



# DÁIL ÉIREANN

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## DÍOSPÓIREACHTAÍ PARLAIMINTE PARLIAMENTARY DEBATES

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### TUAIRISC OIFIGIÚIL OFFICIAL REPORT

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*Dé Céadaoin, 19 Eanáir 2011.*  
*Wednesday, 19 January 2011.*

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

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*Paidir.*

*Prayer.*

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#### **Termination of Ministerial Appointment: Announcement by Taoiseach**

**The Taoiseach:** I wish to announce for the information of the Dáil that the President, on my advice, today accepted the resignation of Deputy Micheál Martin as a member of the Government. Pursuant to section 4(1) of the Ministers and Secretaries (Amendment) Act 1946, I have assigned the Department of Foreign Affairs to myself with effect from today.

**Deputy Pádraic McCormack:** The Taoiseach will be a busy man.

**Deputy Olivia Mitchell:** Is the Taoiseach anxious to get away?

**Deputy P. J. Sheehan:** He is leaving.

**Deputy Pádraic McCormack:** He will be able to escape.

**An Ceann Comhairle:** We will move on to Leaders' Questions.

**Deputy Enda Kenny:** I hope it does not turn out like some of the other things of which the Taoiseach has been in charge. At least he will be able to get away legitimately to do business on behalf of the country.

**An Ceann Comhairle:** Can we move on?

### Leaders' Questions

**Deputy Enda Kenny:** I wish to ask the Taoiseach about the bonus culture that is alive and well in the banks. The Minister for Finance gave misleading information to the Dáil recently when he stated that no bonuses were being paid. The information provided by the Minister was given to him falsely by Bank of Ireland in respect of bonuses paid to personnel working in that institution. In the context of accountability, has the Government ascertained the circumstances in which a person or persons in Bank of Ireland informed the Minister for Finance that bonuses were not paid and, if so, who authorised that? Second, what is the significance and role of the public interest directors in this matter? Were they asleep when this information was given to the Minister for Finance? The Taoiseach is aware that €3.5 billion already has been paid to this bank with more to follow. The point is that the increased taxes, levies and charges being paid by each worker in the country go exclusively to pay these bonuses and this is not right.

**Deputies:** Hear, hear.

**Deputy Enda Kenny:** These banks are running rings around the Government. Has the Taoiseach or the Department of Finance determined who authorised the giving of false information to the Minister for Finance? Second, has the Taoiseach sought a report from the public interest directors, who should have been aware that such bonuses were being paid? Third, can the Taoiseach inform the House how much money has been paid out in bonuses to personnel in Bank of Ireland? Is it the Taoiseach's intention to claw this back through a tax rate of 90%?

**The Taoiseach:** Information provided by Bank of Ireland to the Department of Finance to the effect that no performance-related bonuses were paid was incorrect. The bank has apologised to the Department for this and the Minister for Finance views this issue very seriously. An intensive investigation of the additional payments made by Bank of Ireland since the introduction of the guarantee scheme is under way. The Minister is eager to see this investigation concluded as quickly as possible and if wrongdoing is found to have occurred, there will, of course, be consequences. Any additional information which comes to light will be made available to the House.

**Deputy Terence Flanagan:** That is not what was asked.

**Deputy Enda Kenny:** I asked the Taoiseach a couple of other questions. I asked him what is the responsibility and role of the public interest directors. Has the Taoiseach ascertained from them whether any information was given about these bonuses? Second, how much money has been paid out in such bonuses? Are Members to believe the Taoiseach, who is the Head of Government, does not know or has not the information to hand on how much has been paid out in such bonuses when each worker in the country is paying for them?

The point is that it appears as though the Government does not understand the gulf of unfairness that exists in Ireland today. People in their thousands wish to help to get the country out of the mess into which the Government and its predecessors have led us. While they wish to help, they want their contribution to be respected and to be fair, but this is not fair. Moreover, the bonus culture is not simply confined to the banks. For example, the chief executive of NAMA, gets a salary of €430,000, plus a 60% bonus.

**Deputy Terence Flanagan:** Shame.

**Deputy Enda Kenny:** The chief executive of the NTMA earns almost half a million euro and receives an 80% bonus.

**Deputy Finian McGrath:** That is nearly as much as Robbie Keane.

**Deputy Enda Kenny:** Moreover, no public service pay cuts have been applied to the NTMA. This must end, as the workers who will receive reduced salaries over the coming weeks know full well that the decreases in their salaries are going to pay these banks and bonuses and the Taoiseach should put a stop to it. The Fine Gael Party proposed a legislative amendment to the effect that when such bonuses were paid, they would be clawed back.

**Deputies:** Hear, hear.

**Deputy Enda Kenny:** I will repeat my question, namely, how much has been paid in bonuses to Bank of Ireland officials? What has been the responsibility of the public interest directors? Has the Taoiseach called in Mr. Walsh and his colleague to make a report? Does the Taoiseach intend to claw back and put an end to this bonus culture that is driving a sense of unfairness in people and which in part is causing the anger and frustration that is evident in public meetings nationwide? If the Taoiseach is in charge, he should demonstrate it.

**Deputies:** Hear, hear.

**The Taoiseach:** The Government is in charge. When the Department of Finance obtained the information that this was the case, having been told incorrectly that there were no performance related bonuses, it took up the case and an extensive investigation is being carried out. I have made it clear that consequences will follow if wrongdoing is proved to have taken place. I and the Government would condemn any situation which did not comply with the directive the Government gave on these matters. Information was sought, misinformation was obtained, apologies were tendered by the chief executive of Bank of Ireland to the Minister and Department, an intensive investigation is taking place and as soon as that has been completed we will provide all the details to the House. That is a proper exercise in accountability.

**Deputy Enda Kenny:** How much is involved ?

**The Taoiseach:** When the investigation is completed we will know how much is involved. The investigation is under way.

**Deputy Enda Kenny:** The Taoiseach does not know.

**The Taoiseach:** This issue was raised in a parliamentary question tabled by Deputy Burton last week to the Minister for Finance, Deputy Lenihan.

**Deputy Enda Kenny:** The Taoiseach paid him €3.5 million.

**The Taoiseach:** The issue has been taken up at the highest level. The Government indicated it was not acceptable. We sought detailed information by way of investigation and we are now going to ensure that the details are provided to the House and the public. The people will know that if any wrongdoing was done it will be followed up and there will be serious consequences—

*(Interruptions).*

**The Taoiseach:** —as soon as possible when the investigation has been completed.

**Deputy Bernard J. Durkan:** False information was given in the first place.

**Deputy Eamon Gilmore:** This country needs a new Government that can deal with the problems that are facing the people, can come to grips with the need to get people back to work, get some confidence back into the economy, get a fresh start and enable people to move on from the mess that Fianna Fáil has created. A new Government is needed which can deal with the issue of bonuses paid by banks, which was raised by Deputy Kenny, with some authority. We need a Government which has the authority and confidence of the people and can stand up for Ireland, deal with international institutions and renegotiate the EU and IMF deal.

We need a Government which has a horizon of four to five years to take the necessary decisions to bring about the changes that are needed in the country. We do not have such a Government. We have a dysfunctional Government. The Taoiseach survived a Fianna Fáil motion of confidence yesterday, which is the party's business. However, he does not enjoy the confidence of a majority of the Members of the House. He and his Government do not enjoy the confidence of the people. Some nine out of every ten people in the country have no confidence in the Government and want it out of office.

The Green Party has clearly lost confidence in the future of the Government because it has announced its intended withdrawal from it. Some Ministers have clearly lost confidence in the ability of the Government to be re-elected because they do not propose to stand for re-election.

**An Ceann Comhairle:** Can we have a question soon, please?

**Deputy Eamon Gilmore:** Several of the Taoiseach's parliamentary colleagues voted no confidence in him yesterday. Others would have done the same but they thought the timing was wrong.

We returned here after Christmas to deal with the finance Bill. It could be dealt with in a couple of weeks but the Taoiseach has given every excuse under the sun to try to cling on to power for as long as possible. He has given indicative dates and has referred to the Taoiseach's prerogative to call an election. There is a motion of no confidence in the Government, tabled by the Labour Party, before the Taoiseach. Will he debate it this week? He has said repeatedly that he will remain Taoiseach as long as he and the Government has the confidence of the House. Let us put it to the test.

**The Taoiseach:** I totally reject the idea that the Government is not operating effectively and doing its job. We have returned for the final term of this Dáil for good reason, as the Deputy knows. We need to enact the finance Bill and other related Bills, as well the Climate Change Response Bill and others. We have also entered into international obligations which have to be discharged in the first quarter of this year. When that is done the Dáil will be dissolved and the election will take place. We have made that very clear.

The motion of no confidence has been tabled by the Labour Party. I have dealt with such motions on a few occasions. It can be taken in the Labour Party's own time. We have work to do. I am confident that I will enjoy the confidence of the House when the motion is put. It will be tested again in due course. This is not the time for politics as usual from the Deputy. The Government needs to get on with its business professionally, competently and comprehensively and complete its legislative programme within the timeframe we set out. Thereafter, we will dissolve the Dáil and have a debate about who will govern the country. That is the situation, as the Deputy knows, and that is the way it will remain.

**Deputy Eamon Gilmore:** It is the Taoiseach who is insisting on politics as usual. The reality is that the people of the country want the Government out of office fast. They want that to happen because they want to move on. The country is stuck in the mire and will stay there as long as the Government clings on to office from one month to the next. People want to move

on. We wanted to bring about recovery, get some confidence back into the country and put a new Government in place in order to deal with the problems with some authority.

**An Ceann Comhairle:** Can we have a question please, Deputy?

**Deputy Eamon Gilmore:** The Taoiseach said he will deal with the motion of no confidence in the normal manner and that he faced them before. Every motion of no confidence in the Government tabled by Fine Gael or the Labour Party for as long as I can recall has been dealt with by the Government immediately. The Taoiseach is running away from the motion of no confidence and does not want to put it to the test. He announced this morning that the former Minister, Deputy Martin, had resigned from Government. A new member of the Government is usually appointed and the motion is put to the Dáil.

The Taoiseach is now doing everything he possibly can to move away from having his case tested in the Dáil and is delaying for as long as possible from having it tested in the country. We heard today that discussions will take place between the Taoiseach and the Green Party on a timetable for the remainder of the Dáil. Can he tell us what discussions have taken place and what the timetable is because all we are hearing from him are vague references to indicative dates and that he will stay on?

We were originally told that the essential Bill was the finance Bill but are now told it is the Climate Change Response Bill. The Taoiseach will find every excuse and Bill somebody wants to ask him for and will elevate them to being something of a huge national importance in order to get a next week or month in office. Meanwhile, he is simply holding up the country's recovery.

**The Taoiseach:** I do not know how the Deputy intends to instil confidence when he continues to be one of the foremost spokespersons for the negativity industry in the country.

**Deputy Eamon Gilmore:** I have not been.

**The Taoiseach:** He uses phrases such as “stuck in the mire”, “economic corpse” and “banjaxed”, which are all part of the Labour Party lexicon in myriad press releases we read. It is the usual politics of the old Democratic Left non-stop, day in and day out, to keep throwing the muck in case some of it might stick.

*(Interruptions).*

**An Ceann Comhairle:** The Taoiseach without interruption, please.

**The Taoiseach:** That is the level of rhetoric we are hearing from the Deputy on an ongoing basis and thankfully people are starting to cop on to it. They will realise it more when an election takes place and we check the veracity of his policies and his proposed solutions for the country in the midst of the biggest crisis since the foundation of the State. We all know what would have happened. The economy would have collapsed.

One of the Deputy's solutions is to tax working families even more in order to make sure it can raise €2.5 billion. He did not know what was in his policy when he made his contribution to the House.

The second point I would make as to why I will not accept Deputy Gilmore's confidence motion is that even Fine Gael thought it was stupid. It was a stunt last Saturday, in an effort to see if the Deputy could get his face in the paper for Sunday. That is what it was about.

*(Interruptions).*

**The Taoiseach:** That is the politics as usual we are getting from the Labour Party, but people are not buying that, much as the Deputy thinks they are. People are not buying it.

**Deputies:** Withdraw that remark.

**The Taoiseach:** The lads are back on side today, are they? Do they agree with it today.

**An Ceann Comhairle:** Allow the Taoiseach respond.

**The Taoiseach:** The lads are back on side having had a chat about it on Tuesday morning. Is Deputy Kenny back on side? Is he going with it?

**Deputy Enda Kenny:** I did not challenge the intellectual capacity of the leader of the Labour Party. I said the motion was ill-timed and ill-judged.

**The Taoiseach:** I could not agree more with the Deputy. I knew the day would come when Deputy Kenny would realise that a no confidence motion in this Government was ill-timed and ill-judged.

*(Interruptions).*

**The Taoiseach:** I will tell Deputies one thing, they are worth it. It is worth coming in here for half an hour.

**Deputy Dinny McGinley:** What did the Taoiseach take this morning?

**An Ceann Comhairle:** It is almost ten past eleven, please allow Leaders' Questions to continue.

**The Taoiseach:** The final comment I want to make to Deputy Gilmore is that the only person who ran away from anything this week was himself, by not appearing on "The Frontline".

**Deputy Caoimhghín Ó Caoláin:** I see the Taoiseach is back on the pellets.

**Deputy Noel Dempsey:** The Deputy would know a lot about pellets.

**Deputy Caoimhghín Ó Caoláin:** During the course of Leaders' Questions yesterday, the Taoiseach stated to me:

There is no relevance whatever to me having a dinner with regard to what I do in the course of my duties. If the Deputy has any suggestion or evidence to the contrary, he should not abuse the privilege of this House. Let him go outside and say it and I will see him in court.

I have gone outside the Dáil. I took the opportunity in a public statement last evening to say that the Taoiseach's dinner with senior figures of Anglo Irish Bank and the director of the Central Bank and the Irish Financial Services Regulatory Authority was and is relevant to his duties. Also, I repeated outside the Dáil the questions I asked in this Chamber yesterday, which the Taoiseach did not answer over the course of the opportunity open to him. Instead, he threatened legal action.

I will repeat those questions again. They are both inside and outside the Dáil now. I will give the Taoiseach one further opportunity to answer them. I will repeat them exactly as I posed them yesterday. How appropriate was it that a director of the Central Bank, appointed by the Taoiseach, would be engaged in debate on matters fiscal and economic, job creation and budgetary issues with three, either then or previous, senior directors of Anglo Irish Bank?

That is straightforward. Second, why did it take a question from me in the course of Leaders' Questions for the Taoiseach to offer the information that it was not only a golf outing with Seán FitzPatrick and Fintan Drury, but that he was also meeting that evening with Gary McGann and Alan Gray, a director of the Central Bank and a member of the Irish Financial Services Regulatory Authority, whom the Taoiseach had appointed when Minister for Finance in January 2007? Why did the Taoiseach not offer that information previously?

Third, what is the situation on the Taoiseach's dinner with the board of Anglo Irish Bank in April 2008 and Mr. David Drumm's claim that he spent at least an hour briefing the Taoiseach on the issues in regard to Anglo Irish Bank? Again, I ask the Taoiseach, is Mr. Drumm lying or is it that the Taoiseach cannot recall all of the details or is it something else? It has been reported that Mr. Drumm has secured a deal with Anglo Irish Bank which will block the Garda Síochána from gaining access to confidential reports which are to be revealed in the context of Mr. David Drumm's court case in the United States. Is there any basis to these reports? Is there any fear that Mr. Drumm will evade full scrutiny in this jurisdiction and prosecution if same be appropriate because of this? I also asked whether the Minister for Finance, or anyone else, approve such arrangements as inferred from the reports before us, given that Anglo Irish Bank is now in State ownership and that the Minister for Finance has a central role in determining matters concerning same.

Those were straightforward questions and I believe they deserved to be answered. I assure the Taoiseach that I have no more regard for the word of Mr. David Drumm, as the Taoiseach suggested yesterday. I do not know the man from Adam.

**An Ceann Comhairle:** We have overrun the time.

**Deputy Caoimhghín Ó Caoláin:** I am about to conclude. I have a responsibility to pursue the facts and to help establish the full truth. The Taoiseach's fulsome answer to my questions would be appreciated and welcomed.

**The Taoiseach:** With regard to the dinner in Druid's Glen, it was not inappropriate for me to sit and discuss the economy or economic issues with the people who are in business or who are economic advisers in their own right and have economic consultancy firms. I would think that is not an inappropriate thing to do. What has proven to be a problem in terms of perception is that we are now projecting back what we know now, which is subsequent to what we knew then. Clearly people are making the effort to project some foreknowledge on my behalf of what subsequently happened and to suggest that, therefore, I was some way involved in an interaction with Anglo Irish Bank.

**Deputy Seán Sherlock:** Oh no, more Bertie speak.

**The Taoiseach:** It is not Bertie speak. I am trying to explain something here. I have been asked a question and want to answer it. It is not a big deal. That is the situation.

On the question of what happened subsequently, of course I would rather that situation had not occurred, but it was an innocent engagement of a game of golf. The people who played the game of golf were the three people mentioned by the Deputy, including myself. I do not play much golf, but I have explained the reason I was available that day. It was the first day of the holidays after the last Cabinet meeting and that is the size of it. Subsequently, people joined us at a meal after the golf game. I was asked by *The Sunday Times* if I had played a game of golf with Seán FitzPatrick and Fintan Drury on such a date and I answered that I had. Sin é. When I came into the House to give full answers with regard to anything arising from that, I



[The Taoiseach.]

was able to give any further information the Deputy wanted. However, it is not relevant nor detailed. Nothing arises.

It is not an abuse of privilege for the Deputy to ask the questions he is asking, but when I suggested to him that he speak outside of the House I was asking what I am supposed to be guilty of as a result of all of this or what I am supposed to do about it. It was if the Deputy had anything to say about that, which might be libellous or have the potential to do down my good name and character, I would rather that was done outside and then I would take legal advice on it. However, the Deputy has not made that case. He has simply created this picture and that is what he is at.

I am making it very clear to the Deputy that this is the context and content of the whole situation and if he has anything to adduce from it or anything of which to accuse me as a result, he should set it out for me. All I know is that I played a game of golf and had a meal and was talking to people in a social context and that there were discussions of serious and less serious issues in terms of economics, jobs and all the rest and of what we could do given that a recession was upon us. Subsequently, issues happened as a result of due diligence after the loan guarantee. Corporate governance issues arose in November-December of that year and the bank was nationalised subsequently. That is the sequence. If people want to project all the knowledge we know now back to that point in time, that is where people try to suggest that something inappropriate happened. The facts do not bear that out. I have explained all of that. I cannot give the Deputy any more detail; I do not have the menu or anything like that.

If there is anything else the Deputy wants to discuss, let us know. However, he should start stacking it up now and say something, rather than just leave it out there, because the purpose of leaving it out there is to give people an impression which has no validity in fact. That is what I am saying.

I answered the Deputy's second question in what I have just said.

The Deputy's third question related to the April dinner. Again, I do not — no one could have without assistance — full recollection in that regard. I was fulfilling an engagement, which had been sought some months before but which I did not fulfil. I was leaving the Department of Finance at the time, having been appointed leader designate of Fianna Fáil. I  
*11 o'clock* decided to honour the engagement, which had been delayed as set down when the usual issues arose. I am sure, as was stated earlier by Deputy Kenny in a previous encounter about this, there were various things said by various people from the banks who were outlining their general position.

We all know that from August 2007, following the Lehman's debacle, there was a tightening of credit throughout the system. In fact, the Department of Finance had been seeking to manage that throughout the year, as was the Central Bank. They are the people who were seeking to ensure stability and liquidity within the system. That was something that every Central Bank in Europe and in other currency areas were also doing. This had caused a huge shock in the system over time. The tightening of liquidity continued over that period. They are the details. In regard to Mr. David Drumm, I think that is the only time I ever met the man.

The Deputy's next question was, arising out of what went on, did I do anything and of what am I accused of doing when I went to that dinner. Again, nothing. The Deputy stated that the suggestion is made in reports that Mr. Drumm said I did this, that and the other for Anglo Irish Bank, that I would get funds from the National Treasury Management Agency, NTMA, to put into Anglo Irish Bank. The man who runs the NTMA, when asked about this, stated he had never been asked by the Minister for Finance to do anything like that. That is still not accepted. We then get another story and away we go again with the Deputy rising in the House

and saying that he will not pass remark on Mr. Drumm and asking: "Let's hear you deny it." It is the old LBJ stuff, namely, accuse him and let us hear him deny it. That is the game the Deputy is at.

**Deputy Kathleen Lynch:** The Taoiseach was with them.

**The Taoiseach:** I am just trying to explain something.

**Deputy Kathleen Lynch:** The Taoiseach was not playing golf with people from the Society of St. Vincent de Paul.

**The Taoiseach:** Deputy Ó Caoláin can keep that up. It may be a tactic that works in other situations in other jurisdictions but it will not work with me.

**An Ceann Comhairle:** I call Deputy Ó Caoláin on a brief supplementary question.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach has made the point that this was no big deal. It was a big deal yesterday given the Taoiseach believed he could cudgel me into silence with the threat of legal action.

**The Taoiseach:** If the Deputy said something.

**Deputy Caoimhghín Ó Caoláin:** I can assure the Taoiseach it was a big deal because he avoided answering any of the questions then and has continued to do so this morning.

**An Ceann Comhairle:** I ask the Deputy to remember that this is Leaders' Questions.

**Deputy Caoimhghín Ó Caoláin:** Yes, and I am in possession.

**An Ceann Comhairle:** This is not the time for making lengthy Second Stage speeches.

**Deputy Caoimhghín Ó Caoláin:** The Taoiseach is an intelligent man. I do not know if there is anything wrong with his hearing but the question I asked was if it was appropriate not for him, but for a member of the Irish Financial Services Regulatory Authority, IFSRA, Mr. Gray, to be in the position he was in. I asked directly of the Taoiseach why he did not offer the information. I heard his responses regarding Mr. Drumm and in regard to the ongoing situation in the United States. Lest there is any doubt in the mind of the Taoiseach or anybody else in regard to why these questions are being posed, this is not about whether he was involved in any dodgy deals in Druids Glen — I do not believe that to be the case — but, as the Taoiseach knows, about trying to establish the extent of the information that he and his Minister for Finance may or may not have had when they came into this House and presented their bank guarantee proposals that have almost sunk this economy.

**Deputy Finian McGrath:** That is a legitimate question.

**Deputy Caoimhghín Ó Caoláin:** We are collectively trying to establish the extent of or lack of knowledge on the part of the Taoiseach in relation to this hugely important matter that impinges on the lives of every one of our citizens today and those yet unborn.

I put it to the Taoiseach that this is a valid pursuit, a line of inquiry that we will relentlessly pursue. Would the Taoiseach agree that there are only one of two possibilities, namely, the Taoiseach and the Minister for Finance, through all of their social opportunities and the regulatory arrangements that were in place——

**An Ceann Comhairle:** The Deputy must ask a question. We must bring this matter to a conclusion.

**Deputy Caoimhghín Ó Caoláin:** —were fully aware of the real situation in relation to Anglo Irish Bank and they withheld that information from this House at the critical time when they came before Members in this Chamber or, alternatively, the Taoiseach did not have the knowledge, with all the cosy engagements that were taking place and all the relationships that have been exposed down through the years and in recent times—

**An Ceann Comhairle:** Can we expect a final question, please?

**Deputy Caoimhghín Ó Caoláin:** —and was coddled along by these people, corrupt bankers and others who had both the Taoiseach and Minister for Finance as fools? It is one or the other. Either the Taoiseach and Minister for Finance are fools or they misled us. The Taoiseach may be ebullient this morning following his success yesterday but make no mistake about it the people have already decided in relation to his future.

**The Taoiseach:** Have they?

**Deputy Caoimhghín Ó Caoláin:** It is time to go.

**The Taoiseach:** I will answer the Deputy's question directly. The Deputy does not have to relentlessly pursue anything now that he has put it out on the table.

**Deputy Caoimhghín Ó Caoláin:** It has always been there.

**The Taoiseach:** Has it been? I will answer the Deputy. On the first matter, the state of my knowledge at the time of the making of a guarantee was the advice I obtained on that night from the regulatory authorities, the Central Bank and the Department of Finance. The people who were dealing with Anglo Irish Bank in relation to liquidity issues were from the Central Bank. The people dealing with Anglo Irish Bank or any other financial institution in relation to regulatory requirements were from the Irish Financial Services Regulatory Authority, IFSRA. They have been given statutory independent authority by this House under statute to deal with those issues. Those are the people who were dealing with this.

It is clear from the reports which have emanated from Regling and Watson and Professor Honohan that the analysis and assessment of the situation by those authorities who were responsible for interfacing with the financial institutions was based on the regulatory system in place at the time, which was replicated in other EU countries and other parts of the world. It is clear that we had systems failures in relation to those matters, as set out dispassionately in the reports which this Government and the Oireachtas sought in terms of getting an overview of what happened, what went wrong and how it went wrong. It is all in the report. However, that does not stop Deputy Ó Caoláin coming in here to give his version of events, which is to suggest that I had not taken the advice given to me. Various advices were given and various options needed to be considered. What was clear on the night in question, which I have been trying to get across to the Deputy for two years now, is that we faced the prospect of systemic failure with not one institution but the whole system going down. That required a response that would return confidence to the markets. That is the reason we gave the guarantee we gave.

**Deputy Róisín Shortall:** Not a blanket guarantee.

*(Interruptions).*

**The Taoiseach:** Excuse me, Deputy. I am answering the question.

**An Ceann Comhairle:** Deputy Ó Caoláin, please resume your seat.

**The Taoiseach:** The Deputy has suggested two possibilities. On the first in relation to the extent of my knowledge of the situation, any Minister for Finance has knowledge based on advices received from those with whom he or she works and from the regulatory authorities concerned. That is the situation, Deputy.

**Deputy Róisín Shortall:** Who advised the Taoiseach?

**An Ceann Comhairle:** Deputy Shortall, please.

**The Taoiseach:** Any suggestion of corruption on my part is totally out the door. It is unworthy. That is not the case. If I have to keep coming in here to say that, I will do so.

**Deputy Róisín Shortall:** The public will decide that.

**Deputy Noel Dempsey:** The public will not decide that.

**The Taoiseach:** No, the public will not decide that. I am making my case here. However the election turns out will not be based on that point. It will be based on a lot issues. If the Labour Party were depending on representation based on that issue, which would be an absurd suggestion to make, one would be suggesting that there was something wrong with the Labour Party people, which I do not suggest there is. That does not make sense either.

The Deputy next suggested that we were all fools. The decisions we made were based on the information available at that time. That is what we did. Subsequently, when due diligence was done and that crisis had passed, an investigation showed up corporate governance problems.

**Deputy Róisín Shortall:** To whom was the Minister listening that night?

**The Taoiseach:** Please allow me to finish.

**An Ceann Comhairle:** Deputy Shortall, please allow the Taoiseach to continue without interruption.

**The Taoiseach:** I am entitled to answer without interruption.

**Deputy Róisín Shortall:** Be straight about it.

**An Ceann Comhairle:** Deputy Shortall, please allow the Taoiseach to continue without interruption.

**The Taoiseach:** There is no point.

**An Ceann Comhairle:** I will have to ask Deputy Shortall to leave the House if she does not desist.

**The Taoiseach:** The situation then regarding the other matter is due diligence took place, corporate governance issues arose and a nationalisation subsequently took place. Had nationalisation taken place on the night in question, according to the Honohan report, there would have been no further cost involved in that and one would still have had to give a guarantee because there was still a systemic threat. When all of this is boiled down, it is not the hill of beans the Deputy is trying to make it out to be.

**Deputy Róisín Shortall:** It is a hill of beans.

**The Taoiseach:** No, it is not because the guarantee we gave on that night was the right guarantee for that purpose. The Deputy can argue about it every way she likes but that was the situation. That was our judgment and final assessment of the situation. That is where it is at. It has been stated subsequently, whatever one says about subordinated debt, that this was the issue. This debt was discounted, some of it to the tune of 80%, in subsequent discussions. It was 3% of the total amount guaranteed.

The difficulty on that night — this is where people come back into the equation — was whether one could differentiate and whether one could do all this. The point was to make the strongest, most assertive guarantee one possibly could to make sure the markets responded positively because we were faced with systemic failure within days, which would have seen the banks on the floor, if the guarantee did not happen. That is stated in the Honohan report.

**Deputy Róisín Shortall:** It is not.

**The Taoiseach:** Those are the facts. That is the situation and I refer to those reports in that respect.

**Deputy Caoimhghín Ó Caoláin:** Briefly, can I ask——

**An Ceann Comhairle:** That concludes Leaders' Questions. The Deputy should resume his seat. There is just provision for two questions and we are finished. We will move on to Questions to the Taoiseach.

**Deputy Caoimhghín Ó Caoláin:** They are finished for today.

## Ceisteanna — Questions

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### Official Engagements

1. **Deputy Eamon Gilmore** asked the Taoiseach if he will make a statement on the outcome of the EU summit in Brussels on 16 and 17 December 2010 [48343/10]

2. **Deputy Eamon Gilmore** asked the Taoiseach if he will report on any meetings he held on the margins of the EU summit in Brussels on 16 and 17 December 2010; and if he will make a statement on the matter. [48344/10]

3. **Deputy Eamon Gilmore** asked the Taoiseach his plans for official trips abroad during the first six months of 2011; and if he will make a statement on the matter. [48351/10]

4. **Deputy Caoimhghín Ó Caoláin** asked the Taoiseach if he will report on his participation in the December 2010 European Council meeting; and if he will make a statement on the matter. [48356/10]

5. **Deputy Enda Kenny** asked the Taoiseach the foreign visits he plans to undertake during 2011; and if he will make a statement on the matter. [48380/10]

6. **Deputy Enda Kenny** asked the Taoiseach when he will next meet with the President of the European Commission; and if he will make a statement on the matter. [48381/10]

7. **Deputy Enda Kenny** asked the Taoiseach if he has received an agenda for the March meeting of the European Council; and if he will make a statement on the matter. [48397/10]

**The Taoiseach:** I propose to take Questions Nos. 1 to 7, inclusive, together.

I attended the December meeting of the European Council in Brussels on 16 and 17 December. As I will make a statement to the House later, I will confine myself to a summary account of the proceedings. The agenda of the Council was dominated by economic issues. The Heads of State and Government agreed that the EU treaties should be amended in a limited way to provide for the establishment of a permanent mechanism to safeguard the financial stability of the eurozone. It is intended that this permanent mechanism would come into being in 2013 and would replace the temporary mechanism established last year. The other relevant institutions, including the European Parliament and the European Commission, will be consulted on the text of the proposed amendment before its formal adoption next March.

Each member state will then aim to complete its national ratification process by the end of 2012 in order that the treaty change can take effect at the start of 2013. I am confident that the text is compatible with the Constitution. If an amendment to the Constitution arises, a referendum will not be required for Ireland to ratify the treaty change. The European Council, in the context of a broader discussion on economic matters, welcomed a statement by the Heads of State or Government of the euro area and the EU institutions which made clear that they stand ready to do whatever is required to ensure stability of the euro area as a whole and which called for determined action in a number of areas.

The European Council was also informed of ongoing work on the evaluation of the European Union's relations with its strategic partners, including the US, Russia and China. While in Brussels, I also attended a pre-Council meeting of the European Liberal Democrat Party, ELDR, on 16 December. I have no formal plans for a meeting with the President of the European Commission but I will see President Barroso at the next meeting of the European Council on 4 February, which is expected to focus on energy and innovation.

I have not yet received a finalised agenda for the March meeting of the European Council, though the custom is for this meeting to focus on economic issues, including growth and reform.

I have not finalised travel plans for 2011.

**Deputy Eamon Gilmore:** When I asked the Taoiseach yesterday about President Sarkozy's statement that Ireland cannot benefit from the EU's financial aid package while maintaining its low corporate tax rate and the lack of a response from the Government, he told me that the Minister of State at the Department of the Taoiseach, Deputy Roche, had responded to the statement on behalf of the Government. I cannot find his response on the Government website. By what means did he make the response? Was it directly to President Sarkozy or a Minister in his government? Was it in writing? Is there a statement somewhere which refers to it? If so, can he direct me to that?

I refer to the treaty change in respect of the permanent mechanism. The Taoiseach said no referendum is required to ratify the change and I note that he said after the summit that the Government would seek the advice of the Attorney General regarding the matter. Has the advice been formally obtained in respect of the wording agreed at the December summit? If so, can he make it available to Members?

**The Taoiseach:** The Deputy will be aware that advices from the Attorney General are not available to anyone other than members of the Government but the basic point behind the wording is no transfer of competence will take place under this proposal and that has always

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been seen as the threshold of requirement in terms of whether a referendum is required based on the Crotty judgments.

With regard to President Sarkozy's comments, I was informed as I rose to reply to Deputy Gilmore yesterday that the Minister of State, Deputy Roche, had issued a statement. I presume he did. I do not have the details but I will obtain the statement for the Deputy and send it to him. I also made the point in my response that President Sarkozy had been reiterating a position which has been mentioned in other quarters apart from what was picked up by the media recently. I also stated that I made our position clear at the European Council meeting and put it on the record. The president knows directly from me what is our position on this matter since we discussed it at a round table dinner session of the Council when the question of what work would be ongoing within the Eurogroup regarding growth, stability and currency issues generally in the euro area was discussed.

My colleague, the Minister for Finance, has reiterated on numerous occasions our commitment to maintaining our 12.5% corporation tax rate, including at the time of the EU-ECB-IMF funding negotiations. I strongly defended our position in this regard at last month's European Council and will continue to do so. It is the cornerstone of our industrial policy and an essential feature of our future growth strategy. This has also been emphasised to EU authorities on many different occasions and we are clear that this is the position under the EU treaties. There is no evidence that imposing a higher corporate tax rate would sustain higher revenues or contribute in any way to restoring balance to the public finances. All impartial analysis points in the opposite direction, supporting the view that the 12.5% rate is key to sustaining our attractiveness to foreign direct investment and to sustaining the export-led recovery under way. Corporate tax revenues in Ireland are at a similar level to other EU countries. They were equivalent to 2.9% of GDP in 2008 compared to a weighted average of 2.7% for the EU as a whole.

Notwithstanding the views of any particular person or member state, direct taxation remains a matter of national competence. Furthermore, in the event of any matter arising for decision at EU level, unanimous approval of all 27 member states, including Ireland, would be required. This was confirmed in the context of the Irish guarantees on the Lisbon treaty. The European Commission has indicated that it intends to bring forward a proposal for a common consolidated corporation tax base later this year. Ireland and many other member states are opposed to such an initiative, which, in any event, would require unanimous approval. However, even in this context, the Commission, President Barroso and Commissioner Rehn stress that the adjustment or harmonisation of rates is not envisaged.

**Deputy Eamon Gilmore:** The Taoiseach said he will make available whatever response the Minister of State, Deputy Roche, made to President Sarkozy's statement. I am not disputing that President Sarkozy is aware of Ireland's position in respect of the rate of corporation tax. That has been well trawled and was stated at the time of the Lisbon referenda. The significance of President Sarkozy's statement is that he is linking Ireland's rate of corporation tax to the availability of financial assistance from the European Union institutions. As we know, the EU-IMF deal contains a penal rate of interest for Ireland which was a political decision. My concern is twofold; one is the hostility to the Irish corporation tax rate, which is already well established, but the other is the linking of that and the influence it may have on the rate of interest which is applying to the financial assistance that is available. There are two aspects to it. I look forward to seeing what was the response of the Minister of State, Deputy Roche.

In respect of the advice of the Attorney General, I understand his advices are available only to Government in respect of Government business, but this is a matter which relates to the

amendment of the EU treaty, which might require a referendum to be held. Therefore, I suggest to the Taoiseach that the Attorney General's advice on this occasion is an advice that should be more widely available than just to the Government itself. Specifically in that context, the text which was agreed at the Council meeting contained a change from the original draft that was discussed. The change was that the financial stability mechanisms would be "activated if indispensable". Why was that change made in the text? My understanding is that change in the text was made at or just before the Council meeting. What is the significance of that change in the text? Where did the change in text come from and what does it mean? Will the Taoiseach make the Attorney General's advice more widely available given that it relates to a constitutional matter on this occasion?

**The Taoiseach:** First, I do not have a draft of the text of the conclusions with me but I will ask that our people pick up on the technical drafting issue raised by Deputy Gilmore. We will provide an answer to him on that having got the text. From memory, I cannot recall the issue raised by him.

The second point raised by Deputy Gilmore relates to the Attorney General's advice. The normal approach is that we would inform the House. We will be doing so in the statements on the outcome of the meeting of the European Council. We will put on the record of the House the fact that it is the view of the Government based on the advice of the Attorney General that this is not an issue that requires a referendum.

I will have to check what the convention is on these matters. I do not wish to set a precedent either so I will check what is the room for manoeuvre regarding the availability of the advices themselves. Usually what happens in such cases is that the Taoiseach puts on the record of the House the position of the Government based on the Attorney General's advices and gives a general reasoning behind it as distinct from the specific advices themselves. I will check on the matter.

**Deputy Eamon Gilmore:** I appreciate that the Taoiseach does not have the text in front of him but I am surprised that he does not recall the change that was made in the text because according to the press reports which appeared after the Council meeting that change in the text was made arising from requests — some news reports described them as "demands" — by the German Chancellor, Angela Merkel, who wanted to include in the text of the treaty change a Latin expression, *ultima ratio*, to reflect that the financial stability mechanism would only be activated as a last resort. The compromise that was arrived at, apparently, was the phrase, that it was to be "activated if indispensable". A text was in circulation, about which we had some exchanges some time ago, at least about the general idea. There was a lot of commentary about this at the time. It was well known that the German position at the Council meeting was to push the last resort concept. The phraseology that was arrived at was "activated if indispensable". I am surprised the Taoiseach does not recall that change being made and that he is not in a position to tell us what it means. It is going into the text of the European treaties. He has told us the Attorney General has said no referendum is required. We need to be told what is the Government's understanding of that phraseology since it was clearly of sufficient significance that the change was apparently made at the Council itself.

**The Taoiseach:** I know what point the Deputy is making now. I am sorry. I thought he was talking about general conclusions. I did not pick up on the point. He is talking about the proposed amendment itself.

**Deputy Eamon Gilmore:** Yes.

**The Taoiseach:** I am sorry. The proposed amendment states:



[The Taoiseach.]

The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism would be made subject to strict conditionality.

As Deputy Gilmore indicated, a strong political view is held by Germany that this is a matter of last resort. It is about keeping the focus on what states themselves are doing to correct their public finances rather than being prepared to allow things to drift and then move into the mechanism. It is a fundamental position of the German Republic and from Chancellor Merkel's point of view that this can only be activated if it is indispensable. As Deputy Gilmore is aware, *ultima ratio* means as a last resort. The change in text does not do damage to the basic concept. The concept is that it is the indispensability of the use of the mechanism that would trigger its use rather than it being available without it being pursued to the full what national authorities can do to avoid using the mechanism. The biggest contributor to the mechanism is Germany as it is the biggest component of GNP within the Union. That is the context. The concept has not been changed. It was a drafting issue that arose for the purpose of strengthening the view of the Council that this is only used as a very last resort.

**Deputy Caoimhghín Ó Caoláin:** Does the Taoiseach expect that we will have sight of the text of the proposed amendment to the EU treaties for the purpose of establishing a permanent mechanism to safeguard the financial stability of the euro area with a view to having a discussion in the Dáil? He is indicating a date in March for a return to the issue. Will we have a democratic opportunity before the conclusion of this Dáil to address the text in any way in this House?

I noted from the Taoiseach's remarks at the conclusion of the Council meeting that there was no requirement to put the proposed changes which are proposed to proceed by the simplified revision procedure to the electorate in a referendum? Is that the Taoiseach's understanding of the situation? Has he sought appropriate legal advice to confirm that is the case and that a referendum is not required in this country? I would prefer that we would have the opportunity for democratic scrutiny in all situations such as this. Could the Taoiseach provide clarity? What are the implications of the proposed changes for this country? Have we seen them already in any outworking in terms of the IMF-EU deal or are there further implications in terms of the changes envisaged in terms of this country?

I note that it is reported that the European Commission intends to propose a revision of the working time directive. What is the Taoiseach's position on that? With the reduction in the minimum wage I suppose he will be open to further changes in a similar vein. Will the Taoiseach give an indication of his position? What is the Government's intended position on any review of the working time directive? Either directly in the course of the council meeting or on the fringes has any consideration been given to the important and welcome announcement by ETA in the Basque Country? It has declared a permanent, general and verifiable ceasefire. Was this addressed at all? Has the Government taken up the issue with its EU counterparts to encourage a positive Spanish and French response to the new situation, especially given Ireland's experience of a successful peace process leading to a political process and what we have today? Perhaps we are doing so already, but should we not press for a peace process to emerge in the Basque Country, offering the opportunity for a real and permanent settlement between the Basque Country and the Spanish State?

**The Taoiseach:** The third matter, the question of the ETA development, was not discussed at the European Council. One welcomes any improvement in respect of that situation. We

hope it leads to a process that will bring a permanent outcome appropriate for the situation there. The Spanish Government has definite views on the matter regardless of the political composition of such governments. It is a matter that must be dealt with. We are available to assist at any time. However, the Spanish Government has outlined its position clearly and it regards the present situation as not yet adequate for such talks to be opened. There is hope that through whatever informal contacts can be maintained, matters could be advanced further to obtain an outcome to which we could all subscribe.

Regarding the earlier question on the tax rate or interest rate——

**Deputy Caoimhghín Ó Caoláin:** No. It was about the working time directive.

**The Taoiseach:** This issue did not come up at the European Council. It is a matter for the Minister for Enterprise, Trade and Innovation to respond on where exactly that dossier is at present. As a general point, the competitiveness of the European economy is being challenged seriously by other growth areas in the world. International investment patterns are changing and prospective, sustainable growth rates for the European economy are a good deal lower than in other parts of the world. Therefore, we must deal with the question of growth in the economy. The demographics are very different as well. The 2020 strategy outlined by Herman Van Rompuy as President of the European Council seeks to develop sustainable growth for the European Union. All areas of activity that impinge upon competitiveness must be examined. The need for flexibility in labour markets is something the Commission, the council and the ECB regard as an important issue to be addressed by national authorities.

One of the great benefits and attractions of the Irish economy has been the flexibility of the labour market. This is not available to the same extent in other European countries. Much of the investment that has come here has been on that basis. It has been one component although certainly not the sole or determining component, but it has been important. This relates not only to the availability of skill sets and of people to do the job required in many high technology sectors but also to the question of the flexibility of our labour market. In better times, to which we can return as we seek to stabilise the economy and return to growth, this flexibility ensured and enabled many in the informal economy or those on low wages to obtain employment. Inflexibility of labour markets leads to higher unemployment. We must find the balance between ensuring that people are treated with dignity and respect and, at the same time, that we have an economic model that can compete with other parts of the world which would otherwise obtain the investment we strive to obtain, were we not to ensure that we have a package that meets with all of the requirements.

It is not a black and white situation but there is a need to examine these issues because if one becomes rigid about these matters, it has been shown that, ultimately, the loss of competitiveness affects the quality of living that one strives to protect by having working time directives in the first place. One must find the balance. I believe there is room for further work to be done at European level which would not undermine the social model of Europe but would get it into the ballpark where it can compete. If it cannot compete then the maintenance of a social Europe is at risk anyway. What was the earlier question?

**Deputy Caoimhghín Ó Caoláin:** When will we have the opportunity to have the text on the referendum discussed?

**The Taoiseach:** It is a matter for the Whips but I would welcome a discussion in the House. That would be beneficial and it would help the House to come to a common conclusion.

**Deputy Eamon Gilmore:** That will get the Taoiseach another couple of weeks.

**The Taoiseach:** I guarantee Deputy Eamon Gilmore that when the campaign is over he will be very tired. He need not worry about it.

**Deputy Eamon Gilmore:** Anything at all.

**Deputy Brendan Howlin:** We know the Taoiseach would like to campaign for six months.

**The Taoiseach:** Deputy Gilmore should not worry about it. He should build up his strength because he will be very tired by the time this is all over.

**Deputy Eamon Gilmore:** Any excuse.

**The Taoiseach:** He has gone paranoid at this stage for a man in a handy position. He must be feeling the heat.

**Deputy Eamon Gilmore:** There is no heat coming on me at all.

**The Taoiseach:** There are three furlongs to go and Deputy Gilmore is running out of juice. He cannot get out there quick enough.

**Deputy Eamon Gilmore:** The Taoiseach need not worry; there is plenty of juice.

**Deputy Caoimhghín Ó Caoláin:** To return to the first matter, I asked the Taoiseach about the proposed changes for the simplified revision procedure. Has the Taoiseach sought legal advice to confirm what he stated after the December Council meeting to the effect that a referendum would not be required? Will the Taoiseach clarify this? Has the Taoiseach sought advice from the Attorney General? Is there clarity or certainty that a referendum is not required? Has this been given full consideration in the context of the Crotty case and everything we know historically in this area?

Leaving aside the working time directive, let us concentrate on the latter point I made and the first to which the Taoiseach responded, that is, the Basque Country developments. It would not have been possible for the December meeting to have addressed the ceasefire announcement because it did not take place until afterwards.

**The Taoiseach:** A major concession by the Deputy.

**Deputy Caoimhghín Ó Caoláin:** It would be remiss of me if I did not acknowledge that there were many international figures who played their part in encouraging this to come about, not least Mary Robinson and Nelson Mandela. We could name many others. A variety of voices, including that of my party president, have made a useful and positive contribution to encourage this development. Given our unique experience within the European context, have any approaches been made or has any encouragement been offered from the Government to either the Spanish or French Governments to seize this moment and opportunity and view it for what it is, a momentous and historic development that should be seized and built upon in the development of a peace process? Will the Taoiseach undertake to do this if it has not been done already? At the next Council meeting will the Taoiseach use the opportunity to encourage a collective initiative throughout the European Union in support of these developments, especially, as my colleague has just reminded me, since the Taoiseach is our new Minister for Foreign Affairs?

**The Taoiseach:** I thank the Deputy for the first representation I have received in my second tenure as Minister for Foreign Affairs.

**Deputy Caoimhghín Ó Caoláin:** May the record show it.

**The Taoiseach:** A letter is on the way.

**Deputy Caoimhghín Ó Caoláin:** I thank the Taoiseach.

**The Taoiseach:** Informal contact and discussion with the Spanish Government in the normal way would be the best way of influencing this situation, rather than trying to raise this to a European level. There is a strong view in Spanish society that this issue is a jurisdictional one to be dealt with solely by the Spanish Government. Political developments in regional autonomy arrangements in Spain only occurred since the return of democracy there. This is a sensitive issue that must be respected as an internal matter. Accordingly, one would be mindful of this in any conversations one would have on the issue and would simply confirm the availability of the resource we built up in this area should those parties in question deem it appropriate or relevant.

Legal advice has been obtained from the Attorney General on the proposed treaty amendment. During statements on the Council meeting, I will set out the position on the proposed amendment. It is a straightforward amendment with a simple text. Having considered the matter carefully, including taking the legal advice of the Attorney General, the Government is confident the amendment will be compatible with the Constitution. As no amendment to the Constitution would arise, a referendum will not be required for Ireland to ratify this treaty amendment. The ultimate interpreter of the Constitution is the Supreme Court.

**Deputy Enda Kenny:** I share the Taoiseach's view, and that of the Labour Party leader, on Ireland's 12.5% corporation tax rate. At the previous summit meeting of the European People's Party, EPP, I made it clear this rate is fundamental to Ireland's attractiveness for foreign direct investment and that any movement from that would represent a massive breach of trust. Accordingly, any revision of it cannot be contemplated by Ireland.

In respect of last week's comments by the Minister for Finance and yesterday's Question Time, does the Taoiseach accept the political possibility of being able to get a better deal with the EU and IMF than the one signed off a month ago? While the people of Ireland gave Europe the Lisbon treaty by referendum, and therefore gave the European institutions the opportunities provided to them by the treaty for the years ahead, so too is there a political necessity for larger EU member states to understand they must stand by smaller member states in sorting out the current economic difficulties across Europe.

