

DÁIL ÉIREANN

Dé Céadaoin, 10 Meitheamh 2009.
Wednesday, 10 June 2009.

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

Paidir.
Prayer.

Leaders' Questions.

Deputy Enda Kenny: Will the Taoiseach indicate how many jobs will be saved by the €4 billion injection into Anglo Irish Bank? How much extra lending will be made available to small business arising from the injection of €4 billion that he proposes to put into it?

The Taoiseach: There is a purpose to the injection into Anglo Irish Bank of up to €4 billion and any alternative approach would be far more negative for the taxpayer. It is important that we ensure this bank, which is of systemic importance in financial terms to the financial system of the country, is allowed to restructure and to de-leverage. We must ensure we minimise the exposure to the taxpayer. Alternative approaches would greatly increase the exposure to the taxpayer in that respect. On the question of jobs being saved, it is important that we have a viable financial system such that we maintain the 1.8 million jobs in this country. This is in the context of Anglo Irish Bank's future, outlined by the executive chairman, and the need to restructure the bank and reduce its costs internally also.

Deputy Enda Kenny: That is typical; the Taoiseach did not answer either question. He was asked how much extra lending would be made available to business as a result of a €4 billion injection into Anglo Irish Bank and how many extra jobs would be saved. The answer, of course, is none. This situation is rotten to the core. The Taoiseach proposes to put in €4 billion, for which taxpayers will pay some levies or charges, to keep the bank alive. The Taoiseach told us this was a systemic failure.

Last September, the Minister for Finance came before the House and stated there was no run on Anglo Irish Bank. We now know that there was a serious run on Anglo Irish Bank. The Taoiseach told the House there were no capital shortages in Anglo Irish Bank. We now know there were serious capital shortages in Anglo Irish Bank. We also know there are ten persons, unnamed, who have loans there of €30 million each. We also know there were serious irregularities in the way business was done. This situation is rotten.

The Taoiseach proposes to seek consent from Europe to put €4 billion into this bank. I speak on behalf of the thousands of businesses all over the country where jobs are being lost this morning, were lost yesterday and will be lost tomorrow, where lending facilities cannot be or are not being made available to them and where jobs are being squeezed as a consequence, and I speak on behalf of the taxpayer. The Taoiseach and his people have sat down with Anglo Irish Bank and discussed the situation with them. He has proposed putting in €4 billion now,

[Deputy Enda Kenny.]

to be followed by a further €3 billion at some time in the future. On behalf of the taxpayer, the jobseekers and workers and the business people of the country, I want to know how much lending will be leveraged as a consequence of the €4 billion going into Anglo Irish Bank and how many jobs will be saved as a consequence? He is the Taoiseach and is supposed to know these things. He has the information from his officials, his Ministers and Anglo Irish Bank and I ask him to tell the House what is the situation. What is the story?

The Taoiseach: I have explained what the story is. If Deputy Kenny does not know what the story is, then he should know.

(Interruptions).

An Ceann Comhairle: Deputy Kenny was listened to in respectful silence and the Taoiseach must be extended the same courtesy.

Deputy Seán Barrett: If the Taoiseach would speak with respect.

An Ceann Comhairle: He must be extended the same courtesy because this is a democratic forum. The Taoiseach, without interruption.

The Taoiseach: What is clear is that on 29 May the bank published its half-yearly accounts for the period to the end of March of this year. These showed a pre-tax loss of over €4 billion, mainly due to a write-off of some of the loan book. That represented a significant deterioration in the bank's position since it was nationalised in January and its assessment has been confirmed by PricewaterhouseCoopers and subject to stress-testing similar to the exercise carried out on Bank of Ireland and AIB.

I remind Deputy Kenny that it is very simple. The question of support for this bank is important in order to minimise the exposure to the taxpayer——

Deputy Seán Barrett: What about the accounts in September 2008? They were totally false and the Taoiseach should know that.

An Ceann Comhairle: We cannot allow that. Deputy Barrett has no entitlement whatsoever to intervene. We are on Leaders' Questions and the Taoiseach must be extended the same courtesy as that extended to Deputy Kenny.

The Taoiseach: The decision to nationalise Anglo Irish Bank was a last resort for protecting both customers of Anglo Irish Bank, who were substantial employers in all sections of the economy, and also for ensuring that the remainder of the Irish financial system could access the funding that provides credit to all businesses, including our small and medium-sized enterprises.

Anglo Irish Bank's business customers are in all sectors of our economy, supporting jobs in tourism, retail, commercial and small and medium-sized enterprises. This is the first injection of capital into Anglo Irish Bank and will need EU clearance. That is the position.

Deputy Paul Connaughton: A big injection.

Deputy Enda Kenny: We do not know the ten names.

The Taoiseach: The priority with regard to this bank is clearly that it recovers to the greatest extent possible the loans it has advanced. As a nationalised bank, the Government must ensure that it is supported in that effort.

Deputy Paul Kehoe: Did Seánie give the Taoiseach that script?

The Taoiseach: If Deputy Kenny has an alternative approach——

Deputy Enda Kenny: I have.

The Taoiseach: The alternative approach suggested by Deputy Kenny is to default all around, destroy the credibility of our banking system and——

(Interruptions).

Deputy Enda Kenny: That is the comment of a desperate Taoiseach.

The Taoiseach: No, it is not.

An Ceann Comhairle: Allow the Taoiseach to finish.

The Taoiseach: The comments from Deputy Kenny, with respect, have been consistently irresponsible on this matter.

Deputy Enda Kenny: The Taoiseach will not tell us about the cover-up that is going on.

A Deputy: Take the stress test.

An Ceann Comhairle: I call Deputy Gilmore, without interruption.

Deputy Paul Kehoe: It is Seánie's script. Green after you.

Deputy Eamon Gilmore: Last Friday week, 29 May, the Friday of the bank holiday weekend and the day after the House adjourned for the break for the elections, and at a time when the country was preoccupied with another matter much in the public domain, the Government decided to put €4 billion into Anglo Irish Bank. The day after, we heard that Anglo Irish Bank was looking for another €3.5 billion on top of that. This is a bank which, frankly, is a financial cesspit. We have already heard about the extent to which this bank gave loans to its own directors and to other people to buy shares in the same bank, and arranged a back-to-back loan with another financial institution to make its financial position look healthy at a time when it was anything but. Yesterday, the current chairperson of the bank told an Oireachtas committee that the bank had given loans to some of its senior managerial staff to become players in the property market.

This bank is now owned by the State and the Government is responsible for it. How much was loaned to the senior managerial staff or does the Taoiseach know? How many senior managerial staff were involved in these loan arrangements? Are they still in place and for what were the loans extended?

What is the Government's bottom line with regard to the bank? It has put in €4 billion now and the bank is looking for another €3.5 billion. Some commentators are saying that the amount the bank may require from the State may be considerably in excess of those figures. This bank is not systemic. It has not lent a cent to anybody, other than its existing clients, since last September. What is the Government's bottom line? How deep is the hole going to be for the taxpayer with regard to this bank?

I remind the Taoiseach that the day the Government made the decision to put €4 billion into Anglo Irish Bank was the same day that every monthly-paid employee in this country had

[Deputy Eamon Gilmore.]

their pay-packet raided with levies, including health levies and so on, to pay for the financial mess that the country is in now. What is the bottom line and how far is this going to go?

The Taoiseach: We hold no brief for any bad governance in this bank and we have nationalised it as a matter of last resort. We will seek to ensure that it is restructured and will be leveraged over the coming period so that the exposure to the taxpayer is minimised and protected to the greatest extent possible.

Deputy Joe Costello: That is the maximum exposure possible.

The Taoiseach: With regard to the capital injection of €4 billion by the Government, this was to help the bank's capital position to enable it to buy back certain debt instruments at less than their par value and which will help its capital position. This measure is similar to that announced by a number of banks. Details of the buy-back will be finalised in the coming weeks.

The board is finalising a business plan and this will include scaling down the balance sheet, reducing the cost base and reducing risk concentration. The board is also recruiting a new management team to be led by an externally appointed chief executive officer.

I wish to make an important point that the alternative to the Government's decision would have, in my opinion, left the taxpayer open to a far wider potential exposure. We made those decisions because of the need to provide a capital injection to the bank and they are the right decisions. The reason we should do this is to ensure that the financial system in this country is seen to be operational and working.

On the question of loans to directors, a total of €31 million of the total of €4.3 billion impairment charge in the first half-year accounts was attributed to loans for former directors. There have been no write-offs of these loans and the bank will seek full repayment. Two serving directors have loans from Anglo Irish Bank but they are performing fully. The chairman of the bank has confirmed that senior staff have loans from the bank which are now impaired. Anglo Irish Bank will deal with these impaired loans in exactly the same way as any other customer to ensure maximum recovery of these loans. The bank expects that these loans will be repaid in full. Any conflict of interest will be addressed by the bank's internal decision-making process.

Deputy Eamon Gilmore: This reply does not answer any of the questions I asked. I suggest the Taoiseach try again with regard to the staff. How many senior staff have loans from this bank? How much are these loans and for what purpose were they to be used? The House is entitled to know this information. If senior managers, who presumably were the people making decisions on a day to day basis about loans and the way in which the bank was being run, had loans extended to them by the same bank in circumstances in which the taxpayers have already committed €4 billion to it, we are entitled to know how many senior managers were involved in this arrangement, what the loans were for and how much they cost.

Second, I wish to know what we are liable for here. The Government does not have money. I was in Crumlin Children's Hospital which has closed a ward and it is the same story in hospitals all over because money cannot be provided to keep essential health services going. Money is not being made available for the building of schools that are needed. There are children in temporary classrooms and children with special needs are having their classes taken away. We are in a set of circumstances where the Government does not have money for anything except, apparently, banks. In that context a sum of €4 billion is a lot of money.

How much more this will cost. We know already that the bank is looking for an additional €3.5 billion on top of the €4 billion and the sum may get bigger. Given the Government decision to put €4 billion into this bank is there a bottom line or will this bank be a bottomless pit for the taxpayer? We should be told.

The decision to put this money into the bank happened on the Friday of a bank holiday weekend and we have not had an opportunity to have any account for it here in the House since then. We need direct answers. I seek factual answers from the Taoiseach but no outline of the alternatives. I am not looking for political roustabout. I want direct answers with regard to the loans made to the senior managers and about the extent to which the public purse, the taxpayer, the people of this country and future taxpayers will be indebted for what went on in this bank.

The Taoiseach: I indicated to the Deputy it is important to point out that a capital injection of €4 billion into this bank was required in order to ensure that the capital position of the bank was such that it can continue until we can arrange for restructuring and can devise a new business plan for the bank. If the suggestion implied in——

Deputy Eamon Gilmore: It was only a question.

The Taoiseach: I know that. I want to explain, as I am entitled to do. The Deputy suggested that we are simply——

Deputy Eamon Gilmore: I asked a straight question.

(Interruptions).

The Taoiseach: I must be allowed answer the question.

An Ceann Comhairle: The Taoiseach must be allowed to answer the question.

The Taoiseach: I wish to answer the question in the following way, if I may, because the suggestion was that there was €4 billion available to go into a bank which might have gone everywhere else. The suggestion was that we just decided to support a bank rather than supporting public services. The answer is that we have to support the financial system in this situation because the alternative of winding up the bank or allowing it to be wound up would expose the taxpayer to a far greater liability.

Deputy Bernard J. Durkan: How does the Taoiseach know this?

The Taoiseach: It would be a far greater liability because the level of deposits in the bank are up to €64 billion. One must understand what the alternatives are in these situations. If the suggestion is, as some people have it, that we should let everyone swing and let the bank go that would leave the State open to a possible exposure of up to €60 billion. That is the situation and we could not contemplate that because that would all crystallise on the basis of such a decision.

Deputy Brendan Howlin: It goes back to a previous decision.

The Taoiseach: There is a great deal of irresponsible talk here, with respect, in order to make the populist contention that in respect of this bank we are trying to prefer powerful interests in banks rather than looking after the affairs of the country.

Deputy Eamon Gilmore: Answer the question.

The Taoiseach: We want to look after the affairs of the country and we need a financial system and a viable banking system to do so. All decisions we have taken with regard to all banking matters are, first, about protecting the exposure of the taxpayer to the greatest possible extent and ensuring we have a viable banking system for the future.

Deputy Simon Coveney: It is not a viable bank.

Deputy Emmet Stagg: What about the question?

The Taoiseach: Concerning the other question raised by Deputy Gilmore, I stated that €31 million of the total €4.3 billion for the half-year accounts was attributed to former directors.

Deputy Eamon Gilmore: That was not the point.

The Taoiseach: I made the point that two serving directors have loans from the bank.

(Interruptions).

The Taoiseach: I also suggested, and the chairman has confirmed, that other senior staff at Anglo-Irish Bank have loans from the bank which are now impaired.

Deputy Joan Burton: How much?

An Ceann Comhairle: Allow the Taoiseach finish.

The Taoiseach: If I had the information before me I would give it to the Deputies if it were in line with——

Deputy Brendan Howlin: Why does the Taoiseach not have it?

The Taoiseach: ——with banking terms. The chairman was before the Joint Committee on Finance and the Public Service yesterday and gave full information as far as he was in a position to provide it.

(Interruptions).

Deputy Joe Costello: Open the bank.

The Taoiseach: I want to make it abundantly clear——

Deputy Joan Burton: The chairman said he was constrained.

The Taoiseach: I am sorry. I am entitled to answer the question.

An Ceann Comhairle: The Taoiseach is entitled to answer the question.

The Taoiseach: I want to make it abundantly clear that the total amount in respect of that was €31 million of the €4.3 billion.

Deputy Eamon Gilmore: That refers to the directors.

(Interruptions).

An Ceann Comhairle: Sin deireadh le Ceisteanna ó Ceannairí inniu. That is the end of Leaders' Questions for today.

Confidence in Government: Motion (resumed).

Debate resumed on the following motion:

That Dáil Éireann reaffirms its confidence in the Government.

— (The Taoiseach.)

Deputy Jan O'Sullivan: In resuming the debate, my first point is that the Taoiseach's response to Leaders' Questions is a very clear indication of the totally irresponsible decisions made, particularly with regard to the banks' guarantee, which clearly has left the entire country in a state of hock to a zombie bank.

Perhaps the Ceann Comhairle might protect me so that I can continue my contribution.

An Ceann Comhairle: I ask Deputy O'Sullivan to hold for one moment. We must have silence while the Deputy is making her contribution. The lobbies must be cleared. We cannot have side-bar discussions. I have said as much several times.

Deputy Jan O'Sullivan: The replies given by the Taoiseach in response to Leaders' Questions are a very clear indication of the total inability of this Government to run the country. The fact is that €4 billion of taxpayers' money, probably an extra €3.5 billion and quite likely a great deal more money is now going into a completely zombie bank which has no customers apart from those that were there prior to last autumn. That money is provided at the expense of the taxpayer and there is no money for essential services that are needed. We are talking about €4 billion put into a zombie bank while €9.6 million is needed by Crumlin Children's Hospital to provide essential services for children and €16 million is needed for a vaccine to protect women from developing cervical cancer. I might add child and adolescent psychiatric teams and beds because children are now in adult psychiatric hospitals. There are 6,000 children at risk who do not have a social worker and 8,000 children are at risk who have not even had a preliminary assessment. Special needs teachers are gone. The numbers of children living in consistent poverty are increasing.

We clearly have a totally incompetent Government that should go now. This Government got its mandate under entirely false pretences. It was the Taoiseach, then the Minister for Finance, Deputy Cowen, who turned around that election in the last week of its campaign because he argued that Fianna Fáil could run the economy better than anybody else. That has proved to be spectacularly untrue. That mandate was given by the people under false pretences and they clearly recognised as much by the result they gave in the local and European elections and in the by-elections last week.

It is clear this Government does not have a mandate. Since the general election it has been running the economy and there has been a haemorrhaging of jobs. From May 2008 to May 2009 the live register increased in numbers from 207,000 to 402,100. The Government stood back and watched that happen. It stood back as small firms went to the wall for lack of credit. It set up the bank guarantee which put taxpayers' money at the mercy of reckless speculators, incompetent and corrupt banks and lap-dog regulators. While all that was going on the real economy and the real society have suffered. Small sums of money, such as I have indicated, would have made all the difference while billions were advanced to bail out banks.

[Deputy Jan O'Sullivan.]

We watched this happen and 400,000 people are now on the live register. I have met many of them and have talked to the Dell workers who lost their jobs. There is still no application from Government in respect of the globalisation fund available from Europe. There is still no system in place whereby funding can be applied for which has been made available from Europe for small businesses. No bank is applying for it. The Government has put in place the bank guarantee, but we still have no mechanism for applying for that funding.

Accusations were made by Members on the Government side yesterday, including a display the like of which I have never seen by the Minister for Arts, Sport and Tourism, Deputy Martin Cullen. He showed a total lack of understanding of how the people feel. Suggestions were made that this side of the House had no policies. Clearly, the Government has not looked at the policies that have come from this side. The Labour Party has put forward a number of proposals, particularly proposals focused on the retention of jobs. We also put forward pre-budget proposals on how we would stem the fiscal problem, including having the courage to propose a higher rate of tax and a cap on the amount that can be earned in the public service.

We have also put forward proposals for the social economy. For example, in 2002, the Labour Party was the first party to propose universal health insurance. The estimated cost at that time for introducing a full universal health insurance system was £5 billion. When that is translated into euro and upgraded to current values, it amounts to far less than the €16 billion currently going into the health budget, which is clearly being misspent as can be seen from our malfunctioning system. The sooner the Opposition parties get into government and introduce a fair and equitable universal health insurance system, the better for the people. The sooner too that the Minister for Health and Children, Deputy Mary Harney, leaves the Department, the better for the people. The Labour Party has also proposed reform of the HSE and its proposal shows courage by including removing layers of management and providing for voluntary redundancy and redeployment.

The Government has argued that the Opposition has not put forward realistic proposals, but that is not the truth. We are ready to go into government. We have alternative plans and a clear vision of how the country can, in time, be led out of the trouble it is in at present. We have seen no leadership or sense of direction from the Government. The mandate given by the people to Fianna Fáil in the general election on the basis that it was the best party to run the economy was turned around last week. We only have to look at the state of the economy today to see that banks are being bailed out with billions of euro while our children are being failed and cuts across the system are hurting children, the vulnerable, the weak and the sick. That demonstrates a failed Government. The people said this clearly in the recent local elections. It is time for the Government to go.

Deputy Seán Sherlock: Will the Government admit the existence of a political, social and economic morass, at the bottom of which lies the Fianna Fáil Party? The culture created and nurtured over the past ten years has done much damage to this country's reputation abroad and has created a cynicism about politics and the political class. It will take years for any restoration of the notion of public service or for the notion that democracy is fundamentally good and should be cherished.

We are now in a situation where the rating agency, Standard & Poor's, has changed our designation from AA+ to AA. One may have certain views on the nature of rating agencies and their methodologies, but that rating sends a signal to the rest of the world that Ireland is not a place in which to do business or in which to invest, but a country where the political and economic circumstances are such that inherent or structural economic flaws mean it is not

conducive to investment. The reason for this is that the political and economic situation is currently so negative that nobody wants to touch the country with a barge pole. Until there is a change of the guard and the political regime, we cannot hope to restore some semblance of confidence, internationally, economically and politically. That is the reason the Labour Party supports a vote of no confidence in the Government.

Will the Government admit that over the past decade the economy was built on a false edifice that has now come tumbling down like a ton of bricks? The architects of this false edifice were the Fianna Fáil Party. Ireland needs to recover economically and to recover faith in the political system. The people cast their votes in the local and European elections to send a message to Fianna Fáil that its regime and days are numbered. The people have registered their disgust with the Government not only because they feel that the Fianna Fáil model of governance has failed us, but because they now want a change of the guard. They want to see a restoration of a model of governance that is based on the fundamental principle of service to all of the people, not just the few.

It will take a new political reality to restore the notion of public service. The past ten years have seen the unhinging of economics from society. My colleague, Deputy Michael D. Higgins, summed it up when he said the public had been reduced to the level of spectator as the economy is analysed as something separate from society. It will take a new, centre of left government to have a new discourse and make things different. That is the reason we support a vote of no confidence in the Government. We seek change and to inject a new positivism into the political sphere. The Government will, probably, defeat us with its motion, but it is vital that we in opposition lay down a marker on behalf of the people who voted in recent days to get the Government out. It is right that those people have their voices echoed by us on this motion.

The Labour Party leader, Deputy Eamon Gilmore, stated yesterday that the Fianna Fáil Government allowed our economy to become so reliant on the construction sector that in 2006 one in every four men in the labour force was working in it. Now, almost one in eight people in our labour force is on the dole, a massive rise in unemployment which has rippled out of the collapsing construction sector. The Fianna Fáil Government at best turned a blind eye, while the banks and big developers grew the property bubble to bursting point. The people have paid for this type of cynical politics. They will no longer continue down this path. They are sick of the current regime. It is an ailing and failed regime and we must restore a proper one.

By their actions this past weekend, the people have sent a message that the Fianna Fáil way is no longer the way to run a country. That way is no longer tenable and we can no longer afford it. Fianna Fáil has moved to a situation where it has almost bankrupted the country. It can no longer be trusted on the economy. It has not got a clue. With some €64 billion in deposits in Anglo Irish Bank, the Irish taxpayer, not the Government, is now the lender of last resort. That is the regime created by Fianna Fáil, but it has no shame about it. It comes out day in and out and defends its position. Those in the Fianna Fáil Party will no longer take responsibility for their actions. They will not confess to the fact that they could not run the economy properly and have run it into the ground. That has always been the Fianna Fáil way. They are interested in power for the sake of power and not in public service or the people. We want a changing of the guard so that we can inject positivity into politics once more, restore some degree of what it means to be a public servant and walk through these halls with pride, knowing the people outside know we are doing something good and performing a public service. They should be ashamed of themselves.

Minister of State at the Department of Health and Children (Deputy Barry Andrews): With the permission of the House, I will share my time with Deputies John Moloney, Seán Haughey and Billy Kelleher.

An Ceann Comhairle: Is that agreed? Agreed. Each Deputy will have five minutes.

Deputy Barry Andrews: I support the Government's counter-motion. First, I will address some of the issues raised by Deputy Sherlock, as he leaves the Chamber. He says there has been an undermining of politics in the country. Fianna Fáil and the Green Party had a bad election. However, let us think about politics. People came out in record numbers, for various reasons and motivations.

Deputy Alan Shatter: The Government provided them with an incentive.

Deputy Barry Andrews: I make this point to contradict the view the politics is undermined. Ireland had, probably, the highest turnout in Europe for the European and local elections.

Deputy Jan O'Sullivan: They came out to vote against the Government.

Deputy Barry Andrews: I challenge the view that politics is undermined. Outstanding candidates from all parties presented themselves on the ballot paper for the first time and endorsed, by their courage, the political system. What Deputy Sherlock said is nonsense.

Deputy Sherlock should also be careful when he interprets the outcome for the Labour Party. Support of 14% is not a massive endorsement, given that we are in the teeth of the worst economic storm the country has ever experienced.

Deputy Jan O'Sullivan: Three MEPs. That is not bad.

Deputy Barry Andrews: Only 14% of the people voted for Deputy O'Sullivan's view of the world. She should not get carried away with the idea that this is a tidal wave of support and for the soothing words which provide balm for the obvious pain people are suffering.

Deputy Jan O'Sullivan: Still in denial.

Deputy Barry Andrews: People are suffering pain. We have said people's incomes will be affected by the changes that are occurring. The Labour Party may provide soothing words and present a false juxtaposition, criticising the Government for recapitalising the banks and complaining that social services are inadequate.

Deputy Jan O'Sullivan: We presented very clear policies.

Deputy Barry Andrews: They should say that to President Obama or Prime Minister Browne, who are capitalising banks in the US and the UK——

Deputy Jan O'Sullivan: They did not guarantee like the Government did.

Deputy Barry Andrews: ——or tell the European Central Bank about our inadequate social care services. It makes no sense. It is cheap and empty political rhetoric.

Deputy Jan O'Sullivan: That is untrue.

Deputy Barry Andrews: That is why they have only 14% support.

Deputy Jan O'Sullivan: The Minister of State is still in denial.

Deputy Barry Andrews: People are sophisticated enough to see through it. We accept that we had a bad election but the Labour Party does not understand that the people of Ireland know that the alternative Government, such as it is, is incoherent. There are two Oppositions

in this Parliament, Fine Gael and the Labour Party. In the previous Dáil the Mullingar accord set general principles and approaches. That is gone and there are now two Oppositions. I suspect that Deputy Kenny, when he rashly decided to table this motion of no confidence, was afraid Deputy Gilmore would table one first. So, the debate on the Ryan commission report is delayed. It is naive and disingenuous to suggest it is the Government's fault that people are bringing a petition to the House today, knowing the promised debate on the Ryan report will not take place until tomorrow.

Deputy Alan Shatter: The Government ordered this debate for today. It is disgraceful that the Minister of State with responsibility for children should mislead people on that issue.

Deputy Barry Andrews: We have two Oppositions in a race to the bottom of Irish politics to find the lowest common denominator of political accountability.

Deputy Alan Shatter: This is an example of the type of political morality which Fianna Fáil dabbles in.

Deputy Barry Andrews: That is wrong. That is why there is a notorious incompatibility between these two parties.

Deputy Alan Shatter: The Minister of State should show better judgment.

Deputy Barry Andrews: Their incompatibility is not only on nationalisation, where the Labour Party wants to create 40,000 extra public service workers by nationalising all the banks. Does anyone in Fine Gael think that could be done?

Deputy Jan O'Sullivan: Temporarily.

Deputy Barry Andrews: Even temporarily, no one in Fine Gael agrees with that. That is a fundamental question when we are talking about an alternative Government.

Deputy Jan O'Sullivan: We are two separate parties.

Deputy Barry Andrews: Let us consider social partnership. A picture of the Labour Party leader is hanging from Liberty Hall on an 80 foot banner fluttering in the wind, while Fine Gael promises public sector reform. How will they square that circle? That is why people did not buy into the Labour Party's view of the world. That is why I warn them not to be so arrogant as to think the election result provides the political arithmetic to allow the Opposition to form a Government.

Who is Deputy Enda Kenny to tell the Government it does not have a mandate? Before the local and European elections he flirted with Sinn Féin. This is the same man who said releasing the killers of Garda Jerry McCabe would undermine the office of Taoiseach. Political expediency is one thing but blatant hypocrisy of that order is another.

It is not enough for the Government to say the alternative is inadequate. We are confident that we are doing the right things. Fine Gael is tired of hearing we are taking tough decisions, but we are doing so. While canvassing, I heard on the doorsteps that public sector workers think we are being hard on them while those in the private sector think we are not being hard enough on the public sector. That might indicate that we are taking the fairest decisions for the future of the economy.

Minister of State at the Department of Education and Science (Deputy Seán Haughey): I am pleased to have the opportunity to speak on this counter-motion of confidence in the

[Deputy Seán Haughey.]

Government. There is no doubt that Fianna Fáil and the Green Party had a bad election. However, it would not be in the national interest for the Government to resign now. That would compound the problems facing the country at this time. It is the duty of the Government to take decisions and to govern and not to shirk its responsibilities. By resigning now, the Government would be reneging on its responsibilities.

Any alternative Government which would come to power after a general election would face the same problems which the current Government is facing. It is wishful thinking to say those problems would disappear with a general election.

We all remember the crisis in the public finances in the 1980s. It was not until 1987 that a Fianna Fáil Government came to power, dealt comprehensively with those problems and brought about measures to stimulate economic recovery. The time for action is now. Any undue delay in dealing with the problem in the public finances would be catastrophic. The lessons of the 1980s must be learned. Economic recovery will be delayed by many years if we do not take the necessary action to deal with the current crisis.

Even if the Opposition gets its way and an election is called, there is no guarantee of its outcome. It could produce the uncertainty of a hung Dáil. In the 1980s, there were three general elections in 18 months and no party received a mandate to govern. There is a real danger of a hung Dáil and a repeat of the political uncertainty we experienced then. The last thing the country needs is a general election.

Many of those who make the false claim that the current Taoiseach does not have a mandate belittle, undermine and demean the role of Dáil Éireann, which alone has the authority to elect a Taoiseach. An Taoiseach, Deputy Brian Cowen, is the duly elected Taoiseach of the country and has a mandate to govern. It is amusing to recall that many of those now making those spurious and false claims served in the Deputy John Bruton led Government in the 1990s, which took office mid-way through a Dáil term without recourse to a general election. On the formation of the first Inter-Party Government in 1948, Dáil Éireann elected a Taoiseach who was not leader of one of the contracting parties. If one were to follow the ridiculous reasoning of Deputies on the Opposition benches, one would ask where was the mandate from the people for that Taoiseach given that he did not fight the preceding election as a Taoiseach in waiting. I, like other Deputies, knocked on many doors in recent weeks. The issue raised on doorsteps was not the quality of leadership provided by the Fianna Fáil Party but the absence of real leadership from the Opposition.

I support the motion of confidence in the Government and reject the counter-motion of no confidence tabled by the Fine Gael Party. The Government is taking corrective measures. If Fine Gael and the Labour Party were able to cobble together a coalition Government, it would, by its very nature, be characterised by ideological conflict. Speaker after speaker on the Government side have noted how diametrically opposed are the Opposition parties on fundamental issues of concern, for example, the public finances, banking sector, public sector, health reform and so forth. An alternative Government led by Fine Gael and the Labour Party would not be able to produce a comprehensive programme for Government to address the serious issues facing the country.

I wholeheartedly support the motion of confidence in the Government and have no doubt a majority of Deputies will support it this evening.

Minister of State at the Department of Enterprise, Trade and Employment (Deputy Billy Kelleher): I welcome Deputies George Lee and Maureen O'Sullivan to the House and wish them well in their role as public representatives.

The decision to table a motion of no confidence was taken at a time of palpable excitement and joy in the Fine Gael Party following the election results it recorded on Friday last. Tabling such a motion on foot of a good election is akin to a man who has a good wedding night deciding to marry again on the following Tuesday. Unfortunately, the second night is never as good as the first.

Deputy Alan Shatter: The Minister of State must lead a disappointing life.

Deputy Billy Kelleher: The motion of no confidence is nothing more than theatrics arising from the results of the recent elections. Much of the debate in the House has been disingenuous. In recent times, the Dáil has held debates on the economy and serious challenges facing the country. The Government has not shirked from its responsibility to address these issues, nor has it denied Deputies an opportunity to speak about the challenges facing us or the Opposition an opportunity to make proposals or express ideas. We did this to ensure we could pick the best brains in the Dáil.

The motions before us give Deputies an opportunity to examine the proposals being made from the Opposition benches. It is evident that Fine Gael and the Labour Party take diametrically opposed positions on the fundamental issues facing the country in this time of crisis. The banking issue is only one such example. On 29 September 2008, the Government had to make a key decision on whether to provide a guarantee to the banks of systemic importance to the State. Having deliberated, it made its call. From the contributions of Labour Party and Fine Gael Deputies, it is clear that a Cabinet composed of members of these parties would have failed to reach an agreement on how to address the fundamental issue of providing a guarantee to the banks in the national interest.

Deputy Gilmore, in raising the banking issue again during Leaders' Questions this morning, put forward the simplistic argument that the Government is recapitalising the banks by taking money from other areas. Every Member of the House, including Deputy Gilmore, is aware of the fundamental importance of the banks. We cannot allow one bank to fail but decide to save others. As many people in the United States will now admit, the biggest mistake made in their country in recent times was to allow Lehman Brothers to fail. The reason was the domino effect the collapse of the bank had elsewhere. One cannot isolate one bank and allow it to fail in the belief that other banks will survive. Allowing Anglo Irish Bank to fail would have drawn on the bank guarantee.

Simplistic arguments have been made in the debate on the most fundamental issue facing the country, one which affects us on a number of fronts. While we all accept there was an over-reliance on the property market, we did not hear many Deputies complain at the time. The policy documents and manifestos published by the Opposition parties prior to the 2007 election show they proposed to spend all revenue raised from the property boom. The Opposition did not issue warnings about over-reliance on the property market and was instead happy to spend all the tax revenues expected from continued price increases in the property market.

Deputy Jan O'Sullivan: The Labour Party consistently called for the abolition of incentives for property development.

Deputy Billy Kelleher: To argue that the Opposition parties possessed a font of knowledge on this issue is factually incorrect because their predictions on growth were wide of the mark. The economic position has changed fundamentally. Ireland's vulnerable position is due to developments in the international economy and internal difficulties and dynamics with which we must contend.

[Deputy Billy Kelleher.]

The motions before the House provide an opportunity to express confidence in the Government. Last week, in their excitement, certain political parties appeared to believe they had won a general election. Opposition Deputies should read *Bunreacht na hÉireann* from time to time to learn how Governments are formed. The motion of no confidence besmirches the sovereignty of the House.

In 2007, the Government sought and received a mandate, which it will see through. We are honour bound to ensure that in these most challenging of times the country rides out the storm. The Government will not do so to cling to power but to ensure coherent policies are in place to enable the country to get through this difficult period.

It does not give me confidence to note the inadequacies of the Opposition. I would prefer a cohesive Opposition with genuinely coherent and compatible policies. At least then, we could have worthwhile debates. The problem, however, is that the Opposition parties have been moving further and further apart in recent months with every policy document to emerge. The Mullingar accord may have brought Fine Gael and the Labour Party closer together but this is no longer the case.

I have full confidence in the Taoiseach and Government's ability to fulfil its mandate and, more important, produce policies which will take us through these challenging times.

Minister of State at the Department of Health and Children (Deputy John Moloney): I, too, extend a warm welcome to Deputies Maureen O'Sullivan and George Lee. I was not present in the Chamber when the Deputies received an official welcome, although I met Deputy Lee in a corridor.

I welcome the motions before the House as they afford the Government an opportunity to explain its position. While I will always campaign for the Fianna Fáil Party, I do not believe my party should be in government for the sake of it. I hope that over the remaining three years of this Dáil the Opposition parties will produce an alternative policy, rather than one based on opposing with the sole purpose of driving the Government from office.

Having campaigned in my locality in recent weeks, I know people are demanding that the Opposition produce a clear set of policies, comparable to that produced by the Government. This would allow people to arrive at a decision. One cannot expect them to buy in to the view that Fine Gael and the Labour Party offer an alternative when each party provides a distinct set of policy proposals. Until the main Opposition parties are able to show us a single, joint alternative policy, I will have no difficulty opposing motions of no confidence in the Government. The position adopted by the Opposition parties lacks integrity because their opinions and policies differ on areas ranging from banking nationalisation and reform of public bodies to the health services and many other issues.

If one is to have confidence in a person, one must know something about him or her. I have the privilege of having known the Taoiseach since our pre-teen years. In judging his political intent and purpose, one must accept that he faced the temptation, as the elections approached, to pursue popular policies. Not once, however, did he pursue popular choices to maintain our party's current level of representation. The Taoiseach is a person of integrity and ability who put the country rather than his party first. He has been accused of putting his party before country on many occasions but chose not to give into any temptation to do so.

It is also important to put on record in the debate on this confidence motion my feeling about the attacks on the Taoiseach's personality, and on the Government, for instance, the assertion by Deputy Sherlock that nobody would touch this State. We in this country are no

longer living in a glasshouse. We are living in an international market where people are also watching the ability of this House to deal with its affairs.

Having listened to the debate this morning, I have great difficulty in seeing the political sense of making the allegation, for instance, that the Government is far more intent on diverting money towards developers and bankers, and forestalling on funding for hospitals. That is most disingenuous and is not true. It has been a ruse used in the campaign but is a charge that does not stand up. It does not tie up for people for whom I would have respect within the Opposition to try to convince the Irish people that we are purely in the business of supporting banks and not in the business of supporting health or other essential services. It is a falsehood to try to create the impression that this country alone is in economic recession. It does not wash either to try to put out the criticism that this country is exclusive in its difficulties of recession and to create the impression further that we do not know our way out of such recession. In that regard, I would rely on persons of a far greater economic mind than myself.

An Ceann Comhairle: The Minister of State is definitely out of time anyway.

Deputy John Moloney: Rather than have any misunderstanding, I have absolute confidence in the Taoiseach and his Government to continue for a further three years.

Deputy Richard Bruton: I wish to share time with Deputy Shatter.

I welcome Fianna Fáil's emphasis on Opposition policies because that is really where the action is now at. The Government finds itself in a position where it is unable to address its own policies because the failures are too appalling to contemplate.

Deputy John Moloney: No.

Deputy Richard Bruton: That is the tragedy in which we find ourselves. Catastrophic policy failures have put us in the hole we are in. Anyone who seeks to deny that is engaged in self-deception, my constituency colleague not least among them.

The truth is that far from containing the property bubble, the Government stoked it. The truth is that far from regulating the excesses in banking, the Government turned a blind eye. The truth is that far from protecting export competitiveness, which is vital to our long-term survival, the Government created inefficiency in wide ranges of the public sector. Ours became the highest costs for electricity, waste and virtually all other services delivered by government. The Government destroyed jobs. Far from ensuring sustainability in our public finances, the Government created, as it now admits, a structural deficit that is 8% to 10% of GNP. "Structural deficit" means it was created by Fianna Fáil. It was created by bad Government policy decisions that had nothing to do with the state of the economy. That is what the Government created.

These are policy problems to which the Government is unwilling to face up. Far from creating the sort of public service that would reform, deliver excellence and efficiency, the Government undermined our public service. The Government introduced benchmarking that had no regard to delivery of reform. It introduced decentralisation that had no regard to the capacity of the public services to be cost effective and deliver in a coherent way. It was all about political strokes.

The Government introduced the HSE, which was not about creating a lean and mean machine to deliver health services but which was involved in a huge, super command and control bureaucracy where the Government, led by the Taoiseach, decided that all administrators in place would stay in place. The primary rationale for a HSE, which was to strip out layers of bureaucracy, was abandoned by the Government on the first day.

[Deputy Richard Bruton.]

If Fianna Fáil speakers came in and stated that the Government managed the property bubble well, managed the banking situation well, managed public service delivery well and managed the public finances well, there would be some sense in them saying the public had confidence in them, but they cannot make any of those statements. When the warnings that this is unsustainable came from international bodies from which the Government now seeks to find succour, the Government dismissed them contemptuously. The former Taoiseach stated those people should be thinking of committing suicide. That was the mindset that Fianna Fáil had created in government. It was a mindset that saw buying out problems instead of resolving them as the way to go. It meant that the powerful people were protected from scrutiny, whether in the banks, in high places in public utilities or wherever. It meant hot air strategies that failed such as the failed health strategy, the failed climate change strategy, the failed decentralisation strategy and the failed e-voting strategy. No one took responsibility for any of those failures. That is the culture Fianna Fáil created and that culture has created an unprecedented crisis in this economy. That is the legacy the Government brought to the electorate.

Fianna Fáil and Green Party speakers look around at the fallen warriors in the battlefield, the Fianna Fáil and Green Party councillors who have been devastated. Almost 100 of their number are gone, between the two parties. What does the Government see? It thinks these were tough decisions that the people did not understand. These great international authorities, the Taoiseach tells us, are now stating that Ireland is wonderful and is facing up to its problems. Yet, the Irish people, Fianna Fáil thinks, are so foolish they cannot understand this wonderful strategy that Fianna Fáil and the Green Party have adopted. Ministers should get real. If they think that the Irish people do not see what is going on, they are sadly disillusioned and inadequate in their response.

People understand what is happening out there. They get it. The Government does not get it. They see their jobs going up in smoke. They see their mortgages way beyond their house prices. They see their pensions having disappeared because the stock markets have collapsed in the economy mismanaged by the Government. That is what they see. They get it all right. They understand why we are in the hole we are in. Just as the ESRI stated a substantial part of this responsibility lies with the Government, it understands that these catastrophic policy failures were made on the Government's watch.

Minister after Minister comes in here and states that people do not understand the tough decisions the Government is taking. The Ministers should get real, wake up and smell the coffee. People understand. They get it and they want the Government gone because they know also that the Government does not understand. The Government does not get it. The Government does not get the change that must now happen in this community. That is what is wrong. That is why the Government parties were defeated. It was that legacy of policy ineptitude but also the denial in which the Government continues to be.

Why do people say about bankers that those who led us into this banking crisis must go and cannot lead us out? It is partly because there should be accountability and responsibility, and those who have failed us should take the knock. There is another reason. It is because of the emotional attachment to the failed systems those who were in control when things went wrong continue to have. They are continually on the defensive trying to pretend that nothing really went wrong, that with a little tweaking here and there, everything would have been all right.

Everything will not be all right for Ireland if the Government continues in that mindset. Everything that I have heard, from the Taoiseach down, in this debate tells me that the Government still holds to that mindset and does not understand that this country is facing a crisis of unprecedented proportions, the likes of which we have not seen in a generation. This crisis will

rob our people of 500,000 jobs — which some would say is a conservative estimate if policies continue as they are — by the time it is over, leave pension funds in a shambles across the State, and leave many families unable to pay their mortgages and facing repossession. It is time for Ministers to face up honestly to their role in the creation of that problem and to how we get ourselves out of this.

Fine Gael has a good reason for seeking this debate. It is the very same reason Ministers say bankers should no longer continue to run the banks that brought us into this crisis. It is because those who have brought us in are not the ones to take us out. They do not understand what it takes. They do not understand, and are unwilling to face up to, the changes we as a community need to make.

What are the traits of a Government in which we could have confidence? First among them would be honesty and the willingness to accept when policy was dramatically wrong. Decentralisation, the creation of the Health Service Executive and the management of public finances and bank regulation were wrong. We must first understand that the system is broken. The House is broken, as no proper scrutiny of public expenditure is carried out within it, a position that the Government continues to defend. Honesty and the realisation that something is wrong comprise the first trait.

Second, there must be accountability so that, when something fails, a Minister must acknowledge it and accept responsibility. However, Ministers are not willing to do so. We also need courage if we are to face up to necessary change when inept Ministers must go. We need the courage to restructure agencies and to close non-performing programmes. We must face up to the fact that we need a different approach to the management of the public service. Managers who fail and cannot hack it must ship out. This type of thinking is foreign to Fianna Fáil. It must change in this respect, but it is unable to do so.

We need some sense of vision instead of Fianna Fáil's tribal response to this debate, that is, everything stated and proposed by Fine Gael and Labour is, *ipso facto*, nonsense and magic. We are in this hole because of such responses. We need radical change, but the Government has not discussed it. Nor has it discussed the concept of new politics or how the Dáil could change to confront the problems and crises that we face. There is no talk of a new social contract on helping workers who are going through this extraordinary maelstrom to manage the risks more effectively and to make the ordeal easier for them in terms of access to training, protecting pensions and workplace flexibility.

An Ceann Comhairle: Deputy Bruton's time has expired.

Deputy Richard Bruton: There is no talk of a new mandate for the public service so that people would take responsibility. There is no talk of a new budgeting system.

The problem is that, while the Government Members opposite want change and the country to exit the hole, they do not want to change any of the ingredients or failed policies that put us there. Until they get wise to this fact, there will be no public confidence in the Government. The sooner it goes, the better it will be for the country.

Deputy Alan Shatter: Listening to ministerial contributions to this debate has been astonishing. Ministers and Ministers of State do not seem to realise that last Friday's election was seen by the general public as a referendum on the Government. The public does not care if, for tribal reasons in the House, Fianna Fáil and the Green Party will vote confidence in themselves alongside the remnants of the Progressive Democrats and the odd Independent supporter. The public has lost confidence in the Government, for which reason Fine Gael tabled a motion of no confidence.

[Deputy Alan Shatter.]

What Ministers and Ministers of State do not seem to recognise is something that the public has long since sussed, namely, that the Government is responsible for a catastrophic failure of political governance. The Government has perpetrated a disaster on the country. The Green Party may want to say that it is not responsible for any of this because it all preceded its time in office in 2007, but its Members are part of the problem, not the solution. Their Ministers are collectively responsible for the incompetence displayed by the Government in the past two years. The only priority that I can glean from the contributions made by Ministers and Ministers of State is that of Government survival. It is regarded as a greater priority than the country's survival.

Ministers are deluding themselves into believing they can perform a function. Given their wrong-headed approach to banking issues, there is widespread public concern that the economy will continue to collapse and jobs will continue to be lost because our banks are being turned into zombie banks. We have a zombie Government. Some of its long-standing members are so institutionalised and self-serving that they are incapable of original thought or of introducing change.

Yesterday evening, the Fianna Fáil Parliamentary Party held a post mortem of the election. The resultant words of wisdom were to the effect that Fianna Fáil's problems had nothing to do with the Government's incompetence or the public's view. Rather, the Chief Whip claimed that Fianna Fáil needed a better organisation, given its systems failure. That failure is at the heart of the Government and its component parties will continue to do damage to the State if they remain in government.

The Green Party expected the electorate to give it a fool's pardon in the election. It seems to be astonished that it has lost seats. However, it is as responsible for the attack on the vulnerable as is Fianna Fáil. In seeking to tackle major economic issues, small decisions have been made to save small sums of money by targeting people aged over 70 years and children with special needs and by curtailing the schools building programme and medical services across the board, including at a primary children's hospital in Dublin. Green Party Members believed that, since they had a greater interest in cabbages than hospitals, jobs and pay, they would be forgiven by the electorate. They now believe that they will visit their grassroots and have a conversation on what to do next. The Green Party might discover that its grassroots have shrivelled and died and that its Members are now consigned to the compost heap of political history. It is rotting at a faster rate than its predecessors in keeping Fianna Fáil in government, namely, the Progressive Democrats. As the sun sinks slowly in the west, the Green Party will enter the political twilight of its term in government.

The people want change. They are demanding that an incompetent, institutionalised and self-serving group that has been trying to hold onto the reins of power should leave Government. The public wants a different Government led by Deputy Kenny as Taoiseach. Government parties have no understanding of the concept of accountability to the people or the House. By holding onto power, the Government is giving the political two fingers to the electorate, which voted in great numbers, as the Minister of State, Deputy Barry Andrews, stated. He seemed to believe that politics in the context of governance was doing well because so many people voted. He missed the fact that so many voted because they wanted to remove the Government parties. They also voted because they realised the extent to which those parties, of which Fianna Fáil has been in government for 20 years of the past 22 years, have undermined the concepts of democratic accountability in the House and its functions.

In my remaining minutes, I will address an issue raised this morning. Concerns have been expressed about Government policy on Anglo Irish Bank. As a consequence of nationalisation,

it is the people's bank. It was extraordinary that the Taoiseach was unable to tell the House this morning how many of the bank's senior managers had borrowed substantial amounts from it, including those who had done so to dabble in property developments and investments.

I wish to bring to the notice of the House something about which I have serious concerns. It is correct to say this bank is now barely trading, but it is trading in some respects. It is trying to seduce existing customers and business people into buying into property developments, at prices which are higher than are realistic, by offering them easy loans. There is now a conflict of interest in the manner in which this bank is trading.

I have particular concerns that those in senior management positions in Anglo Irish Bank, who have borrowed money from it to invest in property developments in conjunction with developers to whom this bank has lent money, are seeking purchasers for developments in which they may themselves have a personal interest. There is a very serious issue that needs to be addressed, namely, the extent to which those who are working in Anglo Irish Bank and have borrowed money from it can continue to deal with customers who seek borrowings for the purpose of buying some of the assets the bank has an interest in as a consequence of giving loans to developers and seeking loans from the bank themselves to purchase such assets. That is an issue I want investigated.

The truth is, as Deputy Bruton put it so well, that there are people outside this House who are in significant financial difficulties. Thousands and thousands of people have lost their jobs. The number of unemployed stands at more than 400,000 and is likely to be 500,000 before the end of this year. In my constituency, young couples and single persons in their late 20s and early 30s who, individually, own hundreds of apartments as their family homes and are now in substantial negative equity.

Many people are locked into borrowings on properties, the values of which have collapsed, and are in circumstances in which they cannot re-negotiate the loans they have obtained. This is a Government which has shown no ability to address the real problems being confronted by people outside this House as a consequence of its profligate spending and the structural deficit it has created. The Government should go. This House should vote no confidence in this Government. The Ministers within it should stop hanging onto office by their fingernails and staying for no reason other than their own personal benefit and gratification.

Minister for Defence (Deputy Willie O'Dea): I wish to share time with the Minister of State at the Department of Foreign Affairs, Deputy Dick Roche, and, possibly, the Minister of State at the Department of Enterprise, Trade and Employment, Deputy Dara Calleary.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Willie O'Dea: Yesterday, the leader of Fine Gael told us tabling a motion of no confidence is not something one does every day. In that he is right, but it is the only right thing he said. It is, of course, the right of the Opposition to table a motion of no confidence when it believes it is truly warranted in the national interest, but it is not something to be done for mere narrow political advantage.

Let us be frank. What we are engaged in this week, and the sanctimonious posturing to which it gives rise, is a misuse of Dáil time. It is nothing more than a crude attempt by Fine Gael to showcase the electoral gains it made last weekend, rather than doing the peoples' business here in this Chamber.

That is not only my view. It is clear that was the view of many within the Labour Party. They see and recognise this week's charade for what it is. I saw Deputy Burton on television over the weekend expressing her concerns that Fine Gael's rush to table a motion of no confi-

[Deputy Willie O'Dea.]

dence was only deflecting the House from doing what it should be doing. It is to be regretted that the wiser voices in the Labour Party were not listened to and that it meekly went along with Fine Gael. I hope for its sake that this is not an indication of how its relationship with Fine Gael will develop in the future.

While Fine Gael and the Labour Party may be at odds on what they should be doing this week, it is clear from their contributions that they are at idem on one issue. Deputy Kenny and Deputy Gilmore obviously believe we should tear up the Constitution and have a general election now. They believe this because it suits them. Their argument is that the Government has lost its mandate to govern, because of the bad results suffered by both the Fianna Fáil Party and the Green Party in the local and European elections.

The Deputies on the other side of the House are entitled to their own opinions and views — when they have them — but they are not entitled to their own facts. The Constitution is crystal clear. The people gave a mandate at the general election in 2007. All parties contesting those elections put forward programmes based on five year timeframes. None of the parties opposite included a proviso in their 2007 manifestos stating the ongoing implementation of their policies and programmes would be subject to their parties not losing European or council seats in 2009.

Back then, they were not proposing two-yearly electoral cycles, alternating between local and general elections. They know such a concept is a self-evident absurdity. They know general, and not local or European, elections decide who will govern. So too do the people. To come in here and try to assert otherwise only serves to debase politics at a time when all politicians on all sides of the House are held in fairly low esteem.

Whatever about coming in here tabling pointless motions of no confidence, the leaders of the Opposition are most certainly not entitled to assert that the Government is indifferent to the anger or hurt being felt by people. I require no lectures or speeches from anybody on any side of the House about how the people of this country feel. We know they are hurting. We know they are angry at how our economic fortunes have declined. They are frightened and worried deeply at the scale of the job losses and the prospect of more to come.

Parents are fearful that their sons and daughters may have to join the dole queues or emigrate, despite the huge moneys they have invested in their education. Families are worried about the prospect of losing an income and the significant difficulties they would face in meeting mortgage and other repayments. For the past months the public has been hearing the Opposition telling them that the Government does not care and is the cause of all that is wrong in the country today.

The Opposition forget to mention the fact that we recorded budget surpluses in ten of our 11 budgets. There is no mention of the fact that we invested 80% of our resources in health, education and welfare. There is no mention of the fact that we slashed our national debt by more than two thirds. There is no mention of the fact that we put 3,500 extra garda on the streets, 10,000 extra nurses and doctors in our hospitals and 7,000 more teachers in our schools, and created 10,000 SNA posts.

There is no mention of the fact that we have invested heavily in our schools and public transport infrastructure. There is no mention of the fact that we have cut direct taxes and protected the vulnerable with a generous and comprehensive social welfare system. There is no mention of the fact we put money aside for the future in the pension reserve fund, which is now proving invaluable in our current financial crisis.

Most importantly, there is no mention of the fact that Fine Gael and the Labour Party are on record as having policies advocating that we should spend some 50% more than we spent over the past ten years.

Deputy Jan O’Sullivan: The Government is running the economy.

Deputy Willie O’Dea: The constant background noise from the Opposition and elements of the media has been one of doom and gloom, and even where there are hints of positive or constructive news, the Opposition rushes to assure people that there is a tunnel at the end of that particular light.

It spent the past four weeks, it has to be admitted, very effectively drowning out the Government’s message. However, the Government will not allow these tactics to deflect us from doing what is right and doing what is in the best interests of the people. We will not, and cannot, allow the Opposition to portray us as uncaring or unsympathetic.

Deputy Jan O’Sullivan: We want the Government to do something constructive.

Deputy Willie O’Dea: Every one of us who serves in Government and on these benches hears what the people are saying.

The people need reassurance that we are on the right path. We are. They want to know that the pain we are enduring will herald better times. It will. They want to know that the Government is sure and confident of the decisions it is taking and that it is taking them in the best interests of the people. It is. They want to know that the Government is committed to bringing us back to growth and recovery as soon as possible. It is. They want to know the Government will protect and help those most in need and the most vulnerable during the economic recession. It will. They want to know the Government is ensuring the banking systems starts to work again in the interests of the people, and that the scandals and abuses we have seen in the banking sector can never happen again. It is doing that.

Deputy Kenny said yesterday that we in Government are not prepared to listen to what the Opposition said and read the documents it has produced. The supreme irony is that we have read the documents. I have read every one of them from cover to cover and all they have done for me is highlight the blatant and irreconcilable differences in policy between the two parties who would seek to form a Government. Fine Gael calls for more spending cuts and a bigger reduction in the deficit, but resolutely refuses to identify the public services and public sector jobs it would cut. The Labour Party calls for increases in expenditure and for deficit spending, without saying where it will get the billions to do so.

12 o’clock

Deputy Jan O’Sullivan: We have a list of documents, as the Minister well knows.

Deputy Willie O’Dea: The Labour Party opposed the bank guarantee, bank recapitalisation and the nationalisation of Anglo Irish Bank, while Fine Gael supports the guarantee and rejects the Labour Party’s call for nationalisation.

The pivotal moment was reached at the end of April when Fine Gael put forward a policy document on the floor of this House, Rebuilding Ireland, which encapsulates its fundamental philosophy and policy. What did its close and abiding potential comrades in the Labour Party do? They abstained. They did so because even Deputy Gilmore can see that the document is like Deputy Kenny himself, strong on padding and rhetoric but weak on substance. It typifies the paucity of specific and realistic proposals coming from the Opposition.

Deputy Bernard Allen: Who is the Minister’s scriptwriter?

Deputy Willie O’Dea: The ever-widening gaps between the parties are not confined to economic issues.

Deputy Bernard Allen: Is it the script of Minister’s sister?

Deputy Willie O’Dea: As Minister for Defence, I was interested to read what Fine Gael’s Deputy Timmins had to say in his Ard-Fheis speech last April when he recommitted Fine Gael to abandoning our military neutrality and described the policies pursued by this and previous Governments as “a twilight zone”. That is yet another vitally important area of policy where Fine Gael and the Labour parties are in polar opposition to each other. This Government has a huge job of work to do. It has the right policies——

Deputy Alan Shatter: People expect something more than political slapstick.

Deputy Willie O’Dea: ——and the firm resolve to get the economy moving again.

Deputy Enda Kenny: This is the Minister for Defence.

Deputy Willie O’Dea: We will achieve this with or without hindrance from the Opposition.

Deputy Alan Shatter: The Minister is part of a Government that destroyed the economy.

Deputy Willie O’Dea: We will not get out of our current difficulties with Deputy Kenny’s rehearsed outrage, any more than we will get out of them with Deputy Gilmore’s soft options.

Deputy Alan Shatter: A total of 300,000 people are unemployed, the banks have collapsed and people’s savings have disappeared.

Deputy Willie O’Dea: Telling the public that Fine Gael will cut spending——

Deputy Enda Kenny: The Government got its answer last Friday.

Deputy Willie O’Dea: ——without telling them the areas in which it will make those cuts or telling them that it will spend more without identifying from where the money will come is dishonest politics.

Deputy Enda Kenny: The people of Limerick spoke last Friday.

Deputy Alan Shatter: The Minister’s solution is to engage in slapstick.

Deputy Jan O’Sullivan: That is not true. People do not believe the Government any more, as the Minister knows well from the election results in Limerick city and county.

Deputy Willie O’Dea: In return, the public has used Fine Gael, Labour and the Independents as a stick with which to beat the Government——

An Ceann Comhairle: The Minister’s time is up.

Deputy Brian Hayes: The Minister should give the Minister of State, Deputy Roche, a chance.

An Ceann Comhairle: The Minister must allow the Minister of State, Deputy Roche, to speak.

Deputy Willie O’Dea: ——but that is a very different proposition from electing the stick to govern the country.

An Ceann Comhairle: Allow the Minister of State, Deputy Roche, to contribute.

