Recruitment.**

84. **Deputy Michael Kennedy** asked the Minister for Defence the situation for people who wish to apply to join the Defence Forces over the coming months; the situation with those who were in the process of applying in 2008 and who have been attending interviews or fitness/medical examinations and are awaiting to hear if they have been successful; and if he will make a statement on the matter. [42651/08]

93. **Deputy Pádraic McCormack** asked the Minister for Defence the recruitment targets that had existed for 2009 prior to the announcement of financial restrictions in and as a result of budget 2009; the recruitment targets set as a result of budget 2009; and if he will make a statement on the matter. [42923/08]

98. **Deputy Pat Rabbitte** asked the Minister for Defence the number of recruits that will be taken into the Defence Forces throughout 2008, broken down in respect of the Army, Air Corps and Naval Service; the number expected to be recruited during 2009; and if he will make a statement on the matter. [42772/08]

111. **Deputy Brian O'Shea** asked the Minister for Defence, further to Parliamentary Question No. 60 of 22 October 2008, the way in which recruitment to the Defence Forces will be rescheduled in order to meet the reduction of 3% in payroll costs; and if he will make a statement on the matter. [42747/08]

**Minister for Defence (Deputy Willie O'Dea):** I propose to take Questions Nos. 84, 93, 98 and 111 together.

To date in 2008, a total of 507 recruits have been enlisted into the Permanent Defence Force. 441 were recruited to the Army and 66 to the Naval Service. In addition, 41 cadets commenced their cadet training in September, 2008. I have been advised by the Military Authorities that the strength of the Permanent Defence Force as of 31 October 2008, the most recent date for which figures are available, was 10,489.

In common with other areas of the public service a reduction of 3% in payroll costs will apply to the Defence Forces. The initial step towards achieving this reduction has been to stop further recruitment for the remainder of 2008. Recruitment in 2009 will be rescheduled. The situation will be closely monitored. This monitoring will take account of projected and actual natural wastage in establishing the appropriate level of recruitment in 2009. The priority for recruitment is likely to be in specialist areas such as cadets, medical and apprentices. The military authorities have advised that they will continue to accept application forms from those interested in general service recruitment. The applications will be kept on a register, applicants will be issued with an acknowledgement letter advising them of the position in relation to recruitment and they will be kept informed on the status of their applications on an on-going basis.

Similarly, those who have already applied and have completed some of the recruitment selection process have been informed in writing of the current status regarding recruitment and that the Defence Forces will keep their applications under review. In addition to notifying each applicant individually a note to this effect has been placed on the Defence Forces internet site [www.military.ie](http://www.military.ie).

**Ombudsman for the Defence Forces.**

85. **Deputy Alan Shatter** asked the Minister for Defence when he will move the Ombudsman

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for the Defence Forces to alternative accommodation; and if he will make a statement on the matter. [42777/08]

**Minister for Defence (Deputy Willie O’Dea):** The Office of the Ombudsman for the Defence Forces was established under the Ombudsman (Defence Forces) Act 2004. On the 19th September 2005, Ms. Paulyne Marrinan-Quinn SC was appointed by the President, upon the recommendation of the Government, as the first Ombudsman for the Defence Forces. Her term of office was recently extended for a further three years from 19th September 2008.

The Office of the Ombudsman is currently located in Hatch Street, Dublin 2. The Ombudsman has sought alternative accommodation and I have supported her request to the Office of Public Works in this regard. I understand that the Office of Public Works has identified a premises which has been inspected by an official from the Ombudsman’s office. I understand that the Ombudsman is awaiting responses from the OPW regarding some issues that she raised before finalising her response.

### **Decentralisation Programme.**

86. **Deputy Jack Wall** asked the Minister for Defence the position regarding the implementation by his Department of the Government decision on decentralisation; and if he will make a statement on the matter. [42774/08]

**Minister for Defence (Deputy Willie O’Dea):** The Government decision on decentralisation provides for the transfer of my Department’s Dublin-based civil service staff, together with a number of military personnel, to Newbridge, Co. Kildare, and for the decentralisation of the Defence Forces Headquarters (DFHQ) to the Curragh. The number of posts to be relocated to Newbridge is approximately 200 civil service posts together with 43 military. A further 335 military posts together with 78 support staff will decentralise to the new DFHQ building in the Curragh. Close to 90% of clerical/administrative staff are now in place in preparation for the move to Newbridge. The building is under construction and is expected to be ready for occupation by December 2009.

In relation to the decentralisation of DFHQ to the Curragh, a state-owned site has been chosen for a new building. The total cost and timescale for completion of the project will be determined by the outcome of the proposed tender competition that is currently being prepared by OPW. It is expected that tenders will be invited in the near future.

### **Naval Service Vessels.**

87. **Deputy Denis Naughten** asked the Minister for Defence if he still intends to replace three naval vessels in 2009; and if he will make a statement on the matter. [42781/08]

112. **Deputy Pat Rabbitte** asked the Minister for Defence the expected timetable for the acquisition of three new vessels for the Naval Service; and if he will make a statement on the matter. [42771/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 87 and 112 together.

The Naval Service provides the maritime element of the Defence Forces and has a general responsibility to meet contingent and actual maritime defence requirements. In the 2000 White Paper on Defence, the Government decided that the Naval Service would be based on an 8-ship flotilla and committed to a modernisation and replacement strategy to maximise the operational capacity of those 8 vessels consistent with the roles assigned to the Naval Service. The

White Paper specifically provides that “New vessels will be brought on stream to replace older ones as these fall due for replacement”. Naval Service Vessels are replaced when they have come to the end of their useful life, which is normally around 30 years. Three ships will fall due for replacement over the next 3 to 5 years — LE Emer, commissioned in 1978, LE Aoife, commissioned in 1979 and LE Aisling, commissioned in 1980.

Following a detailed examination of the needs of the Naval Service within my Department, a vessel replacement strategy for the Naval Service was put in place to cover the period up to 2012. The strategy combined with a continuous process of refurbishment will ensure that the operational capability of the Naval Service is maintained at a satisfactory level. Following Government approval in July 2007, notice of a tender competition for the purchase of replacement vessels for the Naval Service was sent to the Official Journal of the European Union on 24 August 2007. The competition is for the purchase of two Offshore Patrol Vessels (OPV's) with an option of a third and one Extended Patrol Vessel (EPV) with an option on a second. The options provide an effective value for money opportunity, at locked in prices, to provide replacements for Naval Service vessels, which will reach the end of their service life in the years immediately following the current replacement programme.

Following Stage 1 of the tender competition for the OPVs, Stage 2 of the competition commenced on the 12th September 2008 with the issue of an Invitation to Tender to the shipbuilders who had been short-listed as part of the Stage 1 process. This document included a very detailed ship specification. The detailed tender responses were returned to the Department by the shipbuilders on the 11 November last. Tender evaluation commenced immediately and is expected to continue into the beginning of 2009. Subject to Government approval on funding, it is intended to award a contract for the OPVs to the preferred bidder in the first half of 2009.

The decision to proceed with the final award of contract to purchase the vessels will be subject to Government approval and agreement on funding, the full requirement for which will not be known until the tender competition has concluded. Subject to Government approval on funding, it is expected that the new vessels will be delivered for acceptance by the Naval Service on a phased basis between 2011 and 2013. It is expected that the delivery date for the first OPV will be 30 months after the date of signing of the contract whilst the specified delivery date for the second OPV will be 37 months after the date of signing of the contract. If the Department exercises its option of purchasing a third OPV, a mutually agreeable delivery date shall be negotiated. The timelines are indicative and shall not prejudice the right of the Department to adjust or alter the delivery schedule at the contract stage. At the evaluation stage, marks will be awarded on the basis of the indicative timeline provided by the tenderer.

In the current difficult economic environment, it will be important that we look to the efficiencies which all parts of the public sector can make so as to continue to deliver high quality public services within a more constrained financial resource envelope. However, it is also important that we continue to invest in public services so as we can maintain service levels into the future. We need to continue the process of modernisation and reinvestment in the Defence Forces into the future and in particular, in the Naval Service Ships Programme. The acquisition of these modern new vessels will ensure that the Naval Service will be fully equipped to carry out its day to day roles in enforcing the state's sovereign rights over our waters and our fisheries and meeting Ireland's obligations in the area of maritime safety and security and fisheries protection.

In relation to the larger EPV, the Department intends to undertake further analysis of the proposals received, following Stage 1, before the second stage is initiated. As with the OPVs, any decision to award a contract for the purchase of an EPV must be approved by the Government.

### **Defence Forces Operations.**

88. **Deputy Thomas P. Broughan** asked the Minister for Defence the discussions he has had with the military authorities regarding the offensive use of computer technology in military operations; and if he will make a statement on the matter. [42751/08]

**Minister for Defence (Deputy Willie O’Dea):** The Defence Forces are aware of the existence of a capability to use computer technology for offensive operations. This capability is not being developed by the Defence Forces. The use of current technology is concentrated on Information and Communications, both domestic and overseas, and the management of internal administrative systems. There has been no discussion between myself and the military authorities regarding the use of computer technology in offensive operations and there are no immediate plans to do so.

### **National Security.**

89. **Deputy Joan Burton** asked the Minister for Defence the action he has taken to develop a pro-active approach to cyber defence at national level; and if he will make a statement on the matter. [42750/08]

103. **Deputy Joan Burton** asked the Minister for Defence the dialogue he has engaged in and the co-operation mechanism he has set up with other states facing the same cyber risks and threats as Ireland; and if he will make a statement on the matter. [42749/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 89 and 103 together.

Cyber security, cyber crime and internet security represent challenges that are constantly evolving and require vigilance and appropriate responses. Cyber security is multi faceted. The nature of the threat and the potential impact also varies considerably depending on the approach and objective of those with malicious intent.

In the first instance, each State agency, business and individual should take every precaution with regard to their security. Awareness of security, the risks and available safeguards, can be seen as the first line of defence for the security of information systems and networks. I am aware of considerable activity in this regard. My colleague the Minister for Communications, Energy and Natural Resources has undertaken a number of awareness campaigns aimed at individuals, SMEs, the education sector, the public Sector and business. My colleague the Minister for Justice and the Garda Síochána are also active in areas such as cyber crime and cyber bullying. The legislative programme includes the Criminal Justice (Cybercrime) Bill, being prepared by the Department of Justice. This Bill gives effect to the Council of Europe Convention on Cybercrime as well as to the EU Framework Decision on attacks against Information Systems.

My Department and the Defence Forces focus on the risks and threats arising in the context of the roles laid down by Government for the Defence Forces. My Department and the Defence Forces implement a programme of continuous review in relation to ICT security in order to keep up to date with current threat levels. This risk assessment is carried out by a high-level Board comprising civil and military personnel and is supported by sub-groups who carry out specific reviews where a security risk is identified. Detailed policies and guidelines are provided to all users of ICT systems and considerable resources are invested in assessing weaknesses and protecting systems against cyber attack and malicious security breaches.

I would also point out that the Defence Forces take comprehensive measures with regard to the security of their information and communications systems when deployed, in Ireland and

overseas. Details of measures taken are not publicised for security reasons, but given the levels of upgrading and increased protection put in place in recent years, the vulnerability to such attacks has been greatly minimised.

### **Overseas Missions.**

90. **Deputy Bernard J. Durkan** asked the Minister for Defence the full extent of proposed participation by members of the Army, Navy and Air-Corps in EU or UN sponsored overseas peacekeeping or peace maintenance engagements; and if he will make a statement on the matter. [42802/08]

100. **Deputy Michael Kennedy** asked the Minister for Defence the number of Irish troops serving overseas; the number of troops who have served overseas in 2007 and 2008; if this number will rise or fall in 2009; and if he will make a statement on the matter. [42652/08]

122. **Deputy Aengus Ó Snodaigh** asked the Minister for Defence if he will provide a breakdown of the locations of Defence Forces members who are overseas; and the number in each location. [42803/08]

212. **Deputy Bernard J. Durkan** asked the Minister for Defence the number of Defence Forces personnel on overseas duty under the EU or UN flag; the number of applications for such services pending; and if he will make a statement on the matter. [43098/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 90, 100, 122 and 212 together.

Ireland is currently contributing 736 Defence Forces personnel to 13 different missions throughout the world. Full details of all personnel currently serving overseas are listed in the table. While personnel from all services are liable for and do serve overseas, as a matter of policy Air Corps and Naval assets are not deployed overseas. In 2007, members of the Permanent Defence Force completed 1,646 individual tours of duty. In 2008, 1,411 tours of duty are expected to be completed by members of the Permanent Defence Force. It is envisaged that approximately 1,500 tours will be undertaken by Defence Forces personnel in 2009.

Officers volunteer for overseas service on a six monthly basis. Currently 220 Officers are on the list of officer volunteers for the period January – June 2009. Officers volunteer by mission duration (i.e. six-month or one-year missions). Enlisted Personnel volunteer for overseas service on a mission-by-mission basis. These applications are processed at Unit and Formation level. In the case of the next rotation for the EUFOR TCHAD/RCA mission (99th Infantry Battalion), the bulk of the volunteers for this mission will be selected from the Eastern Brigade, which is the current Lead Brigade. It is not possible at this stage to confirm the total number of applications received for service with this mission. On occasions, mandatory selection of personnel may be required for specialist posts.

With regard to future deployments, Ireland receives requests, from time to time, in relation to participation in various missions and these are considered on a case-by-case basis. When considering any particular request, the existence of realistic objectives and a clear mandate, which has the potential to contribute to a long-term solution, consideration of how the mission relates to the priorities of Irish foreign policy and the degree of risk involved are amongst the factors considered.



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## Members of the Permanent Defence Force Serving Overseas

	Number
1. UN Missions	
(i) UNIFIL (United Nations Interim Force in Lebanon) HQ	7
(ii) UNTSO (United Nations Truce Supervision Organisation) — Israel, Syria and Lebanon	12
(iii) MINURSO (United Nations Mission for the Referendum in Western Sahara)	3
(iv) UNMIK (United Nations Interim Administration Mission in Kosovo)	4
(v) MONUC (United Nations Mission in Democratic Republic of the Congo)	3
(vi) UNOCI (United Nations Mission in Ivory Coast)	2
<b>TOTAL</b>	<b>31</b>
<i>UN Mandated Missions</i>	
(vii) EUFOR (EU-led Operation in Bosnia and Herzegovina)	44
(viii) EUFOR TCHAD/RCA (EU-led Operation in CHAD and the Central African Republic) OHQ — Paris	18
EUFOR TCHAD/RCA (EU-led Operation in CHAD and the Central African Republic) FHQ — Chad	23
EUFOR TCHAD/RCA (EU-led Operation in CHAD and the Central African Republic) 98th Inf Battalion	359
(ix) KFOR (International Security Presence in Kosovo) HQ	15
KFOR (International Security Presence in Kosovo) 39th Inf Group	218
(x) ISAF (International Security Assistance Force in Afghanistan)	7
Total number of personnel serving with UN missions	715
2. Organisation for Security and Co-operation in Europe (OSCE)	
(i) OSCE Mission to Bosnia & Herzegovina	2
(ii) OSCE Mission in Belgrade — Serbia	1
(iii) OSCE Mission in Skopje — Macedonia	1
(iv) Staff Officer, Higher Level Planning Group, Vienna	1
Total number of personnel serving OSCE	5
3. EU Military Staff	
Brussels	6
New York	1
4. Military Representatives/Advisers/Staff	
(i) Military Adviser, Permanent Mission to UN, New York	1
(ii) Military Adviser, Irish Delegation to OSCE, Vienna	1
(iii) Military Representatives to EU (Brussels)	4
(iv) Liaison Office of Ireland, NATO/PfP (Brussels)	2
Military Representative to NATO/PfP Co-ordination Cell/Supreme Headquarters Allied Powers Europe (SHAPE), Mons, Belgium	1
<b>TOTAL NUMBER DEFENCE FORCES PERSONNEL SERVING OVERSEAS</b>	<b>736</b>

**Departmental Staff.**

91. **Deputy Olivia Mitchell** asked the Minister for Defence if the authority of the Secretary General of his Department under the three year administrative budget arrangements to configure the grading of his staffing, up to and including the level of principal officer, within agreed

overall numbers and the agreed budgetary ceiling, extends to organisations, such as the Defence Forces, and agencies for which he is the Accounting Officer; the number of additional appointments or promotions at principal officer and assistant principal officer grade that have been created or made within his Department using this authority since it was given to the heads of Departments; and if he will make a statement on the matter. [42807/08]

**Minister for Defence (Deputy Willie O’Dea):** In line with other Government Departments, the Administrative Budget arrangements for my Department apply only to subheads A1 to A8 of the Defence Vote. However, a substantial amount of day-to-day Defence Forces’ expenditure is delegated to the Chief of Staff. The detailed information requested by the Deputy on appointments and promotions is not readily available. The information will be forwarded to the Deputy as soon as possible.

### **Defence Forces Reserve.**

92. **Deputy David Stanton** asked the Minister for Defence his plans on the expansion and development of the role of the Reserve Defence Forces; and if he will make a statement on the matter. [42799/08]

**Minister for Defence (Deputy Willie O’Dea):** The Reserve Defence Force Review Implementation Plan provides for the phased enhancement of Reserve Capabilities over the period to end 2009. To date there have been significant changes and the Reserve is now organised along similar lines to the PDF with three brigades and a dedicated Naval Service Reserve. There have been significant improvements to clothing, equipment and training.

A pilot scheme initiating the Integrated element of the Reserve commenced in 2007 and the pilot was extended into 2008. Although the numbers participating in these pilots was disappointing, valuable lessons have been learned and the military authorities are currently preparing a report for my consideration outlining recommendations with respect to Integration. All of these changes are key enablers in preparing members of the Reserve for possible participation in overseas missions. It is planned that a small number of Reservists with appropriate training and specialist skills, will be available to participate on overseas duties by the end of 2009.

*Question No. 93 answered with Question No. 84.*

*Question No. 94 answered with Question No. 72.*

### **Control of Firearms.**

95. **Deputy Thomas Byrne** asked the Minister for Defence if any weapons handed in by members of the public under the Firearms (Dangerous Weapons) Order, 1972 are held in storage by the Defence Forces; if so when these were handed in; the number, nature and type of weapons and his plans for same; and if he will make a statement on the matter. [42650/08]

**Minister for Defence (Deputy Willie O’Dea):** An Garda Síochána have the primary responsibility for law and order, including the protection of the internal security of the State. Among the roles assigned to the Defence Forces is the provision of aid to the civil power (meaning in practice to assist, when requested, an Garda Síochána), which duties include the protection and guarding of vital installations and the provision of certain security escorts.

Under the Firearms (Dangerous Weapons) Order, 1972, weapons were surrendered to An Garda Síochána. Some 5,000 weapons are held in storage by the Defence Forces in the Eastern, Southern and Western Brigades. The weapons are retained in optimum storage conditions and

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as such most of the weapons will be in a similar condition to when they were handed in originally. The weapons range in condition from almost beyond economic repair to pristine condition. Any future decisions regarding these weapons is a matter for my colleague the Minister for Justice, Equality and Law Reform.

### **Defence Forces Equipment.**

96. **Deputy Ruairí Quinn** asked the Minister for Defence if it is intended to proceed with the acquisition of new light tactical armoured vehicles for the Defence Forces; when these are expected to be acquired; and if he will make a statement on the matter. [42770/08]

**Minister for Defence (Deputy Willie O’Dea):** A tender competition is well advanced for the acquisition of Light Tactical Armoured Vehicles for the Defence Forces. The intention is that the LTAV will complement the Mowag Armoured Personnel Carriers (APCs) in the conduct of conventional and Peace Support Operations and will fill a gap that exists between soft-skinned vehicles and the Mowags.

The acquisition of Light Tactical Vehicles is regarded as a priority by the Defence Forces given the nature of their roles on overseas Peace Support Missions, the threat from improvised explosive devices and the potential for hostile fire in certain threat environments. As Deputies will appreciate, force protection is a key issue in overseas peace support operations. Taking account of recent operational experience of overseas contingents, it is important that any potential gaps identified are addressed as a matter of urgency so as the State can discharge its duty of care to deployed troops.

The proposal is to acquire an initial twenty-seven vehicles (17 for overseas missions and 10 at home for training). The tender competition will allow for the option to acquire up to another twenty-seven vehicles over the next few years to meet any further requirements, depending on the threat faced by the Defence Forces in operational deployments. There is a sum of €6m in this year’s Estimates provision as a down payment on an LTAV contract. The results of the tender competition will dictate the overall cost of the project. Three vehicles were selected to go forward to the trials stage of the tender competition. They were the RG 32M from BAE Systems, the LMV from Iveco Defence Vehicles and the Eagle 4 from Mowag. Trials were conducted on a standard vehicle from each company.

It is my intention to have a contract for the acquisition of the LTAVs in place shortly. As I mentioned already, the acquisition is seen as a top priority for the Defence Forces and the cost of the programme will be covered over a number of years taking into account the current economic conditions. The purchase of the vehicles is in line with the commitment given in the Programme for Government to continue investment in the most modern of equipment for Defence Forces personnel and the obligations of the State to provide appropriate support and force protection assets to deployed personnel.

### **Departmental Expenditure.**

97. **Deputy Richard Bruton** asked the Minister for Defence the reason, in respect of the published Estimates for the Public Service 2009, the total estimated expenditure for 2009 under the administration sub-heads for his Department, that is, those relating to his Department itself, is estimated to decrease by 1% from 2008, while the estimated decrease under the sub-heads relating to the Defence Forces and other services is 4%; and if he will make a statement on the matter. [42920/08]

**Minister for Defence (Deputy Willie O’Dea):** The Administration subheads of the Defence Estimate for 2009 represent a small proportion (less than 3%) of the total Estimate. Pay of the civil service staff of the Department accounts for the bulk of the expenditure under these subheads. In that regard the pay provision for 2009 represents a reduction in real terms of 3% on the 2008 allocation.

In the current economic situation, it is not possible to continue the same level of expenditure on Defence Forces’ equipment and infrastructure as has taken place in recent years. A number of capital building projects will be deferred and some equipment replacement programmes are likely to be completed over a longer period. However, the allocation for 2009 will enable the Defence Forces to maintain their current level of operations at home and abroad, including the overseas peace support operations in Chad and Kosovo.

*Question No. 98 answered with Question No. 84.*

99. **Deputy Aengus Ó Snodaigh** asked the Minister for Defence if he has explored the possibility of ending inefficient spending practices as an alternative to closing barracks. [42804/08]

**Minister for Defence (Deputy Willie O’Dea):** As I have said in response to many questions in this House, Defence Forces expenditure and properties are kept under constant review in terms of addressing Defence Force requirements and ensuring the most appropriate organisation of the Defence Forces taking account of the operational requirements and available resources. The procurement and purchasing procedures are designed and operated to ensure the Department achieves value for money in accordance with Government financial procedures. Expenditure undertaken by my Department is also subject to examination and audit by the Comptroller & Auditor General.

The closure of barracks and the consolidation of the Defence Forces formations into a smaller number of locations is a key objective of the White Paper on Defence. The closure of the Barracks is more than just a financial or value for money issue. The consolidation process is designed to facilitate higher training standards, while also freeing up under-utilised resources and personnel for operational duties. The dispersal of personnel over an extended number of locations is a major impediment to essential collective training. It also imposes increased and unnecessary overheads on the Defence Forces in terms of barrack management, administration, maintenance and security.