Greece is different to Ireland. It is a crushing burden to shoulder a loan package of €100 billion. Portugal is no better. There are huge exposures for Spain. Were there any discussions about this at the recent European Council meeting? Over the next two years, events will occur that will have to trigger a political reaction from Europe which will have consequences. The psychology of this is very important. Putting in half solutions is not an answer, which Europe and its governments' leaders know.

The bailout for Ireland has at least brought about a sense of truth of the scale of the problem we face in our banking system. Money is in place to keep the country running for the foreseeable future. However, it is going to run out. Hopefully, we can get rid of the IMF and get back to the markets as quickly as possible. There will, however, be difficulties for Portugal, Spain and other EU countries.

Was there any political discussion at the European Council about the triggers that could be put in place to deal with these problems on a cross-European basis? Half solutions will not work. In the same way as the principle of the foundation of the European Union was to stand

[Deputy Enda Kenny.]

together, large and small, it be must remembered this crisis must be dealt with together. Ireland is not a country that relies on t-shirts and shoes but has a unique part to play.

**The Taoiseach:** Deputy Kenny raised a good point. There would be political discussions at the European Council dinner about this whole matter. It is important the confidentiality of much of these discussions would remain so as to allow people to be open and frank about prospective issues, developing trends and the assessments from the Commission and European Central Bank. The Euro Group, under the presidency of Jean-Claude Juncker, prime minister of Luxembourg, is actively pursuing investigations into other possible measures. The problem is if a signal is sent to the markets that existing measures are inadequate with more to come, a feeding frenzy that can never be filled results. As Deputy Kenny will be aware, there are many views taken in these markets.

The issues driving this problem are the debt levels and prospective sustainable economic growth rates in European economies. In turn, the interest rates charged for international money on wholesale markets makes it difficult for a more optimistic approach to be taken by those who assess and determine interest rates in the currency markets. The determination by EU governments, therefore, to co-ordinate and consolidate on this matter, and the demonstration and implementation of such actions, is an important factor in building confidence in the seriousness of sorting these problems out in the general European economy and economies within it.

That is the issue that affected Ireland. With the Greek crisis, there was a shift in sentiment as to the level of interest rate required from capital markets for sovereign debt. Subsequently, there was a slight rise in rates in the autumn. The publication format of the global declaration sent a signal to the markets that made them jumpier. The interest rate premium for Ireland, subsequently, went from 7% to 8.5% in three days. That is when we had to decide to pull out of the markets for funding the sovereign debt.

The IMF-EU option, accordingly, became the best option for Ireland, simply because money was cheaper from that source. Countries are funded by sovereign debt markets; if not, their only other source is the IMF. The EU has now taken up a competence in this area too. The joint EU-IMF fund now provides the funding stability for Ireland for the next several years that will give us the time and space to implement the economic policies that are necessary to reduce the budgetary deficit.

The national debt was reduced substantially in the good times to a ratio of only 12% of GDP, if the National Pensions Reserve Fund is included. It, however, increased to a ratio of approximately 115% but is going back down. In the 1980s, Ireland had a debt to GDP ratio of 133%. That gives an indication as to what must be done. The absolute priority for this country in the coming years is to implement the fiscal plan in place. While it might be a matter for debate when the election comes up, in my opinion there is no other show in town. There may be discussions around the edge of the plan. However, we must show a determination to reduce our deficits. We will spend €18 billion more than we will bring in this year. The figure in this regard will be reduced during the lifetime of the plan in order that we can return to a position where there will be a degree of equilibrium in the public finances. In other words, there must be a greater correlation between the amount we spend and the amount we take in.

There is an easy way to explain what is required. The plan is to return spending levels, which are currently at 2010 levels, to 2007 levels. In addition, taxation is currently at 2003 levels and these must be brought up to 2005 or 2006 levels. This will create the 3% buffer that is regarded as being sustainable. In many cases, one's capital programme is of the order of 2% to 3% and borrowing for capital, with an adequate and appropriate return, is financially feasible. However, one cannot continue to borrow for day-to-day purposes on an ongoing basis, particularly as

this increases one's level of debt in circumstances where one lacks the capacity to eventually repay one's loans.

Part of the problem we faced was that people in the debt markets and individuals in certain institutions who should have known better were suggesting — this was echoed to a certain extent in the article in *The Irish Times* on Saturday last — that Ireland would be in default. Ireland did not enter the EU-IMF mechanism in a default position or in a position similar to that occupied by Greece earlier in 2010. We had pre-funding in place for the period up to June or July of this year. There was an opportunity for us to lay down parameters that would enable us to engage in the discussions which took place in a way which led to the emergence of a four year plan, 95% of which was drafted by the Irish Government and its officials.

That is an important point to make because it highlights our determination and sovereign will, as a country, to face up to our responsibility to deal with this issue while also acknowledging that we lack the capacity to deal simultaneously with a banking crisis and an economic crisis of the magnitude of those currently being experienced. It also highlights the fact that we can find a way through our current difficulties in a way that will maintain stability and social cohesion. I accept this will be a challenge but it is possible with the right policies, which balance the need to foster enterprise, job creation and growth with the imperative to maintain — while taking account of our current circumstances — public services at a certain level and in an efficient and effective way.

The question posed by Deputy Kenny is good. It is true that we cannot renegotiate our deals unilaterally. It is in the European context that this will happen. The developments that will take place in the context of policy initiatives will increase the range of mechanisms available to us to deal with what I regard as the basic issue relating to the interest rate problem in debt markets, namely, the size of sovereign debt itself.

**Deputy Pat Rabbitte:** Does the Taoiseach acknowledge that recent developments have exposed fault-lines in the original euro architecture? Has the Government been compromised as a result of such developments? Given that it so recently negotiated a particular deal, is it the case that it is not well placed to exploit the mood of change that is now prevalent in the eurozone? Does he accept this was the import of what the Tánaiste told the House on Thursday morning last? I am of the view that I am paraphrasing her words fairly in stating that she indicated the interest rates, as negotiated, were manageable but that if the remainder of the eurozone improved these, the Government would go along with this. That does not seem to be a very strong position for the Government to adopt in respect of an issue that is so crucial to the national interest.

What is the Government's position on the Juncker initiative regarding the issuing of eurobonds? As I understand it, the latter are designed to close some of the fault-lines to which I refer. As a result, X proportion of debt being financed by way of eurobonds and the outstanding amount would have to be raised in the conventional marketplace.

**The Taoiseach:** In respect of Deputy Rabbitte's first question, the interest rates are manageable. Ireland was the first entrant into the new mechanism. The EU element of the mechanism is new but, as Members are aware, the IMF has been involved in activity of this sort for many years. The point the Tánaiste was making is that any change in the arrangements relating to Ireland — I will return in a moment to whether there is a prospect for such change — cannot be unilaterally negotiated between this country and the institutions. There must be agreement among the 27 member states in order for this to happen. Apart from the mechanics of what is involved, the question really relates to the prospect of that which I have outlined happening.

[The Taoiseach.]

We must take cognisance of the German Government's policy in this area. Germany would be the main contributor to any such fund as a result of the fact that such a high component of Europe's GDP resides in that country. Governments tend to take account of sentiment among German taxpayers regarding the idea that Germany should be the post of last resort in extreme circumstances. The reaction of the public in Germany in respect of the bilateral loan made available to Greece last year became an issue. There were particular reasons a negative attitude was adopted by certain people in Germany in this regard. As the Government of Greece has discovered, its equivalent of the CSO was not functioning properly and, therefore, that country ended up in a situation that was based on information which was not accurate. There is no such contention in respect of Ireland, which is well-regarded in all of the areas to which I refer.

A risk premium was determined by the eurogroup and the ECOFIN Council in respect of Ireland, as the first entrant into the new mechanism. The reason for this relates to the need to strike a balance in respect of the composition of the interest rate that must be paid. In the first instance, such a rate must be one which, presumably, the country involved can pay. The second point is that a premium must be attached which will discourage countries, that may be heading towards difficulties, from believing that moneys will be available to them at a certain rate. Countries must not be in a position to continue on the course they have chosen, safe in the knowledge that there remains a last resort open to them which would be far more attractive than what would occur if they continued to obtain sovereign debt in debt markets. I hope the Deputy understands my point. The decision in this regard was made at European level and Ireland was the first entrant into the new mechanism.

The Deputy referred to eurobonds. Obviously we would be interested in that concept. However, it has attracted varying levels of support in the European Council. Those who would be interested in such bonds are those who could benefit greatly from being in receipt of them. There are large contributor countries which have a very different view of eurobonds. To my knowledge, these countries have taken a strong stand against their introduction.

President Juncker is a long-standing chairman of the eurogroup. When he and another European Head of Government put the proposal relating to eurobonds back on the table in recent months, there was a very strong reaction in respect of it in individual European capitals. The eurogroup has, however, embarked upon this process. As line Minister, the Minister for Finance would be the best person to go into further detail on this matter.

*12 o'clock* It seems the sooner the European monetary system convinces markets that we are on the road to recovery and that sovereign debt levels can be brought under control by means of the policies, both domestic and European, that are being implemented — the role of the ECB in this regard will be crucial — the sooner we will return to normalcy in respect of sovereign debt markets. The sooner Ireland can return to the market at rates which were traditionally of the order of 4% to 4.5% prior to the emergence of the crisis the better it will be.

The currency crisis has not gone away in that respect. There are, as the Deputy says, fundamental issues that need to be addressed. However, the policy mix and the initiatives to be taken collectively, given the varying perspectives countries have on the impact such initiatives have on their own national Exchequers or their own exposures, is something that will require further detailed discussion. It is not clear to me that, if one likes, the cheap money option is just down the road.

On the developments in the EU involvement in this whole area as it evolves its policy — just as it has evolved its policy in regard to the financial institutions arising out of this crisis since 2008, policies will evolve — this does not necessarily mean that something will happen just because there is the prospect or the possibility of it happening. The underlying issue for

the EU, to come back to an earlier comment by Deputy Gilmore, is to use this permanent mechanism, when it does arise, as a very last resort — the term being used is “if indispensable”.

All the co-ordination and harmonisation of policies that is now taking place at the economic level within Europe — which has the semester and all of the increased surveillance that is taking place — which was not sufficient to signal the crisis when it did occur, will be pushing national member states to take greater steps at consolidation, in my opinion, to avoid the permanent mechanism coming into place. Even if it does come into place, one should not think that because it is a bigger pool of money, if that arises, based on the number of countries which could be looking at this as an option in due course, without my predicting that this is the case or doing an injustice to those countries, the use of this fund will only occur on a very strict criteria basis and after national governments having done everything — I mean everything — possible to avoid its use.

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

**An Ceann Comhairle:** Before coming to the Order of Business I propose to deal with a number of notices under Standing Order 32. I will call on Deputies in the order in which they submitted their notices to my office.

**Deputy Aengus Ó Snodaigh:** Ba mhaith liom an Dáil a chur ar athló faoi Bhuan Ordú 32, namely, the failure of the Government to make suitable housing available to people trying to move out of homelessness, which means that large numbers remain in temporary, emergency and unsuitable accommodation. The Government should set, and commence living up to, a target of ending long-term homelessness within two years. The Government should now take the first steps towards delivering a sufficient volume of social housing, including though the transfer to local authorities of suitable NAMA properties, a dedicated revenue stream for supported accommodation and a new youth homelessness strategy. Action on homelessness cannot wait for an election. The current Government must commence these actions without delay so the elimination of long-term homelessness can be a reality sooner rather than later.

**Deputy Pat Breen:** I seek the adjournment of the Dáil under Standing Order 32 to raise a matter of national importance, namely, the ongoing dispute in Aer Lingus. The airline has confirmed that ten flights planned for today have been cancelled as the row over cabin crew rosters escalates. The Minister for Transport must outline to the House what contingency plan he will put in place for the thousands of Air Lingus passengers who have been left stranded because of the dispute. The aviation industry cannot afford any further disruption as it has already suffered huge losses as a result of the ash crisis and the recent bad weather. The Minister for Transport cannot ignore this crisis and I appeal to him to intervene immediately, appoint a mediator and bring this dispute to an early resolution.

**Deputy Martin Ferris:** I seek the adjournment of the Dáil under Standing Order 32 to raise a matter of national importance, namely, the need to discuss the fact a member of the British police force was operating in this State over a prolonged period during which he infiltrated groups which were involved in peaceful and legitimate protests, including the ongoing protest at Rosspoint in County Mayo, and that he encouraged people participating in a demonstration in Dublin to attack members of the Garda, and whether his presence here was notified to or known by the Garda on that date.

**An Ceann Comhairle:** Having considered the matters raised, they are not in order under Standing Order 32.



### Order of Business.

**The Taoiseach:** The Order of Business is No. 18, statements on European Council, Brussels; and No. 3, the Bretton Woods Agreements (Amendment) Bill 2011 — Order for Second Stage, Second and Remaining Stages. It is proposed, notwithstanding anything in Standing Orders, that (1) the Dáil shall sit later than 8.30 p.m. tonight and business shall be interrupted on the conclusion of Private Members' business, which shall be No. 84, motion re health insurance (resumed), which shall take place at 7 p.m. tonight or on the conclusion of No. 3, whichever is the later, and which shall, if not previously concluded, be brought to a conclusion after 99 minutes; and (2) the proceedings on No. 18 shall, if not previously concluded, be brought to a conclusion after 85 minutes and the following arrangements shall apply: (i) the statements shall be confined to the Taoiseach and to the main spokespersons for Fine Gael, the Labour Party and the Technical Group, who shall be called upon in that order and who may share their time, which shall not exceed 15 minutes in each case; (ii) a Minister or Minister of State shall take questions for a period not exceeding 20 minutes; and (iii) a Minister or Minister of State shall be called upon to make a statement in reply which shall not exceed five minutes; (3) the suspension of sitting under Standing Order 23(1) shall take place at 1.30 p.m., or on the conclusion of No. 18, whichever is the later, until 2.30 p.m.; and (4) the Second and Remaining Stages of No. 3 shall be taken today and the following arrangements shall apply: (i) the proceedings on the Second Stage shall, if not previously concluded, be brought to a conclusion at 6 p.m.; the opening speech of a Minister or Minister of State and of the main spokespersons for Fine Gael, the Labour Party and the Technical Group, who shall be called upon in that order, shall not exceed 15 minutes in each case, the speech of each other Member called upon shall not exceed ten minutes in each case, Members may share time, and a Minister or Minister of State shall be called upon to make a speech in reply which shall not exceed five minutes; and (ii) the proceedings on the Committee and Remaining Stages shall, if not previously concluded, be brought to a conclusion at 7 p.m. tonight by one question which shall be put from the Chair and which shall, in relation to amendments, include only those set down or accepted by the Minister for Finance.

**An Ceann Comhairle:** There are four proposals to be put to the House. Is the proposal for dealing with No. 1 agreed to?

**Deputy Eamon Gilmore:** No, the Labour Party will not agree the Order of Business today. The Taoiseach told us earlier today and yesterday that the Government does not intend to provide time to debate the Labour Party's motion of no confidence in the Government. That is the first time Government has refused to provide Government time to debate a motion of no confidence. That, of course, is the Government's decision, and, if it is, we will deal with it next week in Labour Party Private Members' time.

I do not believe there is a self-respecting Parliament anywhere that would not put to the test continued confidence in a Government in the circumstances we now have, where clearly a large number of people, even on the Government side, do not have confidence in the Taoiseach, where a senior Minister has just announced his resignation, which has been informed to us, in circumstances where Government backbenchers are raising questions about what other Ministers may have said or not said to them about confidence in the leader of the Government—

**An Ceann Comhairle:** Standing Order 26 provides for a brief statement on the Order of Business.

**Deputy Eamon Gilmore:** —and certainly in circumstances where the overwhelming majority of the people want this Government removed from office. I believe it is the duty of

the Opposition to put that question to the test and, in circumstances where the Government is not prepared to respond to that test, the Labour Party will not accept the Order of Business today.

**An Ceann Comhairle:** I am putting the question.

**The Taoiseach:** If I may, a Cheann Comhairle, I do not at all accept the contention of the Deputy. We have made it clear that this is the final parliamentary term for the Government and that we will seek to dissolve Dáil Éireann upon the enactment of the Finance Act. We have already indicated that the timeframe for this will be the end of February-early March, and we will move in that way. Therefore, on the basis that a general election is planned for the spring, the question of taking a confidence motion at this point is, in the words of the Fine Gael Party, ill timed and ill judged.

I would also make the point that the suggestion I do not enjoy the confidence of the House as Taoiseach is not correct.

**Deputy Brendan Howlin:** Test it.

**The Taoiseach:** That will be tested. If the Labour Party means to test that next week, that is fine.

**Deputy Joan Burton:** It needs to be tested.

**The Taoiseach:** On every occasion that it has been questioned so far, that confidence was available to me and I am confident it remains available to me.

There is another point to make in regard to the internal party matter that was resolved yesterday. If the Deputies are suggesting that I do not enjoy the confidence of my own party then that would suggest that democratic decision-making is something they do not understand, which I am sure is not true. Deputy Gilmore became leader of his party through a democratic process — I do not know whether it was a unanimous endorsement. If it was, fair enough. There was a contest prior to that when Deputy Quinn defeated Deputy Howlin. If I recall correctly, Deputy Quinn enjoyed——

**Deputy Ruairí Quinn:** We had a slightly wider franchise than in the Taoiseach's case.

**A Deputy:** Not in Deputy Quinn's time.

**The Taoiseach:** It is unfortunate the trade unions did not have a vote. Deputy Quinn should do something about that. He should try to become a socialist some time by giving them a vote.

**Deputy Pat Rabbitte:** They were voting for Bertie at the time.

**The Taoiseach:** The point I am making is important. When Deputy Quinn got more votes than Deputy Howlin, all of the Labour Party subscribed to the leadership of Deputy Quinn, and rightly so, and everyone united behind that decision. It is similar with my party.

**Deputy Ruairí Quinn:** The Taoiseach is forgetting that in the case of my party it was not a challenge to the leadership.

**The Taoiseach:** The Deputies are suggesting that people take the opportunity to vote in a certain way when an issue comes up but do not subsequently support the leader.

**Deputy Eamon Gilmore:** That is the Taoiseach's business.

**Deputy Brendan Howlin:** The Taoiseach is elected by the Dáil.

**The Taoiseach:** I recall the time when the Deputies opposite were more interested in democratic centralism than they are now. That was not something in which they would have been involved, in a situation where everyone agreed or, more likely, the late Eamon Smullen or somebody else would send in a text and it would have to be read out because the politburo in Gardiner Street was telling the Labour Party what to say.

Question put.

The Dáil divided by electronic means.

**Government Chief Whip (Deputy John Curran):** Under Standing Order 69, I propose that the vote be taken by other than electronic means.

**An Ceann Comhairle:** Tá go maith.

Question again put:

The Dáil divided: Tá, 75; Níl, 26.

Tá

Ahern, Bertie.  
 Ahern, Michael.  
 Ahern, Noel.  
 Andrews, Barry.  
 Andrews, Chris.  
 Ardagh, Seán.  
 Aylward, Bobby.  
 Behan, Joe.  
 Blaney, Niall.  
 Brady, Áine.  
 Brady, Cyprian.  
 Brady, Johnny.  
 Browne, John.  
 Byrne, Thomas.  
 Calleary, Dara.  
 Carey, Pat.  
 Conlon, Margaret.  
 Connick, Seán.  
 Coughlan, Mary.  
 Cowen, Brian.  
 Cregan, John.  
 Curran, John.  
 Dempsey, Noel.  
 Devins, Jimmy.  
 Dooley, Timmy.  
 Fahey, Frank.  
 Finneran, Michael.  
 Fitzpatrick, Michael.  
 Fleming, Seán.  
 Flynn, Beverley.  
 Gogarty, Paul.  
 Gormley, John.  
 Hanafin, Mary.  
 Harney, Mary.  
 Haughey, Seán.  
 Healy-Rae, Jackie.  
 Hoctor, Máire.  
 Kelleher, Billy.

Kelly, Peter.  
 Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kitt, Tom.  
 Lenihan, Brian.  
 Lenihan, Conor.  
 McEllistrim, Thomas.  
 McGrath, Mattie.  
 McGrath, Michael.  
 Mansergh, Martin.  
 Martin, Micheál.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.  
 Nolan, M. J.  
 Ó Cuív, Éamon.  
 Ó Fearghail, Seán.  
 O'Brien, Darragh.  
 O'Connor, Charlie.  
 O'Dea, Willie.  
 O'Donoghue, John.  
 O'Flynn, Noel.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Rourke, Mary.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Roche, Dick.  
 Ryan, Eamon.  
 Sargent, Trevor.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 Wallace, Mary.  
 White, Mary Alexandra.  
 Woods, Michael.

Nil

Broughan, Thomas P.  
 Burton, Joan.  
 Costello, Joe.  
 Doherty, Pearse.  
 Ferris, Martin.  
 Gilmore, Eamon.  
 Higgins, Michael D.  
 Howlin, Brendan.  
 Lynch, Ciarán.  
 Lynch, Kathleen.  
 McGrath, Finian.  
 McManus, Liz.  
 Morgan, Arthur.

Ó Caoláin, Caoimhghín.  
 Ó Snodaigh, Aengus.  
 O'Shea, Brian.  
 O'Sullivan, Jan.  
 O'Sullivan, Maureen.  
 Penrose, Willie.  
 Quinn, Ruairí.  
 Rabbitte, Pat.  
 Sherlock, Seán.  
 Shortall, Róisín.  
 Stagg, Emmet.  
 Tuffy, Joanna.  
 Upton, Mary.

Tellers: Tá, Deputies John Curran and John Cregan; Níl, Deputies Emmet Stagg and Joe Costello.

Question again declared carried.

**An Ceann Comhairle:** Is No. 18, statements on European Council, Brussels agreed to? Agreed. Is the proposal relating to the suspension of sitting under Standing Order 23(1) agreed to? Agreed.

**Deputy Emmet Stagg:** Normally, a Cheann Comhairle, we would object to a guillotine on a Bill but as a demonstration that we are accepting the Government's intention to speed-track legislation to allow the election to be held, we are not objecting to the shortening of time on this particular Bill.

**Deputy Caoimhghín Ó Caoláin:** Have you indicated, a Cheann Comhairle, what proposals—

**An Ceann Comhairle:** Yes. We have agreement on Nos. (1), (2) and (3), and Deputy Stagg is expressing agreement on No. (4).

**Deputy Caoimhghín Ó Caoláin:** I object to the guillotine of this matter. The Bretton Woods Agreements (Amendment) Bill is a very important issue, with all that has emanated from it and with the echoes up to the present time. We object to the guillotine for Members properly to debate what is involved at each stage. The Government is not providing that opportunity. The legislation is important. It does not go far enough. We want all speakers to have the opportunity to participate so they can so record.

Question, "That the proposal for dealing with No. 4 be agreed to", put and declared carried.

**Deputy Enda Kenny:** I understand there were to be discussions between the Taoiseach and the leader of the Green Party about the arrangements for the Finance Bill. Do the arrangements, as circulated by the Taoiseach, stand or does he accept the offer I made yesterday to co-operate with the Government in having a more practical and efficient conclusion to the Bill? The Taoiseach and I both know it is possible to have a decent discussion on the Finance Bill and to have it completed earlier than the Government intended.

The Taoiseach, in his comments this morning, mentioned the importance of the passing of the Climate Change Response Bill. I accept the principle of the Bill and will put a reasoned

[Deputy Enda Kenny.]

amendment on Second Stage. Will the Taoiseach set out a timescale similar to the Finance Bill for the Climate Change Response Bill?

**The Taoiseach:** The Climate Change Response Bill is in the Seanad at present. It is envisaged that other Bills will be taken in parallel with the Finance Bill. Budget related Bills, must be taken sequentially. Within the period of a week or two following the passing of the Finance Bill other finance related Bills can be brought by the Minister, with other legislation running in parallel with that. The schedule has not changed.

**Deputy Enda Kenny:** Is it intended that some of the parallel legislation would run beyond the conclusion of the Finance Bill?

**The Taoiseach:** It is not envisaged that legislation would run beyond the Finance Bill. It would be dealt with in parallel, trying to get all the work done.

**Deputy Eamon Gilmore:** The Taoiseach informed us this morning of the resignation of Deputy Micheál Martin as Minister for Foreign Affairs and told us he was assigning the Department of Foreign Affairs to himself. Is that a temporary little arrangement or is it intended to be for the remaining life of the Government?

**Deputy Pádraic McCormack:** If in doubt, leave them out.

**Deputy Eamon Gilmore:** Has the Taoiseach received offers of resignation from any other Minister or Minister of State?

**Deputy Pat Rabbitte:** Deputy Roche is over there smiling like a crocodile in a tropical swamp.

**Deputy Dick Roche:** I learned from Deputy Rabbitte.

**The Taoiseach:** The responsibility for foreign affairs has been assigned to me. It is a matter for the Taoiseach to decide whether there will be anything else. That is the situation this morning.

**Deputy Seán Barrett:** There is a 14 member Cabinet now.

**Deputy Bernard J. Durkan:** The Taoiseach might assume other roles if things keep going like this.

**Deputy Eamon Gilmore:** The second half of the question — has the Taoiseach received offers of resignation from any other Minister or Minister of State?

**The Taoiseach:** No. I have been here since half past ten. I have not received any.

**Deputy Caoimhghín Ó Caoláin:** The programme of legislation the Chief Whip presented last week contains three Bills related to the Finance Bill and the outworking of budget 2011. These include the Bretton Woods Agreements (Amendment) Bill, which is before us today. There are 15 other Bills listed. In his commentary on this last week, the Taoiseach singled out the NTMA (amendment) Bill. Has the Taoiseach, with Cabinet colleagues, prioritised any of that list of 15 Bills to be brought forward within whatever weeks remain of the current Dáil? Can the Taoiseach give us an update on the status of any of the other 15 Bills and is he determined to see any of them brought forward before the Dáil dissolves?

**The Taoiseach:** The Chief Whip outlined in the parliamentary schedule last week which Bills were published, which were already in the House and which have yet to be published. Those were outlined as our priorities. He also said it was not an exhaustive list. However, those are the priorities and we are working to the timescale set out therein.

**Deputy Denis Naughten:** The Taoiseach will recall that on 14 December last, on foot of the “Prime Time” programme on abuse of the elderly, I raised the mental capacity Bill. In his response, the Taoiseach said the Government would publish the legislation before the start of this session. He pointed out that this is important legislation, not only to protect vulnerable people but to ensure that someone could be prosecuted for wilful neglect if suspected of the type of behaviour highlighted in the “Prime Time” report. The legislation has not been published and is not in the Chief Whip’s list of promised legislation. Where is the mental capacity Bill and when will it be published?

**An Taoiseach (Deputy Brian Cowen):** The mental capacity Bill is at an advanced stage. Much work was done in the last session to prepare it for publication. The work has not been completed and I am not sure if the priority list that has been devised by the Government will affect the finalisation of that work. The best one can expect, given the circumstances, is that the Bill may be published before the dissolution of the Dáil, but I do not expect its enactment in this Parliament.

**Deputy James Reilly:** The issue of Bank of Ireland bonuses was touched on earlier. The bank is currently pursuing a solicitor in the courts for €67 million. He is reputed to owe a total of €800 million in loans. This solicitor is on the panel of NAMA.

**An Ceann Comhairle:** It is not appropriate to raise this matter on the Order of Business.

**Deputy James Reilly:** There are 440,000 people out of work and 100,000 people emigrating. They want to know how someone who is being pursued by a bank for money he owes can be on the panel of NAMA, while some of his loans could be in NAMA.

**An Ceann Comhairle:** Deputy, you may raise this matter with the line Minister. It is not appropriate for the Order of Business.

**Deputy James Reilly:** Are there other people on the panel of NAMA, including auctioneers, solicitors and valuers, who could find themselves in the same situation? How are these panels formed? Where is the transparency?

**An Ceann Comhairle:** The question is out of order on the Order of Business. I suggest you raise the matter with the line Minister.

**Deputy James Reilly:** Yesterday, when I asked the Taoiseach about the Medical Practitioners (Professional Indemnity) Bill, he intimated to me that the Minister would in her own Bill. When I challenged the Taoiseach on that and pointed out that the Bill had already gone through Second Stage and Committee Stage he said he would revert to me. Where is the Medical Practitioners (Professional Indemnity) Bill? It does not appear on the Chief Whip’s plan. What does appear is the Welfare of Greyhounds Bill 2010. While I am sure we are all very interested in the welfare of greyhounds, surely we should prioritise things differently and look after people who are at risk of injury by doctors who are not insured because of a loophole in the law, which I have sought, through this Bill, to correct. The Minister gave me to understand the Bill was going to Cabinet and that it would pass through Committee in October. The

[Deputy James Reilly.]

Minister has been pretty true to her word, but there is still no sign of the Bill. Can the Taoiseach tell the House where it is?

**The Taoiseach:** The Welfare of Greyhounds Bill passed Second Stage in the Seanad yesterday, with the agreement of all parties, including Deputy Reilly's. If he has a principled objection to it perhaps he would tell the lads in the Upper House.

**Deputy James Reilly:** I made it clear we are all interested in the welfare of greyhounds. It is about priorities.

**The Taoiseach:** Deputy James Reilly published the Medical Practitioners (Professional Indemnity) Bill — a private Member's Bill — on 8 July 2009. Officials of the Department have been in discussion with the Attorney General's office and are currently preparing a memorandum for Government seeking approval of the proposed amendments and of the provisions set out generally in Deputy Reilly's Bill. That draft memorandum should be ready early next month.

**Deputy James Reilly:** I thank the Taoiseach.

**Deputy Tom Sheahan:** I refer to the deposit guarantee scheme, whereby €2.7 billion must be set aside by 2020. In other words, a smaller banking sector must contribute €300 million per annum between now and 2020. Can the Taoiseach provide Members with advice or information on——

**An Ceann Comhairle:** Deputy, it seems to me as though the Minister for Finance might be——

**Deputy Tom Sheahan:** I refer to forthcoming legislation.

**An Ceann Comhairle:** Very well.

**Deputy Tom Sheahan:** From where will the smaller banking sector get €300 million per annum to put aside into the Central Bank as a security to back up the deposit guarantee scheme? This morning, Members already have heard about the bank bonuses etc.

**An Ceann Comhairle:** Deputy, this is a statement.

**Deputy Tom Sheahan:** Higher bank charges and interest rates have been promised.

**An Ceann Comhairle:** Deputy.

**Deputy Tom Sheahan:** From where in the banking sector will this €300 million per year come?

**An Ceann Comhairle:** Deputy, really, it is only envisaged on the Order of Business——

**Deputy Tom Sheahan:** No, it is on the deposit guarantee scheme, about which there is legislation.

**An Ceann Comhairle:** —— as to when is the promised business due to come forward.

**Deputy Tom Sheahan:** Sorry a Cheann Comhairle, I wrote to the Whip to have this matter brought before the House.

**An Ceann Comhairle:** I know. However, we cannot have a full debate on the Order of Business.

**Deputy Seán Barrett:** The Deputy is trying to be orderly.

**Deputy Tom Sheahan:** I am doing my best to be orderly. I have written to the Whip to bring this matter before the House.

**An Ceann Comhairle:** I know. However, it is 12.50 p.m. and we still are on the Order of Business.

**Deputy Tom Sheahan:** I am sure the Taoiseach has some idea. Will it simply be raised through the imposition of higher charges and interest rates——

**An Ceann Comhairle:** Is there promised legislation in this regard?

**Deputy Tom Sheahan:** ——on the consumer?

**An Ceann Comhairle:** All right. I call Deputy Broughan.

**Deputy Bernard J. Durkan:** The Taoiseach wanted to answer that question.

**Deputy Tom Sheahan:** He must know.

**Deputy Bernard J. Durkan:** I also have indicated my desire to contribute.

**Deputy Pat Rabbitte:** So have I.

**Deputy Thomas P. Broughan:** While the Taoiseach has been busy in recent days trying to avert his political demise, I refer to the current industrial relations problem in Aer Lingus.

**The Taoiseach:** What does it feel like?

**Deputy Thomas P. Broughan:** I suppose he has achieved this for a while. In respect of the current industrial relations problem in Aer Lingus, does the Minister for Transport intend to report to the House as soon as possible or to take steps to intervene urgently? As the Taoiseach is aware, it was referred by the trade union to the Labour Court. There is no need for this dispute and I note the tourism industry is highly fragile. Could the Minister for Transport, Deputy Dempsey, who is serving in his final few months——

**An Ceann Comhairle:** Deputy, there are so many other ways in the House to raise this matter but it is not appropriate for the Order of Business.

**Deputy Thomas P. Broughan:** I tried to raise this issue with a private notice question, which I believe the Ceann Comhairle will find in his office. Can the Taoiseach take steps to bring this matter to an end given that we urgently need——

**An Ceann Comhairle:** Deputy, we must move on. It is 12.55 p.m. and we still are on the Order of Business. Please, it is out of order. I call Deputy Howlin.

**Deputy Thomas P. Broughan:** What can be done?

**Deputy Brendan Howlin:** Last week, the Minister of State with responsibility for children circulated an alternative wording for a proposed children's referendum. It was alternative to the wording that was carefully crafted by an all-party committee and was proposed unanimously



[Deputy Brendan Howlin.]

to the Government. In an effort to ascertain how this could be advanced, will the Taoiseach consider reconstituting on a temporary basis the all-party Joint Committee on the Constitutional Amendment on Children and referring the wording to it? If all-party agreement can be reached and if there are good legal reasons for the changes, the joint committee could debate them in public session, hear the views of interested parties and have an all-party commitment on the wording in advance of the general election.

**The Taoiseach:** I welcome Deputy Howlin's suggestion. I believe the Minister of State may have in mind the possibility of this happening. He has been engaged in some informal discussions with spokespersons thus far and will report back to the Government next week. The Government will seek to facilitate a constructive dialogue on this issue as a matter of priority.

**Deputy Pat Rabbitte:** Before coming to promised legislation, may I congratulate the Taoiseach on his victory last night? He knows I did my best to help out.

**Deputy Seán Barrett:** Deputy Rabbitte always is generous.

**Deputy Enda Kenny:** The Taoiseach has the Deputy's full support.

**The Taoiseach:** We know how accurate are Mayo forwards.

**Deputy Enda Kenny:** And corner backs.

**Deputy Pat Rabbitte:** As a result, if I have any brownie points, I wish to intervene on behalf of my constituency colleague——

**Deputy Seán Barrett:** Deputy O'Connor?

**Deputy Brendan Howlin:** Perhaps that is him on the telephone now.

**Deputy Pat Rabbitte:** —— and ask the Taoiseach not to go too hard on him. He now is known in the constituency as Dead Man Talking. The Taoiseach should not go too hard on him, as he had a rush of blood to the head and it should be overlooked.

Has the corporate donations Bill been approved by the Cabinet and when will it be published?

**The Taoiseach:** The heads of the Bill were approved in December and it is being drafted at present. It has not yet come before the Government but I expect it to do so within this session.

**Deputy Bernard J. Durkan:** Given the importance of cybercrime at present, which may be of particular importance in the climate in which we live, when is it proposed to ratify the Council of Europe Convention on Cybercrime and transpose the European Union framework decision on attacks against information systems into Irish law? Is this intended or from a security point of view regarding financial services and other associated services——

**The Taoiseach:** Not in the immediate future, no.

**Deputy Bernard J. Durkan:** Okay.

#### **European Council Meeting: Statements**

**An Ceann Comhairle:** I call on the Taoiseach to make a statement under Standing Order 43. Statements shall be confined to the Taoiseach and the main spokespersons for Fine Gael, the

Labour Party and the Technical Group, who shall be called upon in that order. They may share time, which shall not exceed 15 minutes in each case.

**The Taoiseach:** I seek the indulgence of the House. No discourtesy is intended to the Opposition spokespersons or the Leader of the Opposition by asking whether I can leave the Chamber after giving the speech, rather than remaining here.

**Deputy Brendan Howlin:** No problem.

**Deputy Enda Kenny:** No problem. When has the Taoiseach ever shown Members discourtesy?

**The Taoiseach:** I thank the Deputies.

As Members will be aware, the European Council met in Brussels on 16 and 17 December 2010. This was its sixth full meeting in 2010 and an additional meeting of Heads of State or Government of the eurozone also was held in May. This unusually high number of meetings reflects the unprecedented economic events which confronted the Union last year. Economic matters were also very much to the fore in December.

At its previous meeting in October, the European Council endorsed the report of the task force on economic governance that undertook its work under the stewardship of the President of the European Council, Herman Van Rompuy. Further to that report and to ensure balanced and sustainable growth, the Council also agreed on the need for member states to establish a permanent crisis mechanism to safeguard the financial stability of the euro area as a whole. This permanent mechanism would come into effect in 2013, replacing the temporary, three-year arrangements put in place in 2010. We also invited President Van Rompuy to undertake consultations on a limited treaty change required to that effect. At that time, we agreed to return to the matter at our December meeting.

Following the October meeting, consultations were held with all member states, both on the question of a treaty amendment and on the general features of a permanent crisis mechanism. On 28 November, the euro group agreed on the key features for a European stability mechanism and issued a statement to this effect. On 10 December, President Van Rompuy reported on his consultations, noting that all delegations agreed that the mechanism should be established by the member states whose currency is the euro. All member states whose currency is the euro should take part and those whose currency is not the euro might decide to participate in operations conducted by the mechanism on an *ad hoc* basis. President Van Rompuy reported that all delegations had confirmed their readiness to consider limited changes to the treaty to that end and that all were agreed that the amendment should be brought about through use of the simplified revision procedure provided for in Article 48.6 of the Treaty on European Union. This is the procedure that applies when a proposed amendment concerns a policy area and when it would not result in an increase in the Union's competences.

At our meeting in December, the European Council welcomed this report. We agreed that the treaty should be amended to provide for the permanent mechanism, to be called the European stability mechanism, to replace the temporary arrangements established last year. We also agreed on the draft text for the necessary amendment to be adopted under Article 48.6. This article requires that a number of institutions, including the European Parliament and the Commission, be consulted prior to the adoption of a decision to amend the treaty by the European Council.

**Deputy Seán Barrett:** I apologise for interrupting the Taoiseach, but may Members have a copy of his statement?

**The Taoiseach:** It should be on the way.

I agreed that these consultations should be concluded in time to allow formal adoption of this decision in March 2011, completion of national approval procedures by the end of 2012 and entry into force of the amendment on 1 January 2013.

The proposed amendment is simple and states:

The Member States whose currency is the euro may establish a stability mechanism to be activated if indispensable to safeguard the stability of the euro area as a whole. The granting of any required financial assistance under the mechanism will be made subject to strict conditionally.

Once agreed and ratified, it will be inserted into Article 136 of the Treaty on the Functioning of the European Union.

The Government is satisfied with this simple and straightforward text. Having considered the matter carefully, including the legal advice of the Attorney General, the Government is confident that it is compatible with the Constitution. As no amendment of the Constitution arises, a referendum will not be required for Ireland to ratify the amendment.

The European Council also called for Finance Ministers of the euro area and the Commission to finalise work on the intergovernmental arrangements setting up the future mechanism by March 2011, integrating the general features set out in the euro group statement of 28 November which we endorsed. The mechanism will be activated by euro area member states in case of risk to the stability of the euro as a whole. We also called for an acceleration of the work on the six legislative proposals on economic governance proposed by the Commission, building on the recommendations of the Van Rompuy task force, in order that they can be adopted by June 2011.

*1 o'clock*

The meeting also represented a valuable opportunity to discuss the broader economic issues confronting the union in general and the eurozone in particular. There was a general commitment to do whatever is required to ensure the stability of the euro area as a whole. In a statement issued after the meeting by the heads of state or government of the euro area and the EU institutions, we stated the euro will remain a central part of European integration and called for determined action in a number of important areas. The statement called for the full implementation of existing programmes, noting the impressive progress made in implementing the Greek programme and the agreed adjustment programme for Ireland, including the adoption of our budget for 2011.

It called for the keeping up of fiscal responsibility by all, renewing our commitment to implementing budgetary policy recommendations strictly, fully respecting the fiscal targets for 2010 and 2011 and correcting excessive deficits within the agreed deadlines. It also called for a stepping up of growth enhancing structural reforms, for strengthening the Stability and Growth Pact and for implementing a new macro-surveillance framework from summer 2011.

The statement called on all concerned to ensure the availability of adequate financial support through the EFSF, pending the entry into force of the new permanent mechanism. It noted that, so far, only a very limited amount has been committed from the EFSF to support the Irish programme. It also called for a further strengthening of the financial system, in terms of the regulatory and supervisory framework, and the conducting of new stress tests in the banking sector. Finally, it expressed full support for the independent role of the ECB in ensuring price stability and anchoring inflation, thereby contributing to the financial stability of the euro area.

We agreed that elements of the strategy set out in the statement will be further developed in the coming months as a comprehensive response to any challenges, together with the new

arrangements for economic governance. Given the tendency of the markets to react, or over-react, when ideas at an early stage of consideration are aired publicly, I urged colleagues to ensure that this work be taken forward in a considered, discreet and careful way.

I do not, therefore, intend to go into detail on the work now being undertaken on foot of the mandate given by the European Council in December. I do, however, wish to assure the House that I took the opportunity of our discussions to emphasise once again the importance of Ireland's corporation tax arrangements in the context of our economic recovery. As the House will be aware, various issues and options relating to the EFSF are under consideration. These were discussed at the euro group and ECOFIN meetings this week and I expect this work will be carried forward in the coming weeks and months.

In addition to the matters I mentioned, the European Council considered a number of other issues which I will mention briefly. Although we did not have a substantive discussion of the matter, we look forward to the Commission's proposals for the new multi-annual financial framework for the Union which is expected to be brought forward by June. We invited all relevant institutions to co-operate in order to facilitate its timely adoption.

We also welcomed the first progress report presented by the High Representative on the European Union's relations with its strategic partners. We endorsed the Council's conclusions of 14 December on enlargement and agreed to give Montenegro candidate country status. The European Council condemned the violence following the second round of the presidential elections in Côte d'Ivoire and confirmed the EU's determination to take targeted restrictive measures against those who continue to obstruct respect for the sovereign will expressed by the Ivorian people. Finally, we welcomed the successful outcome of the United Nations climate change conference in Cancun.

As I said at the outset, the work of the European Council during 2010 was dominated by the economic situation. As we face into 2011, it is clear this will continue to be the case. As the Commission said in its annual growth survey, published last week, there are signs of economic recovery, albeit uneven ones, across Europe. While financial markets remain volatile, the real economy has shown signs of improvement in some quarters, leading to growing exports. Nonetheless, uncertainties remain, particularly due to the risks associated with the sovereign debt market. European economies, including Ireland, face major adjustments. The financial sector across the Union has not yet returned to normal conditions and there are vulnerabilities to stress and dependency on state support.

Credit conditions are not yet back to normal and in a number of member states household and corporate debt levels are still very high. The Commission's growth survey notes that the crisis of recent years, despite the significant steps taken by the Union to address it, has had a far-reaching impact. It has resulted in a large scale loss in economic activity, a substantial increase in unemployment, a steep fall in productivity and badly weakened public finances.

Across the Union, about 9.6% of working population is unemployed. Some 80 million people are estimated to live below the poverty line. The Commission assessment is that medium-term potential for growth in the EU will remain low, at approximately 1.5 % until 2020, if no structural action is taken to resolve the productivity gap with our main competitors. As the Commission states, recovery alone cannot take Europe back to the pre-crisis economic situation.

To avoid stagnation, unsustainable debt trends, accumulated imbalances and to ensure its competitiveness, Europe needs to accelerate the consolidation of its public finances, the reform of its financial sector and front-load structural reforms now. That is why we have collectively adopted the Europe 2020 strategy which aims to secure the reforms necessary to restore the Union to a growth trajectory. Member states have now submitted draft national reform prog-

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rammes under the strategy, under which they are to set national targets in the areas of employment, investment in research and development, education, social inclusion and climate change. These programmes are to be finalised by mid-April.

Taken together, the process of reform under Europe 2020, the review of the ESFS currently underway, the establishment of a permanent stability mechanism in 2013 and the new framework for reinforced economic governance within the Union represent a significant and comprehensive approach to restoring growth and economic stability and sustainability across the European Union. This will continue to be our most important challenge in 2011.

**Deputy Enda Kenny:** I wish to share time with Deputies Barrett and Creed.

**Acting Chairman (Deputy Kathleen Lynch):** Is that agreed? Agreed.

**Deputy Enda Kenny:** At the recent meeting of the European People's Party, EPP, we made the point, which backs up the Government's case, that the 12.5% corporation tax rate is of fundamental importance to the Irish economy and its attractiveness for foreign direct investment. As I pointed out previously, it should be noted that this country is not dependent on manufacturing t-shirts or shoes. We have many of the world's finest people working in information technology, pharmaceuticals and biotechnology companies in Ireland which play an important part in the country.

The take from corporation tax is in excess of €3 billion, which is an important amount of money in its own right. However, more important is the strength of the trust that was given by Ireland from the outset in respect of the corporation tax rate. President Sarkozy attended a number of meetings of the EPP but I did not share his view on this. When Europe signed up to the Lisbon treaty, it signed up to all that is in it where it was made clear that the right of each individual country to deal with its own business was sacrosanct. In that regard I fundamentally disagree with President Sarkozy.

The Irish people voted in favour of the European Union and the Lisbon treaty and for its full potential in terms of the EU institutions. As big countries stand by small countries in the political sense, we now have a problem which will have to be dealt with. Turning away from a crisis is never a solution. There is a real financial crisis and it is unfair to expect a country like Ireland to accept a burden of €100 billion arising from all of the complications in the banking structure.

The problem will not be solved by letting Greece, Ireland or Portugal run their course until the IMF or EU money runs out. There is serious exposure by international banks to sub-prime mortgages that have been bought in from the United States in the past number of years. I would like to think that what the Minister for Finance said here last week is not true in the political sense and that it is possible, through good politics and agreement across Europe, to get a better deal than we have. An interest rate of 5.8% is too high. I recognise the difficulty in this regard, but just as the fundamental principle of political responsibility between large and small countries applies, so it should apply in finding a solution to this crisis. One way of dealing with that would be for Europe to recognise that there must be a clear banking strategy in each country and across Europe, as applies in the United States. The Federal Reserve knows what happens in Oregon or in Florida, in California or in Connecticut. It has a handle on it all and can know what is happening in individual banks. We do not seem to have that strategy across Europe. We need to ensure a strategy is put in place for each country that will stand by the principles and commitments of what is involved here.

Why should we not have a facility at European level? For example, there is approximately €60 billion worth of tracker mortgages in the Irish system. These are running at a loss and that loss must be funded either from deposits coming in or bank borrowings. There should be a mechanism whereby mortgages like that could be moved to a special purpose vehicle, which could be funded through the ECB or some other vehicle and insured against losses by the State, in order to remove that element of the burden on the taxpayer from the banking structure. This would bring a measure of relief that would be important in terms of perception.

In the next number of years, this issue will be sorted out and it would be fortunate if one could look back from five years hence and see what triggers have been pulled to bring about that change. Last week the Minister said this cannot change and that we are locked in to the rate, but this week it has become his personal mission. It is not his personal mission, but a country mission. If we are to have good policies across Europe, we must have definitive clarity about the banking strategy that will allow countries to stand up to the mark and sort out their problems. However, we need help. We are not seeking help with two hands out, but seeking structural change. I believe that can be achieved through good politics.

**Deputy Seán Barrett:** Following on the point made by Deputy Kenny, I am delighted to see that at long last some attempt is being made to use joined up thinking when it comes to dealing with European economic matters. As I said when on a recent visit with the Minister to the European institutions, our problem was not caused solely by Irish citizens. It was caused mainly by irresponsible banking arrangements which, from time to time, had been examined by those in the European institutions and given the green light by them. I resent very much the ongoing targeting of the Irish as being irresponsible in the manner in which they dealt with their economy. I have pointed out previously the need for an independent rating agency to be set up by Europe to rate independently each member state's economy. We fail to realise that, as anyone in business would tell us, the big and strong have the power to negotiate. There is no reason the European Union cannot use its strength and its 27 members to negotiate proper terms for borrowing throughout the world.