Deputy Willie O'Dea: As we are debating this motion, there are people——

Deputy Alan Shatter: No one takes the Government seriously any more. That is the problem.

Deputy Enda Kenny: The Groucho Marx of the Government.

Deputy Willie O'Dea: Deputy Shatter should have some interest in this matter; people were systematically abused in institutions over many years and some of them are now broken adults. They are marching today in silent protest.

Deputy Bernard Allen: The Minister should not use them for political purposes.

Deputy Willie O'Dea: They were led to believe, and they are entitled to expect, that the debate on the Ryan report would coincide with that march.

Deputy Enda Kenny: I am going to meet them.

Deputy Alan Shatter: Is there any lower the Minister can stoop?

Deputy Willie O'Dea: I hope for that reason, if for no other——

An Ceann Comhairle: The Minister must conclude.

Deputy Willie O'Dea: ——that every unwhipped Deputy will go into the lobbies tonight——

An Ceann Comhairle: The Minister must be allowed to speak without interruption and then he must conclude.

Deputy Willie O'Dea: ——to reject the amateur theatrics and the Punch and Judy politics to which Fine Gael has descended and let us get back to the business of governing this country.

Deputy Bernard Allen: That is pathetic stuff.

Deputy Fergus O'Dowd: That is the worst contribution to the debate.

Minister of State at the Department of the Taoiseach (Deputy Dick Roche): I will attempt to return the House to relative calm.

Deputy Alan Shatter: On a point of order——

Deputy Dick Roche: This will not be a point of order.

Deputy Alan Shatter: The Ceann Comhairle will be familiar, from his legal practice many years ago, with the phrase *res ipsa loquitur*, which roughly translated means the thing speaks for itself.

An Ceann Comhairle: There is no mention of that in Standing Orders.

Deputy Alan Shatter: The Minister has eloquently described and portrayed the reason——

An Ceann Comhairle: That is not a point of order.

Deputy Alan Shatter: ——those people should resign and be consigned to the history of government. They should just leave and give the people a chance.

An Ceann Comhairle: Deputy Shatter will have his opportunity. The Minister of State, Deputy Roche, should be allowed to speak without interruption.

Deputy Dick Roche: The Ceann Comhairle should suspend the House.

Deputy Alan Shatter: They should just leave and give the people a chance. They should not come into this House and demean it by engaging in political slapstick.

An Ceann Comhairle: The Minister of State, Deputy Roche, should be allowed to speak without interruption.

Deputy Alan Shatter: The Minister eloquently displayed his incompetence and unsuitability for Government. We do not need to do the job, he did it all himself.

Deputy Willie O'Dea: Captain Kirk.

Deputy Enda Kenny: I just want to say one thing.

Deputy Fergus O'Dowd: The Minister will be beamed up.

Deputy Enda Kenny: What tablets are you on today?

Deputy Fergus O'Dowd: An incineration partner.

An Ceann Comhairle: The Minister of State should be allowed to speak without interruption.

Deputy Enda Kenny: Did you take your tablets today?

Deputy Dick Roche: I thank the Ceann Comhairle.

Deputy Willie O'Dea: Deputy Shatter should not abuse the time of the House to pursue his narrow interests.

Deputy Alan Shatter: I am not.

An Ceann Comhairle: Deputy Shatter and the Minister, Deputy O'Dea, should continue their conversation somewhere else.

Deputy Willie O'Dea: Deputy Shatter will not bluff in the general election.

An Ceann Comhairle: That conversation is not continuing here. I call the Minister of State, Deputy Roche.

Deputy Dick Roche: Thank you very much. I will attempt to return the House to relative calm. Deputy Shatter is aware of the realities and principles that are set out in Bunreacht na hÉireann. Those principles determine when a Government will go to the country and when it is elected.

Deputy Alan Shatter: When the people have lost all confidence in the Government.

Deputy Dick Roche: Deputy Kenny, who now wishes to have a general election——

Deputy Enda Kenny: A former Taoiseach, the late Jack Lynch, stood up at a parliamentary party meeting and announced he would be going to the park. The Minister of State knows that.

Deputy Alan Shatter: The Minister of State should have the courage of his convictions. If he thinks the people support the Government, he should have the courage to let them vote for him.

Acting Chairman (Deputy Noel O'Flynn): The Minister of State should be allowed to speak without interruption.

Deputy Enda Kenny: As the Minister of State is aware, he was using his constitutional right.

Deputy Dick Roche: If the Opposition leaders wish to ignore the facts, they cannot also ignore the realities. It is worthwhile reminding ourselves of those facts because those who have spoken in this debate on behalf of Fine Gael and Labour have sought continuously——

Acting Chairman: I am surprised at you, Deputy Kenny.

Deputy Dick Roche: ——and mendaciously to distract from the facts.

Deputy Enda Kenny: I mention the Acting Chairman's name with reverence. Deputy O'Flynn, should be on the Government Front Bench. He speaks the truth.

Deputy Dick Roche: I ask the indulgence of the Cathaoirleach. This is not a brawl. This is intended to be a debate, yet we have had continuous filibustering for seven minutes.

Deputy Enda Kenny: The Deputy's talents have not been recognised by the Government. He does not mess around.

Deputy Dick Roche: If the Chair cannot protect us, who can?

Acting Chairman: I have only just taken over the Chair to relieve the Ceann Comhairle. I ask Members——

Deputy Enda Kenny: I am just making the point that the Acting Chairman never messes around with the truth. The Members opposite are denying it. The Acting Chairman has never deluded himself about the catastrophe that has befallen his party. He has always been able to speak up.

Acting Chairman: I am in the Chair and my job for the next hour and a half is to seek the co-operation of all Members——

Deputy Enda Kenny: I am only admiring the Acting Chairman for his talents.

Acting Chairman: ——to facilitate the debate. The Minister of State should be allowed to speak without interruption.

Deputy Alan Shatter: It is a strain to stay silent.

Deputy Dick Roche: As Deputy Kenny has said, it is worthwhile reminding ourselves of the truth.

Deputy Jan O'Sullivan: The Minister of State is attacking the Opposition.

Deputy Dick Roche: The reality is that the unique——

Deputy Alan Shatter: I hope the Acting Chairman gets danger money for having to listen to these people.

Deputy Charles Flanagan: They must be calling another Fianna Fáil Parliamentary Party meeting if they asked Deputy O'Flynn to take the Chair.

Deputy Dick Roche: This has become a farce.

Deputy Fergus O'Dowd: You can sing that.

Deputy Dick Roche: There is no protection for speakers from the Chair.

Deputy Willie O'Dea: We should be debating the Ryan report.

Deputy Dick Roche: There is no protection from the Chair for speakers. That is outrageous.

Acting Chairman: The Minister of State should be allowed to speak without interruption, please, if we want to continue the debate. Otherwise, we might have to suspend the House.

Deputy Dick Roche: The Acting Chairman should suspend the House because this is a farce. The debate has become an absolute farce.

Deputy Alan Shatter: Fianna Fáil staying in Government is a greater farce.

Deputy Bernard Allen: It is about time you realised it.

Acting Chairman: The Minister of State, Deputy Roche, should continue.

Deputy Dick Roche: I take it that I will have my full time.

Acting Chairman: Yes.

Deputy Dick Roche: Thank you.

Acting Chairman: Continue.

Deputy Dick Roche: It is worth reminding ourselves of the facts. The reality is that there is a major economic crisis that is not unique to Ireland. Every major economy in the world has gone through this crisis, which requires specific and detailed handling. The United States, Japan, the United Kingdom and the entire eurozone face a crisis. As a small open economy we know we too have to deal with the crisis. The Opposition benches would have us believe that none of this is happening in the real world and that the international financial markets did not go through a period of unprecedented and dramatic decline. They would have us ignore the turmoil that occurred when companies such as Bear Stearns, Lehman Brothers, Merrill Lynch and Citigroup, in effect, hit the wall. They are not willing to factor any of those realities into their analyses or contributions. As Deputy Bruton said, the first requirement in dealing with an economic crisis is to be aware of the facts and to deal with them, yet Fine Gael and Labour have been attempting to conjure up politically self-serving scenarios which they know are not truthful.

In previous debates I made it clear that we must act on four broad fronts to get ourselves out of the current economic tsunami. Whatever we think of the banks, we must stabilise their position. We must stabilise our public finances. In tandem with the stabilisation of the banking sector and of the public finances, we must protect as many jobs as we can. Finally, we must support those who are out of work and show solidarity with them. Hectoring each other in this House and twisting the facts will achieve none of those priorities.

Deputy Ulick Burke: The Minister of State is a dab hand at that.

Deputy Dick Roche: The purpose of this motion of confidence is to focus on the performance of the Government and to measure whether, having examined that performance, Dáil Éireann retains its confidence — as the Constitution requires — in the Taoiseach and his Ministers. It also gives us an opportunity to examine the alternatives and what they have to offer.

Last week we voted in town and county council elections. It was clear that the Opposition succeeded in expressing its views. I congratulate Members of the Opposition on their victories. Let us look at what it offers the people at national level.

Deputy Jan O’Sullivan: Every Government speaker has attacked the Opposition.

Acting Chairman: The Minister of State should be allowed to speak without interruption.

Deputy Dick Roche: Labour and Fine Gael are expressing diametrically opposite positions——

Deputy Alan Shatter: The Minister of State should tell us what the Government has to offer.

Acting Chairman: The Minister of State should be allowed to speak without interruption, please.

Deputy Dick Roche: ——on stabilising the public finances——

Deputy Alan Shatter: No one believes a word the Minister of State is saying about any of this.

Acting Chairman: Please, Deputy Shatter.

Deputy Dick Roche: ——and on dealing with the banking crisis. Deputy Shatter and his colleagues in the Labour Party are diametrically opposed.

Deputy Alan Shatter: The Minister is supposed to be voting confidence in his own Government and he cannot give one reason anyone should have confidence in it.

Deputy Dick Roche: Let us look at a few of them. The two parties are putting forward——

Deputy Alan Shatter: The Minister of State should give us two or three reasons someone should have confidence in the Government.

Acting Chairman: Deputy Shatter.

Deputy Dick Roche: ——alternative and divergent policies. Deputy Shatter knows that well. He will not shout me down. Let us look at some of the differences——

Deputy Alan Shatter: The Minister of State cannot think of one reason, nor could the Minister, Deputy O’Dea.

Deputy Willie O’Dea: The lack of an alternative.

Deputy Charles Flanagan: The Government has abdicated all responsibility.

Deputy Alan Shatter: Did the Minister of State give a single reason anyone should vote confidence in the Government?

Deputy Willie O’Dea: The lack of an alternative.

Deputy Alan Shatter: Not a single reason.

Acting Chairman: Please.

Deputy Dick Roche: —between Fine Gael and its friends in the Labour Party. A modern state requires a banking sector.

Deputy Alan Shatter: The Minister of State should try to get off his script and give one reason we should have confidence in the Government.

Deputy Dick Roche: A modern state requires a functioning banking sector. Deputy Shatter knows that as well as I do.

Deputy Fergus O'Dowd: Simon Carswell would not vote for the Minister.

Acting Chairman: Members should have respect for the House. I ask Members of the Opposition to have respect for the debate. They should let the Minister of State finish what he has to say. Members who have not spoken will have ample time to say what they want to say.

Deputy Alan Shatter: The Minister of State has not said anything of substance yet.

Acting Chairman: Deputy Shatter has a habit of interrupting throughout his political career. I ask him to stop and to allow the Minister to finish. The Minister of State should be allowed to speak without interruption.

Deputy Dick Roche: Thank you very much, a Chathaoirligh. As we all know, the Government's policies for the restructuring of the banking sector are vital. They are critically important policies. We are all agreed we must restructure the banking sector. There is an extraordinary divergence between the policies of the two main Opposition parties.

Deputy Jan O'Sullivan: The Minister of State should tell us what the Government is going to do.

Deputy Denis Naughten: At least we have a policy.

Deputy Dick Roche: The Labour Party wants to nationalise.

Deputy Alan Shatter: The Minister of State is obsessed with the Opposition.

Deputy Dick Roche: It is proposing that we go the route of Iceland and that we make the taxpayers of this country responsible for everything.

Deputy Jan O'Sullivan: We know what we stand for. What does the Minister of State stand for?

Deputy Denis Naughten: What about the Green Party and Fianna Fáil before the last election?

Deputy Dick Roche: If anything, the policies on banking proposed by the Fine Gael Party are even more bizarre. They want us to effectively follow the Lehman route, to simply default. What would do that for this country?

The divergence becomes apparent when one examines the differences between the two parties on the issue of public finance.

Deputy Jan O'Sullivan: What does the Minister of State stand for?

Deputy Alan Shatter: Perhaps the Minister of State will give us one reason the Government is worthy of a vote of confidence.

Deputy Dick Roche: Fine Gael has put forward specific policies——

Deputy Bernard J. Durkan: What is the Minister of State talking about?

Deputy Alan Shatter: Can he come up with one reason?

Deputy Dick Roche: ——on public expenditure, every one of which the Labour Party disagrees with.

Deputy Jan O’Sullivan: That is not true either.

Deputy Dick Roche: Fine Gael is suggesting a cut in public service pay. Does the Labour Party agree with that? I do not believe it does. It has also suggested a freeze on public service increments. Does the Labour Party agree with that? No, it does not.

Deputy Jan O’Sullivan: The Minister of State should tell us what he stands for.

Deputy Dick Roche: Fine Gael has suggested that the national pay agreement for civil servants, teachers, nurses and council workers be suspended. Is that Labour Party policy? I suspect it is not.

Deputy Leo Varadkar: What is the Government’s policy?

Deputy Enda Kenny: It is robbery.

Deputy Dick Roche: Fine Gael suggests that we should cut 15,000 jobs in the Civil Service. Is that what Deputy O’Sullivan is proposing? I suspect it is not. It suggests we should have an embargo on the filling of vacancies and should cut overtime and certified sick leave. When I put these issues to a Fine Gael Deputy on my own local radio station yesterday he denied these were Fine Gael policies.

If one were to——

Deputy Enda Kenny: Wait until young Harris gets a hold of the Minister of State.

Deputy Dick Roche: ——as the puppet master Mr. Flannery suggests, add to the mix the Sinn Féin party——

Deputy Enda Kenny: Wait until Simon gets a hold of the Minister of State.

A Deputy: The Minister of State knows all about puppet masters.

Deputy Dick Roche: ——we would then have a real formula for absolute disaster.

(Interruptions).

Deputy Dick Roche: The reality of this is that Deputy Kenny does not have a coherent alternative. As Gay Mitchell, MEP, said last weekend on radio——

Deputy Enda Kenny: I will dispute that with the Minister of State.

Deputy Dick Roche: ——there is much work to be done to bring the Labour and Fine Gael parties even remotely into coherence.

Deputy Ulick Burke: The Minister of State has a great deal of time to listen to the radio.

Deputy Michael Ring: It will be done.

Deputy Olivia Mitchell: We can depend on the Minister of State for coherence.

Deputy Dick Roche: I now want to refer to the debate yesterday during which a number of Deputies referred to the Lisbon treaty. This is a serious matter which I personally believe should be taken out of the maw of party politics.

Deputy Leo Varadkar: Has the Taoiseach read it yet?

Deputy Dick Roche: Here, we have it again.

(Interruptions).

Deputy Dick Roche: If ever there were an issue which should be ringfenced and taken away from narrow political party considerations——

Deputy Alan Shatter: Taken away from the Taoiseach.

Deputy Dick Roche: ——this is it.

Deputy Alan Shatter: Let Deputy Kenny run the campaign and let the Government disappear for a few weeks.

Deputy Dick Roche: Last year, we had sniping on the campaign. I suggest to Deputies Shatter and Varadkar, both of whom participated in this last year, that they support the “Yes” vote and agree to work on our supporters.

Deputy Ulick Burke: They are getting scarce.

Deputy Dick Roche: Our first priority should be to show leadership to our supporters.

(Interruptions).

Acting Chairman: The Minister of State, without interruption, please.

Deputy Dick Roche: We will have our supporters out. The question that arises is whether the Opposition will get its supporters out.

Acting Chairman: The Minister of State’s time is up.

Deputy Dick Roche: If and when a referendum takes place this year on the treaty, it will be of critical importance to this country.

Acting Chairman: I will allow the Minister of State an extra minute because of all the interruptions.

Deputy Enda Kenny: Is the Minister of State in injury time?

Deputy Dick Roche: It will be of critical importance to this country. It would be in the national interest if all those people who purport to support ratification of the treaty by this country made the decision to ringfence the debate on Lisbon and put it outside party political considerations.

Deputy Lucinda Creighton: What is Fianna Fáil doing?

Deputy Dick Roche: I specifically ask Deputy Kenny to ensure that is done.

Deputy Alan Shatter: We did that.

Deputy Dick Roche: Analyses of speeches made by the Fine Gael Party — Members can see them on their own websites — between December and March last suggests a great deal of negativity.

Deputy Frank Feighan: The Government did not even publish speeches. At least we did so.

Deputy Dick Roche: I suggest that we all participated in that. I suggest to Deputy Kenny — I hope his answer will be in the affirmative — that we take the Lisbon treaty out of party political debate.

Deputy Enda Kenny: Yes.

Deputy Ulick Burke: The Minister of State need not worry, Declan Ganley is gone off the pitch.

Deputy Dick Roche: I believe we should do that.

Deputy Enda Kenny: I met with the Taoiseach and the Minister for Foreign Affairs last Christmas and was promised regular briefings on the matter. I have not, as Leader of the Opposition, had one iota of information from the Minister, the Taoiseach or the Minister for Foreign Affairs. We will lead the campaign on Lisbon the next time.

Deputy Dick Roche: Deputy Kenny knows as well I do——

Deputy Enda Kenny: The Government does not have a bill, a strategy or a plan.

Deputy Leo Varadkar: Or a date.

Deputy Dick Roche: Whatever finger the Deputy may point, he knows as well as I that——

Deputy Leo Varadkar: Name the date.

Deputy Enda Kenny: Tell us when it will be held. Will it be October, November or September?

Deputy Dick Roche: I have told Deputy Kenny and his spokesperson that I will meet them at any time to discuss any issue.

Deputy Ulick Burke: Why then did the Minister of State not meet them?

Deputy Dick Roche: With regard to the comments made here yesterday——

Acting Chairman: The Minister of State must conclude.

Deputy Dick Roche: ——we should leave aside the partisan issues and work together on this issue.

Deputy Denis Naughten: Fianna Fáil knows all about partnership.

Deputy Charles Flanagan: The Minister of State spoke about leadership. The negativity of which the Minister of State speaks was borne out of a lack of leadership on the part of Government, which failed miserably.

Deputy Dick Roche: That is nonsense.

Deputy Leo Varadkar: The best thing for Government is not to campaign.

Deputy Charles Flanagan: The Government continues to blame the Opposition——

Deputy Leo Varadkar: The Government should go on holidays a month before the referendum as it will only cost us votes.

Acting Chairman: I ask Members to have some respect for the Chair.

Deputy Charles Flanagan: The Minister of State abdicated his right to respect.

Acting Chairman: Deputy Flanagan.

Deputy Dick Roche: It is not up to Deputy Flanagan to make that determination.

Deputy Charles Flanagan: The Minister of State has no right to respect if he comes in here and blames the Opposition in the manner in which he has done.

Acting Chairman: I ask Deputy Flanagan to keep that type of behaviour for somewhere else. I now call Deputy George Lee to make his maiden speech. I ask members to respect the House and to allow the member to make his maiden speech without interruption. Is that possible?

Deputy Enda Kenny: Yes, it is.

Deputy Dick Roche: There will be no interruption from this side of the House. We will listen with respect.

Deputy Bernard Allen: The Minister of State is the only Member on that side.

Acting Chairman: Deputy Lee has already lost two minutes of his speaking time because of the interruptions. I welcome Deputy Lee to the House and invite him to make his maiden speech. I understand he wishes to share time with Deputy Michael Ring.

Deputy George Lee: I thank everybody for the warm welcome I received yesterday from all sides of the House. It is a privilege to be here, of which I am conscious. I am here on the basis of a strong mandate from the people of south Dublin to speak on their behalf and on behalf of other people whom they represent, a role which I take very seriously. The last couple of weeks have been a complete change of life for me. Given the outcome of the by-election, there is no going back now.

In speaking here today, I am struck by the coincidence between my motivations for getting involved in the political process and the motion before the House today, which are one and the same. The reason I am here, that I have taken politics on board and decided to go down this route is that I have no confidence in the Government's ability to deal with or get us out of the situation in which we find ourselves. I say that carefully as I am conscious there are very good Members on the other side of the House, many of whom I have had dealings with over many years. I have a great deal of regard and respect for the Taoiseach, Deputy Brian Cowen, who, when Minister for Finance, I spent a great deal of time following and whose decisions I am aware were made following great care and thought. One decision that sticks out in my mind

is that which he took in regard to the issue of child care costs resulting in his introducing the early child care supplement. It was an issue over which he mulled for quite a few days and nights before coming up with what he believed was a reasonable proposal to help deal with child care costs. I accept that the intentions of Members on the other side of the House are as good as those of any Member on this side.

In saying that I do not have confidence in the ability of those opposite, I do not wish that to be taken as a personal attack on any individual. It is, however, an attack on Government given the current situation in the country. It is in an appalling mess, economically and socially. We have had the best economy in the world and the most money available to any Government in the history of the Irish economy or in the wildest dreams of any Minister or politician to disburse in recent years. We have had a great opportunity and the Government has blown it, and there is no doubt about that.

Unemployment today stands at 402,000 people, a huge figure on its own which, when one considers how it has grown, becomes even bigger. In mid-2007 our unemployment total was 150,000 people. Since then it has increased to 400,000 people. It is currently rising at a rate of 1,000 per day on the Live Register. As I came in here yesterday bemused with regard to the antics in the Dáil — obviously I am on a learning curve and appreciate that — three Ministers on the opposite side of the House were asleep. At the time, the Taoiseach was speaking about leadership and getting quite impassioned about it. If that were an hour long, a further 152 people would have been on the dole. It is not good enough that the Members of this House can take that kind of attitude to the difficulties people are suffering. We face a phenomenal challenge.

We have heard a lot about rescuing banks and the public finances but we have not heard enough about the plight of people. The Taoiseach has stated that we must learn the lessons of the 1980s and that the prerequisite for the return of economic growth is to put the public finances in order. He also claimed that even after we increase the national debt in the next couple of years, we will still have the third lowest national debt rate in the European Union. I am not sure I agree we will be the third lowest but we will have to see how that pans out. The reality, however, is the lessons of the 1980s to which he pointed are not the ones we need to learn. In the 1980s, private sector debt was low but public debt was very high. Public debt stood at 130% of GDP whereas household debt was 48% of household disposable income. We started this process with a net debt level in the public sector of 25% of GDP and it appears this will increase to 100%. The Government tells us not to worry about that because other people are worse off. The problem, however, is that we will fix that debt on the back of ordinary individuals in the private sector, many of whom I have met in the past few months. These people are already heavily indebted in a manner which was never experienced in the 1980s. To dismiss the idea that we have bungled the public finances, to say it is not a big issue because we will continue to have a relatively low debt rate or to make comparisons with the 1980s is to miss the point.

Our world is different from the 1980s. We did not have the euro then. We had unemployment but there were opportunities in the rest of the world for our emigrants. Our property market had its ups and downs but for 30 years the average cost of a house in Ireland varied between four and six times average earnings. Lately, house prices have increased to somewhere in the order of 14 times average earnings. To take the 1980s as a blueprint for dealing with the consequences of the present economic crash is to miss the point. We cannot take the lessons of the 1980s as a policy prescription for today.

One issue in the 1980s which can, however, inform us about what we need to do today is unemployment. It is true that public debt was a huge issue, but it is equally true that we had

[Deputy George Lee.]

to deal with the human consequences of the economic collapse of the 1980s for a long time afterwards. We had endemic unemployment which extended to second and third generations. My biggest fear for those who are going on the dole today is the experience of the 1980s for the people who suffered enormously when they were left on the dole. They found it impossible to get jobs when they became available. When economic growth returned, we went through a number of years of jobless growth. People were locked out of their society, community and families and there were all sorts of psychological and human effects. Unemployment destroys the soul, yet we are sitting here while unemployment doubles over 12 months.

I understand the need to fix the banks. We are also discussing our public finances. These will be fixed only on the backs of ordinary people who are already in debt. That is not fair. There has not been a close enough focus on the people who will be locked out of the labour market and the economy. They have nowhere to go and no hope at present in the Government's response. I understand the Minister for Health and Children, Deputy Harney, stated in a debate last week that it was wrong to suggest that each person on the dole cost the Exchequer €204 per week because the actual cost was €336. If that is true, why are we wasting so much money on locking people out of the labour market and out of our society?

We need to do so much more for them. They are the same as us. They are as middle class, as working class and as upper class as anybody in this Chamber. They are our friends, our brothers and sisters, our cousins and our parents. They sit and watch Ministers fall asleep while we debate the issue of leadership. The Government has failed enormously in that regard.

Yesterday the Taoiseach stated that the Government has a mandate to govern. I do not agree because I just received a mandate from the people of Dublin South that is equal to anybody's on the other side of the House. I was told to enter the Dáil and to speak. Every Member in this House has a mandate but nobody was given a mandate to govern from the people. The mandate for governing is an arrangement with the Members of this House according to a programme for Government based on a premise for the economy which turned out to be false. The Government has an agreement but not a mandate to govern. This agreement is based on false premises. The Government said the economy would boom and that income tax could be cut by 1% at the top rate and 2% at the bottom rate.

Acting Chairman: The Deputy's time has concluded for today. He is taking some of Deputy Ring's time and he does not like his time to be taken.

Deputy Michael Ring: If he wants five more minutes I am happy to share it.

Deputy George Lee: Thank you, Deputy Ring.

Acting Chairman: Deputy Ring is being very generous.

Deputy Michael Ring: This man has a bright future and I do not mind giving way to talent.

Deputy George Lee: The mandate this Government claims for itself is not real. It has the same mandate as I to speak on the people's behalf and to work to make things better. I acknowledge it wants to do that as much as I do. Fianna Fáil has an agreement to govern with the Green Party and a group of Independent Deputies based on what people thought would be fair weather in terms of our economic performance. That is no longer the case, however. Since the programme for Government was published, 267,000 people have joined the dole queues. The tax system which the programme promised to make fairer is now up in the air. A promise was made to cut the PRSI rate by half but we now have income levies and increased health levies. As the landscape is completely different, the agreement is false and it does not

focus on the core issue of the people who are in danger of being locked out of the labour market. It is our responsibility to do something for them first.

There is a great deal of truth in what the Government says about taking the time to fix the banks before fixing the economy, and I am not so arrogant as to claim I know exactly how to solve that problem. I am humble enough to be aware that no economist knows the answer to that. However, while we try to figure out the solution to the banking problem, the credit supply for the rest of the economy is drying up. Like the supply of blood to the extremities of the body, when the flow of credit dries up the extremities of an economy will fall off. Parts of our economy will have died by the time the Government has figured out how to restart the flow of credit. Nowhere near enough is being done. I do not imply that it is not worth focusing on the banks or on the public finances but we are not giving sufficient attention to unemployment and that is why I am here. I do not have faith in the Government's approach to this issue because it did nothing while unemployment was rising.

It is all about people. I fundamentally believe that if we fix the people we will fix the banks. If we focus on the people, the growth in the economy will be from the ground up. It is not the same as the 1980s because we cannot say now that the problem comes from the public finances. The banks in Ireland and internationally were not broken in the 1980s. We need a different approach. The Government needs a different agreement but it cannot have one because it has not lived up to its responsibility.

One of the things I said to so many people of the Dublin South constituency over recent weeks was that my difficulty with power is the issue of responsibility. When a person has something powerful like a gun it is about how they use that power; it is about the responsibility with which he or she uses it. I look at the Government and I know its Members understand they have a responsibility and they try to live up to it but they have failed to do so. They have taken very poor decisions throughout a number of years; they claimed there was no recession until last July and they looked at a completely mismanaged and unbalanced economy for a number of years, which was very obvious to anybody with two eyes in their head, and ultimately ignored it. Six out of ten of every male jobs created in the five years up to the crash were in the construction sector; it was completely unbalanced. In failing to deal with that imbalance the Government failed to live up to its responsibility and by doing so it has lost the trust of the people.

Acting Chairman: Five minutes remain in the slot for Deputy Ring.

Deputy George Lee: Nobody will follow somebody whom he or she does not trust, it is impossible to do so. That is why I believe it is so important to have a change of Government because we need leadership and we need to do the hard things. It is a fact that doing the hard things is what the Government thinks it is getting the blame for; I believe that doing the hard things is what the Government should have done and that it is not getting the blame for doing them but for not doing them. The public and private sectors have been set against each other because the Government failed to introduce reforms. People everywhere cannot understand why they are being blamed for an economic crash over which they had no control and for which they are not to blame.

The Government has no mandate to govern. It has an agreement and nothing more with two Independent Deputies who state they want to look after their constituents. I have been speaking to my constituents and it is not all about roads, bridges and drains; it is about national issues such as unemployment, falling living standards and taxes — they are the local issues. To the extent that Independent Deputies say they will support the Government because they want drains, bridges and whatever other facilities, they will let down their constituents in this

[Deputy George Lee.]

environment. Their constituents are just as concerned about the national issues as anybody else; those national issues are the local issues. To the extent that they cling to them, they are clinging to 12 pieces of silver. The world has changed.

I got a message loud and clear from the people of Dublin South, which I know they want me to deliver to the Government of the 30th Dáil, and that message is, “Come in No. 30, your time is up”. They are right. We need new leadership, we need to restore trust and we need a general election. I do not have much confidence in the Government’s ability to get us out of where we are and that is why I am here.

Acting Chairman: I will call on Deputy Ring who has only two minutes and 20 seconds.

Deputy Brian Hayes: That is all he needs.

Acting Chairman: To Deputy Lee I say that it is a very dangerous thing to take eight minutes from another person’s slot without permission. As the Acting Chairman of this session I must also tell him that Members may be in meditation and they may have their eyes closed or their heads down but they are meditating and concentrating. I have never seen a Member on any side of the House deep in sleep. Deputy Lee will come to appreciate that and the work of all the Members over a period of time.

Deputy Joe Carey: Use the alarm clock.

Deputy Jim O’Keeffe: I ask the Acting Chairman to give Deputy Ring a little leeway.

Deputy Pat Rabbitte: I will not be asleep during Deputy Ring’s speech.

Deputy Michael Ring: I welcome our new Deputy and he made an excellent speech today and now I know why the country is in disarray; because the Cabinet has been asleep for the past ten years. They might have been meditating but if they were we know what they were meditating about, it was not about the country and the economy.

The reason Fine Gael tabled this motion was because the people spoke over the weekend. The people at the doorsteps asked us to bring back a message to the Dáil and that message is that they want a general election. The only people who do not want a general election are Fianna Fáil and the Green Party because afterwards they will fit in the corner of the House where the Independent Deputies sit because the people are waiting for them in the long grass. The Government has let down the country and the people. The people want to give their verdict and are awaiting that opportunity. People are concerned about their jobs, families and homes but all the Government is worried about is staying in power. They have lost touch with the people. They have been in Government for too long and they are so arrogant that they think the only place they should be is in Government.

What Fianna Fáil wants now is the list system and this morning I heard the Minister for Transport, Deputy Noel Dempsey, speak on this. That is the only way that some of its Deputies will get back because the people will not put them back. I want to say to the Minister of State, Deputy John Curran, and the Minister, Deputy Eamon Ryan, that it is not enough to tell the people that everything is all right. The people are intelligent and know what is going on. Last weekend, they judged the Government, the Green Party and Fianna Fáil. The people are waiting also for the Independent Members who support the Government because they are propping up the Government when the people want it out.

What people want now is hope and new ideas. Deputy Kenny and Fine Gael have the ideas. We have the people to put the Government under pressure and create jobs in the country. We

have the ideas and new thinking to ensure people get back into work and are not concerned about their homes being taken away and to have a bit of fair play in society, something we have not had for the past ten years because the rich got richer, the poor got poorer and the weak were trampled on by those in the tents in Galway.

Yesterday, the Taoiseach said here that he had a mandate. He does not. The first opportunity on which he was adjudicated was last Friday and Saturday and he failed that test. The Taoiseach and the Government should go to the country now and let us see what the people will say.

Deputy Joe Carey: Hear, hear.

Deputy Michael Ring: They want a new Government, new thinking and new ideas. We have the team to take the country out of the deep recession. The people got rid of the Progressive Democrats and they will get rid of the Green Party and Fianna Fáil. We will have a new bright lively Fine Gael team that will put the country first, will put people back to work and will give people security. The Government has lost its way. It is like a football team going for relegation; everything it does goes wrong and it is time to relegate it and put its Members in the backbenches.

Acting Chairman: I allowed some latitude and gave Deputy Ring two minutes extra.

Deputy Charles Flanagan: The Acting Chairman was not in a deep sleep.

Acting Chairman: I understand the next speaker, the Minister of State, Deputy John Curran, will share time.

Minister of State at the Department of Community, Rural and Gaeltacht Affairs (Deputy John Curran): I will share time with Deputies Sean Power, Michael McGrath and Michael Mulcahy.

Acting Chairman: Is that agreed? Agreed.

Deputy John Curran: Deputy Ring spoke about the new Members being lively and he may not be listening to me but somebody might relate to him that some of the old Members are still quite lively given his own performance. I welcome the opportunity to contribute to the debate and I wish to use the opportunity to clarify a number of issues that have arisen under which I call "false circumstances".

It has often been said that the financial and economic situation in which we find ourselves could and should have been foreseen. I remind Members on the opposite side of the House that two years ago their policy manifestos for the general election made no reference to and had no foresight or vision of what was coming down the tracks. Their policy documents, similar to many others, showed growth for the period from 2008-11 at a rate of 4%. To predict the future was not possible and nobody saw it coming. It is easy with hindsight to say that we saw it.

People asked where are all the good times gone but regarding the myth that the boom has been squandered, nothing could be further from the truth. The income generated during the good times was spent wisely and that has afforded us particular opportunities now. Specifically, we reduced our national debt to among the lowest in Europe and built up a pensions reserve fund. It is because we made those strategic moves in good times that these options are available to us now in challenging times.

Another criticism of the Government is that it did not know what it was doing. That is a spin and a load of rubbish. The reality is that the Government acted in a timely fashion on numerous occasions to deal with the problem and ensure that the finances of the State were

[Deputy John Curran.]

kept in check. Last July, it dealt with spending adjustments to Departments. It brought forward the budget to October and a supplementary budget in April of this year. That was done not because we got it wrong but in response to a changing position. We moved in a timely fashion. Others would have sat on the fence and considered how we might deal with it years into the future.

Opposition Members have been lacking and dishonest in what they say they would do. We have made tough decisions and paid a political price for that. We have cut expenditure across a range of issues. We have increased taxes, and they are not popular. We did not do that by choice but out of necessity to balance and bring stability to the public finances. I have yet to hear somebody on the Opposition benches say where they would raise the money and the taxes they would have increased.

Deputy Finian McGrath: That is not true. We agreed——

Acting Chairman: The Minister of State, without interruption.

Deputy John Curran: The Deputy should stand up during the course of this debate and nail his colours to the mast.

Deputy Aengus Ó Snodaigh: It has been done. The Minister of State has not bothered reading it.

Deputy John Curran: He should outline precisely the taxes——

Deputy Aengus Ó Snodaigh: He has not listened.

Acting Chairman: The Minister of State, without interruption.

Deputy John Curran: That is because they do not add up.

Deputy Aengus Ó Snodaigh: We presented it in public. The Minister has not bothered reading it.

Deputy John Curran: I defy you to put your figures before the House that will match what we did.

(Interruptions).

Deputy John Curran: You did not do that. The reality is——

Acting Chairman: The Minister of State should address his remarks through the Chair. He knows the procedure better than anybody. Deputies know the procedures in this House. They should give the Minister his opportunity to speak.

Deputy Aengus Ó Snodaigh: What he is saying is inaccurate.

Acting Chairman: When it is Deputy Ó Snodaigh's time to address the House——

Deputy Aengus Ó Snodaigh: He is misleading the Dáil.

Acting Chairman: ——he can do so and if he wants to correct or change any figure——

Deputy Aengus Ó Snodaigh: I am taking the opportunity to correct the record.

Acting Chairman: Deputy Ó Snodaigh knows the rules better than anybody in this House. The Minister of State, without interruption.

Deputy John Curran: My comment to the Members on the opposite side is that we made tough decisions. We had a deficit to make up and we did it. The challenge for them is to show clearly during the course of this debate the taxes they would raise and the expenditure they would cut to match the figure we achieved, not a different figure. They have been making different statements on different occasions.

I want to make one or two comments on the banks. One afternoon last year I was travelling across the country listening to Joe Duffy's radio programme. People were ringing in saying they were scared that their cash deposits were vulnerable and that they intended to withdraw them. Again, the Government acted in a timely fashion to secure and guarantee those deposits. A recapitalisation of the banks is not for banking *per se* but to keep business in this country functioning. It is worth pointing out that even in these very difficult times, with massive unemployment, businesses are succeeding and 1.8 million people are working. It is the function of Government to make the tough decisions but there is no use making them some time in the future. We have been making them constantly in a timely and responsive way to allow the Government correct the deficit that has occurred.

Deputy George Lee said he has an equal mandate. He has, but all of us who have been elected to this House have the same mandate. That mandate and the authority of the Government will be determined later today when Members walk through the lobbies. We were elected two years ago to govern in good times and in bad times. That will be put to the test later this evening with all of us expressing our mandate when we walk through the lobbies. I have absolute confidence in the Taoiseach and the Government to take the tough decisions necessary in a cohesive, timely and responsive manner.

Deputy Seán Power: At the outset I would like to welcome the two new Members, Deputy Maureen O'Sullivan and Deputy George Lee, to the House. In fairness to Deputy O'Sullivan, she has had a long association with the late Deputy Tony Gregory and while we differed on many issues, nobody would argue that he supported people who had been neglected in the past or who did not get the attention they deserved. It will give people some hope in human nature that much of that good work has been acknowledged. I wish Deputy O'Sullivan well in the House.

Deputy Lee has got a great deal of publicity and in fairness to him his maiden speech was quite constructive, although I would disagree with a number of aspects of it, particularly regarding the mandate. We were all given a mandate but when we come into this House and elect a Taoiseach, that is done by the 166 Members in the House. The Taoiseach's mandate is the same as that which Deputy Bertie Ahern, Albert Reynolds, John Bruton, Garret FitzGerald and Charles Haughey had previously. It is no different in that regard.

Regarding the confidence motion before the House, Fine Gael has been doing a great deal of gloating in recent days, perhaps with good reason. It has had success, which it has been starved of for many years. It is important, however, that we examine the way we do our business in the House. Some people might regard the debate on the motion as being a waste of time in that the result is probably a foregone conclusion but in the past we attempted to change the way we do business here. I would say this about all parties but we must approach our business here in a much more mature manner. There are enormous challenges facing this country, ones that none of us could have foreseen when we were first elected to this House. The people want us to take a mature approach and not divide constantly on issues or taking different approaches.

[Deputy Seán Power.]

That is what has happened here. The Government propose something and the Opposition will immediately knock it.

Equally, from a Government point of view, we do not give Opposition proposals the type of scrutiny they deserve. As Deputy George Lee said earlier, no economist has a single solution to how the problems in the banking system can be resolved. We all bring certain talents to the House. People should show respect to one another in that regard and act a little more wisely when we are trying to deal with the serious challenges facing us.

The major problem we face is taking control of the public finances. That is a priority for any Government, and we must act responsibly in that regard. If we have only €35 billion coming in through taxes in a year, it is impossible to spend much more than that. That is where parties will have to make the difficult decisions and not try to deceive the public. We cannot be all things to all people. Difficult decisions will have to be made. We must make a number of cutbacks in different areas to restore the public finances to an acceptable level.

While canvassing in recent weeks I met a number of people who expressed the view that they were prepared to make sacrifices but they did not see any fairness in it. I read in the newspaper this morning the list of tax defaulters and the late Joe Dolan is included on it. What purpose does that serve? Where is the fairness in that? What purpose does it serve publishing in a newspaper the name of a person who is dead who had a difficulty with tax which apparently has now been resolved? We always had a tradition of not speaking ill of the dead. I see no purpose in changing that and I hope we can deal with that area in the future.

I believe we could have acted differently in the past but we did not. We are all that much wiser now when we see the way the recession has gone, but not one person in Ireland predicted the enormity of the shortfall we are currently experiencing. In attempting to address that major challenge the Government is dealing with it in an honest way.

Deputy Arthur Morgan: We warned the Government about it.

Deputy Seán Power: I have no difficulty supporting the motion and voting confidence in the Government later this evening.

Deputy Michael McGrath: I welcome the opportunity to speak on this important motion of confidence in the Government. I join with my colleague, Deputy Seán Power, in congratulating the two new Deputies — Deputies George Lee and Maureen O’Sullivan — and I wish them the best of luck in the important work they have ahead.

The backdrop to the motion from the Opposition is the European and local election results which emerged following the vote last Friday. They represented a devastating result for the Fianna Fáil party and for our partners in Government, the Green Party. Fianna Fáil lost outstanding public representatives throughout the country, many of whom are from Cork, and their work must be acknowledged in the House today.

It is important to state that the Government has made mistakes. Every Government in the history of the State has made some mistakes. It would be incredible if a party could be in Government for 12 years and not have made some mistakes. However, in my view and by any objective analysis, the benefits of Government policy since Fianna Fáil came to office in 1997 have far outweighed the negative aspects of any decision made. That must be accepted across the board. If the Opposition believes the Government has made mistakes it must acknowledge that there must be honesty on all sides of the House.

The Minister of State, Deputy Curran, referred to the Fine Gael and Labour joint manifesto of two years ago. From listening to some of the comments and contributions to the debate thus

far, one would think there was a complete monopoly on wisdom from the Opposition, that it saw this coming and that Fianna Fáil has done nothing right since 1997. As Deputy Curran stated, it was only two years ago that Fine Gael and Labour went to the people with a joint policy platform, which I have before me, forecasting growth in 2008, 2009, 2010, 2011 and 2012. Fine Gael and Labour stated as much two years ago. There is no credibility to the Opposition suggestion that we got it wrong all the time since 1997. The greatest economic brains of the Opposition concluded, based on all the available public data two years ago, that the economy would grow for a successive number of years. That has not transpired and the fact is no one saw this coming, no one foresaw the extent of the collapse in the global financial system and no one foresaw the collapse of Lehman Brothers and other major financial institutions overnight.

It is important to have a mature debate because there is no monopoly on wisdom, no one has all the answers and there are no easy answers to working the country through what is the most difficult and deep recession since the great depression of the 1930s. It must be put on record that the Government has taken tangible steps several times in recent months, including the budget last October and the supplementary budget in April, the decision in respect on the pension levy and so on. Every tangible decision and step proposed by Government has been opposed by the Opposition. The Opposition parties have effectively stated that we got it wrong every time. If they are elected at some point will they reverse any of these decisions? I suspect they would not. Would they reverse the decision on the pension levy, the increase in the income levies or the medical card decisions? No Opposition party leader has stated that they would reverse these decisions. Their criticisms of the Government have no credibility.

Earlier, the Minister of State, Deputy Roche, stated that if people were to elect Fine Gael and Labour, they would not know what policies would result. Fine Gael would go into an election with one set of policies and Labour with a completely different set. If they were to form a Government, their policies would have to be merged. We would end up with a mishmash of some description and, ultimately, people would not know which policies would be pursued. There are fundamental differences of policy on the banks, on public expenditure, on whether to spend more or less, on the future of the public sector, on the need for reform, whether increments should be paid and whether to support benchmarking. Labour has been in bed with SIPTU and other trade unions but Fine Gael has a far more lukewarm attitude to social partnership. These are fundamental issues that would lie at the heart of the future of any Government. If people were to support those parties in a general election, they would not know the final outcome in terms of Government policy.

Our policies must focus on jobs, promoting an enterprise culture, bringing stability to the public finances, sorting out the issues in the banking system and restoring competitiveness. We must face up to some very important issues in the House, including the NAMA legislation. Public sector reform must be dealt with and we must all work together to ensure the Government can bring the country through the recession. I believe the Taoiseach and the Government have the capacity to make those decisions and to get the country back to work in the quickest possible timeframe.

Deputy Michael Mulcahy: This Administration is approximately one year old.

Deputy Phil Hogan: What?

Deputy Michael Mulcahy: Since it came into office it has faced, in chronological order, a downturn in world economic activity, the Lisbon referendum and its aftermath, the pork food scare, a stock market crash and a banking crisis. In determining whether we should have confidence in the Government it is only fair to examine how it has reacted and fared in respect of several of these key policy issues. Most reasonable economic commentators agree a downturn

[Deputy Michael Mulcahy.]

in world economic activity has occurred but this seems to be missing from the speeches of every Fine Gael and Labour Party contributor to the debate. They seem to believe Ireland is the only country in the world suffering from an economic downturn. Since June, July, August and September of last year, worldwide activity has declined very significantly in all industrialised countries. Certain commentators appear to be in denial about this. However, the sooner they come clean and accept this basic fact, the sooner we can have some mature discussion on where we stand in Ireland today.

The Taoiseach was very clear in his leadership on the Lisbon treaty referendum but the people did not agree. The Government has embarked on a process of consultation and on the basis of that, on the basis of market research and on future changes which are being negotiated as we speak there may well be a second Lisbon treaty referendum this year. By any analysis, the pork food scare was very well handled and confidence was restored to that sector of the agriculture industry in a very short period.

I refer to the stock market crash and the banking crisis. I remind people of the very difficult night of 30 September of last year when it was clear by that Monday evening that there would be a run on all the banks in the country on the following Tuesday morning. If fairness to Fine Gael it had the wisdom and the courage to support the Government in its timely intervention and its introduction of the bank guarantee scheme. However, to its eternal discredit, the Labour Party, as usual, funk'd the hard decisions. If the Labour Party had its way on the morning after 30 September 2008 there would have been a run on the banks in Ireland. Every bank would have become insolvent and, in economic terms, Ireland would have gone back to the ice age. Let us deal with the facts and the solutions to certain undeniable facts. I note from my 17 or 18 years on Dublin City Council that when it comes to the hard decisions, the Labour Party talks the talk but it cannot walk the walk. Never was this more in evidence than during the banking crisis.

I welcome Deputies Maureen O'Sullivan and George Lee to the Chamber. It is a great honour for them to be elected and it is a great honour to represent people from any constituency. Yesterday was their day and I wish them the best of luck in representing their constituents in the Dáil. I refer to the earlier comments of Deputy George Lee, who made a very fine and impassioned speech. He criticised the Taoiseach and the Government and stated that he had no confidence in them. I was very surprised because Deputy Lee is supposed to be an economist. However, in his contribution he did not address the fact that there is a deficit of some €20 billion per year. He did not address how he or the Fine Gael Party proposes to reduce that deficit.

I put it to Deputy Lee, now that he has finally joined us, that it is not good enough or honest enough to come to the Chamber and state that one side or the other is wrong or is not up to the job. He should get off the sidelines and say what he would do. Let the House hear his solutions because Fianna Fáil is prepared to take the action and the Taoiseach is prepared to take the action to reduce that deficit, to stabilise the finances, to stabilise the banking system and to support enterprise. We are doing it. I was not particularly surprised that Deputy Lee did not come up with any solutions because he was not particularly accurate either in that infamous programme, "How We Blew the Boom". He did not mention in that programme the huge investment made by the previous Government in roads, schools, special needs teachers and transport facilities. He did not mention the reduction of our national debt or the money accrued in the pensions reserve fund or in foreign aid. He did not do all these things. It is about time that commentators in RTE or elsewhere began to become a little more balanced, a little more honest. I wish Deputy Lee the very best and I hope that in his next contribution he has the courage to come in here and put on the line and

1 o'clock

on the record what he says he would do to reduce the public deficit of €20 billion. We can then examine his proposals and the public can examine his proposals.

I have confidence in this Government in so far as it is courageously tackling the major issues of the day. I will not have confidence in this Government if I ever believe it lacks the courage or the initiative to tackle those problems head-on. However, it is tackling these major issues at the moment.

Acting Chairman: I call on Deputy Maureen O'Sullivan who is sharing time with Deputies Behan and Finian McGrath. I welcome Deputy O'Sullivan to the House. This is her maiden speech and as is the custom I do not expect there will be any sabre-rattling from this side of the House. I am sure the other Members will respect the dignity and decorum of the House and allow the Member to address the House without interruption.

Deputy Maureen O'Sullivan: Go raibh maith agat, a Chathaoirligh, toisc gur thug tú spás cainte dom inniu. I am sharing my time with Deputies Behan and Finian McGrath.

I truly wish I was not standing here today because the reason I am doing so is the untimely and sad death of my good friend and colleague, Tony Gregory. Tony was dedicated to the people he represented in Dublin Central and he brought that dedication here into the Dáil and he brought it into Dublin City Council. He served the people and the issues they presented to him and he did so in a very genuine and honest way. It is relevant, therefore, that I speak today.

I am not an economist nor do I have a variety of statistics to hand or reports from which I can quote but I wonder what those statistics and reports mean in the real world and what these debates mean and what help and consolation they are bringing to the man or woman who has lost a job and who is now facing losing his or her home. I wonder what they mean to the bright, wonderful young people whom I have been teaching for over 35 years and who do not have the same prospects today that others had years ago. I wonder how much value those statistics and reports have for the preschool in Dorset Street opposite the Dorset Street flats which is facing closure; to Gaelscoil Bharra in Cabra which is still in prefabs many years later; to the people on FÁS training schemes who are losing those spaces; and particularly to people on FÁS schemes who have lost their six hours literacy programme. That six hours literacy programme was for people who had missed out on basic education the first time around.

What do the statistics, reports and economic jargon mean to people on community, youth and drugs projects who are losing places and funding? What do they mean for children with special needs, those in need of learning support and those who have been abused? Are they filled with confidence and hope that the Members of this House and particularly those in government, will do the right thing for them? These are all victims of the mismanagement of the economy and they are waiting for action to be taken.

It was the policies, the incompetence and the irresponsibility of Governments that wasted the fruits of the economic good times and we now face these serious economic and social problems. For me it is immoral and evil that millions of euro can be found to compensate and to cover the mistakes of those in industry, banking, property and in the political world, who should have been guided by a social moral conscience instead of, as they were, by profit, greed and selfishness.

The endorsement I received as an Independent candidate and as the heir of Tony Gregory from the people of Dublin Central, from East Wall to the Navan Road, from Ballybough to Drumcondra, from Smithfield to Cabra, from Sheriff Street to Glasnevin and Phibsboro, a wide variety of areas, was not just in part an anti-Government vote but also a vote for what Tony Gregory stood for and for what I too am standing for.

[Deputy Maureen O'Sullivan.]

I am leaving a job as a teacher in St. Mary's secondary school in Baldoyle which I have done for over 35 years and some people are saying to me I might not be out of it for too long. I worked there with the support of colleagues and wonderful young people and it was a place where there was no room for platitudes, clichés or bombast. It was a place where a job had to be done and it could be done in a nice, honest, caring way. I was told to look on the Dáil as just a bigger classroom so I hope to bring those qualities here which would mean putting people and communities first, especially those who are marginalised, vulnerable and needy.

The most fitting tribute to commemorate Tony Gregory would be to stay true to his beliefs, to his principles and to ensure that social justice and fairness are at the core of any political agenda. The only Government I can support is the one which puts social justice and fairness at the core of its principles and policies.

Deputy Joe Behan: I join with the Acting Chairman and all the Members of the House in welcoming and congratulating Deputy Maureen O'Sullivan and Deputy George Lee and I wish them both every success in their careers here in Dáil Éireann.

I am grateful to have the opportunity to respond to the Government's motion of confidence in itself which will be decided by this House at 5.30 p.m. This Government is dealing with unprecedented financial difficulties, some of which it has caused itself and some of which are outside its control. There is no doubt that any Government facing these difficulties would have to take unpopular measures and the people are aware that this is so. However, there is an obligation on any Government contemplating such measures, to ensure that they are just and equitable. Measures such as: increasing class sizes; cutting school book grants to disadvantaged pupils; suppression of special needs classes; taxing or means testing of child benefit; ending universal entitlement to medical cards for people over 70; cancellation of the Christmas bonus for social welfare recipients; and penalising low-paid public servants with pension levies while allowing well paid members of the Judiciary to opt in or out of this levy on a strictly confidential basis, are all examples of fundamentally unjust and inequitable decisions made and being implemented by this Government. I, for one, cannot and will not support them. Accordingly, I will be opposing the Government motion.

Deputy Finian McGrath: I thank the Acting Chairman for the opportunity to speak on this important motion of confidence in the Government. Before I go into the details of my own political perspective on the economic issues, I wish to congratulate Deputy George Lee and warmly welcome Deputy Maureen O'Sullivan to the Oireachtas. From a personal point of view, it is a very sad day when we all remember Tony Gregory but the important point to remember is that his tradition continues with Deputy Maureen O'Sullivan in the House. The people in need, disadvantaged communities, children with special needs, children with disabilities, people on housing lists, people coming from severely disadvantaged backgrounds, have a voice in Dáil Éireann with Deputy Maureen O'Sullivan. I will work very closely with her and with Deputy Joe Behan and other people in the House who have the same political agenda.

We must not play politics with this national economic crisis as we need ideas and suggestions to resolve this very serious economic mess. I will give an independent view and just as in the past, I will set out my stall to resolve these issues. There are three ways of tackling the current issue. We have to deal with the public finances and with the taxation issue and we must respond to the jobs crisis. Sensible spending on the weaker sections of society is always top of my political agenda. They should never be made to pay for the sins of the reckless over the past five or six years. Sadly, that is what is happening now. Our people have lost confidence. I do not say this in a personal way but the Government must accept responsibility for the substantial

mistakes and some of the recent decisions. As Deputy Behan said, attacking elderly people and children with special needs is never an option. If we have to fund these services, by all means let us increase taxation and go for it but we must not attack elderly senior citizens, children with disabilities and people on medical cards.

I welcome some of the comments made by Deputy George Lee, who spoke as an economist. He said that economists do not have all the solutions. I welcome that because we must all work together to resolve the financial and employment issues. Deputy Lee also said that people should not be so arrogant as to believe they have all the solutions. That is an important statement. In recent weeks I have talked to many people, so-called experts, and have heard different views, visions and solutions from them. I remind the Minister of State, Deputy John Curran, that there have been times in this House when I voted on issues, not by voting against the Government but by looking at the national issues in the national interest. There were many other times when I voted against the Government because I was very annoyed and felt let down by what was happening.

This is an important time for our country and our economy and is a very important time for our citizens. People are worried and fearful and need confidence and trust. Politicians, from the backbencher to the most senior spokesperson to the Taoiseach must lead. To start with, all Deputies and Senators should have taken a voluntary 10% pay cut. Ministers and some Ministers of State have done so but everybody should have taken the hit. The rest of us must do it also. It is all very well giving lectures in the House on the economic cuts but it is time for all Deputies to put up or shut up and this is where we start.

It is wrong for people to say that those of us in Opposition did not put forward suggestions. Before I talk about this in more detail, I challenge those who call for more patriotism. My patriotism does not include hammering low-paid workers, the elderly, the sick and the disabled and young children. That is part of my agenda and that is why I was elected in Dublin North Central in 2007.

There are always creative ways to fund matters. In recent months people have taken difficult decisions in the interests of the country and have put forward ways to resolve the issues in question. Many sensible points have been made by Members of the House in respect of taxation. If it is necessary, we must go for this option and increase taxes. There have been positive suggestions also with regard to creating jobs and dealing with the banking and financial issues. This is very important. The Commission on Taxation is sitting at present but we should not bottle out of putting a tax on people who have a second house. I do not say "home" because everybody has one home but some people have second houses and I would slap €600 per house on these as a way of funding services for people with disabilities or to deal with other issues.

The matter of tax shelters and exiles must be confronted but we must also examine tax on profits and investments and must be brave enough to broaden the tax base. Everybody should contribute in the economic downturn, no matter how small the contribution. I told the Taoiseach we must get the social partners back on board and support positive proposals in the social solidarity pact from the Irish Congress of Trade Unions. I welcome recent developments whereby people are sitting down and discussing this.

There is a pool of talent in this country that wants to serve our nation in difficult times and I have met these people in recent months. My clinics have been full to the door with people who have been laid off, small business people with creative ideas on business, rates, taxation and developing this economy. Ministers, particularly Ministers of State who might have extra time, should meet such people and not turn their backs on them. Many of them have fantastic ideas. They might employ only between 16 and 23 people but that is a very important step in any local community and so it is important that we listen to them.

[Deputy Finian McGrath.]