The development and increased capability of the modern Defence Forces when taken together with the improved security situation along the border has removed the rationale for having seven barracks/posts along the border and provided the opportunity for consolidation of units in a smaller number of locations.

*Question No. 100 answered with Question No. 90.*

#### **Defence Forces Reserve.**

101. **Deputy Joe Costello** asked the Minister for Defence if he is satisfied with fitness levels within the Reserve Defence Forces; and if he will make a statement on the matter. [42754/08]

**Minister for Defence (Deputy Willie O’Dea):** Members of the Reserve Defence Force undertake both paid and unpaid training on a part-time voluntary basis. Given the limited time that members of the Reserve can devote to training, the primary thrust of such training is on developing the requisite military skills. In light of this limited availability, it would be imprac-

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tical to introduce extensive physical training regimes during periods of Reserve Training. The military authorities are developing a Physical Training Concept for the Reserve to pragmatically support Reservists in developing their physical fitness levels. It is anticipated that this concept will be approved for implementation in 2009.

*Question No. 102 answered with Question No. 81.*

*Question No. 103 answered with Question No. 89.*

#### **Naval Service Vessels.**

104. **Deputy Michael D. Higgins** asked the Minister for Defence the number of tenders received to date for the re-floating of the *Asgard II*; when a decision will be made on the possible re-floating of the vessel; the progress that has been made with regard to the possible use of a temporary replacement vessel; and if he will make a statement on the matter. [42760/08]

119. **Deputy Denis Naughten** asked the Minister for Defence the position regarding the recovery of the *Asgard II*; and if he will make a statement on the matter. [42780/08]

215. **Deputy Darragh O’Brien** asked the Minister for Defence the progress made in deciding to salvage the *Asgard II*: the outcome to the tender process to salvage the vessel; and if he will make a statement on the matter. [43171/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 104, 119 and 215 together.

Allianz Plc., with which *Asgard II* was insured in the sum of €3.8m, has conducted a tender competition for the salvage of the vessel. The proposals submitted are still under consideration. I expect that a decision as to whether to proceed with a salvage operation will be made within about two weeks. The question of procuring a temporary replacement vessel for *Asgard II* is still under consideration.

#### **Defence Forces Equipment.**

105. **Deputy Charlie O’Connor** asked the Minister for Defence the procedures involved in selling off large items of disused military equipment such as aircraft, ships and APCs; if he is satisfied that the system is working effectively; and if he will make a statement on the matter. [42731/08]

**Minister for Defence (Deputy Willie O’Dea):** The position is that tender competitions are usually run by my Department for the disposal of major assets such as aircraft and ships when they have reached the end of their economic working lives in the Defence Forces. Examples of these are the sales of the Naval Service ship, L.E. Deirdre in 2001 and a Gazelle helicopter, four Dauphin helicopters and six Marchetti helicopters in 2006. Earlier this year my Department ran a tender competition for the disposal of six Alouette helicopters. It is expected that the sale of the Alouettes will be completed before the end of the year.

In the particular case of the sale of the Dauphins which attracted recent newspaper headlines, the position was that the sale of the helicopters was advertised on the Department of Finance’s e-tender website. The tender documents were also available from the Department of Defence’s website and were made available to military attachés. An advertisement for the sale of the

helicopters was also placed in Flight International magazine. The records show that over eighty sets of tender documents issued in connection with the competition, which was fully transparent and open to all interested parties. The same procedure applied to the tender competition for the disposal of the Alouettes earlier this year.

It is not generally the practice to sell defensive equipment such as Armoured Personnel Carriers. Such equipment is normally scrapped when it is considered to be defunct and past its operational use. I am fully satisfied that the tendering procedures used in the disposal of major assets are appropriate and that my Department achieves a fair price for these assets through an open and transparent process.

106. **Deputy Jan O’Sullivan** asked the Minister for Defence the amount raised by the recent sale of four Air Corps AS365 helicopters; if his attention has been drawn to reports that these aircraft were subsequently sold on at a substantial profit; if he is satisfied that his Department got value for money in regard to the sale of these aircraft; and if he will make a statement on the matter. [42767/08]

**Minister for Defence (Deputy Willie O’Dea):** The four Dauphin helicopters, special tools and spare parts were sold following an open tender competition to Rotor Leasing Incorporated in the USA for €311,000 in October 2006. The sale of the helicopters was advertised on the Department of Finance’s e-tender website, the tender documents were also available from the Department of Defence’s website and were made available to military attachés. An advertisement for the sale of the helicopters was also placed in Flight International magazine. The records show that over eighty sets of tender documents issued in connection with the competition. The tender competition also included the sale of one Gazelle helicopter. Five tenders were received, three of which made offers for the Dauphins. Rotor Leasing submitted the highest bid in relation to the Dauphins and were awarded the contract for the sale of the helicopters and spare parts. The sales agreement was completed in October 2006.

It was estimated at that time that each aircraft required a major inspection and avionics re-fit at an estimated cost of €3,000,000 — €3,500,000 per helicopter in order to meet the operational requirements of the Air Corps if the aircraft were to remain in service. Even following such an investment, the Air Corps would still have 20 year old aircraft which would continue to require more extensive maintenance and would provide less output than their modern equivalents. A policy decision was therefore taken not to proceed with the required maintenance given the cost involved, in favour of a re-equipment programme. This programme has seen the acquisition of 2 EC135 helicopters and 6 AW 139 helicopters for the Air Corps, with the final AW 139 helicopter delivered earlier this month.

When the aircraft in question were taken to the United States, Rotor Leasing set about restoring them. This involved doing the major inspections and overhauling components, with a total of between 5,000 and 5,500 man hours being devoted to each aircraft. It is my Department’s understanding that the aircraft were then sold on by Rotor Leasing to Eurocopter, the original equipment manufacturer, in South America where the aircraft are being outfitted with specific mission equipment for the Chilean Navy. In this context, it is perfectly reasonable to expect that the market value of the aircraft would have increased in line with the cost of the major refurbishment work.

I am not in a position to confirm the reported sale value to the Chilean Navy. The very significant extent of refurbishment undertaken, the outfitting with mission specific equipment

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and any additional contract terms such as warranty, supply of parts or servicing would also have an important bearing on the contract value and is a matter outside the remit of my Department.

I am quite satisfied that the tendering procedures used in the sale of the Dauphins were correct and that my Department achieved a fair price for the aircraft with due cognisance to their age and condition at the time of sale.

### **Departmental Bodies.**

107. **Deputy Ciarán Lynch** asked the Minister for Defence the boards or agencies for which his Department has responsibility, which it is intended to abolish or merge; and if he will make a statement on the matter. [42761/08]

**Minister for Defence (Deputy Willie O’Dea):** The bodies under the aegis of my Department are the Civil Defence Board, the Board of Coiste an Asgard and the Army Pensions Board. It is not my intention to abolish or merge any of these bodies.

*Question No. 108 answered with Question No. 73.*

### **Defence Forces Property.**

109. **Deputy Kathleen Lynch** asked the Minister for Defence when it is planned to close St. Bricin’s military hospital; his plans for the future use of the site; if the medical facilities offered at the hospital will be provided elsewhere; and if he will make a statement on the matter. [42763/08]

**Minister for Defence (Deputy Willie O’Dea):** As part of the implementation of the Government decision to relocate the Defence Forces HQ under decentralisation, services currently provided by St Bricins Military Hospital will transfer to the Curragh. St Bricins will remain in operation as a military medical facility (MMF) serving the Eastern Brigade until a modern facility suitable for the Brigade is provided. Planning for the new facility has just begun and, as such, it is not possible to state when exactly it will come on line.

It is my intention that the best possible medical facilities are provided for the Defence Forces. I can assure the Deputy that the planned changes in the way medical services are provided are designed to enhance the services for all concerned. It is anticipated that St. Bricins will be disposed of, taking account of market conditions, so as to maximise the return to the Defence Forces and generate funding for reinvestment in Defence Forces equipment and infrastructure in accordance with Government policy.

### **Common Foreign and Security Policy.**

110. **Deputy Thomas P. Broughan** asked the Minister for Defence if he will report on Ireland’s involvement with the EU Satellite Centre; and if he will make a statement on the matter. [42752/08]

**Minister for Defence (Deputy Willie O’Dea):** The European Union Satellite Centre (EUSC) is an Agency of the Council of the European Union. Formerly operating as the Western European Union Satellite Centre, the EUSC was incorporated as an agency of the EU in 2002 as part of the transfer of functions from the Western European Union (WEU) to the European Union (EU) and more specifically to the Common Foreign and Security Policy (CFSP). The Centre’s primary objective is to support the decision-making of the European Union in the

field of Common Foreign and Security Policy (CFSP), in particular of the European Security and Defence Policy (ESDP), including European Union crisis management operations.

The Centre is located in Torrejon de Ardoz which is close to Madrid, Spain. Although it is autonomous in its daily operations, Javier Solana, Secretary General of the Council of the European Union, gives operational direction to the Centre and reports on its activities to the Political and Security Committee. The Satellite Centre provides, as appropriate, geospatial products resulting from the analysis of satellite imagery and collateral data, including aerial imagery, in order to support the operations and missions of the European Union and its Member States. The staff of the Centre consists of experienced image analysts, geospatial specialists and supporting personnel, recruited from EU Member States.

Ireland, along with other EU Member States, is a member of the Board of the Satellite Centre. My Department shares the cost of Ireland's financial contribution to the Satellite Centre with the Department of Foreign Affairs. In 2008, the cost of the joint contribution is of the order of €158,732.44, of which my Department contributes €79,366.22. The Defence Forces receive and utilise Satellite Centre products and benefit greatly from this capability while deployed on overseas missions.

*Question No. 111 answered with Question No. 84.*

*Question No. 112 answered with Question No. 87.*

#### **Departmental Expenditure.**

113. **Deputy Leo Varadkar** asked the Minister for Defence the number of personnel from his Department and from the Defence Forces who attended a seminar and meeting organised by his Department at a four star hotel in County Kildare on 13 November 2008; the cost of conducting the meeting; the purpose of the meeting; if in the context of the budget 2009 constraints he considers such a venue and expenditure appropriate; if suitable facilities exist within a military installation for holding such meetings; and if he will make a statement on the matter. [42805/08]

**Minister for Defence (Deputy Willie O'Dea):** The Defence Organisation conference was held on the 13th November 2008 and was attended by the senior management teams in both the Department and the Defence Forces. The focus of the conference was on effective planning. The topics covered were defence capability development, performance measurement and effective management of the defence budget within the current resource constraints. A guest speaker from the European Union Institute for Security Studies also made a key contribution to the event.

The conference was very much a collaborative effort between the Department and the Defence Forces and I know that both the Secretary General and the Chief of Staff are extremely pleased with the outcome. It is envisaged that a similar joint development conference will take place on an annual basis. The cost of the conference amounted to €2,720. I firmly believe that this pro-active approach to developing capacity in the Defence organisation remains a priority notwithstanding the current economic climate.

*Question No. 114 answered with Question No. 81.*

#### **Overseas Missions.**

115. **Deputy Charlie O'Connor** asked the Minister for Defence if a decision has been made



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as to the future participation by Ireland in the KFOR, EUFOR mission in Bosnia and Herzegovina; if it is intended to keep Irish troops there in 2009; and if he will make a statement on the matter. [42732/08]

**Minister for Defence (Deputy Willie O'Dea):** Ireland has participated in EUFOR in Bosnia and Herzegovina since December 2004, the successor mission to the Stabilisation force (SFOR) in Bosnia and Herzegovina with which Ireland had previously been serving since 1997. EUFOR was established under the authority of the UN Security Council Resolution 1575 of 22 November, 2004. The Irish contingent with EUFOR currently comprises 44 personnel. The role of the Defence Forces personnel currently serving in EUFOR is to provide personnel for the headquarters, the Military Police Unit, Verification Teams and the National Support Element. All Irish personnel are located at Camp Butmir, Sarajevo. The current security situation in Bosnia and Herzegovina is considered to be stable with the focus of the international community now firmly focused on progressing the political situation.

Discussions regarding the closure of the Office of the High Representative, which was put in place under the Dayton accord, and the subsequent transition to the Office of the European Union Special Representative (EUSR) are ongoing, with a decision now due in February 2009. Once this decision is made, it is anticipated that Operation ALTHEA will change, from its current configuration of 2,500 troops, to a support and training operation, which will involve some 200, mainly military, personnel. It is expected that this change will commence sometime in February/March 2009 and take approximately six (6) months to complete. Consequently, there will be no change in the Althea configuration, or Ireland's contribution to it, until June 2009 at the earliest. No decision has been made on Ireland's participation in any new arrangements. Currently, my intention is that we will withdraw our troops when Operation ALTHEA moves to its support and training phase in 2009.

KFOR, the International Security Presence in Kosovo, was established in June 1999, to support the maintenance of civil law and order within Kosovo, so as to develop a climate of safety and security, which will enable the transfer of increased responsibility to the civil authorities. Ireland has participated in KFOR since August 1999. The Irish (39th) Infantry Group currently serves in the Multinational Task Force (Centre). In addition to Ireland, the Task Force also comprises troops from the Czech Republic, the Slovak Republic, Sweden, Finland and Latvia. The Task Force's area of responsibility is generally the Pristina region, covering 7 municipalities with a population of approximately 1 million.

The Irish contingent currently comprises an APC Mounted Infantry Group of some 233 personnel, including a number of personnel in staff posts at various KFOR Headquarters. At this stage, there are no plans to reduce the number of Irish Defence Forces personnel currently serving with KFOR.

*Question No. 116 answered with Question No. 72.*

### **Departmental Estimates.**

117. **Deputy Jack Wall asked** the Minister for Defence if he will make a statement on his Department's Estimates for 2009. [42776/08]

**Minister for Defence (Deputy Willie O'Dea):** The gross total allocation for my Department in 2009 is €1,061 million, comprising €852 million in the Defence Estimate and €209 million in the Army Pensions Estimate. When compared with the allocation for 2008, this represents a

reduction of 4% in the Defence Estimate and an increase of 10% in the Army Pensions Estimate, giving an overall reduction of 1.6%.

The reduction in the Defence Estimate will be achieved by making savings across a number of subheads, both pay and non-pay. In common with other areas of the public sector, a payroll cut of 3% has been applied in the case of the civil service staff of my Department, the Defence Forces and civilians employed with the Defence Forces. This will entail restrictions on the filling of vacancies, including the temporary deferral of recruitment, throughout the Defence organisation.

A number of capital building projects will be deferred and some equipment replacement programmes are likely to be spread over a longer period. However, the allocation provided for 2009 will enable the Defence Forces to maintain their current level of operations at home and abroad, including the overseas peace support operations in Chad and Kosovo. In the current economic situation, it is not possible to continue the same rate of expenditure on equipment and infrastructure as has taken place in recent years. However, I am satisfied that priority programmes of investment will be maintained.

### **National Monuments.**

118. **Deputy Noel O'Flynn** asked the Minister for Defence if he will report on the recent unveiling of a national monument to members of Óglaigh na hÉireann who have died in the service of the State; and if he will make a statement on the matter. [42723/08]

**Minister for Defence (Deputy Willie O'Dea):** A ceremony to mark the dedication of the “National Memorial to members of the Defence Forces who died in the service of the State” was held at Merrion Square on Saturday 8th November 2008. The ceremony was led by an tUachtarán, Mrs. Mary McAleese, who laid a wreath at the memorial. The ceremony featured a military parade consisting of members of the Army, the Air Corps, the Naval Service, the Organisation of Ex-Servicemen and the Irish UN Veterans Association. The ceremony was attended by an Taoiseach, Mr. Brian Cowen, T.D., the Lord Mayor of Dublin, the Chief of Staff of the Defence Forces, former Chiefs of Staff, former Ministers for Defence and members of the Oireachtas. A notice was published in the national newspapers, in the week leading up to event, inviting relatives of the deceased and members of the public to attend.

The ceremony included a prayer of dedication delivered by the Head Chaplain to the Forces, one minutes silence and the playing of the Last Post. The ceremony concluded with the National Anthem and a fly past by the Air Corps. The memorial, which is situated in a prominent position close to Dáil Éireann and to Government Buildings, is, I believe, a fitting tribute to the memory of the members of the Defence Forces who have given their lives in the service of the State. Ar dheis Dé go raibh a anamacha.

*Question No. 119 answered with Question No. 104.*

### **Defence Forces Operations.**

120. **Deputy Jan O'Sullivan** asked the Minister for Defence the number of occasions during 2006, 2007 and to date in 2008, on which the Army bomb squad has been called out to deal with suspected explosive devices; the number of instances in each year in which the devices were hoaxes and authentic explosive devices; and if he will make a statement on the matter. [42768/08]

**Minister for Defence (Deputy Willie O’Dea):** The primary responsibility for the maintenance of law and order rests with an Garda Síochána. The Defence Forces, pursuant to their role of rendering aid to the civil power, assist the Gardaí as required. Requests for aid to the civil power are normally made by a member of an Garda Síochána not below the rank of Inspector. The Explosive Ordnance Disposal (EOD) Team respond when a request is made by an Garda Síochána, to the relevant Brigade, for assistance in dealing with a suspect device or for the removal of old ordnance. Information on the number of callouts in 2006, 2007 and 2008 (to date) is set out in the following table.

Year	Total Number of Callouts	Number of Hoaxes (included in total)
2006	101	8
2007	98	11
2008 (as of 20 November 2008)	168	56

*Question No. 121 answered with Question No. 72.*

*Question No. 122 answered with Question No. 90.*

*Question No. 123 answered with Question No. 72.*

#### **Commemorative Events.**

124. **Deputy Seán Sherlock** asked the Minister for Defence when the committee to consider plans for appropriate commemorations to mark the 100th anniversary of the Easter Rising in 2016 will be convened; the reason for the delay in convening a meeting; and if he will make a statement on the matter. [42775/08]

**Minister for Defence (Deputy Willie O’Dea):** Nominations in respect of the composition of the Oireachtas Consultation Group are now complete. Arrangements are being made for a meeting of the Group to be held at an early date. The inaugural meeting of the re-constituted group will be informed of progress on major projects in commemorative activities and the consideration towards a framework for the Centenary commemorative programme.

*Question No. 125 answered with Question No. 72.*

*Question No. 126 answered with Question No. 81.*

#### **Departmental Staff.**

127. **Deputy Leo Varadkar** asked the Minister for Defence the number by grade and rank of civil servants in his Department and in agencies under his control on 1 September 1995, 1 September 2000, 1 September 2005 and 1 September 2008 respectively; and if he will make a statement on the matter. [42806/08]

**Minister for Defence (Deputy Willie O’Dea):** I have set out in the table below the number by grade and rank of civil servants in my Department and in agencies under the aegis of my Department:

Grade Title	Number of Staff			
	1995	2000	2005	2008
Secretary General	1	1	1	1
Assistant Secretary	2	2	2	2
Head of Corporate Services	1	1	1	1
Principal	8	11	13.8	14.5
Chief Technical Officer	1	1	0	0
Professional Accountant	1	1	0	1
Assistant Principal	25	25	33.5	37.1
Technical Officer Grade II	2	2	1	1
Higher Executive Officer	58	64.5	62.7	58.8
Administrative Officer	0	0	0	2
Properties Officer	1	1	1	1
Assistant Properties Officer	1	1	0	0
Executive Officer	58.5	76	73.35	82.28
Examiner of Maps	1	1	1	0
Senior Technical Assistant	1	0	0	0
Staff Officer	30.5	36.5	29.5	33.5
Clerical Officer	131.5	163	147.4	143.9
Clerical Assistant	66	0	0	0
		Amalgamated with CO grade		
Paperkeeper	3	0	0	0
		Amalgamated with CO Grade		
Storeman	1	1	1	1
Storekeeper	0	0	0	2
Visually Impaired Telephonists	4	4	0	0
			Regraded as COs	
Head Services Officer	1	1	1	1
Services Officer	14	14	15	17
Services Attendant	1	3	2	1.7
Nightwatchman	5	4	3	3
Superintendent of Cleaners	1	1	1	1
Cleaner	16	14	6	4
Total	435.5	429	396.3	409.8

I am pleased to advise the House that the change and modernisation process in Defence in recent years has been accompanied by a reduction in numbers of civil servants. The Table above shows that the numbers in the Department of Defence and its agencies (Civil Defence Board, Army Pensions Board and the Board of Coiste an Asgard) have been reduced from 435.5 to 409.8 in the 13-year period from 1995. This same period has been one of tremendous change in the working environment of the public service, as society and the economy have developed rapidly. This change has been particularly dramatic in Defence — the defence and security environment nationally and internationally has changed dramatically over this period and continues to evolve rapidly.

Developments in the international security and defence environment have resulted in very significant resource demands on the Defence organisation. Participation in the evolution of the

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European Security and Defence Policy (ESDP) for example, has absorbed additional staff resources in the Department. Again, this has been achieved against a background of falling overall staff numbers. The Department is also addressing the challenge of decentralising while maintaining the existing level of service. My Department has absorbed these changes and the demands arising from new initiatives and services while continuing to reduce Administrative Budget costs in real terms. I am confident that my Department will be equally resilient and successful in meeting the challenges ahead.

### **Air Corps Equipment.**

128. **Deputy Seán Sherlock** asked the Minister for Defence if a decision has been made in regard to the replacement of the Air Corps Cessna fleet; and if he will make a statement on the matter. [42773/08]

**Minister for Defence (Deputy Willie O’Dea):** The issue of the replacement of the Air Corps Cessna Fleet is under consideration. The question of funding the replacement programme has to be considered in tandem with the overall equipment requirements of the Defence Forces generally and the funding available for this. As the Deputy may be aware, a very significant level of investment in new equipment for the Air Corps has taken place in recent years.

The comprehensive investment programme included:

- The delivery of eight Pilatus training aircraft at a total cost of €60m, inclusive of VAT.
- Two light utility EC 135 helicopters acquired from Eurocopter S.A.S. at a cost of €12.8m, inclusive of VAT.
- Six utility AW 139 helicopters acquired from AgustaWestland, Italy at a cost of €75m inclusive of VAT, the final one of which was delivered this month.
- A major mid life upgrade on the two Casa maritime patrol aircraft, at a cost of €16.5m.

*Question No. 129 answered with Question No. 81.*

*Question No. 130 answered with Question No. 72.*

### **Overseas Missions.**

131. **Deputy Tom Sheahan** asked the Minister for Defence if he has concluded his investigation into the leasing of two helicopters. [42778/08]

133. **Deputy Liz McManus** asked the Minister for Defence the outcome of the investigation ordered by the Chief of Staff of the Defence Forces into the circumstances in which two Russian crewed Ukrainian owned helicopters were leased for the transporting of Irish troops in Chad, when it subsequently emerged that the helicopters were not licensed to carry passengers; the amount paid out in respect of hire charges or other charges; the changes that have been made to hiring procedures as a result of this; and if he will make a statement on the matter. [42766/08]

216. **Deputy Darragh O’Brien** asked the Minister for Defence the procedures to be put in place both within his Department and in the Defence Forces to ensure that the certification difficulties with the helicopters used by Irish troops in Chad cannot recur; and if he will make a statement on the matter. [43172/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 131, 133 and 216 together.

The issue in relation to the certification of the two helicopters for use with passengers arose in September 2008 and was a regulatory, licensing issue relating to civilian registered helicopters. It did not reflect in any way on the safety, technical or operational functions of the helicopters, which continued to be used for cargo and emergency evacuation purposes as required to support the operation in Chad.