I do not expect the Germans to carry debts for which we are responsible or partly responsible. However, if we had an independent rating agency that could rate each member state, it might be possible to deal with debt. If we happened to be in division three in that regard, then when money was borrowed we would have to repay at a higher rate than those in division one. At least we would be using our strength to be able to borrow money and would not be subject to rating agencies about which we know nothing and which speak from both sides of their mouths, leaving us stranded and dependent on handouts from other people within Europe. I do not accept that. We are quite capable of dealing with our own problems given time and I am certain the new Government will seek ways and means of reversing the situation in which we find ourselves.

I would like to congratulate Mr. John Ging who has been appointed Director of Operations at the United Nations Office for the Co-ordination of Humanitarian Affairs.

**Deputy Finian McGrath:** Hear, hear.

**Deputy Seán Barrett:** This gentleman is a former member of the Irish Defence Forces and his promotion highlights the good name of Ireland and the reputation we have achieved throughout the world in the area of peacekeeping. Mr. Ging is ideally qualified for his new position and I wish him well in it and congratulate him on behalf of all the people of the country.

Before I move on to the other issues debated at the Council meeting, I would like to point out that the documentation supplied to us regarding the outcome of Council meetings is pathetic. I

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had to get on to the Whip's office this morning to try to find information on the other issues, but nobody came back to me on that. What, for example, does the statement that the European Council welcomes the first progress report presented by the high representative of the European Union in relation to its strategic partners mean? What is in that report? We need information and that was what the Lisbon treaty was supposed to ensure.

I would like to highlight the problems in Haiti. I do not know whether the issue of Haiti was debated at the European Council. What is happening in Haiti is disgraceful. Billions of euro have been committed to Haiti, but the situation there is a disaster. There are 450 peacekeepers in Haiti, but there should be 4,500 there to help the police force. Some 4,000 prisoners escaped from prison in Haiti due to the earthquake. These people are rambling around causing havoc through rape and the destruction of the reputations of innocent people. Every type of criminal one can think of is wandering about the streets of Haiti, making life impossible for ordinary people. There are no structures in place to deal with the issues. Will the Minister of State ask the high representative to do something to awaken the world to the need to provide proper peacekeepers to that part of the world who can implement a plan that will bring about normal living standards for ordinary people? The situation is disgraceful. I saw a programme on television recently that demonstrated what is happening there and it would be worth everyone's while to look at some of the programmes that have highlighted the situation there. I ask for Europe to do something about it. I hope the High Representative will proceed with the concept of having a proper civil corps that will allow volunteers to go and help.

**Deputy Michael Creed:** When the history of this period of the European Union project is written, the Lisbon treaty will be seen as the high water mark in terms of political and economic co-operation. The period since then has been characterised, regrettably, by a return to more nationalistic ambitions and a lack of cohesion in terms of the required economic response to deal with the euro crisis that continues to engulf Europe. I am not convinced there is a comprehensive response in place. The response has been piecemeal and has failed to grasp the central issues. If Margaret Thatcher was correct about one thing, it was that one cannot buck the market. Regardless of the statements issued repeatedly by leaders in Europe, the market has not responded positively. We remain in trepidation that countries like Portugal, Spain and Italy will be the next in line. That is because the responses to date have not been confidence inspiring or confidence building in terms of the markets, which is regrettable. That lack of cohesion has been manifest by unilateral solar runs by people such as, previously, Chancellor Merkel and more recently, President Sarkozy not alone on the Irish corporation tax but on, for example, the repatriation of the Roma population in France to Romania.

All of these are straws in the wind which one might say are totally disconnected from the core issue now confronting us. However, they are signals that we should not ignore. We require not a more French or German Europe but a more European Germany and France. As a country that has always subscribed to the concept of confronting problems together, it is regrettable to see these trends emerging.

Europe has a banking crisis. It has not gone away. Irish and other banks here were recently stress tested. We now find those stress tests were not worth the paper they were written on and there are to be new stress tests. There is a beginning of a realisation that this problem is only in its infancy. It is a much bigger problem than Europe has been prepared to confront to date. The public manifestations of this in, for example, a country like Ireland will become apparent in 2011 when the moratorium on mortgages expires and the 35,000 people in mortgage arrears of more than three months and the 12,000 people who have made no payments for more than 12 months will be in the firing line. That is the reality of the banking crisis facing Europe.

The bailout we received from the IMF and EU was effectively a bailout for French and German banks who loaned money to us to loan to mortgage holders here. If a price is to be paid by people who loaned or borrowed foolishly, equally there is a price to be paid by people who loaned foolishly. That is what is missing. We must face up to these problems.

Some 35% of the fund of €440 billion that has been established under the European stability facility is underwritten by what are known as the PIIGS, Portugal, Ireland, Italy, Greece and Spain. It is an inadequate fund by multiples of ten in terms of what is going to be needed to deal with the banking crisis in Europe. We would do well to face up to that rather than bury our heads in the sands and hope it will go away. If not, the words of former British Prime Minister, Margaret Thatcher, namely, “There is no way in which one can buck the market” will come back to haunt us.

On the Taoiseach’s response to changes to the Constitution not being required as a result of treaty changes, he might be right. The Taoiseach receives good advice from the Attorney General and I have no doubt that this is the case. However, I believe there is a need for an independent mechanism at arms remove from Government that will adjudicate on these matters. The last thing this body politic needs is to be dragged kicking and screaming to the Supreme Court, with all the attendant negative publicity that goes with it because we will all be tarnished for taking the same view in terms of legal opinion.

I suggest to the Minister of State that he and his Government colleagues submit this treaty amendment to the courts. They should do so unilaterally and should not be out-flanked by the usual crackpots who have opposed at every juncture our closer integration and co-operation in Europe, which I believe is on balance a good thing. The Government should submit this matter for adjudication in the courts rather than, as is inevitable, wait for someone to take a court case on it. To be vindicated in that sense will give the Government greater moral authority than will its stating it knows best, having taken advice from the Attorney General. I accept that may be a mere window dressing issue.

We have a serious problem, namely, a European banking crisis which will manifest nationally. Now that the big issues such as cleansing of developer loan books and recapitalisation of the banks have been dealt, the banks will go after Joe and Joan in terms of their mortgage, which is the real problem for 2011. The State needs to get its act together and to assist in an innovative way people with mortgages, in particular those on sub-prime mortgages, getting onto high street variable rates.

**Deputy Brendan Howlin:** Article 29.4.4<sup>o</sup> of the Irish Constitution, *Bunreacht na hÉireann*, states: “Ireland affirms its commitment to the European Union within which the member states of that Union work together to promote peace, shared values and the well-being of their peoples.” Those underlying principles, which we not long ago put into the Constitution, are principles which have been the motivation of those of us in politics and society who support the evolution and development of the Union and the European ideal.

One of the founding fathers of the European project, Mr. Robert Schuman, in his speech to Strasbourg on 16 May 1949, announced a bold new idea, namely, a century of supranational communities. He stated that the creation of such supranational communities was the duty of Europe and Europeans to save humanity from the scourge of selfish nationalism typified by the calamities of the 20th century. Later in the same speech, Schuman described the litmus test, as he saw it, for what is European. I am not sure if the Minister of State, who is conversant on these matters, is aware that he set the test as being those having the European spirit. He stated: “The European spirit signifies being conscious of belonging to a cultural family and to have a willingness to serve that community in the spirit of total mutuality, without any hidden



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motives of hegemony or of the selfish exploitation of others". That European spirit, which was the idealism of the founding fathers of the Union, is now being tested.

EU Council President Von Rompuy said last year that the future of the Union is in question now and that we are in a survival crisis. The question that must be asked is where in this crisis are the modern day Schumans or Jean Monnets? Where is the vision to take domestic political risk and to show true European solidarity? Many of our citizens are dismayed at the attitude of our European colleagues to Ireland's economic woes. It is true — we cannot gainsay it in this House — that those woes are largely self inflicted and responsibility for this must be acknowledged and accepted by the banking community, regulators and political system. We expect understanding and real solidarity in our time of need.

Ireland was long the poster boy for what European Union membership could bring. The European Union revelled in us and we in it, perhaps getting too big for our boots in believing the publicity of the ever sustaining Celtic tiger. The challenge was and is for the Union to show a modern version of that European spirit to deal with the calamity now facing Ireland and other European countries and the challenge this poses for every member of the Union. Granted, our Government was singularly inept in its recent negotiations with the European Commission and the International Monetary Fund.

Our weak Government played a weak hand in critical negotiations for this country. It accepted an interest rate that punishes the Irish people. It is in Europe's interest that Ireland recovers economically and does so quickly. That fact seems to have been blurred by a banker's view of what is now described as moral hazard. The granting of solidarity funding was judged to require a degree of pain to discourage further delinquency. This mindset is more akin to the aftermath of the First World War in Europe when Germany was to be broken rather than the spirit that existed following the Second World War when those who understood what a divided Europe would mean wanted bonds of economic and cultural solidarity to prevail.

The comments of French President, Nicolas Sarkozy, are a case in point. He said Ireland cannot benefit from the EU's financial aid while maintaining its low corporate tax rate regime. The president knows full well how important this is to our economic well-being. It was important in the past as we evolved from a poor agrarian economy into a modern industrialised economy but the regime is more important today because we have to rely on export growth to drive our economy out of deep recession. Together with my party leader, I spelled this out to the French ambassador to Ireland and I also spelled this out to the European Commissioner, Olli Rehn, when I met him on two occasions with colleagues. I am sure every other Member, particularly those who are members of the Oireachtas Joint Committee on European Affairs, have underlined the importance of this issue to the representatives of every other member state. It is not out of a lack of understanding or ignorance of the import of what he said that the president spoke.

President Sarkozy also said that he and Chancellor Merkel will reinforce European economic integration and progress towards fiscal convergence. This is his view but we know what we promised the people in the negotiations on the Lisbon treaty. We received written confirmation from the Commission in the lead-up to the second referendum on the treaty. Commissioner Kovacs confirmed that all proposals on tax matters will continue to be decided on the basis of unanimity; that no member state of the Union can or could in the future be obliged to participate in any proposal for a set of rules governing a common consolidated corporate tax base; and that all members states have and will continue to have a veto on matters affecting direct taxation. He further confirmed that the position of the Commission was that "Each and every member state is free to choose the direct tax system that it considers most appropriate for its own requirements provided they respect Community rules such as non-discrimination". That

was the pact we had with the people and the committee that I, as a pro-European, and my party made.

I echo some of the concerns expressed by Deputy Creed. Europe is not an exclusive Franco-German project. The specific and unique needs and requirements of all member states, particularly smaller member states, must be fully comprehended and respected by all. Labour is a pro-European party in the social democratic mainstream. We communicate and interact regularly with our social democratic colleagues across the Union and beyond. We support a Union of common values and solidarity. The benefits of such a Union have been self-evident in this country and on the Continent for more than half a century. We will guide this unique project onwards because we want it to have a future.

We will examine in detail the proposed revision of the Lisbon treaty to underpin our currency “to put our economies back on track”, as Commission President Barroso said. The Taoiseach has indicated that such a narrow revision will not necessitate a referendum in Ireland. It is highly likely that this view will be challenged. Deputy Creed called for the establishment of a validating body other than the Attorney General to give independent views but I am afraid that would not have any status because it is the citizen’s right to ask the Supreme Court to make a decision. No matter what intermediary is determined to do this, somebody will contest a decision of this nature in the Supreme Court, as is his or her right. I do not disagree with the view that the Government could be proactive on these matters in order that it is not seen as a victory for somebody to test them.

In the document on political reform I published on behalf of the Labour Party, I specified that advices such as this from the Attorney General should be put in the public domain, whatever the convention. There are advices which are client confidential but these are public interest issues and I hope such advices will be made known generally in order that it is not simply an assertion of the Government when we parse and analyse the wording and that there is a clear, legal underscoring of the fact that it does not require in the Government’s view a constitutional amendment.

A huge amount of work must be done on this matter and others. This work is in Ireland’s interest and it has been made more complicated by yesterday’s resignation of the Minister for Foreign Affairs. The Taoiseach indicated to the House earlier that he will take on that role. There is a full-time role for such a Minister at this juncture to do the nation’s business and the Taoiseach cannot subdivide his activities to do an adequate job in that respect. We need a foreign Minister. Appointing an individual for a few weeks — even, for example someone as experienced in European matters as the Minister of State, Deputy Roche — would only be a stopgap because people know full well we are facing a general election shortly. For people to have the force and authority to argue their case, we need someone with a long-term mandate in that important job. What is required, therefore, is not a temporary replacement of the Minister for Foreign Affairs but the permanent replacement of this entire Government.

I would like to mention a number of other issues but as my time is almost up, I will do so during the question and answer session. Although my contribution has been dominated by the economic crisis, as was the Council meeting, other issues were discussed. I would be interested in teasing out the views of the Minister and the Council on the situation in Côte d’Ivoire. It is a very worrying development in West Africa. What communications have the European Union, the Commission or the High Representative had with ECOWAS which largely composed the intervention force in Côte d’Ivoire? I wish to know also whether the democratically elected President Ouattara will have his position vindicated. I will take the time to explore those matters during the question and answer session.

**Deputy Aengus Ó Snodaigh:** Ba mhaith liom mo chuid ama a roinnt leis an Teachta Finian McGrath.

**Acting Chairman (Deputy Kathleen Lynch):** Is that agreed? Agreed.

**Deputy Aengus Ó Snodaigh:** Ní raibh deis agam fáilte a chur roimh an Aire nua Gnóthaí Eachtracha sula bhí air imeacht. Tá sé spéisiúl go bhfuil sé ag filleadh ar ghnó a bhí aige cheana. Ar aon chaoi, díreoidh mé anois ar an phríomh cheist atáá phlé anseo faoi láthair.

The main focus of the December European Council meeting was the proposal to amend the Treaty of Rome for the purpose of establishing a permanent mechanism to safeguard the financial stability of the euro area. The amendment is intended to enter into force on 1 January 2013. We have noted that from the Council's conclusions, but also from what the Taoiseach had to say in the House earlier. I note also from the conclusions of the European Council summit that the intention is to use the simplified revision procedure provided for in Article 48(6) of the Treaty on European Union for the purpose of effecting this change. That was one of the controversial changes that was introduced on the passage of the Lisbon treaty. It was one of the mechanisms we specifically opposed because it allowed the Government to bypass the public will in this State and to alter the treaty almost as and when it wished.

I note with deep concern the comments of the Taoiseach in the aftermath of the summit suggesting that such a change would not necessitate a referendum in Ireland. Perhaps he is basing this view on the premise that having already handed over and therefore lost our economic sovereignty to the EU and the IMF that this country has nothing left to lose. I wish to put on record that my party alone in this House — with no exceptions — argued that the creation of this mechanism would lead to greater treaty change in the future being decided upon by the European elites with no reference to the Irish people. That is exactly what is now happening. When we raised those concerns during the debate in this House we were dismissed as scaremongering. We were told that the change was only a technicality and there would not be any untoward effects but that is exactly what has come to pass. The Taoiseach hardly needs me to remind him that he encouraged the Irish people to support the Lisbon treaty on the basis that it would solve our unemployment crisis. That has not happened yet and the mechanism is being used to further erode our economic sovereignty. It is just another broken promise from this broken Government.

I remind the Minister of State, Deputy Roche, and the Taoiseach by extension, despite their belief that the Government can constitutionally introduce the amendment without recourse to the people, that it was also believed that was the position in the case of the Single European Act. It took the courage of Raymond Crotty to defeat the Government at that time. I cannot recall the specifics of the case but in a subsequent treaty the then Attorney General was of the opinion that it was not required to put it to the people but the Government prevailed and the treaty was put to the people on that occasion. On a number of occasions the advice given by the Attorney General to the Government has proven to be flawed. Just because the advice of the Attorney General is that the Government does not need to hold a referendum does not mean it should not put the proposal to the people. If the Irish people accept such a significant change as is being proposed in this case to tie us in the way that is being suggested, that is the ultimate democratic endorsement of the proposal.

I had intended raising the ceasefire by ETA and the hopeful change in the political climate in the Basque Country. However, as it was raised previously by my colleague, Deputy Ó Caoláin, I will not refer to it now but I might raise it during the question and answer session.

The European Council's decision to create a permanent mechanism to provide supposed help to member states who find themselves in financial difficulty presents major problems for

this country in the future. If that is the same type of help that has been given to this country in recent weeks then perhaps the other member states of Europe should be questioning it and quaking in their boots. The disastrous involvement of our country with the support mechanisms provided by our friends in the EU to date has brought this country to the verge of social and economic bankruptcy, helped in no small part by the policies of the Government. The interest rate being charged on the first part of the EU loan drawn down by this country on 12 January is scandalous. The EU is set to make a tidy profit of 3% on the loan. So much for aid. This is a case of aid being tied to profiteering which is pushing up the cost of the intervention to an already beleaguered Irish economy. We must strongly question why the Government entered the Irish people into such a bad deal and why the European Commission, in its apparent attempt to help the economy, is taking advantage of the weakness of the Government's incompetent negotiating. It is barefaced profiteering that brought about this crisis and the same profiteering will only make the Irish situation worse. I urge caution on the Portuguese, Spanish and Italians in supporting such a mechanism in case they or other countries who might struggle in the current economic climate need help. The EU, the institutions, the European Central Bank and other financial institutions in Europe are intent on profiteering on the back of the misery those countries are facing currently because of wrongdoing by the banking sector.

The transfer of the loans is the final nail in the coffin of Irish economic sovereignty. The conditionality attached to the loan, as seen in the memorandum of understanding, will hinder economic growth and cripple the economy, throwing it into a self-defeating policy spiral. The State's structural deficit is fixable. We have shown how one can fix it. It is the insistence by the Commission and the IMF that bank bondholders must be honoured that is plunging us into crisis. Let us remember that the Commission is telling us what to do while conversely penalising us through inflated interest rates as part of the same policy. It seems that the new plan produced by the European Council will inevitably mean more of the same across Europe with banks getting away scot free and continuing to happily speculate while the risks of their actions are borne by the State or more precisely the citizens, the ordinary working people. The savage austerity package advocated by such organisations as the ECB and the IMF are forcing the people to pay the costs of the crisis which they did not cause. This will have a deflationary effect on the economy and limit economic growth. Instead of getting to grips with the root cause of the crisis caused by greedy speculators, it seems we are dealing with lists of demands from financial markets. We cannot merely engage in technical tinkering. A permanent mechanism for the maintenance of financial stability must include measures to better regulate market activity and clear commitments to the maintenance of minimum social standards. The reality of what the European Council has called on Ireland to adopt is a permanent mechanism that will not save but rather punish member states. I urge the Minister of State to reject it and I urge the Minister of State and the Taoiseach to put it to a vote of the people.

**Deputy Finian McGrath:** I thank the Acting Chairman for the opportunity to speak to this debate on the European Council. Before considering the details of the matter I point out that it is relevant to hold a detailed debate on the role of the European Council of Ministers and the broader issue of the European Union, especially in the current economic crisis. Recently, we witnessed the intervention of the ECB and before that we held a debate on the Lisbon treaty. These were major issues for the country and its future development. Legitimate questions must be put and answered by Ministers and the European Council.

Let us consider the current economic crisis and the bailout issue. The bailout has fundamentally changed Ireland's relationship with the European Union and this new reality must be addressed. Multi-billion euro loans are not given lightly. It is well known in European Union circles that those involved want the finance Bill through as quickly as possible. There is a volatility in the air, and Mr. Olli Rehn, although he may not say as much publically, is aware

[Deputy Finian McGrath.]

of the rumblings in Europe. Further economic damage is widely feared, which is why all politicians must be careful when dealing with Ireland's economic interests.

I accept it is not all bad news. There is some good news and hope for our country. I am aware there is sympathy in Brussels and other quarters of the European Union for us on our high interest rate as part of the bailout. Some sensible people recognise my argument that expensive loans could hamper our economic recovery. Are they willing to consider the reworking of the interest rate? This is why we need strong leadership on this matter: it would push open the door for the people. The Dutch and Germans appear to be awkward and we must keep a close eye on the French as well. I say as much as someone who has been going to France for more than 20 years.

**Deputy Brendan Howlin:** *The Skibbereen Eagle.*

**Deputy Finian McGrath:** I love the country, the climate and the people but the French will always put France and its people first, regardless of the consequences. This is something our Government and leaders should do more often, especially when Irish Ministers are at council meetings. This is relevant to today's debate. I believe in a Europe of equals which respects independence and diversity. This is something we must develop and build.

Legitimate questions have been asked recently about the Lisbon treaty debate. There were many posters throughout this town and the northside of Dublin indicating that support for the Lisbon treaty equals jobs. People ask me where these jobs are now. Some 30% of my election team held major concerns about the Lisbon treaty and we held a broad debate on the matter. The "No" campaign highlighted the matter and made relevant points which require direct answers. We were informed that there would be guarantees on the tax issue and I was one of those who went along with that guarantee. Now, there are rumblings in Europe about examining our taxation system and bringing it to the same levels as others in the European Union. We must keep an eye on President Sarkozy in this regard.

There are foreign policy scandals in Iraq and Afghanistan and we need more support for the Palestinian people. I commend Mr. John Ging, the Irish person who has carried out tremendous work with the Palestinians, on his recent promotion. Regarding the broader issue, we must be conscious of our identity and heritage. This morning, the Taoiseach referred to poverty in Europe. Throughout the European Union some 9.6% of the working population is unemployed and 80 million people are estimated to live below the poverty line. These are the important issues. I believe in a Europe built on equality, social justice and which respects the independence of each nation state. This is my vision for Ireland and our European neighbours.

**Acting Chairman (Deputy Kathleen Lynch):** We move on to the session on questions. I call Deputy Creed.

**Deputy Michael Creed:** I have two brief questions on the recently announced stress tests for European banks. Will the Minister of State outline what this development says about the previous stress tests, which gave a clean bill of health to the banks that the taxpayer in this country has had to bail out since? What confidence can we have that these new stress tests will plumb the depths of the banking crisis throughout Europe? Does the Minister of State not agree that Europe must face up to its banking crisis? We have been asked to bail out others as part of the deal we received because our deal was to pay off German and French banks which lent money here.

I refer to the holding of the referendum and the matter of submitting the case to the courts for adjudication. I realise the Minister of State cannot indicate what the Government will or

will not do but will he discuss the matter with the Government? One of the benefits of such an approach would include greater clarity and transparency in the process and the decision making.

**Deputy Dick Roche:** The point made by Deputy Creed on the issue of stress tests is valid because the stress tests were questioned at the time. I refer the House to a point made by his colleague, Deputy Barrett. There is a necessity within Europe for countries to have their own mechanisms for examining where they are. He has made the valid point that there has been dependence on highly questionable ratings agencies, which gave AAA ratings to junk in the United States. I hold a certain resentment toward their making a judgment on this or any other country in Europe. One thing to emerge from the current crisis is that Europe will examine this matter. That addresses, in part, the issue raised by the Deputy. There was a lack of credibility in the stress tests and, I hope the next set of stress tests will be far more rigorous. I take the point made by the Deputy which is correct. There are some fundamental issues within European banking which must be examined.

The second point raised by the Deputy was taken up directly by Deputy Howlin and indirectly or tangentially by Deputy Ó Snodaigh. They asked if there were an adjudication by the Attorney General should we have some autonomous mechanism to give a third view. There is merit in this but the reality is that, as Deputy Howlin stated and as Deputy Ó Snodaigh indicated, some people take a rather jaundiced view of Europe. This is their entitlement because they are citizens and they must be able to raise a challenge in the Supreme Court. I have no doubt that whatever mechanism is put in place, some of the “same old, same old” will remain. I do not mean this in a negative sense. I have much time for people who have taken a different view to mine on Europe because it is their right and our debates on Europe have been stronger because of it.

2 o'clock  
The issue of how we create more objective debate and analysis on Europe must be examined. Deputy Howlin made the point that an argument could be made that the Attorney General's advice could be laid before the House, which is probably worth considering. I am unsure if that would assuage some concerns because a cynicism and concern exists and it will emerge from time to time. It is appropriate that there is a final arbiter in the Supreme Court.

**Deputy Brendan Howlin:** The Taoiseach stated to the House this morning that the Council agreed that “elements of the strategy set out in the statement will be further developed in the coming months as a comprehensive response to any challenges, together with the new arrangements for economic governance”. He went on to say that he does not “intend to go into detail on the work now being undertaken on foot of the mandate given by the European Council in December”. I am somewhat concerned at the democratic deficit implicit in this.

The Taoiseach indicated that he did this for fear of the markets overreacting. We need to know about discussions concerning convergence or economic governance matters. Otherwise, it only feeds into the cynicism referred to earlier by the Minister of State. Where there is not full transparency, there is a belief in conspiracy. A mechanism has to be found to address this, whether it is by briefing principals in the House or through the committee system. We need to move to the European norm where such matters are debated properly in an accountable parliament.

Many are interested in the role played by France in Côte d'Ivoire since its independence. A democratic presidential election was held there recently but the elected candidate has not been able to take office. International support has been given to the candidate but the former president's supporters are rallying support abroad while armed militia are active in the country.

[Deputy Brendan Howlin.]

What contacts has the Union had on this matter with the various parties and organisations, particularly ECOWAS, the Economic Community of West Africa States, which has mandated the intervention of troops in the country?

The Taoiseach spoke about Montenegro's candidacy for EU membership having been accepted. I am concerned we are allowing countries go on the candidate list for a long time without any conclusion, such as in the case of Turkey. There needs to be a fuller debate about what is European and the European spirit being the defining characteristic of membership. We may need to be more precise than Mr. Robert Schuman was on this matter. What is the status of the integration of the Balkan states such as Serbia, Croatia and Montenegro? Otherwise, if their membership is not fulfilled or is delayed, it only causes frustration for those who aspire to Europe.

**Deputy Dick Roche:** In my concluding statement, I will deal with the question raised by Deputies Kenny, Barrett, Creed and Howlin as to what is European.

The situation in Côte d'Ivoire after its November presidential election was considered at the meeting. The Union, along with ECOWAS, the US and the UN, has indicated its concerns over the difficulties experienced by the duly elected president. Following the action taken by the African Union and ECOWAS to suspend Côte d'Ivoire from their groups, the European Union has agreed to impose travel restrictions and put in place asset freezing for specific persons associated with the previous regime there. As Deputy Howlin knows, over the years in similar situations in other African countries, national assets were stripped and removed from the countries, impoverishing the people and leaving behind devastation. It must be said many such assets were transferred to parts of Europe, which is not a particularly moral stance.

The European Union is supporting African leadership on this issue and the peaceful resolution of the election result. It will be kept under consideration by the High Representative for Foreign Affairs and Security Policy, Baroness Ashton.

**Deputy Brendan Howlin:** Does the European Union support the intervention by ECOWAS military forces?

**Deputy Dick Roche:** It has not reached that point yet. The issue needs to be strongly dealt with, a position which the European Union supports. I have said before in the House that Africa first should resolve African problems. Given Europe's history of colonisation in the continent, we should not be the first to intervene in such matters but should support an African resolution.

**Deputy Brendan Howlin:** Yes, that is a more preferable approach.

**Deputy Dick Roche:** It is obvious Montenegro has worked hard to achieve its membership candidate status. The Croatian application for EU membership will progress rapidly during the Hungarian EU Presidency. The Croatians are anxious to achieve membership and have tried to tick all the required boxes.

Deputy Howlin made a good point about the long drawn-out process of Turkey's membership and Mr. Robert Schuman's concept as to what was Europe. There is the issue, always in the background, never to the forefront, about where Europe begins and ends geographically. The Government, along with the main Opposition parties, has always taken the objective view, a better one than many of the others in Europe, that once Turkey meets various membership criteria, it has the right to progress. I have had many discussions with my Turkish counterpart

on this matter in the past and the Turkish Government is making impressive efforts in this regard. I agree with Deputy Howlin that rhetoric in certain European quarters about Turkish membership, jingoistic in some cases, needs to be careful because it could undo a huge amount of work.

European Union membership is a positive force in democratisation, bringing about the rule of law and rectifying the effects of horrific events such as those experienced in the Balkans. It can also be a positive and progressive force for reform in Turkey. We should not lose sight of this.

**Deputy Aengus Ó Snodaigh:** While the recent changes in the Basque situation were not part of the Council meeting, EU restrictions are in place against several Basque political parties such as Herri Batasuna. Given the change in circumstances, will the Minister of State encourage the EU to examine lifting these restrictions? Such a move may stimulate a more sustainable and secure peace process in the Basque region.

During discussions on the Lisbon treaty, it was agreed to establish a high-powered group to examine future treaty changes. Has this group made any progress, received any remit or made any reports to the European Council?

Will the Minister of State outline the timeline for Ireland's adoption of the Lisbon treaty amendment if no constitutional referendum will be held on it? The Taoiseach earlier said it will be discussed at the next Council meeting and, thereafter, it is up to each member state to deal with it through their individual ratification processes? Will it be ratified here before the end of this Government or be put off for the new Government to ratify? Did the Government give a guarantee to Mr. Herman Van Rompuy, the President of the European Council, that it would not be delayed in Ireland as there would not be a need for a referendum?

Was there any discussion about the proposal floated at the October Council meeting by Germany and France to suspend the voting rights of Euro member states which violate the budgetary principles of the EMU? Is that proposal still being pushed by larger states such as France and Germany? Have we managed to attract allies to the cause of ensuring that this proposal is never progressed?

**Deputy Dick Roche:** Deputy Ó Snodaigh has reminded me that I did not provide an answer in respect of a question put by Deputy Howlin. I will place the relevant information on the record of the House when replying to Deputy Ó Snodaigh.

In respect of the Basques, in the first instance we should be guided by the Spanish Government. This issue will have to be dealt with in that context. A number of remarkable and welcome changes have occurred in northern Spain in recent times. I welcome the fact that peace will come and I hope the peace process in Spain will bring an end to acts of terrorism and acts against members of the civilian population. A parliamentary question relating to this matter has been tabled for tomorrow and I will deal with it in greater detail at that stage.

Deputy Ó Snodaigh inquired when there will be finality in respect of the proposed treaty change. The matter is due to be dealt with by the European Council on 25 March. The issue of when the Dáil will discuss the matter will very much depend on what happens with regard to the general election. I have no special knowledge regarding the date on which the general election will be held. If I had such knowledge, I would not share it Deputy but would rather use it to my benefit within my constituency. The matter in question will be dealt with by the next Dáil. Changes must be made to give permanent effect to what is proposed and these will come about in the next year.



[Deputy Dick Roche.]

The Deputy raised an extremely important point which was also raised by Deputy Howlin. I apologise to Deputy Howlin as he left the Chamber because I believe I did not deal adequately with the question he put. The point at issue relates to the legislative or other proposals which will fall to be dealt with. Basically, there are a number of such proposals. The first of these relates to the issue of the sanction on voting rights, which received pretty short shrift from several member states, including Ireland. I would not like to be the Minister responsible for asking the Irish people to approve of such a sanction in a referendum. The answer supplied would be extremely short and the second word contained in it would be “off”.

There are a couple of proposals arising from the work done by President Van Rompuy and others to which consideration must be given. A regulation to strengthen the preventative element of the Stability and Growth Pact has been brought forward and everyone would welcome this. We need a better-regulated path in this regard. Deputy Creed referred to this during his contribution. There is also a regulation to strengthen the corrective element of the Stability and Growth Pact and we must consider how to make it stronger by introducing the necessary corrections.

Deputy Ó Snodaigh also referred to sanctions and enforcement. A proposition in this regard remains on the table. How we will proceed in this area will be dealt with in the longer term. From speaking to representatives of other member state Governments, from visiting those member states and from attending Council meetings, I am of the view that having the suspension of voting rights as one of the sanctions would not be acceptable. This goes to the heart of the matter, namely, the fact that Ireland is a member of a community. There are no large or small countries within such a community. One of the essential secrets of the success of Europe has been that member states, regardless of whether they are large or small, are treated with equal respect as nations. The proposal on voting rights has no chance of getting off the ground.

There is also a regulation relating to making corrections to macro-economic imbalances. Related to this are issues about the enforcement of measures to correct imbalances in the euro area. Work has also been done on a directive on fiscal frameworks. All of these matters will fall to be dealt with in the very long term. Anything that would have a major impact in the context of treaty change would obviously have to be dealt with by the Houses.

I already dealt with the question of when we are likely to see change in the agreement relating to the treaty. This will happen after 25 March next, when the European Council is due to meet. That date is not necessarily of more significance in the context of events in this country.

**Acting Chairman (Deputy Kathleen Lynch):** We have come to the end of the question-and-answer session. Perhaps the Minister of State will proceed with his closing remarks.

**Minister of State at the Department of the Taoiseach (Deputy Dick Roche):** Deputy Kenny made a strong point regarding the seriousness of the position of the European banks and referred to the sub-prime markets. The Deputy also made a very interesting comment in respect of the Federal Reserve in the United States and sought to relate this to Europe. The most important point he made has also been made on several recent occasions by Dr. Garret FitzGerald. We need have no delusions regarding our capacity to change matters within Europe. Ireland has had a disproportionately positive impact on Europe. The way to achieve progress within Europe is by groups working together.

Deputy Kenny referred to his efforts within the European People’s Party, EPP, to try to persuade Chancellor Merkel or President Sarkozy that their extraordinary focus on Ireland’s

corporation tax rate is just not helpful. As Minister of State with responsibility for European affairs, I have always been strongly of the view that we should seek to create groups within Europe. These groups should not be hostile, nor should they divide on the basis of big versus little. What we must do is build a group which focuses on the community method. As Deputies Creed and Barrett stated, the essential secret of the success of Europe is that member states operate as a community. The idea that we should begin to sanction each other or that we must always look after our own national interest first is corrosive in nature and undermines the entire process relating to Europe.

Mr. Robert Schuman's genius was to recognise that countries which had previously resolved matters through the horror of warfare could instead resolve them through negotiations and to their mutual benefit. It was his view that by pooling small elements of sovereignty we could create something bigger. That is the basis of community method. It is not the case that a couple of larger states within Europe somehow dominate the debate. As I have stated at European Council meetings, it is extremely unhelpful that the idea has been created that, somehow or other, one or two big countries are responsible for setting the agenda. That is not the case. The idea to which I refer is a dangerous and corrosive delusion because it undermines the view among the citizenry of Europe that we are all equal.

I value my country no less than President Sarkozy values his. During the course of the Convention on the Future of Europe, I suggested to a famous French politician who was arguing that big countries and their smaller counterparts should not be treated equally, that he should read the Treaty of Rome because the essential ingredient thereof is the concept of equality.

Deputy Kenny's point is extremely important. One of the things we have not done as well as we should have is to try to use the European political families, namely, the EPP, the socialist grouping or the European Liberal, Democrat and Reform Party, ELDR, to discover the logic of our position. As I informed my French counterpart at a Council meeting in Budapest last week, we have no objection if the Government of France wishes to lower its corporation tax rate to 10%, 5% or 0%. That is its business. We have set for ourselves a rate of corporation tax which is mutually beneficial to Ireland and Europe. It is not a question of our playing a zero-sum game or trying to beggar our neighbour. Europe also gains if Ireland attracts foreign direct investment. We have been very successful in attracting such investment and this matter must be viewed in that context.

Deputy Barrett inquired about the discussion with the strategic partners on the question of the High Representative. At the September meeting, the High Representative was tasked with commencing discussions with third countries — the United States, China and Russia — that are of significance in the context of our future. The High Representative has been building on the relationships with China and Russia in particular. The report received related to that specific area.

Deputy Creed referred to the issue of the community focus. I am strongly of the view that this focus is the essential strength of the European Union. If the Union allows itself to be driven by one or two powerful countries, then it will surely spiral downward and will lose the central position it holds. As Deputies stated, we must ensure that the community method will prevail.

I agree with Deputy Howlin's general comment on CCTV. This is a major debate that will arise in the near future. What is proposed makes no sense. I made the point at last week's

[Deputy Dick Roche.]

General Affairs Council meeting that the idea that introducing this complex addition on top of all other tax systems will simplify matters is a delusion.

I thank Members for the contributions, which, as always, I enjoyed. I hope I answered all the questions put. I will deal further and in some more detail with the issue of the Basques on Question Time tomorrow. I thank Members for the attention and for their questions.

*Sitting suspended at 2.20 p.m. and resumed at 2.30 p.m.*

## **Ceisteanna — Questions (Resumed)**

### **Priority Questions**

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#### **Job Creation**

55. **Deputy Richard Bruton** asked the Minister for Enterprise; Trade and Innovation if he has satisfied himself that the measures in place to counter youth unemployment and emigration are adequate; and if he will make a statement on the matter. [2909/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Dara Calleary):** The primary objective of my Department is to ensure we have the right policies in place to support and grow our enterprise base to facilitate job creation and job retention. The work of the Department has been proven over the past five days with the announcement of 1,200 new jobs, including a major investment by the Intel corporation which had been sought worldwide.

The policies developed by this Government to accelerate and improve the transition of young people from education into the labour market are based on three main pillars, the first of which is to expand provision in the higher education sector, including full-time and part-time education places, and provide more flexible access to the education system. In 2011, it is expected that 170,000 full-time and part-time further education places and 156,000 full-time higher education places will be provided. The bulk of this provision is open to persons under 25 years of age where they meet the relevant criteria. The creation of a new €20 million higher education activation fund, announced last month by the Tánaiste, will extend the range of upskilling opportunities available for unemployed people.

The re-configuration of Departments announced by the Government in April 2010, which involves the merger of the FÁS public employment service and the benefits agency under the Department of Social Protection, will facilitate a more comprehensive and effective activation strategy that will strengthen the links between getting benefits, searching for a job and participating in employment and training programmes.

There is the enhancing of active labour market policies aimed at young people, including maintaining support for redundant apprentices; responding to the needs of low-skilled or semi-skilled young persons who have limited qualifications; and a strengthened framework of work experience opportunities through the introduction of the new skills development and internship programme and additional placements on the work placement programme.

In summary, the Government will continue to provide a diverse range of labour market activation provision to the unemployed, including those under 25 years of age. This will aim to keep young people active, close to the labour market and equipped to take up the employment

opportunities anticipated under the Government's plans to generate 300,000 jobs through trade, tourism and investment by the end of 2015.

**Deputy Richard Bruton:** I thank the Minister of State for his reply but he did not answer the central question, namely, whether he believed the measures in place were adequate. When we have seen 165,000 young people under the age of 25 lose their jobs in the past three years and 81,000 people under the age of 25 on the live register, among whom the highest and most rapidly growing group is the long-term unemployed aged under 25 who now constitute 28,000 young people who have been out of work for more than 12 months, how can the Minister pretend that what he has read out is an adequate response? His Department's initiative, the job placement programme——

**An Leas-Cheann Comhairle:** A question, please.

**Deputy Richard Bruton:** I asked the Minister of State how he could justify what he has said. That is a question.

The total number of places on that programme is 2,500, which is not one in 150 opportunities for people out of work, and there are just 1,000 people on the scheme where employers take on people. These schemes are simply not responding to the scale of the problem. I ask the Minister of State to reconsider the strategy.

**Deputy Dara Calleary:** All of us are very aware of the problem we face. However, it is not just an Irish problem and I remind Deputy Bruton that 1 million people under the age of 25 are unemployed in the UK. We have put in place a direct response, providing for graduate employment and for those without qualifications. Between the skills development and internship programme and the work placement programme, there are more than 12,500 places. We have reorganised FÁS to make it more accessible to younger people, we have changed the apprentice scheme and the Minister, Deputy Batt O'Keeffe, has engaged with multinational employers across the country to encourage them to participate in the schemes.

We have also had some success domestically with schemes such as the ESB scheme, which arose specifically in response to the position of apprentices. By changing the rules under the apprentice training programmes, we have made a direct response to those affected by the construction downturn so they can continue their education and training to have a skills base. While we have a serious problem, there is a focused challenge under way to address it.

**Deputy Richard Bruton:** The Government is not even scratching at the surface. Some 40,000 young Irish people emigrated in the past 12 months. In the past six months, some 400 places have been added to the job placement programme, which is simply not adequate. If we want to retain our talent at home, the Government needs to be much more ambitious in this area and not just trot out those statistics and ignore the fact that we are leaching the most talented people out of this country, when they are the key to building a stronger economy. It is cost-effective to develop initiatives for internships and work experience on a much more ambitious scale.

**Deputy Dara Calleary:** I assure the Deputy that I am not in the business of trotting out statistics. These programmes have been devised specifically as a response to the situation we are in and specifically to give people, including educated people, a chance to gain work experience here and to stay here. None of us likes to see emigration but we have had a consistently high figure of immigration in recent years and these——

**Deputy Richard Bruton:** The rate is growing by 50% per annum from a very low to an extraordinarily high level.

**An Leas-Cheann Comhairle:** Allow the Minister of State to reply.

**Deputy Dara Calleary:** These programmes have been put in place and are providing a response on the ground. While we would love to be able to put more money into them, it is a question of resources and resource allocation. Resources are being allocated in the most effective way given their availability.

### **Loan Guarantee Scheme**

56. **Deputy Willie Penrose** asked the Minister for Enterprise; Trade and Innovation when the proposed loan guarantee scheme for viable small businesses will be established; the criteria that will be used for qualification of the scheme; and if he will make a statement on the matter. [2912/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** As I outlined to the House on several occasions in recent months, most recently on 2 December 2010 in reply to Question No. 98, my officials are working with their colleagues in the Department of Finance, the Credit Review Office, Enterprise Ireland and Forfás to address access to credit issues for viable SMEs, including the option of a loan guarantee scheme to assist the working capital requirements of SMEs.

Since my last reply, the working group has received updated analysis from Forfás and Enterprise Ireland to allow greatest possible targeting of any initiative on viable, innovative and growth-orientated SMEs who face a specific market failure, namely, where institutions have difficulty in applying existing credit policies and products. This can be, for example, due to lack of familiarity with certain sectors, markets and business models. Substantial progress has been made in identifying the critical elements involved in any further initiatives. However, in developing any further initiatives, it is important they complement, rather than substitute, the main banks’ lending commitments and activities under the 2010 recapitalisation package, and that they represent value for money for the taxpayer.

The provision of credit to our enterprise sector, particularly SME’s, should primarily come from a properly functioning banking sector and any additional initiatives on the State’s part should not relieve the banks of their obligations in this regard. As indicated already, loan guarantees are just one of a range of possible measures being considered to address SME credit availability. Proposals in regard to any new measures will have to be considered by Government in the first instance.

**Deputy Willie Penrose:** I thank the Minister for his comprehensive reply. Is it not the position that the provision of credit to the enterprise sector, particularly SMEs, is of vital importance yet many small businesses, including family businesses, are being denied loans that are necessary to keep the show on the road? They are struggling to pay their bills and make ends meet.

Notwithstanding assertions from the banking sector on the renegotiation of loans, one might as well try to get a camel through the eye of a needle. Why has the proposed loan guarantee scheme promised for the purpose of assisting small viable businesses not been put in place, subject to the quite proper constraints outlined by the Minister? Does the Minister agree a loan guarantee scheme would be an essential tool to enable credit to flow once again for small viable businesses and would be their salvation? Will he indicate why the Department of Finance

has such an aversion, distrust and dislike, and why it displays such heavy handedness, in terms of allowing this scheme, which is in incubation for nine to ten months, to come to fruition?

**Deputy Batt O’Keeffe:** I thank the Deputy for his acknowledgement that our priority is to protect taxpayers’ money. We also want to ensure that the banks which have made a commitment of €12 billion up to 2012 meet that commitment. Mr. John Trethowan, who is leading the group that is working on a credit guarantee scheme, admits there is a sector within the broader SME sector comprising start-up, high-technology enterprises with whose business the banks may be not as familiar as they should be. We are working with him based on the updated Forfás report to examine this specialised area which encompasses some 2% to 3% of the overall loan requirement.

Our objective is to ensure there is an absolutely focused scheme in place that will meet the requirements of some of these start-up businesses which lack the necessary collateral and which are encountering a lack of expertise within the banks. In the case of an environmental company selling into the Middle East, for example, there is no great expertise in the banks to assess the viability of its operations. I have asked Enterprise Ireland to involve itself with the banks in terms of training and assessment of these new start-up companies. These are highly technical enterprises which need credit in order to sell their wares abroad.

**Deputy Willie Penrose:** I fully agree with that review and how it will be framed. However, we are not reinventing the wheel here. Similar schemes are in operation in some 95 countries across the world, including Britain, Singapore and Hong Kong. Those countries are not going to leave their Exchequers exposed any more than we would wish to do so. Nor do we want to remove the imposition upon banks to do the right thing.

Why is there a such a lack of progress in regard to a scheme which, as the Minister acknowledged, is of great importance and would target market failure in terms of ensuring support for businesses which have failed to secure credit because of insufficient collateral or a lack of expertise in the banks but which have demonstrated ability to pay? When does the Minister expect to be in a position to announce the inception of this scheme which has been called for by IBEC, the Small Firms Association and others? We in this House have been calling for it for months.

**Deputy Batt O’Keeffe:** The review group met in November and December last and another meeting is due. In the interim I have asked Enterprise Ireland to work with the banks. We are looking, for instance, at mechanisms that can be used by the banks to make use of the funds that are available under the European Investment Fund. That is also subject to review. I cannot give a date when the review will be completed. The updated figures will be reviewed by the committee at its next meeting and we will then have a more detailed report. After that, we will have to go back to Government with whatever recommendations emanate from that. It was the Government which put this review process in place.

### **Enterprise Support Services**

57. **Deputy Deirdre Clune** asked the Minister for Enterprise; Trade and Innovation if he has satisfied himself that the existing examinership process is an effective instrument for protecting viable small business that encounter credit difficulties; and if he will make a statement on the matter. [2910/11]

**Deputy Batt O’Keeffe:** The existing examinership process is effective and fair for companies of all sizes, large and small. The examinership provisions are contained primarily in the Com-

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panies (Amendment) Act 1990 and are widely recognised to have operated successfully in the two decades since their introduction, a period which has seen both sides of the economic cycle.

The fundamental principle of the examinership provisions is that they offer protection for a short period to a company which is considered by the court to have a “reasonable prospect of survival”. I stress the importance of this test — the remedy of examinership is only intended to be availed of by a company which has a reasonable prospect of continuing on an ongoing basis after the examinership and which has an underlying sound business model to continue. The examinership process does not, and was never intended to, offer businesses an opportunity to walk away from debts or from amounts legitimately owed to other creditors. It must be remembered that the debts of any company do not exist in a vacuum. Often these debts are owed to other small businesses whose viability in turn may depend on the successful recovery of the amounts involved.

Representations have recently been made to my Department suggesting changes to the examinership process which would significantly reduce the role of the courts — a form of “examinership lite”. Given that successful examinerships inevitably involve losses for creditors — whose viability may also be at stake — it is critical that the process is not only fair but seen to be fair, and the role of the courts is not to be underestimated in this regard. Subject to the maintenance of this fairness criterion, I remain open to any suggestions that may improve the effectiveness of the process.

**Deputy Deirdre Clune:** My question referred to viable small businesses. The reality is that an examinership process is not available to small businesses because of the excessive costs and lengthy court times associated with it. We are not talking about complete reform of our bankruptcy system — even though it is stuck in the dark ages — rather some type of flexible arrangement that can be introduced without delay. This is about saving jobs. Last year more than 1,200 small businesses closed, if my figures are up to date. I heard another Minister say on the radio some time ago that this is not a priority for the Government. It should be a priority to support viable small businesses. In Britain and Northern Ireland there are more flexible arrangements in place. As it stands, the cost of the examinership process is excessive.

**Deputy Batt O’Keeffe:** I understand where the Deputy is coming from and I too am anxious that the process be expedited as much as possible. However, there is an important element that we cannot ignore, which is maintaining an impartial involvement. The courts afford that and thus ensure there is confidence in the process.