Unemployment will average approximately 12% in 2009 and our exports will decline by 6%. I told the Taoiseach he must be straight with the people because then they will rally, which is important. The Taoiseach should have given a national address to the people. It is all very well making the odd good speech in the House but the Taoiseach should have gone on national television and made a statement, laying out his stall with the facts and some solutions. He would have had some sensible reactions to this.

It is important that we get the balance right between cuts, taxation and capital projects. I say this to all Ministers and to the Minister for Energy, Communications and Natural Resources, Deputy Ryan in particular, because in the past we both shared much of our political vision. If necessary, we must look at some capital projects that are costing billions. We must focus also on jobs as a way out of the crisis. In recent months, for example, the SR Technics issue was appalling. It was aviation vandalism. We lost a jewel in the crown because of €20 million. Ultimately this will cost the taxpayer approximately €40 million in redundancies, unemployment benefits and supporting families in crisis.

SR Technics goes off to Zurich. What will it do when it gets there? It will increase its prices for servicing aeroplanes. I raised this matter in the House many times. SR Technics is a major loss to the country. Even at this late hour, I call on the Government, the IDA and the Department of Enterprise, Trade and Employment to support the proposal to invest €20 million, save the 1,135 jobs and protect a vital national industry. Ireland is an island and we need aeroplanes for our economy, for exports and for our people. Let us wake up and look at the reality. We need people to service these aeroplanes and we need the service to be in Dublin. How dare anybody let it fall away and go to Zurich. In addition, Fingal County Council will lose €1.5 million in rates when SR Technics closes. It is another local council that deserves a break. It is economic madness to put quality people such as these on the dole. The company has already had numbers of expressions of interest. It is important that we take action.

We must also face reality and support small businesses and their people. With regard to small businesses, everybody in the State should do their best to support businesses in their own community. By doing so, they support people in jobs in their own area and increased VAT goes into the Exchequer. I will not take lectures on this from any political party. Recently, for example, some political parties had their posters published abroad to save a few extra euro when they could have had them printed in Dublin or with small businesses who do this work. I will not take lectures from any party that speaks about jobs but turns its back on the small businesses that need such work. It is important too to deal with this matter.

Deputies Behan and O'Sullivan mentioned education and special needs. At present we are training hundreds of young student teachers to go into classrooms. They are finishing up in coming weeks and will be unemployed, will not pay any tax and will not be in the tax system. If we had them working with children with special needs and in our large classrooms they would generate a spin-off effect into their communities. That would be money well spent, beyond the value of the service they would provide.

We should also look at some of the ideas that come from people in areas outside politics, whether in business or the trade union sector. The former president of the INTO, my own union, put forward a sensible idea with regard to people working together to create jobs, investment, education and support these issues. We should have a broader sense of community. These are the issues that must be resolved. It is wrong for Ministers to state in this House that people have not proposed sensible suggestions.

We must look seriously at one issue in particular, namely, debt. There has been much comment recently about the debt levels of Irish households and the difficulty faced by firms in

getting credit from the banks. In this context we must look at debt levels since 2007. At the end of April 2009, Irish households and firms owed almost €393.5 billion. This includes €148 billion for mortgages, €2,896.2 million on credit cards, €168 billion owed to firms and €29 billion for non-mortgage debts to households. Private sector credit fell in April for the second month in a row. It has fallen by approximately €11 billion since November 2008. In contrast, mortgage lending continued to grow until 2009, when it fell by €100 million in March. This fall was the first time that mortgage lending was recorded as falling since the series started in 1990.

I wished to raise the issue of unemployment which is a major issue, but do not have the time to do so now. People are losing faith and confidence in the Government. Over the past couple of months people on the doorsteps told me they want to see new ideas.

Minister for Communications, Energy and Natural Resources (Deputy Eamon Ryan): I support the Government on this motion because I have confidence in the three fundamental policy areas with which any government must be concerned at present. The Government is doing the right thing.

I challenge Members to imagine themselves in the position of being in government last September, shortly after Lehman Brothers collapsed and the whole international banking system came to a grinding halt. If they had been approached by the Central Bank, the treasury management agencies and the other banks and told our banking system was about to freeze up and collapse and money was about to flood out of the country, would they have taken a different decision? Would they have said, as the Labour Party seems to suggest, “All right, let it go.”? The lesson that had been learned in the previous weeks of just letting the banks go had been calamitous. Think what the consequences would have been for this country. Deputies should put themselves in the position of making that call. Would they be willing to risk it and see if the whole banking system would collapse or survive? If they take that perspective, they will understand what the Government has been trying to do in the banking area. It is not something the Government would choose to do, it is not bailing out the banks or doing it for its friends in the banks. It is doing it for the country, to try to recover from the mistakes that have been made in our banking system and put them right. It is not an easy or popular decision, but it is right.

In terms of the budget, I listened with interest to Deputy George Lee earlier. It is true our biggest issue is our private debt. Our public debt is only a fraction of our private debt, which has built up over the past 20 years. Inexorably, year on year we have increased our level of indebtedness. That is probably the biggest challenge we all face, including everybody outside this House. In order to help us manage our private debt, we need to get a handle on our public debt. That is what the Government has been doing over the past year. This is being done with difficulty, hardship and pain, but this is an unavoidable action that is the right thing for the Government, or any government, to do. The job is not finished. We have a four or five year plan that has been accepted by the European Union and European Central Bank. We need their acceptance because they are assisting us in our banking solution. Therefore, we must adhere to that plan.

Deputy Lee’s speech showed soul and he made many valid points, but he provided no substance on how we would bridge the gap that exists. I have not heard that substance from any of the Opposition. Take, for example, the approaching budget where a further adjustment of €4 billion is required.

Deputy Phil Hogan: That is ridiculous. The Minister knows that is not true.

Deputy Eamon Ryan: There has been no honesty from the Opposition. It has provided no details of proposals, nor has not even asked questions about it. When one listens to the 9

[Deputy Eamon Ryan.]

o'clock news all we hear are comments from the Opposition that we have been bailing out the banks and that we should not make cuts or increase taxes. That three-way equation does not bring a solution. It is not right. What is right is that we try to deal with the issue because of the lessons we have learned from the past, not just the lessons of the 1980s, but also those of the 1950s. We have learned that we should not allow such budget situations fester for ten years, as we did in the 1950s until T.K. Whitaker and others, like Seán Lemass, opened up our economy and set it on a different path, or as we did in the 1980s, from early 1982 until 1988, until eventually, Alan Dukes and members of the Government at the time started to take some of the necessary hard decisions.

I have not heard constructive proposals from the Opposition. I have heard the phrase "public service reform". Public service reform must be part of everything we do, but it is not an easy, magic bullet for raising €4 billion. Public service reform involves real cuts and difficult decisions, but the Opposition has never outlined how these decisions will be taken.

The Government is doing a hard thing, but it is the right thing. It is not easy and mistakes have been made. We could look back on some cuts that have been made and ask whether we could have done things differently. There is an argument for that. I accept the position stated by Deputy Maureen O'Sullivan. I welcome her contribution, which is a credit to her and former Deputy, Tony Gregory, who is missed.

I would like to deal with the issue of where the Government is getting things right, namely, the recovery aspect of its responsibility. The smart economy document set out by the Government before Christmas, turning the country to a higher technological economy and a green clean economy is the right approach. It is based on solid foundations that are now bearing fruit from our investment in Science Foundation Ireland and other research work. The green economy development within that recovery plan will be the crucial way for us to create new jobs. It builds on our huge renewable energy resources. The Opposition talks about doubling the amount of renewable energy in use, but it is the biggest obstacle to us developing our renewable systems through the opposition it leads against some of the power transmission systems we need to build.

Deputy Phil Hogan: What about the legislation?

Deputy Eamon Ryan: That is the reality of what Fine Gael does. It talks the talk, but it blocks and impedes the country's development on a systematic basis for political gain and not in the wider national interest.

Deputy Phil Hogan: Pathetic.

Deputy Eamon Ryan: I will comment on what Fine Gael, for all its talk, is doing in terms of a green energy future for the country.

Acting Chairman: The Minister should speak through the Chair. We have only a few minutes left and do not want any argument.

Deputy Phil Hogan: Will the Minister give way?

Deputy Eamon Ryan: Let me highlight for the Chair the inconsistencies of the Fine Gael Party and the lack of concern for sustainability in its agenda. It is now saying "No" to major public transport projects in this city that are desperately needed and has prevented the spending of money on these for years. The Fine Gael members on local councils talk about how the bus

service is not good enough, but they fail to vote through the sort of changes that would, overnight, improve those bus services.

Deputy Phil Hogan: The Green Party has nobody on the local authorities in Dublin now. It has been wiped out in Dublin.

Deputy Eamon Ryan: I will take no lectures or comments from the party opposite about confidence because my confidence in its ability to deliver the green agenda is at zero. Fine Gael does not get it, it is not doing it and would not do it if it was in government. However, we will.

There is a huge opportunity for Ireland, particularly in the integration of information communication technologies and energy technologies. These are at the heart of our new smart economy proposals. I see clearly how we can deliver this in Government and thereby deliver jobs and build on the expertise we have.

Deputy Phil Hogan: I agree with that.

Deputy Eamon Ryan: We are a location of real skill, with large international companies here where leading research is being carried out and supported by our research institutions. We can combine that with what the likes of our energy companies are doing, such as what the ESB is doing in terms of a smart grid and electric vehicles. We can combine it with our software companies and build up a centre of excellence in the country around energy efficiency technologies and then sell this to the rest of the world. This is happening. That is the reason I have confidence in our ability in Government to deliver the jobs needed to provide the social services mentioned by Deputy Maureen O'Sullivan and others.

It is for these reasons that I will support the Government rather than the Opposition. The Opposition can say nothing except repeat the clichés that drive fear into the people. It repeats that we are bailing out the banks, but does not say what it would do. It says on the one hand that we cannot make cuts and on the other that we cannot impose further taxes. The country can have no confidence in those solutions or that Fine Gael would do the right thing in these most difficult times to lead Ireland out of its difficulties and pay off the debts we have built up over the past 20 years. We must set ourselves on a green sustainable future. That is the best future for our country.

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

Minister of State at the Department of Arts, Sport and Tourism (Deputy Martin Mansergh): Any exercise in democracy in which there is keen public interest and participation should be a cause of satisfaction. The results of elections on different occasions to different bodies and for different purposes should be equally respected. There are still many parts of the world where, unfortunately, this is not the case.

Three sets of elections took place last Friday. There were two by-elections to this House, and I join in congratulating and welcoming Deputies George Lee and Maureen O'Sullivan. I particularly welcome Deputy Maureen O'Sullivan, who carries on the tradition of the late Deputy Tony Gregory. One of my earliest tasks, as a political aid to Mr. Charles Haughey, was to research and collate the text of the Gregory deal in 1982, which focused on the badly needed renewal of very run-down areas of Dublin's inner city, a task I undertook with enthusiasm and which ever since has been a source of pride, even though my role was a modest one. A certain unconscious snobbery underlies the suggestion that such deals are the equivalent of accepting 12 pieces of silver. On the contrary, they are democracy at work.

[Deputy Martin Mansergh.]

Only Dublin South was previously a Government seat and no Government has won a by-election since the Galway East by-election of July 1982. I acknowledge and pay tribute to the virtually unprecedented scale of Deputy George Lee's victory, but it would be doing both Deputies a service and a kindness to allow them time to find their feet in the Dáil and as politicians, and not to ask them to go out on the campaign trail immediately again.

The second set of elections was for the European Parliament. Apart from the loss of the Dublin seat and an excellent MEP, Mr. Eoin Ryan, I regard the results with some satisfaction, both from a party and a national point of view. The real line of division was not so much between the main parties as between those who are for or against Ireland's fully committed participation at the heart of the European Union. In the North West constituency, Fianna Fáil Ministers explicitly called for vote transfers to other pro-Lisbon candidates, that is Fine Gael, Labour and Ms Marian Harkin — a gesture not reciprocated in Dublin by Fine Gael. Although it likes to project itself as Ireland's most pro-European party, on this occasion Fine Gael put party before country and failed to reverse what was interpreted as a call to transfer to Sinn Féin rather than Fianna Fáil by its national handler. Former Taoiseach, Mr. Garret FitzGerald had a rather different attitude.

The overall result saw the failure of Libertas to make any breakthrough, marked by its almost complete failure across Europe. The election of 11 out of 12 MEPs committed to Europe is a significant step forward in the context of the vitally important second Lisbon referendum which, as a country, we simply cannot afford to lose. Those whom the cap fits resent the tag of euroscepticism but in most cases are unable, when invited, to list any European treaty they have supported. An EU ambassador I was talking to yesterday also objected to the term on the grounds that it was too mild, and felt that term *europophobe* more accurately represented the position. The political and electoral price Sinn Féin is paying in the South for its opposition to the Lisbon treaty, part ideological and part opportunistic, should not be underestimated.

The third elections on Friday were to local councils. They saw Fine Gael, Labour and, in some cases, independents make substantial seat gains at the expense of the Government parties, for whom the overall result represented, undoubtedly, a severe rebuff. As the Taoiseach has said, the Government respects the results, the effects of which will be seen in changes in control of many councils. More than would normally be the case, the results were heavily influenced by reaction to the deep economic recession, the Government's handling of it and, partly as a result of relentless Opposition propaganda, perceived responsibility for it. In Ireland and many European countries, mid-term elections often go badly against the Government of the day. In 1985, Fianna Fáil, in Opposition, swept the boards, taking control of 23 out of 27 councils but the result did not precipitate a general election.

The Fine Gael decision to table a motion of no confidence was not well judged in its timing or its justification. I am not surprised at the anger of the victims of abuse groups that the debate on the Ryan commission report was pushed back two days to make way for a petty display of political triumphalism, the only effect of which has been to close ranks quickly among the parties and other supporting the Government.

The rules laid down in the Constitution governing this representative democracy are quite clear. The adult citizens of the State elect the Members of Dáil Éireann and Dáil Éireann elects the Taoiseach, who chooses the members of the Government to be appointed by the President. The Taoiseach resigns from office along with members of the Government upon ceasing to retain the support of a majority in Dáil Éireann. The motion before the House is a test of that support.

The argument put forward from the Opposition benches would have us believe that last week's local elections should be treated as an exercise in direct democracy. It would be wholly undesirable if mid-term local elections were to be treated as a proxy for a general election, as it would mean that Governments might only expect to serve for about two years and, also, it would be a subversion of local democracy. Governments, particularly in times of international or domestic crisis, need to be in a position to take the right difficult and unpopular decisions in the long-term public interest. Subject to retaining a majority in the Dáil, Governments are elected with a five-year mandate. With three years still to run, this Government is well able to take the decisions that are necessary, its members have the advantage of experience in dealing with the current situation and have a common agreed policy platform which will now be reviewed and updated. In terms of immediate preparedness and ability to act, the parties in Government are far ahead of the parties in opposition.

All Governments have the mandate to deal with the unexpected crises and emergencies that arise during their term in office. If the people continue to disapprove of what they have done they have the opportunity to choose a new Government at the next general election by sending back a different membership of the Dáil. Prior to the 2007 general election, it was clearly indicated to the people that the then Taoiseach, Deputy Bertie Ahern, would not stay the full term and it was well known that his most likely successor would be the Taoiseach, Deputy Brian Cowen. In December 1994, Deputy John Bruton became Taoiseach without seeking a new mandate from the people and current opposition leaders served under him. The argument that the Government has lost the consent of the governed is wholly spurious. The institutions of the State are functioning as well today and with the same consent as they did last week.

In most democracies, as part of political alternation, the leading position among the main parties changes from time to time. It is highly unusual that for almost 80 years one party has always been dominant. It is not a great boast for Fine Gael that it has taken that long to break back into the lead, albeit for the moment, on local councils, after achieving the same in the European Parliament context as 2004. Even with a 25% result in the local elections, Fianna Fáil retains critical mass, and it is far too early to judge how much long term significance this result has, accepting that the traditional loyalties of all parties have tended to diminish over time.

I find it ironic that parties opposite which during the long years of prosperity denied that the Government deserved any particular credit for the boom should now seek to saddle it with all the blame for the recession. The degree to which any Government is responsible for the state of the economy at any given time is a point on which there is little clarity or consistency in political debate. Between 1987 and 2007, Ireland enjoyed the best years of its history. We had a successful peace process; we joined the euro; huge advances were made in levels of employment, standards of living, infrastructure and social provision; and we brought ourselves up in that period from two thirds of the average European standard of living to 100% or more. Only someone who believes the State is the provider of everything would credit this all to the Government. The Government created many of the conditions which allowed the country to prosper, but so did the European and global economic environment, as did the social partners.

While the national debt was lowered and money providentially put aside in the National Pensions Reserve Fund as well as SSIA's, we all underestimated the vulnerability of our economy and no one could have foreseen the combination of circumstances that hit, not just Ireland but the entire world economy. In 2007, apart from minor proposed variations in taxation and expenditure, parties opposite had broadly the same approach and assumptions to economic policy as the Government. Society as a whole wanted better services but without paying more taxes. Even Deputy George Lee, as well as the Labour Party, kept repeating that the country was awash with money.

[Deputy Martin Mansergh.]

When things go wrong people look for someone else to blame, such as over-extended developers, banks and the Government. A case can be made that it is incumbent on some players, including the regulatory authorities and Government, to display superior wisdom, foresight and prudence. The reality, nonetheless, is that a large swath of the better paid members of society bought to a greater or lesser extent into the myth and illusions of the Celtic tiger. This has left Ireland somewhat worse affected by recession than the average among European countries.

If we are wise, we will accept that the need to adjust fairly drastically is a collective responsibility. The lesson for the future is clear, namely, we should be wary of any recurrence of runaway growth and try to smooth out strong swings in the economic cycle. There are also solid environmental reasons for taking the same stance.

Deputy Phil Hogan: I wish to share time with Deputies Timmins and Noonan.

The Government does not have and never had a mandate because at no time was a coalition of Fianna Fáil, the Green Party, the Progressive Democrats Party and Independent Deputies put to the people. I did not see one poster on a lamp post or a single statement from the parties in question putting forward this collection of failed political entities as an option for government in 2007. The Green Party explicitly stated it would not enter government with the Fianna Fáil Party and its supporters and members voted in the general election on that basis. Moreover, the party received a substantial number of transfers from other parties on the basis of that position.

Last week's elections were the first electoral judgment pronounced on the coalition of Fianna Fáil and the Green Party. The result was that a massive 73% of people voted against the Government, the Green Party's tally of city and county council seats was reduced from 18 to three and the party ended up without seats on the four local authorities in Dublin where it holds five Dáil seats. The party has been wiped out as a result of its association with the Fianna Fáil Party.

All talk from the benches opposite of continuing to fulfil the Government's mandate, as granted by the people, is nonsense. The electorate never granted this rag-tag coalition a mandate. A political mandate is sought to govern and can be given only by the people. The perverse collection of political parties in government never asked the people for permission to form a Government and the people firmly rejected it last Friday. The Green Party wishes to live in denial, to ignore the wishes of the people and to carry on business as usual. It has paid a heavy price for its deception, one which will not compare to the electorate's verdict at the next election if it continues to pretend it has a mandate to govern. The electorate delivered its motion of no confidence in Fianna Fáil and the Green Party last weekend.

The causes of Ireland's devastating economic problems lie firmly at the feet of the Taoiseach, Deputy Brian Cowen. The Economic and Social Research Institute has proven that Ireland's shrinking economy was partly caused by bad Government decisions stretching back to the early years of the decade.

As bad as the Fianna Fáil Party's record is, it does not come close to that of its partner in government, the Green Party. Ultimately, the latter's record will probably relegate it, like the Progressive Democrats Party before it, to the history books. Prior to the 2007 general election, the Green Party was in some senses radical. Having stood for the promotion of policies which would drive radical change, the party failed to deliver in the programme for Government and during its period in office in combination with the Fianna Fáil Party.

The Green Party's record in government has been anything but radical. It has decided to toe the Fianna Fáil Party line and the party's two Cabinet Ministers have chosen to hear no evil,

see no evil and speak no evil. They are part of a cabinet that has botched three separate budgets and presided over the collapse of many key sectors. They debated and ultimately approved decisions to increase unfair taxes which will impact most on the lower paid and vulnerable; to impose new income levies to bail out Anglo Irish Bank; to remove medical cards from those aged over 70 years; to proceed with deep and indiscriminate cuts in the provision of many important social and health services for the most vulnerable; and to impose savage cuts in education which will increase class sizes and remove special needs teachers. The party was also complicit in the emasculation of the Equality Authority and Combat Poverty Agency, two bodies that are central to the protection of people on the margins of society, and for whom the Green Party thought it had stood up in the budget Estimates of 2009.

Statements by the leader of the Green Party, Deputy John Gormley, suggest the party is content to provide a political crutch to the Fianna Fáil Party and limp on in government until the next crisis. It appears content to stand by Fianna Fáil on these issues by relying on the mantra that it is in government to get Green Party policies implemented. It is a one-track political party which is incapable of seeing the bigger picture provided its Fianna Fáil masters allows Green Party Ministers to issue press releases announcing their latest policies, which merely tinker at the edge of the major environmental challenges the country faces. The people of Ireland last Friday delivered their verdict on that defence of Green Party participation in government.

The Green Party has become too redundant to justify keeping the Fianna Fáil Party in government. It has failed to deliver on its promises in the programme for Government, which I propose to examine. The party is effectively the cling-on party of politics, prepared to hang on to and protect Fianna Fáil for as long as possible. A promise to establish a new bio-fuel industry has fallen flat as a result of botched Government policy. The Government gives substantial subsidies for the importation from the United States of inferior bio-fuel rather than promoting indigenous plant operators and farming communities to grow crops. As a result, no one will invest in new facilities in Ireland.

The Green Party also failed to move the entire Dublin Bus and Bus Éireann fleets to bio-fuel blends. Government plans to ban old light bulbs have been abandoned in favour of European Union legislation to do its dirty work. Targets to improve energy efficiency in public buildings have been missed. The greatest public relations exercise of the Minister for the Environment, Heritage and Local Government, Deputy John Gormley, was first snubbed by the then Minister for Finance, the Taoiseach, Deputy Brian Cowen, and later by his successor, Deputy Brian Lenihan, both of whom refused to deliver a carbon budget, leaving the Minister, Deputy Gormley, to try to pass off a glorified press release outlining Green Party policies and targets as a substantial document. The Green Party has some record. It is truly redundant and people have treated it in the same way they treated the most recent redundant political party, the Progressive Democrats, by pushing it to the verge of electoral extinction.

The Fine Gael Party, on the other hand, has in recent months developed a series of radical policies to which members of the public are responding positively. Our rebuilding Ireland strategy is primarily a green stimulus package that will secure both short-term and long-term jobs. Its implementation would cause the most profound change in the economy, transforming Ireland into a low carbon society. Our €11 billion investment programme would deliver significant State intervention to rapidly promote more sustainable energy and transport sectors, while bringing telecommunications into the 21st century.

The Fine Gael Party's plan to create new renewable energy companies will drive serious investment in emerging technologies such as ocean energy and increase market share in developing technologies such as wind. My party has also proposed that energy storage play a

[Deputy Phil Hogan.]

much greater role in renewable energy generation. Dealing with the dual challenges of climate change and economic recession will require new ideas, dynamic change and policies delivered by a party with a mandate from the electorate.

The Minister, Deputy Gormley, has a policy on political reform which can be summed up in one sentence, namely, to establish a directly elected mayor in Dublin without any idea of the powers or remit of the new office. In contrast, the Fine Gael Party has published a radical and detailed approach for local government reform and how we do our business in the Oireachtas.

Deputies can argue all day about whether the Green Party is radical or redundant but people made up their minds when they cast their vote of no confidence in the party last Friday. It is time for a fresh start under a new Government with a real as opposed to imaginary mandate to get the country and economy back on their feet. The Government does not have a mandate, as the electorate indicated to it last Friday, but refuses to listen. It is time to have a general election and accept the motion of no confidence in Fianna Fáil, the Green Party and the Independent Deputies which support the Government.

Deputy Billy Timmins: Friday was a bad day for the Fianna Fáil Party but a good day for the country. In the not too distant future, the party will have worse days and the country will have better days. What we are witnessing in the first decade of the 21st century is the demise of the Fianna Fáil Party as a political entity.

Deputy Martin Mansergh: The Deputy wishes it were thus.

Deputy Billy Timmins: The Minister of State may well smile to himself but history will show that Fianna Fáil will, for good reason, go the way of the Liberal Party and Irish Nationalist Party. Recent Fianna Fáil-led Governments have done to Ireland what Osama Bin Laden has tried to do to the western world for the past decade, namely, they have destroyed it.

It is governments rather than financial regulators or central banks which are responsible for countries. Fianna Fáil-led Governments assisted in destroying this country in recent years. The Government was punished on Friday last, not for taking the hard decisions but for the failure to take any decision until recent times and then for taking incorrect decisions. I am confident history will bear me out.

The Government has had many failures which have been outlined by many speakers. I will mention a few, the first of which is early intervention in education. This Government, at a time of unprecedented wealth, has not improved the literacy standards in primary education. It has not sought to address the many difficulties of children in primary education which ultimately lead to a cohort of people who are outside the system, which leads to juvenile delinquency and an increase in the crime level. We have a curriculum that cannot be implemented by teachers. I note the presence of the former Minister for Education and Science, Deputy Mary Hanafin. Many teachers cannot identify reading difficulties of children and nothing has been done. For ten years I have articulated this view. There are children who suffer from dyslexia who go in one end of the system and come out the other having got no assistance.

This Government also failed in the proper provision of child care facilities. Around this country there are hundreds of white elephants being constructed on open ground for child care facilities to take the children of people who are going out to work but who no longer have jobs. These facilities are being constructed as stand-alone facilities. At the time, I pleaded with the Minister to have them as add-ons to local community centres and to education facilities. When Mr. Mike Malott and his “Prime Time” team get on the road on this topic there will be

a great display of facilities empty like the old western towns of the mid-west, with no control structure in place and no one knowing who is responsible for them.

On basic facilities, I saw a survey recently on Bray. The new swimming pool, which is very welcome, is used by in the region of 18% of the people once every three months and the promenade is used by 90% of the people. The money put into many of our facilities went into very specialised areas. I pleaded with the previous Minister for Arts, Sport and Tourism when a great deal of funding was being given out to sporting facilities that there should be a running track or walking track where parents or children could walk in the evening time, but this also was not done.

In the next few years there will be hundreds of houses demolished in counties such as Laois, Roscommon, Leitrim and Longford. They were built without there being any demand for them, purely on speculation, and on an economy built on sand because the constructor of the economy was a Fianna Fáil-led Government that did not put in place a foundation.

It is not today or yesterday that the Opposition has been wise. I have listened to my colleague, Deputy Richard Bruton, speak on several budgets about the unsustainability of the economy and about the fall in competitiveness. While this was happening, what was the Government doing? Ministers such as the Minister of Defence, Deputy Dea, were standing on Shannon Bridge greeting the morning traffic and waving good-bye to the evening traffic, putting their entire energies into re-election rather than doing the job. The Irish people did not elect Ministers such as Deputy O'Dea. The Taoiseach should not have appointed Ministers to go down the country to cut ribbons or to open off-licences in Leitrim. That is not what people were elected to do and it is about time a generation of politicians took on this task and did the job for which they are elected. We must examine such matters.

I heard one of the new junior Ministers speak this morning about the work-fare concept rather than welfare. The greatest possessions a person can have are a job and his or her self-esteem. There are 500,000 people out of work at present.

Deputy Mary Hanafin: Four hundred thousand.

Deputy Billy Timmins: Whatever the figure, people must be given an opportunity to stay in employment, and that is within the remit of the Minister for Social and Family Affairs, Deputy Hanafin. There is need for a radical re-think. Most of these people would prefer to remain in employment than to draw welfare payment. The Government should find productive work for them to protect their self-esteem. There are many things that could be done in this regard. In the last budget there was not one provision to assist employers. There was no PRSI incentive. It was a budget without hope. The people want hope; they want action.

Deputy Michael Noonan: It is very difficult for this House to have confidence in the Government. The election manifestos which Fianna Fáil and the Green Party put to the electorate in 2007 are redundant. The Progressive Democrats, as a party, are redundant. The Programme for Government is equally redundant because the economic circumstances have changed. The agreement made between the parties in Government when Deputy Cowen was elected Taoiseach is also redundant because the premise on which the present Government was established no longer pertains. More importantly, the conventional wisdom that no one could have foreseen the fiscal crisis until the summer of 2008 is untrue. It was clear immediately after the 2007 election that the 2007 budget was off the rails. This was pointed out by many commentators and I want to outline one personal example.

In June 2007, three weeks after Deputy Bertie Ahern's Government was formed, the then Minister for Finance, Deputy Brian Cowen, introduced a Bill to make minor amendments to

[Deputy Michael Noonan.]

stamp duty. In the course of the debate I read into the record the monthly housing start statistics from January 2007 to May 2007, which had just been published by the CSO. The decline in housing starts was dramatic and indicated that about 40,000 new houses would be completed in 2008 in contrast with the 90,000 new houses completed in 2006. The rule of thumb on tax yield from housing is that every 10,000 houses completed yield €1 billion in tax. I pointed out to Deputy Cowen, then the Minister for Finance, that the Exchequer in 2007 was facing a shortfall of at least €5 billion, and I asked him to bring forward proposals to close the deficit. I asked him to publish a White Paper in order that all parties in the House could contribute ideas because at that stage, three weeks after the 2007 election, it was evident that we were facing a fiscal crisis. The Minister did nothing.

I do not think he did nothing out of ignorance. I believe the Taoiseach in June 2007 knew exactly how bad the situation was and how it was progressing, but was afraid it would destroy his chance of succeeding Deputy Ahern if he took the necessary tough fiscal action that was required. Therefore, he waited until he was elected Taoiseach and he did not act until July 2008, 13 months after anyone who was keeping an eye on the figures knew that budget was off the rails. In the meantime, he introduced a bogus budget in December 2007 and relied on borrowing to carry him through 2008. I believe he knew how bad it was, and did not act. This first attempt at corrective action was 13 months too late, and all subsequent Government decisions have been too late. How could this House have confidence in this Government or in this Taoiseach?

In the nine months between July 2008 and April 2009 the Government has made four attempts at fiscal correction — expenditure cuts in July 2008, the annual budget brought forward to October 2008, the pension levy in January 2009 and the emergency budget of April 2009. The Government has not yet caught up with events and the country is facing the mother of all budgets at the end of this year. Against that background of failed attempts to correct the national finances, how could the House have confidence in this Government or this Taoiseach?

The Government is less culpable in not foreseeing the banking crisis, but is totally culpable in its handling of it. It introduced the deposit guarantee scheme without consulting its euro zone colleagues. It nationalised Anglo Irish Bank without knowing the potential exposure to the taxpayer. It re-capitalised Allied Irish Banks and Bank of Ireland without knowing the level of bad debts in either. It took a decision to establish NAMA without publishing the Bacon report, which is the foundation stone of the initiative, and it did not consult Mr. Michael Somers of the NTMA who is required to establish NAMA. How could the House have confidence in a Government or a Taoiseach acting in such a manner in correcting the banking crisis?

The banking crisis must be addressed, first and foremost. It is sapping the life-blood out of the economy. People cannot get credit. It is destroying viable companies. It is destroying viable jobs. Unless that is addressed first, properly and quickly, we will never fix this economy.

We have a broken economy, a fiscal crisis, a shattered banking system, a national credit rating at the bottom of the euro league and sleep-walking, zombie, talentless Ministers. The figure for unemployment is more than 400,000 and will be 500,000 by the end of the year, according to Government estimates. The Government has taken no action to protect or create jobs. How could the House have confidence in it or the Taoiseach? For the people's sake, let us have an election.

Minister for Social and Family Affairs (Deputy Mary Hanafin): May I share time with the Minister for Justice, Equality and Law Reform, Deputy Dermot Ahern?

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Mary Hanafin: In 2007, the House mandated the Government by electing it and the then Taoiseach. This was on foot of a mandate from the people in the 2007 election. I welcome this opportunity to have a mid-term vote of confidence, as it will enable the House to reiterate its confidence that we will be able to steer the ship of State through the most difficult times experienced in many years.

At the last general election, the people not only voted for us on the basis of our prior record, but also because of their confidence that, if the economy turned, Fianna Fáil would be best placed to deal with it. This was a clear fact presented throughout the election campaign, the press briefings and our dealings with people. On foot of this, our programme for Government set out our targets, but we must accept that the international economic situation has changed drastically.

In the years prior to the 2007 election, we spent and the Opposition shouted for us to spend more. As we reduced class sizes, the call was for more to be done. As we put more resource teachers into schools than was ever the case previously, the call was for more. As we targeted finances on children in disadvantaged areas, the call was for more children to be included, which would only have dissipated the available money. As we invested in schools and undertook 3,000 schools building projects, the call was always for more to be done. No one ever told us that we should not be spending so much money. Constantly, the Opposition shouted at all Departments to spend more and more. In fairness, that was also the demand from the public and the unions, since a great deal of money was available. There is not much point in turning around now and telling us that we should not have spent all of that money when those on the Opposition benches were the very people who shouted for us to spend more.

One can see the benefits of the money spent around the country. It is nonsense to claim that we blew the boom, given the infrastructure, schools, health facilities, child care facilities, major road developments, public transport, broadband and other advances evident in every corner of the country. Of course, there is more to do.

Deputy Paul Connaughton: A lot more.

Deputy Mary Hanafin: Every Department has areas where more can and will be done. However, it is wrong to say that we should have spent more while simultaneously saying that we did nothing at all. There are significant contradictions between what the Opposition said at the time and what it is saying now.

We must acknowledge that the programme for Government must be reviewed because of the changed economic circumstances. Our plans for what we had hoped to do over the coming years must also be modified because of the change in the world's situation. The Government is fully cognisant of this fact. For this reason, we needed to make changes during the past year. There were changes in July, October and February and further changes will be made in the next budget.

Which of us who watched the fall of Lehman Brothers on the news last September could have anticipated its impact on the world, not just on Ireland? Sometimes, we might be too closeted in examining what is occurring in this country alone when the same occurrence is to be found in France, Belgium, Germany, the United States of America and elsewhere. The situation necessitated Government action on a number of fronts, namely, stabilising the banks and the country's finances, creating a situation in which employment can be regenerated while recognising the fact that many have lost their jobs, and protecting the vulnerable. All of the above required tough decisions.

[Deputy Mary Hanafin.]

From canvassing people on their doorsteps in recent years, I can understand how aggrieved, hurt and upset they are about how the situation has impacted upon them. I have met people who lost their bank shares and, consequently, their extra pension funds or their guaranteed futures. We have met people who showed us their bank statements and information on how the income levy comes out of their pay packets. Public servants are particularly aggrieved that they must pay into a pension. People have lost their jobs and young, well-educated people have lost hope. In any mid-term test, they would express their feelings in the best way possible, namely, on the doorstep and in the ballot box, which is precisely what people did last week. We accept this fact, which has impacted upon our party, councillors, candidates and canvassers. We will take it on the chin.

While we acknowledge that people are hurt, we must ensure that we do what we have set out to do in the general sense. As Deputy Noonan mentioned a few moments ago, we must create a banking system that is able to serve the country's needs now. We must ensure that we restore order to the public finances. We have tried to do so while protecting the most vulnerable as far as possible, namely, those who are benefiting from a €21 billion social welfare budget, an extraordinary amount of money.

Deputy Paul Connaughton: It will be more.

Deputy Mary Hanafin: I do not claim that any one individual is getting a significant amount of money, but spending so much is a considerable commitment on the part of the State.

In recent weeks, we heard of many negatives, but no notice was given to the fact that 55,000 carers got a €1,700 respite grant.

Deputy Paul Connaughton: Why would they not get it?

Deputy Mary Hanafin: That we could continue to recognise their valuable role in society was important, but it was given no notice. Little attention was also given to recent announcements on the increased allocation to counselling grants, supports for people experiencing marriage difficulties and grants to family support agencies. It may be the case that we are not giving enough attention to good news.

The past month saw two other announcements. The first was on the financial services and the main banking institutions that comprise the Irish Banking Federation, IBF. It related to a protocol between the Money Advice and Budgetary Service, MABS, and the IBF on a repayment plan for people with extreme personal debts so that, if one follows the plan and MABS negotiates with the financial services on one's behalf, the IBF will accept the plan as a payment and will not resort to legal action. This protocol was signed and announced last week, but there was not a dicky bird about it anywhere.

Deputy Paul Connaughton: Hard luck.

Deputy Mary Hanafin: However, it is a significant protocol. The announcement was made at the IBF's buildings. We discuss the need to support people facing financial crises owing to personal indebtedness, but the protocol is one way of doing so.

Another positive support related to a placement service to provide work experience to young graduates and people who had never been able to find work. The announcement was good news because people will be able to hold on to social welfare payments while participating in their work placements, which will give them an opportunity to gain enough experience to enter the workplace. However, the announcement was not noticed.

The Government has taken valuable initiatives while recognising the difficulties in which we find ourselves. In view of this, the House needs to vote confidence in this Government, not because of what has done over a long number of years, but because we are getting to grips with the problems as they are there now and are setting out the policies to support the vulnerable and encourage people back into work and, more particularly, to get the wider economic and financial system in this country back in operation.

Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern): I join my colleague in participating in this debate. There is no doubt as to my confidence in this Government. As my colleague has said, just two years ago the people of Ireland, in the only poll relevant as to who runs this country, looked at the alternatives, and stark alternatives they were. It is accepted, even by the most ardent and objective observer, that the people chose, conclusively, a Fianna Fáil-led Government. That is our mandate, and anyone who suggests otherwise is being opportunistic and, in particular, undemocratic because the Opposition knows full well that is the mandate given by the people two years ago

Deputy Paul Connaughton: That was then.

A Deputy: The Minister climbed the tree.

(Interruptions).

Deputy Dermot Ahern: The parties opposite seek to run our country like “The X-Factor”, changing Governments with every local opinion poll, telephone poll or even text poll. We will see through our five year mandate. We do not change our party leader because of the latest poll, as the party opposite did, very unfairly, a number of years ago.

Deputy Michael Ring: Hang on for a few months.

(Interruptions).

Deputy Dermot Ahern: It got rid of a very good man, former Deputy John Bruton, because of an opinion poll, and it rues the day. We will not run away from tough decisions.

In the area of crime, I have an unprecedented agenda, as has been seen in recent times. I have issued some 10 Bills on gangland crime, surveillance and gun control. I call on the party opposite to publically support the initiative I have taken on gun control in order to make sure this country does not have a gun culture. Apart from one or two comments, there has been a deafening silence from the parties opposite, particularly Fine Gael.

I have also moved on the issue of knife crime. I launched the Criminal Procedure Bill in the Seanad today, which looks after the victims of crime and aims to re-balance our criminal justice system in the direction of victims. It is a commitment I gave a year ago. I chose not to, as was the case, plagiarise a Bill from another jurisdiction. I decided to take my time and look at the issue, and did so.

We also have initiatives in the area of arbitration and will introduce an Arbitration Bill, which is the centrepiece of our plan to make Ireland a global centre for international arbitration. We have published the Multi-Units Developments Bill, something the parties opposite criticised us for. We will also introduce the Civil Partnership Bill, among others, particularly in the area of criminal justice.

This Government has a very good story to tell. We have been accused, unfairly, of squandering the boom. If squandering the boom means thousands of extra gardaí, teachers, nurses, doctors—

Deputy Paul Connaughton: The Minister should open his eyes.

Deputy Dermot Ahern: I will give the Deputy the figures. There have been 3,500 extra gardaí recruited in the last four years, 7,000 teachers and 11,000 nurses and doctors. If we squandered the boom in that respect, then we are guilty.

Deputy James Bannon: What about the pensioners?

Deputy Dermot Ahern: We gave the largest social welfare increases in the history of the State. I remind the Deputies opposite that the last time their party was in Government, the famous Proinsias De Rossa, who received a very good vote recently——

A Deputy: He got more than the Minister will ever get.

Deputy Dermot Ahern: ——was part of Government. The people of Dublin forgot when he was Minister for Social Welfare, in his last budget in 1997, he gave an increase of £1 per month child benefit. I became a Minister immediately after him, in a Fianna Fáil-led Government, and two years in a row——

Deputy Paul Connaughton: The Christmas bonus is gone.

Deputy Dermot Ahern: ——we gave an increase in child benefit of €32 per month year on year.

We gave the highest increases in old age pensions and, again, shamed people like Proinsias De Rossa, the so-called socialist, in the increases that we gave. The party opposite manufactured a surplus in the year it left office to make the situation look good, but the reality is it ran deficits and gave very little when it was in Government. It gave very little to the poor people of this country and the less well-off, and its record stands for itself.

Deputy Tom Hayes: We did not take away their Christmas bonus.

Deputy Dermot Ahern: We would be guilty of squandering the boom if one looked at the type of social welfare increases we gave, and we are unfairly criticised.

Deputy Kieran O'Donnell: What about the Christmas bonus?

Deputy Dermot Ahern: We brought in the lowest tax wedge. Do not take my word for it. The OECD said over the last ten to 12 years we had the lowest tax wedge. In other words, our people paid the lowest amount of tax of any other country in the OECD. If we are guilty of anything, that is what we should be given credit for.

Again, we have the highest standard of living in the EU. Even to this day, despite the cutbacks in recent times, we still have the highest standard of living. That is the record we stand over.

Deputy Kieran O'Donnell: Tell that to someone living on €200 per week.

Deputy Dermot Ahern: For ten years, until this year, we had full employment and turned around the issue of emigration. Again, we deserve credit for that. One third of all homes built since the foundation of the State were built in the last ten years.

A Deputy: There was a property bubble.

Deputy Dermot Ahern: Again our record, which we can stand over.

Deputy Paul Connaughton: People are laden with debt.

Deputy Dermot Ahern: We have spent a significant amount on infrastructure in the past ten years, which was twice the EU average. The money was spent on schools, roads, rail, health and, in my own area, courthouses. Every time I go to open a new courthouse or garda barracks——

Deputy James Bannon: The Minister closed the one in Granard.

Deputy Dermot Ahern: ——Members opposite are there claiming credit for it.

(Interruptions).

An Leas-Cheann Comhairle: Allow the Minister to make his contribution.

Deputy Dermot Ahern: We re-started the prison building programme. When Fine Gael was in power, it closed it down and did not build one prison cell. We came into Government in 1997 and since then we have put in place 1,300 prison spaces. This summer we will open another 400. Again, we stand by our record.

We also have, I remind the House, despite our current difficulties, the lowest national debt in the EU. When Fine Gael was last in Government, it was 133%. Today it is 20%.

Deputy Kieran O'Donnell: It is changing very fast. It has doubled over the last year. It will go higher.

Deputy Dermot Ahern: It will go a bit higher, but that was the investment we made during the good years. Another measure this Government and its predecessors should be given credit for is that we put money aside for a rainy day. We put money into the National Pensions Reserve Fund——

Deputy Kieran O'Donnell: It is gone. It will be gone shortly.

Deputy Dermot Ahern: ——something Fine Gael did nothing about when it was in Government.

There are 400,000 people unemployed, including our friends, neighbours and family members. We owe them. We are all used to the criticising each other across the House.

Deputy Paul Connaughton: They are good at it.

Deputy Dermot Ahern: When we knew of the difficulties which were ahead of us, we appealed for some understanding of the job that had to be done and said people should pull together. That is what the public want.

Deputy Paul Connaughton: It does not want you.

Deputy Dermot Ahern: It wants all of us in this House to pull together. That is why we have to make tough decisions.

We are advancing concrete plans to restore the public finances and the credit system, as people in the House accept we have to do as a prerequisite for our national recovery. We also have to try, as much as possible, to keep people in jobs and assist those who are unemployed. We will continue to do that.

In opposing our efforts, the parties opposite advance shallow and untenable strategies. I heard Deputy Varadkar say on a programme recently that the Government was doing it all

[Deputy Dermot Ahern.]

wrong and taxing people, and that Fine Gael would make cuts. Would it please tell the people what it would cut?

The reality is it takes €60 billion to run the country. We have taxes of €40 billion coming in, of which——

Deputy Kieran O'Donnell: €30 billion is coming in.

Deputy Dermot Ahern: ——€22.8 billion is allocated for social welfare, 20% is spent on public sector pay and the balance on services. Do not cod the people. What will Fine Gael cut? We spent eight days around the Cabinet table, endeavouring to look at the estimates in the run-up to most recent supplementary budget and take savings into the system. It was an extremely difficult process. We started by hoping to make as many cuts as possible and not tax the people, but ultimately we found when we were looking at savings and cuts, we were cutting to the bone. That is the reality.

The Opposition has come up with policies and has borrowed some from us, but it has not come up with anything to suggest where it will get the type of money that is required in order to bridge the gap between the €60 billion and the €40 billion.

An Leas-Cheann Comhairle: Go raibh maith agat, a Aire.

Deputy Dermot Ahern: Local and European elections are not the forum for debating that. A general election is.

Deputy Pat Breen: They were the issues people were talking about.

Deputy Dermot Ahern: We did very well in the previous general election. The people looked at the two alternatives. They saw a Government led by Deputy Bertie Ahern of Fianna Fáil——

Deputy Pat Breen: He is gone.

Deputy Dermot Ahern: ——and they saw the alternative — Deputy Enda Kenny.

Deputy Kieran O'Donnell: What about the most recent election?

Deputy Dermot Ahern: Will he be gone soon?

Deputy Pat Breen: We have a good team in place.

Deputy Dermot Ahern: I know some Members opposite were hoping——

An Leas-Cheann Comhairle: Very good, Minister. Go raibh maith agat, a Aire.

Deputy Dermot Ahern: ——to a certain extent that they might do badly in the most recent election in order to get rid of Deputy Kenny.

An Leas-Cheann Comhairle: Go raibh maith agat, a Aire. I must call the next speaker.

Deputy Dermot Ahern: I know their game. People such as Deputy Brian Hayes——

An Leas-Cheann Comhairle: I call Deputy Brian Hayes.

Deputy Dermot Ahern: ——are looking very jealously at that seat over there.

An Leas-Cheann Comhairle: Deputy Brian Hayes.

Deputy Dermot Ahern: They will be waiting a long time.

An Leas-Cheann Comhairle: Deputy Hayes should be allowed to make his contribution. Time is very limited.

Deputy Brian Hayes: I wish to share my time with Deputies Connaughton, Breen, Bannon and O'Donnell.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Brian Hayes: How does one follow that? The problem is that the more people such as the Minister, Deputy Dermot Ahern and the Minister, Deputy Hanafin, speak, the bigger the hole they dig for themselves. The Minister does not understand but people are laughing at the Government all over the country. In his performance today, the Minister made no apology nor gave any hint of eating humble pie. No mention was made of a new plan or a reshuffle. That is another example of the extraordinary arrogance he brings to politics.

People are sick of the Government, as is evident from the result it got last week. The Minister's arrogance was typified in remarks he made in a recent magazine interview. When he was asked about being Minister for Justice, Equality and Law Reform, which I would consider a rather prestigious job, he replied "It's only a job". If ever arrogance was personified in Irish politics, it is personified in the Minister opposite, Deputy Dermot Ahern. The more the people hear from the Government, without the sounds of the Opposition, the more they laugh at it and reject it. That is what happened last Friday. The sooner the Minister realises that, the sooner he can retire from that job he believes to be an ordinary job.

Deputy Dermot Ahern: I have not been rejected by my people in County Louth.

An Leas-Cheann Comhairle: Allow Deputy Hayes to continue without interruption.

Deputy Paul Connaughton: A good few of the Minister's colleagues were.

Deputy Brian Hayes: The problem is that the Minister does not get it.

Deputy Dermot Ahern: I have not——

An Leas-Cheann Comhairle: Deputy Hayes should be allowed to speak by the Minister.

Deputy Brian Hayes: I did not interrupt the Minister even once. He does not get it. According to the Minister, Deputy Hanafin, it is the fault of the people. They should be more gracious and understanding of the great initiatives that have been taken. It is the fault of the media for not telling us about these great initiatives.

The Government does not get it. The public will not be ruled by the Government much longer. The people know exactly the hole the Government and the Fianna Fáil Party has dug for them with their extraordinary waste and duplication over the past decade of soft-option politics by Deputy Bertie Ahern. People will not be led by the Government because it has put us into a hole and they have no confidence in the Minister or his party to deliver us from it. That was the message from the ballot box last Friday. People are not fools. They know exactly the tough medicine that is required but they will not take it from the Government because of the soft option politics it peddled in this country for the past decade.

It was my party that had the courage to say that benchmarking was wrong and that had the courage to put flesh on the need for public sector reform in this country over the past decade when the Government arrogantly rejected it. Now the Minister is telling us that Fianna Fáil is

[Deputy Brian Hayes.]

the party to lead us out of the hole it has put us into. People are laughing at the Minister. The more he comes to realise that, the more he will realise his own way forward.

The Taoiseach says he has a mandate in parliamentary terms until whenever the next election takes place. We should refer to another aspect of the Constitution, namely, the sovereign wish of the people. The people are sovereign and they have spoken, not in some mid-term blues but in the context of an election with more than 50% participation. They want Fianna Fáil and the Green Party out of Government as soon as possible. That is what this motion is about.

I appeal to the members of the Green Party who spoke about their mandate. Going into the previous general election they told us their mandate was about standing up for education services and delivering an additional €350 million year-on-year for those services. What did we get in response? A total of 128 special needs classes affecting the most vulnerable children in our education system are being abolished from this September. If the Green Party cannot support them, what can it stand for?

The Taoiseach is a two-time loser. He lost the referendum on the first Lisbon treaty. He lost again last Friday. Unless he is removed between now and next September or October when we have the second referendum on the Lisbon treaty I suspect we could lose again. The latest poll data shows not a huge difference between the “Yes” vote and the “No” vote. The Taoiseach has no authority to lead the people in the most important decision that affects the country, namely, whether we are in the new European Union entity. That is why it is so crucial that we have a general election between now and then and that we put this issue to the test. Even if he wants to lead them, the Taoiseach has neither the authority nor the ability to lead the people towards a positive “Yes” vote, which is so required for the country if we are to get back on our feet.

Deputy Paul Connaughton: I wish to make three points in the few minutes at my disposal. I never heard such arrogance as I heard in the Dáil today from two senior Ministers. The chief exponent of arrogance is the Minister for Justice, Equality and Law Reform, Deputy Dermot Ahern. He is the captain of that team. He takes the biscuit altogether. What is even worse than their arrogance is the denial that they have made a hames of the country and the assumption that somehow or another the people will believe in them again. We are all involved in politics and we all do the best we can for the people we represent. Surely after what took place last Friday the Government has no moral authority whatsoever to sit on the Government side of the House? As Deputy George Lee stated, Fianna Fáil has an agreement with the Green Party and neither party should be in Government.

Deputy Dermot Ahern: Is that the RTE George Lee or the Fine Gael George Lee?

An Leas-Cheann Comhairle: The Minister should allow the Deputy to make his contribution.

Deputy Paul Connaughton: The Minister should give it a short time and he will be driving himself home to Louth. I assure the Minister that it will go very hard with him.

Deputy James Bannon: Does he have a driver’s licence?

Deputy Paul Connaughton: The Taoiseach was asked a question in connection with Anglo Irish Bank. I always believed that there was a counter in most banks and that the staff were inside and the clients were outside. There was no counter in Anglo Irish Bank. Everyone was inside.

Deputy Kieran O’Donnell: In Galway.

Deputy Paul Connaughton: Can the Minister imagine a group like Anglo Irish Bank trying to get back a loan from its own staff to whom it gave it inside the counter? Can one believe that the people would accept that sort of ráiméis? While the Minister was in Government he stood back.

Deputy Dermot Ahern: What party had the most representatives on the boards of the banks? The Fine Gael Party.

Deputy Paul Connaughton: It was the Minister's people who were inside the counter. Every speculator and builder Fianna Fáil had in the tent in Galway was inside the counter.

An Leas-Cheann Comhairle: The Deputy should refer his remarks through the Chair. The Minister should allow him to do that.

Deputy Paul Connaughton: I am sorry. The biggest single mistake the Government ever made was in the budget last October. The Government believed it was fair to charge 1% of the special levy on a person earning €18,000 and on one that was earning €99,000. That emphasises where the Government lost touch with reality. Ministers could see no difference between a person earning €99,000 and €18,000.

One thing the people always seek in the political leaders they elect is fair play. People want to believe there will be fairness in the system. There is no fairness in what the Government was doing because it had gone beyond that realm. The Government is removed from reality because it was used to the money coming in in bundles from the building industry and the Government thought it would never see a poor day again.

Deputy Dermot Ahern: Fine Gael wanted to reduce stamp duty.

Deputy Paul Connaughton: The Government was daft enough to believe that the model would continue forever. Now the Government finds it has let down the people who put it in power.

Deputy Dermot Ahern: Fine Gael wanted to reduce stamp duty.

Deputy Paul Connaughton: It will be a very short time before the Minister will be over here doing what he was great at one time, namely, badgering everyone. Many people will be delighted to see that happen, including me.

Deputy Dermot Ahern: The Deputy has a good memory.

Deputy Paul Connaughton: I have.

An Leas-Cheann Comhairle: Time is very tight.

Deputy Pat Breen: Currently students are doing examinations. On Friday last the Government took its mid-term test and we saw the result it got last week. The Government took its mid-term test and failed miserably. It failed the Irish people and no longer has a mandate to continue in office. I suggest to the Minister that he and his Government pack their bags and go. On Friday last, people came out in their droves looking for change. It was an historic day for our party and an historic day in County Clare where for the first time ever, Fine Gael became the largest party and the dominance of Fianna Fáil came to an end. In County Clare, once known as de Valera's county, we had nine councillors elected.

I have never encountered as much anger on the doorsteps as I did when canvassing during the past three weeks. There is huge anger out there. People were speaking not about local

[Deputy Pat Breen.]

issues but about national issues, as reflected in the vote against the Government by three quarters of the population last Friday. Unemployment is soaring. We now have the second highest level of unemployment in the European Union. In my own county, 9,688 people are currently signing on, an increase of 94% over a 12-month period. Our public finances have deteriorated more than those of any other member of the European Union. Our health services are in crisis. The Government was forced to make a U-turn in respect of cystic fibrosis, CF, facilities when young and brave CF patients and their families spoke out against them.

The Government forced the people of County Clare to accept a second-hand health service through the removal of 24-hour accident and emergency services resulting in patients having to travel longer distances to access basic life saving services. It has axed special needs assistants in our schools and threatened to close down special needs classes at St. Senan's national school, Kiltrush, without any thought of consequences for the children and their parents. The Government has turned its back on every business person in the country, with small businesses closing every day of the week. The hike in the VAT rate to 21.5% has driven shoppers over the Border and there has been a €2.2 billion cut in infrastructure projects in 2009.

The Government introduced a €10 air travel tax when every airline in the world, including in Ireland, is struggling to survive. It has axed the Christmas bonus, hitting the most vulnerable of our society. It has taken an average of €5,000 from every family in this country through increases in taxes and levies. Thousands of people are trapped in negative equity, afraid they are going to lose their homes. Ordinary men and women in the street have become the sacrificial lambs for this Government's cronies who have walked away, many of them with golden handshakes.

I say to the Minister that it is time the Government took off its rose tinted glasses. The people of Ireland no longer trust this Government. They want a fresh approach. They know this Government has brought the country to its knees and they do not trust it to get this country back on its feet. Fine Gael has a plan and ideas and it wants to govern. The people spoke on Friday last. The verdict has been delivered, namely, that this Government serve its sentence in opposition for the next few years.

An Leas-Cheann Comhairle: I call Deputy Bannon. I remind members that there are four minutes remaining in this slot and only three minutes remaining in the final slot.

Deputy James Bannon: Currently, the Irish people are witness to and victims of the ludicrous political situation in which Fianna Fáil and the Green Party are giving to each other a mandate to continue in government to replace the one the people took from them last Friday. Despite the wishes of the majority of the people, the Taoiseach and his Government are clinging to power like ticks to a cow's hide. It was interesting to hear the Government Chief Whip claim that Fianna Fáil will embark on a process of reorganisation to make the party "fit for purpose". This, surely, is the first acknowledgement by a senior Government member that his party is unfit for the job in hand.

The overwhelming withdrawal of the mandate from the current Government by voters in the local, European and by-elections last Friday has left the country at the mercy of a Government in which it has no confidence. It is a Government that is clinging to power in the short term by the weight of numbers. Local elections are close to the heart of the people and the recent results have shown that voters can no longer endorse the Fianna Fáil-Green Party Government. The people have lost confidence in the leadership and members of the Government and have used the ballot boxes to give vent to their anger.

The Taoiseach and his Ministers are refusing to take responsibility for the state of the country. Who could have confidence in a Taoiseach who defends his Government's drubbing at the hands of the electorate as being the unavoidable result of taking unpopular decisions? The Government was defeated because it caused the problem and then expected the country to bail it out.