I have now received a report from the Chief of Staff which identifies a number of shortcomings in the process followed by the Defence Forces in placing this contract. I have accepted an apology from the Chief of Staff for what has happened. The Internal Audit Unit of the Department of Defence is in the process of carrying out a full audit into the placing of the contract for the helicopters and it is the intention to pass the findings of the audit to the Office of the Comptroller and Auditor General. In the meantime, a programme of training for military personnel has been established to ensure that they are familiar with public procurement procedures.

In relation to the current situation, one of the helicopters was recently withdrawn from service following a minor incident in which the front undercarriage was damaged. The aircraft was not on a EUFOR mission when the incident occurred and no Irish personnel were on board. The military authorities subsequently engaged with Air Partner (UK), the main contracting authority, concerning the replacement of this helicopter.

Air Partner have now sourced a replacement MI 8T helicopter from a Ukrainian company. The company has a valid Air Operator Certificate for this aircraft, which includes the carriage of both cargo and passengers. All the certification documentation has been reviewed and, following consultation with the military authorities, my Department has now approved acceptance of this aircraft. It is expected that the aircraft will be in situ in the near future. This will allow for the carriage of Defence Force’s personnel on the helicopter without restrictions. Any costs for the placement of the helicopter in theatre will be met by Air Partner.

The contract duration for the two helicopters is scheduled for ten months, expiring in April 2009. The cost of hiring the helicopters to end-October was €1.07m. The full contract value will ultimately depend on the number of hours flown by the helicopters over the duration of the contract but is expected to be in the region of €3m. As I already mentioned, the report from the Chief of Staff is under consideration. The audit report from the Internal Audit Unit in the Department will determine the best course of action on the issue and will recommend if any changes to the procedures for the hiring of aircraft by the Defence Forces are required.

*Question No. 132 answered with Question No. 72.*

*Question No. 133 answered with Question No. 131.*

*Question No. 134 answered with Question No. 80.*

### **Crime Levels.**

135. **Deputy Richard Bruton** asked the Taoiseach the number of crimes involving the possession of a knife, the use of a knife to inflict injury, and the use of a knife to inflict fatal wounds respectively over the past five years; the detection rate in respect of each of these crimes; and the conviction rate in respect of each of these crimes. [43006/08]

**Minister of State at the Department of the Taoiseach (Deputy Pat Carey):** The exact information the Deputy has requested is not available. It is not possible to determine the number

[Deputy Pat Carey.]

of incidents of crimes involving the possession of a knife, the use of a knife to inflict injury and the use of a knife to inflict fatal wounds respectively. However, the figures furnished in the tables outline the crime incidents where a knife is present during the event. Please note, due to the length of time it takes for a case to be processed through the criminal justice system, conviction rates involving recent years are not comparable.

Incidents where a knife was present during the event, detection rates and conviction rates, 2003-2007

		2003			2004		
		Recorded	Detection Rate (%)	Conviction Rate (%)	Recorded	Detection Rate (%)	Conviction Rate (%)
0111	Murder	5	100.0	60.0	10	100.0	80.0
0112	Manslaughter	3	100.0	100.0	5	100.0	100.0
0211	Rape of a male or female	5	20.0	20.0	4	50.0	50.0
0213	Sexual offences involving mentally impaired person	0	—	—	0	—	—
0214	Aggravated sexual assault	2	50.0	50.0	5	40.0	40.0
0215	Sexual assault (not aggravated)	4	50.0	0.0	2	50.0	0.0
0311	Murder-attempt	0	—	—	0	—	—
0321	Assault Causing Harm	225	64.4	18.2	241	64.3	18.3
0323	Assault or obstruction of Garda/official, resisting arrest	8	87.5	25.0	7	100.0	42.9
0324	Minor assault	87	54.0	9.2	111	56.8	6.3
0611	Robbery of an establishment or institution	337	32.9	17.8	453	41.1	24.5
0612	Robbery of cash or goods in transit	5	20.0	0.0	4	0.0	0.0
0613	Robbery from the person	399	31.3	13.5	421	30.6	14.5
0631	Carjacking, hijacking/unlawful seizure of an aircraft/vessel	12	25.0	16.7	14	35.7	28.6
0711	Aggravated burglary	115	37.4	22.6	90	40.0	24.4
1131	Possession of offensive weapons (not firearms)	698	97.1	36.4	780	96.3	33.1
	All	1,905	61.5	23.9	2,147	63.0	24.5

		2005			2006		
		Recorded	Detection Rate (%)	Conviction Rate (%)	Recorded	Detection Rate (%)	Conviction Rate (%)
0111	Murder	18	77.8	50.0	21	100.0	38.1
0112	Manslaughter	3	100.0	66.7	1	100.0	100.0
0211	Rape of a male or female	6	66.7	16.7	3	66.7	33.3
0213	Sexual offences involving mentally impaired person	0	—	—	0	—	—
0214	Aggravated sexual assault	1	100.0	100.0	4	75.0	50.0
0215	Sexual assault (not aggravated)	7	71.4	28.6	4	0.0	0.0
0311	Murder-attempt	0	—	—	0	—	—
0321	Assault Causing Harm	204	60.8	17.2	300	75.0	13.3
0323	Assault or obstruction of Garda/official, resisting arrest	5	60.0	60.0	5	80.0	40.0
0324	Minor assault	121	51.2	10.7	133	51.9	9.0

		2005			2006		
		Recorded	Detection Rate (%)	Conviction Rate (%)	Recorded	Detection Rate (%)	Conviction Rate (%)
0611	Robbery of an establishment or institution	551	41.7	19.2	481	46.6	18.1
0612	Robbery of cash or goods in transit	5	20.0	0.0	4	25.0	25.0
0613	Robbery from the person	289	31.8	13.1	330	36.1	13.0
0631	Carjacking, hijacking/unlawful seizure of an aircraft/vessel	20	55.0	25.0	6	66.7	33.3
0711	Aggravated burglary	116	40.5	17.2	99	49.5	12.1
1131	Possession of offensive weapons (not firearms)	891	96.1	32.7	1,131	97.8	33.4
	All	2,237	65.0	23.5	2,522	72.5	23.4

		2007		
		Recorded	Detection Rate (%)	Conviction Rate (%)
0111	Murder	32	84.4	9.4
0112	Manslaughter	2	100.0	0.0
0211	Rape of a male or female	5	60.0	20.0
0213	Sexual offences involving mentally impaired person	1	0.0	0.0
0214	Aggravated sexual assault	0	—	—
0215	Sexual assault (not aggravated)	5	60.0	0.0
0311	Murder-attempt	1	100.0	0.0
0321	Assault Causing Harm	284	74.6	7.4
0323	Assault or obstruction of Garda/official, resisting arrest	8	100.0	12.5
0324	Minor assault	161	57.1	5.0
0611	Robbery of an establishment or institution	312	52.6	12.5
0612	Robbery of cash or goods in transit	2	50.0	0.0
0613	Robbery from the person	312	40.4	8.7
0631	Carjacking, hijacking/unlawful seizure of an aircraft/vessel	16	62.5	6.3
0711	Aggravated burglary	92	48.9	5.4
1131	Possession of offensive weapons (not firearms)	1,299	97.5	26.5
	All	2,532	77.4	17.8

### EU Funding.

136. **Deputy Áine Brady** asked the Tánaiste and Minister for Enterprise, Trade and Employment the European funds available to businesses, in particular small businesses, from which they could get a source of finance in view of the current credit crunch; and if she will make a statement on the matter. [43016/08]

**Minister of State at the Department of Enterprise, Trade and Employment (Deputy John McGuinness):** The European Union provides support to European small and medium-sized enterprises in different forms such as grants, loans and, in some cases, guarantees. Support is available either directly or through programmes managed at national or regional level, such as the European Union's Structural Funds. SMEs can also benefit from a series of non-financial assistance measures in the form of programmes and business support services.



[Deputy John McGuinness.]

The European Commission's European Portal for SME's <http://ec.europa.eu/enterprise/sme/funding—en.htm> presents details of the main European programmes available to SMEs and contains brief information as well as the main web sites for each programme. However, the information included on the website, is not exhaustive. In addition, the Enterprise Europe Network provide information on both national and EU financial supports. The financial instruments mentioned on these sites are managed by the European Investment Fund and implemented via financial intermediaries or specialised funds, to which those interested should refer directly.

The main Programmes are referred to below. Under the Competitiveness and Innovation Framework Programme (CIP) 2007-2013, €1.13 billion has been allocated for financial instruments for the above period. These are organised under three schemes, which are managed on behalf of the European Commission by the European Investment Fund (EIF):

1. The High Growth and Innovative SME Facility (GIF) aims to increase the supply of equity for innovative SMEs both in their early stages (GIF1) and in the expansion phase (GIF2). GIF shares risk and reward with private equity investors, providing important leverage for the supply of equity to innovative companies.
2. The SME Guarantee Facility provides additional guarantees to guarantee schemes, in order to increase the supply of debt finance to SMEs. It concentrates on addressing market failures in four areas:
  1. access to loans (or loan substitutes such as leasing) by SMEs with growth potential;
  2. provision of microcredit;
  3. access to equity or quasi-equity;
  4. securitisation.
3. A Capacity Building Scheme supports the capacity of financial intermediaries in some Member States.

The EIF's own activities are based on two instruments:

- EIF's Venture Capital Instruments consist of capital investments in venture capital funds and business incubators that support SMEs, particularly those that are newly created and technology-oriented.
- EIF's guarantee instruments consist of providing guarantees to financial institutions that cover credits to SMEs.

This Programme is managed and the projects selected at national and/or regional level.

JEREMIE is a joint initiative of the European Commission and the European Investment Fund with the European Investment Bank. It aims to improve access to finance for micro to medium-sized enterprises and in particular the supply of micro-credit, venture capital finance or guarantees and other forms of innovative financing. JEREMIE is managed as an integral part of European Regional Development Fund programmes.

These schemes do not provide direct funding to SMEs, but are usually processed through financial intermediaries such as banks, credit institutions or investment funds. They are intended to increase the volume of credit available to SMEs and to encourage these intermediaries to develop their SME lending capacity.

In addition to the above Schemes, on 3 October 2008, the European Investment Bank (EIB) announced that it was increasing its support for Europe's small and medium-sized enterprises (SMEs) to help mitigate the effects of the current credit crisis. This is to take the form of a €30 billion facility to provide loans to SMEs through commercial banks. I understand that the EIB has had discussions with a number of Irish banks about participation in the facility. Participation in the facility is, in the first instance, a commercial decision for individual financial institutions, who will be responsible for evaluating loan applications submitted by individual SMEs.

This is a very welcome initiative by the EIB and I would strongly urge Irish financial institutions to utilise this facility, and any other EU facility, to the maximum extent possible with a view to making any additional funding involved available to SMEs as soon as possible.

The Irish Enterprise Europe Network services in Ireland are delivered by Enterprise Ireland, together with Chambers of Commerce from Cork, Dublin, Galway, Sligo and Waterford and can be contacted on the following website address: <http://www.enterprise-ireland.com/enterpriseeuropenetworkireland> Any Irish SMEs or financial intermediaries wishing to obtain detailed information on accessing any of the European Funds outlined above or indeed, other European funding initiatives, should contact the Irish Enterprise Europe Network in the first instance.

#### **Departmental Agencies.**

137. **Deputy Róisín Shortall** asked the Tánaiste and Minister for Enterprise, Trade and Employment the grounds for her concerns in respect of FÁS; and the scope of the investigation which she has asked the Comptroller and Auditor General to carry out. [42972/08]

**Tánaiste and Minister for Enterprise, Trade and Employment (Deputy Mary Coughlan):** The Comptroller and Auditor General in his report on non-commercial Semi-State bodies, published in May 2008, reviewed the issues raised in one specific FÁS internal audit report. I have discussed this matter with FÁS and have expressed my concerns at the need to secure value for money in public expenditure. I have also requested the C&AG to carry out an investigation into the effectiveness of existing general management and control systems within FÁS. The C&AG has acceded to this request.

It is a matter for the C&AG to determine the scope of his investigation. He has indicated that in doing so he will take into account the deliberations at the Public Accounts Committee hearings on the FÁS element of his Special Report on Semi-State.

#### **Consumer Protection.**

138. **Deputy Róisín Shortall** asked the Tánaiste and Minister for Enterprise, Trade and Employment the reason consumers here continue to pay more for goods sold here by British retail outlets; if the National Consumer Agency has been actively investigating the price differences in goods sold here and in the UK; and the action her Department is taking to ensure value for money for consumers here. [42973/08]

**Tánaiste and Minister for Enterprise, Trade and Employment (Deputy Mary Coughlan):** Concerns in relation to the differential in the prices charged for some goods in this jurisdiction as against the prices charged in Northern Ireland and the UK have been expressed by a number of commentators. These concerns have focused on the recent significant increase in value by the Euro against sterling and the belief that the benefits of this appreciation are not being passed on to consumers.

[Deputy Mary Coughlan.]

These concerns were heightened by the findings of a survey conducted earlier this year by the National Consumer Agency of the price of a range of branded and own-brand goods charged by a number of prominent retailers operating both north and south of the Border. The survey found that customers in the Republic were being charged up to 31% more than customers in Northern Ireland in respect of certain branded products and up to 17% more in respect of own brand items.

Given these concerns I initiated an engagement with the retail sector as to the reasons why the benefits of the Euro's appreciation were not being passed on to consumers. In my discussions and contacts with the retail sector, retailers responded to the effect that while the retail price of goods imported from the UK had lagged exchange rate movements due to factors such as the forward purchase of goods and currency, there had already been reductions in the price of some goods and further reductions were in the pipeline. Retailers also advised that one of the main reasons for the price differential was that the cost of doing business in Ireland was significantly higher than that in the UK.

In the light of these responses, I requested Forfás to carry out an analysis of the relative cost of doing business in a number of locations in the Republic, Northern Ireland and the UK. It is my intention on receipt of Forfás' analysis of the situation, which I understand will be finalized shortly, to pursue this matter further with the retail sector.

### **Community Employment Schemes.**

139. **Deputy Joanna Tuffy** asked the Tánaiste and Minister for Enterprise, Trade and Employment the number of places nationwide on community employment schemes or social employment schemes available in each of the years 1990, 1995, 1997, 2002 and 2007 in tabular form; the eligibility criteria for such schemes now; the eligibility criteria for such schemes in the previous years; the type of schemes that were allowed then and now; and if she will make a statement on the matter. [43017/08]

Community Employment (CE) is an active labour market programme designed to provide eligible long term unemployed people and other disadvantaged persons (including those with a disability) with an opportunity to engage in useful work within their communities on a fixed term basis. The eligibility criteria and participation limits for CE are set by the Department of Enterprise, Trade and Employment (DETE). The qualifying criteria for participation are intended to facilitate the movement of participants through CE, allowing new participants who may not otherwise have such an opportunity, to avail of the programme.

#### *CE Eligibility*

Explanatory notes: CE has two basic options, Part-time Integration Option, which is a one-year version of CE for long-term unemployed (12 months or more). The other option is Part-time Job Option, which is for longer term unemployed persons (3 years or more) and runs for one-year with the option for up to two more years on annually renewable contracts).

#### *Part-time Integration Option (1 year on CE)*

If you are aged 25 years or over and are currently in receipt of any of the following payments for 12 months or more:

- Jobseekers Benefit (JB, formerly Unemployment Benefit);
- Jobseekers Allowance (JA, formerly Unemployment Assistance);
- One Parent Family Payment (OPFP);

- Widows/Widowers Contributory Pension;
- Widows/Widowers Non-Contributory Pension;
- Deserted Wife's Benefit (DWB);
- Farm Assist (FA).
- Time spent in receipt of Carer's Allowance can also count towards the 12-month eligibility period, but caring responsibilities must have ceased and the person must currently be in receipt of either JA, JB or OPFP
- If you are aged 18 years or over and are currently in receipt of any of the following payments from the Department of Social and Family Affairs (DSFA)
  - Disability Allowance;
  - Blind Pension;
  - Invalidity Pension (Note: you must have approval from the DSFA to engage in employment of a rehabilitative nature);
- Illness Benefit for 6 months or more (Note: you must have approval from the DSFA to engage in employment of a rehabilitative nature).
- Travellers aged 18 years or over, who are unemployed and in receipt of Jobseekers Benefit, Jobseekers Allowance for any period or One Parent Family Payment for 1 year or longer. In the case of travellers under 18 years of age, a minimum of 12 months spent in a Travellers Training Centre is enough for eligibility.
- All refugees aged 18 years or over, as authenticated by the Department of Justice, Equality and Law Reform, in receipt of payments from the Department of Social and Family Affairs.
- Persons aged 18 years or over inhabiting the offshore islands
- Ex-offenders aged 18 years or over and referred by the Probation Service. Also, Ex-offenders aged 18 and over and not referred by the Probation Service and in receipt of Jobseekers Allowance or Jobseekers Benefit for a period of one year or more. Time spent as a prisoner is regarded as reckonable when considering duration unemployed
- Persons aged 18 years or over referred by the Drugs Task Force.
- Time spent on recognised training or employment programmes (such as a FÁS training course) can also be counted towards eligibility.

*Note:*

Breaks off the Live Register up to a maximum of 30 days in each of the 3 qualifying years prior to application are allowed in assessing eligibility for the Job Option. Time spent on Community Employment, a recognised training course or in prison may count as part of the qualifying period. In the case of Travellers under 18 years of age, a minimum of 12 months spent in a Travellers' Training centre will suffice for eligibility.

*Spousal Swap*

If you are unemployed and qualify under the Jobseekers Assistance, Jobseekers Benefit or Farm Assist criteria detailed above but you yourself do not wish to join the Community Employment programme, you may be able to transfer eligibility to your spouse. Qualified Adult Dependents, aged 25 and over, of eligible persons (as defined by the Department of Social and Family Affairs) may avail of the Spousal Swap option. This involves the person and their dependent exchanging places, the dependent inheriting the age/entitlements of the person,

and ensuring that no losses are incurred in their relative entitlements as a result of this exchange. Part-time Job Option (Up to 3 years on CE) The Part-time Job Option is for people who are 35 or over and out of work for 3 years or longer. Eligible persons of 55 to 65 years of age can spend up to 6 years in total on this programme. Persons in receipt of a disability-linked social welfare payment can avail of one extra year on CE (i.e. 4 years under 55, 7 years for 55 and over). You can qualify for this option if you are:

- Aged 35 years or over and are currently in receipt of any of the following payments for 3 years or more:
  - Jobseekers Benefit (JB, formerly Unemployment Benefit);
  - Jobseekers Allowance (JA, formerly Unemployment Assistance);
  - One Parent Family Payment (OPFP);
  - Widows/Widowers Contributory Pension;
  - Widows/Widowers Non-Contributory Pension;
  - Deserted Wife's Benefit (DWB);
  - Farm Assist (FA).
- Time spent in receipt of Carer's Allowance can also count towards the 3-year eligibility period, but caring responsibilities must have ceased and the person must currently be in receipt of either JA, JB or OPFP
- Aged 35 years or over and in receipt of any of the following payments from the Department of Social and Family Affairs (DSFA):
  - Disability Allowance;
  - Blind Pension;
  - Invalidity Pension (Note: you must have approval from the DSFA to engage in employment of a rehabilitative nature);
  - Illness Benefit for 6 months or more (Note: you must have approval from the DSFA to engage in employment of a rehabilitative nature).
- Ex-offenders aged 35 years or over referred by the Probation Service. Also, Ex-offenders aged 35 and over not referred by the Probation Service and in receipt of Jobseekers Assistance or Jobseekers Benefit for 3 years or more. Time spent as a prisoner is regarded as reckonable when considering duration unemployed.
- Travellers aged 18 years or over, who are unemployed and in receipt of Jobseekers Benefit, Jobseekers Allowance or One Parent Family Payment for 1 year or longer. In the case of travellers under 18 years of age, a minimum of 12 months spent in a Travellers Training Centre is enough for eligibility
- All refugees aged 18 years or over, as authenticated by the Department of Justice, Equality and Law Reform, in receipt of payments from the Department of Social and Family Affairs
- Persons aged 18 years or over inhabiting the offshore islands
- Persons aged 18 years or over referred by the Drugs Task Force
- Time spent on recognised training or employment programmes (such as a FÁS training course) can also be counted towards eligibility.

### *Changes to Community Employment*

The Community Employment programme (CE) was restructured in 1999 to limit participation by new participants to 3 years, with effect from April, 2000. This change was introduced to encourage unemployed persons to progress to training or education and employment options where possible. However, this three-year cap was amended in August 2001 to allow particularly disadvantaged persons to remain on the programme for a further period. In general, approximately 20% of participants, including persons less than 55 years of age, have benefited from an additional year on the programme under the flexibility guidelines introduced in August 2001.

In November 2004 to cater for older workers the 3-year CE cap was revised to allow those of 55 years of age and over to avail of a 6-year period on CE (based on participation since 3rd April 2000). This was introduced in recognition of the fact that older participants may find it more difficult to progress into the open labour market.

In July 2006 my Department published its Sectoral Plan under the Disability Act, 2005. One of the key highlights of this Plan is to increase participation rates of people with disabilities on CE over the period of the Plan. In order to provide additional training to assist progression to employment:

- For people with disabilities under 55 years of age, the participation limit has been raised by one year from 3 to 4 years, and
- For people with disabilities over 55 years of age, the participation limit has also been raised by one year from 6 to 7 years.

### *Job Initiative*

This programme has been closed for recruitment since November 2004. Persons over 35 years of age, unemployed and in receipt of Unemployment Assistance/Unemployment Benefit or those on Lone Parents allowance for at least 5 years are eligible. The information requested by the Deputy in relation the number of places nationwide on Community Employment Schemes and Social Employment Schemes in each of the years 1990, 1995, 1997, 2002 and 2007 is as follows.

Year End Statistics for FÁS Employment Programmes

Year End	Social Employment Scheme	Employment Incentive Scheme	Teamwork	Enterprise	Community Enterprise Programme	Community Employment (including Supervisors)	Job Initiative	*Social Economy
1990	11,852	1,522	758	1,173	141			
1995			148			40,304		
1997			91			39,039	960	
2002						24,991	2,525	1,889
2007						22,992	1,553	

\*Social Economy Programme transferred to Department of Community, Rural and Gaeltacht Affairs on 1 January 2006 and was renamed Community Services Programme.

### **FÁS Training Programmes.**

140. **Deputy Finian McGrath** asked the Tánaiste and Minister for Enterprise, Trade and Employment if she will support a matter (details supplied). [43033/08]

**Tánaiste and Minister for Enterprise, Trade and Employment (Deputy Mary Coughlan):** FÁS Training Services provides training courses in Dublin and Cork in the following sustainable energy courses:

- Solar (Domestic Hot Water)
- Bio mass (Wood pellet boilers)
- Geo Thermal Heating.

These programmes are designed to update the skills of suitable crafts persons typically plumbers, electricians and fitters. It is hoped to extend the delivery of these programmes to other training centres in 2009. FÁS Training Services is also developing other sustainable energy skills courses in areas such as photo voltaic, wind and electricity generation.

In relation to the promotion of this sector, Sustainable Energy Ireland operates a number of schemes that stimulate the wider deployment of sustainable energy technologies in Ireland:

- Greener Homes Scheme – stimulating installation of renewable heating systems in homes, including geothermal, solar and biomass technologies,
- ReHEAT Scheme – supporting similar technologies to the Greener Homes Scheme but for commercial, public and community sector organisations and buildings,
- Home Energy Savings Pilot Scheme — promoting the uptake of energy efficiency measures in homes including improved attic and wall insulation and upgraded heating system controls. It is planned that this scheme will be extended to a national scheme following the allocation of additional resources in Budget 2009.