As I said, proposals that have been submitted to the Department in regard to a so-called “examinership lite” process are being examined. However, there are concerns relating to these submissions. For example, there is concern about the absence of an independent accountant in the proposed model and regarding the emphasis on the avoidance of publicity. Also of concern is the proposal that arrangements may be approved if a body comprising 75% of the value of creditors — which may very well comprise a bank — approve the proposal. A reply has issued to the proponents of these submissions to the effect that while we are anxious to be as accommodating as possible and undertake to examine the proposals in detail, the credit supply clearing group is not totally in favour of the proposal.

**Deputy Deirdre Clune:** There is much that can be done to improve the situation for small businesses. In the case of the large number of companies that have gone out of business since the start of the year the issue that is often referred to as the straw that broke the camel’s back

is excessive rents. Is there any progress in devising measures in this area? We must think outside the box rather than simply referring these issues to the courts.

**Deputy Batt O’Keeffe:** While the Department does not keep statistics on the number of examinerships, the *Insolvency Journal* website has noted a dramatic decrease in 2010 in the number of companies seeking protection from creditors by placing themselves in examination.

**Deputy Deirdre Clune:** That is because of the costs. According to that journal, a total of 16 companies went into examinership in 2010, compared to 37 in 2009. That represents a decrease of 57%.

**Deputy Richard Bruton:** Yes, but at a time when closures are going up, so the inevitable consequence is what Deputy Clune is saying.

**Deputy Deirdre Clune:** What about the rent issue?

### Job Creation

58. **Deputy Willie Penrose** asked the Minister for Enterprise, Trade and Innovation his plans for additional job creation measures having regard to the increase of more than 12,000 in the live register figures for December 2010, the highest end-of-year figure ever recorded; and if he will make a statement on the matter. [2913/11]

**Deputy Batt O’Keeffe:** The role of my Department is to ensure that we have the right policies in place that will support and grow our enterprise base to facilitate job creation and job retention. The National Recovery Plan, published by the Government on 24 November 2010, provides a blueprint for Ireland’s return to sustainable economic growth. It identifies the areas of activity, which will provide increased employment opportunities as Ireland’s economic recovery takes place.

The plan sets out a range of specific actions and supports designed to improve competitiveness across all sectors of the economy. These include measures to cut costs to business, the removal of barriers to employment creation, and a range of sector-specific actions to increase exports and domestic demand.

In September, the Taoiseach launched the five-year integrated Government plan for trade, tourism and investment aimed at generating 300,000 jobs by the end of 2015. The new plan, entitled “Trading and Investing in a Smart Economy”, is the first integrated strategy to promote overseas trade, tourism and investment. With this new strategy, the Government aims to position Ireland for strong export-led growth to 2015, resulting in high levels of job creation.

The plan aims to create more than 150,000 direct new jobs — IDA Ireland 75,000, Enterprise Ireland 60,000 and tourism 15,000 — in manufacturing, tourism and internationally traded services, with another 150,000 spin-off jobs. The programmes supported by my Department and its agencies will be critical in achieving a return to economic growth through promoting the export potential of enterprise in Ireland and advancing the smart economy agenda.

The allocation in budget 2011 of €508 million in capital funding will ensure that the enterprise agencies’ core programmes are sustained and targeted. This will include actions to position Ireland as a global innovation hub.

The State development agencies — Enterprise Ireland, IDA Ireland and the county and city enterprise boards — are continuing to drive and promote enterprise development and, consequently, employment creation in our economy. IDA Ireland continues to market and



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promote Ireland for inward investment. On 15 January, Intel, an IDA client company that already employs more than 4,000 people in Ireland, announced that it is to begin a substantial new €375-million construction project at its Leixlip technology campus.

*Additional information not provided on the Floor of the House.*

This infrastructure project will create a further 850 construction jobs on the Leixlip campus. The company will also create 200 new high-level jobs on the Leixlip campus as a result of this technology upgrade. The fact that Intel has chosen to invest further here is an enormous vote of confidence and an endorsement of Ireland as a competitive location for global investment.

In addition, the National Recovery Plan reflects the need to ensure that the unemployed are equipped with relevant skills and kept close to the labour market. We are providing for appropriate upskilling or reskilling so that the labour market can access the skills it requires and, under the plan, we are committed to strengthening the framework of additional activation by measures including: a community work placement programme; a skills development and internship programme; additional placements on the work placement scheme; the redundant apprentice scheme; and an extension of the PRSI employers exemption scheme to end-2011.

**Deputy Willie Penrose:** At the outset, I acknowledge the success of Intel and long may it continue. It is great news. We have opportunities to advance developments such as science technology parks, which are important in the context of future economic policy.

Notwithstanding the grim employment news in the live register to end-December, the unemployment rate would be even higher were it not for the resumption of mass emigration. When people are forced to emigrate it provides a safety valve for the Government. Ireland’s young, educated workforce have ambitions but at least 100,000 people have left our shores in the past 15 months. Many of them are under 25 years of age. Deputy Bruton said that some 40,000 people in that age category have emigrated. That is an indictment of State policies as well as an appropriate political epitaph for the Government. Mass emigration was something we thought we had left behind in the 1940s and 1950s and would never resume, but one in three young people under 25 are on the dole.

Will the Government continue with the same policies as a result of which we have already suffered the deflationary impact of budgets? If the Government continues along that path, will it be possible to make an impression on the unemployment figures? I acknowledge the Minister’s successes, including Intel. I am not here to be a knocker because we all feel the economic impact, but is there anything meaningful the Government can do?

Although we have no more divine wisdom than anyone else, we have suggested a number of ideas, including the apprentice work placement programme, the skills exchange policy and a tax-based scheme to fund full-time study. Does the Government have any focus on the clean-tech, tourism and agri-food sectors which have the potential to create jobs here? Foreign direct investment is important but what policies does the Government have in place for indigenous industries which can play such a meaningful role?

**Deputy Batt O’Keeffe:** We should address three issues concerning job creation. The first one is to provide sufficient capital to agencies so they have money to expend and ensure that targets are met. IDA Ireland, Enterprise Ireland and the enterprise boards have sufficient cash and are satisfied that they can meet their targets given the capital provided.

Second, the trade strategy itself outlines into 2015 the creation of 300,000 jobs. All the agencies involved in that strategy, including tourism and food, are all working together on an integrated package. We are happy that they will achieve those targets. For instance, the IDA and Enterprise Ireland alone have clearly indicated that they can create 30,000 jobs, which is a significant increase. We can see that this strategy is working because foreign direct investment has confidence in Ireland. Some 850 additional jobs are to be created at Intel in Leixlip, which gives a signal to the rest of the world that Ireland is the place to locate. Ireland has the best labour skills and outstanding operational efficiencies, in addition to being much more competitive than it was previously.

**Deputy Willie Penrose:** Science and technology are important, particularly with the focus on commercialisation and job creation, but what are the Minister's plans in that regard? While Ireland remains an important development hub for European markets, we may be somewhat threadbare in terms of staff numbers devoted to securing a significant market share in expanding economies, such as those of the BRIC countries. The Minister should re-examine the recruitment moratorium to ensure that additional personnel will be made available to the IDA and Enterprise Ireland to secure such opportunities.

**Deputy Batt O'Keeffe:** I am glad the Deputy raised that issue because our strategy targets emerging economies in India, Brazil, China and the Middle East. I have visited three such countries on trade missions. I was due to visit Brazil but could not do so at the time. We are targeting those markets, however. To this end, I am calling in all the ambassadors of emerging economies to make them aware of our purpose in marketing in their countries. The Chinese ambassador will come in to meet me this afternoon. In addition, I will meet the ambassador from the United Arab Emirates next week. I will meet all such ambassadors in due course and will take them to Farmleigh for a meeting with the relevant State agencies.

**Deputy Deirdre Clune:** I hope the Minister will have enough time.

**Deputy Batt O'Keeffe:** In that way, we will make them fully aware of the export opportunities that Ireland can provide for their respective countries.

### Small Business Sector

59. **Deputy John Perry** asked the Minister for Enterprise; Trade and Innovation if he has satisfied himself with the level of support for micro, small and start up businesses in relation to job retention and job creation; if support for incubation centres are adequate to help start ups; and if he will make a statement on the matter. [2911/11]

**Minister of State at the Departments of Enterprise, Trade and Innovation (Deputy Conor Lenihan):** Support for micro-enterprise, small businesses and new start-ups is provided by my Department through the county and city enterprise boards and Enterprise Ireland.

I have made a capital allocation of €15 million available to the CEBs in 2011. The CEBs will prioritise and manage these funds in a targeted manner in order to maximise entrepreneurial development at local level.

Enterprise Ireland operates a range of entrepreneurship programmes that provide participants with the business skills, contacts, mentoring and support to potentially transform their innovative ideas or technologies into exporting businesses. Funding of over €213 million is available to Enterprise Ireland this year from my Department's Vote to support companies,

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including through research and development grants and collaboration with third level institutions.

Under the auspices of Enterprise Ireland, the Government has also invested significantly in the broader environment for business start-ups, including investment in incubators, seed and venture funds, angel networks and mentors.

Enterprise Ireland also provides support to community enterprise centres, CECs, and business innovation centres, BICs. These centres provide a range of facilities that enable entrepreneurs to establish new businesses, provide employment and grow their businesses locally.

There are currently 21 Enterprise Ireland supported campus incubation facilities and six specialist bio-incubation facilities in operation in Ireland. Approximately 240 new companies are based in these centres, employing in the region of 1,000 people. In addition, there are approximately 5,000 people employed in community enterprise centres throughout the country.

In regard to the availability of credit for small businesses, the Deputy will be aware that the Government has secured a commitment from the main lenders, AIB and Bank of Ireland, to make available at least €12 billion in total for new or increased credit facilities to SMEs over 2010 and 2011.

The National Recovery Plan 2011-2014 sets out further actions which will be taken to improve supports for all businesses. These include: measures to cut costs to business in the areas of energy, waste, professional fees and property; the extension of the 15 day prompt payment rule beyond central Government Departments to the wider public sector; investigating the potential for using vacant or under-utilised property as incubation centres; and there is also a commitment to review the business expansion scheme.

My priority is to ensure that both the business environment in Ireland and the assistance available from the enterprise agencies continue to be supportive of enterprise and encourage growth in all areas of the economy.

**Deputy John Perry:** I thank the Minister for a comprehensive reply. With regard to the €15 million for 34 boards, when the staff costs are taken from that the net benefit to small companies is minimal.

The Minister gave a comprehensive reply and I have several supplementary questions but on the funding aspect, will the Minister agree that a tremendous opportunity was missed to access EIF finance in these challenging times? Will the Minister not agree that the enterprise network had major consultation with the EIF and that money was available? Is it not a damning indictment of the Government that the only EIF approved micro-finance institution in the country is First-Step? Despite what the Minister of State said about John Threthowan and with regard to the banks, funding is not available. Is it not a fact that many loans that have been approved by CEBs with local credit unions have been rejected by mainstream banks? That is a fact.

**Deputy Conor Lenihan:** It is disappointing that we have not had a bigger draw-down in this area but the banks and Enterprise Ireland are working collaboratively to encourage their own systems of understanding of each other's work to ensure that can be achieved. A new scheme was announced by my senior colleague, the Minister, Deputy Batt O'Keeffe, with regard to an exchange programme between Enterprise Ireland and the banks.

We must be clear, in terms of credit flow in Ireland, that because of the boom years and the dependence on property based lending as opposed to lending based on cash flow businesses or real businesses, as other people might describe them, there was a major loss of expertise and

analysis within banks to lend to real businesses. Part and parcel of the initiative of Enterprise Ireland, and this Department and my senior colleague, has been to try to encourage much more movement in this area. There is a vibrant exchange programme now in terms of the banks placing personnel in Enterprise Ireland and *vice versa* and from my own constituency experience, I have had to intervene to a certain extent with local companies where major misunderstandings had developed in terms of banks lending to companies and not realising the viability of such companies, even in these terrible times of recession. There is a learning curve to be gone through by everyone involved in this area.

**Deputy John Perry:** I do not believe the story about the banks because it is not happening. Despite what the Minister of State might say and the guarantees, and I met John Threthowan last week, the money is not getting through. I refer to the EIF finance that is available in Europe. Is it not a fact that money is available and that the Minister of State's Department did not respond to the CE boards with regard to the availability of funds, namely, between €5,000 and €25,000 for small companies, that can be accessed? That is not happening. Can the Minister explain the reason the Government did not have proactive discussions with the EIF in Europe where cash products and loan guarantees are available? Those funds are available in Europe and this Government has done nothing to access that fund. The Minister should forget about the banks. The banks are not doing the business. That is the question.

**Deputy Conor Lenihan:** If I might correct the Deputy, it seems that the order of the day for everybody is to simply say the banks are not lending.

**Deputy John Perry:** I am talking about the EIF.

**Deputy Conor Lenihan:** The evidence, such as we have it, from all of the sources available to the Department, particularly the work of John Threthowan, is that there is and has been——

**Deputy John Perry:** I am asking about the EIF.

**Deputy Conor Lenihan:** ——an increase in the amount of lending to small enterprises here in the past year.

**Deputy John Perry:** The Minister is side tracking. They are not getting through.

**Deputy Conor Lenihan:** It is not a side track. If the Deputy believes that lending to small business is a side track, I do not know if he is——

**Deputy John Perry:** Can the Minister answer the question on the European Investment Fund——

**An Leas-Cheann Comhairle:** Allow the Minister of State to reply.

**Deputy John Perry:** ——that is available, cash guaranteed, with the credit guarantee for small companies? The Department has not——

**An Leas-Cheann Comhairle:** The Deputy has put his question. The Deputy will not ignore the Chair.

**Deputy John Perry:** He will not answer the question.

**An Leas-Cheann Comhairle:** We will see if he will——

**Deputy Conor Lenihan:** With respect, I did in my last reply to the Deputy.

**Deputy John Perry:** You did not answer the question.

**Deputy Conor Lenihan:** I did. I said Enterprise Ireland and the banks——

**Deputy John Perry:** I am talking about EIF finance that is available for small companies.

**An Leas-Cheann Comhairle:** Please do not shout down Members.

**Deputy Conor Lenihan:** I am trying to answer the question.

**Deputy John Perry:** Viable companies are closing down while we hear all this waffle.

**An Leas-Cheann Comhairle:** The House should calm down.

**Deputy John Perry:** Waffle.

**An Leas-Cheann Comhairle:** Allow the Minister to answer the question.

**Deputy John Perry:** He did not answer the question he was asked.

**Deputy Conor Lenihan:** I did. The last time——

**Deputy John Perry:** Tell me about the EIF please.

**An Leas-Cheann Comhairle:** I ask the Minister to take a seat for a moment. If he would allow me to chair the proceeding and if Senator Perry would allow, in a calm fashion——

**Deputy John Perry:** He is annoying me.

**An Leas-Cheann Comhairle:** Breath deeply——

**Deputy John Perry:** We have heard it all before.

**An Leas-Cheann Comhairle:** ——and I will allow the Minister to reply calmly.

**Deputy Kieran O'Donnell:** You might encourage the Minister to answer the question.

**An Leas-Cheann Comhairle:** I will do my best.

**Deputy John Perry:** EIF funding. That was the question.

**An Leas-Cheann Comhairle:** Yes. Unfortunately, the Chair has no control over the answer given.

**Deputy Batt O'Keeffe:** The Deputy is getting excited.

**Deputy Conor Lenihan:** It is great to see the Deputy getting excited.

**An Leas-Cheann Comhairle:** The Minister of State, I have no doubt, will now address the question raised.

**Deputy Kieran O'Donnell:** His original thoughts.

**Deputy Conor Lenihan:** As I said in my earlier reply, Enterprise Ireland, the banks——

**Deputy John Perry:** EIF.

**Deputy Conor Lenihan:** —and the Department are working towards drawing down more assistance and funding from the EIF through the schemes. That is work in progress.

On the Deputy's wider assertion that credit is not getting through to small and medium-sized enterprises, that is not borne out by the facts in the credit reports we receive from the Central Bank and from the office headed by John Threthowan, which we set up deliberately to police and patrol the commitments made by the banks. It would not be wrong if occasionally a member of the Opposition's spokesmen's group such as Deputy Perry would acknowledge the fact that €12 billion is available now from both AIB and Bank of Ireland for this year and next year to extend to small and medium enterprises. It would be helpful also if Deputies in this House would advertise that fact locally.

**An Leas-Cheann Comhairle:** We need to move on.

**Deputy John Perry:** The Minister should make an application and see if he gets it. It is not available.

**Deputy Conor Lenihan:** I have acknowledged——

**Deputy John Perry:** Have you spoken to a businessman——

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

**Deputy Conor Lenihan:** In fairness, I have acknowledged the difficulties.

**An Leas-Cheann Comhairle:** Very good. I ask the Minister to take a seat.

**Deputy John Perry:** EIF finance is separate to the bank funding. It is a separate application. It has nothing to do with banks.

**An Leas-Cheann Comhairle:** Deputy Perry, please do not ignore the Chair.

**Deputy John Perry:** It is incorrect information.

**An Leas-Cheann Comhairle:** Do not ignore the Chair, and do not try to shout down the Chair.

### Other Questions

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#### Departmental Strategy Statements

60. **Deputy Kieran O'Donnell** asked the Minister for Enterprise, Trade and Innovation if he has set new goals for his Department in the strategy statement due to be completed in September 2010; the reason he has not published the strategy statement to help inform the Oireachtas on choices that have to be made in budgetary planning in 2011 and subsequent years [2607/11]

**Deputy Batt O'Keeffe:** In fulfilment of the provisions of the Public Service Management Act 1997, my Department prepared and submitted to me a draft Statement of Strategy 2011-2013 for my consideration. The Department subsequently arranged for this draft to be forwarded to the Department of An Taoiseach for consultation in accordance with the revised guidelines for the preparation of strategy statements issued by the Department of An Taoiseach in July last year.

[Deputy Batt O’Keeffe.]

The Public Service Management Act provides that the strategy statement be laid before each House of the Oireachtas not later than 60 days after it has been approved. However, since the announcement late last year of the intention to hold a general election in the coming months, it was decided that the current draft statements of strategy will not be finalised and published in advance of the election. Nevertheless, business units in my Department are using the draft statement as the basis for the preparation of their business plans for the coming year, taking account of adjustments to reflect the outcome of budget 2011 and of actions necessary to meet our commitments under the EU-IMF and the national recovery plans.

In preparing the draft new statement of strategy, my Department gave considerable time to determining appropriate goals, objectives and strategic actions for the Department for the three years ahead. The range of actions identified in the draft covers all aspects of the work of my Department, aimed at, among other things, growing employment and foreign earnings through enterprise and trade, and through building the smart economy; better regulation of markets and enhanced consumer welfare; and fostering good industrial relations, employment rights and health and safety awareness and compliance.

I should add that when the Select Committee on Enterprise, Trade and Innovation considers my Department’s Estimate for 2011, I will present and publish our annual output statement, which will set out our goals and objectives for 2011.

**Deputy Kieran O’Donnell:** While Nero fiddles Rome burns. There will be no strategy until the Fianna Fáil election manifesto is produced. It is now 2011. The most recent strategy finished at the end of 2010 and the Minister gave a commitment at the end of December last that the new strategy would be brought before the House within 60 days. Is he now saying no Department strategy will be produced but that it will become part of the Fianna Fáil election manifesto? The Minister might also enlighten us as to when the general election will take place.

While the Government document, Trading and Investing in a Smart Economy set a target of 300,000 jobs, all the agencies under the aegis of the Minister’s Department employ fewer than 300,000 people. Does the Minister not agree that since 2000, not one additional job has been created by the enterprise agencies under his direction?

**Deputy Batt O’Keeffe:** Last year, which was a very tough year, the IDA created more than 10,000 jobs. The net increase was approximately 1,750 because there were significant job losses permeating from 2009. Job losses in Dell in Limerick spilled over from 2009 into 2010. Nevertheless, there was a net increase of 1,750. The IDA has indicated clearly to my Department that it does not believe job losses will be as severe this year. Information available from the employment agencies suggests that there is significant stabilisation and growth in job advertisements this year.

I would like to correct a statement made by Deputy Bruton the last time I answered questions in the House, when he claimed that only 40% of targets contained in last year’s statement were met. Of the 68 individual targets for achievement in 2009, we met or exceeded 47. We missed out on 21 targets, which represents a success rate of 70%, rather than the 40% claimed by Deputy Bruton. It is also important to point out that the targets that were exceeded or met were all in the enterprise sector.

**Deputy Richard Bruton:** The Minister treats the House with contempt. He has a strategy but he will not tell us what it is. We are told the Government respects the Dáil as a place where Ministers are accountable. The Minister is saying he is paddling his canoe up the stream with,

according to himself, a map and guide as to where he is going but he will not tell either the public or Members of the House where he is heading or how he is going to get there. This is the depth of contempt to which the Government has led the Dáil. We are entitled to know the strategy being pursued and to hold the Minister accountable for it.

The Minister is pretending he is delivering on his strategy. What has happened to the strategy to cut red tape by 25%? According to his own figures, he has delivered just €20 million of that, or less than 4%.

**Deputy Batt O’Keeffe:** Wrong again.

**Deputy Richard Bruton:** Where is his strategy to implement the 21 priority recommendations of the Competition Authority? He has not delivered on any of them.

**Deputy Batt O’Keeffe:** Wrong again.

**Deputy Richard Bruton:** The Minister is obliged to tell us what he is doing and to answer questions on a published record. He is going to pretend he has delivered in these areas, which are directly his responsibility, when the truth is he has failed miserably. This has nothing to do with the agencies. They are the Minister’s responsibility.

**Deputy Batt O’Keeffe:** Deputy Bruton looks like a teacher with a finger wagging. I am too old for that.

**Deputy Richard Bruton:** The Minister has not learned much.

**Deputy Batt O’Keeffe:** The last time I answered questions in the House, Deputy Bruton made a misleading statement of what had been achieved. I felt an onus to correct the record.

**Deputy Richard Bruton:** Let me correct the record. I said 40% had not been delivered. The Minister said 30% had not been delivered. I may have been a little bit out but I was not far out. The Minister certainly did not deliver what he was supposed to deliver.

All the enterprise sector targets were covered. The only thing missed out in the strategy statement——

**Deputy Richard Bruton:** Was the Minister’s own responsibilities.

**Deputy Batt O’Keeffe:** ——was the extraordinary demand in relation to legislation and a number of demands in terms of services.

**Deputy Richard Bruton:** What about red tape? What about the Competition Authority? What about any of those things that are key to the Minister’s strategy?

**Deputy Batt O’Keeffe:** The Government has taken a decision that it would not be prudent to publish a strategy statement at present because of the announcement at the end of last year regarding the calling of an election. What is available, and what we are working on, is the renewed programme for Government, the smart economy framework, the strategy for science and technology innovation——

**Deputy Richard Bruton:** We know the Minister commissions reports by the lorry load, but he does not do anything about them.



**The Taoiseach:** —the Forfás Making it Happen document, the trade and tourism strategy, the jobs and growth strategy,—

**Deputy Richard Bruton:** We would want a wheelbarrow to wheel them around.

**Deputy Batt O’Keeffe:** —the ongoing work of the National Competitiveness Council, the innovation task force and Towards 2016.

**Deputy Richard Bruton:** Can the Minister show us his record of delivery?

**Deputy Batt O’Keeffe:** Since I came to office we have taken €53 million out of the cost of bureaucracy in business and we are continuing to drive down cost in business. We have become much more competitive as a result of what we are doing.

### SME Sector

61. **Deputy Seymour Crawford** asked the Minister for Enterprise, Trade and Innovation the steps he has taken to ensure that capital is available to medium and small industries to retain jobs and expand production when the opportunity arises; his views on whether there is a significant opportunity for the manufacturing industry to increase production to a number of different markets such as the UK, Germany and so on, if only they could get the working capital; the steps he is taking to rectify this situation; and if he will make a statement on the matter.

[2542/11]

**Minister of State at the Department of the Taoiseach (Deputy Dara Calleary):** Access to bank credit for businesses, particularly SMEs, has been central to many Government initiatives in addressing the crisis in the banking sector. Both the 2009 and 2010 bank recapitalisation arrangements provided specific commitments from the recapitalised banks to assist SMEs.

Under the 2010 bank recapitalisation arrangement, AIB and Bank of Ireland have both committed to making available not less than €3 billion each for new or increased credit facilities to SMEs in both 2010 and 2011, including funds for working capital for businesses. As a Department, we have ongoing contact with the main banks in relation to their lending to businesses and will, together with our colleagues in the Department of Finance and John Trethowan of the Credit Review Office, continue to ensure that they meet their lending commitments.

In this regard, as part of his second quarterly report on SME lending published on 18 November 2010, John Trethowan indicated that each of the banks has shown a positive attitude to his review process and the banks’ executives have been asked to ensure that this attitude is shared with their front-line lending staff. He also stated that the current market perceptions that banks are not lending to SMEs is based on experiences from six to nine months ago, and the current situation while still not entirely perfect, is now continually improving. In addition, our officials are working with their colleagues in the Department of Finance, the Credit Review Office, Enterprise Ireland and Forfás to address access to credit issues for viable SMEs.

The National Recovery Plan 2011-2014 contains a pillar to pursue appropriate sectoral policies to encourage export growth and recovery of domestic demand. The plan sets out a range of specific actions and supports designed to foster export growth and a recovery of domestic demand; provide investment of €2.2 billion in capital over the four years of the plan for the enterprise agencies, which will enable them to create jobs across the economy; support indigenous firms to increase exports; win new foreign investment; and target and supporting research, development and innovation in companies to boost productivity, exports, growth and jobs. To

further assist cash flow for SMEs, the 15 day payment rule to suppliers will be extended beyond central Government Departments to the wider public sector.

*Additional information not given on the floor of the House.*

The State development agencies, Enterprise Ireland and IDA Ireland, and the county and city enterprise boards are continuing to drive and promote enterprise development, and consequently employment creation in our economy.

In September 2010, the Taoiseach launched the five-year integrated Government plan for trade, tourism and investment. This plan has set a number of ambitious targets to be achieved by 2015, including the generation of 300,000 jobs between direct and spin-off employment. The overall objective of the strategy and its action plan is to marshal and co-ordinate the resources of the State in a way that best supports firms, of all sizes, in all parts of the country, which are trying to trade and grow their business overseas. The strategy presents a suite of actions for building on existing strengths and driving trade relations in existing as well as new and emerging economies.

**Deputy Seymour Crawford:** I thank the Minister of State for his reply but it is totally different from the reality. My reason for asking this question is simple. A number of small industries that are in a position to expand or retain staff are finding it impossible to get cash flow or working capital. This is true of ordinary small businesses that have a proud record in my own constituency of Cavan Monaghan.

The Minister must get down to business and ensure that people with a genuine demand can get money. When will structures be put in place to ensure that viable — and not fly-by-night — good businesses can continue? I spoke to someone who has been in business for 40 years. He told me he could employ another eight or ten people if he could get money from the bank.

**Deputy Dara Calleary:** All Members share the Deputy's commitment to viable small businesses and this is the reason the review office is in place. Regardless of party politics, all Members should use it. I have used it and have found it to be helpful to me and to a number of constituents. As for direct interaction with the office, it takes it on and if the businesses are viable and if they have a future, it will assist them to secure funding from the recapitalised banks. Members should provide Mr. Trethowan with the cases to allow him to do his work.

**Deputy Seymour Crawford:** How many cases have been dealt with by the review body and how many have received money as a result?

**An Leas-Cheann Comhairle:** Does the Minister of State have such a level of detail to hand?

**Deputy Dara Calleary:** I do not have it to hand but will provide it to the Deputy. However, unless Members provide the cases from their daily interactions with businesses, that figure will not improve.

**Deputy Arthur Morgan:** I trust that each Member of the House is receiving the same representations as is Deputy Crawford and as I certainly am. Does the Minister of State accept there is a lack of faith in the Credit Review Office? I do not refer in particular to Mr. John Trethowan himself but to a lack of faith in the office. This is demonstrated by the low numbers of people who are contacting the office. Regardless of whether people succeed, fail or otherwise, they simply are not contacting the office because of such a lack of faith. People simply

[Deputy Arthur Morgan.]

are blue in the face on foot of banks' refusals of loans to them at the point of contact on the high street. Even viable businesses are not getting loans.

**Deputy Dara Calleary:** I have to hand some figures. Since its establishment, the Credit Review Office has had slightly more than 4,000 users of its website, 467 calls from borrowers and a total of approximately 37 cases have been received. The Government is not happy with this and Deputy Morgan probably has hit on a point, in that we must do a lot more. While the Credit Review Office has advertised extensively and Mr. Trethowan has visited chambers of commerce nationwide, the Minister, Deputy Batt O'Keeffe, and I certainly will meet him to ascertain what can be done. However, the Government is open to ideas from this House as to how it can allow him to make his services more public in a direct way. Each Member of this House has an equal role to play in so doing.

**Deputy John Perry:** Does the Minister of State agree that the State-owned banks only comprise 60% of banking in Ireland? I refer to entities outside the State-capitalised banks, such as Ulster Bank and others, which may not be lending to the same extent. Is there a method to track funding from the banks? Is the Department in receipt of a monthly report on new business, by which I do not mean the recapitalisation of existing companies or the refinancing of existing loans but new business for job retention and creation, which is not happening at present.

**Deputy Dara Calleary:** While I do not have that information to hand, I will provide it to the Deputy. It certainly is the kind of information this Department has been seeking through this process.

**Deputy Willie Penrose:** I agree it probably is easier to get money from Ulster Bank and the others in this context. However, I refer to the banks we virtually own and this is the point that ordinary punters and small, big or medium-sized business people cannot understand. These banks have robbed them blind and have taken their bloody money. However, now that they are taking more money, they will not even re-lend the money that has been given to them by the ordinary individuals of this State. Has the Minister summoned the chief executive officers, the chief financial officers and the credit officers of the aforementioned banks to meet him? One should forget about Mr. Trethowan, as he is a port of last resort. Has the Minister met them on a face-to-face basis to tell them of the Government's unhappiness? The banks are not doing what the Government has set out for them to do. Moreover, the Government only wishes banks to lend to viable business, as we have had enough madness in the past, but they should lend to real viable businesses. I agree with Deputy Perry's point. A smokescreen is being put up in that if a bank renegotiates a client's overdraft facility from €5,000 to €3,000, it will assert that this constitutes new business.

**Deputy John Perry:** It will be counted as a new loan.

**Deputy Willie Penrose:** It is nothing more than a gross distortion of the truth. The Department should get to the truth because people are not telling lies to Members.

**Deputy Dara Calleary:** I accept that and accept Deputy Penrose's concerns in this regard. As for meeting the banks or the bank management, the Minister, Deputy Batt O'Keeffe, has led five different meetings with the banks since his appointment to the Department at the end of March 2010. The last report of the Credit Review Office states:

My view is that recapitalisation strategy for the two main banks is now achieving its objective of ensuring that a functioning banking system is in place to support economic activity.

Current market perceptions that banks are not lending to SMEs is based on experiences from six to nine months ago, and the current situation whilst still not entirely perfect, is now continually improving.

Certainly, the Government will continue to meet and pressurise the banks as it shares the concerns expressed by Deputies Perry and Penrose on the repackaging of facilities.

**Deputy Kieran O'Donnell:** Does the Minister of State agree there is a weakness in the review process? It has a limit of €250,000 and takes a “comply or explain” approach. Consequently, Mr. John Trethowan cannot compel the banks to lend. Furthermore, does the Minister of State agree there is a need for a bank guarantee scheme to complement the credit review process? For example, if a loan application was for €110,000 but the bank only felt comfortable with lending €90,000, the guarantee would be for €20,000 and simply would guarantee the excess.

I have heard from internal sources within the banks that at present, they are more concerned with shrinking their loan books and collecting money, and the SME sections within banks are not getting the attention they deserve. The Minister should propose to the banks that they should set up specific designated and firewalled SME sections. Instead, banks are more concerned at present with shrinking their balance sheets and sweating their assets and, consequently, the SME sector is falling out of the equation.

**Deputy Dara Calleary:** Some changes such as those suggested by Deputy O'Donnell have been made. The Government has been forcing banks to improve their lending facilities to SMEs and the Minister of State, Deputy Conor Lenihan, referred to increasing the number of staff. Moreover, the skills base of staff to lend to SMEs was depleted——

**Deputy Kieran O'Donnell:** Designated divisions.

**Deputy Dara Calleary:** ——and they now are engaged in partnership with Enterprise Ireland on this. In addition, the Government has found that the success rate of appeals within the banking system from regional to central level has improved in recent months. Moreover, the Government continues to force the banks to adopt a more vigorous internal appeals procedure, as well as that available through the Credit Review Office.

**An Leas-Cheann Comhairle:** Ceist Uimh. 62——

**Deputy Kieran O'Donnell:** What of the guarantee?

**An Leas-Cheann Comhairle:** —— in ainm an Teachta O'Donnell féin.

**Deputy Kieran O'Donnell:** A Leas-Cheann Comhairle, the point regarding the guarantee to complement the credit review system is very important.

**An Leas-Cheann Comhairle:** I have called the next question as we are three minutes over time.

### **Insurance Industry**

62. **Deputy Kieran O'Donnell** asked the Minister for Enterprise, Trade and Innovation if he has had discussions on the future of Quinn Insurance [2590/11]

64. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Enterprise; Trade and Innovation the meetings he has had with the Department of Finance concerning the restructuring of the Quinn group including, specifically, the sale or re-organisation of Quinn Insurance; the efforts in conjunction with the Department of Finance he has made to secure the best interests of workers and to maintain employment; and if he will make a statement on the matter. [2639/11]

**Deputy Batt O’Keeffe:** I propose to take Questions Nos. 62 and 64 together.

I assure Deputies of my ongoing concern about the situation at Quinn Insurance Limited, particularly regarding the long-term impact on the workforce and their families, as well as the local communities. However, I must emphasise that responsibility for the sales process is a matter for the joint administrators who were appointed by the High Court and I am sure Deputies will understand that owing to considerations of commercial confidentiality and to ensure fair process in this commercial transaction, it would not be appropriate for me to comment on the matter. In addition, I am of the view that it is inappropriate to speculate as to what may happen regarding jobs in the company before any decision is made on the sale of the company.

That said, certain matters already are in the public record and it is worth recalling that immediately following the announcement of the impending redundancies in Quinn Insurance, I met the court-appointed administrators and other stakeholders in the company of officials from Enterprise Ireland, IDA Ireland and FÁS. At that time, the administrators briefed us on the position within the company. On 29 April, I met the Taoiseach and officials from relevant Departments and State agencies to discuss concerns about the employment at Quinn Insurance and the implications for the wider Quinn group. On 5 May, I met the employees’ representative group. I also put in place an inter-agency group comprising the relevant State agencies and appointed the former chief executive of Enterprise Ireland, Dan Flinter as chair to ensure that every possible resource was put in place to support the employment prospects of all those affected. Since then, I have been briefed regularly on the matter by my officials, and on occasion by officials from the Department of Finance.

Twice last year I met representatives from the Quinn group, who updated me on developments within the company. At those meetings, I was made aware that the group was formulating a proposal on the future of Quinn Insurance. It must be remembered that the appointment of the joint administrators, pursuant to the Insurance (No. 2) Act 1983, to take over the management of Quinn Insurance Limited was taken in the best interests of the firm’s policyholders. The aim of the appointment of the joint administrators was to allow the firm to remain open for business in order that it could continue to be run as a going concern with a view to placing it on an ongoing sound commercial and financial footing.

The sale process involved the issuing on 27 August last, by Macquarie, of an information memorandum to interested parties on the sale of Quinn Insurance Limited. The submission of a non-binding indicative proposal was required by 17 September 2010 as a first stage. Following evaluation by the administrators, a limited number of prospective purchasers was selected to participate in phase two of the sales process. They were allowed to conduct further due diligence before completing a final bid. Final bids were submitted in December. Macquarie Bank and the administrators are currently considering the offers made and I understand it is expected that the joint administrators will decide on a preferred bidder shortly, with a view to entering into detailed discussions with them to seek to conclude an agreement on the sale of Quinn Insurance.

In assessing the bids, the joint administrators are required to consider how best the interests of policy holders can be protected and how the company can be returned to a sound commercial footing. Retention and protection of employment it is also an important priority, subject to their other responsibilities. The final decision of the joint administrators is subject to the approval of the High Court. It is important to be clear that neither the Government nor I have any input into or influence on the administration process, including any decision on the sale of the company.

**Deputy Kieran O'Donnell:** The Minister stated a decision will be made shortly. Could he give us a clearer indication as to when he expects a decision to be made by the administrators on the bids? The Minister, in his reply, did not refer to the fact that there are 1,400 people working in Quinn Insurance and up to 6,000 people working in the Quinn Group in a region where it is the largest employer. In terms of employment protection and competition in the insurance market, it is critical that Quinn Insurance continues to be viable and provide jobs. Has any contact been made by the administrators with the Minister's Department on the measures which it could provide regarding the deal, in particular for job protection?

**Deputy Batt O'Keeffe:** On the reopening of the business, the administrators were concerned that they would ensure the value of the business was maintained in order that it can be attractive for potential purchasers. The key factor has been that they reopened the profitable parts of the UK business. The Financial Regulator allowed Quinn Insurance to reopen its private motor insurance business by the end of April. Before taking its decision the Regulator carefully considered the information provided by the administrators on the important improvements in the company's underwriting model and there was significant strengthening of its pricing structure. It also consulted closely with the regulator in the UK.

On the issue of reopening commercial lines of business in the UK, the Financial Regulator decided in September that such a move would not be appropriate as Quinn Insurance would require additional capital which it currently does not have. The Regulator understands from the administrators that the non-resumption of UK commercial business should not have a significant impact on the sales process.

The administrators were put in place by the courts and it would be invidious of me to become involved with them, given that they have to report back to the courts on the policy holders and the business being put on a sound footing. It is an ongoing concern. The process has to consider jobs. We are all well aware of how important it is to try to ensure that any sale retains the maximum number of jobs.

**Deputy Caoimhghín Ó Caoláin:** Every evaluation must ensure that the best interests of policy holders are met, that competition within the industry is secured, that the existing jobs in Cavan, Enniskillen, Blanchardstown, Navan and elsewhere are protected and the best prospect for the return of €2.8 billion owed by Seán Quinn to Anglo Irish Bank, which is now in State ownership, and the taxpayer. Would the Minister not believe that the extended efforts between Anglo Irish Bank and Quinn Insurance in putting together proposals for the consideration of the administrators would have offered the best prospect of realising each of those goals?

Does the Minister have any indication as to why the long and protracted preparatory period did not lead to the final presentation of the so-called Quinn and Anglo Irish Bank proposal to the administrators within the timeframe set? How is it that Anglo Irish Bank, over a very short period of time, appeared to be saddled to another proposition with external interests which can guarantee none of the aforementioned goals?

[Deputy Caoimhghín Ó Caoláin.]

What has the Minister's Department been doing, including providing any supports that are necessary, to give life to the Quinn and Anglo Irish Bank proposals? What has it been doing in conjunction with the Department of Finance to assist the achievement of each of those objectives?

**Deputy Batt O'Keeffe:** I met the group several times. I met representatives of the wider Quinn Group in July and November last year. At the first meeting, the delegation outlined to me the details of a proposal that would involve the participation of Anglo Irish Bank and Quinn Group. The Quinn Group hoped it might be a viable alternative to the sale of the business by the administrators. In responding to the proposal I had to reiterate to them the independence of the Financial Regulator in carrying out its role. I indicated to it that the administrators were appointed by the courts and would be subject to reporting back to them, but they would always have to take into account what the Deputy outlined, as well as maintaining the maximum number of jobs.

I understand the result of the deliberations and sales process will be announced very shortly. As the administrators were appointed by the courts I or any member of Government cannot be involved in the process. However, we have been very concerned about the matter. The Deputy will be aware that I established an interagency group under the chairmanship of Mr. Dan Flinter who is the former CEO of Enterprise Ireland. He has been working with representatives of the company. The group has met on 13 occasions regarding this matter.

**Deputy Seymour Crawford:** I thank the Minister for his interest in this matter. The Quinn Group has provided up to 6,000 jobs on the island of Ireland and is extremely important. My interest in this matter is not about any individual, rather it is about the need to sustain jobs. What role, if any, did the Minister play in ensuring that the group he met representing the Quinn Group and Anglo Irish bank had ongoing discussions until December? The Quinn Group suddenly found itself left out. Can the Minister find out why that happened? If the Quinn Group proposal was not solid enough to represent the combined Anglo Irish Bank and Quinn Group interest, can it be given an explanation as to what was wrong and can it be offered the right to rectify it?

I fully appreciate the legal issue with the administrators. Our problem concerns where the proposal fell down before it reached the administrators. Is there any way the proposal can be reconsidered? It is the only proposal which can save the jobs and save the taxpayer €2.8 billion.

**Deputy Batt O'Keeffe:** I appreciate from where the Deputy is coming. The Government has been very supportive of the Quinn Group. I met representatives of the group a number of times as did the Minister for Finance and the Taoiseach. There is a limit to what we can do. The regulator is absolutely independent and must be satisfied with regard to the corporate governance relating to all of the participants. I am not aware of the exact proposals lying with the joint administrators and the Macquarie bank group. All I know is that they will have to take into account the protection of the maximum number of jobs, along with the interest of the policy holders. They must ensure it is a viable business with a future.

**An Leas-Cheann Comhairle:** If Deputies will bear with me, I will allow three further Deputies put their questions.

**Deputy Willie Penrose:** We all accept the Minister's ability to interfere directly in the process, although carefully and severely circumscribed by the fact that the administrative process is

under the purview of the courts. We accept that, but we are also aware of the importance of the Quinn Group jobs in Dublin, Meath, Monaghan, Cavan, Fermanagh, Longford, Westmeath, Leitrim and Roscommon. These are areas where jobs are extremely scarce on the ground and we are all aware of the importance of this industry in that regard. Why, therefore, did the Quinn Insurance Limited or Anglo Irish Bank bid that was being put together disappear from the landscape and why was it not considered as coming from a viable bidder? Did the Minister have any opportunity to become involved or was the Department of Finance, which is important in the context of Anglo Irish Bank, ever become directly involved? Was Mr. Elderfield ever brought into the process and asked his opinion? He is entitled to give an opinion when sought. Anglo Irish Bank is now owned by the State and would, in that context, have a direct input, particularly when, if the jobs are lost, we will end up paying for them at the end of the process.

Where does the NTMA fit into the situation? Has it had any input into the overall process? Were there any discussions with the Department of Finance, the Department of Enterprise, Trade and Innovation, Mr. Elderfield, the NTMA and all of the entities that are so important in this context?

**Deputy Batt O’Keeffe:** Deputy Rory O’Hanlon will confirm that we met with the Minister for Finance and that Mr. Elderfield was present at the meeting. It is not for me to reveal in public the sentiments expressed by Mr. Elderfield at that meeting. The Deputy must recognise that the regulator has an independent role, and he demands that independence. He gave an opinion on that occasion with regard to the Quinn Group and what could be done for it. I am satisfied that on the basis of the efforts of Deputy O’Hanlon and the Minister for Agriculture, Fisheries and Food, Deputy Brendan Smith, we have met on a regular basis with all of the entities involved. We all want to see a successful conclusion to this and want to see the retention of the maximum number of jobs. We have emphasised this to everyone we have met, including Mr. Elderfield and the joint administrators.

**Deputy Arthur Morgan:** I accept entirely the restrictions on the Minister with regard to the regulator and the administrators. However, does the Minister accept this is a job retention situation and will he confirm whether he has had talks with people in Anglo Irish Bank? Clearly, he has unrestricted access to those people. If the Minister accepts this is a job retention issue, it should surely be part of Government policy to consider the joint proposal made by Quinn Insurance Limited and Anglo Irish Bank to see what can be done. Has the Minister done that? Does he accept the difficulty in that there are virtually no other job opportunities in the region, particularly the Border area. Given the importance of the jobs, they must be retained if at all possible.

**Deputy Rory O’Hanlon:** I confirm the Minister’s statement that there were a number of meetings and I thank him and his colleagues for the number of times they met and facilitated representatives of the Quinn group. Owing to the fact that there are 5,000 jobs involved and that the taxpayer is owed money, it is important we do everything we can to protect these jobs. It is also important that the Quinn proposal is examined. The Quinn group and in particular its representatives, including people like Dave Mackey a former public servant, should be informed exactly why their proposal has not been accepted and given the opportunity to amend it if possible. Does the Minister agree that should be done? While I appreciate the Minister has no direct influence on what happens, will he use his good offices to try and ensure that these people are informed what exactly is the problem with their proposal and given the opportunity to amend it?



**Deputy Batt O’Keeffe:** Yes, I did meet with Anglo Irish Bank people and I am aware that there was interaction between the Department of Finance and Anglo Irish Bank on this matter. There was also interaction between my Department and the Department of Finance with regard to the proposed investment. The Government, the Minister and the Taoiseach can intervene with the joint administrators with regard to the exercise of their duty and we have clearly indicated the importance to the region of the retention of jobs.

Also, the inter agency group I have set up, which has a North-South connection, proposes to make an application to INTERREG. This application will be lodged before the closing date at the end of February and we hope it will be a successful cross-Border initiative. Progress is being made with regard to that aspect of the joint agencies.

*Written Answers follow Adjournment Debate.*

### **Adjournment Debate Matters**

**An Leas-Cheann Comhairle:** I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 21 and the name of the Member in each case: (1) Deputy Tom Sheahan — the reason for the delay in the payments of REPs to farmers in County Kerry; (2) Deputy Paul Kehoe — the need to make emergency funding available to repair roads in County Wexford damaged by severe weather conditions; (3) Deputy Kieran O’Donnell — to call on the Minister for Justice and Law Reform, in light of the 50% cut in the budget of Operation Anvil, to set out what measures he has put in place to ensure the necessary resources are provided to the Garda in Limerick to continue combatting gangland crime; (4) Deputy Pearse Doherty — the need for the Minister for Health and Children, Deputy Mary Harney, to intervene to ensure that adequate radiotherapy facilities are provided for patients in the north west in light of the recent statement by her northern counterpart Minister Michael McGimpsey that the northwest radiotherapy centre will not proceed as was originally planned; (5) Deputy Joe McHugh — the methodology used by the Department of Agriculture, Fisheries and food for apportioning boarfish quota to fishermen in 2011; (6) Deputy Mattie McGrath — the need to provide an update on the Fethard and Burncourt rural water scheme in County Tipperary; (7) Deputy Paul Connaughton — to seek clarification on the exact position bog cutters find themselves in under the EU habitat directive on the 32 raised bogs where turf cutting for domestic purposes has been stopped; and if the Minister will state, given the perilous state of the country’s finances if turf cutters will be allowed to cut their own supply of turf this year, particularly in light of the ever escalating price of home heating oil; (8) Deputy Deirdre Clune — the need to upgrade water infrastructure in the Cork area; (9) Deputy David Stanton — to ask the Minister for Defence, in light of the evolving political situation in Lebanon, the force protection measures he intends to put in place to enhance the safety of our Defence Forces contingent which will travel there later in the year; and to ask him to make a statement on the matter; (10) Deputy Bernard J. Durkan — the ongoing and escalating industrial dispute between Aer Lingus and its aircraft cabin crews which has resulted in dismissals, cancellation of flights, annoyance, stress and disappointment to passengers in a vital transport sector at a time of economic sensitivity; and I call on the Minister for Transport to immediately intervene by way of appointing a suitable arbitrator with a view to early and amicable resolution at this crucial time for the economy, Aer Lingus and its staff; (11) Deputy John O’Mahony — the implications for Ireland West Airport, Knock resulting from the value for money report by the Department of Transport and the ending of the PSO for the Knock-Dublin route; (12) Deputy Joe Costello — the need for the Minister for Transport to seek industrial relations mediation in the Aer Lingus dispute; (13) Deputy Lucinda Creighton — the withdrawal of

section 23 tax relief; (14) Deputy Jimmy Deenihan — the urgent need to provide an extension to Mercy Mounthawk Secondary School, Tralee, County Kerry to replace existing prefabs and to provide places for a long waiting list for entry to the school; and (15) Deputy Thomas P. Broughan — that the Minister for Transport would urgently report to Dáil Éireann on what steps he is taking as a key shareholder in Aer Lingus to address all outstanding IR issues and if he is utilising all the industrial relations machinery of the State to achieve an urgent resolution of the current IR dispute at Aer Lingus, and if he will make a statement on the matter.