Broken Government promises set the scene for an Ireland that was ill-equipped to deal with rather than well placed to withstand a global recession, as it was in the boom years. Many of the people in the Galway tent were responsible for this but they are not the ones paying the price. The dodgy bankers and builders should be imprisoned rather than receive the treatment they are receiving from the Government. The burden has been firmly placed on the backs of lower and middle-income workers. Did these workers ever see any reward for their hard work? They did not. Did they benefit from large bonuses, Government bail-outs or the rewards of cronyism? They did not. This is the same cronyism that has destroyed the competitive, high-productivity the Government inherited from the previous rainbow Government.

What did Irish taxpayers expect in return for hard work? They expected that the elected Government would safeguard the wealth of the Celtic tiger, the benefits of which would in time filter down to them in terms of infrastructure, jobs, pensions, health, education and pre-school facilities, carers allowances, support for our farmers and business. The reality is very different. The very people who had their money squandered are now being savagely forced to replace it. Are the Government's cronies and cowboys who mismanaged and abused public funds suffering? I tell you they are not and never will under a Fianna Fáil-led Government. Fine Gael will take action against those people who wrecked our economy.

Longford-Westmeath is urgently in need of a balanced comprehensive job creation programme. We are now at crisis point with live register figures for Longford rising by 88.4% from May 2008 to May 2009 and Westmeath figures rising by 91% in the same 12-month period. It is horrifying to think that the national unemployment figures have topped 400,000 and will reach half a million by the end of the year. It is time for this Government to go. I support the motion of no confidence in this Government. The Taoiseach should go to the park this evening and dissolve this Dáil. If he has any respect for the people he will give a mandate to Fine Gael and Labour to govern.

An Leas-Cheann Comhairle: I call Deputy Kieran O'Donnell who has approximately three minutes.

Deputy James Bannon: Perhaps I should continue. We are a very tolerant nation to allow this Government remain in office.

Deputy Pat Breen: The Deputy is as good as Deputies Michael Ring or George Lee.

An Leas-Cheann Comhairle: Deputies, please. Time is very tight. I call Deputy O'Donnell who has two minutes remaining.

Deputy Kieran O'Donnell: I want to support this motion.

An Leas-Cheann Comhairle: The motion before the House is a Government motion of confidence.

Deputy Kieran O'Donnell: I want to support the Fine Gael motion of no confidence.

An Leas-Cheann Comhairle: There is one motion before the House and it is a Government motion of confidence.

Deputy Kieran O'Donnell: To be technically accurate, I want to support the Fine Gael motion of no confidence in this Government.

Deputy Brian Hayes: Correct.

Deputy Kieran O'Donnell: This is an issue on which I have strong feelings. We have all been canvassing for the past three or four weeks. The big issue on the doorsteps is the public's loss of trust in the Taoiseach and his Government. The Taoiseach, when Minister for Finance, stated on the airwaves in the last few days before the general election that the economy was fine and that we should continue to spend even though he knew that was not the case. He then assumed the role of Taoiseach. He has again since taking up the position of Taoiseach continued to tell the people all is fine. People do not believe him. The Taoiseach has lost moral authority. The people do not believe what he is saying. The Government shows a lack of vision and innovation. The most important issue in Ireland today is jobs. The way this Government is going, by the end of this year there will be approximately 500,000 people on the live register.

It did not include a single measure to address job creation in the recent supplementary budget. The proposals made by Fine Gael in its New Era document will create 100,000 jobs. We are seeking a reduction in the standard rate of VAT from 21.5% to 21% and in the lower rate, which is particularly important for labour, from 13.5% to 10%. We also want to impose an effective moratorium on employers' PRSI for a period of two years. These measures will ensure that jobs are retained and created.

The public does not believe the Government has the capacity to take us out of this recessionary wilderness. The executives of our banks have acknowledged they must be replaced and the Government should do likewise because it cannot preach that we must get rid of the bankers who brought us into this mess without admitting its own responsibility. The public expect an election and they are entitled to one.

Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith): I wish to share my time with Deputies Kirk and Peter Power.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Brendan Smith: This country is facing an unprecedented economic challenge. The global and financial crisis has impacted on all areas of economic activity. Irish agriculture and the agrifood sector are not immune from the economic challenges and circumstances have changed significantly in the past year. The rapid decline in certain commodity prices could not have been foreseen and the appreciation of the euro, particularly relative to sterling, has placed additional pressures on export markets.

The Government is acutely aware of the challenges facing the industry and our commitment to the agrifood sector remains absolute. Listening to some commentaries, one would be excused for thinking we had stopped funding agriculture. In the recently published Revised Estimates, the Government provided almost €2 billion for agriculture, fisheries, food and forestry. Within the constraints of the public finances, we continue to support the agrifood, fisheries and food sector to the fullest extent possible and when combined with EU funding of €1.4 billion total public expenditure in support of the sector in 2009 will amount to over €3.3 billion.

We are all conscious of the particular difficulties being experienced by the Irish dairy sector, with dairy prices which are considerably lower than the record highs achieved in 2007. Certain people continue to perpetuate the flawed argument that EU quota increases are the cause of the current low prices for milk. The fact is, however, that milk production is below the level that existed before the quota increase took effect in 2008. Furthermore, if EU production was

constrained by quotas, Ireland would not be able to benefit from future upturns in dairy markets. The only winners in such a scenario would be our global competitors, of which there are many.

Since the conclusion of the CAP health check, in respect of which I argued strongly and ultimately successfully for the retention of dairy market management measures, I have repeatedly pressed the Commission for the early introduction of supports to restore confidence and put a floor under prices. Following my consistent interventions, the private storage scheme for butter was brought forward, export refunds for dairy products were reintroduced and intervention schemes for butter, milk and skimmed milk powder were opened. The importance of these measures cannot be overstated because they play a vital role in stabilising the market. Only last month, I urged the Commissioner for Agriculture and Rural Development to intervene more aggressively in taking product permanently off the market by supporting exports, maintaining the intervention process at levels which would enable the maximum quantities to be temporarily removed from the market and giving the commercial markets breathing space to rebound. Significantly, export refunds for butter, skimmed milk powder and whole milk powder were increased last week and all quantities of butter and skimmed milk powder offered were accepted into intervention while intervention purchase prices were maintained.

It is critical that market management mechanisms are expanded to deal with the difficult dairy market situation we are experiencing. Dairy producers can be assured that I will continue, as I have done consistently for the past six months, to maintain the strongest political pressure on the EU to ensure it plays its full part in restoring the dairy sector to a sound trading position.

Beef and sheepmeat processing are important indigenous industries and vital components of the Irish agrifood sector. Their annual turnover is approximately €3 billion and their €2 billion in exports account for over 20% of Irish food and drink exports. The beef industry has changed from dependence on intervention in the early 1990s to a situation in which 98% of output is sold on European markets. This has required investment in quality, standards, market development and promotion. The Taoiseach's recent announcement of Government grant assistance of over €69 million for 15 capital investment projects under my Department's beef and sheepmeat investment fund is an important statement of support for this sector. The Government's investment will stimulate further investment by the industry of €100 million and will ensure its long-term competitiveness, as well as increasing net sales and exports by €400 million. This will ensure a net expansion in employment, with over 800 additional jobs to be provided by 2012.

As well as the dairy sector, I have for some time been conscious of the particular difficulties being experienced by the sheep sector and in recognition of those difficulties I have allocated €7 million from the single farm payment national reserve to 14,000 hill sheep farmers this year. This money was the only additional funding to which I have access this year. I have also confirmed that sheep farmers will be the substantial beneficiaries from the allocation of some €25 million in unused CAP funds next year.

In all, €75 million will be available in unspent CAP funds between 2010 and 2012. Additional modulation worth €17 million will be available from next year, alongside funding from the European economic recovery package, EERP. My Department is currently preparing a new rural development programme incorporating the additional modulated moneys and the new funding from the EERP which will be submitted to the European Commission by 15 July. I am currently considering a range of proposals which might form part of a revised RDP.

Last December, following the recall of all Irish pork and bacon products, the Government reacted swiftly and proportionately. From the outset we were determined to take such actions as were necessary to protect an integral element of the Irish agrifood sector which is worth €1.1 billion per annum and employs 6,500 people. Approximately 500 farm families are involved

[Deputy Brendan Smith.]

in pig production and exports are worth €368 million annually. Conscious of the threat to the viability of pig production and processing in Ireland, the Government put in place funding of up to €180 million for a product recall scheme to facilitate the immediate recommencement of slaughtering and a further €20 million for those farmers whose herds were slaughtered. This investment has effectively secured the future of an industry.

The farm waste management scheme introduced by this Government is the largest on-farm investment scheme in the history of the State, funding of €1.1 billion being provided to some 34,000 farmers, 90% of which will have been paid by next January. This investment has to be viewed against an initial Government commitment for on-farm investment of €350 million over the period 2007-13, of which €200 million was committed to the farm waste management scheme. This outstandingly successful scheme is clear evidence of Fianna Fail's ongoing commitment to the Irish agricultural sector. The €1.1 billion grant aid, all of which is from our Exchequer, will be paid over a few short years. While it has been necessary, given the pressures on the public finances, to phase payments to more than 17,000 applicants over three years, I have ensured that a special *ex gratia* payment will be made to those farmers whose payments are being phased to ensure that no farmer will suffer a financial loss as a result of the deferred payment arrangements. The level of on-farm investment made by the Government is testament to our commitment to assisting farmers who want to improve their on-farm infrastructure, capacity, efficiency and effectiveness and is in stark contrast to the support offered by previous Fine Gael-led Governments.

At the time of the supplementary budget in April, I announced that I would be carrying out a review of the rural environmental protection scheme in the context of the overall level of participation, the funding available to me and the flexibility provided by the additional funding which I negotiated in the recent CAP health check. As part of the forthcoming review, details of which I intend to announce presently, and particularly in the context of available funding I will have regard to the submissions received on the possible use of modulation funds. A number of these are concerned with REPS-like measures.

The Irish agri-food sector is Ireland's most important indigenous sector, providing hundreds of thousands of jobs throughout every county in the country at producer and processor level. The sector was never more important to the Irish economy than it is now. We are justifiably proud of our reputation as "Ireland the food island" and, notwithstanding the current economic difficulties, the Government is continuing to invest hundreds of millions at both farm and processor levels.

As a food producing country, it is essential that we have a robust food industry that provides an outlet for our producers and adds value to the primary product. While we all acknowledge the importance of identifying and building new export markets for our food and beverages, it is critical that we maintain a strong domestic market for Irish food and drink. A strong domestic presence is an essential factor in developing export markets. In that regard, we must have an Irish retail sector that maintains a strong commitment to sourcing and providing a comprehensive range of familiar Irish products and brands.

The issue of retail margins on food products has become a point of heated public debate in recent times, as reflected at last month's EU Agriculture Council meeting. I commend my colleague the Minister of State with responsibility for food and horticulture, Deputy Trevor Sargent, on the efforts he has made to highlight the difficulties facing many producers and processors in this area. While the recent concentration of retail power in the hands of a few large supermarket chains is an international phenomenon, it has fundamentally changed the balance of market negotiating power in the food chain and is a significant factor in the declining share of retail prices which is passed back to the producers.

I do not have much time but I want to take this opportunity to commend the work of the Minister of State, Deputy Trevor Sargent, and that of the Minister of State with responsibility for fisheries and forestry, Deputy Tony Killeen, at the Department on behalf of the agriculture, fisheries, food and forestry sectors.

Deputy Seamus Kirk: I am glad to have the opportunity to speak today on behalf of the Government.

The Opposition speaks about the economic crisis this country is undergoing as if we were facing it alone. The truth is that the world is undergoing the worst economic crisis since the 1930s. Despite what Members of the Opposition believe, this economic crisis is not unique to Ireland. The US, Japan, the EU and many other countries and regions are in unprecedented recessions. Britain's budget deficit is its worst since the Second World War. Just last month, the UK Chancellor, Alistair Darling, said that it will take eight years to reduce its deficit by 6.5% of GDP. Likewise, the White House has just revised its budget deficit predictions by \$89 billion, meaning that this year its deficit is expected to reach \$1.84 trillion — a truly unimaginable figure. In this country, we face a deficit of almost €21 billion, which is unsustainable. We introduced a very tough budget that set out to bridge this gap. It balances tax increases, spending cuts and borrowing. Neither Fine Gael nor the Labour Party have presented viable solutions to the crisis. Fine Gael has proposed €2.4 billion in cuts, which would have a drastic effect on services, and the Labour Party seems to be proposing that we just go on borrowing.

No one predicated this economic tsunami. In 2007, the joint spending plans of Fine Gael and the Labour Party predicted average annual growth rates of 4.2% between 2008 and 2012. They criticised us at the time for being too conservative and called for increased expenditure on health and education. The reality is that in more prosperous times huge strides were made in this country. We invested in our people, our services and our infrastructure. We invested in more than 3,500 extra gardaí, 11,000 more nurses and doctors, and 7,000 extra teachers in our schools. We dramatically increased the state pension and social welfare increases far exceeded inflation. We have invested in public transport and an excellent motorway system throughout the country.

It is clear the economic situation has changed dramatically. The Government has faced unparalleled challenges. In more than 25 years in the Dáil, I cannot remember a time when events developed so rapidly. When circumstances change rapidly, one must respond quickly. That is what the Government has done. Thousands of people are living daily with the hardship of this economic recession, trying to support their families and get by. I realise they are disappointed and angry. However, accusations that we have no plan are simply incorrect. We have a plan and I believe we are making the right decisions to put back this country on the road to recovery.

Our plan consists of four parts. First, we must stabilise the public finances — this is why we introduced the pension levy and the supplementary budget; second, we need to sort out the banking system — this is why we are creating NAMA; third, we need to get Irish banks lending again; and, finally, we are working to protect and create jobs as well as supporting those who are out of work. To date, the number of FÁS places has doubled to 128,000 and we have introduced new courses on green energy technology. We are creating 7,000 third level places including an extra 1,500 PLC places. We are also providing work experience training programmes that graduates can access while holding onto their benefits. We are supporting small and medium sized enterprises through the creation of the enterprise stabilisation fund.

Our plan for economic recovery has been appreciated by expert commentators at home and abroad. In May, Jean Claude Juncker, the Prime Minister and finance Minister of Luxembourg said, "I do think that the Irish Government, with great courage and a deep sense of responsi-

[Deputy Seamus Kirk.]

bility, are on the way to taking the right step in a very difficult situation". John Fitzgerald of ESRI said the Government had got it right in the supplementary budget and that the country was on the right track. The ESRI predicted that the economy could grow quite rapidly during the 2011-15 period if international competitiveness is restored. Peter Sutherland commented that we have great strengths and that the position is not quite as bad as it is being painted.

I am conscious of time constraints and I thank the Leas-Cheann Comhairle for the opportunity to contribute.

Minister of State at the Department of Foreign Affairs (Deputy Peter Power): I congratulate the new Deputies, Maureen O'Sullivan and George Lee, and I wish them well in their important work.

I listened very intently to Deputy George Lee this morning. He spoke at great length about the difference between the current economic situation and the situation we were in during the 1980s. He is right in many respects, for example, in what he said about the difference between Government debt and private debt. However, while I respect the large mandate he received last week, I fundamentally disagree with his analysis of the situation. I also lived through the 1980s — I am approximately the same age as Deputy Lee — but my memory of the causes of young people not being able to get jobs and of the country being in a period of great economic stagnation differs greatly from Deputy Lee's analysis.

4 o'clock

Deputy Bernard J. Durkan: It should not.

Deputy Peter Power: My analysis is——

Deputy Bernard J. Durkan: It was the election of 1977 that caused it when Fianna Fáil bought the people——

An Leas-Cheann Comhairle: Time is very tight, Deputy Durkan.

Deputy Bernard J. Durkan: It should not have.

Deputy Peter Power: My analysis is that the economic stagnation that was caused in that five year period was solely and simply down to the inability of the two parties during that time to agree on practically anything.

Deputy Bernard J. Durkan: Free car tax in 1977 and the abolition of rates.

An Leas-Cheann Comhairle: I ask the Minister of State to yield for one second and I will give him injury time.

Deputy Peter Power: Deputy Durkan does not want to hear the truth.

Deputy Bernard J. Durkan: This is hypocrisy.

An Leas-Cheann Comhairle: Deputy Durkan——

Deputy Bernard J. Durkan: I apologise.

An Leas-Cheann Comhairle: Deputy Durkan will resume his seat or leave the House.

Deputy Bernard J. Durkan: This is rubbish.

Deputy Peter Power: That Government could not agree on taxation——

An Leas-Cheann Comhairle: Deputy Durkan will have an opportunity to speak, as will all Deputies.

Deputy Bernard J. Durkan: I am sorry.

An Leas-Cheann Comhairle: People should be allowed to speak in the House — it is a Chamber of debate.

Deputy Brendan Smith: Deputy Durkan should control himself.

Deputy Peter Power: He did not want to hear what I had to say.

That Government did not agree on taxation, spending, issues of privatisation or banking. Due to its inaction and the singular inability of that Government in the 1980s to agree on practically anything, our country stagnated for five years. That is not my view, it is the common historical economic consensus of what happened in the 1980s.

Deputy Bernard J. Durkan: That is why we are where we are.

Deputy Peter Power: That differs very greatly from Deputy Lee's analysis. What I have heard in the past 24 hours suggests to me that there is very little difference between the 1980s and what is happening now. He says there is, but I say there is not. I have listened to the colleagues of Deputies Durkan and Burton and on practically every major economic issue of the day the two parties are diametrically opposed. That is foursquare with what happened in the 1980s and I suggest it is——

Deputy Bernard J. Durkan: The Minister of State will find out.

Deputy Joan Burton: The Minister of State is not that tight with the Minister, Deputy Willie O'Dea.

Deputy Peter Power: I have got a limited amount of time, Deputy Burton.

Deputy Brendan Smith: They are close colleagues and friends.

Deputy Joan Burton: There is very little the Deputy and the Minister, Deputy Willie O'Dea, agree on.

Deputy Brendan Smith: They are very close friends.

Deputy Joan Burton: He should not take the analogies too far.

Deputy Peter Power: Deputy Burton was starting out in her career — it was interrupted subsequently half way through — but it is no coincidence that on six separate occasions since then the public, at its invitation, have not returned that Government to power because they know that when they last elected Labour and Fine Gael, this country stagnated.

Deputy Bernard J. Durkan: The Minister will find out soon enough what they are going to do.

Deputy Peter Power: My prediction is that they will do that again. The contradictions between Fine Gael and Labour are glaring.

Deputy George Lee is a former member of the media but it is a singular failure by Deputy Lee and his colleagues in RTE——

Deputy Bernard J. Durkan: The media is to blame. RTE again.

Deputy Peter Power: —to point out the glaring inconsistencies between the parties opposite. The media should reflect on that.

Deputy Bernard J. Durkan: There are massive inconsistencies on that side of the House.

Acting Chairman (Deputy Charlie O'Connor): The Minister of State has one minute remaining.

Deputy Peter Power: The Leas-Cheann Comhairle said I would be indulged because of the constant interruptions and that I will be allowed to continue.

Acting Chairman: I am indulging the Minister.

Deputy Peter Power: I listened carefully yesterday to what Deputy Kenny said, and Deputy Lee lectured us today on responsibility. Rarely have I heard a more irresponsible contribution from anybody in this House than that given by Deputy Kenny yesterday.

Deputy Bernard J. Durkan: The Minister is not very long in the House himself.

Deputy Peter Power: He lectured us that we cannot tax our way out of recession. Two minutes later he said we cannot repeat the mistakes of the 1980s, that we cannot have cutbacks and cannot restrict ourselves in terms of infrastructure. In the space of two minutes in his contribution he set out two diametrically opposed policy positions that are irreconcilable.

Deputy Bernard J. Durkan: Who is in Government?

Deputy Peter Power: The people will cop on to that. The people will look to see who is best able to get them out of this problem.

Deputy Bernard J. Durkan: Who is in Government?

Deputy Peter Power: The parties opposite might try to do it on their own but they will not do it again.

Deputy Bernard J. Durkan: The people know well that the parties opposite are incapable.

Deputy Peter Power: We hear time and again from our colleagues opposite about how Fine Gael is the party of law and order and that it is the traditional defenders of the Constitution, but when it suits its political needs it will throw the Constitution out of the window. The constitutional position is clear. Governments in this country are elected for a period of five years, not for two years or after every local election. That is the fact of the matter. I believe the Opposition is hell bent on calling for an election now—

Deputy Bernard J. Durkan: Is the Minister of State saying the Opposition caused the problem?

Acting Chairman: Deputy, please.

Deputy Peter Power: —because it suspects that in two or three years' time, when the fruits of the very difficult and unpopular decisions begin to become apparent to the people, they will take a much different and more maligned view of the Opposition parties and the contradictions in all of its policies.

Deputy Bernard J. Durkan: They will, at the next opportunity.

Deputy Brendan Smith: It is called wishful thinking.

Deputy Bernard J. Durkan: It is called whistling in the dark.

Acting Chairman: I call Deputy Burton who has 20 minutes, and I will do my best to protect her.

Deputy Joan Burton: I thank the Chair. I always look forward to his protection. He is a perfect gentleman.

Deputy Brendan Smith: There is no provocation from this side of the House.

Acting Chairman: I was talking about the other side.

Deputy Peter Power: They hate to hear the truth. That is the problem.

Deputy Joan Burton: I was unable to be here all the time during the debate because, like many other Deputies, I spent the last three or four hours in Molesworth Street listening to the people on the march who were giving their take on the way the Government has dealt with the issue of redress and people who were in institutions. While we will get an opportunity to discuss that important issue tomorrow and on Friday, I would prefer if we were discussing it today and tomorrow, and had discussed it yesterday also.

With all due respects to the Minister of State, Deputy Peter Power, there is a fatal conundrum at the heart of this particular period in Fianna Fáil history. In regard to redress, to give one example, many skilful political actions were taken and a great deal of money committed and spent — €1.2 billion — but in the end it was not a job well done. That is part of the problem with the legacy of the Minister's Government for 12 years.

I realise the Minister of State, Deputy Power, acknowledged psychologically in his contribution that it is more than likely that in the next election the people will look to the Opposition parties, whatever their limitations, and I do not claim the Labour Party is perfect — Fine Gael can speak for itself but we do our best — to form the next Government and not the Green Party and Fianna Fáil because they have been in power for 12 years, which is too long.

If shares in this Government's reputation were traded on the stock exchange, what value does the Minister of State believe they would have? I would say it would be just about the same as shares in Anglo Irish Bank. Not even a Government guarantee would prompt an investor to take a punt on the Taoiseach, Deputy Brian Cowen, and even fewer on the Minister for Finance, Deputy Brian Lenihan.

On 29 September last, the Irish banking system was a few hours away from complete meltdown. The Government that went into panic mode that night is in much the same state of meltdown now. It is past the point of rescue, with a reputation that went bust months ago and is now irrecoverable. Everyone knows there is mutiny in the ranks. The Members will all obey the Minister of State, Deputy Carey's whip later but the mutinous atmosphere will linger on and erode even further the capacity of the Government to do the nation's business properly.

No Government in such a state of disarray can hope to motivate the country for the hard road ahead. There are deep-seated structural problems that require imaginative action from a Government with political capital and a moral authority to guide the economy to recovery. This Government has no such authority and has no reserves of trust or capital on which it can call. That is the reason the national interest requires action quickly, sooner rather than later.

[Deputy Joan Burton.]

This is not the usual mid-term rebuff that is so common in democratic societies. Voters should and do like to show who is boss. It happens all the time and in many countries. It happened here in 2004, but what happened here last week was fundamentally different. Every Government Deputy, Fianna Fáil or Green Party, knows the score. They know the reception they got in recent weeks and they are aware it represented a quantum leap in hatred over the mild rebuke Fianna Fáil got in 2004. It was bigger in scale and deeper in character than a routine wake-up call in mid-term. It was a clear message to the Taoiseach, Deputy Cowen, and to the Minister for the Environment, Heritage and Local Government, Deputy Gormley, to get out now.

We need a new Government with a mandate to deliver real long-term recovery because that will involve a major rebalancing of the economy away from construction to production for exports, away from financial services that no longer command credibility and away from an energy policy based on hydrocarbons to one based on renewable sources. We need sound judgment from a Taoiseach and a Minister for Finance who can recognise the difference between genuine green shoots and politically motivated claims that have no underlying substance.

The Minister for Finance, Deputy Lenihan, made a wild claim to his party's delegates in City West some months ago. He stated that as Ireland was the first country into recession, he promised it would be the first out of recession. Could the Minister seriously repeat that in this House in the light of the ever rising loss of employment — the one true signal of recovery or continued recession? *The Wall Street Journal* is forever referring to a so-called sucker's rally, the triumph of hope over common sense in reading stock market results for signs of recovery. There are still very significant hurdles to clear before the genuine production of wealth resumes in full. False dawns and green shoots, products of political desperation, only make the situation worse and could usher in a second phase of an already dreadful recession.

The Taoiseach has consistently displayed flawed judgement. He wildly predicted the economy would have a soft landing. In the early stages of the crisis he used to boast about how well placed Ireland was to ride out the coming storm. Let us recall all the references to soft landings to which he adverted endlessly.

Deputy Bernard J. Durkan: That is right. Hear, hear.

Acting Chairman: No interruptions, please.

Deputy Joan Burton: If anyone disagreed or made any critique it was almost as though one was accused of patriotic disloyalty. The Taoiseach was fatally wrong.

A United Kingdom commentator has listed four things a country needs like a hole in the head, namely, a boom based on a property bubble; a boom based on a credit bubble; an economy with excessive dependence on financial services; and a Government on a spending spree. As Minister for Finance, Deputy Cowen gave Ireland all of these with no regard for the consequences so long as it gave his party another election win. He promoted a boom based on a property bubble, a boom based on a credit bubble, an economy with excessive dependence on financial services based on the construction and credit bubbles. He also promoted a Government on a spending spree. I was in the shed built by the former Minister, Mr. Charlie McCreevy, in Punchestown for the count for the European elections. It is a lovely shed and, as sheds go, I was very impressed.

Deputy Brendan Smith: Does Deputy Durkan believe the shed was a waste?

Deputy Bernard J. Durkan: It was a competitive job.

Deputy Joan Burton: I could understand if the shed cost €3 million or €10 million. However, given the nature of the economy these people ran, it cost €30 million. The shed is lovely, but how and why did we spend €30 million on it? It was a spending spree and money was no object. The attitude was if there was a problem, throw money at it and do not address the underlying problem.

Political priorities took precedence over economic reality at crucial points. For this alone the Taoiseach, Deputy Cowen, must take responsibility for the state of our country and for this alone he deserves to be shown the door. The Taoiseach and the Minister for Finance, Deputy Brian Lenihan, have only one agenda, that is, to escape the fate that has befallen Mr. FitzPatrick, Mr. Sheehy and the others who have had to walk the plank for their capricious errors. The purpose of the debate is to demand that they too deserve the same ignominy of dismissal and public shame.

I refer to two specific issues that demonstrate the incapacity of this bunch of Ministers to make sound judgements. Last October the UK Government decided to reduce its rate of VAT to 15%. At the same time the Minister for Finance, Deputy Lenihan, did exactly the opposite. He raised the standard rate here by a half point, an amount infinitesimal such that in the total scheme of the budget it made no difference. However by that action he dealt a hammer blow to the retail industry in Ireland. He destroyed thousands of jobs in retail and services. He was warned of dire consequences from this side of the Dáil and by the representatives of the retail sector. He pressed on regardless, oblivious and even indifferent to the damage he was about to cause. He knows better now and has admitted his error but the damage cannot now be easily undone. This example illustrates his profound lack of judgment and his stubborn refusal to take advice.

The Anglo Irish Bank debacle is another case in point, of much greater importance and the cause of much greater lasting damage. I repeat what I stated on 30 September last. The blanket guarantee was issued in the hours before Anglo Irish Bank's accounting year-end for the sole purpose of protecting that well connected entity from collapse. Today we must find billions of euro, some €4 billion now and possibly a further €3 billion later this year, for no other purpose than to sustain the delusion and the pretence that the bank has some chance of a viable future. We are saddled with the guarantee and the chickens are now coming home to roost with shocking consequences.

It could have been different. Of course depositors were entitled to a guarantee and I stated as much on the record of the Dáil some weeks before the guarantee was introduced. They still are so entitled, but what was given that fateful day went far beyond that. Bank debts, including those to bond holders, became sovereign debts, solemnly guaranteed by the State. Now we must pay truly sizable sums for that failure of policy with no confidence that the situation of the potentially viable banks could improve.

The sorry state of Anglo Irish Bank today is not an argument against nationalisation but an argument against an ill-advised blanket guarantee in respect of the banks. The overhang of the guaranteed bonds has the State in a bind now and is causing us real pain in renegotiating our genuinely sovereign debt requirements.

Now we face the NAMA horror and I appeal to the Minister, Deputy Lenihan, to think afresh because he must be aware that the public is frightened at the prospect that comes with NAMA. Yesterday, at a meeting of the Joint Committee on Finance and the Public Service, the Chairman of Anglo Irish Bank, Mr. O'Connor, stated it has more than €17 billion in impaired loans which will go directly to NAMA and an unspecified amount, which may be of

[Deputy Joan Burton.]

the same order, in associated and potentially impaired loans. That is the case of only one bank which, for reasons we have never been able to fathom, Fianna Fáil has described as systemically important. The only systemic importance of Anglo Irish Bank is to Fianna Fáil, because it was the Fianna Fáil developers' bank. That is the only reason that Fianna Fáil was unable and unwilling to address the Anglo Irish Bank issue.

Deputy Peter Power: That is below the belt.

Deputy Joan Burton: The prospect of over-paying for the transfer of impaired loans from the banks, including Anglo Irish Bank, is appalling for most taxpayers. One can dress it up in highfaluting phrases, such as long-term economic value, and wrap the consent of the European Commission around it to give a legitimate veneer, but one cannot hide the true meaning of what is proposed, that is, to force the taxpayer to pay greater than the odds for properties that could never command those prices on the market.

How can the Government judge long term value? It recruited Jones Lang LaSalle to value impaired loans as part of the PricewaterhouseCoopers process. Yesterday, the bank chairman, Mr. O'Connor, referred to the PwC process on which the Government has been briefed several times since last summer. At that stage Fianna Fáil, or The Taoiseach, Deputy Cowen, and the Minister for Finance, Deputy Lenihan, were fully aware of what was taking place in Anglo Irish Bank. They were aware that it was a bank, like the *Titanic*, heading towards an iceberg and disaster. The Taoiseach and the Minister for Finance were moving might and main to keep the *Titanic* away from the iceberg but they could not so they decided to bring the other ships and allow them to hit the iceberg as well, a case of one in, all in; in for a penny, in for a pound.

The Government paid millions to PwC for a report that is not worth the paper it is printed on. Anglo Irish Bank paid huge fees to Ernst and Young for an audit that did not spot Mr. FitzPatrick's dodgy loan exchanges. Jones La Salle valuations were useless and did not reflect the true state of the market. We saw the deterioration that happened since last September and these multiple reports. The Minister for Finance, Deputy Brian Lenihan first of all said that Anglo Irish Bank would not cost the Irish taxpayer a penny, which he has repeated from time to time. Deputy Lenihan is a qualified barrister and a person of some intellectual eminence who has been to Cambridge so I presume that is just political cant.

Deputy Noel Dempsey: The Deputy should be able to recognise that.

Deputy Joan Burton: He said it was not going to cost us a penny, then it was going to cost us €1.5 billion. It was announced on the bank holiday weekend when it was hoped people would be at the beach and would not have time to take in the information that it would cost €4,000 million. Another €3.6 billion later, we had €17.9 billion of impaired loans to be transferred over and the same or up to the same in associated impaired loans. The cost to the taxpayer is unbelievable. The experts can only operate where there is a market. The so-called long-term economic value idea of the Government is actually utterly fraudulent and will saddle us, our children and even our grandchildren with debts that could cripple our country's future for decades. The Government cannot proceed on that basis; the public will not stand for it. An asset management strategy will certainly be part of any solution but nationalisation is the better option and that is what the Labour Party has said repeatedly.

Fianna Fáil would have us believe that the ESRI has somehow or other given Fianna Fáil a positive mark for economic management. The ESRI report, the recovery scenario document, states very clearly that of Ireland's €21 billion deficit of this year, one third is due to global factors and two thirds — a total of €14 billion — is due to inappropriate fiscal policies, what

the ESRI describes as the structural deficit, which is the legacy of unwise fiscal policies of recent years. This is the opinion of the ESRI on the Government's economic management. Those guys on the Government benches are the masters of spin, the masters of denial, the masters of false claims.

Deputy Peter Power: That is the pot calling the kettle black.

Deputy Noel Dempsey: Shake the foundations of the State.

Deputy Joan Burton: The ESRI says of this year's fiscal deficit that the Government is responsible for €14 billion.—

Deputy Peter Power: The Deputy is the mistress of spin.

Deputy Joan Burton: Last Friday, the people of this country said at the ballot box: "We have found out Fianna Fáil and the Greens; we are worried about our children's future; we are worried about our jobs; we want you guys to leave." As Churchill said when referring to Neville Chamberlain — "In the name of God, go and go now." That is what the people of Ireland want.

Deputy Mary O'Rourke: Actually it was Leo Amery MP who said it. The Deputy should get it right.

Acting Chairman: I call the next speaker who is the Minister for Transport, Deputy Noel Dempsey.

Minister for Transport (Deputy Noel Dempsey): I wish to share time with my good friend and colleague, Deputy Mary O'Rourke.

Deputy Joan Burton: Churchill used the quote as well.

Deputy Mary O'Rourke: It was Leo Amery MP.

Acting Chairman: My advice is the Minister is also sharing with Deputy Michael Kennedy.

Deputy Noel Dempsey: Am I? If I am, so be it.

Deputy Joan Burton: Churchill also used that phrase.

Deputy Mary O'Rourke: Leo Amery MP said it.

Acting Chairman: The Minister, without interruption.

Deputy Noel Dempsey: I am very amused at Deputy Burton's contribution where she talked about Fianna Fáil being masters of spin and half-truths and all the rest of it. If she cares to look back over her own contribution over the past 20 minutes she will see not just half-truths but absolute and total non-truths. Deputy Burton also refuses to tell the Irish taxpayer where, if we go down the route she wants us to go down, we will get the €64 billion of taxpayers' money to pay for her solution. The Labour Party solution to all of this is the Icelandic solution. I will not say anymore than that because people know what happened in Iceland when they took the route which the Labour Party—

Deputy Bernard J. Durkan: Which the Government has been following closely.

Deputy Noel Dempsey: Deputy Durkan is supposed to agree with me because Fine Gael does not even agree with the Labour Party.

Deputy Bernard J. Durkan: I have it here.

Acting Chairman: The Minister without interruption and through the Chair so that I may protect him.

Deputy Noel Dempsey: Through the Chair, even Deputy Durkan does not agree with Deputy Burton.

Deputy Bernard J. Durkan: I can tell the Minister one thing, we have a lot more in common than with the Minister.

Acting Chairman: The Deputy will get his chance.

Deputy Noel Dempsey: At last Friday's elections the people chose to vote against a number of Fianna Fáil candidates in the local elections——

Deputy Bernard Allen: A big number.

Deputy Noel Dempsey: In 2012 the people will be deciding on the formation of a new Government——

Deputy Bernard J. Durkan: It will be long before that.

Deputy Noel Dempsey: The results of last Friday's election reflect the rupture that has occurred in Irish society over the past year. People's lives have been greatly upset by the recession caused by global economic downturn but also caused by difficulties within our own economy. Despite what has been said by Opposition speakers, this Government has taken rapid measures to try to help people out of the effects of the downturn, to try to protect the vulnerable in society, to ensure that we maintain and secure as much employment as possible and to try to lead the country back to growth. This is what the people will base their decision on when the election is held in 2012.

However, the Government decisions have resulted in some very difficult measures being implemented and this has been a painful adjustment for people all over the country. Those adjustments needed to be made because when the Government examined the extent of our economic problems and when that global downturn occurred it became apparent that everybody would have to contribute to our recovery, even those who believed they had not contributed in any way to the economic crisis. The truth of the matter is that everyone would have to feel some pain otherwise we will not generate——

Deputy Bernard J. Durkan: Everyone has to be punished.

Deputy Noel Dempsey: ——the revenue to pay for our day to day bills. The Government wishes the situation could be different. The decisions taken by us were not easy and we did not like taking them but we had to act and will continue to act in the national interest not for short-term electoral purposes.

This national effort we are making is beginning to have an impact on Ireland's international reputation and our ability to borrow money which is necessary not just for economic recovery but also for day to day expenditure. The measures we are taking will not immediately alleviate the current hardships of the recession for the man or woman in the street as this will take a good while longer.

Our decisions have contributed to the Government's unpopularity. When we took these measures we understood that the people would be angry but we believe that they are the right

and necessary decisions. We heard from the electorate last Friday. We have to work harder and more effectively to lead Ireland to recovery. We must explain better to people what the strategy is, every day. As a result, these elections were the first that radically impacted on local candidates' chances of being elected.

I agree with the Opposition in one respect. It is true the electorate returned a clear and loud protest against the economic situation our nation currently faces. Why would it not do so? We understand that. It is not easy. Unfortunately for the electorate and all of us, despite what the Opposition might say and wish people to believe, there is no painless way to guide us through this economic recession. The Opposition sought to benefit — and largely succeeded — from the current economic problems that face the Government and the country. It has benefited from a protest vote but has not received any mandate to lead, no matter what it claims. My Opposition colleagues are around the House long enough to know that these local election results would not transfer directly in a general election.

Deputy Bernard J. Durkan: The Minister hopes so.

Deputy Noel Dempsey: They are being highly selective about the underlying message the electorate has sent. Political scientists tell us that local elections and referenda are often used by the electorate as a protest and as protest votes.

Deputy Bernard J. Durkan: That is reassuring.

Acting Chairman: Please, Deputy Durkan.

Deputy Noel Dempsey: It is very reassuring. It is just a little bit——

Deputy Bernard J. Durkan: It is also delusional.

Deputy Noel Dempsey: ——disconcerting to see Members of the Opposition quoting from one Charles J. Haughey, who, following the 1985 general election——

Deputy Bernard J. Durkan: Yes. Wait for it, this will be good.

Deputy Noel Dempsey: ——suggested that the then discredited Government should leave office when it was not in any hurry to leave at that time. Deputies Kenny and Gilmore are recycling C. J.'s lines from 1985——

Deputy Bernard J. Durkan: What happened after he left office?

Deputy Peter Power: He never got back in again. That is what happened.

Deputy Bernard J. Durkan: That is about to happen now.

Deputy Noel Dempsey: It clearly underlines the lack of any new or original thinking on the benches opposite. As the Taoiseach and others stated, the Government has a clear mandate from the people to run the country.

The Acting Chairman might tell me when ten minutes has passed.

Acting Chairman: The Minister has reached 12 minutes and is sharing with two colleagues.

Deputy Noel Dempsey: I shall release the speech so that my friends opposite can have the opportunity to read it.

Deputy Bernard J. Durkan: Please do not.

Acting Chairman: The next speaker is Deputy Mary O'Rourke and just under 12 minutes remain of the total slot. The Deputy is sharing with Deputy Michael Kennedy.

Deputy Mary O'Rourke: That will be six minutes each. Will the Acting Chairman please tell me when the time is up?

Acting Chairman: I shall and I thank the Minister for Transport, Deputy Dempsey.

Deputy Mary O'Rourke: Before I begin, may I say to a previous speaker, Deputy Joan Burton, that when she chooses, she seems to tip her toe in history quite a bit. On three separate occasions I have heard her bring up this famous line spoken in the House of Commons and have told her that the person who spoke was Leo Amery M.P. She provides some convoluted arrangement in that respect but that was his name. One might ask why it matters in this debate. I taught history for years and it jars me every time I hear the Deputy say this. Somebody gave the quote to her and she keeps on dragging it out of a recess in her high-up shrill mind.

Deputy Bernard J. Durkan: Ouch.

Deputy Mary O'Rourke: It was Leo Amery M.P. in any event.

Deputy Bernard Allen: That was catty.

Deputy Mary O'Rourke: I am glad to have the opportunity to speak in this debate. I speak as one who canvassed, day and night, for days and weeks in a county that recorded an increase in our vote. It is true that 1% is small but in the light of what happened around the country a percentage increase county-wide was amazing and we were very pleased.

What I encountered on the doorsteps was what I would call "tabloid politics". I say this with due respect to the empty seats in the Press Gallery or to whomsoever is behind them. It is not quite empty. There is an eminent writer present who is not from the tabloid press. However, I would term this "tabloid politics" because if the person at the door said to the candidate or the canvasser for Fine Gael or the Labour Party, "Oh, look what has happened with the levies," they replied that it was dreadful and appalling and they were horrified. They said, "Trust us and we will not do any of those things". Where then will they get the money to run the country? It is an amazing story.

Deputy George Lee may be sitting in a little hut above somewhere but wherever he is and whatever floor his office is on, I imagine it will not be as nice as his office in RTE. Wherever he is and whatever he is doing, there is a great chance for Deputy Lee, whom I welcome to the House, to return to RTE and ask that organisation why nobody is investigating what the Labour Party and Fine Gael are saying.

Last Monday's "Questions and Answers" should have been compulsory viewing for every Member of this House and every member of the public. Deputy Richard Bruton was present, trying to fend off Mary Lou McDonald who was trying to make overtures to him to become part of her leftish cover. However, she did not really want him either. Sensibly, he stayed very quiet and took little part in that debate.

Deputy Bernard J. Durkan: He was wasting his sweetness on the desert air.

Deputy Mary O'Rourke: Please allow me finish. He took little part in that debate because the two are diametrically opposed.

Deputy Bernard Allen: He is a gentleman. This is appalling.

Deputy Mary O'Rourke: The Labour Party's cry is, "Let's spend it, let's have a stimulus". We are not told what the stimulus is. Stimuli can take many forms. "Let us have a stimulus and that will get everybody happy again. Let us have many more cutbacks and that will make everybody happy again". However, nobody spells it out. They do not want to.

Members will know the old tale of the child watching the king go by who said, "The emperor has no clothes".

Deputy Bernard J. Durkan: We have enough fairytales. There are a fair few naked people in the House.

Deputy Mary O'Rourke: Deputies Bruton and Burton are individual emperors who have no clothes because they have no new policies and those they have are markedly divergent. Can one imagine the fun?

I say to Deputy Lee in his little hidey hole, wherever he is, that he is welcome to the House. He has fertile ground now and let him tease out what is his party's economic policy and then let him tease it out again with the Labour Party. I repeat that I call this tabloid politics.

It is funny that one can go anywhere in this land, be in any type of social or political gathering and the question will come up about Deputy Kenny. As Members know, people will say that they cannot envisage what they term "that man" as Taoiseach of this country.

Deputy Bernard Allen: That is a typical Fianna Fáil slur.

Deputy Bernard J. Durkan: It is typical sleaze.

Acting Chairman: Deputy O'Rourke, without interruption, please. The Deputies will get their chance.

Deputy Bernard J. Durkan: They will not say anything outside the House.

Acting Chairman: Colleagues, you will get your chance and I will protect you at the time. Deputy O'Rourke, please proceed.

Deputy Mary O'Rourke: I cannot proceed because the Deputies are shouting.

Deputy Bernard Allen: They have tried sleazy character assassination on Alan Dukes, Deputy Richard Bruton, every Fine Gael Deputy——

Acting Chairman: Deputies, you will get your chance.

Deputy Bernard Durkan: What about Deputy Michael Woods?

Deputy Mary O'Rourke: I am so happy. Thank you. The Acting Chairman is a great sort of guardian angel for all of us.

Acting Chairman: Please. The Deputy will get me into more trouble.

Deputy Mary O'Rourke: I will spare the Acting Chairman's blushes because I am about to end. There is an air of incredibility about. Concerning that threadbare, mar-dheá Mullingar accord which was signed up and cemented I do not know how many years ago, we do not want another such accord——

Deputy Bernard J. Durkan: I am not surprised.

Deputy Mary O'Rourke: —because the people will not believe in it. Cleverly, Deputy Gilmore will not go down that road. However, trying to force this belief is so undemocratic. Together, the media and Opposition politicians are saying that we must have an election because the people have spoken. I know full well the people have spoken. I watched and have read the results from all over the country. I am very thankful that in our constituency they spoke very wisely and well because they increased the Fianna Fáil vote. That says something, does it not? By and large, however, they spoke and in some constituencies we got a bloody nose. As time goes on, the incredulous posture and silly policies of the would be government allies will be shown up for what they are, tabloid, disreputable politics.

Deputy Michael Kennedy: I thank Deputy O'Rourke for sharing time with me and welcome the opportunity to speak on this issue. The one thing on which we are all agreed is that we have a deficit of €20 billion in our public finances.

Deputy Bernard J. Durkan: The Government caused it.

Deputy Michael Kennedy: Fine Gael may think it has the solutions, but we have not heard them yet.

Deputy Lucinda Creighton: We left a surplus.

Deputy Michael Kennedy: We have a deficit of €20 billion which represents €70 million a day and the need to borrow €3 million per hour for current expenses.

Deputy Bernard J. Durkan: Who caused that?

Deputy Michael Kennedy: I would like to hear from any member of the Opposition who considers that sustainable. We have not heard their proposal. We need honesty from the Opposition on the economic issue.

Deputy Bernard J. Durkan: We need honesty from the Government side. Fine Gael and Labour are not in Government.

Deputy Michael Kennedy: Fine Gael and Labour must come out with honest statements rather than statements that try to confuse the public. Like all other Members, I spent the past five months canvassing and I am delighted to report that Fianna Fáil did not lose any seats in my area. I feel I played some part in that, just as Deputy O'Rourke did in her area.

The one thing I found galling during the campaign was hearing Fine Gael and Labour supporters say we were doing nothing about the banks. It came through clearly that the two parties tried to perpetuate the myth that nothing was happening with regard to fraud investigations into Anglo Irish Bank. The Director of Corporate Enforcement and the fraud squad are currently working on at least four separate investigations. They have removed millions of copies of documents from Anglo Irish Bank to their offices in Harcourt Street.

Deputy Bernard J. Durkan: After more billions have been spent by taxpayers on the bank.

Deputy Michael Kennedy: Fine Gael and Labour are perpetuating the myth that the Government is doing nothing.

Deputy Bernard J. Durkan: The Government is the cause of the economic crisis.

Acting Chairman: Deputy Durkan should allow Deputy Kennedy to proceed.

Deputy Michael Kennedy: Reference was made to the former leader of Fine Gael, Alan Dukes. If Fine Gael had listened to what he had to say yesterday at the Oireachtas Joint Committee on Finance and the Public Service and if it had listened to him on radio this morning, they would have heard him say he fully supports the Government's actions on Anglo Irish Bank and does not believe, as Fine Gael suggests — a suggestion that would not surprise me if it came from the Labour Party — that Anglo Irish Bank should be wound down. That would cost the State at least €60 billion to cover depositors and create a run on our banks. It is ridiculous that Fine Gael uses the good name of Alan Dukes on the one hand, but will not listen to his sound financial judgment as a director of Anglo Irish Bank. I believe Anglo Irish Bank should be given the opportunity to trade out of its difficulties because to wind it down would send the wrong signal to the banking fraternity around the world.

With regard to the action the Government is taking on the banking issue, the European Central Bank has endorsed the Government's plan. Its president, Jean-Claude Trichet, who has visited Ireland on a number of occasions, has repeated *ad nauseam* that he fully supports the actions of the Government with regard to our banking difficulties. These difficulties are not just common to us, but are a worldwide phenomenon.

I call on Fine Gael to give us its solutions. Can it tell us where we will get €20 billion?

Deputy Bernard J. Durkan: Speak to the Government. Ask it who caused the difficulty.

Deputy Michael Kennedy: We heard from our new Deputy, George Lee. I congratulate him and Deputy Maureen O'Sullivan on their election to the Dáil. Deputy Lee spoke for 20 minutes earlier today, but did not offer any solution to the problem. He had plenty of criticisms to make, which is not unusual for him. We have been hearing that from him for years on RTE. He did not offer even one solution as to how to get out of our difficulties. If that is the best he has to offer, his term here may be short lived, like that of many other celebrities. If he has the expertise as an economist, which I do not doubt, he should come up with ideas on how we can resolve our difficulties.

Deputy Bernard J. Durkan: Let us have a general election. Let the people decide.

Deputy Michael Kennedy: The people elected us for five years. They elected the Government for five years and that is what we will have. I have full confidence in the Government.

Deputy Deirdre Clune: I wish to share my time with Deputies Bernard Durkan, Joe Carey, Bernard Allen and Lucinda Creighton.

Acting Chairman: Is that agreed? Agreed.

Deputy Deirdre Clune: I have no confidence in the Government. Last Friday, the people gave their verdict on the Government and regardless of whether it likes it, the local elections were a referendum on its stewardship of our economy. Over the past nine years, the Government has presided over an economy for which the people are now paying the price.

I have listened to the contributions of many Deputies on this debate. It seems to me that the theme coming from the Government benches is that the Fine Gael and Labour Party policies do not knit. I have news for the Government. The debate is not about our policies, but about how the Government has presided over the economy and the mess it has made of it. The people are realistic. They know there is a gaping hole in the public finances and that it will not disappear overnight. They recognise that hard choices must be made, but would have preferred if the choices took another direction. They are disgusted by how the country has been led to the point it is at today.

[Deputy Deirdre Clune.]

The Government failed to address the wastage in our public services. The Chairman of the Committee of Public Accounts, who is present, presides week after week over an abysmal litany of waste. The Government failed to focus on energy costs and failed to reform public services. Over the years it has let public services grow out of control. We are now faced with a situation where, rather than focus on reform of the public service, it has decided taxpayers must fund the deficit.

The vote last Friday was a vote of no confidence in the Government, but the Government just does not get it. We read in this morning's papers about the meeting of the Fianna Fáil Parliamentary Party. Fianna Fáil has said it intends to change and become a campaigning organisation that will revitalise the Fianna Fáil Party. They do not get it. That is not what the people voted on. They were not concerned that the Fianna Fáil was not a campaigning organisation or that it needed revitalisation. The people in my constituency spoke by voting out three Fianna Fáil councillors. These were long-serving councillors whose names have long been associated with the Fianna Fáil Party. There was nothing wrong with their campaign or with their work over the past five years, but the people did not vote for them. The people were registering their objections to the failed policies of the Government.

With regard to the Green Party, its members will tell the party exactly where they think it should go. I am confident the Green Party will be told to pull out of the Government and go to the people and let them give a government a mandate. The Government we have currently does not have a mandate from the people. Let us have a general election. Let Fianna Fáil, the Green Party, the Labour Party, Sinn Féin, Independents and Fine Gael go out and put their policies to the people. Let the people make a decision. The current Government is on its last legs and the sooner we have a general election, the sooner we will have a government in place that has the confidence of the people. The Government does not have the people's confidence currently. I do not have confidence in the Government and the people who voted in my constituency last Friday do not have confidence in it. I am here to deliver that voice. I hope the Government will recognise the fact that they have lost the confidence of the people and failed the country.

Deputy Bernard J. Durkan: Like my colleagues, I do not have confidence in the Government and neither have the people who voted last week. They have no confidence because they are scared of what the Government has done, what it is about to do and what it has threatened to do. They are scared of the punishment that has been meted out already and of the punishment the Government has promised them in the future. People who are watching this debate see Government Deputies in denial, blaming the Opposition and calling on the Opposition to spell out what it would do. The Government has been in office for 12 years and it has not spelled anything out. The Government has brought the country into a swamp and has led it astray. They are now punishing the people who followed them into that morass.

I listened to the Minister of State, Deputy Peter Power, in total disbelief as he talked about the 1980s, when a Government tidied up the economy when the country had been led astray. In 1977, Fianna Fáil, and subsequently the Progressive Democrats, led the country astray by abolishing car tax and rates and promising the people easy times. The economy lasted only two years until it came to a halt. When a new Government took over in 1981, there was no money to pay civil servants, gardaí, nurses, doctors or teachers. The kitty was empty. I know because I was here debating the difficulty.

This morning in reply to Deputy Enda Kenny, the Taoiseach said the following:

What is clear is that on 29 May the bank published its half-yearly accounts for the period to the end of March of this year. These showed a pre-tax loss of over €4 billion, mainly due to a write-off of some of the loan book. That represented a significant deterioration in the bank's position since it was nationalised in January and its assessment has been confirmed by PricewaterhouseCoopers and subject to stress-testing similar to the exercise carried out on Bank of Ireland and AIB.

Why was that information not known in January or on 29 September last? Why was an assessment not carried out before the State committed itself? This is why the people are scared. They do not trust the Government to assess and deliver on the basis of a strict assessment and stress test.

The people have no confidence in the Government's ability to deliver a health service and neither does the Opposition. The public have lost all confidence in the ability of the Minister for Health and Children to deliver a health service. Anyone who was canvassing in the past couple of weeks knows that. The people have no confidence in the Government's ability to deliver an education service, particularly to children with special needs. They have no confidence in the Government's ability to deliver services to elderly people or to those seeking respite care or access to hospitals and various health services.

The job of the Opposition is to articulate that lack of confidence, as expressed by the people in their vote last week. The public have no confidence in the Government's ability to deliver on the housing situation. As many as 100,000 people on local authority housing lists must remain in rented accommodation for which they are paying through the nose. They have no chance of being housed. Meanwhile, 100,000 houses are locked up in the private sector, due to the effects of the housing bubble. I could go on and on.

The people have no confidence in the Government's ability to deliver anything. They said so last week. Need I mention the Ryan report in which many sections were blacked out? Could the public have confidence in that kind of nonsense? I have no confidence either.

Deputy Joe Carey: I have no confidence in the Government and the people I represent in County Clare have no confidence in it.

Yesterday, at the beginning of this debate, the Taoiseach, in explaining the context of the decisions his Government has made over the past 12 months said: "We do that not because we are aligned to any particular economic ideological philosophy..." It is very clear to me, and to the people of the country, that since 1997 one very specific economic ideological philosophy was followed. This ideological philosophy was shared by the Taoiseach, Deputy Brian Cowen, and the former Minister for Finance, Charlie McCreevy. Both these men, as Ministers for Finance, through their budgetary decisions poured petrol on the flames of this country's independent economic growth. This was done simply in order to ensure re-election in 2002 and 2007.

Where do we now find ourselves today? We are pumping money to the tune of €7.5 billion, with more to come, into banking institutions that are of, so called, systemic importance, yet we hear they have not loaned a cent since last September. The Taoiseach yesterday described his Government's actions in relation to the banking crisis as "structured and considered". They are anything but. They merely accept the *status quo* and commit future generations of Irish people to picking up the tab.

The Taoiseach, some months ago, stated that our children will not enjoy the same prosperity as we have up to now. That is some indictment and some political legacy. The figures released last week show unemployment just marginally under 400,000 and expected to reach 500,000 by the end of the year. The figures for County Clare show a 12 month increase from 5,036 to 9,688, or a 92.4% increase. Our current rate of unemployment and its consequential multiplier

[Deputy Joe Carey.]

effect on long-term unemployment is a serious threat to our potential for a proper viable recovery, yet the Government seems paralysed by inaction on this issue.

The debacle experienced in my constituency during the latter part of 2007 in relation to the Aer Lingus service to Heathrow is another example of Government inaction. I know Government Deputies will now say these services are back in place, but think of the destruction and erosion of confidence in the region, the loss of business and the fact that so much energy was expended unnecessarily. Pieces of national infrastructure such as the Heathrow slots should be in the possession of the State and not a plc. This option was not considered by Government. Indeed, it chose not to exercise the influence of its 25% shareholding. I call on Aer Lingus to reinstate all the Shannon to Heathrow services.

There are elements of our economy which the Government seems hell-bent on ignoring, some of which have traditionally provided us with growth and a positive image around the world. The most significant of these is agriculture. We are an ideally located country. We are a green island with a tradition of food production. We have the natural resources of milk and beef and a processing industry that has established itself around the world, yet, in an ego driven pursuit of the vague concept of a “knowledge economy”, the Government seems determined to ignore a firmly rooted and resilient industry. This is a perfect example of the Government’s tunnel vision.

The Government likes to dress up old ideas and present them as new. It is jaded and tired. It is time for the Government to get out of office. It is time for a new start. It is time to call a general election.

Deputy Bernard Allen: The incredible arrogance at the heart of this Government is demonstrated by the tabling of a counter-motion of confidence in itself. It may be common Dáil procedure but it represents a two-finger insult to the public which gave the Government parties a hammering on Friday last. The Green Party was also sent a council seat message for supporting Fianna Fáil with blind obedience as the economy slumped. There is huge contempt within Fianna Fáil for the electorate, who dared to give them a hiding. That is why the Taoiseach talks about communication and organisation when there is real anger at their recent actions.