While the primary objective of these schemes is to improve the energy performance of the systems/buildings targeted and reduce the harmful emissions of CO<sub>2</sub>, it is widely acknowledged that, in stimulating greater uptake of the services, there are potential business opportunities for those involved in the supply, installation and maintenance of these products and services. The Sustainable Energy Ireland schemes will lead to the expansion of this emerging sector and possible future job creation.

#### **Small Business Sector.**

141. **Deputy Finian McGrath** asked the Tánaiste and Minister for Enterprise, Trade and Employment if she will support the small business sector on the north side of Dublin.

[43034/08]

**Minister of State at the Department of Enterprise, Trade and Employment (Deputy John McGuinness):** My Department provides funding to a number of State Agencies, including the County and City Enterprise Boards (CEBs), Enterprise Ireland, and FÁS, through whom assistance is delivered directly to small businesses in the North Dublin region. Enterprise Ireland's activity is focussed on the creation of new jobs through supporting entrepreneurs in manufacturing and internationally traded service companies who are setting up New High Potential Start up Companies i.e. technically innovative companies with high quality management and the capability to reach a turnover of over €1m and employ over 10 people within three years.

In conjunction with Fás Enterprise Ireland organise the Enterprise Start Programme aimed at people with management experience and a desire to develop a technology intensive business with growth and export potential. Two of these programmes have been delivered in Blanchardstown IT in 2008 and had over 30 potential promoters in attendance. Enterprise Ireland has

also invested significant funds in Community Enterprise Centres in the north of Dublin City to support the establishment and expansion of micro enterprises through local community participation. Over the years EI has financially supported community enterprise centres in Ballymun, Coolock, Darndale, Balbriggan, North King Street, Eastwall road , Manor Street and Gloucester Place and under the 2008 tranche of CEC funding Enterprise Ireland has approved financial assistance towards the new community enterprise centre at Drinan, Swords. As part of its remit in Regional Development, Enterprise Ireland is also represented on the evaluation committee and the boards of Dublin City and Fingal County Enterprise Boards.

The 35 County and City Enterprise Boards provide a source of support to small businesses with 10 employees or fewer. Subject to certain eligibility criteria new and developing enterprises may qualify for financial support from the CEBs in the form of feasibility, employment and capital grants. In addition, the CEBs deliver a range of non-financial supports such as Programmes covering Business Management, Mentoring, E-commerce, Enterprise Education and Women in Business networks to improve management capability development within micro-enterprises designed to help new and existing enterprises to operate effectively and efficiently so as to last and grow. During 2007 Dublin City Enterprise Board and Fingal County Enterprise Board, who's remit is inclusive of the North Dublin region, paid out €1.38m in grant assistance to 96 clients. This intervention has assisted in the creation of 159 jobs. 2,427 people participated in CEB training programmes during the period.

The Government has already made very considerable progress on the implementation of the Small Business Forum Report's recommendations. This progress is reflected through a substantial package of financial measures and Schemes introduced to assist the small business sector over the last two years, including fiscal measures in the 2007 and 2008 Finance Acts. These measures were designed to help all small and medium sized businesses across the country and include:

- The extension and radical improvement of the Business Expansion and Seed Capital Schemes up to 2013.
- Important increases in the VAT Cash Accounting — now €1m and VAT Registration Turnover Thresholds — now €75,000 have been introduced in order to simplify administration and reduce working capital requirements on small businesses.
- Changes to the preliminary tax obligations of certain companies so that small companies are now permitted to calculate their preliminary tax payments based on 100% of the prior-period tax liability if their tax liability for the prior period did not exceed a certain threshold — now €200,000.
- New companies, which do not expect their tax liability for the first year to exceed €200,000, are no longer obliged to pay preliminary tax in that first year.
- The 2009 Budget in October announced tax relief measures for start up businesses by way of remission in Corporation Tax and Capital Gains Tax in the first 3 years for new and start-up businesses. These measures will help to grow small business and promote an entrepreneurial culture.

I am confident that the development agencies under my Department's remit will continue to be well placed to support good quality projects that may present themselves in the northside of Dublin for the remainder of 2008 and going forward into 2009.



### Community Employment Schemes.

142. **Deputy Róisín Shortall** asked the Tánaiste and Minister for Enterprise, Trade and Employment if she will alter community employment eligibility criteria to allow for the fact that once budget 2009 proposals to limit the duration of jobseeker payments to nine months become law thousands of applicants may no longer qualify for community employment; and if she will make a statement on the matter. [43038/08]

143. **Deputy Róisín Shortall** asked the Tánaiste and Minister for Enterprise, Trade and Employment if someone who received a jobseekers benefit payment for 12 months but after which has no entitlement to jobseekers allowance, can apply in advance of the lapsing of the 12 months for community employment and will be deemed eligible; and the way, in view of the budget 2009 proposals to limit jobseekers benefit from 15 to 12 months for unemployed people with more than 260 credits, she proposes to match CE criteria to such applicants. [43073/08]

**Minister of State at the Department of Enterprise, Trade and Employment (Deputy Billy Kelleher):** I propose to take Questions Nos. 142 and 143 together.

Community Employment (CE) is an active labour market programme designed to provide eligible long term unemployed people and other disadvantaged persons with an opportunity to engage in useful work within their communities on a fixed term basis. The purpose of CE is to help unemployed people to re-enter the open labour market by breaking their experience of unemployment through a return to a work routine and to assist them to enhance/develop both their technical and personal skills.

The current eligibility criteria set by the Department of Enterprise, Trade and Employment for entry onto the Community Employment programme allows for the combination of periods on different social welfare payments provided they add up to at least 12 consecutive months (where applicable) and the person is currently in receipt of the payment at the time of application. Persons in receipt of Jobseekers Benefit can normally apply for Jobseekers Allowance when their contribution-based payment is exhausted. This would maintain the continuity to make up the 12-month eligibility period.

As Jobseekers Allowance is a means-tested social welfare payment, a person's means has to exceed the rate payable under their particular circumstances (adult/child dependents etc) to be ineligible for this payment. If this is the case then possibly CE would not be the most appropriate intervention in this circumstance and another FÁS labour market intervention may be more suitable for that person.

In conclusion then, I would say that this Government will continue to support into the future the positive role of CE in meeting the needs of long-term unemployed persons while at the same time providing essential services to communities. In this regard, we are keeping the operation of the Scheme under constant review.

144. **Deputy Róisín Shortall** asked the Tánaiste and Minister for Enterprise, Trade and Employment the number of people on community employment schemes at present; and the number budgeted for in 2009. [43074/08]

145. **Deputy Róisín Shortall** asked the Tánaiste and Minister for Enterprise, Trade and Employment the number of people on jobs initiative schemes at present; and the number budgeted for in 2009. [43075/08]

**Minister of State at the Department of Enterprise, Trade and Employment (Deputy Billy Kelleher):** I propose to take Questions Nos. 144 and 145 together.

I am advised by FÁS that the number of people on Community Employment schemes as at the end of October 2008 was 22,297 (20,879 participants and 1,418 supervisors). It is presently envisaged that the numbers will be maintained at similar levels in 2009. In relation to Job Initiative I understand that there were 1,476 participants at end October 2008. It is presently envisaged that the numbers will be maintained at similar levels in 2009, subject to retirements and voluntary exits.

#### **Flood Relief.**

146. **Deputy Andrew Doyle** asked the Minister for Finance the Department that is taking the lead on the cross-departmental action on the control of flooding in Arklow town. [42980/08]

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** The Office of Public Works is undertaking the design of a Flood Relief Scheme for Arklow Town in conjunction with Arklow Town Council.

#### **Tax Code.**

147. **Deputy Andrew Doyle** asked the Minister for Finance if he will raise the issue of a reduced VAT rate for defibrillators as a contribution to the debate being held at the EU Council of Ministers regarding the scope of VAT rates. [42942/08]

**Minister for Finance (Deputy Brian Lenihan):** In relation to the VAT rate that applies to defibrillators, the position is that under the VAT Directive, Member States may retain the zero rates on goods and services which were in place on 1 January 1991, but cannot extend the zero rate to new goods and services. The zero VAT rate cannot therefore be applied to defibrillators which are subject to the standard rate. In addition, Member States may only apply the reduced VAT rate to those goods and services which are listed under Annex III of the VAT Directive. While Annex III does include the supply of medical equipment for the exclusive personal use of a disabled person, it does not include defibrillators for general use.

The debate on reduced VAT rates at EU level has been dominated in the current stage of discussions by the issue of locally supplied and labour intensive services for which the European Commission has brought forward a proposal designed primarily to make permanent certain experimental reduced rate arrangements in this area. Of course, defibrillators for general use is just one of many goods and services for which a case can be made for a reduced rate of VAT. Having any items included in Annex III of the VAT Directive however requires the agreement of all Member States. The Exchequer impact of reducing the VAT rate on a range of such potentially desirable goods and services has also to be recognised.

#### **Pension Provisions.**

148. **Deputy Richard Bruton** asked the Minister for Finance if it is intended to extend the offer recently made to the trustees of the pension funds of certain semi-State bodies to other bodies such as a company (details supplied); and the thinking that underpins his policy with respect to the pension liabilities of State bodies. [43004/08]

**Minister for Finance (Deputy Brian Lenihan):** The bodies which come within the scope of the proposal in respect of the pension funds of certain semi-State Bodies are all in the non-commercial Public Service. The bodies (details supplied) are in the commercial sector and as such do not come within the scope of the proposal.

### Tax Code.

149. **Deputy Joan Burton** asked the Minister for Finance the foreign countries with which the State has signed a double taxation treaty but the treaty is not yet ratified and in force, indicating, in respect of each such country, whether the delay in ratification and entry into force is on the part of the foreign country or the State or both; and if he will make a statement on the matter. [43013/08]

**Minister for Finance (Deputy Brian Lenihan):** In 2008 Double Taxation Agreements were signed with Malta, Turkey, Vietnam, Macedonia and Georgia. The ratification of all of these Agreements, with the exception of Georgia, will be concluded on our part with the passing of the Finance (Number 2) Bill. I am not in a position to give precise details of when the other parties to the Agreements will have completed their ratification procedures which can differ across administrations and can take different lengths of time.

### Suicide Incidence.

150. **Deputy Dan Neville** asked the Minister for Health and Children if the suicide statistics, crucial for research and prevention, are accurate; if the required form 104 is completed in all cases of suicide; her views on the report, *Inquested Deaths in Ireland: A study of routine data and recording procedures*; and if she will make a statement on the matter. [42960/08]

**Minister of State at the Department of Health and Children (Deputy John Moloney):** The study "*Inquested Deaths in Ireland: A study of routine data and recording procedures*" was commissioned by the National Office for Suicide Prevention, carried out by the National Suicide Research Foundation and published in December 2007. The study focused on all deaths that occurred in 2002 that led to a coroner's inquest — approximately 1,800. Deaths by suicide accounted for about 500 of these. The study indicated that the CSO was in receipt of appropriately completed forms for in excess of 90% of the inquested deaths.

The Central Statistics Office has taken steps to improve both the traceability and rate of return of Form 104. Proposals to improve data collection on suicide have been agreed between the National Office for Suicide Prevention, the National Suicide Research Foundation and the coroner service. A pilot system to collect more comprehensive data on suicide has been developed. Briefing and upskilling sessions with the staff of the coroner service from the pilot region, are due to be completed by the end of November. The pilot, which has just commenced, will run for a period of eighteen months.

### Hospital Staff.

151. **Deputy Andrew Doyle** asked the Minister for Health and Children the details of the health personnel that are recruited and available for the control of infection in St. Columcille's Hospital; if these personnel are full-time or part-time; and if there is weekend cover. [42943/08]

**Minister for Health and Children (Deputy Mary Harney):** Operational responsibility for the management and delivery of health and personal social services was assigned to the Health Service Executive under the Health Act 2004 and funding for all health services is provided in its annual vote. Subject to overall parameters set by Government, the HSE has the responsibility for determining the composition of its staffing complement. Therefore the particular questions raised by the Deputy are a matter for the HSE and my Department has requested the Parliamentary Affairs Division of the Executive to arrange to have a reply issued directly to the Deputy.

### Medical Cards.

152. **Deputy Martin Ferris** asked the Minister for Health and Children if the medical card covers the cost of a general practitioner issuing a sick certificate. [42949/08]

**Minister for Health and Children (Deputy Mary Harney):** Under the General Medical Services (GMS) Scheme, section 11 of the 1989 Capitation Contract states:

“The Medical practitioner shall:—

- furnish to a person whom he has examined and for whom he is obliged to provide services (or, in the case of a child, to his parent) a certificate in relation, to any illness noticed during the examination which is reasonably required by him or by the parent as the case may be”.

### Health Services.

153. **Deputy Arthur Morgan** asked the Minister for Health and Children the level of funding in 2007 and 2008 for rape crisis centres (details supplied). [42955/08]

**Minister of State at the Department of Health and Children (Deputy Mary Wallace):** The Deputy’s question relates to the funding, management and delivery of health and personal social services, which are the responsibility of the Health Service Executive under the Health Act 2004. Accordingly, my Department has requested the Parliamentary Affairs Division of the Executive to arrange to have this matter investigated and to have a reply issued directly to the Deputy.

154. **Deputy Arthur Morgan** asked the Minister for Health and Children the reason for the disparity in funding for rape crisis services throughout the State; the reason the north-east region is receiving only €500 per 1000 population compared to €1,800 per 1000 population in the south east; if or when she will correct this disparity; the way this disparity has arisen; and if she will make a statement on the matter. [42956/08]

**Minister of State at the Department of Health and Children (Deputy Mary Wallace):** The Deputy’s question relates to the funding, management and delivery of health and personal social services, which are the responsibility of the Health Service Executive under the Health Act 2004. Accordingly, my Department has requested the Parliamentary Affairs Division of the Executive to arrange to have this matter investigated and to have a reply issued directly to the Deputy.

### Mental Health Services.

155. **Deputy Dan Neville** asked the Minister for Health and Children the number of children and adolescents admitted to adult psychiatric hospitals or units in the first six months of 2008. [42959/08]

**Minister of State at the Department of Health and Children (Deputy John Moloney):** Operational responsibility for the management and delivery of health and personal social services was assigned to the Health Service Executive under the Health Act 2004 and funding for all health services has been provided as part of its overall vote. The Executive, therefore, is the appropriate body to consider the particular matter raised by the Deputy. My Department has requested the Parliamentary Affairs Division of the Executive to arrange to have the matter investigated and to have a reply issued directly to the Deputy.

**Inter-Country Adoptions.**

156. **Deputy Jim O’Keeffe** asked the Minister for Health and Children the reason there are delays, running up to four or five years, in the completion of assessments for inter-country adoptions; her proposals to improve the service referred to in her reply to Parliamentary Question No. 60 of 31 January 2008; and if she will make a statement on the matter. [42964/08]

157. **Deputy Jim O’Keeffe** asked the Minister for Health and Children the number of cases nationally awaiting assessment for inter-country adoption and the average waiting time for assessment. [42965/08]

**Minister of State at the Department of Health and Children (Deputy Barry Andrews):** I propose to take Questions Nos. 156 and 157 together.

The Deputy’s questions relate to the management and delivery of health and personal social services, which are the responsibility of the Health Service Executive (HSE) under the Health Act 2004. Accordingly, my Department has requested the Parliamentary Affairs Division of the Executive to arrange to have this matter investigated and to have a reply issued directly to the Deputy.

As the Deputy will be aware, requests for assessment for inter-country adoption assessments are continuously increasing. The Study on inter-country adoption, undertaken by the Children’s Research Centre in Trinity College, revealed that Ireland has one of the highest rates for inter-country adoption in Europe. It is against this background that my Office is continuing to work to create the appropriate legislative, policy and administrative frameworks which will ensure a well regulated regime of adoption. Our aim is to support and protect prospective parents, and even more importantly, the children for whom adoption services are devised and provided.

A family that wishes to adopt should be recognised beforehand as being able to promote, safeguard and support the development and well being of a child in need of adoption in a lasting manner. However, I am conscious that persons applying for inter-country adoption are experiencing delays in the assessment process. I acknowledge that there are delays in the waiting times for assessment, and that there are also concerns regarding the standardisation of the service across the country.

It should be noted that increasing numbers of adopted children from abroad create additional pressures on inter-country adoption teams within the HSE. This is because these same teams provide post-adoption reports to the sending countries, at the request of those countries, with the agreement of the adoptive parents. This is an important component in the willingness of countries to consider Irish applicants for adoption. It is also important to note that subsequent to undergoing an assessment with the HSE and receiving the Declaration of Eligibility and Suitability from the Adoption Board applicants must then wait before receiving a referral for a child from the sending country. The waiting times for referral are outside the jurisdiction of both the HSE and the Adoption Board and are dependant on the regulations that each individual country has with regard to inter-country Adoption.

The HSE has conducted a review of the inter-country adoption service. This review examined staffing, business processes, resources, strengths and options within the service. On foot of this report, HSE principal social workers have been having regular meetings, chaired by a senior manager, to discuss the streamlining of the service. The outcome of these discussions will be put into policy format by the end of this year. I understand that the Adoption Board has also taken on a programme of work to support the change process required to devise a more effective system of service delivery. The Board will be delivering a series of training sessions

to HSE staff, and I am confident that this will greatly contribute to the standardisation of the service.

However, it should be noted that the inter-country adoption service in the HSE is provided by the same social work service responsible for child protection services, and that the protection services take priority at all times due to the risks involved for children. I want to assure the Deputy of my attention to this issue and reiterate the importance of a rigorous and effective assessment system, which is provided on a timely, fair and transparent basis.

### **Ambulance Service.**

158. **Deputy Michael D. Higgins** asked the Minister for Health and Children if, following on from a recent parliamentary question, she will indicate the person who is undertaking the work to examine the potential for improved efficiency in the delivery of emergency ambulance services; if it is the case that responsibility for patient care in the ambulance environment has been shifted from her Department to county councils; if so, the reason for same; and the reasons recommendations made by ambulance service reviews dating back to 1998 have not been implemented. [42986/08]

**Minister for Health and Children (Deputy Mary Harney):** Under the Health Act 1970, statutory responsibility for the provision of public ambulance services rests with the Health Service Executive. As permitted under the relevant legislation, the HSE (and, prior to 2005, its predecessor bodies) has arranged with Dublin City Council for the provision by that body of emergency ambulance services in Dublin. This arrangement applies only in Dublin. Elsewhere in the country these services are provided directly by the HSE.

As I indicated in my reply to question No. 311 of 11 November 2008, discussions involving the health and local government sectors are under way with a view to identifying the best long-term approach to the delivery of emergency ambulance services in Dublin. I recently met with senior officials of Dublin City Council and the HSE in relation to this matter. My primary concern is to ensure that persons in need of emergency ambulance care in Dublin can be assured of the safest possible service. The potential for improved efficiency in service delivery and the attainment of value for money also require to be examined. Consideration of these issues will as necessary take into account the findings of previous reviews of ambulance services and, where appropriate, relevant evidence on the issues.

### **Medical Cards.**

159. **Deputy Paul Kehoe** asked the Minister for Health and Children if there is an agreement between the UK and Ireland for Irish medical card holders to receive dental treatment whilst residing in a medical facility in the UK, sponsored by the Health Service Executive; and if she will make a statement on the matter. [42987/08]

**Minister for Health and Children (Deputy Mary Harney):** Regulation (EC) 1408/71 provides, inter alia, that people who are insured with or covered by the health care system of one Member State may access health care in the public system of another Member State in certain circumstances. Under the provisions of this Regulation, an Irish resident who goes to another Member State on a temporary stay but who remains ordinarily resident in Ireland is covered by the European Health Insurance Card for necessary health care in the public system of that Member State, at the cost of the home State.

### **National Lottery Funding.**

160. **Deputy Paul Kehoe** asked the Minister for Health and Children the amount of funding

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allocated to the Health Service Executive under national lottery funding in the years 2000 to 2008; the projects funded; and if she will make a statement on the matter. [42988/08]

**Minister for Health and Children (Deputy Mary Harney):** National Lottery funding, including Capital Funding, allocated to the Health Service Executive (and health boards prior to 2005) for the years 2000 and 2008 is as follows:

Year	Amount Allocation
	€m
2000	5.193
2001	5.287
2002	5.496
2003	5.584
2004	5.669
2005	9.557
2006	8.883
2007	10.241
2008	10.052

The HSE has the operational and funding responsibility for National Lottery funding under its Vote. Therefore, my Department has requested the Parliamentary Affairs Division of the Executive to provide details of the projects funded and to have a reply issued directly to the Deputy. The Deputy will be aware that my Department also provides funding to voluntary organisations under a National Lottery funded grant scheme.

#### **Child Abuse.**

161. **Deputy Alan Shatter** asked the Minister for Health and Children the progress made by the high level group formed after publication of the review inquiry on any matter pertaining to child protection issues touching on or concerning Doctor A in identifying the necessary steps to create full awareness and implementation of child protection policies, guidelines and procedures; the recommendations made by the group; the extent, to which they have been implemented; and if she will make a statement on the matter. [42996/08]

**Minister of State at the Department of Health and Children (Deputy Barry Andrews):** The group of senior officials has met on five occasions since its establishment in April of this year. The members of the group have been consulting on a wide range of issues associated with their terms of reference, which are to review adherence to the Children First Guidelines in light of the report concerning Dr. A; consider how to ensure better knowledge of the Children First Guidelines; training and education about the Guidelines; communications and information exchanges; structures and roles to ensure full adherence to the Guidelines by all the agencies encompassed by the membership of the group; and advise my Office regarding the matters covered above.

The work of the group is ongoing and the members are fully engaged in examining methods to enhance best practice in terms of the full promulgation of the Children First guidelines throughout relevant organisations. The group have not as yet made any recommendations to my Office.

My Office recently completed a detailed and wide-ranging review of the Children First Guidelines, and on foot of this a number of documents were published in July, 2008, including

a national review of compliance with Children First; analysis of submissions made on national review of compliance with Children First; service users' perceptions of the Irish Child Protection System. Plans are under way to issue revised Children First Guidelines in early 2009.

### **Food Poverty.**

162. **Deputy Seán Sherlock** asked the Minister for Health and Children her definition of food poverty; the measures she is taking to alleviate food poverty; and if she will make a statement on the matter. [42997/08]

**Minister of State at the Department of Health and Children (Deputy Máire Hctor):** Food poverty is usually defined as an inability to obtain an adequate, nutritious diet, because of lack of money, physical difficulty in getting to and from suitable shops, lack of equipment or cooking skills, and linguistic or cultural barriers. My Department's concern is to ensure that disadvantaged groups in particular have the resources available to enable them to have a healthy and nutritious diet. Poor diet and nutrition is a major cause of chronic diseases such as cardiovascular disease, cancer and type-2 diabetes. Furthermore, rising childhood obesity levels are a problem across all socio-economic groups.

My Department is currently finalising a National Nutrition Policy, which, while addressing the nutritional needs of the whole population, will focus primarily on young people on the issue of food poverty in particular. Already, a number of actions have been undertaken at community level by the Health Service Executive. The HSE has worked with the Local Authorities and other groups to address the environmental factors that contribute to food poverty and obesity by developing food co-ops in disadvantaged areas. The HSE has also provided funding for the Food Poverty project Healthy Food for All which is being undertaken by a number of agencies, including St. Vincent de Paul, Combat Poverty and Safefood.