The matters raised by Deputies Paul Kehoe, Mattie McGrath, Deirdre Clune and Tom Sheahan have been selected for discussion.

### **Bretton Woods Agreements (Amendment) Bill 2011: Order for Second Stage**

Bill entitled an Act to make provision for acceptance by the Government of certain amendments of the Articles of Agreement of the International Monetary Fund approved by the Board of Governors of that fund on 28 April 2008 and 5 May 2008 respectively, to provide for the construction of certain references to those Articles, and for related matters.

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** I move: “That Second Stage be taken now.”

Question put and agreed to.

### **Bretton Woods Agreements (Amendment) Bill 2011: Second Stage**

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** I move: “That the Bill be now read a Second Time.”

I thank the House for agreeing to discuss this Bill today at short notice. The Bill is needed to allow the State to accept amendments to the IMF articles of agreement, which were approved by the IMF board of governors in early 2008. The acceptance of these amendments by Ireland will contribute to the process of bringing them into force. These two amendments were approved as part of the 2008 governance reforms agreed by the IMF in the ongoing process of enhancing the

fund’s legitimacy, credibility and effectiveness in the changing realities of the modern world. Under the 2008 reforms, it was agreed to first, realign voting power in the IMF to reflect changes in the global economy and second, increase the voting power and participation of low income countries, LICs.

The 2008 reforms will adjust the IMF quota shares of members to reflect better their relative weight and role in the global economy. The quota of a country is a measure of its voting power and representation at the IMF, and is broadly based on its relative size in the world economy. A member’s quota also determines the amount of financial resources that a member contributes to the IMF and the level of access of the member to IMF financing. However, current quotas have not kept up with changing economic realities, especially the increased economic weight of major emerging countries in the world economy. While the quota adjustments will benefit emerging market economies in the main, a number of advanced countries, including Ireland, who have been significantly under represented, will also receive a quota increase. The increase in Ireland’s quota share will result in a reduction, by approximately 18 basis points, in the interest rate payable on the funds borrowed by Ireland from the fund, a saving in interest payments of approximately €1.8 million per billion borrowed per annum.

[Deputy Martin Mansergh.]

Since the 2008 agreement, I have attended two annual meetings of the IMF-World Bank where further reforms and quota changes were discussed, culminating in a further set of agreements — the 2010 reforms — which, when implemented, will have the effect of further increasing Ireland's quota. The impact of this quota adjustment, when implemented, will have a more significant increase on Ireland's interest rate, with a potential reduction estimated at 80 basis points when the 2010 quota increase is implemented. This would constitute an interest rate saving of approximately €6.5 million per billion per annum. This adjustment will require further amendments to the Bretton Woods Agreements Acts in due course. While it is not possible to be definitive about the timeline for the implementation of the 2010 quota changes, by resolution of the board each member has committed to use its best efforts to complete the necessary steps for acceptance before the annual meetings in autumn 2012. However, it is first necessary to implement the current 2008 quota reform, with which the Bill before us is linked.

The Bill is essentially a technical Bill, which provides for the acceptance of the fifth and sixth amendments to the IMF articles of agreement, both of which are Schedules to the Bill. The fifth amendment at Schedule 1 is known as the voice and participation amendment. By resolution of the IMF board of governors, entry into force of the voice and participation amendment is required before the quota increases can become effective. This requires acceptance by the required voting threshold of three fifths of members having 85% of total voting power. Current information from the IMF is that this voting threshold is close to being reached.

The amendment has three sections. The first section authorises the IMF board of governors to adopt rules so that IMF executive directors of constituencies with more than a specified number of countries may appoint a second alternate executive director. Currently, every constituency has only one alternate executive director. The purpose of this section is to enhance the capacity of the two African constituency offices to represent the countries in the constituencies at a higher level in recognition of their special challenges, including the heavy workload associated with the important advisory and financial role that the Fund is playing in many member countries.

The second section amends the formula for the calculation of the IMF votes of member countries. The purpose of the amendment is to increase the voting power of low income countries, LICs, which has been eroded over time, in part because of the relative increase in the economic power of other countries and also because of the impact of successive rounds of IMF quota increases. This is a central element of the 2008 IMF reform package. Under the current articles of agreement, the voting power of every member state is the sum of basic votes plus quota-based votes. Basic votes are the same for every member and are set at 250. Quota-based votes are broadly based on the member's relative size in the world economy. Thus, basic votes give the smallest members of the fund a proportionally greater voice in its deliberations. However, basic votes have not been increased since the founding of the IMF and, therefore, their weight has declined over time as successive quota increases have been implemented. In fact, successive general increases in quotas have reduced the share of basic votes from 11% when the fund was established to 2% which has led to a weakening of the voting power or voice of small developing countries within the fund.

The fifth amendment to the articles of agreement will allow for a trebling of basic votes to 750. It also provides that basic votes will be a fixed percentage of total votes so that any change in total votes will automatically trigger a consequent change in basic votes. This ensures that the ratio of total basic votes to total voting power will not in future be eroded by quota increases. The

third section of this amendment is a consequential amendment, which provides that the new rules for calculating votes shall not be affected by the suspension of any member's voting rights.

The Government is also taking the opportunity in this Bill to accept the sixth amendment to the IMF articles of agreement. This is called the investment authority amendment. While it is independent of the voice and participation amendment and the 2008 governance reforms, including the quota increase, the fund has suggested to members that they may decide to communicate their acceptance of the six amendment to it at the same time of the other two amendments.

The investment authority amendment is part of reforms which were agreed in 2008 in recognition of the need for more predictable and stable sources of income for the fund and to move away from dependence on income based on loans. The first three sections of the investment authority amendment provide for a broadening of the range of instruments in which the IMF may invest by removing a number of limitations in the current articles of agreement. This will enable the fund to adapt its investment strategy over time without the need for further amendment of the articles. I am happy to elaborate on these limitations if Deputies so wish.

Notwithstanding the removal of a number of the current limitations, the amendment provides that all investments be made in accordance with rules and regulations to be adopted by a 70% majority of the total voting power of the fund. The final section of this amendment is related to the creation of an endowment from the profits of the sale of a limited portion of the IMF's gold holdings. The purpose is to generate income while preserving the long-term real value of the resources. The amendment is technical in nature. Again, I can give further details if Deputies wish.

As I said at the outset, the Bretton Woods Agreement (Amendment) Bill 2011 is a technical Bill designed to give effect to IMF reforms which were approved in 2008 by the board of governors, including the Minister for Finance. These reforms relate to the governance and income framework of the IMF and are part of the ongoing process of modernising the fund aimed at enhancing its legitimacy in today's world. Ireland's acceptance of this Bill will contribute to completing the ratification of these reforms so that they will come into effect at an early date. Moreover, the ratification of these reforms will lead to the reduction of the interest rate payable by Ireland to the fund as the interest rate is related to a member's quota. A further reduction in the interest rate will be effected as soon as the 2010 quota reforms are implemented.

Since the first half of 2008, when these reforms were agreed, the IMF has assumed a vastly more important and central role in dealing with the global financial crisis and has come into play in our situation. It is in Ireland's interest and in the interests of the entire IMF membership that this Bill be enacted.

I commend the Bill to the House.

**Deputy Michael Noonan:** I thank the Minister of State for his explanation of the Bretton Woods Agreement (Amendment) Bill 2011. Fine Gael has no problem with this legislation, which is technical in nature and amends the Bretton Woods Agreements legislation to incorporate therein what has been already decided and agreed by the Government. Fine Gael agrees with what is occurring.

The Bill provides us with an opportunity to speak about the work of the IMF in general and to make some points in that regard. Until recently, the IMF was a pretty remote organisation in Irish politics. In most people's consciousness it was associated with assistance to under-

[Deputy Michael Noonan.]

developed countries. Those of us who served on the Joint Committee for Foreign Affairs are aware of its activities and of the lobbying by various interest groups for certain changes in the way the IMF operates in Third World countries. Submissions are being heard today from one of those organisations, namely, Debt and Development Coalition Ireland. While I note its recommendations, I do not believe this Bill is the appropriate vehicle to address the suggestions made by it. The organisation has contacted many Members of the House, who are generally sympathetic with the points made.

However, the IMF has become more relevant to Irish life recently because it is a participant in the bailout package for Ireland. Last Wednesday in the House I asked the Minister for Finance whether he was prepared to renegotiate a lower interest rate on the EFSM fund, which contributes to the package. Generally, the IMF is treating Ireland the same as any other country and the interest rates applicable to the portion of the package coming from the fund are calculated on the same basis. There are two other European-based funds but the EFSM provides the most funds. This new fund and the interest rates it charges are penal. The first tranche of funds applicable to Ireland was borrowed on the markets at 2.9% and lent on to us at a rate in excess of 5.6%. That is a high mark up and it is unprecedented in the provision by the EU of assistance to member states. I do not know why this approach was adopted but the Government should attempt to renegotiate the rates.

When I raised this in the House by way of priority question last Wednesday, the Minister was totally dismissive of my remarks, he was scornful in his approach and he questioned whether I realised this would require the assent of the 27 member states. He seemed to be surprised when I told him all major decisions taken by the EU are made with the consent of 27 member states. However, last Monday, when he was interviewed from Brussels on “Six One”, he talked up the possibility of a renegotiation downwards of the interest rates. There is no doubt the Minister has learned an awful lot in a week and he is continuing to learn as the week goes on. Is he serious about doing the best deal possible? What level of briefing is he getting? Opposition Members using their own sources know what is occurring in terms of negotiation in Europe while the Minister is totally unaware of the policy developments in Brussels to the extent that he is no longer protecting the national interest.

The European Commission can currently borrow from capital markets to provide financial assistance to EU member states under two different programmes — the balance of payments assistance programme and the EFSM — designed to provide support to member states experiencing external payments difficulties. The medium-term financial assistance programme is available only to member states that have not yet adopted the euro. The loans under this programme should be financed exclusively from funds raised on capital markets. The maximum outstanding amount of loans under this programme was doubled to €50 billion on 18 May 2009 following a bond issuance of €4 billion for Hungary in December 2008 and March 2009 and €1 billion to Latvia in February 2009. The Commission has provided credit lines amounting to €14.6 billion under this programme to three countries — Hungary, Latvia and Romania. Hungary only used €5.5 billion in three tranches of the €6.5 billion credit line available before its facility expired. The credit lines for Latvia and Romania will expire in January 2012 and March 2012, respectively. Of a total of €8.1 billion credit available to both countries, a sum of €5.2 billion has been used so far. Romania is set to receive another €1.5 billion this year and that will leave a spare capacity of only €37 billion under the programme.

The reason I am going into the figures is to show that the amounts involved in this fund are substantial. A total of €50 billion is available but the coupon rates for money provided for terms of between three to nine years is between 3.1% and 3.8%. The fund that was in existence before the mechanism for the bailout package was put in place following the Greek difficulties

provided money to non-eurozone countries at an interest rate of between 3.1% and 3.8%, depending on the duration of the loan, yet when a eurozone country such as Ireland had difficulties, it was penalised and it has to pay an interest rate of 5.8%, 300 basis points above the rate at which the fund can borrow.

The EFSM is part of the €750 billion joint financial safety net established on 9 May 2010 by the EU, European Commission and IMF to provide financial assistance to eurozone members in economic difficulty. Under the programme, the Commission can raise funds from capital markets of up to €60 billion by using the EU budget as collateral. In addition, €440 billion can be raised from capital markets through the newly established special investment vehicle of the EFSF. The IMF is committed to another €250 billion to make up the total fund. The Commission issued a €5 billion bond for the first time on 5 January 2011 under the EFSM to finance the first tranche of funds for Ireland. A further €5 billion is to be issued in the next few days and this will go towards the same fund. If the interest rate was calculated on the same basis as that on the funds provided to Hungary, Latvia and Romania, it would be 2.55%, but the rate charged to Ireland is 5.65%, even though the headline rate is 5.8%. Why was Ireland charged an additional 310 basis points in interest? It is a function of inept negotiation by the Minister and his Cabinet colleagues.

The arrangements were in place for the Greeks but they were not drawing from the fund. The stabilisation fund was put in place in the event of other peripheral states having difficulties. Ireland was the first test case and a penal rate has been applied. The Minister's position last Wednesday was, "take it or leave it". By Monday of this week, he had changed his tune and now he believes renegotiation is a possibility. I am trying to encourage him to fight the case because if we were treated in the same way using the fund that was in place to assist non-eurozone countries such as Latvia, Hungary and Romania to help them with their balance of payments problems, the EFSF moneys would be available to us at an interest rate of 2.55% and not 5.65% with a headline rate of 5.8%. There is a case to be made and the information is available.

Our European colleagues intend bringing forward proposals in March and I hope the Minister gets himself briefed properly before he negotiates there. The March deadline may not be met and it may go on until June when I hope a new Government is in place and some progress can be made. I do not say the horse is well and truly out of the stable and galloping across the European frontier and any negotiation will bring the interest rate down to 2.55% but a substantial reduction from what is being charged is desirable because, at present rates, the funding is not affordable and there is a grave possibility of us not being able to pay our way and hitting another crisis in two years time.

**Deputy Joan Burton:** The Minister of State has introduced a technical Bill before the House to provide for limited reform to the IMF Bretton Woods structures. It is interesting that these minor reforms, which are welcome, were agreed in April 2008, probably around the time Deputy Cowen, as incoming Taoiseach, was having his ill-fated dinner in Heritage House with the directors and chiefs of Anglo Irish Bank. Time moves on. It is ironic that we find ourselves here today the night after the same person, now Taoiseach of the country, survived a confidence vote. There is an importance consequence for this country from last night's events by which I am most disturbed. I refer to the announcement by the Taoiseach this morning that he is taking unto himself the role of Minister for Foreign Affairs. It is a mistake not to have a Minister for Foreign Affairs of this country but instead to have that office incorporated into the office of Taoiseach, a Prime Minister and party leader who must also lead his Government into a general election in circumstances where the leading members of that party are either retiring or Ministers are at odds with him. Both the Minister for Foreign Affairs and the Minister for Finance

[Deputy Joan Burton.]

are clearly at odds with him. Now we have no Minister for Foreign Affairs. I suggest to Fianna Fáil Members that they might stop for a moment talking about Fianna Fáil's interest and think about the national interest and the job we have to rebuild our reputation and presence in international institutions, such as the IMF or in Europe and if it is in the country's best interest that we appear to have to wait for approximately another two months for a general election. We should discuss whether it is in the country's best interests to have the Prime Minister — the Taoiseach — who is busy enough both with national but particularly as we saw last night with party affairs also carrying the burden of the Minister for Foreign Affairs. This is particularly important when we have delicate negotiations to undertake to rebuild our reputation from the hubris of the Celtic tiger days when Charlie McCreevy used to step out of meetings in Europe and elsewhere and chide people who might have been critical of the Irish economic miracle or even questioning in a friendly kind of way. We have to rebuild those relationships because one of the most important jobs that will face the incoming Government is to try to reopen and renegotiate what has been agreed by the Government.

The legislation before us today goes back to 2008. In September 2008, the Government, supported by Fine Gael and Sinn Féin, tied the fate of our country to the fate of our broken banks with the introduction of a blanket guarantee of the banks' debts — a free lunch for existing senior and subordinated bondholders who had nowhere to run. What was a banking crisis soon became a sovereign debt crisis as Ireland was shut out from borrowing on the international markets at reasonable rates. It became clear that we would need external assistance to finance our deficit over the medium term and to manage the fallout from the banking crisis. In our time of need, we sought help from our international partners. That is one of the purposes of the IMF. We got help but at a very steep price. Bailing this country out of a debt crisis cannot be achieved by piling on ever more expensive debt. The EU-IMF deal carries a very high rate of interest which includes 3% or 300 basis points, which is in effect a penalty.

We should bear in mind that the German and the French banks which lent to reckless, out-of-control, unregulated Irish banks took a risk but the structure of the bailout is that they will be repaid in full. The first thing on the to-do list of the incoming Government after the election in a couple of months time is to reopen the EU-IMF deal to secure less onerous, but more achievable terms. If our friends in Germany think about this; what we need is not a Versailles deal, we need a Marshall plan approach so that we get a deal which will enable this country to recover and to repay our obligations, and the obligations the Government has unwisely added to the debt of the State. In the election, the Labour Party will seek a mandate from the people to reopen the deal so as to give Ireland as strong a negotiating position as possible.

It is clear that the Government, distracted by internecine conflict within Fianna Fáil, and with the Greens who unhelpfully announced a couple of months ago that they were leaving Government but then decided to postpone that particular event, took its eye off the ball in its dealings with the IMF and the European Union. Rather than lead the negotiations himself, the Minister for Finance, Deputy Brian Lenihan, handed authority over to his civil servants. Although he was not a negotiator the Minister seems to have been hovering somewhere up and down the halls of the Department of Finance perhaps popping into the rooms where the negotiations took place and getting advice from the various other institutions, but he was the one who signed the memorandum of understanding on the dotted line. He will never be able to shirk his responsibility for allowing a hopelessly inadequate deal to be negotiated for Ireland in his name and the name of the Taoiseach, Deputy Brian Cowen, and the name of Fianna Fáil.

We are to make penalty payments of up to 300 basis points, or 3%, on all moneys drawn down under the agreement. Before we entered into this deal the structure of such deals was that this country should have been able to secure an interest rate of somewhere between 2.5%

and 3%. That is on the record of all of the institutions who were party to the negotiations. Despite initial insistence, the Taoiseach, the Minister for Finance, Deputy Brian Lenihan, and all the others claimed that the conditions of the deal were set in stone. I saw the Minister, Deputy Brian Lenihan, at the ECOFIN meeting on television glibly suggest in recent days, that hey presto, because he has matters to pursue within Fianna Fáil that the interest rate could after all be subject to re-examination, discussion or renegotiation. In the cold light of day, his statement at the doors of the ECOFIN meeting the other evening, as seen on television, constituted a recognition and acknowledgement by him that he had done a bad deal for this country. Whether the task falls to the Minister, Deputy Brian Lenihan, or to his successor, negotiating down the interest rate will be a delicate and difficult matter, but one of the utmost importance to the interests of every citizen of this country. If the penalty payment margin were to be halved, for example, to 150 basis points, that would bring down our annual interest payments by €1 billion in cash terms by 2014. Some of the people opposite have got too used to throwing billions around but €1 billion in the context of our stretched budgetary situation is not to be lightly cast aside.

Another major area for discussion must be the extent of burden sharing between taxpayers and bank bondholders. Chancellor Merkel made the common sense observation that investors who take a risk should not be given complete cover by sovereign governments. She obviously intended that remark to refer in a negotiated structural way to the future. Essentially, the content of her remark makes sense. We must do everything within our power to mend the damaged perceptions of this country abroad. That is why it is a mistake for this country to be without a dedicated Minister for Foreign Affairs for two months. The Minister of State, Deputy Mansergh, is a distinguished former official of the Department of Foreign Affairs. He is aware of the burden on a Minister for Foreign Affairs and that it is important that this country keeps a presence abroad.

We are a proud nation facing challenging times, but they are challenges we will overcome to thrive again. Those advantages we have of language, culture, education, our people and our presence in the eurozone and within the European Union have not in any way decreased our attractiveness to foreign direct investment. I hope that by next week the Taoiseach will have reconsidered this position. The IMF was conceived in the aftermath of a devastating world war and the great depression. The Bretton Woods system was established as a new economic world order. John M. Keynes was the principal negotiator on behalf of the United Kingdom, one of the victors in the war. He was upset and depressed and died shortly afterwards because he believed American cold war developing interests won out in the deal.

Representations have come from the Debt and Development Coalition. The IMF needs reform and this is a small reform but it is not sufficient. In recent years under the leadership of Dominique Strauss-Kahn the IMF seems to have learned that the disasters it delivered to countries in Latin America and Africa during the 1970s and 1980s amounted to an awful mistake.

I worked in Tanzania in the 1980s and I was honorary secretary of the Irish Anti-Apartheid Movement in the late 1970s. I have had extensive contacts with African countries. In some ways, the negotiators did to Fianna Fáil and this country what the IMF did back then. In those days, men used to have gold biros in the top pocket of their suits. One could see them sitting by nice swimming pools when their hard day's work was done. Essentially, when the IMF went into a country, it said what some in the ECB wanted to say to Ireland and Fianna Fáil, which bent the knee during the negotiations. The ECB said: "You have to give up all that you have. Are you willing to give up all that you have?" In the case of the Third World countries, it used to say: "Are you willing to give up free primary education and free rural health treatment?" They simply put red pens through those budgets. The IMF has reformed and realised that this



[Deputy Joan Burton.]

approach was a catastrophe for democratic institutions in those countries. The IMF took out free primary education in Tanzania. If there were five children in a family and four were boys, who did not get education fees paid for primary school education? It was the girls who lost out significantly. However, the IMF has learned.

The deal concluded between Ireland, the European Union institutions and the IMF was the first of its kind after the Greek deal. Those in the European Union must begin to think about developing a model that includes eurobonds and a financial transactions tax for the vast amount of worldwide speculative transactions. Such measures would help to float the Irish economy such that we could repay our debt and return to growth and social solidarity in this country. In addition, such measures would help to fund investments in water, education and health services in the developing world. While I have no difficulty with the Bill, there remains a significant challenge for the IMF to improve and bring its approach up to date.

Some of the most stringent critics of the Irish bailout and what happened to Ireland include such people as Joseph Stiglitz and Simon Johnson, both former senior economists at the IMF. Having seen what took place and having lived through and experienced the worst days of the IMF arriving in Tanzania as I did, they know that austerity and too much suffering, to quote Yeats, “can make a stone of the heart”. In debating this legislation there is an opportunity to reflect on how at the end of the recent negotiations, the IMF was almost more friendly to Ireland than the ECB and the EU institutions, of which we are sovereign members.

There are siren voices in the House and elsewhere who suggest we should leave the European Union. However, since our debts are denominated in euro, if we left we would have to recreate a currency and we would immediately be subject to a massive devaluation. One effect would be that mortgage holders would find themselves in the position of people in Hungary in recent years. All of a sudden, their mortgage debt, which was already a significant burden, was a vast extra burden because it was denominated in a foreign currency.

**Deputy Pearse Doherty:** Ba mhaith liom mo chuid ama a roinnt leis an Teachta Maureen O’Sullivan.

**An Ceann Comhairle:** Aontaithe.

**Deputy Pearse Doherty:** Dúirt an Aire Stáit go dtugann an reachtaíocht seo éifeacht don laghdú sa ráta úis a bheidh áioc ag an tír seo ar an €22.5 billiún atá le tarraingt síos de réir an maoiniú atá curtha ar fáil ag an IMF mar pháirt don bail-out. Tuigim gur reachtaíocht teicniúil atá i gceist agus go mbeidh buntáiste faoi leith ag dul go dtí an Stáit seo siocair an laghdú sin. I dtús báire, ní mór dúinn machnamh an bhfuil an airgead seo de dhíth orainn. Tá sé ráite go simplí agus go soiléir ag Sinn Féin nár cheart go mbeadh an IMF anseo. Tá go leor airgead againn sa tír seo chun maoiniú a chur ar fáil do na seirbhísí cuí, gan tacaíocht a thabhairt dóibh siúd a chur a lapaí amach sna bainc, agus dul ar ais go dtí na margaí domhanda roimh deireadh na bliana.

The Bretton Woods Agreement (Amendment) Bill marginally increases Ireland’s IMF voting quota and has the effect of reducing the interest rate and a portion of the bailout loan. I understand it is envisaged that each member country would pay a certain amount of money in its own currency into the fund. This entitles a country to apply for short-term loans when it runs into short-term balance of payment problems. If a country wishes to borrow more than its allocated quota, it must submit itself to a strict regime of monetary and fiscal policies drawn up, principally, by the IMF. This is what has taken place here. We will have a large quota when the thresholds are reached, when other states transpose the proposals agreed in 2008 and when they come into effect subsequently. The increase in quota means some of Ireland’s initial

deposits will cover loans extended to us. I understand this means, in effect, Ireland may receive approximately €486 million from the IMF without interest, once enough members have approved the 2008 reform.

The Government is committed to drawing down an even greater amount from the fund. It has committed the people to wage cuts, cuts to social welfare, health and education. Property and water taxes will be introduced by this or successive Governments in the future. Will the Minister of State explain how the reduction announced today affects the first tranche of the IMF loan, amounting to €5.8 billion, drawn down yesterday? Will this be applied retrospectively to that part of the loan? When do these measures take effect? Can we be sure the €8.5 billion drawn down from the IMF yesterday will be subject to the new interest rate?

I examined the figures presented by the Minister for Finance. I note that a total of €14.2 billion of the IMF portion of the bailout will be drawn down by the end of this year. The Minister of State remarked that the 2010 reforms are not due to come into effect until August 2012. Have negotiations taken place with the IMF to secure the reduced interest rate which has already been agreed by the board but which must be ratified by members? Some €14.2 billion from the IMF will be drawn down this year. Were we to secure the reduced rate of 80 basis points, it would represent a saving of approximately €130 million in interest payments each year. When the change comes into effect in 2012 will it be retrospective as well? Has any discussion taken place in this regard? I understand the interest on the IMF loan is charged at daily rate. The IMF will cut its average rate of 5.75% by 15 basis points to 5.6%, which the Taoiseach claimed this morning he had done much to secure. In fact, it is due to a technical point where Ireland has a larger share of the IMF quota because of rule changes agreed three years ago. The reduction was not because of the Government's commitment to securing a fair deal for its people, and neither was it due to the negotiation skills of the Minister for Finance, Deputy Brian Lenihan, nor that the interest rate is now considered too punitive.

The average interest rates for our so-called bailout are still close to 6%. Focusing on this small reduction in the interest rate for the IMF loan will not change the disastrous effect the drawdown of these loans will have. The interest rate may have reduced by 15 base points but the price tag attached to this loan for the people of this State is crippling.

The IMF has seriously damaged the lives of people across the world through the application of stringent policy conditions to its loans. It will continue to do so, as we saw in the budget this year. The IMF practice of attaching policy conditions to its loans should be ended. It has demonstrated it does not have the competence to make reasonable recommendations to nations on economic decision-making not least in developing countries such as Mali and Somalia, but also in Ireland.

The IMF's role in Ireland's banking crisis must not be forgotten, as highlighted by the two reports on the crisis published last year. The Central Bank Governor, Professor Patrick Honohan, stated in his report the IMF was not strongly or consistently critical of the underlying dynamics of fiscal policy. Its oversight failed abysmally and it is now interfering to steer our economic course. The IMF is also continuing to promote its usual pro-cyclical measures including strong cuts to public expenditure, excessively strict fiscal policies and an over-preoccupation with privatisation and the liberalisation of trade and finance. It has already set out a shopping list of policies in return for monetary assistance. This is not assistance but dictation.

In return for this erosion of democracy, what has been gained for the Irish people? The loans from the EU and the IMF will be used to repay the bondholders who lent to the Irish banks that have now crashed and burned and whose liabilities the State has recklessly guaranteed.

[Deputy Pearse Doherty.]

While other parties in the House may talk about what happened three years ago when the bank guarantee was introduced, they will continue to honour it for senior bondholders and gamblers in defunct banks who would not be capable of standing on their own two feet without State intervention. This Government and the alternative future government will continue to bail out the private debt of the bondholders using IMF-EU moneys at these interest rates. These moneys will be used to compensate for the failure of these same institutions in the lead up to the financial crisis. The Government has no focus on job creation or economic stimulus. Instead, it focuses on taking money from the less well-off rather than the wealthy.

The amendments being made by the Bill have been described as applying fresh paint while the foundations rot. The changes agreed so far have been deeply insignificant and have failed to give any real power to impoverished nations. It is easy to discuss the changes the Bill will have in this State. It is also important to consider its effect across the world given that the IMF is an institution which has often devastated economies due to the damaging policy conditions it attaches to its lending programmes.

The package contains modest improvements in existing governance procedures for the IMF but they fall short of the creation of an institution with a more balanced and inclusive representation and voting power. What is being proposed is too little and preserves developed country control over the IMF. It provides for a total increase of only 1.6 percentage points in voting share for developing countries, leaving developed, richer countries, which represent 15% of the membership of the IMF, with over 60% of the voting rights. To be genuine about sharing governance power in the allocation of votes, the increase should be much more substantial. Genuine governance reform in the IMF will not occur simply through marginal increases of voting rights. The real issue is how developing countries can have a stronger role in IMF governance and actually shape how the institution is run.

While it was this Government that invited IMF intervention and negotiated a dud deal for Ireland, many other states are powerless to resist the IMF. This must change. Sinn Féin recognises the debt burden on developing countries is a symptom of the disease that is at the core of the international financial institutions, namely the IMF. The voting rights in both these bodies are stacked in favour of the developed states and against the developing countries while the selection procedures for IMF leaders are totally undemocratic.

For too long the IMF has been able to impose its will, to dictate economic policies that ultimately strangle economic growth and impoverish millions of people. The IMF should be abolished with member countries focussing instead on building standards for just and responsible financing with regard to international lending and borrowing as part of new financial institutions under the control of a democratised UN.

Of the €67.5 billion in Ireland's bailout, €42.6 billion, almost two thirds of the total fund, will be drawn down by the end of 2011. Considering the bailout is over a lengthy period, will the Minister of State explain why the State is front-loading so much of the funding?

**Deputy Maureen O'Sullivan:** This technical Bill will make two key amendments to the proposed voice and participation voting weight and the funding arrangements for the IMF's investment authority. The IMF has been responsible for seriously damaging the lives of people in poorer and developing counties. I hope this country will not suffer the same fate.

It is claimed the voting formula contained in the voice and participation amendment aims at a better approximation of voting weight to economic weight meaning some under-represented developed countries will gain weight and some developing nations could lose. It is disappointing, as some organisations have pointed out, that after years of debate the proposal only

gives a small increase in quota share for a handful of developing countries and none for the rest of them. This proposal does not represent the long overdue reform that was promised. Yet the EU's position paper in supporting it claims "it will achieve a significant shift with the representation of dynamic economies, many of which are emerging market countries, and give poorer countries a greater say in running the multilateral institution". Where is the truth?

The issue of governance reform has been a long-standing controversy between IMF member countries. Many justice organisations across the world have repeatedly called for a more just allocation of representation to southern hemisphere countries in the IMF, an institution that has often devastated their economies with its policy conditions attached to lending. Debt and Development Coalition Ireland has produced several reports on this damage. The IMF itself has acknowledged the need for governance reform, including increasing the voice of weaker countries in IMF decision-making structures. To date any changes agreed have been almost meaningless and impoverished countries do not have real power. There is a definite governance imbalance in the IMF. Reforms will not occur through marginal increases in voting rights.

The IMF has categorised South Korea and Singapore as developing countries, benefiting from the shift despite an IMF report classifying them as advanced economies. Another commitment the IMF can make in reforming its governance structure must include a far greater voice and vote for southern hemisphere countries through introducing a double-majority voting system, two separate majorities, one based on one country, one vote and the other on equally weighted quotas. This will allow southern countries to have a meaningful role in decision-making with increased dialogue between members which could result in more stable and effective decisions. Impoverished countries in the past have been ruined by the IMF. Now is the chance to put that right.

Regarding the proposed investment authority amendment, I note one provision concerns when the IMF sells gold.

To where will the proceeds go? I am informed that an amount will be placed in a general resources account and that the excess will be placed in an investment account. The IMF completed the sale of 403.3 tonnes of gold in December 2010 and obtained a far higher return on that sale than would normally be the case. In 2009, the IMF had agreed to use \$900 million of the profit from such sales toward increasing low-interest lending to low-income countries. However, global debt justice movements have long been calling for the proceeds from these gold sales to be used to fund debt cancellation for southern nations, which is very much needed. Reputable research carried out in 2009 indicates that at least 100 countries still require approximately \$400 billion in debt cancellation.

How was such a high level of profit made from the IMF's recent gold sales? It is suggested that said profits amounted to as much as \$2.5 billion. The southern countries to which I refer have been used, exploited and drained of their wealth for a very long period by their European imperial masters. Immediate action is needed to alleviate the debt burden on countries of the global south. Some NGOs working on debt issues recommend support for the Bill, while noting that it does not address any of the fundamental concerns relating to reform of the IMF. There is a need to call for significant new commitments from the latter in respect of gold sales. Any windfall profits from such sales should be allocated to additional debt cancellation in respect of the most impoverished countries.

There is also a need to address the issue of the IMF's practice of attaching policy conditions to loans, a matter in respect of which we have had some experience in recent times. Questions arise with regard to the IMF's competence in working with southern countries. For example, does it have a real understanding of the economies of such countries? There is a need for just and responsible financing when it comes to international lending and borrowing. I stress the

[Deputy Maureen O'Sullivan.]

word “just” in this regard. The proposed increased investment authority for the IMF should not be for internal costs but should rather be directed towards other priorities such as debt cancellation.

**Deputy Frank Fahey:** I welcome the introduction of the Bill, which provides an opportunity to clarify some of the issues relating to the interest rates which apply in respect of the money made available to Ireland by the EU and the IMF. While there will be a slight reduction in the interest rates, it is interesting to consider some of the comments that have been made, particularly by Opposition spokespersons, regarding the IMF-EU deal and the position relating to interest rates.

The Minister for Finance, Deputy Brian Lenihan, has stated that there could only be changes to the interest rates if an overall renegotiation of the assistance mechanism was engaged in by all member states. Deputy Noonan acknowledged that point. In the context of the deal the Government obtained in respect of the interest rates, it was made clear that the 5.8% rate could not be improved upon unless an overall agreement in respect of the assistance mechanism was reached. It has been claimed that Ireland is paying higher interest rates than Greece. The latter is now seeking to obtain terms similar to those which apply in respect of Ireland. The interest rate being charged to Greece is 5.2% for three-year loans. The important point with regard to Ireland's case is that we are paying a rate of 5.8% in respect of a 7.5 year loan. The Government is to be applauded for ensuring that we obtained money over a longer term.

As Mr. Michael Somers, former Government of the Central Bank, stated recently, the NTMA is going to be in a position to return to the bond markets, sooner rather than later, in order to borrow two or three-year money based on the fact that we will have the money from the EU and the IMF in the banks, as it were, for a period of seven and a half years. Many economists are predicting that we will be in a position to borrow two to three-year money at a rate of approximately 4.4%. This was the rate which applied prior to the crisis involving Greece. If we return to the markets and obtain money at the rate to which I refer, it will prove that the IMF and the EU arriving in Ireland was not the crisis which people originally made it out to be. Everyone would prefer if it had not been necessary to agree a package with the IMF and the EU. However, that package is providing us with stability and it will provide the new Government with the stability required in order to try to restore fiscal and economic fortunes.

It is important to take this opportunity to consider what has been said in Europe and here at home in respect of this issue. The German Foreign Minister stated that it is clear that we cannot renegotiate the interest rate. His colleague, the German European Affairs Minister, Mr. Werner Hoyer, rejected the idea that a new Government would be able to negotiate a lower rate of interest and stated:

I think this is complete nonsense and should not be used for domestic political gains. The Irish Government has negotiated a very difficult deal and it has done so very successfully.

And, of course, it would question not only the seriousness of the Irish Government but that of the (European) Commission and the partner countries if one made such a political link. That doesn't fit.

I recall the iconic moment when Deputy Gilmore waved a copy of the document relating to the EU-IMF deal above his head in the House and stated that Labour would not accept it. He was attempting to fool the people. Deputy Gilmore stated that the deal was bad and that it would have to be renegotiated. He further stated that the elements of any negotiations would have to centre on bondholders and the extent of the bank bailout, the interest rate and that fact that the deal does not contain an investment strategy. Mr. Ajai Chopra from the IMF

described the €85 billion bailout package as a very good deal for Ireland. He also stated that a 5.8% average interest rate “is clearly much better than one could get if Ireland had to borrow on the market right now”.

Fine Gael has adopted a two-pronged approach to this matter. To be fair, Deputy Noonan has been quite responsible in respect of this issue. On 6 January, he accepted that the IMF rate of interest payment cannot be changed. He also conceded that renegotiating the interest payment with the EU would be extremely difficult. However, Deputy Varadkar would be at the top of Fine Gael’s agenda in any renegotiation. He even stated that this could be part of a new deal introduced before the next budget.

Deputy Gilmore, in stating that the deal can be renegotiated, indicated that the Irish taxpayer has been expected to bail out the banks and the bondholders. He also stated that Ireland is being charged a penal rate of interest, that the deal is bad and that it will have to be renegotiated. The interest rate is the key aspect of the deal Deputy Gilmore intends to renegotiate. Again, Labour Deputies have made completely irresponsible statements in the House to the effect that, in government, their party is going to be in a position to carry out a bilateral renegotiation of this deal. That is not possible and those in the Labour Party should have the courage to admit as much. They should also admit that any renegotiation of the interest rate will be on the basis outlined by the European Council of Ministers in Brussels in recent days. Any new deal must involve a total change in the way in which European countries make this money available.

It is important that we should be honest in the period leading up to the general election.

**Deputy Joan Burton:** That will be unusual for the Deputy. In fact, it will be a novelty. The leopard is trying to change his spots.

**An Ceann Comhairle:** Deputy Fahey, without interruption.

**Deputy Joan Burton:** It is hubris on Deputy Fahey’s part.

**Deputy Frank Fahey:** It is Deputy Burton and her partners to whom I am referring.

**Deputy Joan Burton:** Hubris.

**Deputy Frank Fahey:** All kinds of promises have been made and the Labour Party has adopted an approach of pleasing everyone for as long as possible.

**Deputy Joan Burton:** And there have been all kinds of destruction from Fianna Fáil. Deputy Fahey’s party has destroyed the country.

**Deputy Michael Noonan:** I am of the view that the Minister of State, Deputy Mansergh, should be appointed Minister for Foreign Affairs.

**Deputy Joan Burton:** At least we would then have a Minister for Foreign Affairs. We do not have one at present.

**An Ceann Comhairle:** Deputy Fahey should continue.

**Deputy Frank Fahey:** Deputy Burton does not like to hear the truth. Nor does she like it when I and others try to explain — in light of proof provided by Mr. Matthew Elderfield, Professor Patrick Honohan and others internationally, such as Regling and Watson — that her party got it all wrong in respect of the bank guarantee.

**Deputy Joan Burton:** Regling and Watson said it was home made by Fianna Fáil.

**An Ceann Comhairle:** Deputy Burton, please.

**Deputy Joan Burton:** It was cooked by themselves.

**Deputy Frank Fahey:** I know Deputy Burton is finding it difficult. I want to make it clear to the House that we will expose this kind of “all things to all men” approach by the Labour Party. It is interesting we have not heard much about the great new strategic bank that will be the bedrock of Labour policy in getting us out of the problems we are in. It is quite clear——

**Deputy Joan Burton:** We are fed up hearing about Anglo Irish Bank and your antics and your golf.

**An Ceann Comhairle:** I will have to ask Deputy Burton to leave if she does not refrain from interrupting.

**Deputy Frank Fahey:** It is quietly being put into the background. If this kind of comment is as much as we can get from the Labour spokesperson, the future Minister for Finance of this country, then God help us.

With regard to the contribution made by Sinn Féin, this stretches the imagination to the hilt. Anybody who knows anything about economics or banking must accept what the new Deputy from Donegal has just given us as something one would read on the front of *The Beano*. It is incredible to think that Sinn Féin is putting forward policies on banking and economics that simply do not add up in any man’s language. There is no country or no Socialist party in the EU-27 that is coming up with the kind of policies we are hearing from Sinn Féin on the economy and banking. I would expect the Irish people will answer this kind of claptrap we have got——

**Deputy Pearse Doherty:** What did I say? The Deputy does not have a clue. The claptrap is coming from him.

**An Ceann Comhairle:** There should be no interruptions.

**Deputy Frank Fahey:** ——in the House since he became a Deputy——

**Deputy Pearse Doherty:** He is just in shock because we drove him over the coals in regard to the lost at sea scheme.

**An Ceann Comhairle:** Deputy Fahey should address his remarks to the Chair.

**Deputy Frank Fahey:** Since Deputy McHugh became a Member of this House, he has got up here and poured forth all of the answers about how we should deal with——

**Deputy Pearse Doherty:** Who is Deputy McHugh? The Deputy does not even know my name. Deputy McHugh is from another constituency and another party.

**An Ceann Comhairle:** Deputy Doherty should resume his seat.

**Deputy Frank Fahey:** My apologies, Deputy O’Donnell.

**Deputy Pearse Doherty:** That is not my name either. Try it for the third time. Will somebody correct the Deputy? This is the type of claptrap we have to deal with.

**Deputy Frank Fahey:** Sorry, Deputy O'Doherty.

**Deputy Michael Ahern:** It is Doherty.

**An Ceann Comhairle:** Deputy Doherty should resume his seat.

**Deputy Frank Fahey:** Deputy Doherty——

**Deputy Michael Ahern:** Deputy Doherty has made a great impression on Deputy Fahey.

**Deputy Joan Burton:** This is why he got the bank guarantee so wrong. He does not know people's names. He did not know he was missing a bank.

**An Ceann Comhairle:** Deputy Fahey's time has expired.

**Deputy Frank Fahey:** I apologise for getting Deputy Doherty's name wrong. Since the Deputy came into the House, we have heard a new line on banking policy and economics. In fact, he has gone even further than his former colleague in regard to what Sinn Féin will do for the country. The Irish people will have an opportunity to analyse what we are getting from Sinn Féin.

**Deputy Pearse Doherty:** Bring it on.

**Deputy Frank Fahey:** We will have an opportunity to see it is simply not possible to implement the kind of fiscal and economic policy that has come from this Deputy in particular since he became a Member of the House.

**Deputy Michael D. Higgins:** I welcome the opportunity to contribute. When one looks at the substance of this legislation and its Title, the Bretton Woods Agreement (Amendment) Bill 2011, one cannot avoid asking the fundamental question as to what has happened to the spirit that informed the original Bretton Woods agreements. It has been one of the great moral failures of our time, although it began as a significant moment.

When people met to establish the first Bretton Woods agreement, it was in an atmosphere of concern for constructing the basis of international peace and of relieving intolerable burdens on different member countries within the community of world nations. In the short time available to me, I must be perhaps a bit more blunt than I would like to be. The philosophy that informed and the dialogue that created the Bretton Woods conference is entirely contradicted by most of the activities in recent decades of the institutions which it spawned. It has been perhaps at its atrocious worst in regard to the influence of the neoliberal model of economics that is associated with the Chicago school, and which contaminated the institutions of Bretton Woods in such a way that, instead of appearing to advance a shared concern for solidarity in economic and social terms, they became institutions that were merely the naked instruments of imposition of a single model of economic development.

Deputy Burton has perhaps spoken about her experience in Tanzania. I recall very well that the neighbouring country of Kenya was used as an example to destroy the social model of Ujamaa, which had been introduced by Julius Nyerere. The distinguished Minister of State, Deputy Mansergh, is well aware of this issue. He will be more aware than most of the fundamental contradiction of the Keynesian thinking that was brought to the conference by some of the people at the first conference. Lord Keynes, as he was later to be, spoke, for example, about political economy. However, what came as instruments through the International Monetary Fund took no account of the social and human impact of the policies that were prescribed,



[Deputy Michael D. Higgins.]

be it in regard to whether villages needed to establish small farms to raise chickens to feed their population or otherwise — that did not matter.

As this is one of the rare opportunities I have left to speak in the House, I will make the following point. I remember the debate in the 1970s when we used speak about food sufficiency in African countries. Many of the African leaders who were visiting Europe and the United States at the time would say “We want everything you have”. Short cuts were taken in regard to the structure of what was demanded and food sufficiency became unfashionable, as was the case in regard to many other basic items. Into that consumer-driven model of economy and social development came the IMF with one thing after another. It never asked a question about the impact on villages, women or children of its policies in regard to medicines or, for example, the connection between the trade talks and its lending policies.

I could spend an hour suggesting that the IMF today is not what the IMF was yesterday. That is true, and I make no false claim. I simply state that the empirical evidence of the policies was one of not taking any account of what the impact was in regard to people’s lives. It was one also of the imposition of a single development model and one of not listening to a jot of indigenous wisdom that might come from any of the receiving countries.

I wish I had time to say much more about this. Nonetheless, a number of specific questions arise. The Minister of State suggested he has attended two meetings so far. I put it to him it is a great pity that countries like Ireland are not driving the discourse about the connections between political and social development and economy. We have a difficulty in this House in that those of us who are spokespersons on foreign affairs are allowed to discuss overseas development aid but, when it comes to policies that might contradict everything we stand for on overseas development aid, for example, on the finance or trade side, they belong somewhere else. While there is an interdepartmental committee, there is no evidence there is clear convergence between what we are aiming at in regard to development aid, for example, and either trade or financial structures.

The Debt and Development Coalition, which will have circulated information to many Members of the House, has particular suggestions to make. For example, we cannot oppose this Bill because it takes a very tiny step. However, there are other questions we might ask. The Minister of State refers to those changes that were suggested, for example, in the discussions in 2010.

Why are they not included in this legislation? These are amendments from 2008 that are aimed at the threshold of ratification.

In regard to the issue of the governance of the IMF, one might say I am being pessimistic. I refute that because the reality is that there is no evidence whatsoever of a return to founding principles. These institutions — the World Bank, IMF and so on — replaced older charter arrangements, with the Assistant Secretary General of the United Nations being the person to whom they were originally to report. There was a discussion at one stage as to whether there should be a United Nations body to deal with all of this — capital flows, hot money and so on — which would have rescued the people of the planet from the unaccountability of irresponsible, unregulated flows of capital.

In the 1950s people used to find it tedious when it was observed that something was God’s will as if one could empirically prove the existence of God. Now we live in a time where people observe that certain events represent the market’s response as if somehow it is beyond the ken of ordinary citizens to comprehend the amorphous workings of something that only an expert few understand. It is one of the great moral and political failures of this century and the last that there was such a capitulation in terms of any responsibility or accountability in regard to

flows of money beyond sovereign borders. Professor Manuel Castell's work on the advent of technology in our lives has shown that the two greatest beneficiaries of the ability to transfer information in real time are the international drugs industry and international banking.

I remember well when some of us in this House made the case for the Tobin tax which would have yielded enough, from a tiny proportion of 0.1% of trade revenue, to facilitate spending to deal with the major issues facing the planet, including the elimination of preventable diseases, the provision of clean water and so on. We were told it was not possible and could not be done. However, in regard to the international banking arena, it suddenly becomes possible. The Minister of State should be making the case for the missing discourse. Ireland has a valuable reputation in regard to peacekeeping, overseas aid and so forth, a reputation that stands in such contrast to the degradation that was visited on us by a few chancers in the area of international banking. It is from Ireland and countries like Ireland that the case for the missing discourse might be expected.

We have pieces of language being used in regard to the two major amendments that are suggested in the legislation, including references to "voice" and "participation". Participation means just that. The existing structure of donor, recipient and shareholding is not democratic. Rather it is structured to reflect what the Minister of State referred to as the changing strengths in terms of the economics of the time. If that is so, is the objective in regard to the structure of the IMF aimed narrowly or broadly?

I missed part of the Minister of State's speech because I was at a meeting of the Oireachtas Committee on Foreign Affairs, so he may have addressed my question in regard to the second issue, the changes in respect of investment instruments. Does the Minister of State propose to see benefit to Ireland in this regard given that we are no longer proclaiming our hubris around the world, beating our breasts and asking everyone to be like us? It is difficult to know into which category we now fit. Does the Minister of State see capacity in regard to the change in investment instruments in terms of having low stable interest rates in respect of our borrowing requirements?