They can spin all they like but they cannot fool the people. Deputy O’Rourke quoted nursery rhymes. While it may be a cliché, the adage that one can fool some of the people some of the time but one cannot fool all of the people all of the time is appropriate. Fianna Fáil will be found out. How out of touch is the Fianna Fáil Party? In the weeks of the election campaign its party members were afraid to knock on doors in my local area and instead dropped leaflets through letter boxes. At national level, its leader, the Taoiseach, was afraid to meet people and chose instead to fly over their heads and surround himself in a cocoon of supporters who told him what he wanted to hear. He is so wrapped up in Fianna Fáil events, he is beginning to believe his own spin.

There is something rotten to the core in the Office of the Financial Regulator which allowed recent developments to take place. However, these events occurred under the jurisdiction of the Taoiseach. He dropped the ball and for that failure alone he should offer his resignation.

I used to have respect for the Green Party. It entered government in 2007 with a good reputation for doing the right thing, sometimes when it was not popular to do so. Having become unpopular, far from doing the right thing, the party has done the wrong thing on the economy. It supported the big builders’ party, even when it was bailing out the builders in the Galway tent, and continues to support Fianna Fáil when it is bailing out the builders’ banks. Instead of investing billions of euro in next generation broadband or renewable technologies,

the Government must bail out the banks which gave the Fianna Fáil Galway tent set loans to inflate the property balloon even further.

The Green Party remained with the then Taoiseach, Deputy Bertie Ahern, when he contradicted his former personal secretary and it remains loyal to Deputy Ahern's party which has led the country headlong into economic disaster. When will the Green Party do the right thing and refuse to put short-term political gains before long-term progress? The party appears set to leave the promotion of the green agenda to Fine Gael and the Labour Party. This may be the best course of action available to it given that it has become so badly tainted by its presence in government that it lacks all credibility. The Green Party can no longer ignore its culpability in supporting the same party that got us into the current mess, even if it pretends collective Cabinet responsibility does not exist.

Where once the Progressive Democrats tail wagged the Fianna Fáil dog, the Green Party has become the fresh coat of paint over a banged up, polluting Fianna Fáil SUV, a sad looking remnant of the Celtic tiger. The Fianna Fáil Party is responsible for the worst aspects of the recession that is hurting the people of Ireland. The soft touch regulation to which I referred has damaged our international reputation. The former Taoiseach, Deputy Bertie Ahern, who attacked economic commentators by asking the reason they had not committed suicide, and the current Taoiseach, Deputy Cowen, were the architects of the building bubble and tailored Government policy to benefit the Fianna Fáil Galway tent set. The Green Party has subscribed to this approach. What a turnabout for a once proud party? The people have spoken. When will the Government listen?

Deputy Lucinda Creighton: I am pleased to have an opportunity to speak to the motion. I have no doubt a general election is needed. Despite the claims made by Ministers in recent days, there is an appetite for a general election. This message was driven home loud and clear in recent weeks as we campaigned and canvassed in our constituencies and, more important, last Friday when people went to the polling stations and cast their votes resoundingly against the Government. Looking across the city of Dublin it is clear the Government no longer enjoys the confidence or trust of people. The Green Party has been left without councillors across the city, while the Fianna Fáil Party on the south side of the city has been left with a single councillor to represent the party on Dublin City Council. It is clear the Government does not have a mandate for the actions it has taken over the past 12 months and has lost the confidence of the electorate.

It is said that delay is the deadliest form of denial. Delay has become the cornerstone of this Government's activity in the past 12 months. To date, we have had four attempts to sort out the public finances, none of which has been successful. We will face into an autumn of discontent which will probably precipitate another early budget and may well lead to a general election, regardless of whether the Government wants one.

It is interesting that Government Deputies have made little attempt to defend the Government or its record during this debate. The focus of their contributions has been almost exclusively on attacking the Opposition. The Government clearly realises its number is up and the only course of action available to it is to try to create factions and sow divisions among the Opposition parties. The Fine Gael Party is a distinctive party with its own values and policies and will fight the next election on that basis. The Opposition parties are united, however, on the need to have the Fianna Fáil Party removed from office on the basis that it has mishandled and abused political office for much too long. I will not bother to comment on the Green Party and the remnants of the Progressive Democrats Party as they are not relevant. It is high time Fianna Fáil was removed from office. In that, Fine Gael and the Labour Party are united.

[Deputy Lucinda Creighton.]

While speakers from the Government side have made a number of claims during this debate, the claim trotted out and repeated *ad nauseam* by Cabinet Ministers and others on the Government benches is that the national economic crisis is simply and solely due to the international recession. We all know this is not the case and the Government, through the pursuit of flawed policies for at least 12 years, first allowed a property bubble to develop and inflate and then fuelled it with further tax breaks for developers, pumping it up further and further until it burst. It then tried to wash its hands of the problem by blaming it on an international recession, which is a fallacy.

On the Government's approach to the public finances in recent years, I have repeatedly stated that the benchmarking process has been nothing short of a national fraud. Its outcome was arrived at illegitimately and the process was conducted behind closed doors and was not subject to freedom of information legislation. In addition, the chairman of the commission examining benchmarking was forced to resign in exasperation. Instead of tackling the crisis in the public sector and having the backbone and courage to reform the public sector, the Government simply threw more and more hard-earned taxpayers' money at the problem. It was this approach that caused the immense hole in our public finances.

Unfortunately, I am running out of time. I hope I will have an opportunity to raise many other issues I wish to address during the Private Members' debate this evening.

Minister for Health and Children (Deputy Mary Harney): I welcome two new Deputies to the House, Deputy Maureen O'Sullivan who is present, and Deputy George Lee who spoke in the Chamber this morning. It is a great privilege to be elected to the House. Walking across the plinth having been elected is a singularly great honour. I extend best wishes to the new Deputies, both of whom have much to add to our deliberations.

I am pleased to contribute to this debate. Motions of no confidence are serious matters which should be taken seriously. They are not opportunities for shouting at each other, heckling, cartoon politics or cheap stunts but means of putting forward our particular perspectives, especially in the context of the serious economic challenges facing the country. It is a fact and not an excuse that the world is facing its most serious economic crisis since the 1920s and 1930s.

Ireland is no different from many other countries although our economic difficulties may have been compounded by some issues relating to property here. However, as an exporting country dependent for its survival on 80% of what we produce being sent abroad, we are more adversely affected by the economic crisis that almost any other country in the world. The German economy, which exports 40% of what it produces, will contract by 6% this year. No country will get out of its problems if it simply laments its mistakes, loses its nerve or does not concentrate on its core competencies.

This country has the capacity to see its way through the most difficult economic challenges of our time. We have done it before and we know what needs to be done. We are a country that can design products. We can innovate, market, sell and produce them. We can service our customers. We can deal with the supply chain from beginning to end. The debt-GDP ratio, the size of the budget deficit or solving the banks are merely enablers to allowing our companies to innovate and to be able to trade, and that is how we will generate employment. Our employment opportunities will come from export growth.

Clearly, the Government has been focused. There has been robust debate within Government and we are focused on one matter and one matter alone, that is, doing the best in the national interest. We are not bailing out banks and builders. We are simply trying to save this economy as without a sound banking system, we cannot have a sound economy. The challenges

we face are being faced by other countries around the world, but I remain confident that we can see our way through them. Leadership requires us to make difficult decisions.

I will end by saying this because I do not want to take too much of the time allocated to the Minister for Finance. Deputy Kenny stated yesterday that Fine Gael had come forward with a great plan for health known as the universal insurance plan. He described it as revolutionary. It will include a half a million more people in health insurance with additional benefits, including primary care for the entire population. It will not cost those individuals a penny and it will not cost the taxpayers a penny either. It certainly is revolutionary, but it is the revolution of the comic. It is not doable, not because it defies administration but because it defies logic and arithmetic.

If we are to have serious debates in this House — the Government's mandate comes from this House through the people — for as long as the Government has the confidence of this House to whom we are accountable I believe we should govern. Deputy Lee spoke about this being the 30th Dáil. If we were to go for an election at every whim when we have had a mandate given for people for town councils, county councils and the European Parliament, not for this House, then we would be in the 130th Dáil instead of the 30th Dáil.

Our job and duty is to see this country through the difficult challenges and anyone who aspires to Government and to the office of Taoiseach has an obligation to show leadership, not least when he or she puts forward policies. The Government is putting forward a cancer control plan. The Leader of the Opposition marched with opponents in County Mayo against that plan even though he stated in here he agreed with it, but he did not agree with it because it affected Mayo. I challenge Deputy Kenny to find a single breast cancer patient or a single doctor in the past year in Mayo who is not totally confident of the transformation that has taken place. Therefore, I invite people who aspire to the office of Government to back us when we are making difficult decisions, not because they are tough or because they are unpopular, but because we are compelled to do what is right, in my case by patient safety.

I remain hugely confident and optimistic for the future of this country. That is not to say that I am blindly willful to the challenges we face, but I know if we are resolute, if we are determined and if we do not lose our nerve, we will see our way through this crisis as we have done in the past. The challenge for all of us is to step up to the plate and to support the policies that can transform the economic difficulties we face and bring this country around again.

Minister for Finance (Deputy Brian Lenihan): The results of Friday last's elections have been very good for the parties opposite and I congratulate them on their success. I especially congratulate Deputy Kenny on his success in rebuilding his party after seven years in a political wilderness. It is a political achievement, but it is important to remind ourselves that the questions before the electorate on Friday last were the elections of councillors, MEPs to the European Parliament and in the case of this House, two seats which had become vacant. That is what the people voted on and the Opposition parties won handsomely.

However, the people were not deciding on who should run this country. They have yet to decide whether or not they want Deputy Kenny as Taoiseach. That was not put to the people on Friday last and their judgement on this matter in 2012 remains a matter of conjecture.

We must remember that until we implemented reform and gave a constitutional status to local government the common reaction of Governments to local elections was to postpone them. Deputy Kenny speaks now of his pride in serving as Minister for Tourism and Trade in an earlier Government. He fails to mention that as a member of that Government he decided to cancel the local elections scheduled for 1996 and 1997. As a statement of his faith in democracy this speaks louder than any of his words in this debate.

[Deputy Brian Lenihan.]

It is plain that the electorate is very angry with the Government and I understand why. People have lost jobs. They have lost savings. They have lost pensions. Living standards have fallen. Parents are worried about the future of their children. These are the human manifestations of the worst global recession since the Great Depression eight decades ago.

I do not suggest that all of our difficulties are down to global factors. I am well aware of the contribution our housing bubble has made to our economic downturn. As I stated previously, with the benefit of hindsight, more should have been done to contain the housing market which was fuelled by very low interest rates and the ready availability of credit. I readily acknowledge that and so has the Taoiseach. However, I am nauseated by the dishonesty of an Opposition that time and again courted the electorate with its calls for the abolition of stamp duty, effectively the only control mechanism we had on the property market.

I heard Deputy Coveney condemn the previous Government for profligacy during its term of office. In response to Budget 2006, Deputy Kenny stated that his biggest regret about the budget was that it did not give the people enough. In response to Budget 2007, Deputy Bruton criticised the modesty of the increase in child benefit and the budget for social housing. On Budget 2008, Fine Gael was still demanding that we spend more. Deputy Mitchell expressed bitter disappointment that the funding for arts organisations had been cut.

Nothing has changed. The debate that has taken place in this House over the past two days has been a sham. Having put down its motion of no confidence in a blaze of publicity, Fine Gael simply went through the cliché-ridden motions joined, on this occasion, by a reluctant Labour Party. Is it any wonder the public is cynical?

Nothing we have heard from the Opposition suggests any engagement with the enormous difficulties facing this country and our people. There is a €20 billion hole in our public finances. That is the reality. It is crazy for Deputies to come into this House, one by one, punching in the slots, decrying every effort the Government has made to control spending. Deputy Gilmore condemned the income levies and the increase in class sizes as if it was some piece of optional mendacity on the part of the Government without any reference to how we might meet the cost of education and our public services. In an hysterical contribution, Deputy O'Dowd launched a tirade of criticism about cutbacks in the budget of the road safety campaign. On what planet does the Opposition live?

Deputy Bruton referred earlier to his party's suggestions on how to respond to the economic crisis which he stated were, by definition, rejected by this government. That is not the case. I welcomed the documents at the time of their publication. I agreed with many of his suggestions and they formed part of the supplementary budget. However, the problem is that some of Deputy Bruton's suggestions were subsequently disowned by his own colleagues. Deputy Bruton proposed the emergency suspension of non-priority capital projects in the areas of local roads and social housing. In the supplementary budget, we duly made those savings and in no time there were two outraged press releases from Deputy O'Dowd, the transport spokesman, and Deputy Terence Flanagan on the social housing issue all, of course, of which were just in time for the local elections.

Deputy Damien English: That is scrapping the bottom of the barrel.

Deputy Brian Lenihan: Deputy Bruton proposes cuts, we agree and subsequently introduce those cuts, and they, in turn, are opposed by two of his party colleagues

Deputy Damien English: We asked for efficiencies.

Deputy Brian Lenihan: It is a farce and it gives the lie to the notion that in most cases, the Opposition wants to do anything other than make political hay out of this economic crisis. Fine, if that is what they want to do, do it but please be honest enough to admit it.

In the last year, the Government introduced a fiscal correction of over €8 billion, that is, approximately 5% of GDP. No other country in Europe has been able to achieve that quantum of savings. It has damaged us politically but it has been a powerful start to our journey on the road to economic recovery.

Deputy Brendan Howlin: There are 400,000 unemployed as a result.

Deputy Brian Lenihan: The journey continues as we will take the necessary decisions to bring sustainability to the public finances.

That is the challenge that would face any party in Government to bring the General Government Balance to the requisite requirement of the Stability and Growth Pact. This approach has received the approval of the European Commission and we have seen visible public support from the President of the European Central Bank, Mr. Jean Claude Trichet, and from the President of the Eurogroup of member states, Mr. Juncker. This is a real and credible plan of adjustment and has been recognised as such. The choices are limited. There are no easy, painless solutions to our fiscal dilemma and it is time we all faced that reality.

Yesterday, Deputy Kenny said the country was bankrupt. He either does not know or does not care that such loose rhetoric——

The Taoiseach: Hear, hear.

Deputy Brian Lenihan: ——fuels misinformation about the economy and makes it more difficult and costly for Ireland to fund itself in international financial markets. The country is not bankrupt. We have a flexible and resilient economy that is adjusting rapidly to the new economic circumstances. We have world-class, modern export industries built in a low tax, pro-enterprise business environment that the Government is committed to maintaining. This strength is reflected in the resilience of our exports which decreased by 5% in the early months of the year compared with a decline of 20% to 25% in most other European countries.

Our external financial position is improving, despite the increase in State borrowing. We are moving from a decade-long position where we were a net borrower abroad to having an external debt that is actually falling. Our underlying economic strengths, fostered by significant investment in education and productive infrastructure in the past decade, will ensure that, if we make the right decisions now, we will rebound from the current slump. In the words of the recent ESRI report on our medium-term prospects, “the Irish economy, as long as it regains competitiveness, can be expected to grow quite rapidly in the 2011-2015 period”.

Deputy Damien English: Is that a local elections announcement?

Deputy Brian Lenihan: This regaining of competitiveness depends on decisions being taken by the Government. We have begun the process of making those decisions, many of which were fought tooth and nail in the House by the parties opposite. What this debate has underscored is that it is not Ireland, but the Opposition parties which are bankrupt of ideas——

Deputies: Hear, hear.

Deputy Brian Lenihan: ——about how to progress the country out of this grave economic crisis.

Deputy Damien English: That is very clever.

Deputy Brendan Howlin: Are the people wrong?

Deputy Martin Mansergh: Rhetoric.

Deputy Damien English: Is the Minister going to shove a lecture down our throats?

Deputy Brian Lenihan: The last two days have shown that the Opposition prefers to hide behind empty rhetoric——

Deputy Lucinda Creighton: Have the voters run out of ideas?

Deputy Damien English: We did not hide our proposals before the local elections. There are many who did.

Deputy Brendan Howlin: The people are wrong. Fire them.

Deputy Brian Lenihan: Opposition Members are superb rhetoricians, for which I give them credit. Deputy Howlin is one of the ablest, but it is rhetoric, smoke and mirrors.

Deputy Brendan Howlin: Fire the people.

Deputy Brian Lenihan: It is not the practical decision making that must be followed to ensure the country progresses. The Government has not shied away from taking difficult decisions.

Deputy Lucinda Creighton: Increasing taxes and failing to reform the public service are the Government's angle.

An Ceann Comhairle: Please allow the Minister to continue.

Deputy Brian Lenihan: We will protect the economy and position the country to benefit from the global economic upturn when it eventually occurs. These decisions have not been popular, but they are unavoidable. We will continue to take actions to restore order and sustainability to the public finances. We are determined not to repeat the policy mistakes of the 1980s when successive Governments postponed taking the necessary decisions. At the time I was a member of the party which engaged in the initial postponement. The parties opposite engaged in subsequent postponements. None of it suited the country's interests. The Government was not afraid to take action as soon as there was a crisis. As difficulties emerged last July, we took immediate corrective action which we followed in October, February and April.

Deputy Damien English: With respect, the Government was asleep for too long. There were difficulties before July.

Deputy Brian Lenihan: We carried out four budgetary adjustments because we needed to address the difficulties as they emerged. It is what the country needed. It did not need postponement or endless analysis and rhetoric. It required decisions which is what the Government took. Last July the various adjustments laid the foundations which were built upon with subsequent measures. That programme has the backing of the European Commission.

Deputy Damien English: Who is the Minister trying to convince?

Deputy Brian Lenihan: The scope for further income tax increases is limited if we are not to dampen recovery; therefore, the bulk of the future budgetary adjustment will need to fall on

the expenditure side. This task will not be easy, but the Government will not shirk its responsibilities.

Sound public finances will provide the backdrop for renewed export-led growth in the economy. As we regain international competitiveness through cost reductions, businesses will find themselves needing to increase employment and investment to expand capacity. This adjustment in cost competitiveness is already occurring. The European Commission projects that our unit labour costs will decline by 4% this year compared with a 3% increase across the euro area on average. This translates into a 7% improvement in competitiveness. Public services and their reform must measure this improvement. Deputies must focus on this factor because the House is responsible for the public finances and members of the Government are collectively responsible to the House for them. The containment of costs and the reform of the public service must play a crucial part in improving basic competitiveness. Prices of consumer goods and services are dropping at a remarkable rate, cushioning the effect of falling wage levels on households' spending power. Interest rate cuts have injected significant amounts of money into home owners' pockets, the people who are obligated to make mortgage repayments.

Deputy Damien English: Am I to suppose that the Government did this? Thanks.

Deputy Brian Lenihan: Today the International Monetary Fund reiterated in its review of the euro area economy that economic recovery would not happen unless decisive actions were taken to stabilise and revitalise the banking system. We have taken those actions, sometimes with the support of the main Opposition party, with the relentless opposition of the Labour Party, the members of which want to say out of the sides of their mouths at all stages that we are bailing out the builders and not helping others.

Deputy Brendan Howlin: And the banks.

Deputy Brian Lenihan: We are borrowing money to meet day-to-day expenses. Everyone who has been advised by the Labour Party and its satellites on the far left that he or she is subsidising the banks should be informed——

Deputy Joan Burton: That is what Standard & Poor's states.

Deputy Brian Lenihan: ——that we are borrowing to pay for basic public salaries.

Deputy Damien English: And the banks.

Deputy Lucinda Creighton: That is because the Government let them run out of control. They are the Government's responsibility.

Deputy Brian Lenihan: We are borrowing for welfare payments and to meet day-to-day expenditure.

Deputy Joan Burton: That is not what Standard & Poor's stated when it downgraded us this week.

Deputy Brian Lenihan: This situation cannot continue. It is an unsustainable trajectory for the country.

Deputy Joan Burton: Standard & Poor's downgraded us because of the Government's handling of the banking crisis.

An Ceann Comhairle: The Minister to continue without interruption.

Deputy Joan Burton: We cut all of the——

An Ceann Comhairle: Please allow the Minister to continue.

Deputy Brian Lenihan: That is why the Government is taking the necessary actions.

(Interruptions).

The Taoiseach: Order, a Cheann Comhairle.

Deputy Damien English: Deputy Brian Lenihan is the Minister.

An Ceann Comhairle: No more interruptions, please.

Deputy Brian Lenihan: I began by pointing out that the IMF had advised all European governments that economic recovery would not occur unless decisive action was taken to stabilise and revitalise the banking system.

Deputy Lucinda Creighton: By the people when they give the Government its P45.

Deputy Damien English: The Government will be in trouble then.

Deputy Brian Lenihan: We have taken such steps and continue to take action to repair the financial system. We introduced the guarantee for deposits and other covered liabilities of the banking system to stabilise the banks' funding position. We have recapitalised Bank of Ireland and Allied Irish Banks which have seen considerable recovery of their shareholdings, in respect of which we have taken a warrant for the upswing and protected the taxpayer.

Deputy Damien English: Small businesses are not being helped.

Deputy Brian Lenihan: We needed to nationalise Anglo Irish Bank, as banks cannot lend to sound businesses and personal customers——

Deputy Joan Burton: They are not lending.

Deputy Brendan Howlin: To anyone.

Deputy Brian Lenihan: ——unless they themselves attract funds.

Deputy Joan Burton: Does the Minister not know that?

An Ceann Comhairle: Please, Deputy Burton.

Deputy Brian Lenihan: The National Asset Management Agency will clean up balance sheets——

Deputy Damien English: Next year, when it will be too late.

Deputy Brian Lenihan: ——by purchasing the riskiest loan categories from the banks at an appropriate price, thereby boosting international confidence in our banks and restoring their ability to lend.

Deputy Joan Burton: The Minister should read the Standard & Poor's document.

Deputy Brian Lenihan: I will mention something about the Government's approach to Anglo Irish Bank. What occurred in terms of its lending practices and corporate governance was a

disgrace. Nobody in the House is more angry than I am about the events that took place at the bank. Let me reassure the House that every step the Government has taken regarding Anglo Irish Bank and the rest of the banking system has been to protect taxpayers and the economy. The Opposition calls for a winding down of the bank, but it ignores the fact that, if the bank is not recapitalised, it can no longer hold a banking licence. Without such a licence, what hope does that institution have of retaining the €50 billion in funding to which Mr. O'Connor referred yesterday, approximately three quarters of which comes from outside the State?

Deputy Damien English: Some €64 billion.

Deputy Brian Lenihan: The substantial support provided for the bank by the European Central Bank would immediately be withdrawn since the ECB does not lend to non-banks. Perhaps the Opposition could suggest where the State could find a quick €50 billion to cover the lost deposits and interbank funding.

Deputies: Hear, hear.

Deputy Enda Kenny: The wholesale bank funded by the ECB.

Deputy Dermot Ahern: Talk to Alan Dukes.

Deputy Brian Lenihan: As a former distinguished Member of the House——

(Interruptions).

Deputy Brian Lenihan: May I conclude?

Deputy Enda Kenny: The Minister may.

An Ceann Comhairle: Please allow the Minister to finish.

Deputy Enda Kenny: He asked a question and we have answered him.

Deputy Brian Lenihan: I showed the Deputy the courtesy of listening to him.

An Ceann Comhairle: Let the Minister conclude.

Deputy Brian Lenihan: A former distinguished Member of the House, Alan Dukes, told the Joint Committee on Finance and the Public Service yesterday that a winding down, whether orderly, would expose the State to far more expense than the approach the board is adopting.

Deputies: Hear, hear.

Deputy Enda Kenny: We do not believe a word of what the Minister is saying.

Deputy Brian Lenihan: Deputy Lee, whom I welcome to the House, has argued that Anglo Irish Bank is not important to the banking system because it has only one branch in Dublin.

Deputy Joan Burton: No, it is important to Fianna Fáil.

Deputy Brian Lenihan: Lehman Brothers did not have even one retail branch outlet, yet we saw the consequences of its collapse on the entire global financial system.

Deputy Paul Kehoe: The Government is looking after its cronies.

Deputy Brian Lenihan: Its demise almost brought the entire global financial system to a halt.

Deputy Paul Gogarty: Fine Gael has cronies, too.

An Ceann Comhairle: The Minister only has one minute left. Let him finish.

Deputy Paul Kehoe: The Green Party is a part of it.

Deputy Brian Lenihan: I will not be deterred——

Deputy Enda Kenny: Where is Deputy Gogarty's leader?

The Taoiseach: Order.

Deputy Paul Kehoe: The Green Party is propping up cronyism.

An Ceann Comhairle: Deputy Kehoe should let the Minister finish.

Deputy Paul Kehoe: The Green Party is propping up Fianna Fáil.

An Ceann Comhairle: The Deputies must have this discussion somewhere else.

Deputy Paul Kehoe: The Green Party is propping up the cronyism of Fianna Fáil.

Deputy Paul Gogarty: Go back to the developers.

An Ceann Comhairle: Let the Minister proceed.

Deputy Brian Lenihan: We have a mandate from the House to carry on the business of government. That is our duty. Much has been said about the rise and demise of political parties. I can say we led this country out of profound economic difficulties in the 1930s, 1950s and 1980s.

Deputy Enda Kenny: Into the mid-1990s.

Deputy Brian Lenihan: The Government must act beyond party interests and in the interests of all of the people. With our partners in government——

Deputy Enda Kenny: God love the Minister.

Deputy Damien English: The Government does not even have the banks.

Deputy Enda Kenny: The Minister stated this was how the people wanted us to go.

Deputy Brian Lenihan: ——we will lead the country out of the current difficulties and back into the sunlight of prosperity, investment, jobs and social justice.

Deputies: Hear, hear.

Deputy Damien English: Where is the standing ovation?

Deputies: Hear, hear.

Question put.

The Dáil divided: Tá, 85; Níl, 79.

Tá

Ahern, Bertie.
 Ahern, Dermot.
 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.
 Coughlan, Mary.
 Cowen, Brian.
 Cregan, John.
 Cuffe, Ciarán.
 Cullen, Martin.
 Curran, John.
 Dempsey, Noel.
 Devins, Jimmy.
 Dooley, Timmy.
 Fahey, Frank.
 Finneran, Michael.
 Fitzpatrick, Michael.
 Fleming, Seán.
 Flynn, Beverley.
 Gogarty, Paul.
 Gormley, John.
 Grealish, Noel.
 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.
 Lenihan, Conor.
 Lowry, Michael.
 McDaid, James.
 McEllistrim, Thomas.
 McGrath, Mattie.
 McGrath, Michael.
 McGuinness, John.
 Mansergh, Martin.
 Martin, Micheál.
 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'Flynn, Noel.
 O'Hanlon, Rory.
 O'Keefe, Batt.
 O'Keefe, Edward.
 O'Rourke, Mary.
 O'Sullivan, Christy.
 Power, Peter.
 Power, Seán.
 Roche, Dick.
 Ryan, Eamon.
 Sargent, Trevor.
 Scanlon, Eamon.
 Smith, Brendan.
 Treacy, Noel.
 Wallace, Mary.
 White, Mary Alexandra.
 Woods, Michael.

Níl

Allen, Bernard.
 Bannon, James.
 Barrett, Seán.
 Behan, Joe.
 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.
 Deasy, John.
 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.

Níl—*continued*

Lee, George
 Lynch, Ciarán.
 Lynch, Kathleen.
 McCormack, Pádraic.
 McEntee, Shane.
 McGinley, Dinny.
 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'Keeffe, Jim.
 O'Mahony, John.
 O'Shea, Brian.

O'Sullivan, Jan.
 O'Sullivan, Maureen.
 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.
 Varadkar, Leo.
 Wall, Jack.

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

Question declared carried.

Private Members' Business.

Small Claims (Protection of Small Businesses) Bill 2009: Second Stage.

Deputy Leo Varadkar: I move: "That the Bill be now read a Second Time."

I wish to share time with Deputies D'Arcy, Creighton, Reilly, Neville, Breen and Crawford. It gives me great pleasure to introduce the Small Claims (Protection of Small Businesses) Bill 2009. I welcome the Government motion, which Fine Gael will be accepting this evening, that the Bill be given a Second Reading within six months. Although I would prefer if the Minister of State could accept the Bill today, I appreciate that the Government accepts the Bill in principle. I expect the Government will introduce its own legislation within six months and that if not we will proceed to Committee Stage with this Bill.

The Bill is made up of two parts. Members will be aware that the small claims court procedure, introduced approximately ten years ago, allows consumers to seek redress in respect of disputes in regard to the sale of products or money owed up to a limit of £1,000 or €1,270, which is a low limit given that a family holiday, a wide screen television or a suite of furniture would cost more than €1,270. The first part of the Bill seeks to increase that threshold to €3,000.

The second part of the Bill, which is in many ways is the most important part, allows businesses, in particular small businesses, to use the small claims court procedure to pursue debtors, including companies and Government agencies who fail to pay their bills. This is a particularly important provision for small business which, as the Minister of State will be aware, employs approximately 800,000 people in 250,000 different businesses. Small business is the largest single employer in the State. It is a sector that is hurting in this time of recession owing to the reduction in the supply of credit due to the banking crisis, rising costs in doing business imposed in the most part by Government and its agencies and from reduced consumer confidence, which

relates to the downturn in the economy and the fact that take-home pay has fallen as a result of increased taxes and levies.

Overall, this proposal forms part of 18 proposals put forward by Fine Gael to support small businesses. It is a valuable proposal. As the Minister of State will be aware, the Taoiseach has given a commitment that Departments will pay their bills to businesses, in particular small businesses, within 15 days. A late payment survey has yet to be carried out. I understand that the Department of Enterprise, Trade and Employment has reneged on its offer to carry out such survey. However, from the information available to me so far, Departments are by and large honouring that commitment to pay within 15 or 30 days. Unfortunately, this commitment has not been extended to cover Government agencies or State-owned companies. A person in business will know that his or her client is much more likely to be a Government agency such as the Health Service Executive, HSE, or a State owned company such as Iarnród Éireann or the ESB rather than the Department of Finance or the Department of the Taoiseach. We believe that commitment, that bills be paid within 15, or even 30, days, should be extended beyond Departments to all Government agencies, including the Houses of the Oireachtas and all State-owned companies. This procedure will allow businesses to pursue unpaid debts of a small value, less than €3,000, where it is currently not feasible for them to go to law because of the costs associated with hiring a solicitor and utilising the District Court procedure. It will allow them to pursue small claims without having to incur significant legal costs which will, in turn, help to reduce the cost of doing business.

I would like now to draw the attention of the House to some of the other proposals being put forward by the Opposition in respect of support for small business. In many ways, our economic strategy is based on four main pillars, the first of which is a fiscal and banking strategy that involves balancing the budget over a number of years but in such a way that keeps taxes low by concentrating on reductions in current spending rather than increasing taxes or availing of higher borrowing as proposed by other parties. The second pillar relates to the banking sector and proposes to immediately establish a national recovery bank capitalised with State funds but funded by the European Central Bank. Crucially, this proposal does what no other proposal will do, namely, it will allow the immediate flow of credit to businesses, consumers and home buyers. Irrespective of whether we go for NAMA or nationalisation, everyone accepts it will take a number of years to clean up the balance sheets and that, therefore, credit, the life blood of the economy, will not flow freely for a number of years under either of those models.

Those who continue to advocate the nationalisation policy need only look to Anglo Irish Bank to see how successful it has been. It has cost us €7 billion already and that bank has not loaned money to anyone in the past six months. Another example is Iceland which has nationalised all its banks and has had to raise interest to 17% just to keep them funded.

6 o'clock In many ways, NAMA is in my view nationalisation by stealth in that the money one gives to the banks by way of buying loans from them will have to be given back to them by way of recapitalisation. As stated, this will involve the purchase of ordinary shares and, therefore, will result in the de facto nationalisation of at least Allied Irish Banks if not Bank of Ireland. While we may end up there one way or the other, nationalisation should happen as a last option and not as a solution. It will not do what we need it to do, namely, extend money to business, which is what is needed now.

The Bill also includes a proposal for a PRSI exemption or wage subsidy. We understand that the biggest problem facing people is unemployment. Some 400,000 people are currently signing on the live register. It appears that number will continue to rise even though the economy will return to growth, and I accept it will return to growth.

[Deputy Leo Varadkar.]

While the Taoiseach is correct that the recession will end in the next six to nine months, the growth that ensues will be jobless and will not fix the problems in the public finances. The recession of the 1980s ended in 1983 yet it was 1991 before we saw real job creation or repaired the public finances. Ending a statistical recession will not on its own solve our problems. We need to improve competitiveness and support businesses in creating jobs.

We have put forward proposals on reducing VAT and abolishing the travel tax. I understand the Labour Party is preparing a Private Members' Bill which will provide for a prohibition on upward only rent reviews. Retailers in particular have been locked into leases which prevent them from negotiating reductions in their rents. As someone who managed to negotiate a 20% reduction in rent for my constituency office, I have great sympathy for retailers and other businesses who are locked into clauses which prevent such reductions.

My party's proposals for greater flexibility in wage costs and conditions are particularly relevant to the hotel, catering and security sectors, in respect of which current employment regulations mitigate against employment. We have sought a reverse of the cutbacks in SkillNets and the Government has partially acceded to this. We have also asked for proposals on reducing red tape and forced a commitment out of the Government on reducing by 25% the cost of red tape to businesses. However, little real progress has been made in that regard and the Government has not yet shown us how it plans to calculate the baseline cost of regulation.

We want to see proposals on making it easier for small businesses to win Government tenders. I hope that the commission appointed by the Tánaiste to consider this issue will report quickly. An obvious measure would be to break large tenders into lots which could be bid on by small businesses. I am surprised at how many printing contracts, for example, go to other countries, as well as by the limited number of Irish companies tendering for them. I learned from the response to a parliamentary question that every element of Garda uniforms, from hats to jackets, is made in other countries. In many cases, these are Asian and other low cost economies but parts are also made in places such as Scotland and Belgium where costs are not dramatically lower than here. It seems our systems do not give Irish companies a fair crack of the whip on tenders.

We have also made proposals on reducing energy costs, which are 30% higher than is the case in Northern Ireland, the UK and elsewhere in Europe. If the Government set a target for reducing energy costs to the EU average within two years, it could thereby make a significant impact on the costs for small businesses and increase the likelihood of investment in Ireland by businesses which use large amounts of energy. As Deputy Coveney has noted on many occasions, the current regulatory system drives up the cost of gas and electricity to encourage competition but, particularly in electricity, we now have such competition. Tens of thousands of people have transferred their accounts to Bord Gáis and Airtricity and it is time we reviewed the system and gave the regulator a role in setting the price ceiling rather than the floor.

We have also raised the issue of local authority rates. Considerable efforts have been made by councillors, including some from Fianna Fáil, to keep rates low. Given that Fianna Fáil has lost control over virtually every county council and that the Green Party has only three councillors, I am concerned that the Government might further reduce funding for local governments in order to force councils to increase rates or to vote for their own abolition.

We have proposed a redrafting of the Employment Law Compliance Bill 2008, which establishes the national employment rights authority on a statutory footing and gives it extreme powers to raid businesses and seize documents. I am pleased the Department of Enterprise, Trade and Employment has decided to defer Committee Stage of that Bill until September or

October. That is a recognition by the Government that the Bill as originally introduced by the Tánaiste in March 2008 was highly deficient and needs to be redrafted.

Small and medium enterprises deserve proper recognition within the social partnership structure, which for too long excluded important interests such as taxpayers, elected Members of this House, small businesses and consumers. If we intend to continue with this process, it must be modified to include proper and full representation for the small business sector and for the self-employed. The Minister for the Environment, Heritage and Local Government, Deputy Gormley, who seems to have some influence on the Government, has managed to include an environmental pillar in the social partnership so that environmental NGOs will have a place at the table. However, there is no place at the table for the self-employed, the unemployed or ISME, which represents independent small and medium enterprises. If we are to retain social partnership, its structure will have to be very different from the one which contributed to our present mess.

I am happy to move this Bill, which represents a small but important victory for consumers and small businesses. I thank the Government for accepting it in principle and look forward to either seeing new legislation within the next six months or proceeding with it to Committee Stage.

Deputy Michael D'Arcy: Like Deputy Varadkar, I welcome the Government's support in principle for this Bill. Too many Private Members' Bills have been voted down for the sake of politics. This legislation will greatly benefit businesses. I have long noted that the Cabinet is lacking people with backgrounds in business. It has been decades since Ministers have pulled a pint, sold a newspaper, milked a cow, ran an office or traded in any form. They do not understand what it means to be a sole trader or to go for weeks without receiving payment while having to pay wages and rates.

Deputy Varadkar spoke about the Government's commitment to paying bills within 15 days. This is the first opportunity I have had in the House to raise an issue involving a State contract for a school building project on which payment remains outstanding. The company which won the tender gave part of the work to a subcontractor that subsequently went out of business. When a State contract is awarded, people should be paid. As the service has been provided, the State is liable for payment. It is unfair of the State to claim it is a matter for another Department or the subcontractor. I have put down several parliamentary questions on this matter. If the State asks somebody to construct a building, it should pay for the work.

It is important that businesses are paid because the banks are closed to them in terms of cashflow and overdrafts. I have been approached by a number of good businesses which have found that their overdraft facilities have been reduced to 10% of their original limits of €15,000 or €20,000. That is destroying businesses and putting people out of work. Not only are they out of work but they are seeking social welfare benefits and not contributing to taxation. They are dominos being removed from the chain and when removed, it is very difficult to get them back into employment when they will be of benefit to the State rather than costing it moneys in unemployment benefits.

Small and medium enterprises are a huge cog in employment provision in the State. I agree that ISME should be considered a pillar of partnership. IBEC no longer represents small businesses; it represents enormous State companies such as the ESB and private companies such as Google. It does not represent small employers such as small book shops and newsagents who provide hundreds of thousands of jobs that are vital to the economy. We must get them involved in partnership.

[Deputy Michael D'Arcy.]

We must stop enacting legislation that impacts on jobs. This time last year we wrapped up the debate on the Intoxicating Liquor Act. When it was being discussed, nightclub owners said that if it was passed, they would close. In recent days we heard that Reynard's — not a place I frequent — would close. They told Members of the House that if we passed the Bill, they would go out of business. The Bill was passed and while it has made no difference to the impact of excessive drinking, we have put people out of business. For too long I have been stating we cannot ignore what businesses say to us. Yes, they are vested interests but on this occasion they have been proved correct. We cannot continue to ignore the likes of nightclub owners who stated that if we acted in a certain way, they would go out of business. There are more people unemployed and more families being impacted upon.

Deputy Lucinda Creighton: I am delighted to have an opportunity to speak to this important Bill, the importance of which should not be understated. I congratulate Deputy Varadkar on introducing it and the work he has done in highlighting the plight of businesses over the course of recent months, in particular.

A significant problem faces us; SMEs are the lifeblood of the economy, yet they are struggling to cope, stay alive and afloat. Those who are staying afloat are struggling to keep the one, two or three people they may have in employment. This is a major challenge which I am sure everybody in the House has had to deal with in terms of businesses in their constituencies. In my constituency for the past eight or ten months as one drives through what was a particularly vibrant urban village, Ranelagh, one sees “To let” signs on at least ten or 12 premises in the heart of the village. This is indicative and symptomatic of the fundamental problem facing us; the small businesses which are the lifeblood of our communities are going to the wall and the main problems facing them are cash flow and credit flow.

The Bill proposes to deal with this problem to an extent by enabling SMEs to use the Small Claims Court to pursue debtors, an avenue not open to them until now. The proposal to increase the threshold to €3,000 is also significant. What has become a feature for small companies and businesses is that when they are owed money, they are not in a position to pursue their debtors because the sums may be too small to merit or warrant litigation because of the costs involved. They are caught between a rock and a hard place and there is nothing they can do. This legislation will enable them an avenue of pursuit without the high costs, legal bills and overheads that apply to ordinary court procedures. This is very welcome. I am absolutely delighted that the Government has seen the light on this issue and agreed to support this tenet of the Bill. It will benefit small businesses and make life a little easier for them.

ISME is a wonderful organisation which does a huge amount of work in highlighting the plight of businesses throughout the country and the difficulties facing them. It has conducted interesting surveys and research in recent months which bring home how difficult the situation is for small businesses. The survey it conducted at the end of May shows that 70,000 SME jobs are in immediate danger. We know this is due to high labour and other costs associated with running small businesses and the real and pressing factor of credit flow. It is alarming, yet many people, particularly on the Government benches, do not seem to be fully cognisant or aware of how serious the problem is.

ISME also conducted an important survey at the start of May which showed that 58% of companies had been refused credit by banks. This is a significant increase on the figures indicated in previous surveys. Despite all of the measures adopted by the Government on the banks — the guarantee, recapitalisation and so on — credit is still not flowing to SMEs. The Government must address this as a matter of priority and I urge it to do so.

I agree with Deputy Varadkar on the urgent need to have the voice of consumers and small businesses heard around the social partnership table. Social partnership in its current form has failed and is redundant. It needs to be abolished and reconfigured with a fully representative voice because as it is constituted at present it is essentially a sham.

Deputy James Reilly: I ask the Acting Chairman to let me know when I have one minute remaining.

Acting Chairman: I certainly will.

Deputy James Reilly: Go raibh míle maith agat.

Acting Chairman: The Deputy's time is running.

Deputy James Reilly: I thank Deputy Varadkar for bringing the Bill before the House. This issue is a matter of concern up and down the country and everybody one meets or speaks to, whether involved in trade or trying to run factories or small businesses which are holding on by their fingernails, is looking to the Government and asking what is it doing to help him or her but he or she is not seeing that help coming through. Consider the amount of money going into Anglo Irish Bank, none of which is being made available to those who need overdraft facilities for their business. I will cite one particular instance of an electrician who has a small number of men working for him. Two years ago it was not an issue for him to obtain an overdraft of €90,000; today he has been waiting three months for an answer to his request for an overdraft of €10,000. He cannot do business. A number of opportunities are coming his way but he cannot afford to take them because he cannot take the risk without an overdraft.

Small businesses are suffering. The car trade, to mention but one, is on its knees. In Stephenstown Industrial Estate in Balbriggan in north County Dublin there were 360 jobs, of which 80 are gone. Of the 280 jobs remaining, 80 are under threat. I met the business people concerned a couple of weeks ago and they are completely frustrated. They pointed to Northern Ireland which is only 40 miles from them. They wonder why people would want to set up in Fingal in the South when they could travel to the North where set-up costs are much lower.

The rateable valuation here is far too high. It was calculated at the height of the boom when property values and economic activity levels were significantly higher. That is not the situation now, as we all know. Fine Gael asked that all rates be frozen, but that has not happened in all areas. We need to examine that issue again. Landlords are being asked to review rents downward to reflect the reality for business, but how many landlords have cut rents? Many tenants have been able to renegotiate. I ask county councils to also reconsider and reset their rates, particularly for businesses which are trying to sustain themselves through these tough times. They might consider a discount of, say, 20% for two years and then review the position again. Half a cake is better than none. If the 80 jobs mentioned are lost, it will cost the Exchequer €20,000 each in lost revenue, tax payments and welfare payouts. Everybody will lose in that case.

Another issue is that development levies were set when the economy was at an all-time high and property was three or four times the price. The levies have not changed. They must be reviewed downward. If one sets up a factory in the North, the nominal charges for connection to services are of the order of €2,000. In the South they are more than €100,000. That is unrealistic. We must cut our cloth to suit our measure.

Deputy Varadkar mentioned other issues, including the need to reduce the VAT rate downward and a PRSI holiday for those who take on new employees, but I wish to raise an issue I mentioned yesterday. We are trying to create a green economy, yet there is a connection charge

[Deputy James Reilly.]

to the grid of an outrageous sum such as €1.2 million to €1.7 million. That kills business before it gets off the ground.

I would like to see the Government take on board the recommendations made in Deputy Varadkar's Bill which I commend to the House.

Deputy Dan Neville: I welcome the opportunity to support the Bill. Small and medium enterprises are the backbone of the economy and my constituency. The economy of County Limerick is dependent on them. Even though we have big towns, we do not have large industries in towns such as Rathkeale, Newcastle West and Kilmallock. The economy is totally dependent on small businesses. Nationally, more than 800,000 people are employed in small and medium-sized enterprises which contribute substantially to the economy. The increase in costs, including fuel and other business inputs, has significantly impacted on such enterprises and caused a level of job losses which is unacceptable.

Prompt payment by the Government and creditors is crucial. I spoke to a small businessman recently who told me that this was one of his difficulties. He told me also that organisations and companies which could afford to pay small businesses for services were not doing so and were using current circumstances to imply they were in difficulty. It is obvious that many of them are not in difficulty. There must be a mechanism, similar to the one outlined in the Bill, to ensure those who can should pay and not misuse current difficulties to delay payment and exert extra pressure on small and medium-sized businesses.

In recent months the Government has made the position worse with the increase in taxes and the absence of political leadership. On the issue of confidence, leadership is required from the Government. There is money in the economy. There are people working; some have increased wages and salaries, yet they are afraid to spend. They are worried about their future and that of their children. They are frightened of losing their jobs. The majority will not lose their jobs, but the failure of the Government to instill confidence in them to spend is one of the crucial issues affecting the current state of the economy and inhibiting an upturn.

There have been job losses in high profile industries. Dell in Limerick is located outside my constituency but a large number of people living in my constituency work there. The position at the company has severely affected us. There has also been a silent haemorrhaging of jobs from small and medium-sized enterprises across the country. This week we saw a considerable increase in unemployment in my constituency, most of which occurred in May in small and medium-sized industries.

Deputy Pat Breen: I commend Deputy Varadkar on bringing forward the Bill. I am delighted he has a keen interest in small and medium-sized enterprises because, as Deputy Neville said, they are the backbone of the economy. There are approximately 250,000 small and medium-sized enterprises in Ireland employing approximately 800,000 people. Unfortunately, the latest live register figures show there has been a 94% increase in the number signing on. Many of the 400,000 signing on were employed in small and medium-sized enterprises. The closure of many small industries has gone unnoticed by the media and often is not reported. Only large company closures are reported. Some 35% of small and medium-sized enterprises expect redundancies at a level of 20% in the next three months. Many of the workers in the companies involved have already taken pay cuts and the companies are barely ticking over. More of them will go to the wall because they cannot get access to credit.

In my constituency of Clare 25 to 30 small retail units in Ennis have closed in the past 12 months. Following the figures announced yesterday, I note there are 9,688 people employed in the county. Some are employed in the construction sector and service industries, but many

are employed in small and medium-sized enterprises. Many architects, engineers, auctioneers, solicitors and those involved in retail shopping units are already working short-time hours and have taken pay cuts. How often have we seen retail units lying idle, many of which have never been occupied? An employee in an auctioneer's office told me the other day that there were two in her house working, that she worked for an auctioneer and that her husband was employed in the public sector, but since last October their disposable income has been reduced by €700 a month, which effectively means they are paying a second mortgage every month to bail out the bankers who created this crisis.

We must get the banks to start lending again. Businesses are starved of credit. That is the reason Fine Gael has proposed the establishment of a national recovery bank which would buy good debts from the guaranteed banks, thereby providing them with the capital they need to cover their losses and bad loans and free up their resources to enable them to lend again. Many small businesses are already finding it difficult to access capital and face further financial difficulties in trying to recover small debts. Deputy Varadkar's Bill is important because he has inserted a provision to provide that any debts not exceeding €3,000 could be dealt with by the Small Claims Court. That is an important measure. Currently, only consumers can use this court. This measure would alleviate some of the problems many small businesses are experiencing in trying to recover debts.

Other issues were raised, including those related to VAT and a freezing of local authority rates. They must be taken on board. I hope many of the new local authority members will do so before the end of the year.

I urge the Minister to examine the cutback of funding for Skillnet companies. Many companies testify to the value of that network model which delivers relevant training but which also provides crucial support for companies, their owners and employees. Many Skillnet participants may lose their jobs as the recession deepens, but rather than segregating the unemployed, they should be integrated through enterprise-led training and allowed to participate alongside people already in employment.

I welcome Deputy Varadkar's Bill and I am delighted the Government has indicated it will accept it.

Deputy Seymour Crawford: I thank Deputy Varadkar for introducing the Bill and welcome the fact that the Government has decided to accept it in principle. As someone who has been a Member in the Dáil longer than many others who have spoken, I am concerned at the Government's commitment to leave it for six months, which can often be elastic. Small businesses simply do not have the time. They require these issues to be dealt with as a matter of urgency. They require not only the passage of this Bill, but also to get cash circulating as quickly as possible and to be guaranteed that bills for services provided to Government, whether to Departments or agencies, are paid on time. One still hears of cases of agencies which are very slow to make payments.

There is not a scarcity of money as some people have made out. Credit unions and post offices have never had as much money as at present. The real problem is that while the Government has poured €7 billion into Allied Irish Banks, AIB, and Bank of Ireland, customers cannot get money out today. Before going to the Dáil for a vote I heard from a young man who is in business. He had a sizable loan with a small overdraft, but he was told today by AIB that the facility would be no longer available. I make no apology for mentioning the name of the bank concerned in the House because the Government and taxpayers are bailing out and supporting that bank. The Government must get agreement from the banks, whether AIB, Bank of Ireland, Anglo Irish Bank or whichever, that if taxpayers' money is being poured into them, they must provide a service and relieve small industry such that it can continue to work.

[Deputy Seymour Crawford.]

There is also a problem with costs generally. Deputy Reilly referred to businesses in Finglas competing with those over the Border, but let us consider the position for those in Cavan-Monaghan competing with businesses across the Border. People there have a choice and they need only travel a short distance. They can still live at home and start up a new business in Northern Ireland. Change must be made. The VAT issue was brought to the attention of the Minister for Finance between the budget and the supplementary budget. He admitted he made a mistake initially but when he introduced the supplementary budget he did nothing about it. I welcome the leeway the Government has given towards this Bill, but I refer again to the six month period in question. Small businesses cannot wait six months for the Bill to make progress or for more red tape. This should be sorted out as a matter of urgency.

Minister of State at the Department of Enterprise, Trade and Employment (Deputy John Moloney): I move amendment No. 1:

To delete all words after “That” and substitute the following:

“Dáil Éireann:

- welcoming the extensive measures already taken by the Government to ensure access to credit and support for small business generally;
- noting that the Department of Justice, Equality and Law Reform in consultation with the Department of Enterprise, Trade and Employment is engaged in a review of the limits and scope of the current small claims procedure;
- accepting the Government’s intention to bring forward a measure, as soon as possible, to widen the scope of the current procedure;

resolves that the Small Claims (Protection of Small Businesses) Bill 2009 be read a second time this day six months.”.

I wish to share time with the Minister of State at the Department of Enterprise, Trade and Employment, Deputy Calleary.

At the outset, I genuinely welcome the Bill. As someone involved in a small business for years I wish to put on record my appreciation for the efforts involved in introducing the Bill. For the purpose of clarification, the issue of six months is not an attempt to reduce the importance of the Bill or to sideline it. It is simply to allow the working out of the detail and I trust Deputy Varadkar accepts this explanation. I refer to the issue raised concerning the reduction of council seats on local authorities. This is not an attempt to reduce grants and that suggestion is somewhat impossible to accept.

I appreciate the efforts made to introduce this proposal and I am pleased to respond to Deputy Varadkar’s proposed Private Members’ Bill on behalf of the Government. I have no doubt his motivation and objectives are sincere in terms of what he seeks to achieve and the Government is in broad agreement with his proposal. The Government has made clear that it is open to ideas and it will not vote against this Bill this evening. However, there are several concerns with the detail of the Bill and, therefore, the Government proposes that the second reading be postponed for six months to reconsider the issue in detail and to ensure the issues do not have any adverse effect on the operation of the current small claims procedure.

Before turning to the specific proposals contained in the Bill, I take this opportunity to remind the House that the Government fully appreciates that all businesses, especially small businesses, have been significantly affected by the very difficult economic situation the country

is experiencing. Many Deputies have spoken during the course of the debate about the difficulties facing the banks and small businesses, especially legitimate small businesses, which have always operated within the constraints of their overdraft agreements. It now appears these businesses are being penalised. I understand the thinking behind the Bill and the comments made in support of it.

The Government is very aware that small and medium sized businesses are key to maintaining employment in the immediate future and to improving employment and the economy as we move through the current difficult international economic crisis. It is obvious that consumers and businesses have been severely impacted by the economic circumstances. This has manifested itself in difficulties on the part of both consumers and businesses in terms of making payment for goods and services, mortgages, rent on premises or fulfilling other contractual obligations. The point has been made by many Deputies also about small businesses being owed money by State organisations and companies. It is very important that the Government takes on board the proposals made in the Bill.

Recently, I heard an accountant on the radio discuss the fact that he was having difficulty obtaining payment from several long-standing small business clients. What the accountant had to say is very important in the context of what the Bill seeks to achieve. The accountant's clients were viable businesses but were, in the main, having difficulties trading due to cash flow and credit payments. I realise from my own experience that businesses require credit to allow them to continue to trade. I support the notion of this Bill. It is timely and I have no difficulty welcoming its contents and the thinking behind it.

Unfortunately, the very quick financial downturn, which could not reasonably have been anticipated by consumers and business, has resulted in cash flow and credit difficulties with a consequent debt problem. The Government is acutely aware of this problem and has very specific measures to address the serious issues that have arisen for small businesses as a result of the economic and banking crises. Our focus is very much on the needs of the wider economy and especially on the enterprise sector, including the small business element of that sector. We are very aware of the fact that one of the key drivers of our economic recovery is the provision of appropriate credit facilities to small businesses and enterprises.

There is a great deal of anecdotal material to suggest that banks are unwilling to lend in many cases, even to apparently viable businesses. Recently, I heard an interview on RTE Radio 1 with people working in a small family printing business comprising a husband, wife and their daughter-in-law. Traditionally the company always traded within an overdraft agreement. However, it could not renew its overdraft and those involved made the point that they had to modernise the computer back-up facilities. Unfortunately, the business was going to the wall because it could not secure the necessary ongoing finance.

All the main banks have said they remain open for business, are willing to lend where appropriate, and continue to approve a high percentage of credit applications. It is widely believed that demand for credit has fallen and that many businesses are unwilling to approach banks at present. I am pleased the Government has decided that an independent review of bank lending is required. As part of the banks recapitalisation programme, the banks agreed to fund this review. It is very important that people are aware of this and it is currently underway. The report of the review is expected by the end of June or early July.

It must be made very clear to the House that the Government is taking the necessary steps to address the problems faced by small businesses and that we will continue to take whatever action is required to overcome the current situation. The measures we have taken will go a significant way towards addressing the cash flow and credit facility problems facing small businesses.

[Deputy John Moloney.]

In this context it is important to understand what the small claims procedure is all about. It was put in place to facilitate consumers with an inexpensive method to resolve small claims without the need to employ legal representation. It operates very much as a consumer-friendly procedure in respect of issues such as faulty goods or bad workmanship in the main and all the evidence is that it operates very effectively at present. The procedure was originally introduced on a pilot basis in 1991 by the then Fianna Fáil-led Government and was extended nationwide some two years later. The procedure is provided for under the District Court rules.

From its inception the procedure was designed to handle consumer claims cheaply without involving a solicitor. The District Court clerk, who is called the small claims registrar, processes the claims. Where possible, the registrar will negotiate a settlement without the need for a court hearing. Nearly half of all current claims are settled in this way. If the matter cannot be settled, the registrar will bring the claim before the District Court.

Currently classes of claims are limited to a claim for goods or services bought for private use from someone selling them in the course of a business — consumer claims; claims for minor damage to property but excluding personal injuries; and claims for non-return of a rent deposit for certain kinds of rented properties, for example, holiday homes. Other matters relating to rented accommodation are dealt with by the Private Residential Tenancies Board. The current procedure excludes claims arising from a hire purchase agreement, a breach of a leasing agreement or debt. With the exception of the European small claims procedure which commenced on 1 January 2009, the procedure is not currently available for use by a business against a consumer or another business.

The procedure is designed to be simple and user-friendly without recourse to legal advice. Once the claim is lodged, the registrar will negotiate with the claimant and respondent to try to reach an agreement without the need for a court hearing. Where necessary, the registrar may arrange a meeting with the parties. However, the process is kept as informal as possible and is held in private. There is no need to engage the services of a solicitor or other legal representative, although the parties are free to do so should they wish. Such costs are not recoverable from the other party. If the registrar cannot settle the dispute, a time and date will be fixed for a District Court hearing.

The court hearing will be heard in public as part of the normal sitting of the District Court. Evidence will be given under oath or affirmation, witnesses may be called and cross-examination is allowed. Costs incurred by either party, whether through the engagement of legal representation or expert witnesses must be borne by the party calling them, regardless of in whose favour the court determines the dispute. If the matter is determined in the claimant's favour, the respondent will be given approximately four weeks to pay the amount awarded by the court. Both parties have the right to appeal the order of the District Court to the Circuit Court.