The school meals programme, which has been expanded significantly over recent years, provides funding directly to schools and organisations which are running school meals projects for disadvantaged children. On a more general note, in line with the Government's target in the National Anti-Poverty Strategy, increases in social welfare payment rates have consistently exceeded increases in the cost of living in recent years. This has helped to ensure that those depending on social welfare experience a real improvement in their ability to meet their basic needs, including provision of adequate food, heating, etc.

### **Health Services.**

163. **Deputy Seán Barrett** asked the Minister for Health and Children the funding allocated to the Health Service Executive Dublin mid-Leinster in each year since 2004 in respect of Beechpark Services; the various schemes and programmes for which funding was allocated; the amount of funding allocated in each year; and if she will make a statement on the matter. [43012/08]

**Minister of State at the Department of Health and Children (Deputy John Moloney):** The Deputy's question relates to the management and delivery of health and personal social services, which are the responsibility of the Health Service Executive under the Health Act 2004. Accordingly, my Department has requested the Parliamentary Affairs Division of the Executive to arrange to have this matter investigated and to have a reply issued directly to the Deputy.

### **Vaccination Programme.**

164. **Deputy Jan O'Sullivan** asked the Minister for Health and Children the general situation



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as known to her Department relating to the distribution, purchase and administration of cervical cancer vaccine in the State, indicating the normal terms and conditions of its provision and administration to female children, the relevant outlets, the nature and extent of involvement by any public body or of any public funds and the usual cost to the families who avail of it, so far as can be estimated; and if she will make a statement on the matter. [43018/08]

**Minister for Health and Children (Deputy Mary Harney):** Two vaccines to prevent Human Papilloma Virus (HPV) infections are licensed for use in Ireland. The vaccines can be administered to females with a minimum age of 9 years. Three doses are required over a six month period. The cost of the vaccine is set by the manufacturers and the cost of its administration on a private basis is a matter between individuals and their medical practitioners. No public body has any involvement in the administration of the vaccine at this point and no public funds are involved.

### **Services for People with Disabilities.**

165. **Deputy Richard Bruton** asked the Minister for Health and Children if a person who was unaware of an entitlement under mobility allowance can apply for its application retrospectively; and the circumstances in which such a retrospective claim can be made. [43020/08]

**Minister of State at the Department of Health and Children (Deputy John Moloney):** The Ombudsman has previously emphasised the principle that the Health Service Executive has a duty, where it is professionally involved in the assessment and management of people with a disability, to impart information, in good time, about allowances for people with a disability.

Accordingly, persons who were unaware of the existence of the Mobility Allowance and who may have satisfied the medical criteria and means assessment for the Allowance can only be considered for retrospective payments if they had direct dealings with the Health Service Executive, usually through a Community Welfare Officer or a Public Health Nurse and were not informed of the existence of the Mobility Allowance.

The question of eligibility for the Mobility Allowance including retrospection is a matter for the Health Service Executive. The Deputy should refer the person in question to their local health office of the HSE where they can apply for the allowance or appeal a decision in relation to the allowance.

### **Hospitals Building Programme.**

166. **Deputy Finian McGrath** asked the Minister for Health and Children the position regarding a matter (details supplied). [43029/08]

**Minister for Health and Children (Deputy Mary Harney):** The Board of the HSE has approved preferred bidder status for the development of co-located hospitals at Beaumont Hospital and at five other public hospitals. Project Agreements for the Beaumont Hospital project and for two of the other projects were signed in March 2008 and preparatory work for the Project Agreements for the three remaining projects is proceeding. Planning permission was granted by An Bord Pleanála for the Beaumont project earlier this month and the decision of An Bord Pleanála is awaited in the case of the other two projects where planning has been granted and appealed. Two further projects are at earlier stages of the tendering process.

I am satisfied that co-location remains the fastest, most efficient means of increasing public bed capacity in acute hospitals. While it is certainly the case that the funding environment has

changed radically in the last six months — in relation to both public and private sectors — the co-location initiative, like other major projects, has to deal with this.

I understand that the successful bidders are working on the details of contractual terms with banks and other arrangers of finance in the very difficult and changed credit environment. The HSE is continuing to work with the successful bidders to ensure that the co-located hospitals can be built and brought into operation as soon as possible and that the goal of achieving new public acute bed capacity at value for money to the State is achieved.

### **Health Services.**

167. **Deputy Finian McGrath** asked the Minister for Health and Children the position regarding a matter (details supplied). [43030/08]

**Minister for Health and Children (Deputy Mary Harney):** In 2006 and 2007, additional revenue funding of €6.78 million (€4.78m in 2006, €2m in 2007) was provided to the Health Service Executive (HSE) to develop services for people with cystic fibrosis. The Department is advised that 44 additional staff dealing with cystic fibrosis have been appointed to date across a number of hospitals, including St Vincent's, Beaumont, Temple Street, Crumlin, Tallaght, Cork University Hospital, Galway, Limerick and Waterford. The necessary funding was provided to facilitate the recruitment of a further 37 staff nationally.

The HSE was asked to place a particular focus on the development of services at the National Adult Tertiary Referral Centre at St. Vincent's Hospital. A number of capital projects have been completed at the hospital and have improved services. These include a new ambulatory care centre, the refurbishment of St Camillus Ward and a new Accident and Emergency Department which includes single room accommodation. The hospital has also introduced a Home Treatment programme for cystic fibrosis patients which has enabled up to 60% of patients to receive certain aspects of their treatment at home.

In the longer term a new ward block is to be built and will include 120 replacement beds in single en-suite accommodation. The new facility will accommodate patients with cystic fibrosis and will include appropriate isolation facilities. In the interim, the refurbishment of accommodation to provide eight single en-suite rooms for patients with cystic fibrosis has been completed and these beds are now operational.

### **Medical Cards.**

168. **Deputy Finian McGrath** asked the Minister for Health and Children the position regarding a matter (details supplied). [43031/08]

**Minister for Health and Children (Deputy Mary Harney):** As the Health Service Executive has the operational and funding responsibility for the medical card benefit, it is the appropriate body to consider the particular case raised by the Deputy. My Department has therefore requested the Parliamentary Affairs Division of the Executive to arrange to address this matter and to have a reply issued directly to the Deputy.

169. **Deputy Brian O'Shea** asked the Minister for Health and Children if she will assist an organisation (details supplied) which caters for persons with an intellectual disability in regard to medical cards; and if she will make a statement on the matter. [43077/08]

**Minister for Health and Children (Deputy Mary Harney):** Entitlement to health services in Ireland is primarily based on residency and means. Any person, regardless of nationality, who is accepted by the Health Service Executive (HSE) as being ordinarily resident in Ireland is

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entitled to either full eligibility (Category 1, i.e. medical card holders) or limited eligibility (Category 2) for health services. The HSE normally regards a person as “ordinarily resident” in Ireland if he/she satisfies the HSE that it is his / her intention to remain in Ireland for a minimum period of one year. Non-EEA nationals who are not deemed to be “ordinarily resident” in Ireland but who are legally resident in the EU may be covered by the provisions of Regulation (EC) 1408/71, which coordinates social security, including healthcare, for people travelling within the EU.

However, where a person is not deemed to be “ordinarily resident” in Ireland, and where arrangements under EU Regulations do not apply, there is no entitlement to public health services in Ireland. The HSE may, in the case of such persons, either apply the full economic charge for any services provided or may provide urgent necessary treatment at a reduced charge or without charge (as deemed appropriate by the HSE) where application of the full economic charge would cause undue hardship. Private health insurance may also be arranged by or on behalf of persons who do not fulfil the requirements for eligibility for public health services in Ireland.

### **Nursing Home Subventions.**

170. **Deputy Bernard J. Durkan** asked the Minister for Health and Children if contract beds will be offered to persons (details supplied) in County Kildare; and if she will make a statement on the matter. [43101/08]

171. **Deputy Bernard J. Durkan** asked the Minister for Health and Children when enhanced subvention will be offered to persons (details supplied) in County Kildare; and if she will make a statement on the matter. [43102/08]

**Minister of State at the Department of Health and Children (Deputy Máire Hackett):** I propose to take Questions Nos. 170 and 171 together.

Operational responsibility for the management and delivery of health and personal social services was assigned to the Health Service Executive under the Health Act 2004. Therefore, the Executive is the appropriate body to consider the particular matter raised by the Deputy. The Department has requested the Parliamentary Affairs Division of the Executive to arrange to have the matter investigated and to have a reply issued directly to the Deputy.

### **Health Services.**

172. **Deputy Tom Hayes** asked the Minister for Health and Children if she will provide this Deputy with a copy of the report given by the Health Service Executive multi-disciplinary group on resources for cystic fibrosis treatment here published in 2005. [43170/08]

**Minister for Health and Children (Deputy Mary Harney):** The Deputy may be referring to the report by Dr Ronnie Pollock which was commissioned by the Cystic Fibrosis Association of Ireland and published in 2005. Following publication of this report, the Health Service Executive established a Working Group to undertake a detailed review of cystic fibrosis services. The Group, which was multi-disciplinary in its composition, was asked to review the current configuration and delivery of services to persons with cystic fibrosis in Ireland. The Group identified a range of service improvements required for persons with Cystic Fibrosis, including the need to increase the level of clinical, nursing and allied health professional staffing in Cystic Fibrosis units around the country.

Arising from the Pollock Report and the emerging recommendations of the Working Group, I identified the development of cystic fibrosis services as a policy priority in the Estimates process. In 2006 and 2007, additional revenue funding of €6.78 million was provided to the Health Service Executive (HSE) to develop services for people with cystic fibrosis. I understand that the Pollock Report is available on the Cystic Fibrosis Association of Ireland website, [www.cfireland.ie](http://www.cfireland.ie).

### **Hospital Waiting Lists.**

173. **Deputy P. J. Sheehan** asked the Minister for Health and Children the improvements implemented in the waiting list initiative; the way the issues raised by the Comptroller and Auditor General in his value for money report of 2003 on this initiative were addressed; and if she will make a statement on the matter. [43174/08]

**Minister for Health and Children (Deputy Mary Harney):** The Comptroller and Auditor General (C&AG) carried out a value for money examination of the Waiting List Initiative for the period between 1998 and 2002 and presented his report in 2003. Among the findings, the C&AG report pointed to the scope for coordinating waiting list funding more effectively. In light of this, and the commitment in the 2001 Health Strategy to reform the organisation and management of waiting lists, the National Treatment Purchase Fund (NTPF) was established on a non-statutory basis in 2002 and, in 2004, on a statutory basis.

The primary function of the NTPF is to purchase treatment, primarily from private hospitals, with the aim of reducing the length of time that public patients have to wait for surgery. This has been achieved with a large measure of success since 2002. In that year, the Fund arranged treatment for less than 2000 patients. Earlier this year, it reached the milestone of its 100,000th client, representing approximately 78,000 in-patients and 22,000 out-patients. The Fund also compiles information nationally on the numbers of persons awaiting treatment in acute hospitals and maintains a detailed Patient Treatment Register which enables comparison of waiting times.

The achievements of the NTPF have led to the position that, currently, for nineteen of the twenty most common adult surgical procedures, patients are now treated within two to five months. For children, where eight of the ten most common surgical operations are concerned, patients receive their treatment within two to five months. Currently the median waiting time for all procedures is 3.2 months. Overall, there has been a fall in the number of people on waiting lists for surgical procedures, from 7.4 per 1,000 population in 2002 to 4.3 per 1,000 in 2008.

Notwithstanding the improvements achieved by the NTPF, there remain a significant number of persons waiting for treatment for longer than twelve months. At my request, the NTPF is concentrating on working with the Health Service Executive and the hospitals concerned to ensure that these patients are referred for treatment as quickly as possible. The NTPF has assured me of its commitment to ensuring value for money so that as many patients as possible are treated from the funding allocated to it. In 2007 more than 95% of the Fund's allocation was spent on patient care, the balance being used to meet the Fund's operating costs.

### **Road Network.**

174. **Deputy P. J. Sheehan** asked the Minister for Transport the improvements implemented by the National Roads Authority following the Comptroller and Auditor General's value for money report of 1999 on the national roads network; and if he will make a statement on the matter. [43173/08]

**Minister for Transport (Deputy Noel Dempsey):** In the period since the Comptroller and Auditor General's report referred to by the Deputy the National Roads Authority has implemented a wide range of measures to improve cost estimation and control, and value for money generally. In addition the Department of Finance and my Department have introduced more detailed investment appraisal and other guidelines regarding the evaluation and procurement of major public infrastructure projects, including road projects. The National Roads Authority is compliant with this guidance material and regular compliance audits are carried out within the framework of Transport 21. The Deputy will be aware of the trend in recent years for roads projects to come in on time or early and within budget.

#### **Public Transport.**

175. **Deputy Andrew Doyle** asked the Minister for Transport if action is being taken following the removal of the derogation on excise duties in respect of fuel for buses since 1 November 2008. [42944/08]

**Minister for Transport (Deputy Noel Dempsey):** As already stated in my answer to Question numbers 28 and 33 on 1 October last and in further question answered on 4 November, the Finance Act 2008 provides for the removal of excise duty reliefs in the bus sector with effect from 1 November 2008. Since this is in line with our EU obligations, there is no power to restore the scheme.

176. **Deputy Brian Hayes** asked the Minister for Transport if additional bus route licences were sought for the Nos. 37, 38 and 39 Dublin Bus routes; if they were granted; and if he will make a statement on the matter. [42983/08]

**Minister for Transport (Deputy Noel Dempsey):** Dublin Bus is not subject to the licensing regime under the Road Transport Act 1932. The initiation or alteration of a bus service by the Company is, however, subject to compliance with a requirement to give advance notice to my Department and to compliance with the provisions of Section 25 of the Transport Act 1958 concerning competition with licensed private operators.

My Department received a proposal from Dublin Bus on 1st May, 2008 for changes to its Route 37. Following an initial examination, which included consultation with Dublin Bus, my Department deemed that the proposal would give rise to competition with an existing licensed service. Accordingly, my Department advised Dublin Bus on 9th June, 2008 that an application in accordance with Section 25 of the Transport Act, 1958 was required should the Company wish to pursue the introduction of the change. Dublin Bus subsequently sent a revised proposal for this route to my Department and also proposals for alterations to routes 38 and 39. My Department is currently considering these proposals and expects to revert to the Company in this regard shortly.

#### **Pension Provisions.**

177. **Deputy Richard Bruton** asked the Minister for Transport the funding deficit in the Aer Rianta pension fund; if he has discussed this with the company; and if it is his intention to promote measures that would strengthen the fund so it could meet its long-term liabilities. [43005/08]

**Minister for Transport (Deputy Noel Dempsey):** The Irish Airlines (General Employees) Superannuation Scheme is a multi-employer scheme in which the Dublin Airport Authority, Aer Lingus and SR Technics participate. Pension entitlements under this scheme are primarily matters for the Trustees, the members of the scheme and the companies participating in the

scheme. The Scheme's actuary carries out an actuarial valuation generally every three years. An actuarial valuation of the IAS scheme was carried out as of 31st March 2005. This showed that on an ongoing basis the actuarial valuation of the assets of the IAS was sufficient to cover the accrued liabilities under the actuarial assumptions made at that time. The IAS scheme also satisfied the statutory and funding standard at that time.

I understand that a further actuarial valuation has been carried out this year and that the trustees and the actuary of the Scheme are currently in the process of finalising the annual accounts and the Scheme actuarial valuation. It would not, therefore, be appropriate for me to comment at this stage, other than to say that I am advised that the funding position is constantly under review.

### **Drug Seizures.**

178. **Deputy Catherine Byrne** asked the Minister for Justice, Equality and Law Reform the number of drugs seizures carried out here to date in 2008; the quality of each drug seized; the way these drugs are destroyed; the person who oversees this process; and if he will make a statement on the matter. [42935/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** I have been informed by the Garda Authorities that in the timeframe available it has not been possible for them to supply the details requested by the Deputy. I will be in contact with the Deputy when the information is to hand.

### **Liquor Licensing Laws.**

179. **Deputy Catherine Byrne** asked the Minister for Justice, Equality and Law Reform the position regarding alcohol that is confiscated by gardaí following new legislation enacted in 2008 to curb under age drinking and anti-social behaviour; and if he will make a statement on the matter. [42936/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** The Intoxicating Liquor Act 2008 permits An Garda Síochána to seize any bottle or container which is in possession of a person who appears to be under the age of 18 and which the member suspects, with reasonable cause, contains alcohol which is being consumed, or intended to be consumed, by a person under 18 years in a place other than a private residence. It also permits An Garda Síochána to seize bottles or containers containing alcohol where there is a reasonable apprehension of public disorder or damage to property and require a person to leave the place concerned in a peaceable and orderly manner.

The Act provides that, where a member of An Garda Síochána has been given, or has seized, detained and removed, a bottle or container containing alcohol, he or she shall dispose of the bottle or container in such manner considered appropriate and make and retain, or cause to be made and retained, a record in writing of the manner, date and place of such disposal. I am informed by the Garda authorities that where considered necessary arrangements are put in place with a waste management recycling company to destroy alcohol and recycle containers. This process takes place under the supervision of the Garda authorities.

### **Visa Applications.**

180. **Deputy Martin Ferris** asked the Minister for Justice, Equality and Law Reform if he will make a statement on the visa application of a person (details supplied). [42948/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** I am pleased to inform the Deputy that the visa application referred to has been approved.

#### **Data Protection.**

181. **Deputy Jim O’Keeffe** asked the Minister for Justice, Equality and Law Reform his views with regard to the approach of the EU framework decision on the use of passenger name records for law enforcement and the criticisms of the Data Commissioner; if in view of same he will indicate his views on the proposal; if additional safeguards are needed; and if he will make a statement on the matter. [42966/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** The proposed EU Council Framework Decision on the use of Passenger Name Records (PNR) for law enforcement purposes is under consideration within the Council framework at present. Under the French Presidency of the Council the Member States have undertaken an in-depth thematic reflection on the nature of a PNR system and issues related to it, with the active involvement of sectorial operators, fundamental rights and data protection interests and the European Parliament. This work will be continued under the incoming Czech Presidency of the Council.

The proposed Framework Decision will include appropriate safeguards to be built into any system which is established in order to protect fundamental rights, particularly the right to data privacy. The exact nature and extent of these safeguards is yet to be finalised but views expressed by the Member States and a range of other interested parties, including the Article 29 Working Party on data protection, the European Data Protection Supervisor and the European Fundamental Rights Agency, will be taken into account.

The proposal has been the subject of a recent report by the Oireachtas EU Scrutiny Committee, which heard the views of the Data Protection Commissioner. He expressed his reservations about certain aspects of the proposed Framework Decision and the Committee’s report reflects those concerns. I will, of course, take into account the views of the Committee in the course of further discussions on this proposal at EU level.

Measures to assist the Gardaí in their fight against terrorism and serious crime which are proportionate and which contribute to a more secure environment for Irish and other EU citizens deserve support. PNR data are widely collected by operators in the travel sector and it makes sense to make use of data sources which are already available. However, I remain conscious of the need to achieve balance and proportionality in any measures that would be taken in this field.

#### **Garda Deployment.**

182. **Deputy Tony Gregory** asked the Minister for Justice, Equality and Law Reform, further to Parliamentary Question No. 161 of 19 November 2008, if he will ask the Garda authorities to state the location and date of the meetings attended by the local senior Garda management and the assistant commissioner which he referred to were held in East Wall, Dublin 3 to date in 2008; and if the Garda authorities are confusing this with meetings of the north inner city community policing forum held in Store Street Garda station in Dublin 1 with which the East Wall area is not directly involved. [42982/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** I have requested the information sought from the Garda authorities and I will contact the Deputy directly when this information is to hand.

### Irish Prison Service.

183. **Deputy Brian Hayes** asked the Minister for Justice, Equality and Law Reform the number of mobile phones confiscated in prisons here in 2007; the number confiscated in 2008; and if he will make a statement on the matter. [42985/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** The problem of mobile phone use in prisons is a major challenge for prison services worldwide. The Irish Prison Service is dealing with this problem through a multifaceted approach which incorporates: measures to prevent the smuggling of mobile phones into prisons, search and find operations aimed at locating and removing phones from within the prisons and the installation of mobile phone blocking technology.

Airport style scanners and x-ray machines are in operation at the entrances to most of our closed prisons and the installation programme for the remaining prisons is nearing completion. Cell and area searches for contraband such as mobile phones take place in all our prisons on a daily basis. These include random, targeted and intelligence led searches, many of which are now carried out by the recently established Operational Support Group. It is my understanding that these searches have been particularly effective and local intelligence indicates that the availability of mobile phones has decreased across the prison system. The information requested by the Deputy is set out in the following table.

Prison	2007	2008 (up until 31 October)
Arbour Hill Prison	5	1
Training Unit	55	98
Shelton Abbey	25	61
Portlaoise Prison	62	38
Castlerea Prison	101	86
Midlands Prison	154	114
Cloverhill Prison	129	111
Limerick Prison	255	244
Mountjoy Prison	718	588
Dóchas Centre	73	47
St. Patrick's Institution	150	129
Wheatfield Prison	193	215
Loughan House	87	52
Cork Prison	110	60
Total	2,117	1,844

### Control of Firearms.

184. **Deputy Pat Rabbitte** asked the Minister for Justice, Equality and Law Reform the number of legally held hand guns registered in County Meath; and if he will make a statement on the matter. [43002/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** There are 46 legally held handguns in the Meath Garda division as at 25 November 2008.

### Garda Deployment.

185. **Deputy Pat Rabbitte** asked the Minister for Justice, Equality and Law Reform the



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number of gardaí at any given time that work in the national drugs unit; the number of gardaí allocated to this unit; and if he will make a statement on the matter. [43015/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** I have been informed by the Garda Commissioner that the personnel strength of the National Drugs Unit on 31 October 2008, the latest date for which it is readily available, was 343. For operational and security reasons it is not Garda policy to disclose the number of Gardaí detailed for specific duties over any specific period of time.

#### **Visa Applications.**

186. **Deputy Bernard J. Durkan** asked the Minister for Justice, Equality and Law Reform the position regarding an application for family reunification in the case of a person (details supplied) in Dublin 8; and if he will make a statement on the matter. [43103/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** I refer the Deputy to my previous answer to his Parliamentary Question. I am informed by the Immigration Division of my Department that the person in question made an application for Family Reunification on behalf of his wife in June 2008. This application has been forwarded to the Refugee Applications Commissioner for investigation as required under section 18 of the Refugee Act 1996. The Commissioner will prepare and forward in due course a report to my Department. Upon receipt of the report the application will be considered and a decision will issue in due course.

#### **Residency Permits.**

187. **Deputy Bernard J. Durkan** asked the Minister for Justice, Equality and Law Reform when an application for residency status or refugee status will be concluded in the case of a person (details supplied) in County Meath; and if he will make a statement on the matter. [43104/08]

**Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern):** It is not the practice to comment in detail on individual asylum applications. As the Deputy will be aware, applications for refugee status in the State are determined by an independent process comprising the Office of the Refugee Applications Commissioner and the Refugee Appeals Tribunal which make recommendations to the Minister for Justice, Equality and Law Reform on whether such status should be granted. A final decision on each application is made following receipt of the recommendation of the Refugee Applications Commissioner or the decision of the Refugee Appeals Tribunal, as appropriate.