One of the questions that is being asked in regard to the working through of the governance at the IMF itself relates to the capacity that might exist for like-minded countries, such as poorer countries, to operate with a collective voice. That would have been of enormous benefit. It is easy for a strong country to enter the discourse, supported as it is by its shareholding and also by the respect it commands. In the case of other countries which are representing people at different levels of development and different exposures in regard to trade, their power is in their capacity to build a collective representation. One could therefore make a governance proposal to look into the requirements of different forms of majority rather than a simple majority. However, I do not see any proposal coming from Ireland in regard to that.

Lest the Minister of State argues that this is all slow progress and whatever, I draw attention to the case of Zambia which received a debt cancellation through the highly indebted poor countries, HIPC, process and through the multilateral debt relief process. However, it is interesting that faced with the choice between using the receipts for the gold that it sold, the IMF decided to put it into its low-interest fund rather than relieving or cancelling the debt even of a country like Zambia whose ratio of debt repayment to GDP is 300%. These are moral choices. I am not blaming the Minister of State but I am saying that the types of issues I raise are ones that one would expect to be raised by the spokesperson for Ireland at the governance talks.

**Deputy Michael Ahern:** Many people ask me what the Bretton Woods system is about. It took its name — like the Maastricht treaty, for example — from the location in which the agreement was reached, in the United States in 1944. Its aim was to rebuild the international

[Deputy Michael Ahern.]

economic system and, to that end, it established a system of rules, institutions and procedure to regulate the international monetary system. It also established the International Monetary Fund and the International Bank for Reconstruction and Development.

The IMF is currently getting all the attention for reasons set out eloquently by the last and previous speakers. The actions of the IMF, particularly in African and other underdeveloped countries, has given it a somewhat toxic name. Friends of mine who have worked for many years as missionaries in Africa and other parts of the world have told me that the methods that were used under the direction of the IMF did not take into account the extreme and even inhuman hardships that were visited on individuals in those countries over the years. The IMF has now recognised that one solution does not fit every situation. In the last decade or so, in particular, it has reviewed its *modus operandi*, and there has been further progress under Dominique Strauss-Kahn to ensure its intervention in particular countries is tailored to their specific needs.

In the case of Ireland we have had to tie ourselves into funding from the IMF, something for which no nation would wish because of the damage to its reputation. When one borrows money from any source one is tied to rules, regulations and conditions, in other words, the small print. No matter from what source the money comes there will be conditions. Of the total financial package of which we are availing, 33% is from the IMF, with the rest coming from our European partners under the European financial stability mechanism and the European Financial Stability Facility, as well as from various individual countries such as Britain, Sweden and Denmark. Every time people raise the subject of IMF funding, it gives the impression that there is no other source of funding being made available to this country. The argument is used for political purposes and is twisted to ensure that it causes some problems for the Government. Nonetheless, the International Monetary Fund is important in giving a greater voice and more power and influence to other countries. The IMF saw that this was necessary back in 2006 when it launched a two-year programme to reform the system of quota shares. Four big countries — China, South Korea, Mexico and Turkey — were not represented on the IMF. In addition, other countries, including Ireland, were either under-represented or not represented.

The Bill before us, which provides for the articles of agreement brought forward by the IMF, gives a bigger share to ourselves on that board. In effect, that means that our interest payments will be less than they were previously. The voice and participation amendment provides for an increase in the basic votes of every IMF member to enhance the voice of low-income countries. It also gives additional representation to African countries and provides that a calculation of the basic votes will not be affected by the suspension of voter rights of any members if this arises. Ireland's quota will increase from 0.385% to 0.528%, which will lead to a reduction in the IMF interest rate being charged on the loan we are getting from the fund.

The other amendment in Schedule 2 provides for a broadening of the fund's investment authority, which includes the creation of an endowment funded by gold sales. This follows on from the approval of a new income model for the fund approved by the board of governments in 2008. It will allow the fund to generate revenue from a variety of sources.

Ireland voted in favour of the IMF amendments in 2008 and subsequently conveyed its acceptance of the associated quota interest increases. We have now been requested to convey formally our ratification of the amending articles as early as possible. Ireland will contribute to achieving the required threshold of votes which will then trigger implementation of quota changes, including Ireland's quota increase. It is important for us to ratify this measure so that we will get the benefit of reduced interest rates. It is also important to ratify it in order to give greater representation and influence by many countries who do not have their proper quota.

I also wish to mention the contribution that was made by Deputy Doherty. Effectively, he said that we should not borrow from anybody. In that case I do not know where we would get the €18 billion that must be borrowed this year. That money is to pay teachers, nurses, doctors, gardaí and the Army, as well as running schools and building new schools and hospitals. I would like the Sinn Féin party to explain in detail where that money would come from. Sinn Féin Deputies have been peddling this argument without saying where the money would be obtained in the years ahead. They have a responsibility to explain that point. Their colleagues north of the Border do not seem to have any great problem in cutting back on social welfare, education and health expenditure. Do we have two Sinn Féin parties?

**Deputy Aengus Ó Snodaigh:** We have two Fianna Fáils anyway.

**Deputy Michael Ahern:** They tell us that they are one party, North and South, in the whole 32 counties, but they seem to be acting in two different ways. Sinn Féin should tell us the truth about where they will get the money and what their real policies are.

I commend the Bill to the House.

**Deputy Aengus Ó Snodaigh:** If the Deputy had waited he might have heard some of the proposals. Instead, however, he runs away when I get to my feet to address some of the points he raised. Deputy Michael Ahern could not be bothered listening. Once again, he has shown a failure to understand the dynamics of the real issues in the Six Counties, because fiscal controls were never transferred to the Assembly.

I invite Deputies Michael Ahern and Frank Fahey to read the policies and proposals that Sinn Féin made in the run up to the budget, which outlined in quite a lot of detail exactly where the money would come from. This was before the Government put us into hock to the tune of nearly €80 billion. I would advise both Deputies to examine the job creation strategy — when people are employed they pay taxes — rather than losing money by encouraging people to emigrate, and thus lose the investment the State has made in young people.

Both Deputies would much prefer to sling mud and run away. They have no understanding of the economics of this State because they have been in a Government that has destroyed the economy. This is especially so for Deputy Fahey who does not understand financial issues. Otherwise he would have properly addressed the lost at sea issue by giving the proper compensation to that family in Donegal who, because of his ignorant attitude towards them, have suffered a loss. He was the same Minister who was involved in giving away Ireland's natural resources to the likes of the Shell Corporation in the Corrib gas field. Many other exploration companies are set to benefit from changes that Deputy Fahey, as a Minister, made to legislation in the past.

That is the very same attitude the IMF has when it loans money to African countries. It opens up markets to big corporations so that they can rob such countries' natural resources. Since its foundation, the IMF has been an odious institution. It has ruined many an African country. Rather than helping to develop such countries, it has sent them backwards so that they are in a state of under-development. It has prevented sustainable economies from being developed in many of those countries.

The legislation before us is to amend the agreements. It is being presented as a Bill to help southern hemisphere countries, in particular in Africa but also in South America. However, it will only make a minuscule change to the voting strengths of those countries in the IMF. An additional 1.6% will be added to the voting strengths of the southern hemisphere countries. That will still leave the northern developed world with 60% of the voting rights, even though it only makes up 15% of the IMF's membership.

[Deputy Aengus Ó Snodaigh.]

The Government's other selling point has been that there will be an increase in Ireland's voting strength, which amounts to an additional, albeit minuscule, change to our voice. That will lead to a reduction in the interest rate Ireland will have to now pay for the €22.5 billion this Government has hung around the necks of every man, woman and child in this State.

We must not forget that it is not just a minuscule reduction in the interest rate. We still have to pay the lump sum. The payment and the loan itself has been tied to austerity measures, some of which we have seen already and some of which we will see in forthcoming budgets over the next two or three years. I refer to the wage cuts, the social welfare cuts we have already seen, cuts in public service numbers and the cuts in services such as Dublin Bus and Bus Éireann in which the State is reducing its investments. I refer also to the reduction in the capital spend on new schools, hospitals and the like which the Minister said will be funded by the International Monetary Fund, IMF. There will be no such thing. The vast majority of the money we are talking about is going to bail out the bondholders, those people who gambled their own money and yet expect to be paid by the Irish taxpayer. That is where the money is going. Similar to the position with our National Pensions Reserve Fund, it is not going into a productive investment environment. It is not being invested in the future of Ireland. It is being invested and given away to German, Spanish and French financial institutions which were gambling with their own companies' futures.

What should have happened in terms of all of that is that they should have been burned, so to speak. It is not just Sinn Féin who have called for that. Many an economist has called for it also because that is what happens. When people speculate and gamble, there is always a possibility of loss unless they speculate and gamble in Ireland where this Government is willing to bail them out lock, stock and barrel.

The other changes we are seeing already is the undermining of the investment in community service. There was never enough investment, yet under the austerity measures tied to the IMF we are seeing an undermining of those services. We are seeing the proposals and the guarantee by the Government to the IMF and the European Central Bank, ECB, that water charges and possibly a property tax will be introduced.

In every country into which it has managed to get its claws the IMF has undermined the democracy and the public services in those countries because it has taken away their sovereignty and the power to decide for themselves how to spend the money and use the natural resources of those countries. The example of Argentina is one that Ireland and any future Government should examine to see how we can extract ourselves from this odious deal to which the Government has tied us.

I believe that as soon as we regain our economic sovereignty, for once we will have the capability of building a proper future. I say to the Minister of State that it is not too late to row back on that. Despite the fact that we have already downloaded huge sums of money this month we can return it. We can go back and ensure that the €20 billion or €30 billion that will go to the bondholders does not go to them but is instead invested in job creation and in creating a proper, nationalised State bank which will have the function of ensuring that industry and the public are properly served rather than what we have seen in recent years.

The IMF has imposed its diktats around the world and has facilitated globalisation, as I referred to earlier. Anything to do with the IMF should be opposed because that institution is an example of modern colonialism and imperialism because it dominates through debt. It controls the resources to benefit those who have pillaged those countries. It has left many a country denuded of natural resources and of the skills and powers to decide for themselves and made them dependent upon the hand-outs from the IMF.

I urge the Minister of State to try to undermine the IMF as much as we can in the next year or so, bring it down and put the powers the world has invested in the IMF in the hands of the United Nations because that is where the mechanism should be located with the changes and the reforms that are required to democratise that institution.

**An Ceann Comhairle:** That completes the Second Stage debate on the Bretton Woods Agreement (Amendment) Bill 2011.

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** A Cheann Comhairle, am I not expected to reply to the debate?

**An Ceann Comhairle:** Yes. Go mo leiscéal, a Aire.

**Deputy Joan Burton:** We have been sitting patiently.

**Deputy Michael Noonan:** The split must be worse than we thought.

**An Ceann Comhairle:** Go mo leiscéal.

**Deputy Martin Mansergh:** I thank the main parties in Opposition for their support for this legislation in the House for what has been an interesting debate on what is undoubtedly a technical piece of legislation.

To refer to the legislation itself, and I do not want to exaggerate this, and also the follow up on the 2010 agreement, it allows us to shave interest rates. That will only happen from the date those agreements are ratified by a two thirds majority and enter into force. Other than ratifying those agreements ourselves, there is nothing that we as an individual country can do beyond that to hasten when they come into effect but I understand the 2008 agreement will shortly come into effect.

Deputy Burton has a good understanding of how the IMF has evolved. Deputy Higgins evoked the idealism of the founding fathers, just as I heard some of my colleagues in my own party evoke the idealism of the 1920s and 1930s, but social conditions change and obviously the global conditions since 1945 have radically changed as well.

I share the strong criticism of the way the IMF operated in the late 1970s and late 1980s and a great deal of the criticism directed against the insensitivity at that time is justified but the IMF of today is a completely different type of organisation. As has been pointed out already and as I pointed out myself, it is headed by a French socialist, Dominique Strauss-Kahn, who is still mooted as a possible French presidential candidate.

There are many developing countries, and I have not heard any government of a developing country describe the IMF as an odious institution and one that ought to be abolished. Many developing countries would be extremely upset if that were to be mooted because the IMF of today is of real assistance to them. The Sinn Féin Members should get themselves up to date on the culture of the present day IMF.

Deputy Burton made the case for a Minister for Foreign Affairs. When a vacancy occurs the Taoiseach, and indeed any Taoiseach, often takes a Department to himself for a short period. There are two Ministers of State, Deputy Dick Roche, who deals with EU matters, and Deputy Peter Power, who is oriented towards development policy. If necessary, there is myself. I represented the former Minister, Deputy Micheál Martin, at two Foreign Ministers' meetings last May. There are people who can be called upon in that situation.

Deputy Michael D. Higgins raised the question of globalisation and anti-globalisation. For better or worse, and it is probably both although perhaps more for the better, we live in a

[Deputy Martin Mansergh.]

globalised world. I do not think it is going to be possible to reverse that. It is a question of controlling and regulating matters so that the beneficial effects outweigh the destructive harm that can be done, and that we have seen, for example, in the global financial crisis of the last two and a half years.

The discussion broadened out to EU interest rates. Deputy Noonan referred to relatively lower interest rates being charged on the EU balance of payments facilities for certain eastern European countries. The average interest rate on EU assistance, under the European Financial Stabilisation Mechanism and the European Financial Stability Facility is designed to be similar to IMF lending conditions for developed countries. Following the granting of bilateral loans to Greece and after detailed discussions, member states agreed to the provision of financial assistance under those two schemes on the basis of strong policy conditionality and terms and conditions similar to the IMF. It is not appropriate to make comparisons to the assistance given to non-euro member states, because the balance of payments support was not set up to be the equivalent of IMF conditions.

I follow closely, in the international as well as the Irish press, the ongoing debates that are taking place in the EU, both about the short-term problems facing the euro and the longer-term problems. The Minister for Finance was at a meeting where that subject was addressed earlier this week. There is, perhaps, a tension between attitudes. The underlying motive of eurozone partners is to try to re-establish confidence in the euro and to prevent contagion spreading. There was, certainly, a short-term success *vis-à-vis* Portugal last week.

I am strongly of the opinion that the terms negotiated last November were those thought by our partners to be most conducive to restoring confidence in the euro. We have moved on two months since then. It is, perhaps, clear that the terms of the agreement have not had, from a euro-wide perspective, the positive impact that might have been hoped at the time. There is a perception, not least from this country, that the terms are onerous, although it has always been the Government's position that they are manageable. This is not to say that if more favourable conditions could be obtained we would not be interested in obtaining them. That debate is ongoing and there is a tension between being fairly rigid at the moment and yet foreseeing a different mechanism three or four years down the line if a similar situation were to occur. One has to be frank about the fact that the EU, and in particular the eurozone, has not yet come to a resolution of these problems. If progress is made from which this country can benefit, whether under this or the next Government, that would be welcome. I would caution against any party thinking or proclaiming to the public, particularly in an electoral context, or holding out the prospect of a major change or alleviation of conditions. I do not, at present anyway, see any prospect of that.

The mechanism is often presented as the result of a bilateral negotiation between Ireland on the one hand and our euro partners on the other. Our euro partners are, obviously, looking all the time at its knock-on effects. Other countries are vulnerable and the long-term consequences of short-term solutions must all be considered.

Of course, the IMF could be made an ultra-democratic institution. However, the country that provides the vast majority of the funds might no longer be interested in doing so if it felt that its influence could be overridden. When one talks about using the UN rather than the IMF model, one must remember that the UN is not a democratic organisation either. There are five permanent members of the Security Council that have a weighted and a veto power quite different from that of other member countries. The EU is, to a degree, different. There are, of course, voting weights in the Council of Ministers so there is also a weighted mechanism

there, but the EU is, relatively, as equal and democratic an organisation as it is possible to be. When one has member countries of vastly different size, population and wealth one can only push equality so far. The United States itself consists of some states with very small populations. They are all represented equally in the Senate but by population in the House of Representatives. Balances must be worked out.

On whether one can have basic equality, whereby the smallest country would have the same weight as the United States, China and so on, unfortunately, regardless of whether this would be ideal or otherwise, it certainly is neither realistic nor pragmatic. We must work with the institutions we have. In respect of the World Bank and the IMF, Ireland operates in a constituency that is led by Canada and that consists of several but not all Caribbean countries. Consequently, we have a mix of representation there. Marginal changes are being made in balances to quotas and so on in order that poorer countries are better represented. No country is obliged to belong to the IMF or any other international organisation if it does not wish. However, in the world community as a whole, practically all countries are in it. Countries belong to such organisations because they perceive them to be of benefit to themselves.

Finally, I have no ambition to see this country go down the route of Argentina, Colombia or anywhere else. One should study the consequences of so doing and of not being able to borrow on markets. Ireland still is a wealthy, developed country and we simply must buckle down to adjust to our conditions. The word “hubris” was used and it is a word I would have used myself. We were too ambitious and did not listen to the voices that told us to go more slowly, notably the European Commission in 2001. While we all were highly indignant about its interference in Ireland’s internal affairs, I am afraid the European Commission was right and we were wrong as we were going too fast. However, we still have a great deal going for us. If one asks the reason the Government is front-loading the adjustment, it certainly is not for the political advantage of this side of the House because there is absolutely none. It is because most people would like to get through these problems as quickly as possible and head towards recovery, rather than stagnating for long periods, which has been the experience of some other countries with similar problems in other parts of the world. I hope I have responded to most of the points raised.

Question put and agreed to.

### **Bretton Woods Agreements (Amendment) Bill 2011: Committee and Remaining Stages**

Section 1 agreed to.

## SECTION 2

Question proposed: “That section 2 stand part of the Bill.”

**Deputy Joan Burton:** This section pertains to the approval and amendment of the various Schedules. The Minister of State mentioned having attended two IMF meetings in recent years and I wish to ask him a question. Ireland is part of a section of the IMF that includes Canada and a number of Caribbean countries and in late August 2010, in the context of the ongoing financial and banking crisis in Ireland, I noticed that the Canadian Minister of Finance visited Ireland. This visit did not get much publicity but shortly thereafter, a distinguished Canadian public servant called Mr. Wright was put in charge of an inquiry or investigation into the workings of the Department of Finance. During the summer, the Government denied repeatedly that anyone was coming in from anywhere to assist Ireland. However, as the Canadians chair our particular section of the IMF, the visit of the Canadian Minister of Finance was



[Deputy Joan Burton.]

interesting to put it mildly. He did not appear to have any great public schedule but yet was photographed and announced as being in the Department of Finance.

I wish to ask a question in the context of the changes proposed in this legislation, given that the Government has negotiated Ireland into an IMF deal and the Minister of State has spoken of having been present at the IMF in Washington at least twice. I, together with colleagues from the Labour Party, met the IMF team, including Mr. Chopra and others, twice. I believe the other political parties also did so at least once but as the Labour Party met them twice, the others also may have done so. In respect of the IMF, the changes in governance structure and the small additional percentage that will go to Ireland, the Minister of State should provide an explanation to Members. He appears to be the Minister of State who is partly in charge of Ireland's relationships with the IMF. Can he outline to Members what is the story at present? Everyone has been provided with a memorandum of understanding and I refer to the conditionality therein, particularly in the back pages. Ireland must report to the IMF on a weekly basis about how are the State's cash balances, inflows and outflows. We must report further information on a monthly basis and also have the conditionality that is set out, on a quarter by quarter basis, in the memorandum of understanding with the IMF and the European Union. It is commonly agreed that the IMF wrote the deal because it has experience of doing so in a different set of countries.

I acknowledge the Minister of State's primary responsibility is for the Office of Public Works but given that he is taking this Bill and has visited the IMF, can he indicate what exactly is the current relationship with the IMF? I know its representatives regularly visit Ireland and I understand that Mr. Mody is the person with whom most Members would be familiar in this regard. Is there a resident IMF observatory in Ireland? Was the Canadian visit at the end of the summer part of the IMF's preliminaries? If there are IMF people resident in Ireland at present, can the Minister of State indicate what is the composition and approach of its team? I ask because this Bill pertains to changes in governance.

As I noted earlier, I lived in Tanzania, where I encountered people who had much experience of being involved with the IMF team and where was a massive problem with governance. While listening to Mr. Chopra, I formed the impression that the IMF was, if anything, more flexible and more understanding. It did not defend these super-high interest rate and appeared to understand that growth was an essential way for Ireland to climb out of its difficulties.

**Acting Chairman (Deputy Cyprian Brady):** I remind the Deputy that Members are debating section 2.

**Deputy Joan Burton:** Yes, and I note this Bill deals with governance. The Minister of State commented in his reply on Second Stage on his take in respect of the value of the IMF deal. However, Opposition Members may perceive the difficulties of the IMF deal for the ordinary punter, who this month will pay universal social charges, that is, seven extra points of income tax — and it is tax. Moreover, pensioners who open their pension slip are finding, even if they are in receipt of a medical card or are over 70, that they are paying the universal social charge. Can the Minister of State tell Members about the changes in governance and how it operates at present? This is a point that ordinary people in Ireland, as well as ordinary Members of the Dáil and the Opposition, must be able to understand.

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** Before replying, may I ask a question of clarification? When the Deputy referred to Tanzania, was she referring to that country in 1980s?

**Deputy Joan Burton:** Yes. I was referring to the structural adjustment programmes, as they were then called.

**Deputy Martin Mansergh:** As the Deputy acknowledged in her contribution, the way the IMF operates today is significantly different from the way it was accustomed to operating in the 1980s. By way of clarification, the two IMF conferences I attended on behalf of the Minister for Finance took place in September or early October 2008 in Washington and the following year at about the same time in Istanbul. The Minister attended a conference in 2010. The agreement of April 2008, which this is implementing, was before my time as Minister of State. There may have been a meeting at which we would have been represented by officials rather than a Minister.

We are perhaps conflating into one question two different things. Until late last autumn we had a relationship with the IMF whereby it was a multilateral body which came here and carried out a review of our economy in some detail every two years. I am sure the Deputy has read some of the reports.

**Deputy Joan Burton:** Why did the Canadians come at the end of the summer?

**Deputy Martin Mansergh:** I will come to that issue. The Canadians came because the Canadian Minister is head of what is known as the constituency. At ministerial and sub-ministerial level they visit occasionally to maintain good relations and discuss matters with us. It is part of keeping in touch with the constituency. I am sure they do the same *vis-à-vis* Caribbean countries. It would be wrong to see the purpose of the visit last August, which is somewhat of a holiday period in Canada as well as here, as in any way preparing for the agreement which came up at much shorter notice in the autumn. There are no resident IMF officials here but there are a number of IMF officials currently in Dublin on a technical mission for a week to ten days.

**Deputy Joan Burton:** We have had a long discussion about the IMF. The contention of the Minister of State is that it has changed for the better. Can he tell us the role of Mr. Wright in leading an inquiry into the functioning or non-functioning of the Department of Finance? I understand the report is finished and available. Various Opposition parties in the House were invited to meet Mr. Wright and his team, which was obviously influenced by the IMF. We refer to governance in developing countries but clearly governance issues in Ireland are of enormous importance to the IMF and reforming the Department of Finance, bringing it into line with the change in our economic status and updating it. I asked the Minister of State what the change in the relationship was, where the Wright report is and when we will receive it. Will it be postponed until after the election?

On the role of the Department of Finance, who are its Irish representatives in the IMF? It is a much coveted appointment in the upper reaches of the Irish public service. Given that we are now in hock to the IMF, are more people battling for Ireland or fewer because of the cutbacks? I ask the Minister of State to give us a picture of the changing relationship whereby we get an additional voice in the IMF. We know we are reporting to it weekly.

**Deputy Martin Mansergh:** As with every other international organisation, we have senior officials seconded to it. At the current time there is an alternative executive director in Washington, Mr. Stephen O'Sullivan, and an adviser, Mr. Peter McGoldrick. When I was there in 2008 a different person was in place who has since returned to the Central Bank. If the Deputy wants information on the review of the Department of Finance, I will not give her an answer

[Deputy Martin Mansergh.]

off the top of my head. She will have to table a question to the Minister. I do not have the information available to me.

We have used Canadians on many occasions in different fields of policy, such as General de Chastelain who worked on decommissioning.

**Deputy Joan Burton:** The Canadian central bank got it right. It was very conservative and there were no runs on Canadian banks.

**Deputy Martin Mansergh:** There is a lot to be said for the way the Canadians conduct their affairs. They are cautious and conservative and should not get into as much trouble as other larger nations. It is like Sweden and Finland, in that it is a country which does not have a reputation of being in any way domineering but can provide useful, friendly and disinterested advice and inputs. That is the value of a friendly country like Canada.

Question put and agreed to.

Sections 3 and 4 agreed to.

#### SCHEDULE 1

Question proposed: “That Schedule 1 be Schedule 1 to the Bill.”

**Deputy Michael Noonan:** Can the Minister of State explain how the Schedules are constructed? Is there a resubmission of the existing articles of the IMF or is all the material in the Schedules new material by way of amendment? Is there a restatement of the existing articles with add-ons or do all the Schedules contain new material? It seems to very complex for the amount of games that are being made for it.

**Deputy Martin Mansergh:** From reading Schedule 3, it is clear it contains the articles of agreement as currently stated, whereas the first two Schedules contain amendments.

**Deputy Michael Noonan:** They were consolidated into the Bill, as well as the amendments to which the Minister of State referred to in his speech.

**Deputy Martin Mansergh:** Yes.

Question put and agreed to.

Schedules 2 and 3 agreed to.

Title agreed to.

Bill reported without amendment and received for final consideration.

Question proposed: “That the Bill do now pass.”

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** I thank Deputies for their co-operation in passing this legislation.

Question put and agreed to.

*Sitting suspended at 6 p.m and resumed at 7 p.m.*

## Private Members' Business

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### Health Care Services: Motion

The following motion was moved by Deputy James Reilly on Tuesday, 18 January 2011:

That Dáil Éireann:

is concerned that:

- a national emergency has again emerged in Ireland's hospitals with an unprecedented 569 patients on trolleys in January 2011;
- the Government will not publish legislation to introduce risk equalisation until 2013, despite having promised to do so within three years when it was struck out by the Supreme Court in 2008;
- the public hospital system is under increased strain due to rising unemployment at 444,000, businesses unable to access finance and many people in negative equity; and
- the VHI's 1.35 million customers cannot afford increases of up to 45% in their private health insurance premiums because of the failure of the Minister for Health and Children to introduce risk equalisation; and

calls on the Government to:

- instruct the VHI to postpone premium increases until the Milliman Report is published and debated; and
- expedite the introduction of risk equalisation.

Debate resumed on amendment No. 1:

To delete all words after "Dáil Éireann" and substitute the following:

- welcomes the action by Government to reduce unacceptable waiting times for patients in emergency departments and to pursue the target of ensuring that all patients are assessed, treated and discharged or admitted within six hours of registration at an emergency department;
- welcomes the roll-out of the acute medicine programme which will provide that every medical patient presenting to hospital will be seen by a senior medical doctor within one hour and will provide access to same day diagnostics;
- endorses the Government's strategy that the best way of achieving a stable health insurance market, where policies are relatively affordable for older and sicker people as well as younger and healthier people and where health insurance can evolve in a way which supports overall health policy objectives, is a situation where:
  - the core policy of community rating is supported by an effective, transparent risk equalisation scheme;
  - the State does not act as both regulator of the market and owner of a company in the market, particularly one with a large or dominant market share; and
  - there is a more even balance of older customers between companies in the market;

- notes that, following the Supreme Court decision in July 2008, the Government introduced interim loss compensation arrangements through the taxation system with effect from 1 January 2009 which to date has provided for the transfer of €89 million and is estimated to allow for the transfer of a further €70 million in 2011;
- underlines the Minister's intention to publish legislation this year which will provide for the development of a full, robust risk equalisation scheme which will protect the fundamental objective of community rated premiums, with transitional measures in place pending the introduction of the full scheme; and
- welcomes additional comprehensive actions being taken on private health insurance which include:
  - arranging the sale of the VHI, with appropriate capitalisation and authorisation in advance of this; and
  - pursuing measures to achieve a more even balance of customers among companies in the market.”

—(Minister for Health and Children).

**An Leas-Cheann Comhairle:** We will resume with Deputy Jan O'Sullivan. There are 19 minutes remaining in this slot.

**Deputy Jan O'Sullivan:** I wish to share time with Deputy Costello. I will use nine minutes and Deputy Costello will have ten.

**An Leas-Cheann Comhairle:** Very good. That is agreed.

**Deputy Jan O'Sullivan:** There has been a development since our debate on this matter commenced last night in that the VHI has issued a statement in respect of the comments made by the Minister in the House. The Minister took the opportunity to reveal some of the contents of the Milliman report, which has been available to her and the VHI but to which Members are not privy because it has not been published. The Minister indicated that she would publish the report in redacted form, leaving out market-sensitive information.

The statement issued by the VHI earlier today suggests that the Minister was disingenuous, to say the least, in the context of what she said about the company. She indicated that it should be able to make significant savings if it changes its system. In response, the VHI has stated that, in effective, it is being asked to become a US-style health utilisation company and that this would require it to invest in and establish significant pre-authorisation processes, concurrent review processes, post-care processes, etc. I do not know what is the truth of the matter because I have not seen the report. If we are going to engage in a debate on this matter, it should be an honest debate. In that context, we should all be given the information that is available to the Minister.

It was not fair to the VHI for the Minister to disclose some of the information she placed on the record last evening without making the full report available in order that commentators and public representatives might provide an honest appraisal of its contents. However, there are areas in respect of which the VHI must provide answers. One of these — the Minister must also provide an answer in respect of this matter — is whether the company acted legally when it increased the costs relating to the plans preferred by elderly customers by more than those which obtain in respect of the other plans it offers. That would appear to be in contravention of the spirit behind, if not the law on, community rating. When the Minister of State, Deputy

Moloney, makes his contribution, I would like him to indicate the legal advice, if any, the Government has obtained in respect of this issue.

Plan B and Plan B Excess are used more by elderly people, who have suffered greatly as a result of the recently announced increases. Many elderly individuals have informed me of their concerns to the effect that they will be obliged to discontinue paying their health insurance. They are very scared about doing so because they have reached a point in their lives when they will need health care to a greater extent than would have been the case when they were younger. Most of those to whom I refer have been paying health insurance for most of their adult lives and have not been obliged to claim before now. It is important that we should discover whether a legal issue arises in respect of this matter.

A number of people have indicated that the VHI has paid out on their behalf in circumstances where it should not have done so. I refer, for example, to individuals with haemochromatosis who have stated that the VHI was charged in respect of situations where they did not receive consultant care. I understand that it is frequently the case that people with private health insurance who are treated in hospital settings never see a consultant. However, in addition to a hospital bill these individuals also receive a consultant's bill in circumstances where they were actually treated by a non-consultant hospital doctor who is paid a salary out of the public purse. I am of the view that questions must be asked with regard to what is happening in this area.

I would certainly not state that the VHI is without fault in all of this. As already stated, however, the Minister's comments were not fair because she made claims regarding what the VHI could do on the basis of a report which Members have not seen and the contents of which we are consequently unable to challenge.

The Minister also stated that because she is preparing the VHI for privatisation, she has basically surrendered the power which used to be at her disposal in the context of telling it not to raise its prices. I would be interested in hearing the Minister of State's comments on the first part of Fine Gael's amendment, which calls on the Government to "instruct the VHI to postpone premium increases until the Milliman Report is published and debated". I would question whether the Minister is in a position to do this now. She would certainly have been able to do it before she surrendered the power to which I refer. In effect, the Minister has left subscribers exposed to the vagaries of the market because she has not retained the power to protect them.

Is it really intended, in current circumstances, to privatise the VHI? Significant public money would have to be invested in the company to fatten it up for privatisation. There are many better uses to which such money could be put in the health service at present. Honesty is required from the Government in this regard. Is it intended to proceed with privatisation and, if so, from where will the money come? The VHI is currently not in a position to be privatised.

The Labour Party has a completely fair approach to this matter. We want to ensure that all patients will have access to services on an equal basis. The basis of our universal health policy is that, in effect, all patients will be insured. This would ensure that when people find themselves in a difficult position as a result, for example, of losing their jobs or whatever, they will not lose their health cover. Part of the major concern for people at present is that if they lose their jobs and cannot afford to pay their cover, they must give it up. That is unfair. It is also unfair that people who have health insurance can, in a sense, buy their care quicker than someone who does not possess such insurance. That is the ultimate injustice and the Labour

[Deputy Jan O'Sullivan.]

Party is of the view that it should have no place in any health service. That is why we intend to introduce the change to which I refer.

Until such time as that change is implemented, there is a need for a fair system for those with private health insurance. The only way to establish such a system is by legislating in respect of risk equalisation and replacing the current interim solution. The latter has been in place since the court decision of July 2008. Despite what the Minister stated in respect of the complications involved, I cannot understand why it is taking so long to introduce the necessary legislation. I accept it may be complicated but it must be remembered that risk equalisation was previously in place. In addition, there are risk equalisation models in use in other jurisdictions so it is not as if we are seeking to invent the wheel. While the legislation is awaited, it is obvious that there will be unfair systems in place in the area of health insurance provision. Those who bear the brunt of the inequality created by such systems are the elderly, the sick and people who cannot compete. The costs relating to these individuals' plans are being increased by 40% or 45%, which is unfair. I am of the view that the market cannot be left to operate in this way for the period envisaged by the Minister.

I again welcome the opportunity to discuss these complex issues. Ultimately, we must move to a new and fair system which will use the public and private money spent on health in an efficient and effective way that will be to the benefit of patients.

**Deputy Joe Costello:** I compliment the Fine Gael Party on bringing forward this motion, which relates to the most recent crisis to affect our health system. We have witnessed many such crises during the past decade. There is an obvious solution to the crisis in the health service, namely, to get rid of the present Government and introduce a new system. The Labour Party has that policy prepared, and it is the way we should proceed. We need a new policy, a new Government and a new Minister, and we need to begin the work immediately. As soon as the election comes and we can begin that, the better.

It is incredible that the Government should have presided over the closure of so many hospitals, such as in my own constituency, as well as the closure of many wards and beds at a time when the population was increasing. It is incredible it should have imposed a whole new tier of administration on top of the existing one without first removing that existing tier, resulting in a non-functioning administration and management system. It is incredible that the Minister for Health and Children should have declared a national emergency in regard to the numbers of people waiting in accident and emergency units throughout the country in 2006 yet, four years later, we have a record number in the same units. She promised that within six months of her ten-point plan she would have dealt with the problem but the situation has reached an unprecedented level four years on.

The patients who come into the emergency sections of the hospitals are often elderly and fearful but the conditions they experience in their immediate interface with the hospital are appalling in many cases. In those circumstances, any senior Minister would have resigned long ago and handed over to somebody who would do something substantial with the service rather than allow it to collapse upon itself, as it has, and to remain in crisis over an entire decade. It is a disgrace that we should still be in this situation despite all the money that is spent annually on the system and all the promises that are made.

The Irish health system is a Third World system in a First World country. We had all the years of the Celtic tiger to get it right but the money was squandered. We now find we are faced with hikes of up to 45% in premium costs for VHI's Plan B and Plan B Options. These

are the most popular plans which people would have embarked on perhaps decades ago, and of which those who are now elderly and more likely to be in need of care are in receipt. Such elderly people are the ones directly affected and they are being targeted — that is the sum total of all of this.

It is outrageous that the Minister should target the most elderly in our society, who have been loyal members of the VHI over the years, many for decades. They paid their premiums year after year yet what are they now told? The Minister for Health and Children tells them they can shop around. That is not what community rating is about. The situation is that VHI's customers are being thrown to the wolves. Many of them will either have to abandon their policies, reduce their premiums or take on and incur costs for which they cannot pay. This is what the Minister is doing with this unprecedented hike in VHI premia.

It is not good enough for the Minister to, on the one hand, tell people to shop around and, on the other, to justify it by saying she is preparing the VHI for privatisation and fattening it up for sale. Is that the way to treat patients, subscribers and customers? This is the sort of thing that was done with Eircom by the then Minister, Deputy Mary O'Rourke, when it was privatised some years ago. We can see what has happened. Whatever system we had then, we have a much poorer system now and we are lagging behind the rest of the world in terms of broadband procurement and provision.

There must be a major question mark about the actions of the Minister. It seems that, essentially, she does not care about the people with whom she is dealing. She cares only about putting in place an ideological policy position. It is the last dying kick of the now defunct PDs — privatisation at all costs and the marketplace rules. She is now preparing the VHI for privatisation. That it will damage the loyal customers and make them concerned and fearful is not taken into consideration. They are told to shop around and that they will get more or less the same somewhere else. Why were they in the VHI in the first place? What is the sense in a company operating unless it has some loyalty towards and protection for its customers, who have been loyal to it? For the Minister at this time, just as she is about to leave office, to unilaterally say costs are going to be hiked up so much that, effectively, people will not be able to pay is not acceptable.

It is not good enough that the Minister has delayed so long in providing risk equalisation legislation. While she states in her amendment that it will be produced some time in the coming 12 months, she will not be around to deliver on it — we know that. She had three years to do it but she has done nothing. One cannot effectively talk about having community rating unless the statutory basis for risk equalisation is provided for. What needs to be done to protect and underpin a fair system has been neglected. The Minister has done the opposite in that she has put the cart before the horse and is now privatising the VHI when she should be providing a statutory system that would ensure equality within the health service. That has not been her priority, however, which is a reflection of the manner in which the entire health service has developed in the decade under her aegis.

It is time for a fresh start and the fresh start must have a fresh vision and a new policy. The Labour Party and Fine Gael have put forward two new policies which have many similarities, including a universal health insurance policy where the patient, equity and fairness are at the core, where the money follows the patient, where vested interests do not rule the system and where the system is not in control, whether that be a management system such as that of the HSE, which is dysfunctional in itself, or whether it is the main players — the GPs and the consultants — who have traditionally dictated the manner in which the health system operates



[Deputy Joe Costello.]

in that it has been built around them rather than being built around the patients. It is time to put all of that to bed and put patient care at the core of a new health system.

**Deputy Niall Collins:** I wish to share time with Deputies Charlie O'Connor, Michael P. Kitt, Timmy Dooley, Thomas Byrne and Margaret Conlon.

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

**Deputy Niall Collins:** I am grateful to have the opportunity to contribute and I hope to lift the mood somewhat given what we have listened to. While most discussions in the Chamber on the health service are tainted with a very negative tone, it is not all doom and gloom within the service. That negative tone impacts on the very many fine people who work within the health service, the HSE and the Department of Health and Children, who are committed to their jobs, take them seriously and do the best they can in the circumstances. My local hospital, the Mid-Western Regional Hospital in Limerick, treats more than 30,000 inpatients, caters for more than 120,000 outpatient attendances, 55,000 accident and emergency attendances and more than 4,000 deliveries in the regional maternity hospital on an annual basis. That is a significant throughout and there is a high level of service delivery by the medical, nursing and clerical staff and everybody else associated with the health services in the mid-western region. That acknowledgement is important because such points may not come through in debates like this. Likewise, it is not fair comment to say the Minister for Health and Children does not care. That was an unwarranted, personalised remark. It is not fair to say that anybody in this House does not care. We are all here as public representatives to do our best for the people from whom we receive our mandate.

The Fine Gael motion refers to the number of patients on trolleys in accident and emergency departments earlier this month, an issue which attracted a great deal of news reportage at the beginning of the year. This issue should be examined by the Health Information and Quality Authority, HIQA. It is not acceptable in this day and age that a trade union organisation should be able to dominate the news agenda for two or three days by doing a trolley count around the country. That is not its purpose and not what it is constituted to do. Trade unions are mandated to represent their members' views, and this particular union is not placed to carry out a trolley count. If we are going to have a debate on the numbers of people who are on trolleys awaiting admission, the figures should be verified by an independent body such as HIQA. That is far preferable to the circus we have seen with the Irish Nurses and Midwives Organisation doing a whistle-stop tour around the country and being facilitated in that by news organisations. That is not right and proper in this day and age.

Clearly there are areas within the health sector where we would like to see an improved roll-out and delivery of services. For example, the provision of primary care teams must be advanced in a more speedy fashion. I understand 11 teams have been established in Limerick city and county, with another five or six in the pipeline. If we can get the primary care teams up and running more quickly, that will take the pressure off the admission processes within accident and emergency departments. That is where the focus should be. The targets set by the Health Service Executive in this regard had been lagging behind slightly.

I would also like to see the progression of the co-location facility at the Mid-Western Regional Hospital in Limerick. It was interesting to note the observation by the chief executive officer of VHI in the debate on recent price increases that a private bed is cheaper in a private hospital than in a public hospital. That anomaly must be addressed.

Other parties have their own policies in regard to how they would like to see health services delivered. Ultimately, however, whether it is the policy of the Labour Party, Fine Gael or Fianna Fáil that is implemented, the provision of health care is costly. Those costs can be collected by direct charges or direct taxation, but services cannot be delivered for free. We must dispel the notion that a universal social health care system or some other policy initiative will deliver free health care for all. No such mechanism exists.

**Deputy Charlie O'Connor:** I welcome the opportunity to contribute to this important debate. I am always pleased to compliment the colleagues who bring forward a motion, in this case, Deputy Reilly of Fine Gael. However, having listened to the Labour Party contributions tonight I wonder whether I am in the company of the next Minister for Health and Children. If that is the case I wish that person well.

Unlike Deputy Collins, I know very little about the condition of the health service in Limerick. However, I know a lot about Dublin, which is where I was born and live, and the area I represent. The increase in VHI charges have not gone down well in my city and county. Many of us on this side of the House have sympathy with the view — and I compliment the Minister of State, Deputy Moloney, on making that point — that these increases should at least have been postponed.

I have a particular interest in my local hospital in Tallaght. I live close to it, am a regular visitor, have been a patient there and have been involved in it in various ways for some years, including as a member of the management board. The Leas-Cheann Comhairle was kind enough to assist my involvement in that regard, which I will always appreciate, although I promise not to put it in a leaflet this time. It is important to have local representation. I recall that as Minister for Health and Children, the Leas-Cheann Comhairle appointed people to hospital boards who had an interest in and credibility among the local community. Unfortunately, that is no longer the case in some instances.

I visited Tallaght hospital some days ago to assess the situation in the accident and emergency department. Media reports in recent days have revealed a scandal at the hospital where the 46-bed Burkett ward was being used as a canteen. I have no problem with the provision of canteen facilities for staff but it should not be at the expense of patient facilities and resources. When I was in the hospital on Monday afternoon 46 people were on trolleys, some of them in very difficult circumstances. I understand that today, as of 20 minutes ago, 30 people are on trolleys in the accident and emergency unit and 22 are on trolleys in the former canteen. I compliment the Minister for Health and Children on her intervention in this regard. I brought the situation to her attention, as I am sure did other colleagues. Arising from that, as I understand, the Health Service Executive instructed the hospital this morning and, as we speak, the reversion of that facility to a working ward is under way.

Deputy Collins made a relevant point about the pressures on the health service. I will not politicise the issue other than to say I would love to be a fly on the wall at the negotiations between the Labour Party and Fine Gael after the election. I wish them well in that regard but they will have many problems in fusing their respective health policies. Although I do not know where I will be in a year, I will be the first to step up and congratulate them if they achieve that. I would love to be in this House in a year's time asking colleagues in those parties to account for what they have achieved.

I am not a VHI customer and I hope my current good health, which means I hardly need health care, continues. However, I have spoken to many VHI customers who, when they are sent a copy of the bill for their treatment, are appalled at the costs involved. There is a role to

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be played by the Committee of Public Accounts, which does tremendous work, in this regard. I am sorry to hear that the Chairman, Deputy Allen, will not stand at the next election. The committee would have a good job of work to do in examining the issue of cost claims at VHI. I hope the Minister will give consideration to that proposal.

**Deputy Michael P. Kitt:** I welcome the opportunity to contribute to the debate on the Private Members' motion. I am disappointed at the announcement by VHI to raise the cost of its premia from 1 February. These are substantial increases, ranging from 15% in respect of plan A to as high as 45% for plan B Options. I hope the VHI can postpone the premium increases, which will be expensive for the old and infirm. It is easy to say that one can shop around but older people are very much attached to the VHI, which has a disproportionate share of older customers. Statistics indicate that while the VHI has 62% of market share, it also has 80% of claims.

I agree with Deputy Charlie O'Connor about costs and the Minister, Deputy Mary Harney, referred to savings. The Minister also referred to the Milliman report and the work that is being done in her Department. The report showed that potential savings of 5% to 10% could be made in this area, which could be achieved regardless of the risk profile of the insured population.

Some issues have been brought to my attention by constituents, including charges for procedures irrespective of the number of days a patient spends in hospital. One constituent told me of a charge of €12,000 for a minor procedure in one day in hospital. In fact, however, the same person had another minor procedure sometime later, which also cost €12,000 although they spent a few days in hospital. There seems to be a divergence of costs involved. The costs applied to operations should be investigated.

The Minister also raised the question of reduced costs for people in group schemes. The VHI teachers' plan, which has been mentioned, is certainly good value. It is not, as the title suggests, just available to teachers. The same cover in the VHI's plan B is also provided by Aviva's Smart Plan and the Quinn company's Health Plus scheme. One of the problems with the teachers' plan is that one must take these decisions quickly before 1 February, as the renewal date could be after that, and one must obviously get out of a group scheme before one does so.

The motion referred to patients on trolleys and such difficulties have arisen due to the outbreak of swine flu and other flu-like illnesses. The recent extreme weather conditions led to much pressure in hospital emergency departments. I commend the work that is done in our hospitals to deal with the increased number of patients. Some patients have to be isolated, which places an extra burden on hospital staff.

The reconfiguration of hospitals, such as the cluster proposed for Galway and Roscommon, is important in dealing with admission procedures and overcrowding. The idea that more procedures could be done in smaller hospitals such as Portiuncula Hospital in Ballinalsoe and at Roscommon Hospital, is a positive proposal. There is no reason that the majority of procedures, or in many cases the total, should be carried out in a major regional hospital. The proposal to allocate 35% of procedures to smaller hospitals is a good one. I hope we can work on that idea by providing resources to equip smaller hospitals and provide staff so that procedures can be carried out there.

**Deputy Timmy Dooley:** I welcome the opportunity to contribute to this debate. On many occasions, the House has discussed the health service and this is another opportunity to do so.

The debate, however, seems to revolve continuously around the same old story, which is that the solution to the crisis in the health service is to get rid of the Government regardless of who is in power.

**Deputy Paul Connaughton:** It would be a good start.

**Deputy Margaret Conlon:** That is a matter of opinion.

**Deputy Timmy Dooley:** I am sure it would be no different if there was another party on the Government benches.

**Deputy Paul Connaughton:** It will happen.

**Deputy Jan O'Sullivan:** Do not worry, we will ensure that it will.

**Deputy Timmy Dooley:** They want to get rid of the Government, bring in a new policy and develop a new system. The notion of money following the patient, which Deputy Costello talked about, is not a bad system. I understand that has been proffered by both parties in the run up to the election. In tandem with that, however, Deputies from different constituencies want to retain the *status quo*, regardless of whether the local hospital is small or large. When the money starts to follow the patient, I wonder how many small hospitals will still exist. If one is serious about that policy, the small hospital will go.

**Deputy Jan O'Sullivan:** No, it will not. The Deputy is scare-mongering.

**Deputy Timmy Dooley:** They are hiding behind the notion that everything will be retained as it is because they do not want change. They are not prepared to change. They tell the unions what they want to hear when it suits. They tell the staff what they want to hear and say they will keep nurses where they are needed, and that units will also be maintained. Yet they will have a policy where money follows the patient. If the patient is not there, however, neither will the nurses. The policy espoused by the Opposition will create a requirement for considerable change. I am not suggesting that the system is bad but they should tell people the truth — that it will impact on small hospitals. The primary concern should not be about maintaining a building or structure; the policy should be all about the patient.