In recent years, in order to improve the delivery of electronic services to the public in accordance with Government policy on e-Government, an on-line small claims service has been introduced. Initially it was run on a pilot basis in 2004 in the Dublin Metropolitan District Court and in Cavan District Court. Over the intervening period the on-line system has been rolled out throughout the remaining District Court areas and, since May last year, the system is live in all District Court offices throughout the country. It facilitates the public in lodging claims over the Internet, in cases where this is convenient. Claimants can pay the court fee of €15 on-line and follow the application through the various stages of the process using a unique pin number. Some 45% of all small claims in 2008 were received on-line and this is a measure of its success.

I will give the House an idea of the volume involved. In 2008 there were just over 4,000 applications, an increase of 11% from 2007. The largest increase related to claims about dry cleaners, which more than doubled. Claims about minor building issues, such as painting and decorating, increased from 109 in 2007 to 213, while applications relating to cars, usually servicing and maintenance issues, increased by 48%. Claims about holidays accounted for 10% of the total. It should be noted that there was a considerable decrease in applications that could not be dealt with under the small claims procedure, from 589 in 2007 to 426.

In 2008, a total of 44% of all claims finalised were settled by the small claims registrar with only 26% referred to court. There was an 18% increase, from 294 in 2007 to 349, in decrees by default, where the person against whom the claim was made did not respond or take any part in the case. Last year there were 1,030 cases referred to court, an increase of 20% on the 2007 figure of 857. Of those cases, 587 were dismissed, struck out or withdrawn with decrees granted in the remaining 443. A European small claims procedure commenced operation on 1 January 2009. It provides an alternative method of commencing and dealing with civil and commercial matters in respect of a small claim in cross-border cases only. It is provided for in an EU regulation and in new District Court rules. A cross-border case is one where at least one of the parties lives in a member state of the European Union, excluding Denmark, other than the member state of the court dealing with the claim.

As with the national small claims procedure, the service is provided in Ireland through the District Court offices. The service is not available on-line. The procedure will be mainly dealt with by correspondence although a hearing before a court can be held if the court thinks it is necessary. The service is available for civil and commercial disputes up to a value of €2,000. Where possible, the registrar will negotiate a settlement without the need for a court hearing. The parties do not need to involve a solicitor and the same application fee of €15 applies. The process operates in a similar manner to the national procedure and a judgment given under the European small claims procedure is recognised and can be enforced in another EU member state. Enforcement procedures are governed by the law of the member state where the judgment is being enforced.

The small claims procedure currently allows for claims up to a maximum of €2,000 rather than the €1,269 mentioned in this Bill. The current limit was introduced in 2006 in response to the report of the consumer strategy group which had recommended a move towards a maximum level of €3,000. The matter is kept under review and as the Minister informed the House last November, a review is being undertaken this year. The review being carried out by the Department is considering the resource impact of any increase as well as inflation.

I do not doubt the Deputy's motivation and objectives in putting forward this Bill. However, the Government has a duty to ensure that any legislative proposals are well founded and drafted. The Bill, as drafted, has a number of potentially negative consequences for consumers and small businesses alike which the Deputy may not have taken into account. For example, in the first instance, it may not be necessary to bring forward primary legislation. The current procedure was introduced by statutory instrument amending the District Court rules. It may be possible to achieve considerable widening of the scope of the procedure through an amendment of the District Court rules rather than an Act of the Oireachtas. However, a legal precedent prevents limited companies from being represented in domestic court proceedings by their directors or officials, in the absence of a statutory exception, and it may be necessary to make provision for this in primary legislation. The advice of the Attorney General will be necessary on this point as it would be desirable that the process can be conducted in so far as possible without recourse to expensive representation.

[Deputy John Moloney.]

There is a danger that one of Deputy Varadkar's proposals could fundamentally alter the whole ethos of the small claims procedure. Rather than expanding it to act as an aid to business, as currently drafted, it has the potential to transform the focus of the process from an aid and assistance to the individual consumer to that of an anti-consumer measure. Such a move could have negative implications for the whole ethos of the small claims procedure. The measure as proposed, while promoted as one facilitating small business, has far wider implications, in that it would enable any business, irrespective of size, to prosecute claims against consumers and other businesses, large or small, with minimal formality. The measure could prove an advantage for large businesses, especially those with in-house law agents, collecting relatively small debts from large groups of consumers and small businesses. It could be argued that it would make consumers and small businesses more vulnerable. For that reason, this aspect requires very careful consideration and consultation and hence the six-month delay in the Second Reading of the Bill. The financial limit applying to the procedure was increased to €2,000 in 2006. The Minister already indicated to the House, in the context of the Arbitration Bill, that he has an open mind in respect of this limit. It is the subject of an ongoing review which will be brought to a conclusion in consultation with the Department of Enterprise, Trade and Employment as well as with the other stakeholders. The Minister will present proposals as soon as possible.

The majority of citizens will only ever have a short-term or once-off relationship with the courts, as victim, witness, juror, defendant, litigator or seeker of redress, etc. Since its establishment, the Courts Service has been extremely progressive in adapting to new methods and approaches and part of this is to try to ensure the experience is as positive as it can be in the circumstances by providing the necessary and appropriate information. Their dedicated information officer has implemented a wide-ranging and comprehensive strategy. The award-winning courts website has been developed continuously to ensure it meets the needs of its users.

As part of the customer service action plan, a number of user groups have been established to assist in developing a consumer-centred approach to service delivery. These groups help ensure that the views and suggestions of those involved in the courts system are taken into consideration in the development and operation of policy initiatives. Such groups assist greatly in improving the efficiency and effectiveness of the system. They include representatives from professional and representative bodies and provide a useful forum for the exchange of ideas and help to make users aware of each other's needs and concerns. There are also a number of tailored outreach programmes to provide information to groups interested in specific aspects of the work of the courts. This initiative gives the service an opportunity to provide information in a targeted way tailored to meet the needs of a variety of interest groups. I know the service would be happy to provide any assistance or information regarding access to the courts to groups representing business.

In the past 12 months, the Government has greatly increased the resources available to the courts, not least in the number of additional judges appointed. The Courts and Court Officers (Amendment) Act 2007 provided for an additional 14 judges, comprising six judges of the District Court, four of the Circuit Court and four judges of the High Court. The proposals have the potential to provide an inexpensive and speedy mechanism for small businesses to pursue small debts.

I hope the Deputy will appreciate the genuine concerns which give rise to the need for further consideration. The Government does not wish to put at risk the current system which is working well. Detailed analysis is required to identify a means to extend the scope and range of the system without disadvantaging individual consumers who are making good use of the

current efficient model. This work will be done quickly and without delay, building upon the review already underway in my Department.

Minister of State at the Department of Enterprise, Trade and Employment (Deputy Dara Calleary): I, too, appreciate the efforts made by Deputy Varadkar in introducing the proposal. Within the House, we all acknowledge that small and medium enterprises are the backbone of the economy, representing 97% of all businesses, and employing 800,000. We share a pro-business policy environment which has been in place for many years. Our enterprise development agencies and our tax system offer strong support to enterprise, especially to SMEs, and that system is shared and supported by all parties in this House.

Despite the constraints on public finances this year, our Department's Vote provides more than €500 million for the support of enterprise, innovation and research and development. We are also investing more than €1 billion of the budget to support a range of labour force measures which will assist those who have lost their jobs. We have launched the enterprise stabilisation fund with additional funding of €100 million to support enterprises through their current severe difficulties and SMEs will benefit from much of this funding.

The Government's focus in dealing with the crisis in our banking system has been to introduce measures to maintain a properly functioning and well-regulated banking infrastructure to support the wider economy and to restore confidence and credibility in this country. The importance of SMEs has been acknowledged and supported in these measures. The banks' recapitalisation package contains a range of initiatives to assist the enterprise sector directly. The recapitalised banks have committed to increasing their lending capacity to SMEs by 10% over 2008 and I reiterate previous calls on them to make that funding available as soon as possible. I heard the Minister of State, Deputy Moloney, refer to the case of the small printing company. We all have those cases and those stories. I ask the banks to start assisting those companies. In addition, a €100 million environmental and clean energy innovation fund is being established by each bank as well as a further €15 million from each to new or existing seed capital funds.

Irish SMEs are covered by the code of conduct on business lending to SMEs. This code was published by the Financial Regulator and came into effect from 13 March 2009. Lenders covered by the code are required to offer their customers an option for an annual review meeting, to include all credit facilities and security, including collateral. Banks are also required to treat all credit applications on their merits, to inform customers of the basis for decisions made and to have written procedures for the proper handling of complaints.

As previously mentioned by the Minister of State, Deputy Moloney, the main Irish banks have also agreed to pay for and co-operate with the carrying out of an independent review of bank lending to SMEs. The purpose of the review is to ascertain the position on credit availability to Irish SMEs and to recommend appropriate action to improve credit availability. The report will be available by the end of the month. SME representative bodies, including the Small Firms Association, SFA, Irish Small and Medium Enterprises, ISME, and Chambers Ireland are actively participating in this project. Three banks, Allied Irish Banks, Bank of Ireland and Ulster Bank, are providing funding for SMEs on foot of €300 million facilities provided by the European Investment Bank to assist developing SMEs.

The Tánaiste and the Minister for Finance have also established a credit supply clearing group with bank, business and State representation. Formal terms of reference and membership were announced for this group on 19 May. The SFA, ISME, Chambers Ireland, Fáilte Ireland and the IFA are the business representatives on the group which held its first meeting on 28 May. The credit supply clearing group will identify patterns of events where the flow of credit to viable businesses appears to be blocked and will seek to identify credit supply solutions

[Deputy Dara Calleary.]

relating to these patterns. However, the group will not be an appeals mechanism for cases where credit has been refused by the banks.

As a further measure to assist SMEs, the Government approved formal arrangements on 19 May to reduce, from 30 to 15 days, the payment period by central Departments to their business suppliers. This is an issue that Deputies Varadkar and Penrose have been pursuing for some time. This commitment will have effect from 15 June 2009. Reducing payment periods to 15 days for Departments should help ease cash flow difficulties for small businesses operating in the current economic climate and should set an example for businesses in the private sector to improve their payment records and pay each other more promptly. As part of the new arrangements, Departments will be required to report quarterly to my Department on the manner in which they have complied with the Government commitment. They will also include information on the implementation of the measures in subsequent annual reports.

Late payment in commercial transactions is addressed by the European Communities (Late Payment in Commercial Transactions) Regulations 2002. The 2002 regulations transposed EU Directive 2000/35/EC on late payment in commercial transactions into Irish law. Under these regulations, it is an implied term of every commercial transaction that where a purchaser does not pay for goods or services by the relevant payment date, the supplier shall be entitled to interest, namely, late payment interest, on the amount outstanding. Interest shall apply until such time as payment is made by the purchaser. The current interest rate applicable since 1 January 2009 is 9.50% per annum or 0.026% per day. This rate is set as of 1 January and 1 July each year at a rate of 7 percentage points above the European Central Bank interest rate on its most recent main re-financing operation. In the absence of any agreed payment date between the parties, late payment interest falls due after 30 days. Departments automatically include late payment interest where late payments are being made after the 30 day period. The European Commission has launched a review of the Late Payments Directive 2000/35/35/EC. This proposal was launched by the Commission on 8 April 2009, and will be discussed in detail in the Competitiveness and Growth Council Working Group in the coming months.

Public procurement represents a key opportunity for our SMEs. Within the past few weeks, the Tánaiste and my colleagues in the Department commenced work on a project aimed at improving access for small and medium enterprises to public procurement opportunities. I wish to acknowledge the work done by Deputies Varadkar, Penrose and Morgan, my former colleagues on the Joint Committee on Enterprise, Trade and Employment. We had an eye-opening meeting at this time last year with the print forum with regard to the difficulties its members were experiencing. However, the project now underway will implement a number of actions aimed at breaking down barriers to access by SMEs to public contracts. These will include measures to ensure minimisation of the transaction costs of preparing and submitting tenders, including for example, maximising the application of the national public procurement website and electronic procurement opportunities. They will include breaking down contracts into lots, encouraging partnering among SMEs and encouraging larger companies to sub-contract. Small enterprises are in a position to provide more innovative and flexible solutions in response to Government needs than many of their larger corporate competitors. As a result of the initiative now underway, small enterprises should not find the requirements to enter that competitive process too high or too complicated.

At EU level, the annual SME performance review was launched by the Commission in 2008. This review represents a comprehensive source of information on the performance of SMEs across Europe. It also serves as a useful tool in the context of the Lisbon agenda process and the follow-up implementation of the Commission's Small Business Act for Europe, published in June 2008. The SME performance review is complemented by the Small Business Act fact

sheets, with more precise information on each member state and a set of studies providing more in-depth information on specific issues particularly important for SMEs in Europe.

The Commission's so-called SBA policy radar for Ireland yields a remarkably positive picture in comparison with other countries, according to the 2008 report. Particular strengths in 2008 were the Irish public's attitude towards entrepreneurs. Some 85% of our citizens agree that persons growing a successful and new business receive high status, while the EU average is only 69%. In the areas of skills and innovation, Ireland, once again, out-performed the EU average by a considerable margin.

It is clear from the range of issues outlined that the Government has been proactive and positive, and continues to be so, in addressing the concerns of business, in dealing with access to bank credit and assisting SMEs at this very difficult time. We will continue to consult with the SME representative bodies to include them in the relevant groups and to respond to their concerns. My colleague, the Minister of State, Deputy Moloney, has proposed formally that the Second Reading of the Bill be postponed for six months in order to consider the issues in detail and to ensure it does not have any adverse effect on the operation of the current small claims procedure. We and the Department will work actively with members of the Joint Oireachtas Committee on Enterprise, Trade and Employment and with Deputy Varadkar and his colleagues in our endeavours to pursue this issue. We will also involve the SME representative bodies.

Deputy Willie Penrose: I wish to share my time with Deputies Liz McManus and Arthur Morgan.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Willie Penrose: We in the Labour Party are delighted to be in a position to support this Bill which has been brought forward by Deputy Leo Varadkar on behalf of Fine Gael. We compliment him and his colleagues on the Bill.

The aim of the small claims court procedure is to provide an inexpensive, fast and easy method for consumers to resolve disputes, without the need to go into significant legal complexities. The small claims court also avoids the jargon-laden atmosphere involved in having legal people as part of the process. It is a lawyer-free zone and is a mediation service that avoids the adversarial aspects of matters and enables parties to reach a compromise without resort to litigation. It also avoids the significant costs associated with that. Therefore, the small claims court system is very important, particularly for small businesses that wish to recover small amounts. The extension of jurisdiction of the court to cover amounts up to €3,000 is sensible. The previous limit was set some time ago.

I agree the amount should be examined. We do not want to throw out the baby with the bathwater. When something works well, we should try to ensure it is refined and does not expand into something that will overrun the current system that works so efficiently and effectively. If this Bill is enacted, the system will need additional resources, because it is difficult to see how a District Court clerk would be in a position to facilitate all of the likely or potential claims that might be encompassed by the legislation.

Small businesses are very important in the context of our economy. Therefore, we must pay them particular attention and focus on their needs in order to ensure their survival. The Labour Party has put forward a number of proposals in this regard, particularly on the issue of prompt payments. I am glad the Minister of State, Deputy Calleary, has focused on that and has suggested reducing the time period for payments to within 15 days.

[Deputy Willie Penrose.]

Another area of importance is access to public contracts for SMEs. They have lost out in this area. Deputy Calleary was right to refer to the Irish Print & Packaging Forum. It was a scandal the people in the situation in question were deprived of participation. A significant number of jobs were lost as a result.

Many small businesses that employ between six and eight people find the going very difficult. Some of their difficulties may be caused not just as a result of the current situation but because they may have got into arrears with the Revenue Commissioners. Contact should be made with the chairperson of the Revenue Commissioners in this regard. I know the Revenue Commissioners have always extended the hand of friendship and empathy, as long as people do not deny they owe moneys such as PAYE, PRSI and VAT. However, where a sum such as €25,000 is owed, the Revenue Commissioners should set in place an arrangement or scheme for the discharge of that payment. The heavy hand should not come down and force businesses to close.

I know of a business that owes such a sum and believes it should be given the opportunity to pay a certain sum a month rather than close it down. If such a business is closed down, we will have a further six people out of work, draining €20,000 a year, the equivalent of €120,000 net from the Exchequer. It would be better to allow such businesses continue in operation. The man who owns that business told me that at one time he was receiving between 16 and 18 inquiries a week, but now he is lucky if he gets ten a month and he is competing with a far bigger pool. However, he is trying to keep the business operating.

The Revenue is lenient when people come forward and I am aware it is independent in its function. However, it is important the Minister ensures that small businesses are given the opportunity to survive and are not closed down. Closing them down just passes the problem further down the line with the result that the Exchequer and, ultimately, the people must pay more. It is important that this is considered. As they say in my part of the country, a bit of a loaf is better than no bread. It is better for Revenue to keep getting small payments to discharge the bill and to keep a business up and running. This is very important.

The Minister of State is well aware that we did a tour of the commuter belts where we found that small businesses are very important. There are approximately 250,000 small businesses throughout the State creating 750,000 jobs. However, people seem to have forgotten that we are losing 4,000 retail jobs a month. One of the reasons for this is the increase in VAT. I, along with Deputies Morgan and Varadkar did a tour to the North where we saw the impact of this. The extent of the differential is 6.5%, which makes it virtually impossible for our businesses to compete. I acknowledge VAT here increased by only 0.5%, but this had a psychological impact, particularly when Britain reduced its VAT rate by 2%. Therefore, there is a difference of 2.5% in net terms on 6.5%.

The VAT increase was a foolish move. I know money was needed. I am not a fool and am aware the Government is trying to improve the situation and get money into the Exchequer. However, the impact of the change is that we have had an outflow of money from the Exchequer. Jobs are being lost as a result. Between 4,000 to 4,500 retail jobs are being lost every month. These are not the highest paying jobs in the country, but they are jobs that sustain rural communities and enable people to live in these areas. It is important that whatever the Government does, it considers the situation in a business-friendly way. It must business-proof the impact of every decision it makes from now on.

Many businesses that are members of the Small Firms Association or ISME have had varied experiences in their dealings with the banks. I want to lay the situation on the line for the banks. They have been bailed out with billions of euro of taxpayers' money that has gone to recapitalise them. Ordinary people wonder where this money has gone. They wonder whether

the banks are looking after the interests of their shareholders first or trying to make up for their irresponsible lending. At a time when they should be lending support to existing and new businesses, they are not willing to do so. All the signs are, notwithstanding their assurances to the contrary, that they are unwilling to lend to businesses. It seems they are hoarding the capital in order to deal with the crisis caused by their irresponsible lending.

The money given to the banks is not filtering down to small businesses that are crucial to the economic well-being of the country, particularly businesses in rural Ireland. Many entrepreneurs and innovators throughout the country have been stymied and cannot get businesses up an running. The Labour Party suggests that the Anglo Irish Bank should be used for this purpose. It is a national bank and we own it. Let it invest some of the money in small businesses and let it start to do something. We must ensure the money filters down to the people in need. There was a €30 billion fund, but the Minister of State mentioned that approximately €300 million was available. We need more than that to get small businesses off the ground. Appropriate and worthwhile start-up grants should be made available to unemployed people who wish to start up new businesses. The county enterprise boards do not meet this need. I acknowledge the Minister of State's expertise in the area of grants.

We need to go back to the old system of trying to help people. What is wrong with diverting social welfare money into this area? A person with an idea for a business should have his or her grant topped up with a social welfare payment. That payment would then subsidise a job. No one wants to be unemployed. It is soul destroying. We no longer have the safety valve of emigration. People used emigrate to England or Australia and, sadly, never come back. Now we do not even have that safety valve.

Approximately €700 million is allocated to the national development plan. Some 40,000 children are languishing in prefabricated classrooms. The Department of Education and Science takes years to even approve a new school, much less build one. Why not prioritise school buildings? Thousands of workers could be employed on these projects. Contractors are vying to compete and would submit cheaper tenders. Schools could be built cheaply in the current climate. The Government can put billions of euro into banks. Why not put one billion into prioritising projects which are essential to the well-being of the country? I have no doubt the economy will recover and the sooner it does the better. It is in the national interest that it does. It is important that educational infrastructure be put in place to promote a quicker economic recovery.

Deputy Liz McManus: I welcome the Bill and the Government's response to it. I congratulate Deputy Varadkar for progressing this issue. The proposal to increase to €3,000 the amount which can be claimed in the small claims court is eminently sensible.

The proposal to extend the court's remit to include business debts may seem a small matter but, from a business point of view, it is significant. Earlier today, I spoke about this proposal to a local man who runs a medium sized business. It is a modest proposal to provide a simple mechanism for the recovery of small debts. Like the owner of many small and medium enterprises, this man is having difficulty getting payment from customers. I was surprised by the enthusiasm of his response when I explained what I would be talking about this evening. He said this change would transform his debt collection. He said the big stuff is not a problem. It goes to his solicitor and proceeds to the courts. However, defaulting by customers or other small businesses is having a serious impact on the viability of firms and a measure like this would make a practical and real difference.

The current position of small and medium sized enterprises is perilous. When a cheque bounces, as it does these days all too frequently, it is often the result of a chain reaction as debtors default or cheques bounce further up the line and a series of businesses can be affected.

[Deputy Liz McManus.]

Bouncing cheques is only one of a number of negative factors which seriously impact on these companies. There is an onus to respond politically to this crisis which is affecting small businesses. When banks are in trouble the Government responds and billions of taxpayers' euro are spent to shore them up. Yet simple inexpensive measures like this one relating to the small claims court can and should be taken speedily. I hope the Minister, in seeking time, will not delay this unduly.

There are approximately 250,000 small enterprises, employing up to 800,000 people. If even half of those companies employed one extra person we would not have the current unemployment problem. Instead, we see profits shrinking, people losing confidence, businesses closing and jobs being lost in manufacturing and service industries across the board as well as in construction.

Extending the remit of the small claims court will help but the Government needs to do much more. Last week, the Labour Party launched a policy document arguing the case for getting credit flowing to business. We have already proposed that European Investment Bank funds could be drawn down through a straight vehicle for engaging lending to businesses. Similarly, consideration should be given to a working capital guarantee scheme for viable businesses.

The contrast between the experience of small and medium enterprises and Anglo Irish Bank is startling. Some €4 billion of taxpayers' money is being injected into a bank which has not given out a loan since September 2008, and more billions are sought. Meanwhile, small companies desperate for capital are being refused credit. This morning, Deputy Eamon Gilmore sought information from the Taoiseach about loans which had been taken out by senior staff in Anglo Irish Bank. His were simple questions. Who had been given the loans and how much were they for? The questions were not answered. The Taoiseach either did not know or was not telling. Anglo Irish is a State-owned bank. The public have a right to these answers. It is another indication that the Government, despite the recent elections, is not only incompetent but is in denial. Meanwhile, businesses in the private sector struggle to keep their doors open.

The long-standing issue of late payments has been mentioned many times this evening. The Irish Small and Medium Enterprises Association, ISME, did an impressive piece of research in April showing that businesses wait 69 days, on average, for payment. Only one in five companies are paid within 30 days, 33% experience delays of 90 days and 10% wait more than 120 days for payment. I appreciate that there has been a response from the Government, particularly because the State is by far the worst offender. I cite the example of the HSE as a particularly bad offender. While Government commitments are very welcome, we need hard analysis to see if the practice is living up to the promise.

This raises the issue of the State's approach to small and medium enterprises at national and local level. The crass heavy-handed approach of local authorities in relation to commercial rates and water charges cannot continue. In my own county of Wicklow, 446 businesses are under threat of disconnection of their water supply. Their supplies are threatened because they have not paid their water charges. County Wicklow Chamber of Commerce, the umbrella organisation of all chambers of commerce in the county, has advised its members not to pay, "until such time as the Council has furnished full particulars about the charges and the charge basis has been reviewed in detail". Every day, 550 million litres of water are taken for free from County Wicklow to Dublin, where Dublin City Council charges businesses €1.5 per unit. This leads to a loss of income to Wicklow of €250 million per year. This is a long-standing problem to which I do not expect the Minister to find a resolution. However, it is an issue.

There is also a lack of transparency with regard to water charges. At the very least, people are entitled to know what they are paying for. The request by businesses in Wicklow for transparency is perfectly reasonable. I am not the only one who thinks this. In response to a question about water charges in the past few days, the Minister of State at the Department of Foreign Affairs, Deputy Dick Roche, said Wicklow County Council, "...cannot say where levies are being used and cannot say how much is being collected. Specifically relating to water charges, there is no excuse for haphazard operation. There is also no excuse for attempting to ladle additional costs onto businesses for water charges. The charges should be neutral, just cover cost and not be a profit centre". The Minister of State has a point. Local authorities are levying businesses because their funding tap has been turned off by the Government. That will place an onerous burden on struggling businesses. I hope the acceptance by the Government of these issues, specifically the proposal in the Bill, indicates that it is getting the message that we cannot continue with a business as usual approach because business is not as usual.

Deputy Arthur Morgan: I thank Deputies Penrose and McManus and the Labour Party for sharing time and welcome the opportunity to discuss the Bill.

While I have many policy differences with the Fine Gael Party and Deputy Varadkar, I am pleased to note we do not differ on the legislation before us. My father used to say business was a great vehicle for binding people together and so it has transpired this evening, for the purpose of this Bill in any event.

I also welcome what appears to be a change of heart on the part of the Government insofar as it appears to have accepted the general intent of the Bill. While I do not wish to pour water on that or continue with the debate of the past two days, I wonder if the Government will be in office in six months and, therefore, in a position to take the Bill. I hope whichever Government is in place at that time will allow the House an opportunity to debate the legislation and address the issues it raises.

I also hope it will not adopt the attitude the current Government takes to amendments tabled by Opposition Deputies. On many occasions, Fine Gael, the Labour Party and Sinn Féin have offered commendable amendments which the Government has refused to accept, perhaps because it believes a Deputy from this side will suddenly appear at a Cabinet meeting. Although I do not believe that is the case, I cannot explain the reason Opposition amendments are automatically rejected. This is bad practice and a fundamental flaw in Government policy. I do not have sufficient experience to know whether this mistaken policy was adopted by previous Governments. Notwithstanding these reservations, the Government position on this Bill marks a welcome change to practice.

Bad debts cause a significant chain reaction. If business A is not being paid by business B, other companies supplying the former will have their systems clogged up by the failure of the latter to pay its debt. As noted earlier, if business A is a large company, recovering the debt is a relatively task because the matter will be placed in the hands of the company's legal department or team of solicitors which will sort out the matter in the time the courts require to do so. Small businesses and entrepreneurs, however, do not have the luxury of engaging large legal teams at significant cost to deal with these matters. The Bill is, therefore, particularly welcome in that regard.

A further consequence of not having the goods or services one provides paid for on time is that one incurs expensive overdraft charges. In the current climate, many businesses would welcome access to overdraft facilities, even with high charges, because they are being strangled. I have no doubt the telephones in every Deputy's constituency office are hopping as people facing this problem seek to contact them. I hope the legislation, when finally enacted, will help to resolve this problem. The Bill offers the prospect that a cost-effective measure will be intro-

[Deputy Arthur Morgan.]

duced providing companies with a speedy process of accessing the courts and having debts dealt with quickly and efficiently.

Many contributors acknowledged that small and medium size businesses have always been at the heart of the economy. That is not to say that foreign direct investors are not welcome. While I acknowledge the significant role played by that sector in building the economy over decades, most of these companies have either moved or are in the process of moving to the Far East or Middle East where labour and other costs are significantly lower. Ireland will never be able to match costs in those regions and for this reason must concentrate on assisting small and medium size enterprises. This legislation marks a significant step in that direction.

I am disappointed the Government did not use more of the revenue from the boom years to further assist small and medium size enterprises, specifically in helping them upskill management and enhance export capacity. Our small and medium size sector does not have a culture of research and development. This must change and we must find mechanisms of bringing entrepreneurs and managers on board to ensure they engage in research and development practices and recognise the necessity of patenting and working closely with third level institutions.

Credit terms are a key area for small and medium size enterprises. A business supplying one of the major retail chains may experience problems because the retailer resorts to any excuse not to pay the supplier. In such circumstances, the period in which moneys are owed increases from 30 days to 60 days to 120 days and so forth. Deputies will be aware of many such cases. If the supplier complains or brings the matter to a point the retailer regards as unacceptable, the latter will simply stop taking the supplier's goods or services. The businesses of such suppliers invariably becomes dependent on large customers within a short period.

An independent office needs to be established to address this issue. The legislation addresses a slightly different problem. We should establish an independent office with a small staff of perhaps a couple of accountants and solicitors with some clerical back-up. A business facing the circumstances I have described could bring the case to the office and have it stood up in a short period of perhaps one hour. At that point, the independent office could examine the books of the large supermarket chain or other purchaser. By examining the files pertaining to the complainant and other suppliers, it could ensure the complainant is not readily identifiable and a level of anonymity is maintained. This is necessary because the more dominant the large supermarkets become, the more small businesses depend on them and the greater their vulnerability is to being abused by them. We need to be mindful of this problem. I do not advocate establishing another large agency with all sorts of bells and whistles. A small, tight and imaginative structure could be built to provide genuine protection to businesses which are being ripped off — that is not too strong a term — by large companies.

While I acknowledge the inefficiencies of the job creation agencies, I do not wish to be hard on them because circumstances have changed and they, too, will have to change. Deputy Penrose referred to the county enterprise boards, the agencies charged with dealing with businesses with fewer than ten employees. The maximum grants these bodies can provide are irrelevant in business terms and the criteria for approving such grants need to be overhauled, as the Minister will be acutely aware from debate and discussions she has had in the Joint Committee on Enterprise, Trade and Employment. Politics have never entered into the deliberation of the joint committee. While it has good and lively debates and frank and open discussions, they have always been focused on trying to achieve what is best for enterprise and business and long may that practice continue.

Reform measures are also required in FÁS, which I do not propose to attack for the failings highlighted all too often recently. The agency requires a significant overhaul. As with nurses in the health service, the recruitment ban has caught frontline FÁS staff who may not be recruited without the approval of the Department of Finance. FÁS is unable to quickly replace some of its trainers, including those who take maternity leave or retire, and this has created a backlog in some FÁS offices. That is not a criticism of the Minister of State, Deputy Calleary, because I appreciate that he is not long in the job but I raise the issue with him in the hope that it can be resolved because the knock-on effect, the bottleneck which that creates in the FÁS offices when we are trying to get people in to be trained and upskilled, is very significant. I hope that a mechanism can be found to alleviate that bottleneck and to resolve that issue as quickly as possible.

Credit is an integral part of businesses. There is a practice developing that I have noticed in some sectors. Perhaps I will explain it to the Minister of State best by using the example of the food service sector, wherein a struggling business moves from its vegetable supplier to a new vegetable supplier and leaves the old one carrying the can of €3,000 to €10,000 or whatever the sum might be. The business runs up a new debt with its new supplier and after a relatively short period of time, moves to yet another supplier. This legislation, were it in place, would eliminate such carry on because there would be a chain reaction of businesses folding, of significant bad debt, and of some businesses not being able to simply write it off and being in mortal trouble.

I accept that there are some issues with the Bill. There are certainly some amendments I would like to see appended to it. That is by the by and we can deal with them on Committee Stage as they are not significant. I hope that the court rules can be amended, as was stated earlier, to save a major piece of legislation having to be brought in to facilitate the implementation of this legislation. I welcome the opportunity to discuss the Bill here this evening and I look forward to it being discussed in six months, whether by this or another Government.

Deputy M. J. Nolan: I wish to share my time.

An Leas-Cheann Comhairle: I gather the Deputy is sharing time with Deputies Collins, Conlon, Scanlon, Mattie McGrath and perhaps Kirk.

Deputy M. J. Nolan: I welcome this legislation and commend the Government on agreeing to it. I would hope that it can be fine tuned by the time we get agreement and I commend Deputy Varadkar on bringing it forward.

We all are well aware that in this difficult economic climate all businesses are suffering, and the small indigenous companies in Ireland are suffering more than others. The large foreign direct investment companies which come here have large resources and facilities which smaller Irish companies do not have. In the past year, in particular, Irish companies have been caught by the twin effects of the downturn in business and the compounding shortfall of available credit from the banks.

I am well aware of companies in my constituency which are stretched to the limit to keep going and to keep their workers employed. In that regard, it is good that where the Revenue Commissioners — which I will not state have adopted a less hard line attitude on the collection of revenue — see a genuine effort being made by companies to fulfil their obligations on VAT, PAYE, PRSI, etc., they are making an effort to accommodate such companies in ensuring that their business and employment continues.

Banks and financial institutions are being more careful in assessing companies when they apply for credit and this is creating a knock-on effect where suppliers, in effect, are being used

[Deputy M. J. Nolan.]

as bankers by some of their customers. Clearly, this cannot continue. Some well established Irish companies which have a track record of successful business and which have been profitable for a number of years have built up reserves. I have been speaking to a number of medium-sized businesses which find they are taking on the role of bankers and have more credit extended than ever before. An extension of the small claims court would be welcome for companies which have a large number of outstanding debts, the pursuit of which in the Circuit Courts would not be worth their while due to the costs involved and the impossibility of securing anything like what is due to them. Such companies would look to what is proposed in this piece of legislation and avail of that. It would ensure that companies about which previous speakers have spoken who strive to get the longest possible credit terms would think twice about going down that particular road and that we would have a stronger, leaner and, I suppose, meaner business sector, particularly in the small and medium enterprise sector.

The problem is not unique to Ireland. The UK and France, in particular, have experienced this problem over the years. By bringing in legislation those countries ensured the protection of their small and medium enterprises.

I wish the Minister of State, Deputy Calleary, and Deputy Varadkar every success in pushing this piece of legislation through. I would not like to see it delayed too long because there are companies which will not survive if this is extended too far into the future.

Deputy Niall Collins: At the outset, I congratulate the new Members, Deputies O'Sullivan and Lee, on their election to Dáil Éireann and wish them all the best in the time they serve their people here.

Like the previous speakers, I welcome the publication of this Bill. Certainly, I am glad that there seems to be cross-party consensus in advancing the intent of expanding the remit of the Small Claims Court to the area of debt collection. I suppose I would have a minor concern at the outset that the existing system would not become overly complex. It is my firm view that the existing small claims procedure is user-friendly and quite simple, where any citizen can complete a simple one-page form, lodge €15 and be into the system where his or her complaint can be dealt with in a simple and efficient manner. While we are discussing small and medium business here tonight, we all are obviously aware of the many onerous regulations and much red tape that has been inflicted on small and medium business and we should at all times strive to minimise the effects of such regulation. Indeed, as long as I have been a public representative, I have actively advised people to avail of the good offices of the small claims registrar in the Limerick courts and I thank the staff who have dealt with those issues in an effective manner.

On small and medium enterprise in general, as in other areas of the country small businesses form the backbone of employment in many communities right across my constituency in County Limerick, in towns such as Newcastlewest, Kilmallock, Bruff, Rathkeale, Cappamore and Murroe. Many such enterprises derive much of their business from the agri-related sectors. Small and medium enterprise goes hand in hand with the agricultural sector and we must continue to promote, foster and protect it as much as possible.

In saying that, I am also conscious of the recently published live register figures. This is a worry to all of us in my constituency and, indeed, is a human tragedy for the many people who are losing their jobs. I look forward to the imminent publication of the interim report of the task force, which is chaired by Mr. Denis Brosnan, where we will look at the area of job promotion and job protection in the mid-west. There are many people who, in the fall-out from the recent Dell redundancies, are certainly awaiting that report with the expectation that something positive will come out of it. I ask that the State agencies in the mid-west redouble

their efforts to try to attract more foreign direct investment to the area. Askeaton in County Limerick has a fine, fully serviced business park of approximately 100 acres. It is waiting for a start-up enterprise that will provide many badly needed jobs.

Regarding small and medium-sized enterprises, SMEs, we have tackled other issues. For example, we dealt with the problematic cost of insurance effectively through the Personal Injuries Assessment Board, PIAB. However, we must consider the many other issues surrounding credit. We all know that the Government is pursuing the establishment of NAMA, but I am concerned that NAMA is being kicked around like a political football. Business needs confidence, but it sees the Dáil bickering over NAMA. We must move beyond that and realise that NAMA is the only show in town. This side of the House is being accused of bailing out the bankers and developers, but I could say that the other side, which opposes NAMA, comprises the big developers, namely, the Labour and Fine Gael parties. Since bickering gets us nowhere, we need to move beyond it.

The greatest issue is competitiveness. There are a number of strategies, including the smart and green economies to reduce energy costs. Thankfully, those costs have reduced and I hope the fall will continue. I was heartened by the Fianna Fáil Party's local election manifesto in which we sought to freeze local authority rates for the next three years to assist small businesses. This aim is important, as are development levies. As we all know from our time serving on local authorities, the rate struck was the balancing figure in our budgets at the end of the year.

I acknowledge the recent statement by the Chairperson of the Revenue Commissioners to the effect that they are taking a pragmatic, reasonable and proactive approach to the collection of taxes. Doing so is right and necessary. While people and businesses must pay their fiduciary taxes, VAT, PAYE and corporation taxes, the Revenue Commissioners have responded responsibly and reasonably and have allowed businesses to adapt to their straitened cash flows.

Deputy Margaret Conlon: As this is my first opportunity to speak since the recent by-elections, I join my colleague, Deputy Collins, in welcoming Deputies Maureen O'Sullivan and Lee to the House. I wish them well as they represent and serve their constituents.

I welcome the opportunity to contribute this evening and thank Deputy Varadkar for tabling the Bill. In the past year, the country has witnessed the worst economic recession since 1929 and every business has felt its effects. As this is a difficult time for all businesses, they must be supported. Small and medium-sized businesses are indigenous industries and have been the lifeblood of the economy, providing much needed employment and boosting their local economies. My constituency is renowned for its indigenous industries.

However, such businesses have suffered many difficulties in recent times, including a decrease in sales and reduced incomes. Every day, they struggle to keep employees working. I salute their attempts to keep people in work. Many are still making a contribution to the economy. It is important that we, as a Government, continue to support them as they play their important role and face challenges. It is important that we do everything to ensure that they grow and maintain employment.

The economy will only turn the corner because of growth in the national economy, but it will not happen if we do not support our SMEs. They are facing challenges. As a Border Deputy, I must mention our exporters' cross-Border problem posed by sterling. It is a considerable challenge for our small and medium-sized businesses.

Entrepreneurs face problems receiving payment for goods and services and other problems resulting from lack of credit and the availability of cash flow. Another serious problem is the loss of our competitive edge. During the good times, we became uncompetitive and will only

[Deputy Margaret Conlon.]

regain international competitiveness through cost reductions. Businesses must be proactive in this regard. They must get more for less. I agree with Deputy Nolan, who stated that businesses need to be leaner, meaner and keener. Some cost reductions are already occurring. I welcome the reduction in energy costs in particular.

The Government is happy to accept the Bill in principle and I would support the proposal of the Minister for Justice, Equality and Law Reform, Deputy Dermot Ahern, that it be deferred for a six-month period so as that it could be reviewed. In my role as a public representative, I have recommended the small claims procedure when constituents have come to my clinics looking for advice on redress. The procedure is consumer friendly and easy to use and consumers are happy to know that they do not need to engage the services of a solicitor. For many, this is a distinct advantage, as they might not otherwise be able to proceed with their claims. The other great advantage is that the claims are resolved in a speedy and efficient manner. It is important that we maintain this element.

I would not like to see a situation whereby businesses would use the procedure to pursue claims against individual consumers. In the current economic climate, I share the view of the Minister that it could make consumers more vulnerable. I would urge caution regarding large businesses creating a situation whereby they could use the procedure to pursue consumers or small businesses for relatively small debts. It is imperative that any widening of the procedure be targeted in an appropriate manner. Many small businesses are limited companies and have limited liabilities. Since they may be required to engage legal representation, the Minister is right to take advice in this regard.

We know that economic recovery will not occur if we do not stabilise and revitalise the banking system. The steps introduced and the actions that we will continue to take are necessary to repair and revitalise our financial system, which will aid economic recovery. Our banks must continue to lend money to assist our SMEs, but they cannot lend if they are not in a position to attract funds and they cannot survive if they do not have access to funds. Our economy is flexible and resilient and is adjusting to the new economic circumstances. We must continue to work hard and redouble our efforts to assist the small and medium-sized businesses so that they continue to play an important role in the future. They need credit to continue trading. The events of recent months have resulted in cash flow problems. Banks must continue to provide credit and I urge businesses that have been afraid to approach them to do so now.

I accept the Bill in principle. The Government is in broad agreement with Deputy Varadkar's proposal and I thank him for tabling it before the House. I ask that he appreciate the Government's genuine concerns when it proposes that the reading be deferred for a six-month period to provide an opportunity to consider the issue in detail. The current system is working well and we need to ensure that we do not put it at risk. I am sure that the Minister will conduct the necessary analysis and review quickly to ensure a Second Reading in six months time.

Deputy Eamon Scanlon: I welcome the opportunity to speak on this Bill. There is no doubt that it is a tough time to be in business. I am acutely aware that the current economic difficulties are having a profound effect on businesses, particularly small businesses. The importance of these companies to the economy ought not to be underestimated. They are key to maintaining jobs and improving growth as we emerge from the global financial crisis. By supporting small and medium-sized businesses, we are supporting the country's economic recovery.

One of the most pressing issues facing small businesses is a lack of access to credit and cash flow. This has made it very difficult to engage in the most basic of trading procedures, namely, paying bills and receiving payment for goods and services. The Government is well aware of the range of difficulties being faced by SMEs. In matters relating to payment, it has led by

example with the introduction of measures to ensure prompt payments. The Tánaiste and Minister for Enterprise, Trade and Employment, Deputy Mary Coughlan, recently announced a measure that will see Departments paying business suppliers within 15 days instead of 30 days. In addition, the enterprise stabilisation fund will provide €100 million over the next two years for SMEs.

I welcome any move that highlights the value of small and medium-sized businesses to the economy.

While I accept the spirit of the Bill, I nonetheless support the proposal by the Department of Justice, Equality and Law Reform to defer the reading for six months. This will allow the Department, in consultation with the Department of Enterprise, Trade and Employment, to complete a review of the situation. It will provide a detailed impact assessment of the proposed expansion and it is envisaged that suitable proposals will be brought forward in the autumn.

Although I accept the objectives of the Bill in principle, I have a number of concerns relating to the details. First and foremost, it must be remembered that the *raison d'être* of the small claims procedure is to provide a pro-consumer mechanism to resolve minor claims, in a relatively speedy and efficient way, without the need for legal representation. The way in which the Bill is currently drafted could have a negative impact on individual and small businesses. Essentially, I am concerned that businesses would use this procedure to pursue small claims against individual consumers. The last thing we need in these economic circumstances is to exacerbate the vulnerable position of consumers.

While I understand the benefits of businesses taking certain small claims, for example when difficulties arise in securing payment for good and services on credit terms, the procedure ought to be restricted to small businesses. I would not like to see a situation arising whereby a large scale business such as a bank could use the small claims procedure to pursue consumers or small businesses for relatively small debts.

The legalities of expanding the small claims procedure to include small businesses remain to be clarified. The existing mechanism was introduced by amending the rules of the District Court. It is not yet clear whether the small claims mechanism can be changed simply by amending the rules of the District Court or whether primary legislation will be required.

Furthermore, the majority of small businesses are limited liability companies and it appears Irish case law may require companies such as these to engage legal representation. It would be highly undesirable to overly complicate the small claims procedure. Therefore, I welcome the fact that the Minister for Justice, Equality and Law Reform, Deputy Ahern, will seek legal advice on the matter from the Attorney General.

Regarding the threshold of claims, the current limit is €2,000. These limits are kept under review by the Department of Justice, Equality and Law Reform. It should be noted that it, in consultation with the Department of Enterprise, Trade and Employment, is currently reviewing this threshold.

Before I came into the Chamber this evening, I spoke to a constituent who runs a small business and employs four people. His business is not currently making money, but he is surviving. His biggest worries at the moment are rates. He was able to pay half his rates in 2008, but finds he is now unable to pay the other half. His rate bill is some €9,000 per year. A number of Deputies mentioned this issue and I ask the Minister to request that local authorities take a pragmatic approach to small business employing people because they are finding it difficult to make such payments. Everybody likes to pay their bills. The people to whom I refer want to pay their bills but unfortunately, they have to decide whether to keep people working or pay rates or water charges, which is another serious issue.

[Deputy Eamon Scanlon.]

I am very conscious of the importance of small and medium sized businesses to the economy. I recognise the need to support them in their efforts to maintain jobs. Given the absolute necessity for businesses to access credit and cash flow, I accept the objectives of the Bill in principle, but propose the reading of it be deferred for a number of months.

Deputy Mattie McGrath: The Government is very conscious that businesses in Ireland and, in particular, small businesses have been significantly affected by the very difficult economic situation the country is currently experiencing. Equally, this Government is very much aware that small and medium sized businesses are key to maintaining employment in the immediate future and to growing the national economy as we move through the current global financial crisis.

It is clear small businesses have faced difficulties in terms of the availability of credit and cash flow, and this has manifested itself in terms of problems being faced in making and receiving payment for goods and services. As a result, the Government has taken specific measures to assist small businesses and the enterprise sector to ensure access to credit. The Minister for Justice, Equality and Law Reform, Deputy Ahern, therefore accepts the objectives of the Bill in principle, but proposes the reading be deferred for a period of six months to ensure his Department, in consultation with the Department of Enterprise, Trade and Employment, can complete a review, including a detailed impact assessment of the proposed expansion, with a view to bringing forward suitable proposals in the autumn.

There are a number of concerns about the details of the Bill, as drafted. It could have a number of negative consequences for individual consumers and small businesses alike. The intent of the small claims procedure has always been one of a pro-consumer mechanism to resolve minor claims in a relatively speedy and efficient way, without the need for legal representation. This is very important and we must maintain it at all times.

The Government is anxious to maintain the pro-consumer aspects of the procedure and would not wish to see it being used by businesses to pursue small claims against individual consumers. Such a development could make consumers even more vulnerable in the current economic circumstances.

There is merit in allowing for certain small claims by one business against another business. This is particularly the case when many small businesses have encountered difficulty in securing payment for goods and services provided on credit terms. However, it might be appropriate to restrict the measure to small businesses. It would, for example, be totally inappropriate to create a situation whereby large-scale businesses, such as utility companies or banks, could use the small claims procedure to pursue consumers or small businesses for relatively small debts.

The Minister for Justice, Equality and Law Reform, Deputy Ahern, will consult the Tánaiste and Attorney General in regard to the appropriate mechanisms to ensure that widening the scope of the small claims procedure can be targeted appropriately. I compliment the staff of the small claims section in south Tipperary for the work they have done in resolving many disputes.

Subject to legal advices, primary legislation may not be necessary. The existing small claims procedure was introduced by amending the rules of the District Court. It remains to be clarified whether an amendment to the rules will be sufficient to allow for the inclusion of small businesses within the small claims procedure. The majority of small businesses are limited liability companies. It appears Irish case law may require limited liability companies to engage legal representation in domestic proceedings. Detailed legal advice is required on this matter.

Failure to attend to this consideration could overly complicate the small claims procedure and we must avoid that at all costs, and could result in negligible savings to the small companies

concerned. The Minister for Justice, Equality and Law Reform, Deputy Ahern, will seek the advice of the Attorney General to ensure legal representation will not be required for small firms using any extended small claims procedures.

As we all know, small businesses in Ireland are the backbone of our business community. In these very challenging times, we have seen many large companies pull out of Ireland, blaming a lack of competitiveness. We know small businesses are providing jobs and need our support. I hope the Minister and his officials do not delay the difficult examination of the proposed Bill which they must do, so it can come before the House in early autumn.

Many small business will disappear if we do not give them the support they need and ensure our banking system provides them with the lifeblood of their business and livelihoods, which is credit. I condemn the banks, because they are not doing that and are not meeting the needs of small businesses in rural Ireland. By not doing so, they are not allowing businesses to expand or continue at their current level. In many cases, businesses are being forced to shed staff, which is bad for all areas, be they rural towns, villages or wherever. The sooner the Minister can comply with the different measures and introduce the Bill the House, the better. I commend it.

Deputy Damien English: I wish to share time with Deputies Connaughton, Feighan, Perry, McCormack, McEntee and Bannon.

An Leas-Cheann Comhairle: Is that agreed? Agreed.

Deputy Damien English: I welcome this Bill. It is very simple, but could be very useful. I am disappointed the Government does not seem to get it. The issue is that businesses, especially small businesses, are under pressure this year. We have spoken about this issue numerous times and I am happy the Minister of State, Deputy Kelleher, gets it, but I am not convinced those around him do so.

Deputy after Deputy on the other side of the House has come in here tonight and congratulated us on the Bill, said it is great and that it is needed, but six months are needed to fix it. It will not take six months to re-write the Bill or make changes to the parts the Government is not happy with. It should be agreed on tonight. The changes could be made, a telephone call could be made to one of my colleagues — as often happens — and we could fix and adjust it. We have seen legislation written in a day. The Minister of State should let small businesses know he wants to help them. They have serious cash problems. For some companies, €2,000 or €3,000 could pay this week's wage bill. That is the way it is. From week to week businesses are trying to scrape together a few euro to pay bills and their employees and to keep the show on the road. That is how tight things are, but there does not seem to be any acknowledgement of that from the Government side. The enactment of the Bill is one small development that could make a difference to a few businesses.

On the night the budget was introduced I spoke at length about the National Asset Management Agency, NAMA. I said that night, irrespective of whether one agrees with NAMA, it would take too long to be of benefit to businesses this year. The banks are not giving out money. Overdrafts, credit facilities and short-term loans are all tools of business, without which they will fail. There will be many more failed businesses. I am afraid that in six months' time we will have 500,000, not 400,000, unemployed. If the Government does not take serious action it will not take until next year to reach that figure, as some have predicted. We will reach 500,000 unemployed this year. The situation cannot continue. Money must be freed up. Businesses that have been 20 or 30 years in operation are being told by their banks that they cannot have an overdraft, that it is not worth them having an overdraft or they are charged a significant amount for a short-term loan. That cannot continue. It is not on. We are bailing out the banks and giving them what they need. We have

8 o'clock

[Deputy Damien English.]

accepted that something has to be done but we should demand that they look after small businesses. It is as simple as that.

The Bill is a small attempt by this side of the House to do something constructive, to send a message to businesses that we appreciate what they do for us and the number of people they employ and that we are willing to help them. The Bill is being put to one side just because it came from Fine Gael. The Bill must be examined and tweaked and turned and it might not come back to the House for a year, like all the other Bills that we have been promised in six months time.

The Government is guilty of not paying its debts. I tabled parliamentary questions last year and the previous year to find out the number of days it takes each Department to pay its bills. I was impressed with the replies, if they can be believed. I found out that in theory each Department tries to pay its bills in ten days, 12 days or 18 days but that does not happen in reality because State agencies and other bodies in particular consistently find reasons for not paying. They introduce bits of red tape and find reasons to ask for more information and delay making payments, even when it comes to paying sports grants. Payments are delayed as much as possible rather than simply handing over the cash.

People have come to my office in the past year who are owed money by Iarnród Éireann for work carried out more than two and a half years ago, some of them even longer. When I tried to raise the matter in the House the Minister would not take the question. The Ceann Comhairle or somebody else blocked it. I got no response when I wrote to Iarnród Éireann. It is not good enough for the State to owe people hundreds of thousands of euro for work they have done, just because one or two people got mixed up or moved to a different Department, or because a question mark was put over something. That cannot continue. Those businesses employ people and they have bills to pay. It is not good enough for Ministers to reply to the effect that Departments pay everything in ten or 11 days when they know that is not the case. It is also not good enough for Ministers not to answer questions. If I were a Minister and I thought anybody under my watch was not paying his or her bills I would have serious questions to ask and I would not stand for it. It should not be allowed. It is not fair to delay payment, especially given the current situation.

That is bad enough but then there are the significant delays incurred by the Department of Enterprise, Trade and Employment in refunding redundancies. That should not be tolerated. It is not fair. That approach is crippling businesses. It will lead to more businesses closing and more job losses, yet we have inaction. We heard Members speak about how brilliant the Government was to introduce a plan last July and then to have the budget. Those problems started in January and February 2008, a year and a half ago, yet we still have not taken action.

The Minister of State, Deputy Kelleher, was present when I spoke in debates about the need for labour activation schemes and to help businesses with cashflow. We need to change the way we do our business when it comes to funding enterprise. The problems emerged as early as last February yet nothing has changed. We still have problem after problem. Businesses have told me they cannot pay their wages for one of three reasons. The first is because they are owed money by a State body. The second is because they have not received back the redundancy money they have paid out already to their staff. The third is because they cannot get credit.

There are many areas in Fine Gael's plan for business on which we could work together with the Government to bring about change. People who have money do not have confidence in the system. We have one of the highest level of personal savings in Europe, yet people are afraid to spend their money because they do not have confidence in where we are going. They

do not believe the Government has a two-year or three-year plan because it has nothing to show them. We must restore confidence and get that money moving. If we do not, we will have more businesses failing and more unemployment. That is preventable but we must devise a plan and take action, not just talk about doing things in six months' time. That is not good enough any more.

Deputy Paul Connaughton: I congratulate Deputy Varadkar on bringing the Bill to the House. It is a pity we do not have more time to discuss it, because any one of the 18 points Fine Gael has outlined to ensure the small business fraternity gets a fair crack of the whip is worthwhile and together they make a great package. It will be clear to people that Fine Gael is the only pro-enterprise party from whom they will get any help.

The Minister of State, Deputy Kelleher, knows better than most that the business environment, especially for small businesses, is a jungle. There was never anything like it for the past 50 years. One employer who has 15 people working for him told me that Fridays come very often in his case. He was referring to the fact that he has to pay his staff every week. He said one of the things he noticed is that, while heretofore the strategy of the company was to sell product and get salesmen out into the field, the most important employee in his company now is the person who collects the debts. No other person on the payroll is more important than that individual.

I am disappointed with the Government that it has postponed further discussion of the Bill. That is a stalling exercise. Why would it take the Attorney General and whoever else is involved six months to sort out legal anomalies for something that is so important to both employers and employees of small businesses at a time when we have 400,000 people out of work? Why would one want to postpone a measure for six months that might have a positive effect on keeping even five people in a job? I cannot understand why the Government is doing that.

In the context of balanced regional development, small industry is the only way in which industry will get a hold in the regions. We must get vibrant companies back up and running again. That will be difficult to achieve because the IDA's approach is to focus on large firms. We know there is a critical mass and that certain companies must be located in large cities. Whatever hope places like Ballinasloe, Tuam, Loughrea, Gort and Mountbellew have, it will not be based on a reliance on large firms. We must ensure we allow small businesses every chance to thrive and beat all the bureaucratic traps that are put in their way.

I beg the Minister of State to ask the Revenue Commissioners, sheriffs and everybody else that is involved to show compassion. I accept they are not doing too badly. I am aware of a firm in the west that employs 26 people. It ran into trouble only because of the recession. It is possible to retain those 26 jobs this year and next year. It is important that some of the moneys due to the Revenue Commissioners could be paid in instalments to allow the company to work its way out of trouble. If the company is wound up the 26 workers will be finished and the Revenue Commissioners will get next to nothing. Why should the two parties not work out a detailed plan of action to allow the company to work its way out of its difficulties? I urge the Minister of State to bring back that suggestion to the Revenue Commissioners.

Deputy Frank Feighan: The situation is in crisis and the Government is not doing enough to resolve it. I commend Deputy Varadkar on bringing this important Bill to the House.

I come from a business background. My business is 100 years old this year. My mother ran that business for 65 years and I ran it before getting involved in politics. It is a successful business, a newsagents with lottery facilities, employing at one stage approximately 15 people. It now employs three full-time and four or five part-time staff. Two of the full-time employees have worked for me, one for 37 years and the other for 27 years. They have been loyal and have worked extremely hard. I am trying my best to repay that loyalty by keeping the shop open. I keep it open not just to make money, but because if it folds three people will have to

[Deputy Frank Feighan.]

join the dole queues. The business, which has been in operation for 100 years and, to which I have a loyalty, will not survive.

I do not believe the Government knows what is happening. It is proposing to stall this major initiative for six months. This is a crisis that requires immediate action. I have had to pay off newspaper companies and to plead with cigarette companies to maintain the flow of cigarettes into the shop. I had to do a deal with the Revenue Commissioners to ensure the shop remained open. I am fortunate in that I am well paid as a Member of this House. Not too many businesses are in that position. This crisis must be addressed immediately or small and medium-sized enterprises will go to the wall.