#### **National Drugs Strategy.**

188. **Deputy Catherine Byrne** asked the Minister for Community, Rural and Gaeltacht Affairs if he has received a submission for the new national drugs strategy from a group (details supplied); his views on its document, Alcohol/Drugs — Parishes Respond; and if he will make a statement on the matter. [42937/08]

**Minister of State at the Department of Community, Rural and Gaeltacht Affairs (Deputy John Curran):** The closing date for submissions for the new National Drugs Strategy 2009-2016 was in June last. While the group referred to by the Deputy did not make a formal submission, I did meet with them recently to discuss their five-year plan and I found the meeting to be most informative. In relation to the document Alcohol/Drugs – Parishes Respond, I will ask

the Steering Group which is charged with developing proposals around the new Strategy to consider it in their deliberations, which are currently on-going. The Deputy should note that my Department provides funding for the group under the Emerging Needs Fund and they were allocated over €100,000 this year.

#### **Departmental Expenditure.**

189. **Deputy Catherine Byrne** asked the Minister for Community, Rural and Gaeltacht Affairs the agencies he is referring to when he refers to savings being made in his Department in 2009 by reducing dependence on outside agencies. [42938/08]

**Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív):** As the Deputy will be aware, funding for my Department for the year 2009 is reduced by a total of 6%; with current expenditure reduced by 5% and capital expenditure by 8.5%. As previously indicated to the house, my primary concern is to make every effort to ensure that the front-line services provided through my Department, especially those focused on the needs of the most socially deprived communities, are protected. This is being achieved through the cessation of the use of intermediary bodies, such as Community Development support agencies, and reducing administrative overheads across bodies such as Pobal. This is in addition to requiring administrative savings by my own Department and public bodies within its ambit. In this way, the wide range of services my Department provides, can be broadly maintained.

#### **National Drugs Strategy.**

190. **Deputy Catherine Byrne** asked the Minister for Community, Rural and Gaeltacht Affairs if, in his efforts to make savings in 2009 while still delivering front line services, the local drugs task forces will continue to have a funding role in the community; if his Department would make savings if it took on this role and channelled funding directly into the community; and if he will make a statement on the matter. [42939/08]

**Minister of State at the Department of Community, Rural and Gaeltacht Affairs (Deputy John Curran):** As the Deputy is aware, the majority of expenditure allocated to community groups through my Department for drugs initiatives is channelled through the Drugs Task Forces. The Local Drugs Task Forces (LDTFs) were set up to develop and implement a drugs strategy for their respective areas. As part of their brief, the Task Forces were responsible for assessing the nature and extent of the illicit drug problems in their areas of operation and for developing action plans for a co-ordinated response to those problems.

In 2009, the LDTFs will continue to oversee the on-going implementation of the initiatives and projects being developed under the action plans. In this regard, I am committed to maintaining the funding for projects in the LDTF action plans at the 2008 allocation i.e. €22m. Similarly the funding for Regional Drugs Task Force action plans will be maintained at €10m for 2009. The funding for Drugs Task Force projects is channelled through the appropriate Department or State agency, depending on the nature of the activities involved. I would not envisage, therefore, any savings accruing if my Department assumed a direct funding role.

Finally, the Deputy should note that as part of the work of the Steering Group which is developing proposals around a new National Drugs Strategy (NDS), the structures underpinning the current NDS are being examined. I expect the Steering Group to report to me early in 2009.

#### **Community Development.**

191. **Deputy Catherine Byrne** asked the Minister for Community, Rural and Gaeltacht

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Affairs if, in the context of budget 2009, he will explain his statement that his Department will not be entering into new contracts to provide support services to community development projects; and if he will make a statement on the matter. [42940/08]

**Minister of State at the Department of Community, Rural and Gaeltacht Affairs (Deputy John Curran):** In the current economic environment, there is a critical need to ensure that resources are directed in a targeted and effective manner and that the public receive the maximum benefit from the schemes we provide. As with other Government Programmes and initiatives, the amount of funding available for the overall Community Development Programme will be somewhat less in 2009. This will present significant challenges in the short-term. It is my clear objective to ensure that such funding is directed to front line services. To achieve this my Department will not be entering into new contracts to provide support services to Community Development Projects. However, my Department will, within available resources, seek to address training or support needs identified by projects as they arise.

192. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Community, Rural and Gaeltacht Affairs the cost of the SPEAK programme installed in community development programmes; if an evaluation of the programme has been carried out; and if he will make a statement on the matter. [42992/08]

**Minister of State at the Department of Community, Rural and Gaeltacht Affairs (Deputy John Curran):** Since June 2002 the cost to my Department of installing and maintaining the SPEAK data collection package has been €215,465. My Department is currently undertaking an examination of the usefulness of SPEAK as a self-evaluation, planning and monitoring tool for Community Development Projects and it is expected that the results of this examination will be available shortly.

#### **Social Welfare Benefits.**

193. **Deputy Terence Flanagan** asked the Minister for Social and Family Affairs the position regarding a person (details supplied) in County Dublin; and if she will make a statement on the matter. [42981/08]

**Minister for Social and Family Affairs (Deputy Mary Hanafin):** Rent supplement is administered on behalf of the Department by the Health Service Executive (HSE), as part of the supplementary welfare allowance scheme (SWA). The purpose of the rent supplement scheme is to provide short-term income support to eligible people living in private rented accommodation, whose means are insufficient to meet their accommodation costs and who do not have accommodation available to them from any other source.

Rent supplement is normally calculated to ensure that a person, after the payment of rent, has an income equal to the rate of SWA appropriate to their family circumstances less a minimum contribution, currently €13, which recipients are required to pay from their own resources. Many recipients pay more than €13 because recipients are also required, subject to income disregards, to contribute any additional assessable means that they have over and above the appropriate basic SWA rate towards their accommodation costs.

The Executive has advised that it has no record of an application for rent supplement from the person concerned. The Executive has further advised that she should contact the community welfare services directly in order to make an application for or discuss any entitlements she may have to rent supplement.

### Social Welfare Code.

194. **Deputy Róisín Shortall** asked the Minister for Social and Family Affairs if a person signing on for credits but receiving no weekly payment is eligible under the rules for the back to education allowance in respect of third level education. [43040/08]

**Minister for Social and Family Affairs (Deputy Mary Hanafin):** The back to education allowance is a second chance education opportunities scheme designed to encourage and facilitate people on certain social welfare payments to improve their skills and qualifications and, therefore, their prospects of returning to the work force. The scheme is designed to enable people in receipt of social welfare payments to pursue an approved full-time education course, subject to fulfilling the qualifying conditions.

A person signing on for credits is eligible to participate in the scheme provided the relevant qualifying conditions for Back to Education Allowance are fulfilled. Those conditions relate to the age of the person applying and length of time spent on the primary scheme for which an entitlement to credits is established. Persons signing on for credits do not receive a weekly payment but they can avail of the cost of education allowance. This is a once off payment of €500 at the start of each academic year.

195. **Deputy Róisín Shortall** asked the Minister for Social and Family Affairs if her attention has been drawn to the growing concern among people who were recently made unemployed that their applications will not be processed by her Department in time for Christmas 2008; the number of extra staff being recruited; the offices to which they are being deployed; when they will be starting; and the locations from where these extra staff are being sourced. [43078/08]

**Minister for Social and Family Affairs (Deputy Mary Hanafin):** The Department is committed to providing a quality customer service to all its customers. This includes ensuring that applications are processed and that decisions on entitlement are issued as expeditiously as possible having regard to the eligibility conditions which apply. Every effort is being made to process claims in local offices as quickly as possible. This includes the prioritisation of work, assignment of additional resources including staffing and overtime. In October a total of 46,261 claims were processed and, up to 21 November, a further 40,380 were decided. This is an average of approximately 10,800 claims a week.

At 21 November there were 43,652 claims awaiting a decision in local offices. Based on the average number processed each week, it is envisaged that apart from cases in which particular difficulties may arise, claims on hand at present will be processed before Christmas. Pending a decision on their claim, claimants may apply for Supplementary Welfare Allowance from the Community Welfare Officer.

Because of the increased number of claims for jobseeker payments, the Department undertook a review of staffing levels in Local Offices in May and June of this year. This resulted in the assignment of an additional 31 staff to some 15 Local Offices. Following on the most recent review of the staffing levels in Local Offices, an additional 115 staff are to be assigned. Arrangements are being put in train to assign the additional resources required.

The additional 115 staff are to be assigned to local offices as follows:

- 6 additional staff to Limerick
- 5 staff each to Newbridge, Waterford and Galway
- 4 staff each to Bishops Square, Clondalkin, Dun Laoghaire, Tallaght and Navan

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- 3 staff each to Blanchardstown, Bray, Coolock, Drogheda, Nth. Cumberland St., Nutgrove, Tralee, Wexford, Kilkenny and Ennis
- 2 staff each to Carlow, Finglas, Letterkenny, Tullamore, Newcastlewest, Sligo, Ballyfermot, Clonmel, Kilbarrack, Navan Road, Swords, Athlone, Buncrana, Dundalk, Mullingar and Arklow
- 1 staff each to Cavan, Longford, Apollo, Ballymun, Loughrea, Thomas St., Ballina, Carrick-on-Suir, Castlebar, Dungloe, Listowel and Thurles.

There will be no recruitment of additional staff. They are being sourced from existing Civil Service numbers, both from within the Department and from other Government Departments.

### **Pension Provisions.**

196. **Deputy Bobby Aylward** asked the Minister for Defence the reason an additional gratuity agreed with PDFORRA and his Department on retirement from the Army was not granted to a person (details supplied) in County Kilkenny; and if he will make a statement on the matter. [42933/08]

**Minister for Defence (Deputy Willie O’Dea):** The increased retirement gratuity mentioned by the Deputy is one of a number of improvements in superannuation arrangements that were formally agreed with PDFORRA on 24 November 2008 under the Conciliation and Arbitration Scheme for members of the Permanent Defence Force. Under the agreed arrangements, the increased retirement gratuity applies to qualified enlisted personnel who were serving on 1 September 2005 and who have since been discharged with 22 or more years’ service. My Department is making the necessary arrangements to pay arrears of gratuity to all such retired personnel (including the person concerned). Payment will be included with the December pensions issue that will be made on 17 December 2008.

### **Defence Forces Personnel.**

197. **Deputy Finian McGrath** asked the Minister for Defence if he will support a matter (details supplied). [43036/08]

**Minister for Defence (Deputy Willie O’Dea):** I have dealt fully with the facts of this case as recently as last week in my reply to parliamentary Question No. 435 (Ref. 40719/08). As I stated in that reply, I am satisfied that the matter was handled in an entirely appropriate and proper manner in 1969 and that the decision taken then was taken only after very detailed and due consideration. In the circumstances, I do not propose to take any further action in relation to this matter.

### **Defence Forces Reserve.**

198. **Deputy Jimmy Deenihan** asked the Minister for Defence the criteria to qualify for the new gratuity payments to recruits; the reason his Department decided not to pay recruits a gratuity in December 2008; and if he will make a statement on the matter. [43084/08]

199. **Deputy Jimmy Deenihan** asked the Minister for Defence the changes in gratuity payments to the Defence Forces; the amount that has been saved by these measures; and if he will make a statement on the matter. [43085/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 198 and 199 together.

The Reserve Defence Force is a part-time, voluntary organisation whose primary activity is training. Members are free to determine their own level of participation in Reserve activities and may resign from the Reserve at any time. Their service is provided entirely on a voluntary basis with no compulsion to attend. Members of the Reserve undergo both paid and unpaid training.

A gratuity is paid to members of the Reserve Defence Force as a measure of reimbursement on account of losses, expenses and disabilities incurred by them consequent on their obligations as members of the Reserve Defence Force. As part of the modernisation of the Reserve Defence Force, a new scheme for the payment of gratuities was introduced from 1 January 2008 following consultation and agreement with the relevant stakeholders including the Reserve Defence Force Representative Association.

The new scheme provides for phased increases to the gratuity subject to the satisfactory completion by the Reservists of specified minimum periods of training and to have served for the period of the Reserve-training year which runs from the 1st November to the 31 of October. Service in the Reserve commences on completion of the recruitment process, including medical testing and security clearance. The previous rates and the revised rates changes are outlined in the table.

Ranks	Previous Rates (With effect from 1 Jan 06)	Revised Rate for aggregate of 7 days paid training plus the completion of voluntary training after 1 years service	Revised Rate for aggregate of 14 days paid training plus the completion of voluntary training after 2 years service	Rates Integrated Reserve Defence Forces
	€	€	€	€
Senior Officer*	295.70	414	1,035	2,070
Officers	195.11	306	765	1,530
NCO’s	155.44	252	630	1,260
Privates	114.21	180	450	900

\*Officer of a Brigade RDF Staff or an Officer in Command of a Company, Battery or Squadron.

Gratuities paid in 2007 amounted to €581,000. The projected spend for 2008 is €1.2 million. The actual spend for 2008 will be determined in January 2009, when payments are completed in December 2008.

I am satisfied that the new scheme creates incentives to improve retention and attendance at training in the Reserve Defence Forces and this represents an effective productivity return from the revised gratuity rates. This is important in the context of the ongoing modernisation and change agenda within the Reserve Defence Forces.

200. **Deputy Jimmy Deenihan** asked the Minister for Defence if a report is available on the survey carried out earlier in 2008 to determine the skills base available to the Permanent Defence Force among Reserve Defence Force members; when he expects members of the RDF to be ready to serve overseas; and if he will make a statement on the matter. [43086/08]

**Minister for Defence (Deputy Willie O’Dea):** The survey undertaken by the military authorities was conducted in order to identify the technical, mechanical and specialist skill sets available within the Reserve and the results have been recorded in a database compiled by the military authorities. This is part of the process in progressing the plan to allow for members of

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the Reserve to serve overseas. It is hoped that, in line with the Reserve Defence force Review Implementation Plan, a small number of Reservists with appropriate training and technical qualifications will be available for overseas service by end 2009.

### **Defence Forces Training.**

201. **Deputy Jimmy Deenihan** asked the Minister for Defence when suitable indoor training facilities, equipment and full-time fitness training personnel will be made available at Sarsfield Barracks, Limerick; and if he will make a statement on the matter. [43087/08]

**Minister for Defence (Deputy Willie O’Dea):** My Department is engaged in an ongoing capital programme designed to modernize and enhance the training, operational and accommodation facilities available to the Defence Forces both Permanent and Reserve. The programme focuses mainly on infrastructural projects comprising the construction of new buildings and the refurbishment of existing buildings. The provision of training facilities, equipment and fitness training personnel are reviewed as part of this programme. I am advised by the Military Authorities that there are no immediate plans for an upgrade of the facilities in Sarsfield Barracks.

### **Defence Forces Equipment.**

202. **Deputy Jimmy Deenihan** asked the Minister for Defence if he will provide defibrillators for all Defence Force installations in the country; and if he will make a statement on the matter. [43088/08]

**Minister for Defence (Deputy Willie O’Dea):** I am advised that there is a procurement programme in place to have all barracks or posts equipped with at least one defibrillator. The procurement programme is ongoing and I understand that at the moment, over half of military barracks/posts are equipped with defibrillators. In addition, all of the eight Naval Service ships are equipped with a defibrillator as are Air Corps aircraft, as required.

### **Defence Forces Personnel.**

203. **Deputy Jimmy Deenihan** asked the Minister for Defence if members of the Defence Forces will be allowed to undergo an eye test at local eye test centres rather than travelling long distances for a test; and if he will make a statement on the matter. [43089/08]

**Minister for Defence (Deputy Willie O’Dea):** In cases where a member of the Defence Forces requires a refraction test for the purpose of determining his/her need for spectacles or contact lenses, the test is carried out either at St. Brigid’s Hospital or by a local Optician, depending upon which is more convenient. In cases where an eye examination by an Ophthalmologist is required, appropriate referral to an Ophthalmologist is made by the attending General Practitioner. Personnel convenient to St. Brigid’s are generally referred there. Others will be referred to a local Ophthalmologist. In such cases, if the waiting time to be seen by a local Ophthalmologist is considered excessive either for reasons of the persons own peace of mind or otherwise, the patient can be referred to the Eye Clinic at St. Brigid’s.

### **Defence Forces Reserve.**

204. **Deputy Jimmy Deenihan** asked the Minister for Defence the number serving in the Defence Forces Reserve; the effects that the reduction in funding from €10.49 in 2008 to €10 in 2009 will have on recruitment and retention; if it is his policy to reduce the RDF to 50% of

the numbers aspired to in the White Paper on defence; and if he will make a statement on the matter. [43090/08]

**Minister for Defence (Deputy Willie O’Dea):** The White Paper on Defence 2000 outlines the blueprint for the Reserve Defence Force (RDF) comprising approximately 12,000 personnel. This policy position has not changed. The Reserve Defence Force Review Implementation Plan was formally launched in July 2004 and provides for the phased enhancement of Reserve capabilities over the period to the end of 2009. The plan set out the proposed establishment of the Reserve. The Non-Integrated element of the Reserve has an establishment of 9,692, which came into force in October 2005 when the Reserve was re-organised. The military authorities have informed me that the strength of the Army Reserve and Naval Service Reserve as at 31 October 2008 was 7,767.

In addition, the plan provides for the development of an Integrated element of the Army Reserve with a proposed establishment of 2,656 personnel. In line with the plan a pilot Integration project was initiated in 2007 and whilst numbers participating were less than expected and disappointing, valuable lessons were learned. The pilot was extended into 2008 and the military authorities are currently reviewing the project. A report will be submitted to me outlining options for the further development of the Integrated Reserve.

I have previously acknowledged that numbers in the Reserve have declined over recent years. This trend in reduced volunteerism is not confined to the Reserve but is indicative of broader societal trends. It should be noted that, as part of the implementation process, a more rigorous approach is now taken to removing the names of non-effective personnel from Unit rolls. This accounts for part of the apparent fall in numbers over recent years.

The implementation plan was developed on foot of comprehensive consultation with all stakeholders. The changes that have been introduced were identified as being necessary to ensure continued recruitment and retention within the Reserve as well as to enhance the capabilities of the Reserve and had the broad support of the Reserve Defence Force Representative Association. The decline in numbers over recent years has occurred despite the progressive implementation of the plan and the significant improvements that this has brought to the Reserve. Members of the Reserve undertake both paid and unpaid training. The provision in Subhead D for 2009 is €10 million. This represents approximately a 4% reduction from the 2008 provision.

The estimate for subhead D has been revised down over recent years in response to reduced outturn and to provide for the actual needs of the Reserve. It is anticipated that the 2009 provision will adequately provide for actual Reserve needs. Recruitment to the Reserve will be kept under review. There will be a continued requirement to ensure that levels of paid training are managed to ensure that all personnel are afforded the opportunity to undertake paid training.

### **Defence Forces Strength.**

205. **Deputy Bernard J. Durkan** asked the Minister for Defence the anticipated strength of the Army, Navy and Air Corps over the next five years; and if he will make a statement on the matter. [43091/08]

**Minister for Defence (Deputy Willie O’Dea):** The White Paper on Defence of February 2000 set out a figure of 10,500 personnel for the Permanent Defence Force as the strength sufficient to meet all foreseeable military requirements for the period comprehended by the White Paper (i.e. up to 2010). This remains the position. In common with other areas of the public service



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a payroll cut of 3% has been applied to the Defence Forces for 2009. Recruitment to the Defence Forces will be rescheduled in order to meet the revised allocation.

### **Defence Forces Equipment.**

206. **Deputy Bernard J. Durkan** asked the Minister for Defence the extent to which it is intended or expected to upgrade military equipment in respect of each of the Defence Forces; and if he will make a statement on the matter. [43092/08]

**Minister for Defence (Deputy Willie O'Dea):** The acquisition of new equipment for the Defence Forces continues to be a key focus for me as Minister for Defence. Significant investment has taken place in recent years across all facets and elements of the Defence Forces. This investment has been assisted by pay savings arising from the reduction in the strength of the Permanent Defence Force in the context of the White Paper of 2000, which have been re-invested in the provision of equipment and infrastructure for the Defence Forces.

A tender competition is nearing completion for the acquisition of Light Tactical Armoured Vehicles for the Defence Forces. The intention is that the LTAV will complement the Mowag Armoured Personnel Carriers (APCs) in the conduct of conventional and Peace Support Operations and will fill a gap that exists between soft-skinned vehicles and the Mowags. The proposal is to acquire an initial twenty-seven vehicles (17 for overseas mission and 10 at home for training). The tender competition will allow for two additional options, for another twenty-seven vehicles. There is a sum of €6m in this years Estimates provision as a down payment on an LTAV contract and I expect that a contract for the LTAVs will be in place before the end of the year. The Department has acquired eighty Mowag APCs since 2001 at a combined cost of some €120m. The final stage payment of just over €6m was paid last January. A contract was entered into with Mowag last year for the provision of a stock of strategic spares to cover all areas where the APCs are deployed. The value of the contract is over €8m spread over three years (2007 to 2009).

In recent years, significant work has been carried out on the acquisition of an Integrated Protection and Load Carrying System for individual soldiers. This system includes Body Armour, Helmets, Back Packs (Rucksacks) and Battle Vests. 8000 units of Body Armour, 12,000 Helmets and 12,000 Rucksacks have been delivered in recent years at a combined total cost of €13.5m. To complete the modern integrated protection and load carrying system 12,000 Battle Vests have been provided at a cost of some €2.2m. The Battle Vests are used for the carriage of essential items such as ammunition, personal radio, water and ancillary equipment. A further 500 General Purpose Machine Guns have been ordered from FN Herstal in Belgium for delivery next month. A sum of €3.8m is provided in 2008 for the purchase.

With regard to the Air Corps, a total of six utility AW 139 helicopters are being acquired from AgustaWestland, Italy at a cost of €75m, inclusive of VAT. Two AW 139s were delivered in November 2006, two were delivered in 2007 and the final two were delivered in 2008. The final stage payments for the two helicopters have been made this year at a cost of circa €13.5m. A contract was signed with EADS, Spain, for a major mid-life upgrade for the Air Corps two CASA maritime patrol aircraft in late 2006 at a cost of €16.456m, inclusive of VAT. The upgrade on the first aircraft was completed in 2007. The upgrade on the second was carried out this year and a payment in the region of €5.3m was made. The issue of the replacement of the Air Corps Cessna Fleet is under active consideration at present. The question of funding the replacement programme has to be considered in tandem with the overall equipment requirements of the Defence Forces generally and the funding available for this.

With regard to the Naval Service, three ships will fall due for replacement over the next 3 to 5 years — *LE Emer*, commissioned in 1978, *LE Aoife*, commissioned in 1979 and *LE Aisling*, commissioned in 1980. Following a detailed examination of the needs of the Naval Service within my Department, a vessel replacement strategy for the Naval Service was put in place to cover the period up to 2012. The strategy combined with a continuous process of refurbishment will ensure that the operational capability of the Naval Service is maintained at a satisfactory level. Following Government approval in July 2007, notice of a tender competition for the purchase of replacement vessels for the Naval Service was sent to the Official Journal of the European Union on 24 August 2007. The competition is for the purchase of two Offshore Patrol Vessels (OPV's) with an option of a third and one Extended Patrol Vessel (EPV) with an option on a second. The options provide an effective value for money opportunity, at locked in prices, to provide replacements for Naval Service vessels, which will reach the end of their service life in the years immediately following the current replacement programme.