**Deputy Paul Connaughton:** Which the Deputy's one is not.

**Deputy Timmy Dooley:** It should be about the quality of care the patient receives and the safety of the service that is delivered. It should also be done to a particular, recognised international standard. It should not be about the grubbiness of appealing to the lowest common denominator in terms of the argument. We have had too much of that. It is facile to suggest that one Minister who is responsible for 110,000 people working in the health service is somehow the root cause of every idiosyncrasy that takes place within that service.

**Deputy Jan O'Sullivan:** She is not in charge. She gave over her responsibility to the HSE.

**Deputy Timmy Dooley:** It is wide of the mark but it appeals to the headline writers and the local media. It appeals to whatever angle one wants to use in order to protect the *status quo*. The Opposition argument is such that they are not looking for the *status quo*, they want to change it. They are talking about a serious policy, which is a good one, but costly. In addition, it will take a lot of time to implement. The current system certainly does not have all the answers. There are many problems, but when one is dealing with 110,000 individuals one needs

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a hell of a structure and a reporting system. One also needs the co-operation of everyone all the time to avoid mistakes and delays, as well as ensuring that accident and emergency units operate to the highest possible efficiency. All it takes is a small group of people for things to go wrong.

**Deputy Tom Sheahan:** Is Deputy Dooley going to speak to the motion?

**Deputy Timmy Dooley:** Somebody may be out sick or somebody may swing the lead on occasions, which can cause problems. I want to reiterate what Deputy Collins said. Some of the finest people in the public service work in our health services. Sadly, however, when people denigrate the Minister they believe that it does not affect the morale of those who work in the health service. I can say that it does. My mother is a retired nurse and I know that many nurses are appalled on a daily basis by such denigration. Cases may sometimes be advanced on behalf of a union agenda or initiative, but somehow they denigrate every individual who works in the health service. It is wrong and unfair because such people are doing their best pretty much all the time.

**Deputy Tom Sheahan:** The Deputy should speak to the motion.

**Deputy Thomas Byrne:** I thank Deputy Dooley for raising the issue of the Opposition's health policy. It is probably our fault but their policy has not been scrutinised, although I have tried to do so on local radio. Deputy Dooley mentioned small hospitals and he is dead right. Small county hospitals, such as Navan hospital, for which the Opposition does not have a policy, is gone under the Fine Gael system.

**Deputy Paul Connaughton:** The Deputy's party has no policy on it.

**Deputy Jan O'Sullivan:** They cannot defend themselves, so they attack the Opposition.

**Deputy Thomas Byrne:** When the money follows the patient everybody will want to go to the top specialists in Dublin the whole time. The current policy on Navan hospital is to provide some specialties which people can access at local level. That is what is important in health care. We see also the evidence that the costs of this universal health insurance will be far greater than anything the VHI has done, and Fine Gael needs to outline that to their voters.

The most crucial aspect, however, is that it criticises the Health Service Executive all the time, particularly HSE administrators——

**Deputy Paul Connaughton:** As does the Deputy.

**Deputy Thomas Byrne:** ——and those who make decisions within the HSE. They are very important people. Are we prepared as a nation to devolve those decisions to the VHI, Aviva, the Quinn Group and any other foreign company that comes here because it is explicit in the Fine Gael policy that decisions on whether somebody gets an operation or not will be made in the offices of a health insurance company? That is the reality. We are looking at films about this in America. The reality of Fine Gael's policy is that we will no longer have a public health service. We will have a fully private health service controlled from abroad. The HSE's problem, as a public health service and the guardians of the public, is that it has not explained that role properly to the people.

**Deputy Paul Connaughton:** It is no wonder the public will not listen to the Deputy.

**An Leas-Cheann Comhairle:** Allow Deputy Byrne to address the House.

**Deputy Thomas Byrne:** It has not explained that it is the equivalent of the NHS, so beloved of the British, and that it is the protector of our public health service. That has not been explained because every time it makes a decision about protecting public health and public safety, the Members opposite show up at rallies protesting against it but they will not be able to go to rallies in Amsterdam, England or Abbey Street outside the VHI's offices because they are the people who will be making the decisions under Fine Gael's proposed health service if the people vote for it.

The health service Fine Gael is proposing will have to be scrutinised very carefully in this election because according to Fine Gael policy, decisions in the health service will be devolved to insurance companies. That is what Fine Gael states and I would like its Members to explain that to the public.

**Deputy Paul Connaughton:** The Deputy need not worry. We will.

**Deputy Thomas Byrne:** The Fine Gael party intends to move the decision making from the public health service and from public staff, all of whom will be let go, to insurance companies who will do it for a much higher price. Do not tell me we will have some control over the pricing system of that because we will not. The VHI price increases were disgraceful but we will have no control over the system proposed by the Deputies opposite. Not only will the providers involved be deciding the prices, they will also decide who does and does not get treated. That is the reality of Fine Gael's system.

**Deputy Tom Sheahan:** It is flattering that Deputy Byrne has read all our policies.

**Deputy Thomas Byrne:** When people are making up their minds in this election health will be a very serious issue because the Deputies opposite have not thought out their policy properly.

**Deputy Tom Sheahan:** He does not have his own policies and he has to quote ours.

**Deputy Thomas Byrne:** They have stated they will devolve the decisions from a public service to foreign private companies.

**Deputy Tom Sheahan:** It is quite flattering.

**Deputy Thomas Byrne:** By and large we do not have a bad health service in this country when we examine the outcomes across the board in terms of cardiac treatment and cancer treatment. Of course, Fine Gael opposed the cancer strategy given to us by experts from all over the world.

**Deputy Dinny McGinley:** We established the cancer strategy, Deputy.

**Deputy Thomas Byrne:** You did not.

**Deputy Dinny McGinley:** Deputy Michael Noonan established it. I was here when he did it. The Deputy was not here.

**An Leas-Cheann Comhairle:** Please allow Deputy Byrne to conclude.

**Deputy Dinny McGinley:** Deputy Michael Noonan set up the national cancer strategy. I was here.

**Deputy Thomas Byrne:** We had Deputies threatening——

**Deputy Dinny McGinley:** The Leas-Cheann Comhairle remembers it. Do you not remember that, a Leas-Cheann Comhairle?

**An Leas-Cheann Comhairle:** Please Deputy, you will have an opportunity shortly to say whatever you wish.

**Deputy Dinny McGinley:** He cannot get away with——

**An Leas-Cheann Comhairle:** No. Deputies are not shouted down in this House. Deputy Byrne.

**Deputy Thomas Byrne:** When health boards were making decisions for the betterment of the health of the people Fine Gael Deputies threatened court action in regard to it. That is the reality. The reality is that we brought in a cancer strategy that was supported, by and large, by the Irish Cancer Society charities such as Europa Donna but Fine Gael Members opposed that. They marched on the issue. They brought the marchers to Dáil Éireann but when I went to my local radio and explained it to people and said——

**Deputy Dinny McGinley:** You boys over there know how to march. Wait until you are in Opposition. You will be marching from the first day.

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

**Deputy Dinny McGinley:** I remember you. You took over the——

**An Leas-Cheann Comhairle:** Deputy McGinley, you will have a chance to speak shortly. Please do not shout down people.

**Deputy Thomas Byrne:** And let us not forget the people in Meath who will be coming to save their hospital tomorrow——

**Deputy Dinny McGinley:** They are great marchers on that side of the House.

**Deputy Thomas Byrne:** ——but I can assure them Navan hospital is safe under Fianna Fáil.

**Deputy Dinny McGinley:** Soldiers of the rear guard. They are great at marching.

**Deputy Thomas Byrne:** That guarantee cannot be given by the Opposition.

**An Leas-Cheann Comhairle:** I call Deputy Margaret Conlon.

**Deputy Paul Connaughton:** The Deputy is talking out of both sides of his mouth.

**An Leas-Cheann Comhairle:** Deputies, I ask you to control yourselves and allow Members to be heard in the House.

**Deputy Dinny McGinley:** We will allow ladies to speak.

**Deputy Margaret Conlon:** I hope you will be able to protect me, a Leas-Cheann Comhairle, from the Members on the Opposition benches.

**An Leas-Cheann Comhairle:** I will do my best.

**Deputy Margaret Conlon:** I am pleased to have an opportunity to make a brief contribution. I want to focus on two aspects, the first of which is the increases the VHI announced over Christmas. Everybody was shocked, dismayed and disgusted by its decision to impose increases ranging from 15% to 45% from 1 February. That level of price increase is unacceptable and I believe it will prohibit many people from taking out private health insurance. I believe the VHI is penalising its good, loyal customers and it needs to examine this decision, rethink it and make a change to it.

One of the first things I did when I started work was take out private health insurance, and I have never regretted it. Many people do likewise. At that time there was no competition in the area but, thankfully, that is no longer the case. There is competition now and many companies are offering alternative plans to those of the VHI. That is to be welcomed because for some people their prices are much more competitive.

People talk about the difficulty elderly people or others might face in shopping around but if one wanted to buy a suite of furniture or a television one would not necessarily go into the first shop one comes across and buy it. One might have a look around first to get the best value. I would advise people to shop around to get the best value for money while getting the same level of cover.

We have benefited from competition and choice and I strongly encourage policyholders to investigate all options before renewing their policies and to feel secure in the knowledge that they can do so without incurring a penalty or waiting times for cover to apply. That is very important, and it is available for all regardless of their age or health profile.

The other aspect is that it is important that all insurers deal with their customers or potential customers in an open and transparent manner. Where that is not happening, the Health Insurance Authority must be appraised of it because it is not a nice practice and it is one I would not like to see developing in the country. It is not fair or acceptable that there would be any discrimination between old and young customers and between people who are sick or those who are not ill. Everybody deserves to be charged the same premium for the same level of cover.

I welcome the statement from the Minister that she plans to bring in new rules to encourage people to take out insurance at a younger age. When people start working they develop good habits, and those good habits remain with them throughout their working life. If one were to start looking for cover when one is older, it is much more expensive. I also welcome the fact that a break period would be permitted when people who find themselves out of work or in financial difficulty.

I refer to the emergency departments where challenges remain, and there will be challenges even into the future. We must continue to focus on the patients and ensure that we are treating the maximum number of patients in a timely manner and that they are channelled to the service they need very quickly. In my own constituency I see the benefits of the medical assessment unit in Cavan where people come in and are treated. For a large percentage of patients they can come in, be assessed, treated and discharged in a timely manner.

We have had changes and reconfiguration in Monaghan and following the next election, whenever it takes place, I do not believe those decisions will be reversed. We will be moving forward, not backward. We will not be rewriting history but I have been advocating for some time that we would have a medical assessment unit in Monaghan where patients who do not need acute care but who need good medical care could be assessed and treated in a timely



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manner and discharged rather than having them go to Our Lady of Lourdes Hospital or Cavan hospital and clogging up trolleys and beds when that is not necessary.

Some hospitals do very well while others do not. Why is there such a difference in that regard? If some hospitals are doing very well, all hospitals should be able to do that.

**Deputy Paul Connaughton:** I wish to share my time with Deputies Joe Carey, Pat Breen, Dinny McGinley, Tom Sheahan and Joe McHugh.

**An Leas-Cheann Comhairle:** Agreed.

**Deputy Paul Connaughton:** The first words I want to say to the VHI are shame on it and shame on any organisation that will bring such misery to the oldest section of this country's population. What it did is outrageous, and it is all about politics. I was a member of the Joint Committee on Health and Children and we have been looking at risk equalisation for the past five or six years. The VHI found that we have no Government, or a Government that could not care less, and decided to put the shoe in when it got the chance. While what was done is the direct responsibility of the VHI, if we had an active, popular and efficient Government it would not have happened. Telling people they can shop around is baloney. We all know the whole thing will level up after a couple of years. Does anyone think Aviva and Quinn will stay at their level? They will do so for as long as the vast majority of their members are younger than VHI members.

Let no one tell me that any service, no matter where it is, could increase prices by up to 45% in the worst recession in the history of the State when people are losing 20% of their incomes. It is outrageous. People simply cannot understand why, in a democratic republic like Ireland, this would be allowed to happen.

If we can put manners on the VHI, we will have to ensure that people, as they get older, can wake up every morning and thank God they do not have to go to hospital or to a doctor, because when they do they have a huge issue from a health security point of view. From a psychological point of view, as people get older they get extraordinarily worried about their health. It will happen to us all. We never heard of a 45% increase in any product, service or utility. I never heard it in my 35 years in this House. I hope there will be an uprising over this.

What can people do, other than shop around as the Minister advised? They will never forget this increase and many of them will not be able to pay it. It will cause huge problems down the line.

While I always like to see the Minister of State, Deputy Moloney, in the House I am sorry the Minister is not here tonight. Everyone says keeping patients out of hospital is the way to keep costs down. The Minister for Health and Children was born in the parish of Ahascragh in County Galway. The parish's public health nurse retired the other day and, like many other public health nurses, will not be replaced. Public health nurses are hugely important to the health service. On top of this 45% increase in VHI fees, the very people who do their best to keep people out of hospital are not being replaced. I am sorry the Minister is not present to hear this tonight, because she knows every house in the parish I am talking about. What is happening there is an outrageous development.

When one puts the two together, one sees it is time to change the Government and introduce universal health care. No matter how it will work, it has to be better than what is there at present. I believe it will be better.

**Deputy Joe Carey:** What we have seen in January — both in the accident and emergency departments of hospitals and in the boardroom of the VHI — is the result of a fundamentally flawed approach to the delivery of health services in this country.

The centre of excellence model has been put forward as the solution to our health problems. I do not reject the concept but I do reject and oppose the actual reality of what this model of health care has resulted in. The facts are that over the Christmas period scores of people were left on trolleys and chairs in Limerick Regional Hospital in our so-called centre of excellence. A sign was erected in the accident and emergency department informing patients of a 14 hour waiting period. The hope of a better service has not been backed up by the investment required and indeed the promises made to the people of Clare and the mid-west region. Empty words are of very little comfort to the 18 patients left on trolleys today in Limerick Regional Hospital and nine in Ennis General Hospital.

The mid-west has been at the coalface of this transformation with the closing of the 24 hour accident and emergency services at Ennis and Nenagh. It is a damning indictment of the Minister's policy that Limerick Regional Hospital featured prominently as one of the worst performing hospitals in the country in the recently leaked health statistics report in terms of accident and emergency waiting times and people on trolleys. The people at the front line — the nurses, doctors and other staff in our hospital system — are not able to cope.

Prior to Christmas I raised in an Adjournment debate fears about the removal of cardiac service from Ennis General Hospital. The four Clare Oireachtas Members had a subsequent meeting with staff members in Ennis. At that meeting it was agreed that the Minister, Deputy Harney, would be asked to facilitate a meeting to outline in detail her plans for future services in the hospital. I welcome the Minister's commitment today to Deputies Breen, Dooley and me that such a meeting will take place at the earliest opportunity. It is critical that the current services provided at Ennis General Hospital be retained and that a clear statement be issued confirming this position following our meeting.

The hikes proposed by the VHI are scandalous and in this environment are quite simply unaffordable. It is my understanding that the Milliman report, which was presented to the Minister in September, has identified massive inefficiencies at the VHI. It is natural that an institution in place for so long and without competition for much of its existence would evolve in this way. This evening, I am calling on the Minister to publish this report immediately, have it debated and not hide behind the cloak of commercial sensitivities. It beggars belief that, despite a 2008 court judgment, the Minister has yet to deal comprehensively with risk equalisation. It is a core issue which cannot be ignored while the VHI ploughs on with its intention to increase premiums by between 70% and 80%.

I commend Deputy Reilly on bringing this motion to the House and urge the Minister to act on its proposals.

**Deputy Pat Breen:** I welcome the opportunity to contribute to tonight's debate. Paying VHI or any private health insurance is no longer a matter of luxury. The majority of people have private health insurance because they are afraid of their lives they will die waiting to be seen in our public health system. This is particularly true for elderly people, as many previous speakers have stated. My own constituency office has been inundated with calls relating to the VHI increases. Most people cannot afford an increase of 45%, given the effects of the 2011 budget.

On Wednesday night last, I raised this issue with the Minister for Health and Children on the Adjournment. She indicated that it would not be appropriate for her to intervene with the

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VHI in matters relating to pricing. The Minister appears to have had a change of heart. This morning, I read in *The Irish Times* that she has since spoken to the chairman and CEO of the VHI. It is not good enough for the Minister to say she is extremely disappointed. The Minister must take action and address the problem.

I was disappointed last week to hear the Minister say she has kicked the risk equalisation legislation to touch until 2013. In the absence of this legislation and without greater competition in the health insurance market, the cost of private health insurance will continue to rise. Moreover, this will push people into the public health system, which is already in crisis, as we have seen in Limerick Regional Hospital in the mid-west region.

The Minister for Health and Children replied to an Adjournment debate last December on the subject of cardiac services in Ennis General Hospital, as Deputy Joe Carey pointed out. Could the Minister clarify the situation regarding inpatient cardiology services at Ennis General Hospital? In her statement last night, the Minister said cardiac services would continue as usual and there would be no change in the situation at the hospital.

Nevertheless, staff have been informed that the consultant cardiologist and his team will be moving to Limerick on 1 March next. They have been given an additional stay of one month and it appears as though equipment may also be moving. This includes the high dependency unit, HDU, which will also transfer to Limerick. The staff at the high dependency unit provide an excellent service for the people of County Clare and are preventing the clogging up of the system at the Mid-Western Regional Hospital, Limerick. I have no difficulty with the concept of a centre of excellence or transferring the acute cardiac services to Limerick. However, this service is valuable for people who require monitoring, assessing and treatment, as well as for acute coronary assistance and heart attack patients. Like Deputy Joe Carey, I welcome the fact that the Minister will meet a deputation from Clare comprising the four Oireachtas Members and nurses from the high dependency unit. However, I seek clarity in this regard because there is utter confusion at present in County Clare. I commend the motion.

**Deputy Dinny McGinley:** The announcement by the VHI last week of its intention to increase its premiums by such huge percentages undoubtedly came as a shock to everyone. While it came as a shock to each subscriber, it particularly affected those in a certain age cohort who avail of its Plan B+ and who now face an increase of 45%. This sent shock-waves throughout the country and through each subscriber to the VHI, at a time when such people were losing out on their pensions or whatever investments they may have had. They then received this hammer blow in respect of their VHI premiums at a time, as Deputy Breen has noted, when people are at an age when they are concerned about their health. This is absolutely unacceptable.

It is merely a symptom of what is happening in the health service. I have been a Member for many years and year after year, we have waiting lists, people on trolleys and so on. The service is no better today than was the case ten or 15 years ago. I happened to visit my local hospital in Letterkenny last Monday night to see a few neighbours and saw with my own eyes what was going on in the corridors at 8 p.m. or 9 p.m. People still were in wheelchairs and on trolleys while waiting to be admitted. I do not blame those who work in Letterkenny General Hospital or anyone who works at the coalface of the health service. I blame the system itself and until it is changed, we will face crisis after crisis, year after year. The Government used to pay €3 billion into the system, but this year the equivalent amount was €16 billion. I wonder whether any improvement for that money can be discerned. As matters stand, it cannot be improved and even were one to double the money, problems would still arise unless the system

was changed. We must move to a system that has already been proven to be efficient in other countries. Fine Gael is not reinventing the wheel in this regard as it already has been invented for us.

I also wish to raise a local issue. Last week, the Minister for Health, Social Services and Public Safety in Northern Ireland, Mr. McGimpsey, cast doubts on the provision of radiotherapy services in Altnagelvin Area Hospital, Derry. He stated that while they might be able to build the facility, and there was a commitment to that effect, they would not have the requisite finances of £30 million to operate it. The people in the northern end of this country were depending on that facility being available and the Minister of State and his senior Minister should get in touch with the authorities in Northern Ireland to ensure there is no delay in the provision of this facility and that it will be provided by 2015, as previously indicated.

My final point is that I know of district hospitals in my native county in which half the beds are empty. However, the general hospital is bursting at the seams and is unable to move these patients from the general hospital to the step-down facilities because it lacks the staff as a result of the embargo. It is unforgivable that hospital beds are empty because they lack staff while the general hospital is unable to take in people. These are huge problems that must be addressed and hopefully this debate will help to get something done about it.

**Deputy Tom Sheahan:** I do not subscribe to the argument that the VHI is solely responsible for this problem. The VHI operates as a business and blame for this increase should be apportioned proportionately. In apportioning blame fairly, the consultants must take their fair share for their milking of the health insurance system. I will provide anecdotal evidence shortly. Other factors include the rates charged by hospitals and the Minister's failure to tackle consultants. Similarly, the VHI is to blame for not fighting the charges levied by hospitals and consultants and especially for pushing out its elder members.

I did not renew my health insurance 18 months ago on principle because of two experiences. I am the father of four young children and four years ago my wife went into hospital to undergo a minor procedure. She spent 15 minutes on the bed and was back in the car within 45 minutes. A bill came to our house for €970, some €880 of which was covered by the health insurer and we were obliged to pay €90. The issue was not the €90 we were obliged to pay but the €550 she was charged for the quarter of an hour that she was on that bed and that is what I do not agree with. Second, we have a little girl who is now two years of age. When my wife went for her first prenatal scan at 16 weeks, she returned with an appointment for another scan two weeks later. Personally, I was shattered by this news and every kind of thought went through my head. As my wife was being called back for another scan in two weeks I was left wondering what was wrong. When she returned to the hospital two weeks later, she was brought down to the consultant's private rooms. However, she stated that as our first three children had been born in the public service, which was excellent, this child would be born there also. She then was told that it would not cost anything, as she had health insurance. However, my wife stuck to her guns and went through the public service. How many more scans would she have been brought to had she used her health insurance to use the private service with the consultant?

This is the reason I apportion blame to consultants, who are absolutely milking the system. It is a disgrace that the Minister has not tackled in any meaningful way the hospital consultants. In recent years, wards are being closed and beds are being lost in each hospital in the country, while private rooms, which are moneymaking milking machines, are being put up. This is the reason beds are being lost in public hospitals and the Minister has failed to tackle this. As for the charges levied by hospitals, my wife spent 15 minutes on a bed and was charged €550 for so doing.

**An Leas-Cheann Comhairle:** While the Deputy's time is up, there are two minutes remaining in the slot as the final Deputy is not in the Chamber.

**Deputy Tom Sheahan:** However, the VHI's act of pushing out its elder customers is despicable and highly distressing.

**An Leas-Cheann Comhairle:** I was indicating to the Deputy that Deputy McHugh was to take the final couple of minutes and that a couple of minutes remain, should the Deputy wish to use them.

**Deputy Tom Sheahan:** The Leas-Cheann Comhairle caught me out there.

**Deputy James Reilly:** It is a reflection on the Deputy's naturally obedient nature.

**Deputy Tom Sheahan:** MRI scans are another issue in this regard. The cost of such scans is being advertised at present in private hospitals at €200. Does the Minister of State or any Member present know how much an MRI scan costs through the VHI? It is a lot more than the €200 that is being advertised on the public airwaves by private hospitals and this must be tackled.

While one cannot blame the VHI for everything, I do not like the manner in which it is pushing out its elder customers who had been with it for years. As my colleagues have stated previously, everyone begins to worry about health later in life. Thankfully, my family does not have health issues and my decision to not renew my health insurance was more based on principle and the manner in which the system is being screwed by all sectors in the health service. While many people have told me this was a foolish thing to do, I hope that when Fine Gael is on the Government side of the House and introduces a new health system, the money will follow the patient. Hopefully, this will be the end of the days of giving block grants to hospitals and asking them to do the best they can with them, rather than having the money follow the patient. That will be a better day for the people and their health.

**Deputy Caoimhghín Ó Caoláin:** I propose sharing time with Deputies Maureen O'Sullivan and Finian McGrath.

**An Leas-Cheann Comhairle:** In that order?

**Deputy Caoimhghín Ó Caoláin:** Yes, thank you.

**An Leas-Cheann Comhairle:** Very good.

**Deputy Caoimhghín Ó Caoláin:** I support the motion in the name of the Fine Gael Deputies. That said, the motion is limited in scope and does not describe the full extent of the crisis in our public health services. The crisis includes the record number of patients on trolleys and chairs in accident and emergency departments during January 2011, as cited in the motion; the hundreds of beds closed in our acute hospitals due to cutbacks; the continuing recruitment embargo which means that there are not enough nurses, junior hospital doctors and other front-line care staff to cope with the care needs of inpatients and outpatients in our public hospitals; the rising tide of emigration of young trained health professionals; the continuing cuts to services in local hospitals and the drive to centralisation which is reducing the overall level of care to communities across the country; the shortage of GPs; the shortage of primary care centres; the exorbitant fees charged by many GPs; the increased burden on medical card holders through the prescription levy; the failure to more effectively address at source the spiralling cost of medicines, allowing profiteering by pharmaceutical manufacturers and dis-

tributors to continue; the cuts affecting care for the old, the young and the disabled; the unregulated home care sector; and the recent massive rise in VHI rates which imposes a further burden on thousands of families, especially those with children.

I challenged the Minister for Health and Children, Deputy Mary Harney, last week during Priority Questions on the accident and emergency situation. Her reply was mostly irrelevant to the issue at hand. There was no recognition of the extent of the crisis. She trotted out the usual guff about the system allegedly having been reformed and made more efficient. I have no doubt many efficiencies were introduced and that in many respects things have improved compared to five or ten years ago, but in other respects they have gotten worse.

The fact is that in 2006 the Minister said we had a national emergency because of the numbers on trolleys in accident and emergency departments. This month the numbers exceeded those in 2006 but there was no national emergency in the mind of the Minister on this occasion. For example, on 11 January there was the highest ever number of patients on trolleys in Our Lady of Lourdes Hospital in Drogheda. The equivalent of two full wards were waiting for admission in the emergency department.

Mr. Tony Fitzpatrick of the INMO described the situation as “extremely dangerous for patients and staff”. The INMO called for an urgent meeting with HSE management, the same HSE management that gave clear and unequivocal commitments that measures would be put in place to alleviate over-crowding when they went ahead with the so-called re-configuration in the north east, including, of course, the axing of the accident and emergency departments at Monaghan and Dundalk.

The INMO and others, this Deputy included, correctly predicted that the levels of over-crowding would increase when beds were closed and hospitals downgraded across the north east. On 11 January, 66 patients were on trolleys in the north east while over 200 beds have been closed in that region.

What time did the Leas-Cheann Comhairle allocate to me?

**An Leas-Cheann Comhairle:** I gave you four minutes.

**Deputy Caoimhghín Ó Caoláin:** I have six minutes.

**An Leas-Cheann Comhairle:** There are ten minutes in the slot. Deputies O’Sullivan and McGrath have been allocated three minutes each.

**Deputy Finian McGrath:** No, it is six minutes and four minutes.

**An Leas-Cheann Comhairle:** The Deputy has two more minutes.

**Deputy Caoimhghín Ó Caoláin:** I had timed it and the Leas-Cheann Comhairle has thrown me off.

**An Leas-Cheann Comhairle:** I beg your pardon. I will give you injury time.

**Deputy James Reilly:** Do not give him an injury.

**Deputy Caoimhghín Ó Caoláin:** I asked the Minister, Deputy Harney, if had she assessed what impact her budget 2011 cuts will have on the accident and emergency situation and she told me she had not. I asked if her Department and the HSE had calculated how many public hospital beds will be closed as a result of the cuts in this subsequent years under the four-year plan which involves cuts to health of over €1.5 billion and she told me they had not.

[Deputy Caoimhghín Ó Caoláin.]

Once again we are drifting towards further disasters in our health services. We have had three Ministers at the helm since 1997, including the current Taoiseach and his would-be successor as Fianna Fáil leader, Deputy Micheál Martin, and all have failed miserably. The VHI premium increases could not have come at a worse time for hard-pressed families, as was eloquently put on the record by another Deputy.

The health insurance market expanded during the so-called Celtic tiger years because many families with children who were aware of the perils of relying totally on the public hospital system took out personal health insurance. That market is now shrinking again as unemployment has increased and people's earnings have decreased, resulting in many having to give up their health insurance. All of this points to the need for fundamental health reform.

Those who can afford to do so should be contributing to the provision of health care through fair taxation. In a new health care system there would no longer be a public-private divide and care would be available to all based on need alone and not on ability to pay. Sinn Féin has proposed the establishment of a health funding commission to plan the transition to such a fairer and more equitable system. I welcome a Fine Gael Deputy's earlier contribution which was eloquent and pertinent to all that is being considered.

**Deputy Maureen O'Sullivan:** I want to acknowledge the positive things in our health system. We have excellent health care, which is provided by hard-working and highly trained staff, and it has a significant budget, once one is in the system. That is central and brings me to the issue of beds. It is ironic that people are left on trolleys, chairs and worse who need a bed while those in wards are left in beds, through no fault of their own, when they could and should be at home with support, nursing home or community care.

The first two points in the Government amendment are more aspirational than real. I support the call for the Government to instruct the VHI to postpone the increases because the time for increases, if at all, is during a time of plenty and not a recession. More will opt out of private health insurance because they need to spend their money elsewhere. This will lead to further pressure on the public health system.

Those paying for even the most expensive cover will need and use the public system if they are very ill, which brings me to a more fundamental question which has to be asked about our two-tier health system. There are gross injustices in such a system. It is not right or fair that two people with a medical issue can get a different initial response. A person with money or private health insurance can get an appointment with a consultant or an MRI scan within days or weeks while a public patient will wait for months if not longer.

New thinking on financing health care is needed. We need a new system based on the needs of the patients and not their ability to pay. There should be a system of equity of access to health care. As long as there is a two-tier health service with medical care readily available for those who can afford to pay and long waiting lists for the rest, the misery of trolleys in accident and emergency departments will continue.

**Deputy Finian McGrath:** I thank the Leas-Cheann Comhairle for the opportunity to speak to the Private Member's motion on the crisis in the accident and emergency departments in our hospitals, the 45% increase in VHI premia and on the health service in general. It is a national scandal and a disgrace to have 569 patients on trolleys in our hospitals in January 2011. It is criminal to treat patients like this in this day and age. It is not acceptable and arises from gross incompetence.

After many years of growth and massive wealth and resources, I find it strange and unacceptable that there has been no real movement in the accident and emergency situation,

which should be the major focus of this debate. The issue of beds is the bottom line and the Government has walked away from it. There is a shortage of beds. Let us quit the spin and face the reality that it is not acceptable to have elderly, sick or disabled people on trolleys in our hospitals. That is the reality for the 569 people to whom I referred, many of whom are senior citizens.

This crisis should have been dealt with many years ago and in any other country the Minister would have resigned. There was enough time in two years to resolve this priority health issue. The Government and Minister for Health and Children have been talking about this matter for ten years. How many more years does it need to resolve the issue?

Beaumont Hospital in my constituency is one of the largest hospitals which is directly affected and 80 to 100 bed would resolve the crisis there. To give any other response is to waste people's time talking about it. I demand that the extra beds are put in place immediately. People are sick and tired of waiting for a proper health service. It is now time to put up or shut up.

I believe in a universal health service, based on the equality for patients and medical need. It will have to be funded through taxation and I am prepared to support any party or body that believes in the principles of a good quality public health service. The current system needs to be changed and major reforms are needed for all of our patients.

**Minister of State at the Department of Health and Children (Deputy John Moloney):** A number of specific questions were asked. Deputy Jan O'Sullivan asked if the VHI was acting legally its recent announcement. The answer is "Yes".

On the query regarding the cardiac services in Ennis hospital, I understand the Minister is meeting a delegation to discuss the issue next Monday. Deputy Costello referred to figures for the breakdown in services in emergency departments. It is worth noting that in 2010, some 1.2 million people went through our 33 emergency departments. The level of activity has increased. There has been an increase of over 30% in day cases, up 175,000 since 2006. There has also been a 28% increase in outpatient attendance, which is up by 800,000 since 2006. The number of inpatient discharges has remained relatively constant over the period and the average length of stay has reduced from 6.4 days to 6.16 days.

I welcome the opportunity to participate in this debate and to underline for the House the importance the Government has placed on the private health insurance market and its role in our wider health system. In her address to the House, the Minister outlined in detail the integrated package of measures the Government has brought together so that the private health insurance market can be strengthened and improved to support those who need it most, the older and sicker members of our society. Private health insurance has played an important and positive role in our health services, in bringing new innovations to medical practice, in encouraging competition and in serving the health needs of our community at the time of greatest need.

A number of Deputies have commented during this debate on the fears of older customers in particular regarding the recent large price rises announced by the VHI. The increases have undoubtedly come at a time when many customers are struggling with significant financial challenges. Some Deputies commented on the Minister's advice about shopping around and felt this was an inadequate response in the context of the increases. However, the Minister demonstrated the comparative rates in her speech last night. While the Minister cannot interfere with the pricing decisions of an insurer operating in a competitive market, she is anxious that private health insurance customers are aware of their rights to switch at any time they choose in order to get better value for money or to improve the benefits available on their



[Deputy John Moloney.]

policy. The Minister outlined at length last night the significant value for money which is available to all health insurance customers, young or old, healthy or sick. At the Minister's request, the Health Insurance Authority has increased its capacity to answer queries and questions from members of the public. The authority is handling thousands of inquiries and can offer advice and support to all customers on their rights and entitlements, either over the phone or via its website. I would also encourage customers to avail of the supports provided by the HIA in advising on what savings can be achieved.

On risk equalisation, the Minister outlined the significant amounts of money which are now transferring between insurers as a result of the interim scheme introduced by the Government for the period 2009 to 2011. It is important to emphasise that this is the first such transfer which has ever taken place and that the amounts involved are substantial. In spite of what some Deputies have said, the Government has not delayed in introducing a risk equalisation scheme. The interim scheme was always intended to be for this three-year period and is designed to be Exchequer-neutral over that timescale. Legislation will be brought forward this year to provide for a transitional risk equalisation scheme for 2012, while both insurers and the HIA put the systems and processes in place for a permanent risk equalisation scheme which it is planned will take effect from 2013.

The HSE is putting in place strengthened frameworks to manage and closely audit the implementation of the recommendations arising from its project aimed at improving the performance of certain hospitals which had experienced particular problems. The clear focus of the health service is, and must continue to be, on the number of patients we treat and how we treat them, not on the number of beds in the public system. The National Service Plan 2011 commits the HSE to treating people more effectively by reducing costs and reforming the way services are provided, without reducing access to appropriate services. We are treating more patients each year within the available resources and are measuring and improving patient outcomes. This will continue over the coming years.

Much has been made of the review commissioned by the Minister in 2010 on the VHI's claims costs. The purpose of the review, which was referred to by the Minister in the context of the announcement of the future strategy for private health insurance in May 2010, was to understand and examine the reasons VHI costs have increased significantly.

**An Ceann Comhairle:** I now call Deputy Ring. Time is tight because there are a number of people in the slot and the Deputy will have three minutes.

**Deputy Michael Ring:** Will the Chair tell me when my time is up as I would not like to hold anyone else back? It is easy to speak about how the Government has run down health services in this country. The Government has washed its hands of the middle class in Ireland. Last week people who receive child benefit had their benefits cut and then the universal social charge, which also targets the middle class, took effect and now the same people are hit by a rise in VHI charges.

I must speak out tonight on this and must point out that the Minister of Health, who is not here tonight, should not have been Minister for Health over the past three or four years, because she has no mandate from the people. She has lost control of the Department and of what is going on. The whole of the VHI board should resign. How dare that board think the people can afford an increase of 45% in charges when the board has mismanaged the company with the help of the Government. We need new people running the Department and the VHI. We have a man here who can and will be Minister for Health and who will reform our health services.

This morning I got a phone call about a woman with cancer who went to the regional hospital in Galway in November for a biopsy, but was told she could not have her biopsy. She got another appointment for this morning, but got a phone call this morning to say the procedure could not be done because of swine flu. There was no swine flu in November. This poor woman is frightened out of her life waiting for her biopsy. Is that kind of health service fair to the people, the sick and the poor? Is it fair to people worried about their condition? The Minister has lost control. The situation here and the number of people on trolleys all over the country is shameful. The Minister told us she was going to reform the health service, but she was only good at one thing. She was good at spinning and she was able to spin to the media, who fell for her spin. She talked a good game, but she was not much good at playing the game. The health service here is in disarray and people are upset and annoyed at that. The people are waiting in the long grass. All they want is fairness, but it is not available.

**An Ceann Comhairle:** The Deputy has half a minute left.

**Deputy Michael Ring:** I will finish in a minute. All this Government has left is approximately ten minutes. The sooner it goes the better because the people are fed up with it. I say to the Ceann Comhairle, the Minister and the Government that they have let down the people. The VHI has let down the people who pay for that service. It is not right that a proper is not available to those people, particularly considering the amount of money taxpayers have provided. The Government lost control a long time ago. It is time for change and for a new Minister. We have the people who will do the job. I have the future Taoiseach and Minister for Health here beside me. Give us a chance and we will reform the health service and make it fair for everybody.

**Deputy Seymour Crawford:** I would like to make it clear that I have VHI insurance and was very glad to use it. Deputy Collins suggested that we should not complain and that everything is grand. Let him tell that to those who have paid VHI contributions all their working lives and who now in their latter years must pay an increase of 45% this year. Paying such an increase is a problem and thankfully some of the Deputy's colleagues on the Government side of the House admitted that.

I met a couple on Monday evening who are in their late 60s or early 70s. They have no other option but to cancel their health cover. The amendment to the motion put down by the Minister ignores the number of people on trolleys in Cavan, Cork and elsewhere. In his comments, Deputy Charlie O'Connor mentioned the problems in Tallaght. I welcome his constructive comments, which clearly showed his disappointment at the proposed VHI increases. While I will not be running in the next general election, I have no worries in regard to the ability of Fine Gael and the Labour Party, as questioned by Deputy O'Connor, to agree a health policy, which will be implemented by Deputy O'Reilly. Fine Gael will not roll over as did Fianna Fáil and the Green Party to a party of only two Members, one of whom, the Minister for Health and Children, Deputy Mary Harney, is now an Independent. The Minister will clearly welcome the VHI increases as the Department of Health and Children and Health Service Executive will benefit from increased bed and other charges. The VHI should negotiate reasonable prices and not introduce them *ad libitum*.

Deputy Dooley questioned Fine Gael's proposed new health policy. I have never questioned the front line staff in the health service. I can assure this House that under a health policy driven by Deputy Reilly there will not be a problem with front line staff. He will ensure that people will be given the wherewithal to ensure the patient counts. When I visited Cavan General Hospital last weekend, the patients said they were satisfied with the service but front

[Deputy Seymour Crawford.]

line staff said they are under extreme pressure. Cavan General Hospital has the added benefit of having the highest number of beds and trolleys.

Is Deputy Conlon satisfied with the service being provided at Cavan General Hospital? Has she listened to the elderly and some of the families of the deceased in regard to the trauma they have suffered? We should be ashamed of our health service, which Deputy Reilly will rectify.

**Deputy James Bannon:** Our accident and emergency departments are in a disastrous and life threatening state. I would like to highlight the position of so-called emergency services at the Midland Regional Hospital Mullingar, which I monitored last week on a daily basis. On Thursday, there were 29 patients waiting on trolleys in the accident and emergency department at that hospital. What is it about the concept of emergency and safety that the Minister, Deputy Mary Harney, or Minister of State, Deputy John Moloney, do not understand? Perhaps the Minister of State will explain to me who will accept responsibility if this shameful disregard for patients' well-being leads to fatalities.

The Minister has given a stream of excuses which extends from the working time directive to swine flu. In the context of emergencies, none of these holds good. The Minister must face up to the fact that the closure of wards and beds as part of cost cutting measures is the cause of the log-jam. The bottom line is that the responsibility rests with the Minister. The closure of 1,500 acute hospital beds and not seasonal flu has led to increased waiting times.

On 5 January, 53 beds in the Midland Regional Hospital Mullingar were closed, 41 of which were inpatient beds and 12 of which were day beds.

**An Ceann Comhairle:** I must ask Deputy Bannon to conclude as we are on a tight schedule.

**Deputy James Bannon:** On the same day, 86 beds in the Midland Regional Hospital Tullamore were closed. While this lack of provision continues, the trolley wait will lengthen and more lives will be put at risk. I want the Minister to respond to the disturbing rumours that persist, despite denials by the HSE, that the accident and emergency department at Mullingar Regional Hospital is to be closed from 8 a.m. to 8 p.m. I want an answer to that question, not fudge.

**An Ceann Comhairle:** I call Deputy McHugh who has one minute unless Deputy Reilly is prepared to give up some of his time.

**Deputy Joe McHugh:** I would like to be associated with Deputy McGinley's calls for clarification on Altnagelvin radiotherapy services. We have a system and not a people problem. Paramedics are required to remain with their patients on the corridors of accident and emergency units. In one instance, a paramedic had to spend up to three hours with a patient on an accident and emergency corridor at Letterkenny General Hospital. Ambulances are not being moved from forecourts because paramedics have to stay with their patients. This happens because the infrastructure required is not in place, namely, the new accident and emergency medical assessment unit needs to be fast-tracked and we do not have resources. For example, there are nine vacant junior doctor positions at Letterkenny General Hospital which cannot be filled.

There are many assistant physicians in this country with the same expertise as general practitioners. Why are these not considered possible replacements or substitutes for junior doctors? This would help free up the gridlock. We have a system problem and not a people or staff problem. The only way to sort this out is to hold the general election.

**An Ceann Comhairle:** I call Deputy Reilly who has four and a half minutes.

**Deputy James Reilly:** I should have six minutes. Deputy McHugh did not go two minutes over time.

The reason we have some information in regard to the Milliman report is Fine Gael's tabling of this motion. The Minister has had the Milliman report since September, yet she only told us about it in the House yesterday. She gave us a little snap-shot of it and stated she will release the remainder of it, with the commercial information redacted. We have little to be grateful for. Deputy Conlon spoke about the wonders of the medical assessment unit in Cavan General Hospital. While I welcome that unit, there were, according to the IMNO, 45 people lying on trolleys at that unit today. Some 32 people were lying on trolleys today in Tallaght hospital. A total of 444 people were lying on trolleys today in hospitals throughout the country. Many people are not on trolleys but are sitting on plastic chairs with drips hanging out of them while waiting for admission. This is relevant to the VHI. It is a fear of not being able to access the service which encourages people to take out insurance.

The Minister, Deputy Mary Harney, continually muddies the waters saying that the service is excellent. The service is excellent if one can access it. The quality of care in the country is also excellent if one can access it. However, there is a lack of access in both regards. My colleague, Deputy Ring, spoke of a lady with cancer who is waiting for an operation. A colleague informed me today that a public patient who had a scan in November, following which he was diagnosed with cancer and now requires a further scan, will not get that scan until February. That person and his family were left to worry about this all over Christmas, which is unacceptable and is no way to treat people in a modern society.

The proposed VHI increases are horrendous. They are a kick in the teeth to people. I believe it is the VHI telling the Government to get up off its rear end and bring in risk equalisation. A 45% increase on top of increases of 48% over the previous four years clearly makes VHI insurance unaffordable for people. The Minister's failure to introduce risk equalisation is a disgrace. She told us in 2008 that it would take her three years to do so and that in the meantime she would introduce a levy. That levy has resulted in an increase in the cost of insurance for younger people, pushing 70,000 of them out of the market. The VHI is now proposing to hit the very people it is supposed to be protecting, namely, older clients who have remained loyal to it for, in many cases, 40 years.

The VHI is now running a campaign in relation to its provision of free insurance for children. I am told this is costing in the region of €9 million. Consequently, older people will be subsidising younger people rather than the reverse, which was previously the policy. Furthermore, the Minister told us this was revenue neutral, that there was no gain to the Exchequer. The Exchequer got €13 million last year and stands to get another €23 million this year, which amounts to €36 million. So much for spin. This contravenes the Minister's policy on community rating.

I was told today that 50 beds are not open at St. Joseph's Hospital in Raheny, which is an overflow for Beaumont Hospital and could alleviate some of the problems there. There are 26 people lying on trolleys or sitting on chairs in the accident and emergency department at Beaumont Hospital, yet these beds in St. Joseph's Hospital remain unopen. Deputy Collins berated the IMNO for releasing daily figures on trolley-watch. Why would they not do so when they have to listen day-in and day-out to HSE spin that only half a particular number of people are trolleys, with many people as I stated earlier sitting on chairs and in distress?

Deputy Byrne stated that our universal health insurance is flawed. There may be some tweaking to be done in that regard but what is certain is the current system is deeply flawed. It is broken and is not delivering for people.

[Deputy James Reilly.]

The VHI has not sought — the Minister has not sought to encourage it to do so — to provide chronic illness care in the community, which would allow people be treated in their communities, or to offer a great range of diagnostics to general practitioners so they can diagnose and treat in the community. Very little prevention takes place in the community and health insurance companies are doing little in that regard. They may have plans. The Minister stated last night there will be further plans on this, she would like to see a bit of that and she will do the other. This is more of her *modus operandi* — plans for tomorrow instead of action today — while the people suffer day in, day out.

Our economy is wrecked with 440,000 people out of work and young people haemorrhaging out of the country with more making the decision to emigrate. Even more of them will probably leave after yesterday's decision by Fianna Fáil to retain the Taoiseach as its leader. He should go to the country and give people hope. We should have an election. Apart from that, there should be control from Government. The Minister is the principal shareholder in the VHI and she can instruct the board not to implement the increases in charges until there has been a proper debate and an examination of the costs the organisation incurs. As other colleagues have pointed out, bills are paid in many instances without being questioned and no attempt is made to reduce the cost of medical care, despite the company operating as a monopoly for almost 50 years.

I ask the Minister again to consider those who are responsible for building the country and bringing us the Celtic tiger era. They are in the latter years of their lives and, despite their loyalty and all the pain they endured, they will find they cannot afford health insurance, which would give them comfort during years in which they know their medical need will increase. I commend the motion to the House.

Amendment put:

The Dáil divided: Tá, 76; Níl, 74.

Tá

Ahern, Bertie.  
 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.  
 Cregan, John.  
 Cuffe, Ciarán.  
 Curran, John.  
 Devins, Jimmy.  
 Dooley, Timmy.  
 Fahey, Frank.  
 Finneran, Michael.  
 Fitzpatrick, Michael.

Fleming, Seán.  
 Flynn, Beverley.  
 Gogarty, Paul.  
 Gormley, John.  
 Hanafin, Mary.  
 Harney, Mary.  
 Haughey, Seán.  
 Healy-Rae, Jackie.  
 Hoctor, Máire.  
 Kelleher, Billy.  
 Kelly, Peter.  
 Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kitt, Michael P.  
 Kitt, Tom.  
 Lenihan, Brian.  
 Lenihan, Conor.  
 Lowry, Michael.  
 McEllistram, Thomas.  
 McGrath, Michael.  
 McGuinness, John.  
 Mansergh, Martin.  
 Martin, Micheál.  
 Moloney, John.  
 Moynihan, Michael.  
 Mulcahy, Michael.

Tá—*continued*

Nolan, M.J.  
 Ó Cuív, Éamon.  
 Ó Fearghaíl, Seán.  
 O'Brien, Darragh.  
 O'Connor, Charlie.  
 O'Dea, Willie.  
 O'Donoghue, John.  
 O'Flynn, Noel.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.

O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Ryan, Eamon.  
 Sargent, Trevor.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 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.  
 Creighton, Lucinda.  
 D'Arcy, Michael.  
 Deasy, John.  
 Deenihan, Jimmy.  
 Doherty, Pearse.  
 Doyle, Andrew.  
 Durkan, Bernard J.  
 English, Damien.  
 Feighan, Frank.  
 Ferris, Martin.  
 Flanagan, Charles.  
 Flanagan, Terence.  
 Gilmore, Eamon.  
 Hayes, Brian.  
 Hayes, Tom.  
 Higgins, Michael D.  
 Hogan, Phil.  
 Howlin, Brendan.  
 Kenny, Enda.  
 Kehoe, Paul

Lynch, Ciarán.  
 McEntee, Shane.  
 McGinley, Dinny.  
 McGrath, Finian.  
 McHugh, Joe.  
 McManus, Liz.  
 Mitchell, Olivia.  
 Naughten, Denis.  
 Neville, Dan.  
 Noonan, Michael.  
 Ó Caoláin, Caoimhghín.  
 Ó Snodaigh, Aengus.  
 O'Donnell, Kieran.  
 O'Dowd, Fergus.  
 O'Keefe, Jim.  
 O'Mahony, John.  
 O'Shea, Brian.  
 O'Sullivan, Jan.  
 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 John Cregan and John Curran; Níl, Deputies Emmet Stagg and Paul Kehoe.