Businesses have been good for this country. They have paid their taxes and kept small towns open. The Government is showing scant regard for the loyalty they have given. This proposal must be accepted immediately if we are not to lose more businesses, resulting in 100,000 more people joining the dole queues. The Government has bailed out the banks and the banks have put the boot into businesses. I am trying to obtain credit for a business that has been open for 100 years. I am in a better position than most.

The banks are not open for business with existing businesses. They are using the mantra that they will lend to new businesses. New businesses will not come on stream at this time. We need to protect existing businesses. There are many entrepreneurs out there eagerly awaiting what will happen here tonight. The Government, in not accepting this Bill, is giving the two fingers to businesses, the staff of those businesses and to small towns in our community. I am asking the Minister of State to ensure that action is taken to address this issue before the summer. I know the Minister of State is working extremely hard. He must ensure something is done immediately if businesses are not to go to the wall.

Deputy John Perry: I thank my colleague, Deputy Leo Varadkar, for bringing forward this important legislation, which is short and to the point. There has been much talk from Government about national strategies and grand plans for the smart economy as a way of restoring competitiveness and creating jobs. These grand ideas should not blind us to the importance of also finding urgent micro-steps that can have a significant and immediate impact on job protection.

In my opinion, this Bill is one such urgent micro-step. The life blood of any business is cash flow. The Bill fits into the bigger picture of improving competitiveness and of bringing about real reform in the way business is conducted. There is an old business saying that cash is king. This is never truer than when cash is in short supply. I agree with Deputy Feighan that businesses, including small service companies and the retail sector, are in turmoil. This Bill is about the survival of small companies, small family businesses. It is about trying to support the business person seeking to protect his or her business and the staff employed therein.

There has been much discussion about the banks not providing credit to small and medium-sized companies to ensure that they can remain open as they struggle in the worst economic downturn in decades. I agree that the banks can and should do more to help the small business sector. They have received billions of euro from the State for which they are doing nothing in return. They are micro-managing their accounts and providing no new credit whatsoever. This week, the Government injected €4 billion into a bankrupt bank, which raises many questions. Billions of euro of taxpayers money has been put into the banks' coffers and they must use that money to help small businesses. What small businesses really need is a restoration of consumer confidence to ensure consumers generate the cash flow that small businesses need to keep them going. There is a saying that "turnover is vanity and profit is sanity". Sanity and vanity are currently in turmoil. For the small business, the most difficult task is ensuring that payment is received for goods and services supplied on credit. This problem can be difficult

enough in good times. In this crushing economic downturn, payment of money owed to small and medium-sized enterprises, SMEs, is absolutely critical.

The Bill is designed to support small businesses through the provision of a quick and simple low cost legal remedy when an SME encounters serious difficulty in obtaining payment from a creditor. Fundamentally, this Bill is about the preservation of jobs. We must remember that the retail sector, which is the biggest employer in the State, often employs less than ten people. The backbone of this economy is retail trade and services, a sector which has not to date received a State grant. In the current climate, our top priority must be the preservation of jobs and the restoration and maintenance of small companies. We must take all possible steps to protect existing jobs. In addition, we must reduce the cost on the SME sector when it must look to legal remedy to obtain money owed to it. Legal costs can be a significant element of business costs when a small business is forced to take legal action. Reducing such costs is another key step in assisting local businesses to protect jobs.

This Bill strikes the right balance in facilitating a small business to quickly recover what is owed at a low cost. I thank Deputy Varadkar for bringing forward this Bill. I appeal to the Minister of State to take action to address what is going on. It is appalling. The people have no confidence in the Government, as evidenced in the recent elections. Billions of euro has been given, through the State guarantee scheme, to Allied Irish Banks and Bank of Ireland, and to Anglo Irish Bank to allow it to remain open. Little or none of the money received from Europe has filtered through to small companies. This Government has lost the plot entirely when it comes to the restoration and maintenance of small companies. It has missed out on an opportunity to create confidence and, as Deputy Paul Connaughton said, to encourage people to retain jobs. Instead, all we have heard about is job losses and redundancies, the payments for which are costing the State a fortune.

Deputy Pádraic McCormack: I, too, thank Deputy Leo Varadkar for bringing forward this important Bill at this time. I appeal to the Government — the benches opposite are unfortunately bare at the moment — not to stall this Bill for six months. The next six months could be vital. Many small businesses will go to the wall if this measure is not introduced quickly. Stalling this legislation for six months at this particular point does not make any sense.

Many small businesses are currently put to the pin of their collar to survive the economic crisis for which this Government is responsible in terms of its over-reliance on the building sector. Earlier, the Government, supported by members of the former Progress Democrats Party, Independents and the Green Party, won the vote of confidence. It will now claim it has a mandate for all it is doing, including stalling this important legislation for six months. As pointed out earlier, whatever mandate the Government has, the Green Party has no mandate. While they were elected on the basis of their opposition to Government and everything it did previously they later, for convenience of numbers, joined up with Fianna Fáil following the election. Calling that a mandate does not impress me or the many small businesses that are being forced to close.

The banks are refusing to make cash available to small businesses. The Government is not helping businesses to survive, many of whom are awaiting payment for services to, perhaps, State agencies, government or local authorities.

This money is sometimes expected as payment for services provided to State agencies and local authorities. Many small businesses are owed thousands of euro and this money is vital for their survival. The grants for adaptations for disabled persons and essential repairs for the elderly have not yet been paid for work done in County Galway since September 2008. The small builders who completed these projects are still waiting for the householders to pay them from the grants. Similar issues arise in respect of the farmyard pollution grants. The Government decided that projects under this scheme had to be completed before the end of September

[Deputy Pádraic McCormack.]

2008 and that only 40% will be paid in 2009 and 2010, respectively, and 20% in 2011. How can any small business wait that long for payment?

We have encountered these kinds of problems on our canvass. Small business people took out their anger with all politicians even though the blame lies with the Government, which is now stalling this Bill for six months instead of accepting it and getting on with the job of releasing money to small businesses.

Deputy Shane McEntee: I thank Deputy Varadkar for acknowledging in this Bill the plight of farmers. It is high time that the farming and food processing industry were treated the same as other sectors. Agribusiness employs 200,000 people but over the past 12 months, farmers have gone to the wall on a daily basis. In the parish of my wife's family, the number of dairy farmers have decreased from 40 to three over the past 20 years. I was shocked to learn over the past three weeks how bad circumstances have become for farmers. I visited a farmer with whom I am acquainted through our mutual involvement in an organisation and who paid six employees out of a milk cheque that was one third less this April than last year. We have developed the American way of farming due to high energy costs and poor cashflow. Farmers are culling the lower ends of their herds to generate the cash they need to continue.

Members on this side of the House are sometimes accused of being dramatic but everything that Deputy Bruton predicted 12 months ago has come to pass. Last November, when I met a correspondent to outline what I thought would happen in January and February he told me I was too dour. However, I was vindicated by events. If we go on holidays for two months, further problems will arise in September or October. It is unacceptable to reject a Bill such as the one before us. Two weeks' holidays this summer are enough for this House. We need to keep our eyes on the ball because when the middle of July comes we will be treated with contempt by the people, and rightly so. We cannot walk away because this is the House in which work can be done and people helped. To walk away in the first week of July and not return until the end of September is a disgrace. We will be forced to return in September because mortgage holders and business people will not survive until then. Their credit cards are full and their savings are gone. My county's club championships will be decimated because our young people are flying to Boston and all over the world in the hope of finding work. If we close in July and ignore our legislative responsibilities, we will deserve what we get in September.

We have looked after the people who control the banks while failing an industry. At the count centre in Trim, I saw milk from another country being put in our tea. That was a disgrace and an insult to the industry. Where are the boards that are supposed to sell our products?

We should sit every day this summer except for two weeks in August because we will be forced to return in September. Our small industries, and our farmers in particular, are the life and soul of the country. I ask the journalists in this House to visit the farms in counties Meath and Cork from which good cows are being sent to the factory for slaughter so that farmers can pay the ESB bills that the Minister for Communications, Energy and Natural Resources said would be reduced.

Deputy James Bannon: I thank my colleague, Deputy Leo Varadkar, for proposing this important Bill. I have seen too many small businesses go to the wall due to cashflow difficulties not only in the midlands but throughout the country. That is a shame and an indictment of the Government. I fully support the Bill's intention of putting in place mechanisms to assist local small businesses to survive in the interest of regional and national economic recovery.

According to a recent survey by ISME, 96% of small and medium enterprises have introduced pay cuts or pay freezes since the start of the year. Firms planning lay-offs have increased to 35% from 25% two months ago. Smaller businesses are continuing to struggle and the

situation will deteriorate. The survey found that 35% of firms plan to make 20% of their workforce redundant within the next three months. As the sector employs approximately one million people, this equates to approximately 70,000 jobs.

ISME has called on the government to address the failure of the banks to lend money to small and medium enterprises and the costs imposed by government on businesses, and to introduce business incentives aimed at stimulating the economy. It has also stated that late payments are having a disastrous effect on small and medium businesses, which are now waiting an average of 69 days from invoice date. That is the highest waiting period in Europe. A massive 42% of companies are waiting in excess of three months for payment. It is imperative that the Government introduces a mandatory payment period whereby all companies regardless of size will be guaranteed payment within 30 days from the end of the month of invoice or delivery. It must also put in place a mechanism similar to the existing small claims court structure to settle payment disputes as they arise in order to protect the small businesses sector. This would be a step towards ending the dominance of large businesses at the expense of small and medium enterprises and creating a level playing pitch for all credit transactions. However, if the Government continues to sit on the fence, the ensuing closure of many small businesses will push more workers onto the dole.

ISME has claimed that State agencies are blackmailing Irish businesses over their contracts with the Government. The association states that agencies are writing to smaller suppliers demanding reductions of 8% and more on their existing contracts. These communications imply that any firm which refuses to comply will be blacklisted and not permitted to supply State agencies. The current procurement process for public work contracts favours larger firms at the expense of the survival of smaller companies. I am particularly concerned that some local authorities employ consultants who in some cases are putting contractors out of business and this is happening in the midlands. This must change because it is unfair to small and medium sized contractors and businesses.

My colleague from Meath dealt with the issue of how farmers are being penalised by the Government. I want to see fair play across the board for all sectors of the community. I will support my colleague on the issue of longer sittings of Parliament. We should sit during the entire month of July, go on holidays in August and return on 1 September and deal with the crucial issues that face the economy and the people of the country.

Minister of State at the Department of Enterprise, Trade and Employment (Deputy Billy Kelleher): Many people waited with bated breath to ensure the Government won the motion of confidence today. I can assure the House that many people in the Opposition will wait with bated breath to ensure we win the vote to adjourn in early July and return in September.

Deputy Frank Feighan: We have not booked our holidays yet.

Deputy Pádraic McCormack: Try us.

Deputy Billy Kelleher: However, I understand and appreciate the views opposite.

Deputy Frank Feighan: We know Billy has the villa booked.

Deputy Billy Kelleher: I congratulate Deputy Varadkar on bringing the Private Members' Bill to the floor of the Dáil. It may be an indication of the usefulness of Private Members' time and of the Parliament in getting involved in constructive work as opposed to some of the more facile debates we have from time to time on the serious issues affecting small businesses.

As has been expressed by my colleagues, the Government is in broad agreement with the general objectives underlying this proposal. We are acutely aware of the concerns of small businesses in Ireland, in particular those businesses that are adversely impacted by the current

[Deputy Billy Kelleher.]

economic and banking crisis. I have already stated, as has every Deputy, that there is an onus on the banks. There is a new relationship with the Irish banks under the recapitalisation programme and the bank guarantee programme to ensure there is a flow of credit to small and medium sized businesses.

Deputy Ulick Burke: It is not happening.

Deputy Billy Kelleher: We will continue to pursue that credit being opened up to flow to businesses to protect the economy and jobs; Deputy Feighan mentioned a 100 year old shop in County Roscommon.

The Government is conscious of the problems being encountered by businesses in terms of cash flow and credit availability and the consequential debt problem. The availability of credit to business is essential if we are to work our way through the current economic difficulties, maintain employment and ensure economic growth in the future. The Government is committed to and focused on ensuring that the necessary actions are taken to underpin the economy in general and the enterprise sector in particular. The enterprise sector, including the small business element of that sector, is vital to Ireland's economy which is why we have taken the necessary steps to address the credit facility difficulties being encountered. My colleagues have outlined what is being done on the recapitalisation of banks and how initiatives are being structured to provide a number of supports for small and medium sized businesses in particular.

This House need be in no doubt about our commitment. We will continue to make the necessary decisions and take the necessary actions to support enterprise, maintain employment and return the country to a more stable economic environment. It is for that precise reason that we do not oppose the Bill. It has considerable merit though not in its current form. We need to consider the measures to ensure there are no negative impacts, not only on the operation of the small claims procedure but also on consumers and those small businesses that we seek to help and protect. We have a number of concerns about the details, particularly on the possibility that the proposal will fundamentally alter the ethos of the procedure from a pro-consumer to an anti-consumer measure. Equally, we do not want to introduce any measure that has the potential to provide an advantage to large businesses to pursue small claims debt against individual consumers and small businesses with ease and minimum formality. This is especially the case against the background of the significant investment and modernisation that has taken place over recent years in the court services where a dedicated Commercial Court has been established to specifically determine business disputes.

While the Bill proposes increased access, it does not provide the necessary safeguards for consumers and small businesses. I do not wish to see any measure introduced which will make them even more vulnerable, especially in the current economic circumstances. That aspect needs to be thought through and carefully analysed to ensure that whatever further mechanism and procedure is put in place is targeted appropriately.

As I already stated, there is merit in the proposal, in particular in introducing a procedure to facilitate certain types of small claims by one business against another. This is particularly the case where many small businesses encounter difficulty in getting paid for goods or services they have provided on credit. I would not be in favour of allowing big businesses to avail of such a procedure. Introducing such a procedure will require appropriate and legally robust definitions to distinguish between business types and sizes and in particular definitions appropriate to the small enterprise and business sector in Ireland. This is an issue the Department can examine in more detail in conjunction with the Department of Enterprise, Trade and Employment and the Attorney General.

The Minister has indicated his willingness to consider the €2,000 limit applying to the small claims procedure and the matter is the subject of an ongoing review. The procedure is provided

for under the District Court rules which are promulgated by way of statutory instrument; no primary legislation is involved. The very successful Commercial Court was also established by means of the rules of court. All increases in the maximum amount to date have been implemented by statutory instrument and establishing changes by primary legislation may have an effect of removing the type of flexibility that operates so effectively with secondary legislation.

The Government is on record as recognising that the extension of the small claims procedure similar to that operating for consumers has the potential to aid the small businesses and enterprises struggling for survival at present. However, in introducing such a measure we need to ensure that it does nothing to undermine the ethos of the existing procedure and that it is targeted only at small businesses and is not open to use by large firms. For this reason, the Government requests the postponement of the Second Reading for six months. This is not because we do not see an urgency in dealing with this but because we would like to take on board what has been said and proposed by Deputy Varadkar and take into account the views of Members.

Deputy Ulick Burke: In the meantime jobs will be lost.

Deputy Billy Kelleher: If we postpone this we could have further discussions with the Attorney General and the Department of Enterprise, Trade and Employment. That is why we request a postponement for six months. I want to express my appreciation and that of the Government to Deputy Varadkar.

Deputy Andrew Doyle: I will share time with Deputies Burke, Clune and Varadkar.

I congratulate Deputy Varadkar on tabling the Bill. I welcome the thought that the Government has given it a broad welcome but I do not see the need to take six months to study the Bill to propose amendments — there are shades here of the Cluster Munitions Bill tabled by Deputy Timmins which was praised and subsequently introduced in Government clothes.

Deputy Billy Kelleher: I am quite sure Deputy Varadkar will not allow us to forget that.

Deputy Andrew Doyle: Previously, we have discussed the code of conduct for retailers and suppliers, the joint labour committees, the NERA regulations and the need to tighten up on this issue. There is no sense in having a primary producer product such as milk leaving farm gates at €0.20 per litre and turning up on the shelf for consumers at €1.40 or €1.39 per litre with no accountability or code of conduct on how that price was reached. Who gets the margins and where is the profit margin soaked up? We agree that the energy costs of production and minimum wage costs are causing us problems, particularly given the exchange rate. However, we have to have a code of conduct.

We need a fair trade agency, which would see the merger of the National Consumer Agency and the Competition Authority, with extra teeth. It is simple science. In the grocer super-multiples, which are worth approximately €14 billion to the industry, we have all types of unethical conduct taking place that we cannot see through, examine, monitor or regulate. An industry worth €14 billion that is not regulated or monitored properly is open to misuse and manipulation. If that is the case, and it appears it is because we are not challenging it, I ask that this Bill be passed by the House and adopted into law after the summer recess. The Minister of State cannot disagree with that.

Deputy Ulick Burke: I commend Deputy Leo Varadkar on bringing this Bill before the House this evening. Small and medium-sized businesses are key to maintaining employment. Businesses require credit to allow them continue to trade. Most businesses, particularly small

[Deputy Ulick Burke.]

and medium-sized businesses, are finding it difficult to collect the funds for their goods and services.

The Minister of State's colleague said earlier that he was very aware of the fact that one of the key drivers in our economic recovery is the provision of appropriate credit facilities to small businesses and enterprises. He went on to say that it is clear to most Members in the House that the Government is taking the necessary steps to address the particular problems facing small businesses and that it will continue to take whatever action is necessary to overcome the current situation.

That statement, in addition to what the Minister of State said earlier, is contrary to a recent bank watch survey by ISME, which confirms that the banks are continuing to restrict lending to small and medium-sized industries, with the majority of the companies being refused credit facilities even in the past three months. The results indicate that the position is deteriorating on an ongoing basis. It indicates also that the blame lies firmly with the banks' selfish lending policies.

The Government must stop pussyfooting around with the banks and force them into freeing up credit. That is not happening, despite the fact that the Minister of State and the Ministers of State who spoke earlier said there is a flow of credit. The reality is that the people who are contacting elected public representatives know that credit is not being made available to them.

Contrary to all public statements issued by the banks, there is clear evidence that they are making it as difficult as possible for business customers to access badly needed credit facilities, with the serious consequences of job losses as a result. If left unchallenged, that will lead to a major increase in company closures, with thousands more jobs lost. It is important that the Minister of State, or somebody else in his Department, makes a decision with regard to the banks.

On 22 January last I wrote to the Tánaiste and Minister for Enterprise, Trade and Employment regarding the many people who had approached me about this particular issue. They said they were in a position where they could tide themselves over for a number of weeks or perhaps months at a stretch, but they would not be able to continue to employ people and pay them if the banks do not provide credit facilities. The banks are not doing that and it is incumbent on the Minister of State to make them do it.

Enterprise Ireland is charged with responsibility for helping indigenous industries. It must be proactive rather than reactive to the many cases they originally helped and are not getting back to now to determine if they can be rescued.

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Deputy Deirdre Clune: I was glad to hear the Minister of State say he has adopted the spirit of this legislation. It is important that something is done to help small and medium-sized enterprises because they are the backbone of this economy, employing an estimated 800,000 people. Unfortunately, that number is dropping on a daily basis.

All of us are aware of the difficulties small businesses are facing. The Minister of State must have many deputations to his office in that regard. ISME circulated all Members with a survey

it did of its members recently. Cork Chamber of Commerce circulated me, and I am sure the Minister, on the difficulties its members are having in surviving in these times but, most importantly, accessing credit from the banks. That credit is not forthcoming and it is resulting in job losses.

I was speaking to somebody yesterday who could not get €10,000 from the bank to facilitate him with a lease payment. This was a profitable retail business in the city centre that has been operating for at least 30 years. The alternative for businesses that cannot get relatively small sums such as that is to let someone go, which adds to the unemployment figures in the area.

Those stories are repeated up and down the country, and I am sure the Minister of State is aware of many of them. We must ensure that credit flows to small businesses. The banks are telling us one thing, the Minister will tell us another here but the reality on the ground is that it is not happening, and small businesses will go to the wall. If that does not happen we will lose the energy and commitment of those risk takers. Many of the owners of those small businesses are risk takers. It is not easy to go into a small town or a city centre and decide to set up a business, pay rent, commit oneself to local authority charges, pay water charges and take on new employees. That is a major risk people take. They want to do it and they will work hard, but they are not being facilitated in this climate. This country has recapitalised the banks. The State has invested a great deal of money with a view to ensuring that credit would flow to small business but it is not happening.

There are many areas where we could help small businesses. The issue of an upward only rent review must be addressed. Legislation must be examined to ensure that is taken out of lease clauses. Rents are falling dramatically, yet many lease takers are tied in to a position where there is only upward rent reviews. When the Minister of State is talking to the Attorney General in the next six months, he might discuss with him the possibility of introducing some form of legislation to ensure that rents can be reviewed downwards and follow the economic trends.

Small businesses must be protected. If we do not protect them now we will not have them when the country comes out of this economic crisis.

Deputy Leo Varadkar: I thank my colleagues in Fine Gael for the strong support they have given to this Bill. I thank the Labour Party Members for their support also.

The purpose of the Bill is twofold: first, to raise the threshold for the Small Claims Court procedure to €3,000; and, second, to allow small businesses to use the procedure. The particular beneficiaries in that regard would be professional sole traders, tradesmen and people who are not getting paid for the services they provide and the goods they sell. The Bill is further evidence of Fine Gael's strength as a pro-enterprise party and one that recognises that jobs will not be created by some Government scheme. Jobs are created by business and by enterprise.

We have heard many statements and had many publications from the Government in recent years about the green economy, the smart economy and the knowledge economy. There is much merit in the documents put forward but we must not forget the real economy and the businesses already in existence, operating and in trouble. If we help these, make them competitive again and reduce their costs it is the best way to sustain jobs and promote future jobs growth. Not everyone can have a PhD or work on a wind farm. We must not forget the sizable economy already in existence which must be supported.

The Government proposes that we postpone the Second Reading for six months. Often the House is accused of engaging in a Punch and Judy show, but I respect that on this occasion the Government has attempted to meet us part of the way. Among the reasons given for the delay, I find one difficult to accept, that is, the matter of raising the threshold. This can be done immediately, but I accept that it can also be done by statutory instrument and I encourage the Government to do so.

[Deputy Leo Varadkar.]

Following advice from the Attorney General, the Government will find that it will require primary legislation, that it will not simply be able to change the rules of the court by statutory instrument, that if it is to give a limited company the power to use this procedure, primary legislation will be required. I trust the Government will receive the appropriate advice from the Attorney General as soon as possible.

In terms of changing the ethos of the Small Claims Court I understand the Minister of State's position, but this is not necessarily about consumers versus small business versus big business. This concerns on the one hand people, businesses and sole traders who pay their bills, and on the other, consumers, small businesses, large businesses and Government agencies which do not. That is the dichotomy which must be examined. We wish to support consumers who have been ripped off or discommoded, companies to which money is owed and professionals and sole traders to whom money is owed. The fact that it is a case of a business versus a consumer or a small business against a large business is not really relevant. This is about allowing people and companies which are owed money to receive what they are due for work done and services provided without having to go through an expensive court process.

In many ways I would have preferred to bring the matter to a vote tonight but inevitably, given the breakdown of the House, it would have been defeated. I am prepared to take the Government at its word and to accept the proposed Government amendment. I fully expect, having taken the Government at its word, that we will see the Bill on Committee Stage in six months time or, alternatively, to vote on corresponding Government legislation should it be introduced in the mean time.

Motion, as amended, agreed to.

Message from Select Committee.

Acting Chairman (Deputy Brian O'Shea): The Select Committee on the Environment, Heritage and Local Government has concluded its consideration of the Housing (Miscellaneous Provisions) Bill 2008 and has made amendments thereto.

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for under the District Court rules which are promulgated by way of statutory instrument; no primary legislation is involved. The very successful Commercial Court was also established by means of the rules of court. All increases in the maximum amount to date have been implemented by statutory instrument and establishing changes by primary legislation may have an effect of removing the type of flexibility that operates so effectively with secondary legislation.

The Government is on record as recognising that the extension of the small claims procedure similar to that operating for consumers has the potential to aid the small businesses and enterprises struggling for survival at present. However, in introducing such a measure we need to ensure that it does nothing to undermine the ethos of the existing procedure and that it is targeted only at small businesses and is not open to use by large firms. For this reason, the Government requests the postponement of the Second Reading for six months. This is not because we do not see an urgency in dealing with this but because we would like to take on board what has been said and proposed by Deputy Varadkar and take into account the views of Members.

Deputy Ulick Burke: In the meantime jobs will be lost.

Deputy Billy Kelleher: If we postpone this we could have further discussions with the Attorney General and the Department of Enterprise, Trade and Employment. That is why we request a postponement for six months. I want to express my appreciation and that of the Government to Deputy Varadkar.

Deputy Andrew Doyle: I will share time with Deputies Burke, Clune and Varadkar.

I congratulate Deputy Varadkar on tabling the Bill. I welcome the thought that the Government has given it a broad welcome but I do not see the need to take six months to study the Bill to propose amendments — there are shades here of the Cluster Munitions Bill tabled by Deputy Timmins which was praised and subsequently introduced in Government clothes.

Deputy Billy Kelleher: I am quite sure Deputy Varadkar will not allow us to forget that.

Deputy Andrew Doyle: Previously, we have discussed the code of conduct for retailers and suppliers, the joint labour committees, the NERA regulations and the need to tighten up on this issue. There is no sense in having a primary producer product such as milk leaving farm gates at €0.20 per litre and turning up on the shelf for consumers at €1.40 or €1.39 per litre with no accountability or code of conduct on how that price was reached. Who gets the margins and where is the profit margin soaked up? We agree that the energy costs of production and minimum wage costs are causing us problems, particularly given the exchange rate. However, we have to have a code of conduct.

We need a fair trade agency, which would see the merger of the National Consumer Agency and the Competition Authority, with extra teeth. It is simple science. In the grocer super-multiples, which are worth approximately €14 billion to the industry, we have all types of unethical conduct taking place that we cannot see through, examine, monitor or regulate. An industry worth €14 billion that is not regulated or monitored properly is open to misuse and manipulation. If that is the case, and it appears it is because we are not challenging it, I ask that this Bill be passed by the House and adopted into law after the summer recess. The Minister of State cannot disagree with that.

Deputy Ulick Burke: I commend Deputy Leo Varadkar on bringing this Bill before the House this evening. Small and medium-sized businesses are key to maintaining employment. Businesses require credit to allow them continue to trade. Most businesses, particularly small

[Deputy Ulick Burke.]

and medium-sized businesses, are finding it difficult to collect the funds for their goods and services.

The Minister of State's colleague said earlier that he was very aware of the fact that one of the key drivers in our economic recovery is the provision of appropriate credit facilities to small businesses and enterprises. He went on to say that it is clear to most Members in the House that the Government is taking the necessary steps to address the particular problems facing small businesses and that it will continue to take whatever action is necessary to overcome the current situation.

That statement, in addition to what the Minister of State said earlier, is contrary to a recent bank watch survey by ISME, which confirms that the banks are continuing to restrict lending to small and medium-sized industries, with the majority of the companies being refused credit facilities even in the past three months. The results indicate that the position is deteriorating on an ongoing basis. It indicates also that the blame lies firmly with the banks' selfish lending policies.

The Government must stop pussyfooting around with the banks and force them into freeing up credit. That is not happening, despite the fact that the Minister of State and the Ministers of State who spoke earlier said there is a flow of credit. The reality is that the people who are contacting elected public representatives know that credit is not being made available to them.

Contrary to all public statements issued by the banks, there is clear evidence that they are making it as difficult as possible for business customers to access badly needed credit facilities, with the serious consequences of job losses as a result. If left unchallenged, that will lead to a major increase in company closures, with thousands more jobs lost. It is important that the Minister of State, or somebody else in his Department, makes a decision with regard to the banks.

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The Dáil adjourned at 8.55 p.m. until 10.30 a.m. on Thursday, 11 June 2009.

Written Answers.

The following are questions tabled by Members for written response and the ministerial replies as received on the day from the Departments [unrevised].

FÁS Training Programmes.

1. **Deputy Olwyn Enright** asked the Tánaiste and Minister for Enterprise, Trade and Employment the training, education and programmes offered by FÁS in co-operation with her Department; the type of programmes offered; the duration of programmes; the take up of programmes; and if she will make a statement on the matter. [23204/09]

Tánaiste and Minister for Enterprise, Trade and Employment (Deputy Mary Coughlan): FÁS offers a wide range of training courses and delivery methods to suit individual client needs in the development of their skill-sets. In 2009 I have almost doubled the number of activation training and work experience places through FÁS to 128,000. This is a substantial increase on the 66,000 places, which were available at the end of last year. Of these 92,000 training places on short courses are available to the unemployed and people on short-time work and will be delivered through three core-training initiatives, Short Courses, Night Courses and Online Courses. These courses are designed to develop new skills and competencies for the unemployed to assist them in securing employment. FÁS are providing such courses for a broad range of different sectors including the retail, IT, construction, manufacturing and services sectors.

Other training programmes provided by FÁS across the Training Services, Community Services and Services to Business categories include Traineeships, Bridging / Foundation courses, Return to Work Training Courses, Community Employment Schemes as well as more recent initiatives such as the Redundant Apprenticeship Rotation Scheme. Information on the range of training programmes offered by FÁS Training Services Division by programme type, duration and up-take are provided in tabular format below. Information in respect of Community Services Division and Services to Business Division by programme type and duration are also appended. Take-up across these different course categories varies depending on the course type, duration and location of the course.

My Department, the Department of Social and Family Affairs and FÁS are co-operating in relation to the Work Placement Programme and the Short Time Working Programme aimed at assisting the unemployed and those on a reduced working week. These Programmes were

[Deputy Mary Coughlan.]

jointly launched by the Minister for Social and Family Affairs, Ms. Mary Hanafin T.D., and I on 27 May last.

The Work Placement Programme is a six-month work experience programme for an initial 2,000 individuals who are currently unemployed. Under this programme there are two streams each consisting of an initial 1,000 places of 6 months duration. The first stream is for graduates who before this year have attained a full award at level 7 or above on the National Framework of Qualifications and who have been receiving Job Seeker's Allowance for the last six months.

The second stream is open to all other individuals who have been receiving Job Seeker's Allowance for the last six months. Under this stream 250 places are being ring-fenced for those under 25 years of age. Participants on both streams of the Work Placement Programme will continue to receive their existing social welfare entitlements from the Department of Social and Family Affairs for their duration on the programme.

The Short Time Working Training Programme will provide two days training a week for 277 workers over a 52-week period. Under this scheme, workers who are on systematic short time working for 3-days a week and receiving social welfare payments for the two days they are not working will receive training for these two days. Participants on this programme will also continue to receive their existing social welfare entitlements from the Department of Social and Family Affairs. Both Programmes are being administered by FÁS and it is too early in the process to provide specific information on take-up at this time.

As outlined above in response to the challenge of rising unemployment my Department has significantly expanded its provision of supports in training and education places offered by FÁS to the unemployed. I am determined that both my Department and I will continue in this regard as we examine new initiatives and new methods to allow us to continue to respond to the needs of the unemployed.

FÁS Training Services Division and Services to Business Division

Programme	Programme Type	Typical Duration	Take-up as at end April 09
Bridging Foundation Training Return to Work Programme	Aimed at disadvantaged clients Bridging Programme specifically for persons wishing to return to employment	8 to 20 weeks duration 10 weeks	3,278 439
Specific Skills Training	Wide range of skills training with an appropriate vocational qualification	Vary in length the typical duration is 20-26 weeks but it can be up to a maximum of 48 weeks	5,695
Short Course Programme	Short Courses targeted at redundant persons with high employability	8 weeks	Newly commenced
Traineeship	Occupational specific and industry endorsed training	20 to 40 weeks	2,450
Phase 2 Apprenticeship Training	Skills and knowledge training and assessment for apprentices	20 weeks	3,083
Sponsored Training	Fee paying training provided by FÁS to companies for people in employment	Determined by the requirements of each skill set	561
Evening Courses	Provided for unemployed persons and fee paying employed clients to upskill and obtain accreditation	10 weeks	7,000
On-line learning	Training in a wide range of skills and knowledge for persons with access to PC	10 weeks	Newly commenced
Blended Learning	On-line learning with tutor support and workshops	10 weeks	Newly commenced

FÁS Community Services Division

Programme	Programme Type	Typical Duration
Community Employment	Employment programme	3 years max under 55.6 years max for 55+1 extra year for persons with a disability
Job Initiative(closed to new recruitment November 2004)	Employment programme	n/a
Community Training Centres	Training programme	Varies depending on individual learning needs
Local Training Initiatives	Training programme	1 year
Specialist Training Providers	Training/Employment programme for persons with disabilities	2 years average
Employability Services (formerly Supported Employment)	Training/Employment programme for persons with disabilities	18 months average
Job Clubs	Training programme	Drop-in service, typically for 3 weeks average
Special Initiative for Travellers	Training programme	18 months average

Tax Code.

2. **Deputy Richard Bruton** asked the Minister for Finance if his attention has been drawn to the length of time it takes a limited company or a partnership company to acquire its tax registration number to allow it to start trading and employ people; his plans to upgrade the system to enable a quicker turnaround from initial application; and if he will make a statement on the matter. [23183/09]

Minister for Finance (Deputy Brian Lenihan): I am informed by the Revenue Commissioners that over 95% of applications for registration across all areas of taxation are completed within 5 to 10 working days. In a small number of cases the timescales for processing a registration application will be longer due to the requirement to protect against possible tax loss. Delays can occur when the standard checks give cause for concern in relation to such matters as the compliance history of the principals involved and, for VAT, the existence of a genuine taxable business. The Revenue Commissioners recognise the importance of providing a first-class service to their customers and continually re-assess all registration procedures to ensure that the quickest and most efficient services are available at all times.

National Asset Management Agency.

3. **Deputy Richard Bruton** asked the Minister for Finance if he will explain the valuation methodology that will be used for the purchase of assets by the National Asset Management Agency from the banks; and if he will provide assurances that concepts such as underlying longer term economic value will not result in payment in excess of the market price for any of the assets purchased. [23182/09]

Minister for Finance (Deputy Brian Lenihan): Loans will be transferred to NAMA at an appropriate written down value in order to ensure value for money for the taxpayer. The NTMA is in the process of engaging experts to assist the interim Managing Director of NAMA and, on their appointment, those experts will contribute to the development of an appropriate valuation methodology, which will ensure fairness and the independence of the valuation process.

The valuation methodology to be adopted by NAMA will have to be agreed with the European Commission, which published guidance on the treatment of impaired assets last February. The Commission has indicated that in the absence of a market value, a transfer value reflecting the underlying longer-term economic value of the assets would be an acceptable benchmark as a basis of valuation methodology. Furthermore, the Commission intends to establish a panel of international experts to advise it on its approach to valuation methodology, which will have to be applied consistently across institutions. At this stage, it is not possible to determine what discount will be applied to the impaired loans of the relevant financial institutions. This is dependent on a wide range of factors.

4. **Deputy Paul Gogarty** asked the Minister for Finance his views in relation to the rationale behind the establishment of the National Asset Management Agency as opposed to nationalising the Irish banks; the way he will ensure that the valuations carried out by NAMA will be independent and accurate in a falling market and will not benefit developers in any way; and if he will make a statement on the matter. [23198/09]

Minister for Finance (Deputy Brian Lenihan): The Government examined all of the potential approaches available to it in dealing with risky assets on the balance sheets of Irish banks, which were preventing banks from lending into the economy and thereby supporting economic recovery. Taking account of Dr Peter Bacon's report on options for resolving property loan

impairments, and the consensus amongst the Government's advisors including the Central Bank, the Financial Regulator and the NTMA, the Government concluded that the establishment of an asset management agency was the best means of ensuring that the banks were freed up to lend to the real economy.

The Government believes that it is important, where possible, that the banking sector has a market presence and that it operates within market disciplines and constraints and this is facilitated by adopting the asset management approach. A commercially focused banking system is best equipped to ensure that the lending needs of the real economy are met. The Deputy will be aware that no country is currently adopting a policy of wholesale bank nationalisation; there is no immediate reason for Ireland to adopt such a policy. If Ireland was to uniquely proceed down that route it could, from an international perspective, be very damaging to Ireland's reputation and to our attractiveness to international investors. Moreover, a policy of nationalisation does not in itself deal with the risky assets on the balance sheets of relevant institutions, or funding issues for banks.

The valuation methodology to be adopted by NAMA will have to be agreed with the European Commission, which published guidance on the treatment of impaired assets last February. The NTMA is in the process of engaging experts to assist the interim Managing Director of NAMA and, on their appointment, those experts will contribute to the development of an appropriate valuation methodology, which will ensure fairness and the independence of the valuation process. Legislation on NAMA is being prepared and will be published as soon as possible.

Banking Sector Regulation.

5. **Deputy Paul Gogarty** asked the Minister for Finance if his attention has been drawn to any service available to fixed rate mortgage holders whereby they are able to switch without paying the breakage fee; if there have been further deliberations regarding the hardships caused to fixed rate mortgage holders in the current economic situation; if, notwithstanding the reality that a fixed rate mortgage was a decision made by persons who could still benefit from this relative to variable rate holders, there is scope to provide some limited assistance in view of the unprecedented situation with job losses, income levies and pension levies; and if he will make a statement on the matter. [23199/09]

Minister for Finance (Deputy Brian Lenihan): The Consumer Credit Act, 1995 ("the Act"), is the principal piece of legislation protecting the consumer in the context of mortgage credit agreements with a lender. The Act requires that the credit agreement governing the relationship between the lender and the consumer for the duration of the agreement, to be in writing. Agreements may include a provision allowing a consumer to switch from a fixed rate mortgage to a variable rate mortgage upon the payment of a fee in respect of funding costs. Where there is no specific contractual term empowering the consumer to move from a fixed rate mortgage to a variable rate mortgage in the credit agreement, the consumer has no contractual right to do so. A lender may, of course, exercise its discretion in allowing a consumer to move from a fixed rate to a variable rate mortgage.

However, when a borrower signs a fixed-rate mortgage contract with a mortgage provider, the lender in turn enters into an agreement where they borrow the money at an agreed rate. The mortgage lender must repay the money at this agreed rate, so there is a cost to the institution if the fixed rate agreement is terminated before the agreed term which gives rise to the redemption fee charged in these cases. On 26 March 2009, I undertook, in this House, to raise concerns regarding the level of redemption fees with the Consumer Director of the Financial Regulator who has a statutory mandate to safeguard the interests of consumers. The Financial

[Deputy Brian Lenihan.]

Regulator has confirmed to my Department, that all mortgage lenders have provided it with the formula used by that lender when calculating the early redemption fee applying to fixed rate mortgages.

The Financial Regulator has also sought independent verification by an actuary that the fee charged by a number of lenders recouped only the loss in funding costs incurred by the lenders due to the early redemption of a fixed rate mortgage. The Financial Regulator has received the majority of the actuarial independent verifications from lenders and is currently reviewing the information received. The verifications received to date indicate that the formulae applied by lenders seek to recoup the loss to the lender arising from the early redemption of the fixed rate mortgage and do not apply a penalty charge on the borrower. The Financial Regulator is also examining whether any additional costs are being charged. The Financial Regulator has advised that further analysis may be necessary once all of the information is received and reviewed. Should the remaining analysis by the Financial Regulator indicate that further consideration of this issue is required, it will be carried out.

Disabled Drivers.

6. **Deputy Paul Gogarty** asked the Minister for Finance if he will review the new emissions based car tax system as it applies to disabled drivers, with a view to raising the cap in view of the problems caused by increased costs to disabled drivers as a result of the new scheme and the fact that they would have less choice available in choosing a more environmentally friendly car (details supplied); and if he will make a statement on the matter. [23212/09]

Minister for Finance (Deputy Brian Lenihan): The Disabled Drivers and Disabled Passengers (Tax Concessions) Scheme provides relief from VAT and Vehicle Registration Tax (up to a certain limit), and exemption from motor tax, on the purchase of an adapted car for transport of a person with specific severe and permanent physical disabilities. The disability criteria for these concessions are set out in the Disabled Drivers and Disabled Passengers (Tax Concessions) Regulations 1994. To get a Primary Medical Certificate, an applicant must be permanently and severely disabled within the terms of these Regulations.

Some 13,000 people benefited under the scheme in 2008 at an overall estimated cost of €76 million. Any changes would have to be considered in the context of the annual Budget. Motor Tax is a matter for my colleague the Minister for Environment, Heritage and Local Government.

Fluoridation of Water.

7. **Deputy Joanna Tuffy** asked the Minister for Health and Children the position regarding a nationwide study on the fluoride intake of the population here; and if she will make a statement on the matter. [23195/09]

Minister for Health and Children (Deputy Mary Harney): Ireland is a party to an EU bio monitoring programme which is a tool to assess human exposure to environmental stressors and potential health effects. It is proposed to include monitoring background levels of fluoride and longitudinal studies of the general population within this bio monitoring programme. The programme, which will concentrate on measurement and sampling, is due to commence in mid July 2010 and baseline data on the level of fluoride in the general population is expected early in 2012.

Hospital Services.

8. **Deputy Joe McHugh** asked the Minister for Health and Children if she will clarify if plans are in place for County Donegal cancer patients to be treated at Altnagelvin Hospital in County Derry; if she will discuss these plans; when the plans will be in place; and if she will make a statement on the matter. [23157/09]

Minister for Health and Children (Deputy Mary Harney): In April 2008, Minister Michael McGimpsey of the Department of Health, Social Services and Public Safety (DHSS&PS), Northern Ireland announced the provision of a satellite centre (linked to Belfast City Hospital) to be located in Altnagelvin in Derry. It will provide the additional radiotherapy capacity needed to meet an anticipated increase in cancer in Northern Ireland. It also recognises the potential for cross border co-operation in the development of this resource.

I welcomed the announcement by Minister McGimpsey. Officials from my Department and their counterparts in Northern Ireland continue to hold discussions in this regard. The HSE has provided information on cancer patients and projected needs for radiotherapy to 2025 to assess the number of people living in Donegal and surrounding areas who would be likely to avail of the new services in Altnagelvin.

The relevant authorities are developing a business case for the satellite radiotherapy centre at Altnagelvin. I understand that the facility is expected to be operational by 2015 and I anticipate that patients from the Donegal area will be among those using it. Patients from Donegal with breast cancer or prostate cancer continue to be referred, if they so wish, to Belfast City Hospital for radiotherapy. In the 12 months ending 1 April, 2009, 30 patients availed of this option.

Inter-Country Adoptions.

9. **Deputy Liz McManus** asked the Minister for Health and Children the status regarding the bilateral agreement relating to inter-country adoption between Ireland and Russia; if a copy of the agreement will be provided to parents in order that all parties are fully aware of their rights and duties under this agreement; the nature and legal status of the agreement between the Health Service Executive, the Russian Embassy and the Adoption Board; and if she will make a statement on the matter. [23158/09]

Minister of State at the Department of Health and Children (Deputy Barry Andrews): As the Deputy is aware, the Adoption Bill, 2009, which will give force of law to the Hague Convention on the Protection of Children and Co-operation in Respect of Inter-country Adoption, was published on 23 January, 2009. Under the proposed new legislative regime, prospective adoptive parents will be able to adopt from countries that have ratified the Hague Convention as well as from those countries with which Ireland has a bi-lateral agreement based on Hague standards. As part of the preparations for the likely passage and entry into force of these new legislative arrangements, my Office has been liaising with the Department of Foreign Affairs to identify and negotiate with countries who continue to seek homes abroad for children in need of alternative care that cannot be provided domestically. We are working actively to assess the possibilities of entering into bi-lateral agreements with a small number of countries, including with the Russian Federation.

Ireland presently has no bilateral agreement on intercountry adoption in place with the Russian Federation. Preparatory work on a draft bilateral agreement on intercountry adoption with the Russian Federation is currently being undertaken. Officials from my Office and from the Department of Foreign Affairs have been taking soundings in relation to inter-country adoption in the Russian Federation since April, 2008. This has included contacts with the Irish

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Embassy in Moscow and legal and other preparatory work on the possibility of a draft agreement between the two countries. A first formal meeting between the two sides, arranged with the assistance of the Department of Foreign Affairs, took place in early May. I will continue to advance this matter in the coming months with the assistance of officials from both the Department of Foreign Affairs and the Irish Embassy in Moscow.

While every effort will be made to conclude a bilateral agreement in advance of any of the proposed changes in Irish law taking effect, it must be acknowledged that these matters will be determined to a considerable degree by the Government of the Russian Federation.

10. **Deputy Liz McManus** asked the Minister for Health and Children the position regarding the bilateral adoption agreement between Ireland and Vietnam; if she will renew the bilateral adoption agreement between Ireland and Vietnam before the Adoption Bill 2009 is passed; the position regarding inter-country adoption, in particular such adoptions between Ireland and Vietnam; the status of the agreement between the two countries; the status of persons who had been on the list of adoption before the initial agreement was terminated; the position in this matter; and if she will make a statement on the matter. [23159/09]

Minister of State at the Department of Health and Children (Deputy Barry Andrews): My Office is continuing to work towards securing a strengthened inter-country adoption agreement with the Vietnamese authorities. In light of several concerns raised by other countries during the last year, the Government decided that it was necessary to reinforce the initial bilateral agreement with the Socialist Republic of Vietnam. Also, with the publication of the Adoption Bill, 2009, on 23 January last, it was considered necessary to ensure that both the content of a new agreement and its implementation would meet the minimum standards set out in that Bill and stipulated in the Hague Convention on the Protection of Children and Co-operation in Respect of Intercountry Adoption.

This process has been on-going for fifteen months now and dialogue with the Vietnamese authorities continues. As ever, the primary focus in securing any new inter-country adoption agreement between Ireland and the Socialist Republic of Vietnam is on reinforcing the requisite procedures that support and protect the children for whom adoption services are devised and provided. At this juncture, all options, including an interim agreement, are actively being pursued by the Government to allow for the conclusion of discussions on a strengthened bilateral agreement and to facilitate continuity of the strong and positive relationship between both jurisdictions.

I am anxious to conclude discussions on the text of the inter-country adoption agreement already under consideration. However, I must point out that no guarantee, despite the efforts of the Government, can be provided in relation to the outcome of that process. In addition, it must be noted that the wider policy agenda priority is the enactment of the Adoption Bill and the subsequent ratification of the Hague Convention. Any follow-up intercountry adoption agreement with the Socialist Republic of Vietnam must have regard to these forthcoming changes in our national adoption legislation.

It is not possible for me to either give a timetable or anticipate when discussions on the agreement will be finalised. While outstanding matters that require attention may be prioritised by the Government, it is not possible to predict what matters will demand the attention of the Vietnamese authorities or where a follow-up intercountry adoption agreement may fall in their list of priorities. However, there has been a high level of engagement on both sides and it is clear from progress so far that there is a genuine willingness on both sides to bring the negotiations to a successful conclusion.

With regard to the status of persons who had been on the list of adoption before the initial bilateral agreement with the Socialist Republic of Vietnam was terminated, the Adoption Board has advised that:

- all adoptions from Vietnam, which have been registered on the Register of Foreign Adoptions, are safe and secure;
- all applicants who have adopted children from Vietnam and returned to Ireland but as yet, have no entry in the Register of Foreign Adoptions will be registered subject to the usual statutory requirements;
- applicants who have referrals in respect of children from Vietnam will be allowed to complete their adoption;
- there will be no new referrals from May 1st, 2009, and
- the process of granting Declarations (which are not country specific) is not affected by the ending of the Bilateral Agreement with Vietnam.

Voluntary Sector Funding.

11. **Deputy Seán Power** asked the Minister for Health and Children when the remaining part of a grant aid will be awarded to an organisation (details supplied) in County Kildare; and if she will make a statement on the matter. [23167/09]

Minister for Health and Children (Deputy Mary Harney): As the Deputy's question relates to a service matter it has been referred to the HSE for direct reply.

Health Services.

12. **Deputy Edward O'Keeffe** asked the Minister for Health and Children if she will investigate the provision of orthodontic treatment in respect of a child (details supplied) in County Cork. [23176/09]

Minister for Health and Children (Deputy Mary Harney): As this is a service matter it has been referred to the HSE for direct reply.

13. **Deputy Seán Sherlock** asked the Minister for Health and Children if she will expedite an outpatient appointment in respect of a person (details supplied) in County Cork; and if she will make a statement on the matter. [23184/09]

Minister for Health and Children (Deputy Mary Harney): As this is a service matter, it has been referred to the HSE for direct reply.

Medical Cards.

14. **Deputy Denis Naughten** asked the Minister for Health and Children when a person (details supplied) in County Roscommon will receive a decision on the review of the over 70s medical card; the reason for the delay in responding to the applicant; and if she will make a statement on the matter. [23188/09]

Minister for Health and Children (Deputy Mary Harney): As this is a service matter it has been referred to the Health Service Executive for direct reply to the Deputy.

Mental Health Services.

15. **Deputy Richard Bruton** asked the Minister for Health and Children her views on the recent independent report examining the Government's *A Vision for Change* plan; the reason the Health Service Executive has not issued a detailed implementation proposal for the plan; her views on whether a national mental health services directive should be established; the timeframe for the establishment of this body; and if she will make a statement on the matter. [23192/09]

Minister of State at the Department of Health and Children (Deputy John Moloney): Following the launch of *'A Vision for Change'* in January 2006, an independent Monitoring Group was established to monitor and assess progress by the Health Service Executive, government departments and other agencies in implementing the recommendations set out in the Report. The Monitoring Group's third annual report was published on 20 April 2009. The Group reported progress with the implementation of certain recommendations of the Report including child and adolescent services, engagement with service users and mental health information systems. However, the Group had concerns in relation to the absence of clearly identifiable dedicated leadership within the HSE to implement *'A Vision for Change'* and that a more detailed implementation plan had not yet been made available.

I am pleased to inform the Deputy that, in April, the HSE adopted an implementation plan for *'A Vision for Change'* for the five year period 2009-2013. Although a recommendation in *'A Vision for Change'* is to establish a National Directorate for Mental Health, this recommendation has not been implemented by the HSE. However, the HSE recently confirmed that a national lead dedicated to mental health will be appointed shortly and will work closely with the National Clinical Director to drive the modernisation of mental health services.

Child Care Services.

16. **Deputy Denis Naughten** asked the Minister for Health and Children if a community child care facility can charge parents for two week summer camps under the new early childhood care and education programme, which it is prohibited from charging for under the subvention scheme; if such a facility can charge for ECCE type programmes and child care for additional weeks beyond the 38 week proposed scheme; the position regarding private facilities; and if she will make a statement on the matter. [23197/09]

Minister of State at the Department of Health and Children (Deputy Barry Andrews): As the Deputy will be aware I have responsibility for the implementation of the free Pre-School year in Early Childhood Care and Education (ECCE) scheme, which will come into operation in January next, and for the Community Childcare Subvention Scheme (CCSS) which was introduced in January 2008. Under the ECCE children will be able to avail of a free Pre-School Year in Early Childhood Care and Education (ECCE) in the year before they commence primary school. Participating children must, normally be aged between 3 years 3 months and 4 years 6 months on 1st September of each year. Over 4,800 private and voluntary pre-school services which are notified to the Health Service Executive (HSE) or registered with the Irish Montessori Educational Board (IMEB) have been invited to participate in the ECCE and provide Pre-School Year places to qualifying children from January 2010.

Services can choose to deliver the Pre-School Year from a range of options. A full or part-time daycare service will normally provide the place for 2 hours 15 minutes a day, five days a week over 50 weeks, in return for a weekly capitation fee of €48.50. A playschool sessional service will normally be required to provide a pre-school service for 3 hours a day, five days a week over 38 weeks, in return for a weekly capitation fee of €64.50. However, where for good

reason a sessional service is unable to operate over 5 days, it may participate in the scheme by providing a place for 3 hours 30 minutes a day, 4 days a week over 41 weeks.

Further flexibility is provided for in that, a full or part-time service may choose to provide a sessional service over 38 weeks of a year (or 2 sessional services each day) while a sessional service may choose to provide 2 hours 15 minutes per day over 50 weeks. Also in cases where children attend a full or part-time daycare service for 3 days a week only, consideration will be given to allowing the service to participate in the scheme on the basis of providing the pre-school year to those children for 3 hours 45 mins a day for 3 days a week. In such cases, a service will be required to provide the pre-school year over 50 weeks.

In all cases, participating services must operate the relevant pre-school provision free to parents in return for the applicable capitation grant. It is open to services participating in the ECCE to provide additional services to parents which can be charged for, including additional hours or summer camps as referred to by the Deputy, provided these are clearly optional.

Funding is also available to community not for profit pre-school services, under the Community Childcare Subvention Scheme (CCSS), and a community service can participate in both the CCSS and the ECCE. Services participating in the CCSS are grant aided to enable them to charge reduced childcare fees to disadvantaged and low income families. Services funded under the CCSS may operate and charge fees for summer camps in the same way that they operate and charge fees for their general service, that is that any funding they have received to subvent the fees of disadvantaged and low income parents is used for that purpose.

Health Services.

17. **Deputy Frank Feighan** asked the Minister for Health and Children if she will put a plan in place to deal with a rat infestation in a house (details supplied) in County Leitrim. [23214/09]

Minister for Health and Children (Deputy Mary Harney): 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 have the matter investigated and to reply directly to the Deputy.

18. **Deputy Finian McGrath** asked the Minister for Health and Children if she will support the case of a person (details supplied) in Dublin 5. [23219/09]

Minister for Health and Children (Deputy Mary Harney): As this is a service matter it has been referred to the Health Service Executive for direct reply to the Deputy.

Hospital Services.

19. **Deputy Paul Gogarty** asked the Minister for Health and Children the response she received regarding the public outcry following the closure of wards and cutbacks at Our Lady's Hospital for Sick Children in Crumlin, Dublin; if action is being taken to ensure that this situation does not occur on an ongoing basis; and if she will make a statement on the matter. [23240/09]

Minister for Health and Children (Deputy Mary Harney): In common with all hospitals, Our Lady's Children's Hospital, Crumlin is addressing the challenge of delivering a high quality service to its patients, while remaining within budget. The Hospital is committed to providing the full level of services that it promised in its service plan for 2009. The top priority will be to protect patient care. So far this year, Crumlin Hospital has delivered more treatments to

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patients than for the same period last year. In the first four months of 2009 there were 3,704 treatments for children as in-patients and 5,095 as day cases— up by 234 over 2008. Crumlin also had 28,040 attendances at the out-patient department for the first four months.

The allocation to Crumlin for 2009 is €139.6m, an increase of some 39% over the last five years. This includes a reduction of 3% this year over 2008, in line with the budgetary constraints facing the entire public sector and the wider economy. A particular challenge for the Hospital is that it is currently operating at some 91 posts above its employment ceiling — it employed 1,641 people (wholetime equivalents) at the end of April compared with its ceiling of 1,550. This is contributing to its current financial difficulties. The HSE is working closely with Crumlin Hospital to achieve an agreed programme of savings, totalling €6.5m this year. The focus of these savings will be on non-pay areas of expenditure and on protecting front-line services. On this basis, the HSE believes that the Hospital will achieve a break-even position this year.

I believe that we need to look more strategically at the way in which we provide paediatric services in Dublin. In 2009 the Government will provide over €250m for the running of three paediatric hospitals in Dublin — Crumlin, Temple Street and Tallaght. We can achieve significant cost savings if services and practices are more closely integrated across the three hospital sites, even before the new National Paediatric Hospital has been completed. With this in mind, the HSE is pursuing ways in which services across the three hospitals can best be co-ordinated, to avoid unnecessary duplication and to achieve savings that can be put back. On the issue of specific operational actions being taken, my Department has asked the HSE to reply directly to the Deputy in that regard.

Health Services.

20. **Deputy Jack Wall** asked the Minister for Health and Children the plans the Health Service Executive has to improve a health centre (details supplied) in County Kildare; and if she will make a statement on the matter. [23356/09]

Minister for Health and Children (Deputy Mary Harney): As the Deputy's question relates to a service matter it has been referred to the Health Service Executive for direct reply.

21. **Deputy Michael Ring** asked the Minister for Health and Children if a person (details supplied) in County Mayo has been assessed for schemes. [23358/09]

Minister of State at the Department of Health and Children (Deputy John Moloney): As the Deputy's question relates to service matters I have arranged for the question to be referred to the Health Service Executive for direct reply.

Rural Transport.

22. **Deputy Bernard J. Durkan** asked the Minister for Transport his plans to enhance the rural transport option with particular reference to areas not covered by public transport; and if he will make a statement on the matter. [23222/09]

Minister for Transport (Deputy Noel Dempsey): Thirty-seven community transport groups around the country are being funded under my Department's Rural Transport Programme (RTP) to address social exclusion in their rural areas arising from unmet public transport needs. The Programme is now operational in every county and the groups are working towards maximising coverage in their operational areas having regard to local public transport service needs and the availability of resources. One of the key strengths of the RTP is that local communities know best where the transport needs are in their rural areas and how best to

address those needs. The RTP groups are, therefore, responsible for deciding on the specific services to be provided and the methods of provision.