Following Stage 1 of the tender competition for the OPVs, Stage 2 of the competition commenced on the 12 September 2008 with the issue of an Invitation to Tender to the shipbuilders who had been short-listed as part of the Stage 1 process. This document included a very detailed ship specification. The detailed tender responses were returned to the Department by the shipbuilders on the 11 November last. Tender evaluation commenced immediately and is expected to continue into the beginning of 2009. Subject to Government approval on funding, it is intended to award a contract for the OPVs to the preferred bidder in the first half of 2009. The decision to proceed with the final award of contract to purchase the vessels will be subject to Government approval and agreement on funding, the full requirement for which will not be known until the tender competition has concluded.

Subject to Government approval on funding, it is expected that the new vessels will be delivered for acceptance by the Naval Service on a phased basis between 2011 and 2013. It is expected that the delivery date for the first OPV will be 30 months after the date of signing of the contract whilst the specified delivery date for the second OPV will be 37 months after the date of signing of the contract. If the Department exercises its option of purchasing a third OPV, a mutually agreeable delivery date shall be negotiated. The timelines are indicative and shall not prejudice the right of the Department to adjust or alter the delivery schedule at the contract stage. At the evaluation stage, marks will be awarded on the basis of the indicative timeline provided by the tenderer.

In the current difficult economic environment, it will be important that we look to the efficiencies which all parts of the public sector can make so as to continue to deliver high quality public services within a more constrained financial resource envelope. However, it is also important that we continue to invest in public services so as we can maintain service levels into the future. We need to continue the process of modernisation and reinvestment in the Defence Forces into the future. The acquisition of these modern new vessels will ensure that the Naval Service will be fully equipped to carry out its day to day roles in enforcing the states sovereign rights over our waters and our fisheries and meeting Ireland's obligations in the area of maritime safety and security and fisheries protection. In relation to the larger EPV, the Department intends to undertake further analysis of the proposals received, following Stage 1, before the second stage is initiated. As with the OPVs, any decision to award a contract for the purchase of an EPV must be approved by the Government.

### **Defence Forces Strength.**

207. **Deputy Bernard J. Durkan** asked the Minister for Defence the strength by rank and

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gender of the Army, Navy and Air Corps; and if he will make a statement on the matter.  
[43093/08]

210. **Deputy Bernard J. Durkan** asked the Minister for Defence the number of women at senior officer level in the Defence Forces; and if he will make a statement on the matter.  
[43096/08]

**Minister for Defence (Deputy Willie O’Dea):** I propose to take Questions Nos. 207 and 210 together.

There are twenty-three (23) females at senior officer level in the Permanent Defence Force as at 31 October 2008. This consists of twenty-two (22) at Commandant or equivalent rank and one (1) at Lieutenant-Colonel rank. A detailed breakdown of the strength by rank and gender of the Army, Naval Service and Air Corps are in the following Tabular Statement. The Government is committed to a policy of equal opportunity for men and women throughout the Defence Forces and to the full participation by women in all aspects of Defence Forces activities. Female strength in the Permanent Defence Force has increased from 468 at the end of 2001 to 575 as at 31 October 2008. Unlike many other national armed forces, the Defence Forces have no restrictions as regards the assignment of men or women to the full range of operational and administrative duties. All promotions and career courses are open to both genders on merit.

STRENGTH OF MALES IN THE DEFENCE FORCES 31-Oct-08

	LT GEN	MAJ GEN	BRIG GEN	COL	LT COL	LT COL	Total Offrs.	SM	BOMs	CS	CQMs	SGTs	CPLs	Total NCOs	PTEs	Cadets	Total
Army	1	3	7	41	130	305	964	32	36	132	251	1021	1347	2816	4272	58	8,110
Air Corps			1	2	13	42	143	7	4	47	14	131	163	366	279	13	801
Naval Service			1	2	12	48	137	6	7	76	15	216	166	486	370	10	1,003
Total	1	3	9	45	155	395	1244	45	47	255	280	1368	1676	3668	4921	81	9,914

STRENGTH OF FEMALES IN THE DEFENCE FORCES 31-Oct-08

	LT GEN	MAJ GEN	BRIG GEN	COL	LT COL	LT	Total Offrs.	SM	BOMs	CS	CQMs	SGTs	CPLs	Total NCOs	PTEs	Cadets	Total
Army					1	41	110			3	1	30	106	140	208	13	471
Air Corps						2	5			1		3	10	14	13	1	33
Naval Service						12	23						9	9	36	3	71
Total					1	55	138			4	1	33	125	163	257	17	575

STRENGTH OF THE DEFENCE FORCES 31-Oct-08

	LT GEN	MAJ GEN	BRIG GEN	COL	LT COL	LT	Total Offrs.	SM	BOMs	CS	CQMs	SGTs	CPLs	Total NCOs	PTEs	Cadets	Total
Army	1	3	7	41	131	346	1074	32	36	132	252	1051	1453	2956	4480	71	8,581
Air Corps			1	2	13	44	148	7	4	48	14	134	173	380	292	14	834
Naval Service			1	2	12	60	160	6	7	76	15	216	175	495	406	13	1,074
Total	1	3	9	45	156	450	1382	45	47	256	281	1401	1801	3831	5178	98	10489

**Army Barracks.**

208. **Deputy Bernard J. Durkan** asked the Minister for Defence the improvements expected to take place in the remaining military installations throughout the country in the wake of the recently announced barrack closures; and if he will make a statement on the matter. [43094/08]

**Minister for Defence (Deputy Willie O’Dea):** In keeping with the commitments in the White Paper on Defence it is intended that the Defence Forces will continue to be modernised over the coming years. Any revenue accruing from the disposal of surplus Defence property will be used to finance equipment acquisition and infrastructure projects within the Defence Forces in accordance with Government policy.

**Defence Forces Training.**

209. **Deputy Bernard J. Durkan** asked the Minister for Defence the extent to which the Defence Forces will continue to have ready access to training alongside the EU or UN for peace making or peacekeeping initiatives; and if he will make a statement on the matter. [43095/08]

**Minister for Defence (Deputy Willie O’Dea):** The Defence Forces receive ongoing training to enable them to participate fully in UN, EU and other missions overseas. Troops selected for overseas service undergo a rigorous programme of training, designed to help them carry out their peacekeeping mission and to provide for their protection. Predeployment training is provided to members of the Permanent Defence Force and is updated on an ongoing basis in the light of any changes in the threat assessment or mission requirements. I am satisfied that Defence Forces personnel serving overseas will continue to receive the necessary training to enable them to carry out their duties in a professional manner.

*Question No. 210 answered with Question No. 207.*

**Army Barracks.**

211. **Deputy Bernard J. Durkan** asked the Minister for Defence the extent to which he has taken into account the local economic impact of the recent decision to close a number of military installations throughout the country; and if he will make a statement on the matter. [43097/08]

**Minister for Defence (Deputy Willie O’Dea):** I would anticipate that the impact on local communities will be negligible for the simple reason that most of the personnel serving in these installations live in the areas and will continue to do so in the future. In point of fact, the economic impact of the closures could benefit the areas as the barracks are redeveloped. This was the experience of the last consolidation process where Barracks were redeveloped providing housing, offices and retail facilities for local communities.

*Question No. 212 answered with Question No. 90.*

**Overseas Missions.**

213. **Deputy Bernard J. Durkan** asked the Minister for Defence if particular lessons have been learned from the most recent overseas deployments of the Defence Forces; and if he will make a statement on the matter. [43099/08]

**Minister for Defence (Deputy Willie O’Dea):** The Defence Forces continue to make major contributions to international peace keeping through its participation in overseas Peace Support

Operations (PSOs). In the course of these operations and based on the Defence Forces extensive experience many lessons have been identified and learned.

Following all deployments overseas a detailed “After Action Review” is carried out by the Defence Forces to identify lessons learned. Lessons learned are then factored into Defence Forces planning, doctrine and training for future operations. Lessons learned cover the full spectrum inter alia: pre-deployment training, equipment, logistics, operations, tactics, techniques and procedures etc. The process involves continuous assessment, as lessons learned and changes implemented are evaluated and reevaluated on an ongoing basis.

### **Naval Service Operations.**

214. **Deputy Bernard J. Durkan** asked the Minister for Defence the extent to which it is intended or expected to provide additional resources to the Defence Forces with a view to increased air and sea surveillance off the coasts having particular regard to the increasing threat from drug traffickers; and if he will make a statement on the matter. [43100/08]

**Minister for Defence (Deputy Willie O’Dea):** The Naval Service provides the maritime element of the Defence Forces and has a general responsibility to meet contingent and actual maritime defence requirements. The Naval Service operates eight general purpose patrol ships. All eight ships are involved in coastal and offshore patrolling and surveillance for the State in that part of the seas where State jurisdiction applies.

The Naval Service provides a fishery protection service in accordance with the State’s obligations as a member of the European Union. The Service is tasked with patrolling all Irish waters from the shoreline to the outer limits of the Exclusive Fishery Limits. At present, fishery protection activity accounts for roughly 90% of all Naval Service patrol time. However, as the need arises, Naval Service vessels may be deployed to other duties such as aid to the civil power and drug interdiction operations.

The current Exclusive Fishery Limits extend to 200 miles offshore and cover an area of 132,000 nautical square miles. The Naval Service currently patrols the entire 200 mile limit and periodically patrols beyond these limits to protect specific fisheries. These patrols are carried out on a regular and frequent basis and are directed to all areas of Irish waters as necessary. The number of Patrol Vessels on patrol in Irish waters at any one time varies between three and eight. The Naval Service is committed to having at least three vessels on patrol within the Irish Exclusive Economic Zone at any one time.

A vessel replacement strategy for the Naval Service was put in place by my Department following a detailed examination of the needs of the Naval Service. This programme will cover the period up to 2012. Three ships will fall due for replacement over the next 3 to 5 years — LE Emer, commissioned in 1978, LE Aoife, commissioned in 1979 and LE Aisling, commissioned in 1980. The strategy combined with a continuous process of refurbishment will ensure that the operational capability of the Naval Service is maintained at a satisfactory level.

Naval Service patrols are complemented by assistance provided by the Air Corps. The Air Corps Maritime Squadron carries out aerial surveillance of territorial waters using the two CASA maritime patrol aircraft. A major mid-life upgrade has been substantially completed on both CASA aircraft at a cost of €16.5 million, involving the installation of a new Airborne Mission Management System, which is a critical tool in vessel detection, providing reliable and sophisticated detection sensors and data processing equipment.

The White Paper on Defence provides for a security role for the Naval Service and the Air Corps to assist and support the civil authorities in the prevention of drug trafficking. Government measures to improve law enforcement in relation to drugs, including the establishment

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in 1993 of a Joint Task Force involving An Garda Síochána, the Customs Service and the Naval Service, have helped to maximise the effective use of Naval Service resources in combating drug trafficking. The Air Corps provide air support and, on occasion, carry the Customs National Drugs Team in an observational capacity for the purpose of monitoring vessels suspected of drug trafficking and other illegal activities. There is close co-operation between the civil authorities and the Naval Service and the Air Corps in discharging this important mission.

The White Paper sets out a figure of 10,500 personnel for the Permanent Defence Force, comprising 930 for the Air Corps, 1,144 for the Naval Service and 8,426 for the Army. The current strength of the Permanent Defence Force is 10,489. There are no plans, nor is there any requirement to increase the authorised strength of the Permanent Defence Force having regard to its assigned roles, including in relation to the support provided in relation to drug interdiction.

I am satisfied with the air and sea coastal surveillance services currently provided by the Air Corps and the Naval Service and I have no plans, nor do I feel there is a requirement to extend these services.

*Question No. 215 answered with Question No. 104.*

*Question No. 216 answered with Question No. 131.*

### **Air Quality.**

217. **Deputy Andrew Doyle** asked the Minister for the Environment, Heritage and Local Government if he will introduce mandatory smokeless fuel emission standards; and when the air quality monitoring report being carried out by the Environmental Protection Agency will be completed. [42941/08]

**Minister for the Environment, Heritage and Local Government (Deputy John Gormley):** The question of extending the areas subject to smokeless fuels is kept under review in consultation with local authorities and having regard to the need to ensure good air quality. Monitoring at permanent and mobile monitoring stations by the EPA and local authorities confirms that air quality in Ireland is good, the data do not support any such extension at present. The EPA is undertaking overall monitoring review at my Department’s request as part of the Programme for Government commitment on monitoring air quality, and the adequacy of the air quality monitoring network in light of population change in urban areas is relevant in that context. I expect the EPA will conclude this review by year end.

In October, the Solid Fuel Trade Group (SFTG Ltd) and I signed a new voluntary agreement to maintain low levels in the sulphur emissions of bituminous coal and petcoke, and to maintain existing limitations, through smokeless zones, on the marketing, sale and distribution of solid fuels. The agreement also provides that in the towns and environs of Athlone, Carlow, Clonmel and Ennis, SFTG Ltd. will maintain the smokeless fuel market penetration level of 75%, as a percentage of overall solid fuel sales, as set out in previous agreements. These 4 towns are additional to those already covered by smokeless zones.

### **Local Authority Housing.**

218. **Deputy Martin Ferris** asked the Minister for the Environment, Heritage and Local Government his views on local authorities rehousing people from Limerick in other counties. [42947/08]

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** In the first instance, the allocation of a dwelling to a household is a matter for each individual local authority in accordance with its scheme of letting priorities, and the making of such a scheme is a reserved function of the authority under section 11 of the Housing Act 1988. In metropolitan areas which cross local authority boundaries, it is important that effective arrangements are put in place to co-ordinate the activities of individual authorities in meeting housing need. In that regard, I understand that housing authorities in the Limerick metropolitan area are currently engaged in a process of consultation to agree a joint and flexible approach to meeting housing need across the area in a manner which is supportive of the regeneration programme to be implemented for significant parts of the city.

#### **Planning Issues.**

219. **Deputy Ciarán Lynch** asked the Minister for the Environment, Heritage and Local Government if all planning conditions will be enforced by law; and if he will make a statement on the matter. [42954/08]

**Minister for the Environment, Heritage and Local Government (Deputy John Gormley):** The enforcement of planning control is a matter for individual planning authorities, which have substantial enforcement powers under the Planning and Development Acts. This legislation places clear obligations on planning authorities in relation to unauthorised development. A planning authority must issue a warning letter in relation to written complaints regarding unauthorised development, or other unauthorised development it becomes aware of (except in the case of trivial or minor development). The authority must then make appropriate investigations expeditiously to decide whether an enforcement notice should be issued. The planning authority's decision in this regard must be entered on the planning register and, in cases where it is decided not to issue an enforcement notice, any complainant must be informed.

An enforcement notice may be served in respect of an unauthorised development, requiring such steps as the authority considers necessary to be taken within a specified period, including where appropriate the removal, demolition or alteration of any structure, the discontinuance of any use and, as far as is practical, the restoration of land to its condition prior to the unauthorised development. In the event of non-compliance, a planning authority may itself take the specified steps and recover the expense incurred in doing so. A planning authority may also seek a court order requiring any particular action to be undertaken or not to be undertaken.

The Planning and Development Act 2000 gave substantial additional powers to planning authorities in the area of enforcement. For example, the Act provided for the first time that the making of an application for retention permission could no longer be used as a defence against a prosecution for unauthorised development. These enforcement powers were further strengthened in the Planning and Development (Strategic Infrastructure) Act 2006, which allowed planning authorities to refuse to grant planning permission, without recourse to the High Court, to any developer who has substantially failed to comply with a previous planning permission. An applicant who wishes to have such a decision overturned will have to apply to the High Court.

While I am satisfied that planning authorities have substantial and adequate powers of enforcement, I am aware of concerns about the effectiveness of enforcement and I will continue to keep the operation of Part VIII of the 2000 Act under scrutiny to ensure its effective implementation.



### **Local Authority Housing.**

220. **Deputy Róisín Shortall** asked the Minister for the Environment, Heritage and Local Government the way the recent drop in mortgage interest rates will affect home owners who have opted for shared ownership and affordable housing local authority schemes; if local authority mortgage holders have been offered a similar reduction in interest rates; and if there is an onus on his Department to ensure that this reduction is passed on without further delay. [42974/08]

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** The interest rate on local authority housing loans is determined by the Housing Finance Agency (HFA) by reference to mortgage rates prevailing in the financial market. The current variable interest rate to local authority borrowers, excluding mortgage protection, is 5.25%. The current fixed interest rate available on local authority loans, excluding mortgage protection, is 5.5% for a period of 5 years.

At the October meeting of the Board of the HFA it was decided that the interest rate cut of 0.5% announced by the European Central Bank in October would be passed on in full to local authority borrowers. The new effective variable rate of 4.75%, which compares favourably with corresponding rates charged by commercial lending agencies, will take effect from 1 December. Following the further 0.5% reduction in ECB rate announced this month, the Agency has recently decided to further adjust rates to fully reflect the overall decrease. The effective rate for local authority borrowers from 1 January 2009 will therefore be 4.25%.

In general, following consideration by the Board, the Agency's rates are normally adjusted in line with movements in ECB. However, given that the correlation between ECB rates and interbank rates (i.e. the rates at which the Agency itself borrows) is atypical and volatile at present, the Agency in responding to movements in ECB rates, must give careful consideration, on each occasion, to the fluctuating relationship between its lending rates and the cost of funds.

### **Water Quality.**

221. **Deputy Andrew Doyle** asked the Minister for the Environment, Heritage and Local Government if the water quality of Arklow Harbour has been tested and if it is considered a risk to the health and safety of the public. [42980/08]

**Minister for the Environment, Heritage and Local Government (Deputy John Gormley):** Primary responsibility among public authorities for the protection and improvement of water quality is vested in local authorities under the Local Government Water Pollution Acts 1977 and 1990. The EPA produces regular reports on water quality in Ireland and its latest report, for the 2004 to 2006 period, was published on 13 November, 2008. Flood relief works are also matters for the relevant local authority and, at national level, the Office of Public Works.

### **House Prices.**

222. **Deputy Joan Burton** asked the Minister for the Environment, Heritage and Local Government if his attention has been drawn to media comments to the effect that the home choice loan scheme could potentially require the State to become a lender to excessively risky home buyers; the steps he envisages taking to ensure that this does not become the case; the impact on commercial lending in certain areas; his views on a more modest maximum earnings multiple for loan approvals through this scheme than has prevailed in the market in recent years; and if he will make a statement on the matter. [38820/08]

223. **Deputy Joan Burton** asked the Minister for the Environment, Heritage and Local Government the rationale for confining the home choice loan scheme purely to newly built homes; and if he will make a statement on the matter. [38843/08]

224. **Deputy Joan Burton** asked the Minister for the Environment, Heritage and Local Government if, with respect to the home choice loan scheme and its expected borrower profile, he envisages a bad debt provision which is superior to that in the standard mortgage market; if so, if the cost of this provision will be passed on to borrowers; and if he will make a statement on the matter. [38822/08]

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** I propose to take Questions Nos. 222 to 224, inclusive, together.

As indicated during the debate on Budget 2009, it is important that the ongoing process of correction in the housing market is not artificially interfered with. Given that sentiment in the housing market is heavily dependent on wider sentiment in the economy, the Government's approach is focused on the broader economic fundamentals and ensuring, ultimately, that the housing market is underpinned by these. Any housing specific interventions must be targeted in nature and designed to achieve specific outcomes. The announcement in the Budget of the introduction, for a limited period, of the new Home Choice loan product for certain first-time buyers is fully in line with this policy.

The scheme is designed to respond, in a targeted way, to a very specific set of circumstances in the housing market whereby prospective middle income first-time buyers who would previously have been in a position to access mortgage finance from one of the financial institutions are not currently in a position to do so, due to the impacts of the credit crunch. This initiative provides no financial incentive to enter the housing market for those who believe that the process of correction has yet to conclude; it will merely facilitate certain first-time buyers who have themselves decided to purchase a home at this time. The interest rate charged to borrowers will be similar to the prevailing rates in the market.

The scheme applies to new houses and self builds because a significant majority of first time buyers purchase new houses. The average new house price is almost 14% lower than the average second hand house price, so it was considered appropriate to target the scheme towards properties which are more affordable for first time buyers. Home Choice will be available to first time buyers of new houses and self builds, subject to a maximum loan of €285,000, depending on income, and a maximum loan to value ratio of 92%. The loan term will be up to 30 years and a minimum income of €40,000 for single applicants and €50,000 for joint applicants will be required.

Contrary to some inaccurate media reporting, there is no suggestion that applicants on the minimum eligible income would be permitted to borrow the maximum amount allowed under the scheme. A detailed, robust and prudent credit policy governing all aspects of loan decisions, including, inter alia, requirements in relation to the financial standing of applicants, proportion of net monthly income required to make loan repayments, and employment conditions, is now being finalised. An applicant's ability to pay will also be stress-tested to assess their ability to repay at current rates and in the event of significant interest rate rises.

Given the assessment criteria that will be in place, I do not anticipate that the scheme will have any significant impact on the loan book risk profiles of the participating housing authorities. It is also important to bear in mind that local authorities have traditionally been providing loan finance to people of a lower income profile than those at whom the Home Choice Loan is targeted.

### **Energy Conservation.**

225. **Deputy Finian McGrath** asked the Minister for Communications, Energy and Natural Resources if he will support a matter (details supplied). [43035/08]

**Minister for Communications, Energy and Natural Resources (Deputy Eamon Ryan):** Sustainable Energy Ireland administers a number of schemes, which stimulate the wider deployment of sustainable energy technologies including: the Greener Homes Scheme – stimulating installation of renewable heating systems in homes, including geothermal, solar and biomass technologies; ReHEAT Scheme – supporting technologies for the commercial, public and community sectors; and the Home Energy Savings Scheme — promoting the uptake of energy efficiency measures in homes including improved attic and wall insulation and upgraded heating system controls.

The objective of these programmes is to enhance the energy performance of systems/buildings, thereby reducing emissions, reducing Ireland's reliance on imported fossil fuels and improving the cost competitiveness of energy. By stimulating uptake of renewable energy technologies and energy efficiency measures, the programmes are creating business opportunities for those involved in the supply, installation and maintenance of products and services. Under The Greener Homes Scheme mandatory training/qualification standards is ensuring quality of service for the homeowners and competitive advantage for those who wish to provide a professional service. Similar requirements will become a feature of the Home Energy Savings Scheme, which is being rolled out nationally in 2009.

### **Fisheries Protection.**

226. **Deputy Frank Feighan** asked the Minister for Communications, Energy and Natural Resources the number of viable commercial eel fisheries here in view of the success of the French eel fishery during the same period and under the same constraints. [43023/08]

**Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Seán Power):** I refer the Deputy to the reply to his Question Nos. 230 and 231 of Thursday 23 October 2008. I am advised that eel fisheries in both Ireland and France are currently unsustainable. I understand that scientific research conducted by the International Council for the Exploration of the Sea (ICES) indicated that the European eel fish stock is so depleted that it is now outside safe biological limits. The EU introduced Council Regulation 1100/2007 designed to assist in the recovery of European eel stocks. The Regulation requires that each Member State adopt a national eel management plan suitable for local conditions that will deliver sufficient escapement of adult eel to meet specific targets.

The Food and Agriculture Organisation (FAO) of the United Nations statistics for Ireland, suggest 400 tonnes was caught per annum between 1995 and 1998. In 1999 the catch was 250 tonnes and the annual declared catch since 2001 has averaged 101 tonnes per annum. This decline is consistent with the downward European trend.

The Deputy's suggestion that the French fishery has been successful is at odds with the published statistics. I am advised that French landings (all life stages) reported to the FAO have dropped from 2,687 tonnes in 1986 to 415 tonnes in 2001. Glass eel caught by professional fishermen has dropped from 1,700 tonnes in 1978/79 to 80 tonnes in 2004/05 and catch per unit effort for glass eel fisheries in the Gironde and Adour fisheries have dropped from 13kg/day to 2kg/day and 7kg/day to 1kg/day respectively, a reduction of 85%. I understand that to in order to achieve a recovery in the European eel stock, significant and severe reductions in mortality will be required across Europe.