National Car Test.

23. **Deputy Bernard J. Durkan** asked the Minister for Transport the waiting time for the national car test in the Dublin area; and if he will make a statement on the matter. [23190/09]

Minister for Transport (Deputy Noel Dempsey): Under the Road Safety Authority Act 2006 (Conferral of Functions) Order 2006 (S.I. No. 477 of 2006) this is a matter for the Road Safety Authority.

Air Services.

24. **Deputy Joanna Tuffy** asked the Minister for Transport if there are restrictions for flight training aircraft flying over housing estates; and if he will make a statement on the matter. [23211/09]

Minister for Transport (Deputy Noel Dempsey): The Irish Aviation Authority (IAA) has statutory responsibility for safety regulation of civil aviation under the 1993 Irish Aviation Authority Act. I am advised by the IAA that any aircraft, including an aircraft involved in flight training within the State has to comply with the regulations as set out in the Irish Aviation Authority, (Rules of the Air) Order Statutory Instrument (SI) 72 of 2004. The IAA has further advised of the specific provisions of Rule 2 of SI 72 which states that “an aircraft shall not be operated in a negligent or reckless manner so as to endanger life or property”. In addition, such aircraft must comply with all of the provisions set out in Rule 3 with regard to minimum heights. Statutory Instrument 72 of 2004 can be accessed on the IAA website at www.iaa.ie.

Visa Applications.

25. **Deputy Phil Hogan** asked the Minister for Justice, Equality and Law Reform when an application will be decided on in respect of a person (details supplied); and if he will make a statement on the matter. [23165/09]

28. **Deputy Bobby Aylward** asked the Minister for Justice, Equality and Law Reform if he will expedite the application for a partnership visa in respect of a person (details supplied) in County Carlow; and the status of this application. [23196/09]

Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern): I propose to take Questions Nos. 25 and 28 together.

The application for a visa referred to was made on 28/04/2009. It was received in the Visa Section, Burgh Quay, Dublin on 03/06/2009 and is currently being processed. The decision in relation to this application will issue in due course.

Residency Permits.

26. **Deputy Aengus Ó Snodaigh** asked the Minister for Justice, Equality and Law Reform if he will provide the data available on the labour market penetration of the 16,693 people granted residency under the IBC05 scheme; and the steps he is taking to facilitate access to the labour market for those granted residency under this scheme. [23169/09]

Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern): I wish to inform the Deputy that those persons granted temporary leave to remain in the State under the IBC/05 Scheme were given permission under Stamp 4 conditions. This gives an entitlement to work in

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the State without the need for a work permit and to set up a business without seeking the permission of the Minister. As such, all holders of Stamp 4 status, including those who were granted under the IBC/05 Scheme, and whose permission to remain in the State is currently valid, have full and unfettered access to the labour market.

I am aware that the Business in the Community Ireland EPIC programme (Employment for People from Immigrant Communities) targeted the parents of Irish born children with a view to securing employment, training and education during 2006-07. I should add that there are a range of services provided by State and other agencies in the area of education and training for those seeking to enter the labour force, and the persons in question have full access to such services. With regard to the labour market penetration of the 16,693 individuals granted residency, isolating and aggregating the data sought by the Deputy would involve a disproportionate use of resources.

Control of Firearms.

27. **Deputy Paul Kehoe** asked the Minister for Justice, Equality and Law Reform the changes to the format of the new gun licence when issued; and if he will make a statement on the matter. [23174/09]

Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern): I am informed by the Garda Authorities that the exact format of the new firearm certificate has not yet been finalised but it is envisaged that it will be a durable, credit card sized document.

Question No. 28 answered with Question No. 25.

Residency Permits.

29. **Deputy Bernard J. Durkan** asked the Minister for Justice, Equality and Law Reform the position in regard to an application for residency in the case of a person (details supplied) in County Limerick; and if he will make a statement on the matter. [23235/09]

Minister for Justice, Equality and Law Reform (Deputy Dermot Ahern): I refer the Deputy to Parliamentary Questions No. 317 of Tuesday, 16 December, 2008 and No. 112 of Thursday, 4 December, 2008 and the written Replies to those Questions. The person concerned applied for asylum on 9 November 2006. His application was refused following consideration of his case by the Office of the Refugee Applications Commissioner and, on appeal, the Refugee Appeals Tribunal.

Subsequently, in accordance with Section 3 of the Immigration Act 1999 (as amended), the person concerned was informed, by letter dated 29 January, 2008, re-issued on 5 December, 2008, that the Minister proposed to make a Deportation Order in respect of him. He was given the options, to be exercised within 15 working days, of leaving the State voluntarily, of consenting to the making of a Deportation Order or of making representations to the Minister setting out the reasons why he should be allowed to remain temporarily in the State. In addition, he was notified of his entitlement to apply for Subsidiary Protection in the State in accordance with the European Communities (Eligibility for Protection) Regulations 2006 (S.I. No. 518 of 2006).

The person concerned submitted an application for Subsidiary Protection in the State in accordance with these Regulations and this application is under consideration at present. When consideration of this application has been completed, the person concerned will be notified in writing of the outcome. In the event that the Subsidiary Protection application is refused, the

case file of the person concerned, including all representations submitted, will then be considered under Section 3 (6) of the Immigration Act 1999 (as amended) and Section 5 of the Refugee Act 1996 (as amended) on the prohibition of refoulement. When this latter consideration has been completed, the case file is passed to me for decision.

Rural Transport.

30. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the number and location of community and rural transport schemes currently supported by his Department; his proposals to further development in this area; and if he will make a statement on the matter. [23220/09]

Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív): My Department has provided funding under the Rural Development Fund for a pilot night-time rural transport scheme in seven areas of operation around the country. The scheme is being implemented by local development companies and community groups, namely West Cork Rural Transport, Avondhu Development Group (East Cork), Meath Accessible/Kilnaleck Community (Cavan), County Sligo Leader Partnership, Tumna Shannon Development Company (Roscommon), Síob Teoranta (Donegal) and Laois Trip. While current funding arrangements for the pilot scheme will shortly conclude I am open to considering whether alternative funding sources may be viable and in this regard I propose to meet with the relevant groups next week.

Under the Community Services Programme, my Department provides a contribution to the wages of employees engaged in the provision of rural transport services throughout the country. Funding is currently provided to projects in counties Cavan, Clare, Cork, Dublin, Galway, Kerry, Kildare, Kilkenny, Limerick, Mayo and Meath. It is my intention to continue to support these projects until the expiry of their current individual contracts, at which stage all contracts will be reviewed. As with all expenditure, applications for funding are considered in the light of available resources.

Departmental Programmes.

31. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs his proposals to assist rural or urban groups here who may be involved in urban regeneration; and if he will make a statement on the matter. [23221/09]

37. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the full extent of the community based programmes currently run or funded by his Department; his plans to expand or extend such activity in 2009; and if he will make a statement on the matter. [23228/09]

38. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the number and nature of applications from various groups in County Kildare for grant aid under the RAPID or CLÁR programmes currently on hand; the degree to which it is intended to meet these requirements in full in 2009; and if he will make a statement on the matter. [23229/09]

39. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the extent to which urban or rural community groups in County Kildare are expected to qualify for grant aid under the various schemes run by his Department in 2009; and if he will make a statement on the matter. [23230/09]

41. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the extent to which he proposes to address issues such as anti-social behaviour by way of funding through the various schemes operated by his Department; and if he will make a statement on the matter. [23232/09]

42. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the extent to which he has addressed social or economic deprivation in urban or rural areas in County Kildare in 2009; his plans in this regard in the coming year; and if he will make a statement on the matter. [23233/09]

Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív): I propose to take Questions Nos. 31, 37, 38, 39, 41 and 42 together.

As the Deputy will be aware, my Department implements and funds a wide range of measures, programmes and schemes covering the areas addressed by the Deputy in his questions. Details of all of the programmes and schemes operated by my Department, including guidelines and criteria and recipients of grant support, are available on my Department's website at www.pobail.ie. All applications for funding received by my Department are assessed in line with the eligibility criteria of the relevant schemes and decisions made accordingly.

In relation to applications under the RAPID and CLÁR programmes, both generally and from applicants in Co. Kildare, in many cases funding is channelled through the Votes or allocations of other Departments, State bodies or local authorities, sometimes on a top-up basis. In many cases, the funding is in respect of programmes and projects for which those other organisations have responsibility and accountability, with the relevant data on applications and beneficiaries held by those public bodies. Given the large number of applications involved, and the other factors mentioned, the cost of assembling the information would be unjustifiably high and unrealistic. If the Deputy has a specific question about an application or project, I will be happy to deal with that or to refer him to the relevant organisation.

Against the background of the current economic reality and of the pressure on the public finances, my priority is to make every effort that front-line services provided through my Department, including urban regeneration, community-based programmes, anti-social behaviour etc, are prioritised. Although funding for some programmes operated by my Department has been reduced, I still expect a strong spend on such areas through programmes such as CLÁR and RAPID, which should ensure continued impact in these areas.

National Drugs Strategy.

32. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the degree to which he will offer additional financial or other assistance to community based voluntary groups involved in combating drugs throughout County Kildare in 2009; and if he will make a statement on the matter. [23223/09]

33. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the degree to which he will offer additional financial or other assistance to community based voluntary groups involved in combating drugs in 2009; and if he will make a statement on the matter. [23224/09]

Minister of State at the Department of Community, Rural and Gaeltacht Affairs (Deputy John Curran): I propose to take Questions Nos. 32 and 33 together.

As the Deputy is aware, funding applications for community and voluntary groups for drugs initiatives are made through the Local or Regional Drugs Task Forces. The allocation for the Drugs Task Forces for this year is of the order of €32m. Projects have been approved funding for the first six months of 2009 and this expenditure is currently under review before allocating the remaining funding for the second half of the year. My Department is working with the Task Forces to ensure that this funding is targeted in the most appropriate manner. Capital funding of around €4.5m will be available in 2009. This allocation will fund existing and some new initiatives under the Premises Initiative Fund and it will also complete the outstanding commitments under the once-off 2008 Regional Youth Initiative Fund.

Overall, I am satisfied that the funding being provided in 2009 by my Department will continue to facilitate the delivery of valuable community-based initiatives to help address problem drug use. Across Government, we are taking a number of difficult decisions, but our approach is to do this in as balanced a way as possible. There is a critical need to ensure that resources are directed in a targeted and effective manner and that the maximum benefit is achieved. I would like to assure the Deputy that my primary concern has been — and continues to be — the protection of front-line community-based services delivering vital programmes and initiatives in areas worst affected by problem drug use.

The Deputy will be aware that the Drugs Strategy is based on a co-ordinated approach across many Government Departments and Agencies and my Department's allocation is part of a much bigger investment programme in drugs services by these other bodies. In 2008, it was estimated that total expenditure on drugs programmes was over €260m and initial indications are that this level will be broadly maintained in 2009. As outlined to you previously, the following allocations have been made to Co Kildare, which is part of the South West RDTF area:

- *Abbey Project* — funding of €150,000 has been provisionally allocated in 2009 to provide a number of services such as drop-in, family support, referral, counselling, holistic therapies and advice and information on housing to drug users and their families from Celbridge and the surrounding areas;
- *Community Drug Team for Kildare and West Wicklow* — for 2009, funding of €350,000 has been provisionally approved for this service which will expand and complement existing treatment services along with family support and early responses to young people at the early stage of drug misuse; and
- *Newbridge Family Resource Centre* — an amount of €22,354 was approved in 2007 in respect of the purchase and installation of a semi-permanent structure for the Centre to provide a dedicated drop-in facility for “at risk” youth.

Rural Development.

34. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the extent to which he expects to meet the challenge of rural depopulation; and if he will make a statement on the matter. [23225/09]

Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív): The Government remains firm in its commitment to rural development. Strong, vibrant rural communities are essential to the well-being of the entire country and the mission of my Department — which is aimed at promoting and supporting the sustainable, inclusive development of such communities — is very relevant in this regard. In pursuit of my Department's mission, we operate a wide range of schemes designed to tackle issues such as depopulation, deprivation

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and social isolation. Details of all these schemes can be found on my Department's website www.pobail.ie. If the Deputy has any specific questions about these schemes, I will be happy to answer them.

In addition, the Deputy will be aware that Ireland's Rural Development Programme 2007-13 represents substantial investment in our rural areas and the agriculture sector. This Programme includes investment of €425m, which is 55% co-funded by the EU, towards improving the quality of life in rural areas and diversifying the rural economy. This investment is being rolled out through the network of local development companies who are implementing the various measures under the Programme.

35. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs if he has had discussions with An Taisce or other Departments in the matter of rural housing and the need to meet the housing needs of the indigenous rural population along the lines of his previously expressed wishes; and if he will make a statement on the matter. [23226/09]

Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív): As I indicated to the Deputy in my response to his question no. 181 of 29th April last, I have no statutory responsibility for rural housing. As stated in my previous reply, the National Spatial Strategy (NSS) addresses many of my concerns on issues such as rural housing. The rural settlement policy framework contained in the NSS, which represents overall Government policy on rural housing, aims to sustain and renew established rural communities while strengthening the structure of villages and smaller settlements to support local economies. In this way it seeks to ensure key assets in rural areas are protected to support quality of life and that rural settlement policies are responsive to the local circumstances of different areas.

In the course of my day-to-day business, I regularly have contact with Ministers of other Departments, Local Authorities and as the need arises, other bodies and organisations regarding rural development issues. I have had a discussion with an Taisce in this regard.

Dormant Accounts Fund.

36. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the extent to which he will allocate funding from the proceeds of the dormant accounts fund in 2009 to County Kildare; and if he will make a statement on the matter. [23227/09]

Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív): Disbursements from the Dormant Accounts Fund are designed to assist three broad categories of persons:

- those affected by economic and social disadvantage;
- those affected by educational disadvantage; and
- persons with a disability.

Under the Dormant Accounts Acts, the Government is required to consider and approve proposals for disbursements from the Dormant Accounts Fund. In line with these statutory requirements, the Government will be asked to consider measures to be supported from the Fund in the coming months. Given the statutory requirements for the allocation of funds, it is not possible to indicate the number or value of successful applications that may be received or

approved to the benefit to County Kildare. Details of the 2009 Programme will be published when approved by Government.

Questions Nos. 37 to 39, inclusive, answered with Question No. 31.

Departmental Expenditure.

40. **Deputy Bernard J. Durkan** asked the Minister for Community, Rural and Gaeltacht Affairs the areas within his Department most likely to be affected by recently announced financial constraints due to the downturn in the economy; and if he will make a statement on the matter. [23231/09]

Minister for Community, Rural and Gaeltacht Affairs (Deputy Éamon Ó Cuív): As the Deputy is aware, in the current economic circumstances, the Government was faced with difficult decisions in the recent Budget. Accordingly, it considered a range of measures to maintain a prudent fiscal outturn for 2009 and to provide the basis for a sustainable approach to the current financial situation. Across Government, our approach has been to do this in as balanced a way as possible. The revised 2009 allocation for my Department shows a gross reduction of €47.4m on the initial estimated allocation announced in October 2008. Full details of the reductions at an individual programme level are available in the recently published Revised Estimates Volume 2009, which is available on line via the following website address: <http://www.finance.gov.ie/ViewDoc.asp?DocId=-1&CatID=13&m=f>

€11.8m of my Department's reduction relates to capital expenditure. This includes a transfer of some €2.5m to the Office of the Minister for Children and Youth Affairs relating to the Young People's Facilities and Services Fund. The balance reflects adjustments in capital expenditure made in the package of measures announced by the Minister of Finance at end-January 2009. The priorities for capital expenditure in 2009 are reflected in the table below, which summarises the position for my Department's capital programme areas.

Capital Programme Area	2009 Budget Allocation	2009 REV Allocations	Reduction
	€000	€000	€000
Administration	680	610	-70
Developing Communities	14,000	13,340	-660
Tackling Problem Drug Use	8,100	4,591	-3,509
Rural Development	51,000	47,976	-3,024
Gaeltacht & Islands Development	59,070	55,332	-3,738
Promotion and Maintenance of the Irish Language	650	600	-50
North/South Co-operation	11,500	10,726	-774
Total	145,000	133,175	-11,825

In relation to current expenditure, there is a reduction of €35.6m, which includes a transfer of €17.4m to the Office of the Minister for Children and Youth Affairs for the Young People's Facilities and Services Fund and a transfer of €2m to the Department of Arts, Sports and Tourism from Ciste na Gaeilge in relation to the Comhaltas Ceoltóirí Éireann Regional Development Programme. The balance is made up of savings achieved mainly by the reduction of administration costs for my Department, the State agencies within its ambit, and community and voluntary organisations. The priorities for current expenditure in 2009 are reflected in the table below, which summarises the position for my Department's current programme areas:

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Current Programme Area	2009 Budget Allocation	2009 REV Allocations	Reduction
	€000	€000	€000
Administration	18,778	18,347	-431
Developing Communities	161,650	149,976	-11,674
Tackling Problem Drug Use	53,000	36,020	-16,980
Rural Development	56,760	55,446	-1,314
Gaeltacht & Islands Development	31,630	30,586	-1,044
Promotion and Maintenance of the Irish Language	9,972	7,774	-2,198
North/South Co-operation	46,295	44,376	-1,919
Total	378,085	342,525	-35,560

In relation to the various programme areas of my Department, efforts have been made to minimise the effects on frontline services, where possible. This approach will continue in the context of the ongoing financial management of my Department's Vote for the remainder of the year.

Questions Nos. 41 and 42 answered with Question No. 31.

Social Welfare Appeals.

43. **Deputy David Stanton** asked the Minister for Social and Family Affairs the procedures in place for the processing of appeals for jobseeker's allowance and jobseeker's benefit claims; the possibility of appeals decisions being processed initially in local offices to avoid unnecessary delay; and if she will make a statement on the matter. [23152/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): Procedures for the processing of all appeals, including appeals for Jobseekers Allowance and Jobseekers Benefit claims are laid down in legislation (Part 10, Chapter 2 of the Social Welfare Consolidation Act, 2005 and the Social Welfare (Appeals) Regulations (SI 108/98)). These provisions require that an appeal against a formal statutory decision by a Deciding Officer of the Department may be made within 21 days of receipt of such a decision, but the Chief Appeals Officer has discretion to extend such period.

I am informed by the Social Welfare Appeals Office that on receipt of an appeal the Department, in accordance with the statutory requirements, is requested to supply the document in the case and the Deciding Officer's comments on the grounds of the appeal. On receipt of these, the case is considered by an Appeals Officer who may decide a case by way of a summary decision based on the documentary evidence or may decide to hold an oral hearing. Oral hearings are granted at the discretion of the Appeals Officer, usually in circumstances where there is a conflict in evidence presented by the parties to the appeal or where an oral hearing is requested by the appellant in order to present his or her case.

An integral feature of the social welfare appeals system is that Appeal's Officers' determinations are made independently of the decisions being appealed. In that context, the question of appeals against jobseeker's benefit and allowance decisions being processed initially in local offices of the Department which are responsible for the decisions in the first place does not arise. However, the legislation offers applicants who are dissatisfied with a decision by a Deciding Officer a right of review of that decision if they can provide new facts or fresh evidence

after the original decision on their claim and all applicants who receive an adverse decision are advised of their right to have their claim reviewed.

If revised decisions, deemed satisfactory by the applicant, are made by Deciding Officers in these circumstances, an Appeals Officer's decision is not necessary. If still dissatisfied with the outcome of such a review, an appeal may be made to the Social Welfare Appeals Office which then proceeds in the normal way.

44. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs, further to Parliamentary Question No. 316 of 26 May 2009, the percentage of appeals to the social welfare appeals office upheld divided into all categories from 2007 to date in 2009; and if she will make a statement on the matter. [23173/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): The statistics required by the Deputy are attached in tabular form. I am advised by the Social Welfare Appeals Office that the table comprises cases which have been allowed either in full or partially and includes cases which have been determined by Appeals Officers and cases which have been revised by Deciding Officers of the Department (following receipt of an appeal). The very high (100%) or low (0%) percentages for some of the schemes are influenced by the very low numbers of appeals determined for those particular schemes. In fact, in the case of some of the cases with 0%, there may not have been any determinations at all.

Percentage of Appeals Allowed and Partially Allowed (by Scheme)

	2007	2008	2009 (to 31/5/2009)
	%	%	%
Adoptive Benefit	50.00	100.00	0
Blind Pension	26.70	33.30	33.40
Carers Allowance	52.70	52.00	44.80
Carers Benefit	34.60	38.40	47.00
Child Benefit	41.00	44.20	52.50
Disability Allowance	53.40	53.80	56.00
Illness Benefit	61.40	61.30	64.80
Deserted Wives Allowance	50.00	50.00	0
Deserted Wives Benefit	10.00	38.50	50.00
Farm Assist	44.70	47.50	39.30
Bereavement Grant	15.00	30.30	21.10
Family Income Supplement	47.50	46.60	48.10
Invalidity Pension	69.76	61.29	59.62
Liabile Relatives	55.50	33.30	27.30
One Parent Family Payment	45.89	41.45	40.30
Maternity Benefit	26.70	41.20	33.30
State Pension (Contributory)	20.70	27.50	33.30
State Pension (Non-Contributory)	45.30	45.10	37.60
State Pension (Transition)	21.90	13.00	16.70
Occupational Injury Benefit	51.00	28.60	30.80
Occupational Injury Benefit (Medical)	40.60	48.20	75.00
Disablement Pension	68.00	62.40	56.30
Incapacity Supplement	53.90	53.40	0
Guardian's Payment (Contributory)	80.00	60.00	33.30

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	2007	2008	2009 (to 31/5/2009)
	%	%	%
Guardian's Payment (Non-Contributory)	42.90	0	50.00
Pre-Retirement Allowance	35.70	72.80	0
Jobseeker's Allowance (Means)	32.00	40.60	50.10
Jobseeker's Allowance	28.10	27.90	32.20
Jobseeker's Benefit	37.50	38.60	43.90
JA/JB Fraud Control	40.80	21.20	0
Rent Allowance	0	100.00	0
Respite Care Grant	51.10	49.80	33.70
Insurability of Employment	25.60	15.40	19.50
Supplementary Welfare Allowance	27.60	34.00	24.50
Treatment Benefits	28.60	23.10	0
Survivor's Pension (Contributory)	19.10	11.80	44.40
Survivor's Pension (Non-Contributory)	27.80	53.30	12.50

Social Welfare Benefits.

45. **Deputy Bernard J. Durkan** asked the Minister for Social and Family Affairs when jobseeker's benefit will be awarded in the case of a person (details supplied) in Dublin 22; and if she will make a statement on the matter. [23189/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): The person concerned made an application for jobseeker's allowance on 11 February 2009. Under a pilot scheme for new claimants aged between 18 and 19 years she was referred directly to FÁS for a 6 week training programme. The Department was subsequently advised by FÁS that the person concerned was unable to attend the course. Outstanding issues regarding her availability for employment and her means assessment have now been finalised and a decision will be made on her claim shortly.

Employment Support Services.

46. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the level of co-operation that exists between her Department and FÁS; the role of the facilitator; and if she will make a statement on the matter. [23201/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): A high degree of cooperation and coordination exists at both policy and operational level between the Department of Social and Family Affairs and FÁS. Both sides operate under a memorandum of understanding which is updated periodically. Senior officials of the department hold regular joint meetings with FÁS and the Department of Enterprise Trade and Employment. There are also regular meetings between officials of the Department and FÁS at regional and local level. The Department works closely with FÁS in providing opportunities for people on social welfare to access the range of training and employment services afforded by that organisation. An important area of this cooperation is in relation to the joint National Employment Action Plan whereby people are referred to FÁS when they reach 3 months on the live register.

The Department's facilitators work with social welfare recipients of working age, including people in receipt of jobseekers payments, people parenting alone, people in receipt of disability welfare payments and people providing care, to promote participation and social inclusion. The current economic climate has determined that a large part of a facilitator's work at present is with people on the live register.

Facilitators work with customers to identify appropriate training or development programmes which will enhance the skills that the individual has and ultimately improve their employment chances, as well as help them continue to develop personally. Facilitators develop individual progression plans with the customer. Facilitators are located throughout the country and are assigned to cover a geographical area. Facilitators work closely with FÁS and other agencies at a local level to identify and target appropriate education, training and development opportunities.

A facilitator also deals with referrals from local offices, the department's inspectorate and people in receipt of social welfare payments who may themselves decide to seek the service of a facilitator. The facilitator service may also be sought by someone who has a business idea, who wishes to avail of the back to work enterprise allowance or by someone who intends to return to education under the back to education programme. In addition, one of the roles of the departments facilitator's is to engage with other agencies to enhance local working relationships and to ensure that agencies work together to provide services to customers in receipt of welfare payments. Facilitators are also engaged in extensive information provision to individuals, organisations and communities, about the services of the department.

As a complement to the local referral system, a formal targeted programme of activation was introduced under the National Development Plan (NDP). Under this programme, the Department actively selects cases for referral to facilitators. Facilitators work in co-operation with other relevant service providers such as FÁS, VECs, the Adult Education Guidance Initiative, the HSE and other local agencies. The number of facilitators in place, their workload, and the effectiveness of the service will continue to be monitored under the National Development Plan (NDP).

47. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the number and percentage of people referred to FÁS in 2008; the number and percentage of people referred to FÁS who have left the live register; the number and percentage of people referred to FÁS who remain on the live register; and if she will make a statement on the matter. [23202/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): The National Employment Action Plan, operated jointly with FÁS, is the main activation measure for jobseekers. It has been in operation since 1998 and has proven successful in that period in assisting people on the live register back into employment. It provides for a systematic engagement of the employment services with unemployed people.

- In the period January to end of December, 2008 a total of 60,260 persons were referred to FÁS — this is an increase of 17% (8,808) over the same period in 2007.
- 33,919 (56%) of the total referred had left the Live Register by the end of January 2009.
- 26,341 (44%) of the total referred were still on the Live Register at the end of January 2009.

The Employment Action plan process is a key element in addressing the progression needs of those on the Live Register. It provides a stimulus to job search and affords an opportunity to explore, under professional guidance, the full range of employment and training services offered by FÁS.

48. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the details on the job search programme, which is being undertaken by FÁS in co-operation with her Department; the way it operates; the number of referrals; the number of people placed in employment; and if she will make a statement on the matter. [23203/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): The National Employment Action Plan/Job Search, operated jointly with FÁS, is the main activation measure for job-seekers. This strategy provides for systematic engagement by the FÁS employment services with unemployed people and is a key element of the Government's labour market policy. Under the Plan, all persons between the ages of 18 and 65 years who is approaching 3 months on the Live Register, are identified by the Department of Social and Family Affairs and referred to FÁS for interview with the aim of assisting them to enter/re-enter the labour market. FÁS also provides a range of certified, short, flexible, modular programmes designed to upskill redundant workers so that they can enhance their prospects of securing employment.

The Employment Action plan process is fundamental in addressing the progression needs of those on the Live Register. It provides a stimulus to job search and affords an opportunity to explore, under professional guidance, the full range of employment and training services offered by FÁS. In the period January to end of December, 2008 a total of 60,260 persons were referred to FÁS. 40,933 (68%) were interviewed by FÁS and 7,846 were placed in jobs, training or education. In the period January to end of March, 2009 (the latest date for which figures are available), 16,740 approx. persons were referred to FÁS. Some 12,580 (75%) of those referred were interviewed by FÁS and 1074 (6.4%) were placed in jobs, training or education.

In response to the increase in the unemployment, Job Search/National Employment Action Plan has now nearly doubled for 2009 from 6,500 to 12,250 cases per month. This represents an unprecedented increase in capacity for this programme.

Social Welfare Benefits.

49. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the amount of money spent on and the number of people in receipt of the back to education allowance, back to work enterprise allowance, back to work allowance in April 2009; the community employment scheme payment, training allowances and other FÁS training payments; and if she will make a statement on the matter. [23205/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): There is a range of education and employment supports available to people in receipt of social welfare payments. These initiatives are designed to assist them in returning to the active labour force. Included in these measures are the back to work allowance and back to education allowance schemes. In April 2009 there were 11,646 people in receipt of the back to education allowance for the 2008/2009 academic year. The provisional expenditure on the scheme for April 2009 was €9.97 million.

At week ended 24th April 2009 the total number of participants in the Back to Work Allowance scheme was 7,248. This included two strands, the Back to Work Enterprise Allowance with 4,225 and the Back to Work Allowance (Employee) with 3,023. The provisional expenditure is not broken down between the two strands but the total for the scheme for April 2009 was €5.07 million. FÁS offers a range of training courses suited to the needs of both jobseekers looking for employment and employees wishing to improve their skills. Data for April 2009 in respect of the number of people and expenditure on the community employment scheme, training allowances and other FÁS training payments is not available to this Department.

Employment Support Services.

50. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the percentage of the number of people referred to FÁS in 2008 and to date 2009; the percentage who attended for interview; the percentage who were placed in FÁS employment, training or education; the percentage who were interviewed and for whom no further action was taken; the follow-up or intervention taken on those who do not avail of FÁS services; if there is an obligation on

referrals to take up education or training; and if she will make a statement on the matter. [23206/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): The National Employment Action Plan, operated jointly with FÁS, is the main activation measure for jobseekers. It has been in operation since 1998 and has proven successful in that period in assisting people on the live register back into employment. It provides for a systematic engagement of the employment services with unemployed people. In the period January to end of December 2008:

- a total of 60,260 persons were referred to FÁS
- 40,933 (68%) of the total referred were interviewed by FÁS
- 7,846 (13%) of the total referred were placed in jobs, training or education
- 21,089(35%) of the total referred were interviewed but not placed in jobs, training or education.

In the period January to end of March, 2009 (the latest date for which figures are available):

- a total of 16,739 persons were referred to FÁS
- 12,582 (75%) were interviewed by FÁS
- 1074 (7% of the total referred) were placed in jobs, training or education.
- 9,514 (76%) were interviewed were not placed in jobs/training/education (57% of the total referred)

By the end of January, 2009 33,919 (56%) of the total referred in 2008 had left the Live Register. By the end of April, 2009 4,961 (30%) of the total referred in the period January to March 2009 had left the Live Register. These figures reflect both the effectiveness of the NEAP and current trends in the labour market.

People remain on the live register while engaged with FÁS under the NEAP until they take up offers of employment or training. If they do not attend for interview with FÁS, or having engaged with FÁS decline offers of employment or training, their cases are referred back to the social welfare local office for review to determine if they continue to satisfy the conditions for receipt of jobseekers payments. There is a statutory obligation on recipients of Jobseekers payments to be available for and genuinely seeking full time employment.

People, who, for valid reasons, are unable to avail of the opportunities for placement in employment, training or education provided by FÁS, continue to receive payment. In such cases, the Department's facilitator service is available to assist them in identifying barriers to participation and exploring alternative progression routes. I consider that National Employment Action Plan plays an important role in assisting unemployed persons enter or return to the labour force.

Departmental Staff.

51. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the locations at which job facilitators are based; the social welfare offices that do not have a job facilitator; the average waiting time to access a job facilitator; and if she will make a statement on the matter. [23207/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): Facilitators work closely with Fás and other agencies at national and local level, to identify appropriate training and developmental programmes social welfare recipients of working age to enhance the skills those

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individuals have and ultimately improve their employment chances as well as help them continue to develop personally. The facilitator service is available locally to all social welfare recipients via the local office network. When a person wishes to see a facilitator, the relevant facilitator is notified, and an appointment is scheduled for the person. The locations where facilitators are based are set out in the attached table.

In the current economic climate the demand for the facilitator service is elevated and waiting times to see a facilitator may vary nationwide. Actual waiting times for individual facilitators are not available. Facilitators make every effort to contact all interested recipients as quickly as possible. Additional resources provided to the facilitator network under the NDP are helping to ensure that the facilitator service is more responsive to the needs of customers.

Locations of Facilitators

Region

Dublin North — Ballymun; Blanchardstown; Coolock; Finglas; Kilbarrack; Navan Road; North Cumberland Street; Swords.

Dublin South — Ballyfermot; Bishop's Square; Clondalkin; Dunlaoghaire; Maynooth; Nutgrove; Tallaght; Thomas Street.

North East — Cavan; Drogheda; Dundalk; Longford; Monaghan; Mullingar; Navan.

North West — Buncrana; Donegal Town; Dungloe; Letterkenny; Sligo.

Mid West — Clonmel; Ennis; Limerick; Portlaoise; Tullamore.

South East — Bray; Carlow; Kilkenny; Newbridge; Waterford; Wexford.

Southern — Cork City; Killarney; Mallow; Tralee.

Western — Athlone; Ballina; Castlebar; Galway; Tuam.

52. **Deputy Olwyn Enright** asked the Minister for Social and Family Affairs the number of staff deployed to social welfare offices to deal with the increase in social welfare applications; the total number in situ; the location of these staff; the length of time it takes to train staff; and if she will make a statement on the matter. [23208/09]

Minister for Social and Family Affairs (Deputy Mary Hanafin): During the period May to December 2008 an additional 158 staff were assigned to local offices to deal with the increased volume of claims. With the exception of Cork local office all but two of these staff are now in place and arrangements are in train to assign the outstanding 2 staff. In the case of Cork local office, some of the additional posts are been covered by way of temporary staff, until permanent staff are assigned. A number of offices have a particularly high volume of claims awaiting a decision. In order to deal with this, 32 additional temporary staff were recruited with effect from 2 March 2009 to support these offices. Details of the locations of the additional local office staff are set out in Table 1 attached.

At the beginning of June it was decided to recruit a further 55 temporary staff for various local offices around the country, pending the reassignment of permanent staff from other departments. As many local offices are very close to capacity as regards accommodating further staff, the Department has established a number of central decision units around the country.

Five such units have been set up in Dublin, Sligo, Finglas, Carrick-on-Shannon and Roscommon, which will comprise of a total of 57 staff. Currently 49 of these staff are in place. Work has recently commenced on setting up further units in Tallaght and Wexford.

There is a significant training overhead associated with staff coming into local offices due to the complex nature of the jobseekers schemes. This is particularly so when a person is coming from another department and may not have any Social Welfare background whatsoever. While a certain amount of formal training is provided, the bulk of the training is “on-the-job”. It takes many months for a deciding officer to get up to speed with all the various aspects of the schemes administered in local offices. In the meantime they rely on assistance from their more experienced colleagues to guide them in the learning process. Consequently, there is a certain amount of lost productivity while new staff acquire the necessary expertise of experienced deciding officers.

In addition, 16 Social Welfare Inspectors were allocated and 15 of these staff have been assigned to various locations throughout the country to undertake means testing and other work associated with processing claims for the jobseekers allowance. Details of the locations of the additional inspectors are set out in Table 2 attached. The outstanding assignment will be made in the coming weeks. Also, arrangements are now in train to assign a further 24 inspectors throughout the country.

Table 1

Local Office	Additional staff assigned	Temporary staff assigned	Total
Cork	12		12
Limerick	9	2	11
Newbridge	8	2	10
Waterford	9		9
Galway	9	2	11
Bishops Square	4	2	6
Clondalkin	5		5
Dun Laoghaire	4	2	6
Tallaght	5		5
Navan	4	2	6
Blanchardstown	5	2	7
Bray	3	2	5
Coolock	3		3
Drogheda	4	2	6
Cumberland St	3		3
Nutgrove	3		3
Tralee	3		3
Wexford	6		6
Kilkenny	3	2	5
Ennis	4		4
Carlow	3	2	5
Finglas	3		3
Letterkenny	3		3
Tullamore	3	2	5
Newcastlewest	3		3
Sligo	3		3
Cavan	2	2	4
Longford	2	2	4

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Local Office	Additional staff assigned	Temporary staff assigned	Total
Ballyfermot,	2	2	4
Clonmel	2		2
Kilbarrack	2		2
Navan Rd	2		2
Swords	2		2
Athlone	2		2
Buncrana	2		2
Dundalk	2		2
Mullingar	2		2
Arklow	2		2
Apollo	1		1
Ballymun,	1		1
Loughrea,	1	2	3
Thomas St	1		1
Ballina	1		1
Carrick-on-Shannon	1		1
Castlebar	1		1
Dungloe	1		1
Listowel	1		1
Thurles	1		1
Total	158	32	190

Table 2

Additional Inspectors Assigned	Number
Finglas	2
Tallaght	1
Clondalkin	1
Mullingar	1
Drogheda	1
Buncrana	1
Letterkenny	1
Galway	1
Castlebar	1
Tullamore	1
Limerick	1
Cork	1
Tralee	1
Carlow	1
Enniscorthy	1
Total	16

National Emergency Plan.53. **Deputy Ciarán Lynch** asked the Minister for the Environment, Heritage and Local

Government the progress to date on the development by each local authority of an incident management plan; if all risks to life, property, heritage and the environment have been assessed; if appropriate control measures have been put in place to deal with all identifiable risks; if he will confirm that sufficient resources are provided to deal with identifiable risks and that equipment and safe systems of work are risk assessed by competent persons; if he will further confirm that review committees have been established in all local authorities and that best practice systems are being established; and if he will make a statement on the matter. [23149/09]

Minister for the Environment, Heritage and Local Government (Deputy John Gormley):

The Framework for Major Emergency Management, which was approved by the Government in 2006, introduced an integrated emergency management process comprised of five stages: hazard analysis, mitigation, planning and preparedness, response and recovery. Under the Framework, each of the county and city councils has had, since September 2008, a new format Major Emergency Plan. In this context, each local authority has undertaken a risk assessment based both locally for their functional area and regionally with the other principal response agencies, An Garda Síochána and the Health Service Executive. This risk assessment process is based on the guidance in the Framework document and the additional guidance in ‘A Guide to Risk Assessment in Major Emergency Management’. Mitigation measures have also been considered in this context.

The purpose of the Framework is to take a realistic approach to the level of preparedness of the principal response agencies. Each principal response agency’s preparedness should enable it to respond effectively to the scenarios that it is most likely to encounter. The emphasis of the Framework is on bringing the full capacity of the principal response agencies to bear effectively on a major emergency situation and extending where necessary rather than creating extra capacity for very unlikely scenarios. The scenarios identified in the risk assessment are used to guide the required level of response preparedness. Each local authority has undertaken a self-assessment appraisal of its level of preparedness in accordance with the requirements of the Framework. The appraisals have been validated by my Department and feedback has been provided to each local authority.

Foreshore Development.

54. **Deputy Richard Bruton** asked the Minister for the Environment, Heritage and Local Government the status of Dublin Bay’s plan to infill 52 acres of Dublin Bay; the result of Dublin Port’s appeal against the implementation of a special protection order on Dublin Bay; and if he will make a statement on the matter. [23191/09]

Minister for the Environment, Heritage and Local Government (Deputy John Gormley):

Dublin Port Company has lodged an appeal against the inclusion of an area of Dublin Bay within the proposed South Dublin Bay and Tolka River Estuary Special Protection Area. I understand that this area corresponds to an area of Dublin bay that the Port Company has proposed to infill as part of an application currently before An Bord Pleanála. I am informed that the Port Company has been contacted recently by the Secretary of the Designated Areas Appeals Advisory Board with a view to scheduling the appeal hearing. I expect that the Board will be in a position to conduct the hearing and make its recommendations to me shortly.

Local Authority Staff.

55. **Deputy John Deasy** asked the Minister for the Environment, Heritage and Local Government his plans to extend the terms of the incentivised career break scheme for civil servants to employees of local authorities; and if he will make a statement on the matter. [23200/09]

Minister for the Environment, Heritage and Local Government (Deputy John Gormley): The incentivised career break scheme for civil servants has been extended via Circular 08/2009: Special Local Authority Incentive Career Break Scheme 2009 to the local authority sector.

Disabled Drivers.

56. **Deputy Paul Gogarty** asked the Minister for the Environment, Heritage and Local Government if he will review the new emissions based car tax system as it applies to disabled drivers, with a view to raising the cap in view of the problems caused by increased costs to disabled drivers as a result of the new scheme and the fact that they would have less choice available in choosing a more environmentally friendly car (details supplied); and if he will make a statement on the matter. [23213/09]

Minister for the Environment, Heritage and Local Government (Deputy John Gormley): The cap referred to in the question relates to the maximum relief in respect of VRT and VAT for a driver under the Disabled Drivers and Disabled Passengers (Tax Concessions) Regulations, 1994 administered by the Revenue Commissioners on behalf of the Minister for Finance. The Regulations also provide for exemption for motor tax and this facility has not been affected by the move to the CO2 based motor tax system.

Single Payment Scheme.

57. **Deputy Michael Ring** asked the Minister for Agriculture, Fisheries and Food when a herd number will be transferred to a person (details supplied) in County Mayo. [23178/09]

Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith): The person concerned submitted documents regarding the transfer of Entitlement under the Single Payment Scheme to my Department's office in Portlaoise. On 5 May, my Department advised the person to contact her local District Veterinary Office with regard to the transfer of the herd number. In order for this herd number to be transferred, a completed application for registration as a keeper of animals under the Disease Eradication Schemes must be submitted to the District Veterinary Office. No such application has been received from the person concerned. The relevant form (Form ER1) is available from the DVO at Michael Davitt House, Castlebar. Following receipt of a completed Form ER 1, the herd number can then be transferred, provided that my Department is satisfied that all the relevant criteria have been complied with.

Foreshore Licences.

58. **Deputy Brian O'Shea** asked the Minister for Agriculture, Fisheries and Food the number of foreshore licences outstanding in regard to the Waterford grouped towns and village sewerage schemes; when it is proposed to issue these licences (details supplied); and if he will make a statement on the matter. [23185/09]

Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith): The current position regarding foreshore applications in respect of waste water treatment schemes received from Waterford County council is set out below.

Dunmore East — Outfall from SW/SW and WWTP

Draft specific conditions were issued to the Council in respect of these two applications. The Council proposed amendments to the specific conditions included in the draft licences. Following examination of the Council's request by my Department's technical advisors, revised draft specific conditions in respect of the Stormwater/Surfacewater outfall were issued on 17

November 2008. Revised draft specific conditions in respect of the Wastewater Treatment Plant were issued to the Council on 4 December 2008. A response is awaited from the Council.

Dungarvan Sewerage Scheme

Draft specific conditions in respect of this application were issued to the Council in August 2008. A response is awaited. Outfall from SW/SW Collection system and WWTP at Ardmore, Cappoquin and Stradbally.

Additional information has been provided by the Council in respect of their WWTP proposals at Ardmore, Cappoquin and Stradbally. The information supplied is being assessed by my Department and a communication will issue to the Council shortly regarding the information supplied.

Single Payment Scheme.

59. **Deputy Paul Connaughton** asked the Minister for Agriculture, Fisheries and Food if a person (details supplied) in County Galway is entitled to an award from the estate of a person; if so, if such entitlements will be made available for 2009; and if he will make a statement on the matter. [23193/09]

Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith): An application was received on the 15 May 2009 requesting the transfer of 7.13 Single Payment entitlements from the second person named to the first person named by way of lease. The rightful beneficiaries of the estate must first inherit the entitlements and they may then lease them to a third party. The process of inheriting the entitlements has been initiated. Once complete, the first person named may amend his application under the 2009 scheme to lease these entitlements from the beneficiaries.

Pension Levy.

60. **Deputy Seán Power** asked the Minister for Education and Science the reason part-time tutors, programme co-ordinators and administration staff for the adult education service in the vocational education committees are being deducted pension levy even though they are not part of a superannuation scheme and are not facilitated under the public service superannuation Act. [23166/09]

Minister of State at the Department of Education and Science (Deputy Seán Haughey): Vocational Education Committees (VECs) employ staff on a full-time and part-time basis to deliver various adult education courses and programmes. Under Section 2 of the Financial Emergency Measures in the Public Interest Act 2009 a person is liable to pay the pensions-related deduction if he or she is a public servant on or after the 1 March 2009 and is a member of a public service pension scheme, is entitled to a benefit under the scheme or receives a payment in lieu of membership of such a scheme.

Individuals who are not entitled to a pension benefit from their employment may also be liable in certain circumstances for the levy if they are a member of another public service pension scheme, are entitled to a preserved benefit of another such scheme, are in receipt of a pension under such a scheme, are entitled to a non-pensionable gratuity under that scheme or are financially compensated in lieu of one of those benefits. The levy should also be applied where service is being accumulated for the purposes of a non-pensionable gratuity. As the employer, it is the VECs which are responsible for the terms and conditions and other pay related issues of the staff they employ.

School Transport.

61. **Deputy Pat Breen** asked the Minister for Education and Science if he will report on the cost of providing school transport for the re-sitting of the leaving certificate English paper; and if he will make a statement on the matter. [23242/09]

Minister of State at the Department of Education and Science (Deputy Seán Haughey): The actual cost of providing school transport services on Saturday the 6th June, 2009 is not yet available. However, Bus Éireann estimate that the cost will be in the region of €750,000.

Schools Building Projects.

62. **Deputy Ciarán Cuffe** asked the Minister for Education and Science the position in relation to correspondence regarding a school (details supplied) in County Dublin; and if he will make a statement on the matter. [23150/09]

Minister for Education and Science (Deputy Batt O’Keeffe): The correspondence to which the Deputy refers has been received in my Department and it will be responded to shortly. With regard to the subject matter of the correspondence, my Department procured the property in question initially to act as a temporary home for a special school pending the delivery of a building project for that school and then to accommodate, on a permanent basis, the school to which the Deputy refers. The building project for the special school is currently in the early stages of architectural planning. I have announced details of my Department’s capital programme for 2009. The project for the special school is not included in this programme. Therefore, it is unlikely that it will be progressed in 2009.

The progression of all large scale building projects, including this project, from initial design stage through to construction phase will be considered in the context of my Department’s multi-annual School Building and Modernisation Programme. However, in light of the current competing demands on my Department’s capital budget, it is not possible to give an indicative timeframe for the progression of the project at this time. In the circumstances, it is not possible, at this point, to say when the school to which the Deputy refers can move into the building

School Accommodation.

63. **Deputy David Stanton** asked the Minister for Education and Science, further to Parliamentary Question No. 309 of 24 June 2008, the progress he has made in relation to the provision of primary school places in Youghal, County Cork; if the forward planning section has completed its examination of schools and identified the locations at which significant accommodation is required at primary schools in Youghal; if decisions have been made as a result; and if he will make a statement on the matter. [23151/09]

Minister for Education and Science (Deputy Batt O’Keeffe): My Department provided devolved funding in 2008 for an extension project at a school in the Youghal area. The progression of other projects in this area will be considered in the context of my Department’s multi-annual School Building and Modernisation Programme.

Forward Planning Section of the Department is continuing the process of identifying the areas where significant additional accommodation will be required at primary and post-primary level for the coming years. Factors under consideration include population growth, demographic trends, current and projected enrolments, recent and planned housing developments and capacity of existing schools to meet demand for places. Having considered these factors decisions will be taken on the means by which emerging needs will be met within an area.

Educational accommodation requirements in the Youghal area will be fully considered in this context and it is expected that this examination will be completed in coming months.

Residential Institutions Redress Scheme.

64. **Deputy Liz McManus** asked the Minister for Education and Science the reason, in view of the report of the Commission to Inquire into Child Abuse, an institution (details supplied) in County Wicklow was not deemed a named institution under the redress board despite complaints that were made regarding abuse in this State-run institution; the steps he will take to ensure that those who suffered abuse in this institution are compensated by the State; the measures he will take to address this omission; and if he will make a statement on the matter. [23160/09]

Minister for Education and Science (Deputy Batt O’Keeffe): I wish to advise the Deputy that under the terms of Section 4 (1) of the Residential Institutions Redress Act, 2002, the Minister for Education & Science may, by order, provide for the insertion in the Schedule of any industrial school, reformatory school, orphanage, children’s home, special school which was established for the purpose of providing education services to children with a physical or intellectual disability or a hospital providing medical or psychiatric services to people with a physical or mental disability or mental illness in which children were placed and resident and in respect of which a public body had a regulatory or inspection function.

Consequently, and having regard to the prescribed legislation, there is no provision or mechanism for me to include this particular category of home on the Schedule to the Redress Act. I should, however, point out that a person’s ineligibility to be considered for an award under the terms of this scheme does not effect their statutory right to pursue other legal avenues which may be open to them.

Schools Building Projects.

65. **Deputy Liz McManus** asked the Minister for Education and Science the position regarding the provision of a new school in respect of a school (details supplied); if his attention has been drawn to the fact that the most recent reading of lead contamination in the water is 409 and that it should read 25 and that the local authority has stated that it is not responsible for the pipes from the meter from the school; the steps he will take to address this situation; his views on whether a new building is the best solution for the school; and if he will make a statement on the matter. [23161/09]

Minister for Education and Science (Deputy Batt O’Keeffe): The building project for the school referred to by the Deputy is at an advanced stage of architectural planning. The progression of all large scale building projects, including this project, from initial design stage through to construction phase will be considered in the context of my Department’s multi-annual School Building and Modernisation Programme. However, in light of current competing demands on the capital budget of my Department, it is not possible to give an indicative timeframe for the further progression of the project at this time.

Individual school authorities are responsible in the first instance for health and safety issues relating to schools. My Department has recently been contacted by the school regarding the water supply. The school authority has been advised that it may apply to the Planning and Building Unit of my Department for emergency works funding for capital works of an urgent nature. Grants from this fund are available for very urgent works, primarily of a health and safety nature, to schools that require them.

Third Level Education.

66. **Deputy Aengus Ó Snodaigh** asked the Minister for Education and Science if the siblings of Irish citizens are entitled to access third level education on the basis of fulfilling the three years residence requirement or if they are treated as international students subject to overseas rates. [23171/09]

Minister for Education and Science (Deputy Batt O’Keeffe): I presume the Deputy is referring to my Department’s Free Fees Initiative scheme in which there is a three year residency clause as part of the eligibility criterion. Currently, under the terms of the Free Fees Initiative the Exchequer meets the tuition fees of eligible students who are pursuing full-time undergraduate courses of study. The main conditions are that students must be first-time undergraduates and hold E.U. nationality, in their own right, and have been ordinarily resident in an E.U. Member State for at least three of the five years preceding their entry to an approved third level course.

The residency requirement applies to all E.U. nationals, including Irish nationals in accordance with the judgement of the European Court of Justice that access to vocational training must apply equally to all E.U. nationals. Where students do not meet the eligibility criteria of the Free Fees Initiative such students must pay the appropriate tuition fee as determined by the institution. Third level institutions are autonomous bodies and, as such, the level of fees to be charged are a matter for the institution in such cases. I have no role in this matter.

Special Educational Needs.

67. **Deputy Frank Feighan** asked the Minister for Education and Science if he will ensure persons (details supplied) in County Leitrim will not lose their special needs assistants in September 2009. [23215/09]

Minister for Education and Science (Deputy Batt O’Keeffe): As the Deputy will be aware, the National Council for Special Education (NCSE) is responsible, through its network of local Special Educational Needs Organisers (SENOs), for allocating resource teachers and Special Needs Assistants (SNAs) to primary and post primary schools to support children with special needs. The NCSE operates within my Department’s criteria in allocating such support. All schools have the names and contact details of their local SENO. Parents may also contact their local SENO directly to discuss their child’s special educational needs, using the contact details available on www.ncse.ie. I have arranged for the information provided by the Deputy to be forwarded to the NCSE for their direct reply.

Schools Building Projects.

68. **Deputy Frank Feighan** asked the Minister for Education and Science his views on making amendments to the annual financial turnover requirement from registered builders by his Department when tendering for school building projects in view of the downturn in the economy and to ensure equality among registered qualified builders. [23218/09]

Minister for Education and Science (Deputy Batt O’Keeffe): Economic and Financial Standing is one of the criteria laid down in the EU Procurement Directives for pre-selection of contractors tendering for building contracts. Contracting Authorities have an obligation to ensure that, as part of suitability assessment for placing on tender lists for projects, contractors have adequate economic and financial capacity. One of the key criteria for assessing financial and economic capacity is the average annual turnover of the contracting company over the previous three years. The purpose of this is to ensure that the firm has adequate capacity and

will not be overstretched if it is successful in winning the tender competition. Turnover is the measure of financial and economic standing consistently used across the public sector.

The turnover requirement for school building projects has been reduced from 2.5 times the estimated contract value in 2007 to twice the estimated contract value in 2009 and this is also reduced pro-rata for projects exceeding 12 months in duration (e.g. 1.5 times the estimated contract value for an 18 month contract). With pre-tender estimates (on which the turnover requirement is calculated) also reflecting the significantly reduced tender levels, this also serves to reduce, on an ongoing basis, the turnover threshold for contractors applying for projects.

School Placement.

69. **Deputy Bernard J. Durkan** asked the Minister for Education and Science when a school placement will be offered to a person (details supplied) in County Kildare; and if he will make a statement on the matter. [23234/09]

Minister for Education and Science (Deputy Batt O’Keeffe): I wish to advise the Deputy that the enrolment of a child in a school is a matter in the first instance for the parents of the child and the Board of Management of the school concerned. My Department has no role in relation to processing applications for enrolment in schools. Where a school refuses to enrol a pupil, the school is obliged to inform parents of their right under Section 29 of the Education Act 1998 to appeal that decision to the Secretary General of my Department. Where an appeal under Section 29 is upheld, the Secretary General of my Department may direct a school to enrol a pupil.

As the Deputy will be aware, the National Council for Special Education (NCSE), through the local special educational needs organisers (SENOs), is responsible for processing applications from primary and post primary schools for special educational needs supports. The NCSE operates within my Department’s criteria in allocating such support. The responsibility also includes identifying appropriate educational placements for individual children with special educational needs.

My Department encourages parents and school authorities to engage locally regarding pupils’ education. It is open to the parents concerned to raise any queries they may have relating to their child’s special educational needs directly with the school authorities or with the local SENO. The parent may contact the SENO using the contact details available on www.ncse.ie. Meanwhile, I understand that the child in question has been sanctioned 20 hours home tuition per week by my Department.

State Examinations.

70. **Deputy Pat Breen** asked the Minister for Education and Science his views on the presentation to leaving certificate students of the incorrect English paper; the cost involved in re-organising the sitting of this paper; and if he will make a statement on the matter. [23241/09]

Minister for Education and Science (Deputy Batt O’Keeffe): The superintendent who distributed English Paper 2 instead of English Paper 1, did not carry out any of the following documented procedures correctly — the checking of the label on the exam packet, the checking of the exam paper, the checking of each exam paper in the packet, and the sign off by 2 students that this was the correct paper for the session. This is in spite of the fact that the superintendent has to formally sign a checklist that he has undertaken these procedures. Furthermore, he made no report on the matter to the Principal or the State Examinations Commission (SEC). A SEC inspector visited the centre on a random monitoring visit shortly after the start of the exam and was not advised of the error.

[Deputy Batt O’Keeffe.]

The State Examinations Commission was notified of the problem at 3.50 pm on Wednesday 3rd June by the Principal of the school, took steps to determine whether security had been compromised, and it became clear that the examination paper would have to be replaced. As the Commission could not guarantee that the correct supply of contingency papers would be delivered to 100% of the over 2000 Leaving Certificate examination centres by 9.00am the next day, there was no option but to re-schedule the paper. The costs of re-scheduling the examination are estimated to be up to €1.7m, and arise from the extra cost of school transport, payment of superintendents, attendants and examination aides.

It is fully appreciated that the re-scheduling of the examination, although unavoidable, has given rise to distress and inconvenience for students, and this is sincerely regretted. Both the Commission and I have apologised to students and their families in media broadcasts for the inconvenience caused. I take this opportunity to apologise again for what has been a stressful disruption in the examination process. I have asked the Commission to investigate the matter fully, to report on the circumstances that required the rescheduling of the exam, and the measures needed to address any weaknesses identified and to minimise the risk of any future recurrence.

Special Educational Needs.

71. **Deputy Pat Breen** asked the Minister for Education and Science, further to Parliamentary Question No. 150 of 14 May 2009, the progress in finalising an agreement (details supplied); and if he will make a statement on the matter. [23359/09]

Minister for Education and Science (Deputy Batt O’Keeffe): As the Deputy will be aware, the National Council for Special Education (NCSE), through local special educational needs organisers (SENOs), is responsible for processing applications from primary and post primary schools for special educational needs supports including applications for the establishment of special classes in various geographical areas as required. Officials in my Department have been in contact with the NCSE regarding the matter referred to by the Deputy and I understand that the NCSE has received an application for the establishment of a special class in the school.

The NCSE has advised that the application will be considered as quickly as possible and a decision will be conveyed directly to the school by the NCSE as soon as this process has been completed. All schools have the names and contact details of their local SENO. Parents may also contact the SENO directly to discuss their child’s special educational needs, using the contact details available on www.ncse.ie.