**Inland Fisheries.**

227. **Deputy Frank Feighan** asked the Minister for Communications, Energy and Natural Resources the amount of silver eels removed from the Corrib fishery in the years 1997 to 2007. [43024/08]

**Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Seán Power):** I am advised that the quantity of silver eels removed by all fishing methods from the Corrib fishery in the years 1997 to 2007 is as shown in the table.

Year	Gap/Eye/Coghill Kgs	Fyke Kgs
1997	7,290	Not available
1998	4,620	Not available
1999	6,010	Not available
2000	7,950	Not available
2001	7,564	1,799
2002	9,676	3,436
2003	6,272	1,998
2004	10,264	3,639
2005	7,150	2,715
2006	16,247	3,416
2007	9,320	2,472

**Fisheries Protection.**

228. **Deputy Frank Feighan** asked the Minister for Communications, Energy and Natural Resources the process by which he arrived at the introduction of by-laws governing commercial eel fishing; and if the relevant EU directive was a guiding influence. [43025/08]

**Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Seán Power):** I understand that scientific research, conducted by the International Council for the Exploration of the Sea (ICES), indicated that the European eel fish stock is so depleted that it is now outside safe biological limits. The ICES advised that, a recovery plan be developed for the whole stock of European eel and that exploitation and other human activities affecting the fishery be reduced as much as possible. The EU brought forward Council Regulation 1100/2007, the purpose of which is the establishment of a new framework for the protection and sustainable use of the stock of European eel. The objective of the Regulation is to achieve recovery of the stock to previous high levels.

An Eel Management Plan (EMP) must be prepared by 31 December 2008 for implementation from 1 July 2009. The objective of each EMP is to reduce anthropogenic mortality to achieve a target escapement of adult eel equivalent to 40% of biomass. If the plan is not approved by the Commission, a mandatory 50% reduction in the fishery is required as an immediate emergency measure from January 2009.

Conservation bye-laws were introduced in 2008, which capped the number of licences and restricted the season. These measures were introduced on foot of discussions in the Joint Working Group, which was established from among the State agencies responsible for management of the eel fishery, having sought recommendations from the regional fisheries board management. The introduction of the bye-laws was undertaken in recognition of the serious depletion

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in the stocks signalled by the national and international scientific community and fisheries managers.

229. **Deputy Frank Feighan** asked the Minister for Communications, Energy and Natural Resources the number of persons expected to become unemployed as a result of the withdrawal of eel licences. [43026/08]

**Minister of State at the Department of Communications, Energy and Natural Resources (Deputy Seán Power):** I currently await the submission of a draft Eel Management Plan, required in accordance with European Council Regulation 1000/2007, from the Eel Working Group, which I understand will include recommendations as to the future of the fishery and how Ireland can meet the targets to assist in the recovery of diminishing European eel stocks. This recovery will take many years to achieve.

The Irish eel fishery harvests approximately 100 tonnes per annum and I understand that there are some 150 fishermen who hold a maximum of 295 licences, not all of which are actively fished. Catches have been declining over recent years because of the status of stocks. As the Deputy will be aware, eel fishing is not a full time occupation and it is restricted depending on the type of fish being targeted. The working group is actively investigating alternative opportunities for eel fishermen to assist in diversification in the event that it is decided to restrict or close the eel fishery.

#### **Departmental Bodies.**

230. **Deputy Frank Feighan** asked the Minister for Agriculture, Fisheries and Food the amount of resources deployed in setting up Coillte and its contribution to the Exchequer; and if retaining the resource in the public domain may have derived better results. [43027/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** Coillte Teoranta was established as a private commercial company under the Forestry Act, 1988 and commenced operation on 1 January 1989. As the legislation provides that all of the shares in the company are held by the Minister for Finance and the Minister for Agriculture, Fisheries and Food, it operates under the aegis of my Department. On vesting day, Coillte Teoranta took over the forestry business, and almost all of the assets, of the Forest Service. The principal asset transferred to Coillte on its establishment was 396,000 hectares of land, while 2510 staff also transferred to the company. Since its establishment, all of the profits made by Coillte have been reinvested in the company and national forest estate.

As outlined in the debate in 1988 on the establishment of the company, it was accepted that the full potential of forestry was constrained by its location within a Government Department and that, in order for it to operate successfully in a commercial environment, it was decided that the most appropriate format to adopt was that of a company under the Companies Act. I am satisfied with the progress and overall development of the company since its establishment. All of the company's Annual Reports and Accounts, which detail the performance of the company from 1989 up to 2007, have been published and are in the public domain.

#### **Grant Payments.**

231. **Deputy Martin Ferris** asked the Minister for Agriculture, Fisheries and Food the position regarding disadvantaged area payments in respect of a person (details supplied) in County Kerry. [42945/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the 2008 Single Payment Scheme/Disadvantaged Areas Scheme was received from the person named on 9 May 2008. Payments under the Disadvantaged Areas Scheme commenced on 24 September, with payments issuing in respect of those cases cleared for payment at that stage. Payments continue to issue as further cases subsequently become clear. The application of the person named was fully processed and the applicant was paid his Disadvantaged Areas Scheme payment, which amounted to €2,154.65, on 24 October 2008.

232. **Deputy Martin Ferris** asked the Minister for Agriculture, Fisheries and Food the position regarding a waste management scheme payment in respect of a person (details supplied) in County Kerry. [42946/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** The person named is an applicant under the Farm Waste Management Scheme. His application for payment is currently being examined and a decision will be made in regard to the application as soon as possible.

### **Poultry Industry.**

233. **Deputy Andrew Doyle** asked the Minister for Agriculture, Fisheries and Food if he has convened the poultry advisory group; the brief of the advisory group; the reason it has taken so long to take action on the future of the poultry industry; and if cross-departmental initiatives are being considered. [42979/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** A meeting of the Poultry Expert Group has been arranged for 9 December. The Group's 2007 report focused on a range of issues including labelling, environment protection, welfare legislation and feeding stuffs. I have asked the Group to reconvene so that it can review its recommendations in the light of developments over the last year and consider what further issues warrant consideration.

Action in regard to the poultry industry has been ongoing. Bord Bia has been very active in growing and enhancing the Poultry Quality Assurance Scheme (PQAS). This year both the processor and producer standards of the PQAS were accredited under EN45011 by the Irish National Accreditation board. The Quality Assurance scheme is critical to Irish product retaining market share in the domestic retail market for fresh poultry meat. My Department operates an extensive range of controls to uphold the country's avian health status. There is also a scheme of financial assistance for flock owners in whose flocks certain types of salmonella have been detected. Department veterinary personnel are present in all poultry meat production premises to monitor compliance with public health legislation.

Another issue facing the poultry sector is compliance with legislation on the protection of the environment. The Intensive Livestock Group was established in my Department to assist poultry and pig producers in finding viable solutions to manure disposal problems. Producers, processors and Teagasc are represented on this group, whose work is continuing.

I believe there should be wider country of origin labelling of all meats and my Department has been in extensive communication over the past year with the European Commission with a view to making such labelling compulsory. While the Commission adopted a negative opinion in relation to our proposal for national legislation I will continue to press for country of origin labelling in the context of the Commission's proposal for a new regulation on food information. The Department of Health and Children is the lead Department for that proposal and my officials remain in contact with it on this issue. I will consider what further initiatives are warranted in the light of the deliberations of the Poultry Expert Group.

### Grant Payments.

234. **Deputy Paul Connaughton** asked the Minister for Agriculture, Fisheries and Food when the single farm payment will issue to a person (details supplied) in County Galway; and if he will make a statement on the matter. [43008/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the Single Payment Scheme/Disadvantaged Areas Scheme was received from the person named on the 12th May 2008. This application was selected for and was the subject of a ground eligibility and cross compliance inspection. The position is that the file is currently being processed and payment will issue shortly. The delay in this case arose because of the need to clarify a number of issues relating to the parcels claimed by the person named.

235. **Deputy Paul Connaughton** asked the Minister for Agriculture, Fisheries and Food when the single farm payment will issue to a person (details supplied) in County Galway; and if he will make a statement on the matter. [43009/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the Single Payment Scheme was received from the person named on the 12th May 2008. The Single Payment application for the person named has been fully processed and the payment due under the Single Payment Scheme will issue shortly.

236. **Deputy Paul Connaughton** asked the Minister for Agriculture, Fisheries and Food when the single farm payment will issue to a person (details supplied) in County Galway; and if he will make a statement on the matter. [43011/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the Single Payment Scheme/Disadvantaged Areas Scheme was received from the person named on the 1st May 2008. This application was selected for and was the subject of a ground eligibility and cross compliance inspection. This file is now processed and the advance payment under the Single Payment Scheme issued on the 6 November 2008 with the balancing payment due to issue shortly.

237. **Deputy Phil Hogan** asked the Minister for Agriculture, Fisheries and Food when a single farm payment will be granted to a person (details supplied) in County Carlow; and if he will make a statement on the matter. [43070/08]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** The application under the Single Payment Scheme was received from the person named on 30th April 2008. The application was selected for a remote sensing satellite inspection. When the result of this inspection has been returned and any matters arising have been dealt with, the application will immediately be further processed with a view to payment issuing shortly thereafter.

### Institutes of Technology.

238. **Deputy Ciarán Lynch** asked the Minister for Education and Science when the increase of 2.5% payable under Towards 2016 and due on 1 September 2008 will be granted to teaching staff in institutes of technology; and if he will make a statement on the matter. [43072/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** Payment of the increases provided for under the terms of the Towards 2016 Agreement is dependent, in the case of each sector, organisation and grade, on verification of co-operation with flexibility and ongoing change, including co-operation with satisfactory implementation of the agenda for modernis-

ation set out in the Agreement, maintenance of stable industrial relations and absence of industrial action in respect of any matters covered by the Agreement. Payment is also dependent on verification of satisfactory achievement of these provisions through the submission of progress reports in advance of each pay increase. The progress reports are assessed by the Secretary General of the relevant Government Department responsible for the sector and an independent Performance Verification Group (PVG) for each sector.

A final progress report from the Institutes of Technology sector has not yet been received by the Secretary General of my Department in respect of the 2.5% increase payable under Towards 2016 and due on the 1st September 2008. In the absence of such a progress report I am not in a position to state when the increase will be granted.

#### **School Accommodation.**

239. **Deputy Bobby Aylward** asked the Minister for Education and Science if he will approve the application for EWS grant to a school (details supplied) in County Kilkenny in which the condition of the prefab is such that it is in the interest of health and safety of the staff and pupils of this school that repairs are carried out without further delay. [42934/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** The school to which the Deputy refers has submitted an application for replacement temporary accommodation to my Department. The application is being assessed and the school authority will be informed of the decision as soon as possible.

#### **School Staffing.**

240. **Deputy Dan Neville** asked the Minister for Education and Science the vetting system for untrained substitute teachers; and the number of untrained substitute teachers currently employed. [42958/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** Responsibility for checking on the suitability of new staff for positions in schools rests with Boards of Management as employers. Good practice should involve the checking of recent employment records, qualifications, experience and names of referees where a new substitute teacher is not known to the school or is approaching the school for the first time. While many substitute teachers have previous experience of working in schools and would generally be known to schools it is particularly important that such practice is warranted in any event quite apart from any issues of child protection. In relation to child protection, the arrangements for the vetting of teaching and non-teaching staff are set out in Department Circular 0094/2006, which was issued to all schools in June 2006. The Circular is available on my Department’s website.

The vetting arrangements were introduced in September 2006 for vetting of new teachers at the time of their initial registration with the Teaching Council regardless of whether they are likely to enter permanent employment or take up appointments as substitute or part-time teachers. The procedures also apply to prospective employees for posts that involve working with children such as Special Needs Assistants, bus drivers, bus escorts to children with special needs, caretakers and other ancillary staff in schools.

As the expansion of service by the Garda Vetting Unit is rolled out, my Department will be consulting the relevant education stakeholders on how best to introduce the vetting of existing teachers that are working in any capacity — permanent, part-time or substitute in the school system and other existing education staff working with children. The circular does require the vetting of any person being appointed to a teaching position (whether permanent, part-time or substitute) who has not been employed in the school system in the previous three years.



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Irrespective of the position on vetting, where facts or information comes to a Board of Management’s attention calling into question a person’s suitability to work with children it is a matter for the Board to satisfy itself that the person is suitable to work in that capacity. This will naturally have to be assessed on a case by case basis. The Board will have to consider all the circumstances of the case, give due weight to all relevant factors and afford fair procedures to the individual concerned before making a decision. The information regarding the number of unqualified substitute teachers is being compiled in my Department and will be forwarded directly to the Deputy.

241. **Deputy Ruairí Quinn** asked the Minister for Education and Science the number of full-time and permanent teachers employed in private fee-paying schools and the cost of their salaries; the number of full-time, temporary or contracted teachers employed in private fee-paying schools; the amount their salaries cost; the number of part-time teachers working in private fee-paying schools; the amount their salaries cost; and if he will make a statement on the matter. [42967/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** In the 2008/09 school year, my Department allocated a total of 1,715 whole time equivalent teaching posts to the private fee-paying post primary school sector. The recruitment and appointment of teachers to fill these teaching posts is a matter for the individual school authority subject to agreed procedures. It is estimated that the average cost of employing a post-primary school teacher is €64,000 per annum.

#### **Departmental Legal Costs.**

242. **Deputy Ruairí Quinn** asked the Minister for Education and Science if he will instruct his legal team, through the Attorney General’s office and his own legal advisers, not to proceed to obtain the €250,000 legal costs awarded against the parents of an autistic child (details supplied) following a decision in the High Court recently; and if he will make a statement on the matter. [42968/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** I am aware of the matter to which the Deputy refers. As the case remains before the Courts, it would be inappropriate for me to comment further on the detail of the proceedings. However, the Deputy should be aware that the educational intervention which is being provided to the child in question was found by the High Court to be appropriate and to meet his needs. It is the norm in these situations for the legal costs of the case to be awarded to the party that has been successful. The High Court found that nothing in the facts of this case would cause a departure from that position. I am further advised that as the case remains before the Courts, there is no basis for determining what the final level of legal costs will be.

#### **Departmental Properties.**

243. **Deputy Michael Ring** asked the Minister for Education and Science if he has in his Department possession of an original lease (details supplied) relevant to a property; and if he will make the said document available to this Deputy. [42969/08]

244. **Deputy Michael Ring** asked the Minister for Education and Science if his Department will convey any interest it may have in an old national school to a committee (details supplied) in County Mayo. [42970/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** I propose to take Questions Nos. 243 and 244 together.

My Department has a copy of a 99 year lease with the landowner in relation to the school in question. The Deputy will be aware that a lease is a document between the Landowners, the Trustees and me as Minister for Education and Science. I am advised that it is not general practice to release copies of same. The Deputy will be also be aware that my Department has received correspondence on the matter from solicitors acting on behalf of a committee, as distinct from the Trustees of the school, to establish a playschool on the existing premises. This correspondence is under active consideration by officials in my Department. My officials will revert to the Solicitors in due course.

#### **Institutes of Technology.**

245. **Deputy Brian Hayes** asked the Minister for Education and Science if the funding required by the Grangegorman Development Agency for the delivery of the new DIT campus will be made available in 2009; the amount of funding required; and if he will make a statement on the matter. [42984/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** Section 12 of the Grangegorman Development Agency Act 2005 provides that following its establishment, the agency must prepare a strategic plan consisting of a written statement and a plan indicating the strategy for the development of the Grangegorman site and a budget for its delivery. The agency recently submitted a draft strategic plan and budget to my Department. They are being examined in my Department. As soon as this examination is completed, I intend to bring proposals to the Government for a decision on the way forward.

#### **Residential Institutions Redress Scheme.**

246. **Deputy Olivia Mitchell** asked the Minister for Education and Science the reason a school (details supplied) in County Cork is not included as an institution under the Residential Institutions Redress Act 2002; if it can be included at this stage; and if he will make a statement on the matter. [42990/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** The Residential Institutions Redress Board was established under statute in 2002. Under the terms of the legislation, the institutions to be covered by the terms of the scheme were listed on a Schedule to the Act. This Schedule initially contained 128 institutions.

In 2004 a further 13 institutions were added to the Schedule by Ministerial Order in accordance with the legislation. Again in 2005 an additional 3 institutions were added by Order. At that particular time, my Department, in consultation with other relevant Government Departments, having fully considered the question of adding additional institutions to the Schedule, concluded that no further institutions would be added to the Schedule. Since then, no further institutions have been added to the Schedule.

I would however like to point out that a person’s ineligibility to apply for and be considered for an award under the terms of the Redress Scheme does not effect their statutory right to pursue any other legal avenue which may be open to them.

#### **Teachers’ Remuneration.**

247. **Deputy Bobby Aylward** asked the Minister for Education and Science the reason for the delay in having payment made to a person (details supplied) in County Kilkenny who

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has been providing substitute teaching since September 2008 and to whom no payment has issued. [43000/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** The teacher referred to by the Deputy shall receive salary for the last fortnightly period this week. Arrangements are being made to have the outstanding payments owed to the person issued as soon as possible.

#### **School Staffing.**

248. **Deputy James Bannon** asked the Minister for Education and Science if discrimination on the grounds of physical disability is permitted in the recruitment of teachers in view of the fact that a person (details supplied) in County Longford who has a first class honours degree was offered a teaching position but had the job offer withdrawn when the school realised that the person has a disability; and if he will make a statement on the matter. [43014/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** The selection of teachers for appointment to state funded teaching positions is a matter for the employing school authority, which must take account of all appropriate legislation and agreed recruitment policies at Post-Primary level. My Department has no role in the selection process.

#### **School Books Scheme.**

249. **Deputy Frank Feighan** asked the Minister for Education and Science his views on the abolition of the book support scheme grant operated in designated disadvantaged schools; and the impact on low-income families. [43021/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** Notwithstanding the increase of €302 million in the Education budget for 2009, which is a real achievement in the current economic climate, a number of tough and difficult decisions had to be taken. These decisions included reductions on the aid for school books scheme which in the case of schools outside of the DEIS scheme will involve savings of approximately €7.5 million on current levels. Approximately €7 million was made available in 2008 to DEIS schools for the aid for school books scheme and this fund of €7 million will be made available for distribution to schools in the DEIS programme in 2009.

The DEIS action plan for educational inclusion focuses resources, both human and financial, on those primary and second-level schools serving communities with the highest concentrated levels of disadvantage. As a result of the identification and review processes which were managed by the Educational Research Centre on behalf of my Department, 876 schools have been included in the programme comprising of 673 primary schools (urban and rural) and 203 second-level schools.

250. **Deputy Frank Feighan** asked the Minister for Education and Science the cost of the book support scheme grant to approved second level schools in the years 1997 to 2007; and the projected saving. [43022/08]

The information requested by the Deputy on the cost of the School Book Grant at second level from 1997 to 2007 is as follows:

Year	
1997	€4.49m (IR£3.54m)
1998	€5.02m (IR£3.95m)
1999	€5.12m (IR£4.03m)
2000	€5.78m
2001	€5.97m
2002	€6.17m
2003	€6.36m
2004	€6.36m
2005	€7.02m
2006	€7.52m
2007	€7.94m

In framing the budget, a range of very difficult policy choices had to be faced by the Government across all areas of public expenditure, including in the field of education. While education remains a priority for the Government, it has been necessary to curtail expenditure in some areas. One such area is the school book grant. From 2009 this grant will be available only to schools within the DEIS scheme. At second level, by limiting the school book grant to schools within the DEIS scheme savings of approximately €4.75m will be achieved.

DEIS (Delivering Equality of Opportunity in Schools), is the action plan for educational inclusion and focuses on addressing the educational needs of children and young people from disadvantaged communities. Approximately €7 million was made available in 2008 to DEIS schools at primary and post-primary level for the school book grant scheme and this fund of €7 million will be made available for distribution to schools in the DEIS programme in 2009. The continuation of the school book grant to these schools is testament to the Government's determination to prioritise social inclusion and protect the most vulnerable in our society.

My Department continues to urge schools to implement book rental schemes as a measure to minimise the cost of school books to all parents. This was the recommendation of a consultancy report, submitted to my Department in 1993, which dealt with the factors which contribute to the cost of school text books. The report, copies of which were sent to all schools, contains a number of useful suggestions, including a Code of Good Practice for successful operation of book rental schemes. My Department fully endorses the report's recommendations.

### **Schools Building Projects.**

251. **Deputy John Deasy** asked the Minister for Education and Science the estimated cost of the planned new 24-classroom school and ancillary accommodation approved for a school (details supplied) in County Waterford; and if he will make a statement on the matter.  
[43028/08]

**Minister for Education and Science (Deputy Batt O'Keeffe):** My Department has approved a new 24 classroom school and ancillary accommodation for the school to which the Deputy refers. This project is currently at Stage 2b of the architectural planning process (detailed design). As a matter of policy, my Department does not provide cost estimates for individual projects as this might prejudice the tendering process. Further progression of this project will

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be considered in the context of my Department’s Multi-annual School Building and Modernisation Programme.

### **Departmental Expenditure.**

252. **Deputy Brian O’Shea** asked the Minister for Education and Science his proposals to meet the concerns of a person (details supplied) in County Waterford regarding the education cuts in budget 2009; and if he will make a statement on the matter. [43076/08]

**Minister for Education and Science (Deputy Batt O’Keeffe):** The 2009 Budget required difficult choices to be made across all areas of public expenditure. These decisions were made to control public expenditure and to ensure sustainability in the long run. In this respect, Education while protected to a much greater extent than most other areas of public expenditure, could not be totally spared. The various impacts at school level were included in the Budget day announcements. Even with the Budget measures in place, there will still be a significantly increased borrowing requirement in 2009. From 2009, the book grant will be available only to schools within the DEIS (Delivering Equality of Opportunity in Schools) scheme. By limiting the school book grant to schools within the DEIS scheme, savings of €7.5m will be achieved.

DEIS is the action plan for educational inclusion and focuses on addressing the educational needs of children and young people from disadvantaged communities. Approximately €7 million was made available in 2008 to DEIS schools at primary and post-primary level for the school book grant scheme; this fund of €7 million will be made available for distribution to schools in the DEIS programme in 2009. The continuation of the school book grant to these schools is testament to the Government’s determination to prioritise social inclusion and protect the most vulnerable in our society.

My Department continues to urge schools to implement book rental schemes as a measure to minimise the cost of school books to all parents. This was the recommendation of a consultancy report, submitted to my Department in 1993, which dealt with the factors which contribute to the cost of school text books. The report, copies of which were sent to all schools, contains a number of useful suggestions, including a Code of Good Practice for successful operation of book rental schemes. My Department fully endorses the report’s recommendations.

My Department will be advising individual schools in the normal way in relation to their staffing and grant allocations. The preparatory work for this has commenced with the processing of enrolment data that has been received from schools. The staffing allocation processes, including notification to schools, will commence early in the New Year. The allocation process includes appellate mechanisms under which schools can appeal against the allocation due to them under the staffing schedules. In addition to the mainstream classroom teachers, my Department also allocates teaching resources to schools for special needs and language support. The final allocation to a school is also a function of the operation of the redeployment panels, which provide for the retention of a teacher in an existing school if a new post is not available within the agreed terms of the scheme.