Amendment declared carried.

Question put: "That the motion, as amended, be agreed to."

## The Dáil divided: Tá, 77; Níl, 75.

## Tá

Ahern, Bertie.  
 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.  
 Cregan, John.  
 Cuffe, Ciarán.  
 Curran, John.  
 Dempsey, Noel.  
 Devins, Jimmy.  
 Dooley, Timmy.  
 Fahey, Frank.  
 Finneran, Michael.  
 Fitzpatrick, Michael.  
 Fleming, Seán.  
 Flynn, Beverley.  
 Gogarty, Paul.  
 Gormley, John.  
 Hanafin, Mary.  
 Harney, Mary.  
 Haughey, Seán.  
 Healy-Rae, Jackie.  
 Hoctor, Máire.  
 Kelleher, Billy.  
 Kelly, Peter.

Kenneally, Brendan.  
 Kennedy, Michael.  
 Killeen, Tony.  
 Kitt, Michael P.  
 Kitt, Tom.  
 Lenihan, Brian.  
 Lenihan, Conor.  
 Lowry, Michael.  
 McEllistrim, Thomas.  
 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'Donoghue, John.  
 O'Flynn, Noel.  
 O'Hanlon, Rory.  
 O'Keefe, Batt.  
 O'Keefe, Edward.  
 O'Sullivan, Christy.  
 Power, Peter.  
 Power, Seán.  
 Roche, Dick.  
 Ryan, Eamon.  
 Sargent, Trevor.  
 Scanlon, Eamon.  
 Smith, Brendan.  
 Wallace, Mary.  
 White, Mary Alexandra.  
 Woods, Michael.

## Níl

Allen, Bernard.  
 Bannon, James.  
 Barrett, Seán.  
 Behan, Joe.  
 Breen, Pat.  
 Broughan, Thomas P.  
 Bruton, Richard.  
 Burton, Joan.  
 Byrne, Catherine.  
 Carey, Joe.  
 Clune, Deirdre.  
 Coonan, Noel J.  
 Costello, Joe.  
 Coveney, Simon.  
 Crawford, Seymour.  
 Creed, Michael.  
 Creighton, Lucinda.  
 D'Arcy, Michael.  
 Deasy, John.  
 Deenihan, Jimmy.  
 Doherty, Pearse.  
 Doyle, Andrew.  
 Durkan, Bernard J.

English, Damien.  
 Feighan, Frank.  
 Ferris, Martin.  
 Flanagan, Charles.  
 Flanagan, Terence.  
 Gilmore, Eamon.  
 Hayes, Brian.  
 Hayes, Tom.  
 Higgins, Michael D.  
 Hogan, Phil.  
 Howlin, Brendan.  
 Kehoe, Paul.  
 Kenny, Enda.  
 Lynch, Ciarán.  
 McCormack, Pádraic.  
 McEntee, Shane.  
 McGinley, Dinny.  
 McGrath, Finian.  
 McGrath, Mattie.  
 McHugh, Joe.  
 McManus, Liz.  
 Mitchell, Olivia.  
 Naughten, Denis.

Níl—*continued*

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 John Cregan and John Curran; Níl, Deputies Emmet Stagg and Paul Kehoe.

Question declared carried.

### Adjournment Debate

#### Regional Road Network

**Deputy Paul Kehoe:** I appreciate the response given to some of my colleagues by the Minister for Transport in the House yesterday, indicating that he would be flexible or allow discretion to local authorities in the use of their local and regional roads allocation. Notwithstanding this,

*9 o'clock* I put the case again that the Minister should seriously consider an emergency allocation for roads which were badly damaged during the snow and ice conditions of December 2010. It is neither practical nor acceptable that local authorities should have to work from their general allocation to deal with what are exceptional circumstances.

My county of Wexford was badly affected by two separate and lengthy spells of severe weather conditions. The first snow fell in Wexford on 27 November and many roads were impassable for three weeks following that. The three weeks of compacted snow and ice had detrimental effects on road surfaces and structures. These conditions were compounded by a second severe spell of weather from 21 to 28 December. As a result, the roads in many parts of the county and throughout Wexford are now a disaster zone. I assure the Minister of State that I am not exaggerating the case.

Road safety is a significant issue as a result of the weather-inflicted damage to the roads. It is not simply a question of reducing speed to avoid the danger. At issue are substantial distances where the complete road surface has disintegrated to the point where potholes extend to several metres. As a result, drivers are trying to find a stretch of safe road on which they can drive, in some cases leaving the correct side of the road. This is not acceptable. In many cases drivers must drive at less than 20 km/h. These situations must not be allowed to continue. Parents and workers are forced to put in a great many extra miles onto their normal journey to avoid potholed roads and roads in bad condition.

Our local and regional road network serves an important economic role and provides valuable social and community functions. Some 94% of all our roads are regional or local roads, carrying 60% of all traffic and 43% of heavy goods vehicles. Rural businesses have suffered



[Deputy Paul Kehoe.]

because of the bad road conditions. There is a need for emergency funding to Wexford County Council and, no doubt, many other local authorities throughout the country. Yesterday in this House, the Minister stated that he was not passing the buck and warned it was time for people to take responsibility. He further stated “It is the responsibility of the local authorities to look after their local roads.” It is up to local authorities to look after local roads but they cannot look after local roads if they do not have adequate funding. Like many other local authorities throughout the country, Wexford County Council is starved of funding for the road network. I urge and plead with the Minister of State to give extra, emergency funding to Wexford County Council in the same way as the rainbow Government did in 1994 to repair the potholed roads throughout County Wexford. These are not isolated incidents, this is the case throughout the county. Wexford is a county and constituency with one of the largest rural road networks. It is not good enough for road users to have to pay motor tax while the roads are not kept to an acceptable standard, causing punctured wheels and damage to cars. Over the past two months in County Wexford, there have been accidents involving motorists who were forced to drive on the other side of the road to avoid potholes and then collided with oncoming traffic. As this is a road safety issue, questions arise for the Road Safety Authority to answer. To have safe roads, they must be in an acceptable condition.

The state of the roads in County Wexford is a scandal. I have reported the condition of many roads to the local authority’s road engineers and the county manager but the word I get back is that the local authority is starved of funding and cannot afford to carry out remedial works. I hope the Minister’s response will outline how these roads will be repaired. People in Wexford do not expect the roads to be repaired overnight; they accept repairs will have to be carried out over a certain time. However, it would be unacceptable to leave roads in County Wexford, and many other counties, in the conditions they are after the recent severe weather any longer.

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** I am taking this important matter for the Minister for Transport, Deputy Dempsey, and thank Deputy Kehoe for raising it.

The Minister for Transport appreciates the work done by the local authorities, the National Roads Authority and, particularly, the local authority front-line staff. He thanks them for the exceptional work which they undertook in sometimes appalling conditions to deal with the impact of the recent severe weather.

As well as the impact the severe weather had on the daily lives of citizens, it also has a serious impact on parts of the road network. Damage to road surfaces is an unfortunate consequence of the type of weather experienced before Christmas. Ireland has a uniquely extensive road network with over 96,000 km of road, two and a half times the EU average. The maintenance and improvement of this extensive network places a substantial financial burden on local authorities and on the Exchequer. Since 1997, over €6 billion has been provided to local authorities under the regional and local roads investment programme. The first priority, therefore, has to be to safeguard this investment, in so far as this is possible, taking account of the recent weather impacts and the current difficulties with the public finances.

The improvement and maintenance of regional and local roads is the statutory responsibility of each local authority in accordance with the provisions of section 13 of the Roads Act 1993. Works on those roads are funded from local authorities’ resources supplemented by State road grants which are inclusive of the weather-risk factor.

The initial selection and prioritisation of works to be funded is also a matter for the local authority. Some local authorities contribute as little as 5% to their total road expenditure from their own resources. Local authorities need to prioritise increased expenditure from their own resources on their own roads this year in view of the current difficult situation.

The Minister for Transport's role in addressing damage caused to the road network is in disbursing the €374.576 million provided in the 2011 Estimates for funding regional and local roads in the most equitable and targeted manner possible. It is anticipated the grant allocations which will be announced shortly will reflect an increased focus on repair works and maintenance. It is particularly important local authorities carefully reassess their planned road programmes for 2011 in the light of the impact of the recent bad weather on their road networks. Local authorities will also be provided with flexibility in terms of re-evaluating their three-year restoration programmes.

The Minister for Transport has responsibility for the overall policy and funding for the national roads programme element of Transport 21. The construction, improvement and maintenance of individual national roads are matters for the NRA under the Roads Acts 1993 to 2007 in conjunction with the local authorities concerned.

### **Water Services**

**Deputy Deirdre Clune:** What funding will the Department of the Environment, Heritage and Local Government provide to upgrade the water services infrastructure in the Cork area? The severe weather experienced during the past two winters highlighted the poor state of the water infrastructure across the State. Cork city experienced several particularly difficult weeks with its water supplies in December 2009 and December 2010. Following flooding of the Lee Road waterworks in November 2009, most of the city's north side and parts of the south side were without water supplies for a considerable period. While the local authority stepped up to the mark in providing alternative supplies, it was an emergency situation which highlighted several problems with the water supply infrastructure that need to be rectified.

A commitment must be made to the Lee Road waterworks improvement scheme to upgrade the waterworks and ensure the quality of its water supply is fully compliant with the EU drinking water directive and meets environmental requirements. Cork City Council has prepared a response to questions from the Department of the Environment, Heritage and Local Government on this scheme and a report is already on the Minister's desk.

A connection between the city and county supplies is needed. When the supplies were cut off, it was discovered there was no interconnector between the two supplies even though they were just a short distance apart. Such a set-up is ridiculous in this day and age. A commitment to funding the building of such an interconnector needs to be made.

A site for a new storage reservoir has been identified. In the past several weeks we saw how the existing reservoir system does not have sufficient capacity. The water mains network is also in very poor repair with many leaking old pipes, exacerbated by the severe weather, losing up to 60% of supply. The old cast iron pipes also tend to discolour the water.

The infrastructure needed to upgrade the system was identified as far back as 1999, when I was first elected to Cork City Council, but nothing has been done yet. The Minister has made a commitment to the upgrade in the past year. When will it begin and how will it be achieved? If water metering is introduced and if people are charged in respect of the water they use, there will be riots unless proper water conservation measures are put in place. People will not be prepared to pay for water that is leaking away into the ground. Will the Minister of State indicate the level of progress that has been achieved in respect of the various projects in the Cork region which have been identified by the local authority as necessary in order to facilitate the provision of clean drinking or potable water there?

**Deputy Michael Finneran:** I thank Deputy Clune for the opportunity to outline the position in respect of the upgrading of water services infrastructure in the Cork area. An extensive range of water services projects is, with Exchequer funding support, being progressed in Cork county and city at present. Since entering Government, the Minister for the Environment,

[Deputy Michael Finneran.]

Heritage and Local Government has made water infrastructure a priority, and, as a result, he has ensured record investment in this area. Investment in water services infrastructure has averaged in the region of €500 million per year. A high level of investment has been maintained in 2011. In the case of Cork county and city, the Department spent almost €89 million on water services infrastructure in the period 2007 to 2009.

The water services investment programme 2010 to 2012 sets out the plans for investment in major water and waste water projects. These plans were drawn up following a root and branch review of water services capital investment. This included a review of all projects which were contemplated within the previous programme but which had not advanced to a substantial degree in order to ensure that the contracts and schemes to proceed would be fully aligned with key programme economic and environmental priorities.

A key input to this review was an assessment of needs conducted by local authorities, which identified priority projects for advancement in line with the overall programme objectives set out by the Department. The resulting programme provides for investment of more than €231 million in Cork county and in excess of €40 million in Cork city on water and wastewater contracts where construction is either under way or due to commence in the period of the programme. The programme also includes some 37 schemes in the Cork area, the planning of which is still to be advanced. The contracts identified for commencement in the period include mains rehabilitation contracts to the value of some €12 million in the case of Cork city and €23 million in the case of Cork county. This reflects the particular priority accorded to the advancement of mains rehabilitation works under the programme.

During the course of 2010, the Minister gave approval for the advancement of a number of contracts in the Cork County Council area. This included the allocation of funding to allow for the acceptance of tenders for contracts in respect of the upgrade of the water supply infrastructure in Mallow and Ballyvinter and the construction of new wastewater treatment plants at Skibbereen, Baltimore, Schull and Dunmanway. In addition, the Minister allocated over €3 million to Cork County Council in 2010 under the rural water programme. Submissions have been sought from county councils for funding under this programme in 2011 and allocations will be made in the near future. The Department will continue to work with both Cork City Council and Cork County Council in order to advance projects under these programmes as speedily as practicable.

### **Grant Payments**

**Deputy Tom Sheahan:** When I originally submitted this matter for consideration to be raised on the Adjournment, it related to the reason for the delay in the payment of REPs and payments — namely, the payment of the ewe premium of €10 per head to sheep farmers, disadvantaged areas scheme payments and single farm payments — relating to other schemes to farmers in County Kerry. Yet again, Kerry has emerged at the top of the list as the county which has experienced the most delays when it comes to farmers receiving their payments. Unfortunately, farmers in Kerry are suffering because, unlike their counterparts elsewhere, they have not received their payments. I do not know what is the reason for this but perhaps the Minister of State is in a position to shed light on the matter.

I recently quizzed the Minister for Agriculture, Fisheries and Food in respect of the premium of €10 that was to be paid in respect of each ewe in the country. Press releases were issued by the Minister and his Department to the effect that this premium was to be paid prior to Christmas. However, it has not been paid and to the best of my knowledge — having discussed the matter with the Minister — will not be paid in the near future. I understand there is a problem with Europe in respect of this matter and payment has been delayed. This is despite the fact that the Minister issued press releases heralding the premium's imminent payment.

The most popular reason provided in respect of the non-payment of disadvantaged areas scheme payments to farmers in my area is that there was a need to digitise the maps. Most farmers have discovered that while they may own 50 hectares, when the maps were digitised this no longer proved to be the case and they are now listed as possessing fewer than 50 hectares. I do not know how this happened but it is also the case when it comes to forestry.

In the context of the single farm payment, I am aware of a case where a farm was let to a nephew who is a minor and whose mother is looking after the property. The boy's father is also a farmer and neither has received a payment because only one single farm payment could be issued. This is despite the fact that the family in question has two herd numbers.

What is happening is quite frustrating. I have been obliged to inform farmers in Kerry that it is obvious that the Government and the Department are holding back money and that there will be a big slush fund from which moneys can be disbursed a couple of weeks prior to the general election. That is not much good to farmers who have bills to pay. Having been in business, I am aware that if one promises to pay a creditor on Monday one should do so and one should not delay payment until the following Monday. When farmers are informed that they will be paid on a certain date and then the money does not arrive, matters are thrown into complete confusion. Creameries and suppliers require payment. However, if farmers do not receive their payments, the circle cannot be completed.

In recent times I have received communications from the Department in respect of the representations I make on behalf of constituents to the effect that it will contact these constituents directly. This is a new departure. Perhaps the Department has decided to contact applicants directly in the run-up to the election. In many cases, however, it has not followed through on its promise to contact people. Why is the Department dealing directly with the farmers on whose behalf I am making representations? I am doing my best to represent these individuals but I am being removed from the equation.

It is disappointing that Kerry is top of the list when it comes to delayed payments. I hope that the position in this regard will be rectified as soon as possible.

**Deputy Michael Finneran:** I have been asked by the Minister for Agriculture, Fisheries and Food, Deputy Smith, to clarify the position regarding payments to farmers in County Kerry under the rural environment protection scheme, REPS. I thank Deputy Tom Sheahan for raising this matter on the Adjournment.

As the Deputy is no doubt aware, REPS is an agri-environment measure under the rural development programme 2007 to 2013. It is designed to encourage farmers to go beyond basic good farming practice and to farm in a way that benefits the landscape, biodiversity and water quality. Every member state must have an agri-environment measure and REPS is co-funded by the EU at the rate of 55%. The scheme has proven to be very popular with Irish farmers and confirms their commitment to farming to the highest environmental standards. This commitment fits very comfortably with the vision of smart green growth as set out in the Department of Agriculture, Fisheries and Food's Food Harvest 2020 strategy statement. It is worth noting that, at its height, the scheme included some 60,000 farmers. This represents approximately half the active farmers in the country.

Although the scheme closed to new applicants on 9 July 2009, payments will continue to issue to REPS farmers up to the end of 2015. By then, the total payments made to farmers since the scheme was first introduced in 1994 will have come to over €3 billion. The Government remains committed to supporting farmers who choose to farm to environmentally friendly practices and to ensure these farmers are rewarded for their efforts. Indeed, the Minister, Deputy Smith, has already confirmed his intention of re-opening the successor to REPS, the agri-environment options scheme, in 2011. It will involve a maximum of 10,000 farmers with payment levels capped at €5,000 per farmer.

The Government is pleased there was such interest and uptake in the agri-environment options scheme in 2010, with over 9,000 applicants. This level of application confirms my long-held belief that Irish farmers are more than willing to play their part in protecting our environment. While the scheme has been an undoubted success, it is important to learn from our experience of 2010 by reviewing the operation of the scheme and incorporating, where possible, adjustments in 2011. This process has already commenced and will ensure the continued emphasis on the delivery of public goods by farmers in a way that suits Irish agriculture.

Having said that, it is important to point out that the rural environment scheme is subject to stringent EU regulations. These require that detailed administrative checks, including plan checks, be completed on all applications before any payment can issue for the year in question. This year, the work involves checks on approximately 30,000 files. Payments issue in two phases of 75% and 25% respectively, and the second phase can issue only when the field inspections have concluded.

Detailed checks were carried out late last year and in 2010 farmers in REPS 4 received some €170 million in payments. Payments to over 23,500 REPS 3 farmers also continued in 2010, with approximately €154 million also paid under this scheme. One can see from these figures that the Department has made significant payments to REPS farmers in 2010, paying out some €324 million by the year end. Already in 2011, the Department of Agriculture, Fisheries and Food has paid out some €12 million to REPS farmers.

Of the 2,117 farmers due a REPS 4 payment in Kerry, over half have been paid to date, receiving an amount in excess of €7 million. As well as that, we have made payments of €11.5 million to REPS 3 farmers in Kerry in 2010. The reason some farmers have not yet received their REPS 4 payment is that they have not yet cleared all of the necessary checks. As I mentioned earlier, in order to meet the requirements of EU regulations, applications for REPS payments have to go through an exhaustive series of administrative checks, including a cross-check against the area declared by scheme participants in their single payment scheme application, before payment can be released. In a significant number of cases, those checks raised issues and queries which required further detailed examination. The Department's staff are working to resolve these as quickly as possible. There have been some delays due to re-digitisation of land parcels and these cases are being prioritised.

The Department's objective remains to ensure that all outstanding claims are processed to payment stage as quickly as possible. Payments are being and will continue to be made on an ongoing basis. I am confident there will be no undue delay in issuing further payments to REPS farmers, including those in the Kerry region. I will bring to the Minister's attention the matter raised by Deputy Sheahan regarding the lack of direct response to representations.

### **Water and Sewerage Schemes**

**Deputy Mattie McGrath:** The Fethard and Burncourt water schemes have been on the political agenda since 1979. In the case of Burncourt, substantial funding was approved in 1988 and funding has also been approved for the Fethard scheme. I represent the people of south Tipperary, who are sick, sore and tired of promises from me and other politicians that these schemes are at an advanced stage. Some years ago, the Department, in its wisdom and with the agreement of South Tipperary County Council, decided to bundle both schemes together. They are not big enough at €9 million apiece so they were made into a €18 million scheme. Since then, I have been frustrated, as are most of my fellow politicians in south Tipperary, with the disastrously slow pace of progress on these schemes. Every issue has been thrown at us, including announcements of approvals.

While I do not blame the Minister of State, Deputy Finneran, or any Minister, I blame the system. The people are tired of this. There were huge problems with water in my own area of Burncourt and Sceichin A Rince throughout the summer and there was e-coli in the water during the winter which required a “boil water” notice. In the Fethard area, there have been outages, breakages and a lack of service, mainly at weekends. It is beyond a joke at this stage. I cannot understand why the system is so bureaucratic. I have the height of respect for the officials I deal with in South Tipperary County Council and the officials I have dealt with in the Department of the Environment, Heritage and Local Government. However, consultants reports go to the Department and the council and then, six months later, there is another report or an independent appraisal — it is all about pushing paper and keeping people in jobs and positions. To be fair, those officials do their job but, nonetheless, local people are sick and tired of this.

There are two sources of very good water which have supplied the area since the 1880s but we now have these grandiose schemes which have been designed and redesigned. I am told by an official of South Tipperary County Council, Mr. Aidan Finn, that the schemes will hopefully go to tender in the second quarter or perhaps the end of the first quarter of 2011. Frankly, to be fair to Mr. Finn, I do not believe this because some other consultant will decide another report is needed regarding extraction orders of the lack of them, or how much water will be taken.

It is the people’s water. The water comes from underground springs and rainfall and it belongs to the people — it is from God, if one likes. I want to know why we need extraction orders when we never had them in the past. The laws are antiquated where they are in place at all. They are being put in place to circumvent progress. We must have progress because I cannot have credibility in going back to the doors of local people, nor can my colleagues, while we wait for this work to start, never mind be completed.

There are charges for business people on the basis of “water in, water out” and charges are now being suggested for private domestic use. I believe we cannot have treated water without there being some charge as it costs a lot of money. However, we should cut out the red tape, cut out the bunkum, cut to the chase and get these schemes designed. Consultants have been recruited and appointed and they have published reports but nothing has yet been approved. It is beyond a joke. The Fethard and Burncourt schemes serve huge areas — at least a third, if not more, of south Tipperary. The public deserves a decent service and deserves treated water on tap. If we have to consider payment for it, that is fine, and I accept there will have to be a charge. Nonetheless, we cannot ask people to pay any charge towards water that is literally putrid.

I compliment the maintenance staff, supervisors and caretakers, who do a good job with the system they have, but that system is antiquated and outdated. Given it is 2011, it is time, from the point of view of staff, officials and the public, that we have a proper, decent water supply. I do not want any more reports stating that the schemes have gone to tender but that the tender is too expensive and must be reconsidered, with all kinds of conditionalities imposed by officials. New terminology is used every day, which is not acceptable. We need to cut to the chase and get the works under way.

We will get good value at this time. Contractors are available and the work can be done for at least one third less than it would have cost two or three years ago. There are many competent contractors and their workers who could submit a final design and carry out the building work. Public private partnerships could be operated in respect of some of the new schemes. Contractors are ready and willing to do the work. Without disrespect to any particular official, we must take this out of the hands of the Department of the Environment, Heritage and Local Government because it has frustrated and delayed these projects.

[Deputy Mattie McGrath.]

We are beyond the point of no return. The work must be done now. Water is a natural resource at both locations, abstraction order or not. We must get on with building the treatment plants and installing decent water mains that will hold the water without any leakages. That can be done while ensuring value for money for taxpayers.

**Deputy Michael Finneran:** I thank Deputy McGrath for the opportunity to clarify the position in regard to the Burncourt and Fethard regional water supply scheme water treatment plants. The contract for the scheme is included in my Department's Water Services Investment Programme 2010-2012 as a contract to commence during the period of the programme. Further network elements of the scheme are also included to advance through planning in the lifetime of the programme. The proposed Burncourt and Fethard scheme is intended to boost the water supply in the south east and west of the county and resolve the water quality issues with the present supply.

My Department approved South Tipperary County Council's design proposals for the scheme in December 2008 and the council is proceeding with the detailed planning of the scheme. As part of this process the council required a new abstraction order which has now been obtained. I understand the site investigation process is ongoing and that the council proposes to commence the tender process for the contract for the water treatment plants in mid-2011. It is expected that this contract could be completed in early 2013, subject to obtaining the necessary departmental approvals as the process advances.

At a national level the continued high levels of funding in recent years for the water services investment programme and rural water programme demonstrate the Government's ongoing commitment to the sector. Investment in the period 2000-09 has seen an increase in water treatment capacity equivalent to the needs of a population of 1.1 million and an increase in storage capacity equivalent to 1.6 million.

My Department's Water Services Investment Programme 2010-2012, a copy of which is available in the Oireachtas Library, sets out the plans for investment in major water supply projects. In the case of water supply infrastructure the programme includes provision for increased treatment and storage capacity, where appropriate, in order to meet key environmental and economic objectives over that period. Including water conservation works, the programme's water supply component comprises more than 180 contracts to be progressed to construction over the period 2010-12, with a value of over €800 million, and some 100 schemes on which planning work will continue.

A comprehensive range of new water services infrastructure has been approved for South Tipperary County Council — the total value of contracts under way and those proposed for commencement in south Tipperary during the period of the programme is just over €41 million. It is desirable that the Burncourt and Fethard scheme should commence construction and be completed as quickly as possible. My Department is doing everything it can to ensure this happens.

The Dáil adjourned at 9.45 p.m. until 10.30 a.m. on Thursday, 20 January 2011.

## Written Answers.

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**The following are questions tabled by Members for written response and the ministerial replies as received on the day from the Departments [unrevised].**

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*Questions Nos. 1 to 7, inclusive, answered orally.*

*Questions Nos. 8 to 54, inclusive, resubmitted.*

*Questions Nos. 55 to 62, inclusive, answered orally.*

### **Job Creation**

63. **Deputy Richard Bruton** asked the Minister for Enterprise, Trade and Innovation if he is satisfied that the measures in place to counter youth unemployment and emigration are adequate; and if he will make a statement on the matter. [2554/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Dara Calleary):** The primary objective of my Department is to ensure that we have the right policies in place to support and grow our enterprise base in order to facilitate both job creation and job retention. The policies developed by this Government to accelerate and improve the transition of young people from education into the labour market are based on three main pillars:

1. Expanding provision in the higher education sector (i.e. full time and part time Further Education places) and providing more flexible access to the education system.

In 2011 it is expected that 170,000 full time and part time Further Education places and 156,000 full time Higher Education places will be provided. The bulk of this provision is open to persons under 25 years of age, when they meet the relevant criteria. The creation of a new €20 million Higher Education Activation Fund announced last month by the Tánaiste will extend the range of upskilling opportunities available for unemployed people.

2. The re-configuration of government departments announced by the Government in April 2010 — involving the merger of the FÁS public employment service and the benefits agency under the Department of Social Protection — will facilitate a more comprehensive and effective activation strategy that will strengthen the links between getting benefits, searching for a job and participating in employment and training programmes.
3. Enhancing Active Labour Market Policies aimed at young people including



[Deputy Dara Calleary.]

- Maintaining support for redundant apprentices;
- Responding to the needs of low or semi-skilled young persons who have limited qualifications;
- Strengthened framework of work experience opportunities through:
  - The introduction of the new Skills Development and Internship Programme;
  - Additional placements on the Work Placement Programme.

In summary, the Government will continue to provide a diverse range of labour market activation provision to the unemployed, including those under 25 years of age. This will aim to keep young people active, close to the labour market and equipped to take up the employment opportunities anticipated under the Government's plans to generate 300,000 jobs through trade, tourism and investment by the end of 2015.

*Question No. 64 answered with Question No. 62.*

### **County Enterprise Boards**

65. **Deputy Seán Barrett** asked the Minister for Enterprise, Trade and Innovation the current position on the future of microfinance from county enterprise boards. [2551/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The role of the County and City Enterprise Boards is to support the micro-enterprise sector in the start-up and expansion phases, to develop indigenous micro-enterprise potential and to stimulate entrepreneurship at local level. The CEBs provide both financial and non-financial assistance to eligible micro-enterprises in pursuit of this role and they are the primary initial contact point for business start-ups in Ireland.

The CEBs are delivering a range of practical targeted supports to the micro-enterprise sector with the aim of enabling businesses in that sector to not alone survive the economic downturn but to grow and to create sustainable employment within their local area. In 2009 a detailed review of the suite of financial supports available from the CEBs was undertaken as there had been no change to the types of financial assistance on offer since the establishment of the CEBs in 1993.

As a result of the review a significant broadening of the financial supports that the CEBs could offer their clients came into effect in early 2010. The effect of these changes was to broaden the scope of the start up and development costs to businesses that would be eligible for support from the CEBs, to allow greater flexibility in how the CEBs support start-up and small growing enterprises and to align the CEB supports more closely with those of the other enterprise support agencies and to ensure a greater consistency in approach. I am satisfied, therefore, that the current suite of financial supports available from the CEBs to the micro-enterprise sector is properly tailored to meet the needs of that sector and I have no plans at present to change these supports or to introduce any other form of microfinance to be delivered by the CEBs.

However, I would stress that it is a clear and absolute priority of this Government to ensure that the broader issue of the availability of credit to the small business sector is being addressed. To this end this Government has, of course, already secured a commitment from the main lenders, AIB and Bank of Ireland, to make available not less than €12 billion in total for new or increased credit facilities to SMEs over 2010 and 2011, including funds for working capital.

I would also add that the budget allocation, which has been made available to the CEBs in 2011 for the delivery of supports to the micro-enterprise sector, has not been reduced from 2010 levels notwithstanding the obvious pressures on the public finances. This is a clear indication of this Government's commitment to ensuring that the State continues to play its part in supporting micro-enterprise survival and growth.

In addition to the supports available from the CEBs Enterprise Ireland, also, of course, provide a comprehensive range of supports to indigenous enterprises. Enterprise Ireland's remit covers the stimulation and development of start-ups that have the potential to employ more than 10 people and to achieve €1 million in exports. Such start-ups are typically highly innovative and are in a position to sell globally from their earliest stage. Some of these companies start off as clients of the CEBs in their initial start-up and development phases and then transfer to EI as they develop further into high potential and exporting businesses.

The complementary remit and activities of both Enterprise Ireland and the CEBs ensure that as broad a suite as possible of State financial supports are available to the micro-enterprise and small business sectors. My belief is that the supports offered by the CEBs and Enterprise Ireland should be as seamless as possible and should facilitate further the transition from an innovative micro start-up to a high-potential exporting SME. I am examining ways in which this might best be achieved and I intend to bring proposals to Government in this regard.

### Departmental Agencies

66. **Deputy Simon Coveney** asked the Minister for Enterprise, Trade and Innovation when the proposal to merge the Competition Authority with the consumer agency was first made and when it will be completed. [2567/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Billy Kelleher):** The amalgamation of the Competition Authority and the National Consumer Agency was announced in October 2008 as part of the rationalisation plan for State agencies during the 2009 Budget speech. As both the National Consumer Agency and the Competition Authority were established under statute, it is necessary to give effect to the newly merged body by way of primary legislation. Since the date of the announcement my Department has been working, in conjunction with both bodies and the Department of Finance to bring about a smooth transition to a unified single body to oversee the area of competition and consumer protection.

At the time the merger of the two bodies was announced, work on the review of the operation and implementation of the 2002 Competition Act was underway. Submissions received following a public consultation process were being considered as was the report and recommendations of the Advisory Group on Media Mergers. Rather than give effect to the amalgamation of the Authority and NCA in a stand-alone piece of legislation, to be followed in due course by legislation to amend, reform and update the 2002 Act, it was decided to introduce a single comprehensive Bill that will:

- create the new consumer and competition body,
- update competition law,
- strengthen the public interest test in respect of media mergers, in line with the report of the Advisory Group on Media Mergers,
- make some minor amendments to the consumer protection legislation, and

[Deputy Billy Kelleher.]

- give effect to the Government commitment under “Towards 2016” regarding the exemption of certain specified categories of vulnerable workers from competition law.

While work on the draft legislation on this basis was progressing, a number of other developments arose which have led to additional requirements in the Bill. The Renewed Programme for Government contains a specific commitment to “implement a Code of Practice for doing business in the Grocery Goods sector to develop a fair trading relationship between retailers and their suppliers” and “to review progress of the Code and if necessary to put in place a mandatory code”. Provision to place a code for retailers and suppliers on a statutory basis will be included in the proposed Bill.

This all-encompassing approach to the draft legislation has to some extent delayed the legislation for rationalisation of the two bodies. I am, however, of the view that we will be better served in the long run by a single legislative measure that both establishes the new body and provides for a combined and updated consumer and competition code with appropriate enforcement provisions being given to the new body. Draft Heads of the Bill have been completed and circulated to Ministers for their views. It is my intention to bring these Heads to Government shortly for approval to draft the Bill.

### **Public Sector Pay Agreements**

67. **Deputy Olivia Mitchell** asked the Minister for Enterprise, Trade and Innovation the savings that will be achieved through the Croke Park agreement within his Department and its agencies. [2583/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Dara Calleary):** The Croke Park Agreement has committed the Civil and Public Service management to working with their staff to increase efficiency and reduce costs across the public sector. In that regard, my Department and our Agencies submitted Croke Park Implementation Plans last October to the Department of Finance and the Agreement “Implementation Body” for consideration. We submitted updated Plans on 6th January to reflect the implications of Budget 2011 and the National Recovery Plan and we await a response from the Department of Finance and the Implementation Body on our proposals.

Due to the nature of public expenditure generally, the area where greatest savings could be shown would be via a reduction in pay budgets — that is, reducing numbers in the Civil and Public Service. Through the effects of the various “exit” schemes and the moratorium on recruitment, staff levels in my Department have already dropped significantly. Since the coming into operation of the Incentivised “Exit” Schemes and the moratorium on recruitment in Spring 2009, overall staffing numbers have fallen by over 9% while demand for services has increased.

My Department’s Croke Park Implementation Plan has sought to combine high-level proposals which will impact across the Department and our Agencies together with individual items that will have a more local impact in a particular business area. In addition, implementation of some proposals are wholly dependent on the nature of how staff and Unions facilitate implementation of the mechanisms negotiated centrally to implement the agreement in areas such as general staff mobility, shared services and outsourcing.

In relation to the calculation of the savings that should accrue from implementation of the Plan, while some of the anticipated savings are relatively easy to calculate — for example where a change in work practices is anticipated to yield up a full post in a full year — it will only be as many of the other proposals are further developed and rolled-out that estimates of the

potential cash savings can be provided. In addition, many of the proposals in our Draft Plan will lead to greater efficiencies, although not all will generate specific cash savings.

Furthermore, I might point out that the Plan has been set against increasing work volumes in certain areas of the Department. For example, many of the bodies in the Employment Rights disputes resolution family as well as a number of other “frontline” areas are already dealing with significantly increased workloads, while we expect increased demands across the Department arising from Ireland’s EU Presidency in 2013.

Finally our Croke Park Implementation Plan — and those of our Agencies — must also be set against the backdrop of further reductions required of my Department and our Agencies resulting from implementation of the National Recovery Plan (NRP) and the EU/IMF Memorandum of Understanding (MoU) of late 2010. During the lifetime of the Croke Park Agreement, therefore, additional measures will be effected to achieve cost reductions to meet our NRP and other obligations and such additional measures will be incorporated into future iterations of the Croke Park Agreement Implementation Plan. Each iteration of our Plan, and our Progress Reports on Implementation, will be published on the Department and individual Agency websites.

### **INTERREG Funding**

68. **Deputy Arthur Morgan** asked the Minister for Enterprise, Trade and Innovation the progress being made by him in consultation with his counterpart in the Northern Ireland Assembly to draw up a joint proposal to apply for EU funding under the cross-Border INTERREG programme for start-up business supports and training initiatives; when he expects a draft proposal will be ready; when the application will be made to the EU; when funding can be expected to be drawn down; and if he will make a statement on the matter. [2638/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The Interreg Programme is the Cross-Border Territorial Co-operation Programme for Northern Ireland, the Border Region of Ireland and Western Scotland. The programme is 75% funded by the EU, through the European Regional Development Fund, and the remaining 25% is provided by the participating Member States, and has potential funding availability of €256 million.

Last May, following the Quinn Insurance redundancy announcement, I spoke to my Northern Ireland counterpart, Arlene Foster, MLA, about the possibility of our development agencies working together to develop proposals for submission under the cross-border Interreg Programme, under the next call for proposals. Arising from those discussions, development agencies, North and South, have engaged intensively on developing suitable projects. The most recent call for proposals under Interreg closes in February and it is intended that agency led or driven proposals will be submitted by then.

The managing authority for Interreg, the Special EU Programmes Body (SEUPB), on receipt of project proposals will then engage in a series of assessments of projects which will include an initial eligibility assessment, scoring assessment, indications of potential support from authorities North and South, a detailed independent economic assessment and subsequent project consideration by a Programme Steering Committee. I am informed that the foregoing process will take a number of months to complete.

### **Enterprise Support Services**

69. **Deputy Aengus Ó Snodaigh** asked the Minister for Enterprise, Trade and Innovation the way cuts to enterprise development funding will be implemented; the way cuts to county enterprise development funding across the State will be implemented; the expected impact of these cuts; the reason enterprise development funding to county enterprise development and

[Deputy Aengus Ó Snodaigh.]

INTERREG enterprise development is being cut at a time when job creation by indigenous enterprises is vital; and if he will make a statement on the matter. [2641/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** My Department’s capital allocation for enterprise development is set out in the National Recovery Plan. The Plan underpins the work of the job creation and research agencies, IDA Ireland, Enterprise Ireland and Science Foundation Ireland and the County Enterprise Boards, by providing funding that will allow them to meet their ambitious targets. My Department’s allocation under the Plan is €2.182bn for the period 2011-2014 — made up of €508m this year, and an increase to €558m annually between 2012 and 2014.

The Government — as these figures make clear — remains committed to investments that make the greatest contribution to economic recovery and underpin the creation of sustainable employment. Future capital investment must be targeted and employment-focused. The primary focus of investment must be on creating the framework conditions in which the enterprise sector can thrive in the medium to long term. Public capital investment will have its greatest impact by ensuring that sufficient capacity in the economy is maintained and productivity is enhanced.

The programmes supported by my Department and its agencies will be critical in achieving a return to economic growth through promoting the export potential of enterprise in Ireland and advancing the Smart Economy Agenda. The allocation of capital funding will ensure that the enterprise agencies’ core programmes are sustained and targeted. This will include actions to position Ireland as a Global Innovation Hub.

Included in the allocation of €508m in the 2011 Estimates is a provision of €15m in respect of the Capital funding for the County and City Enterprise Boards, which is a slight increase on the 2010 Estimates allocation of €14.994m and, notwithstanding the increased demand for the services of the CEBs, represents a strong investment in the micro-enterprise sector at a time of severe pressure on the public finances. An allocation of €2m has been included for 2011 in respect of Interreg enterprise development. This is substantially higher than the level of expenditure for 2010.

### **Credit Availability**

70. **Deputy Billy Timmins** asked the Minister for Enterprise, Trade and Innovation if he is satisfied that the existing examinership process is an effective instrument for protecting viable small businesses that encounter credit difficulties. [2600/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Billy Kelleher):** The existing examinership process is effective and fair for companies of all sizes, large and small. The examinership provisions are contained primarily in the Companies (Amendment) Act 1990, and are widely recognised to have operated successfully in the two decades since their introduction, a time period which has seen both sides of the economic cycle.

The fundamental principle of the examinership provisions is that they offer protection for a short period to a company which is considered by the Court to have a “reasonable prospect of survival”. I would stress the importance of this test — the remedy of examinership is only intended to be availed of by a company which has a reasonable prospect of continuing on an ongoing basis after the examinership, and which has an underlying sound business model to continue. The examinership process is not, and was never intended to offer businesses an opportunity to walk away from debts or from amounts which are legitimately owed to other

creditors. It must be remembered that the debts of any company do not exist in a vacuum. Often these debts are owed to other small businesses whose viability in turn may depend on the successful recovery of the amounts involved.

Representations have recently been made to my Department suggesting changes to the examinership process and which would significantly reduce the role of the courts — a form of “examinership lite”. Given that successful examinerships inevitably involve losses for creditors — whose viability may also be at stake — it is critical that the process is not only fair but seen to be fair, and the role of the courts is not to be underestimated in this regard. Subject to the maintenance of this fairness criterion, I remain open to any suggestions that could improve the effectiveness of the process.

### **National Wage Agreements**

71. **Deputy Martin Ferris** asked the Minister for Enterprise, Trade and Innovation the status of the review of the framework of registered employment agreements and employment regulation orders as outlined in the national recovery plan; the person who is conducting this review; if there is a consultation process as part of this review; if any impact analysis is being carried out to complement this review; the consultation and dialogue that have been undertaken between him and the European Commission services; and if he will make a statement on the matter. [2643/11]

97. **Deputy Ciarán Lynch** asked the Minister for Enterprise, Trade and Innovation the process for the proposed review of the framework registered employment agreements and employment regulation orders arrangements, as promised in the National Recovery Plan 2011-2014; and if he will make a statement on the matter. [2524/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Dara Calleary):** I propose to take Questions Nos. 71 and 97 together.

The National Recovery Plan 2011-2014 commits to a range of structural reforms to the labour market aimed at removing barriers to employment creation and disincentives to work; and at re-orientating activation measures. In this context, the Government committed to review the framework of Employment Regulation Orders (ERO) and Registered Employment Agreement (REA) wage-setting mechanism within a short timeframe.

The review is likely to take into account the views of the parties to REAs and EROs, as well as the variety of means through which these arrangements can evolve as a more streamlined, transparent and flexible means of wage-setting. It is expected that terms of reference for the review, including details of who will undertake it and the timescale in which it will be completed, will be agreed shortly, following consultation with the European Commission. It is expected that the review will commence in the coming weeks.

### **Business Regulation**

72. **Deputy Joe Costello** asked the Minister for Enterprise, Trade and Innovation the steps he is taking to counter the problem of unnecessary red tape faced by small companies, in particular, in regard to the interview he gave to a publication (details supplied) in which he said he had pioneered a Bill through Cabinet, aimed at giving relief to companies suffering from bureaucracy; the reason the Bill has not yet been published; and if he will make a statement on the matter. [2521/11]

81. **Deputy Tom Hayes** asked the Minister for Enterprise, Trade and Innovation if he is satisfied with the progress to date in delivery to the enterprise sector the promised €500 million reduction in unnecessary compliance costs; and if he will make a statement on the matter. [2627/11]

108. **Deputy Jim O’Keeffe** asked the Minister for Enterprise, Trade and Innovation if he accepts that insufficient progress to date has been made in reducing the regulatory burden on businesses and that this has a negative effect on the encouragement of enterprise; and if he will make a statement on the matter. [2544/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I propose to take Questions Nos. 72, 81 and 108 together.

International benchmarking statistics reveal that Ireland imposes a relatively low burden of regulation on business. The Forfás Annual Competitiveness Report 2010 states that Ireland’s regulatory environment is one of the least restrictive in the OECD in relation to product market regulation, the time taken to comply with tax payments is one of the lowest in the OECD across all categories and Ireland’s employment framework is less rigid than the OECD average.

The work to reduce red tape in Ireland is being progressed on two fronts. The High Level Group on Business Regulation works to fast-track simplifications to specific red tape issues identified by business; and an Inter-Departmental Group of officials from all Departments, having regulation affecting business, coordinates the measurement and reduction of administrative burdens in a systematic manner, based on the internationally recognized Standard Cost Model. The Government has decided in the National Recovery Plan 2011-2014 to bring forward the targeted 25% reduction of the regulatory burden on business from 2012 to end 2011.

To date the High Level Group has processed thirty specific red tape issues brought to its attention by business and continues to drive progress on a further thirty-eight items. The Group announced over €20m of annual business savings in its first Report and continues to work with business interests to identify opportunities for simplification. In addition, my Department is in the process of measuring other burden reductions achieved across Government. The results of this measurement exercise are expected to be published in the second half of 2011. Recent measurements by my Department have demonstrated a further potential €32.7m of savings for business, resulting from simplification in the company law area.

The measurement of administrative burdens using the Standard Cost Model is an exercise that was called for by business, as part of the 25% administrative burden reduction programme, and is being carried out on a prioritised basis across all Departments with any substantive regulation that affects business. My Department and the Central Statistics Office have already measured burdens arising from regulations under their responsibility and all other Departments will shortly measure the current costs on business arising from their regulation.

To ensure that the measurement exercise is consistent across Government, and is in accordance with the Standard Cost Model, the exercise does, and will, take some time to complete. This is a process that reaches into every corner of Government that has an impact on Business. Measurement is expected to be completed in 2011. Simplification plans will be developed and implemented following measurement. Business workshops have already been held to identify ideas for simplification in the areas of Company Law and Employment Law and Health & Safety Law, and draft simplification plans are currently being prepared for implementation.

### Job Creation

73. **Deputy Seymour Crawford** asked the Minister for Enterprise, Trade and Innovation the number of new jobs announced, created and actually delivered in each of the counties of Cavan and Monaghan in the years 2008, 2009 and 2010; the number of itinerary trips to the counties that were sponsored by State agencies to promote job creation; if he is satisfied that enough effort is being made in the Border area in view of all the problems this area has suffered over a long number of years; and if he will make a statement on the matter. [2541/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** Figures in relation to jobs created by the enterprise development agency are compiled annually in the Forfás Annual Employment Survey. The most up to date figures available are for 2009. Set out in Tables 1 and 2 accompanying this reply are the figures in respect of jobs created in firms supported by IDA Ireland and Enterprise Ireland, together with those assisted by the County Enterprise Boards in 2008 and 2009 in the counties in question. As the information is compiled on an annualised basis, I expect the figures in respect of 2010 to become available during the first quarter of this year.

In terms of job creation Budget 2011 saw €508 million in capital spending alone dedicated to driving Gross Domestic Product (GDP) growth through increased exports, more foreign direct investments and the smart economy by significantly investing in research and development. This multi-billion capital investment in growth and jobs is routed through my Department and its agencies, IDA Ireland, Enterprise Ireland, Science Foundation Ireland and the County and City Enterprise Boards. This investment and other measures outlined in the National Recovery Plan will support the achievement of the targets set out in the Government’s Trading and Investing in a Smart Economy strategy, including the target to create 300,000 new direct and indirect jobs in the enterprise and tourism sectors by 2015. It will deliver nearly 30,000 new jobs in 2011, including both direct and indirect jobs, just from the IDA Ireland and Enterprise Ireland client base alone.

Enterprise Ireland activity is focused on the creation of new jobs through supporting entrepreneurs setting up new High potential Start Up Companies (HPSUs). Enterprise Ireland provides a range of supports such as financial supports, business and marketing advice, mentoring, product development etc. Since 2008 five new HPSUs have been approved in Co. Monaghan and two in Co. Cavan. Enterprise Ireland, over the period 2008 to date, approved €12,914,430 to companies based in Co. Cavan and €16,491,506 to companies based in Co. Monaghan.

IDA Ireland is fully committed to securing a balance in regional development including winning investment for the Border Region including counties Cavan and Monaghan. As well as marketing the Border Region for new Greenfield investment, IDA continues to work with existing clients there in order that they might broaden their mandate in Ireland and continue to re-invest in their sites within the Region.

During 2011, the CEBs located across the border region will continue to be actively involved in the area of economic development and will ensure that available funds are targeted to maximise entrepreneurial development. This will be done not just by direct grant aid to businesses and project promoters but also through the provision of a range of other important business supports such as mentoring, business training and business advice, all of which help to stimulate indigenous enterprise creation.

As the Enterprise Ireland and CEB portfolios of indigenous client companies are of their nature not very mobile, therefore these bodies arranged no itinerary visits. Between 2008-2010 there were two IDA sponsored itinerary visits to Co. Cavan.



[Deputy Batt O’Keeffe.]

Table 1: Number of Jobs Created in Enterprise Agency-supported Companies & CEB-supported Companies in Co. Cavan

	2008	2009
Enterprise Agency-supported Companies	834.0	91
CEB-supported Companies	47.5	51

Table 2: Number of Jobs Created in Enterprise Agency-supported Companies & CEB-supported Companies in Co. Monaghan

	2008	2009
Enterprise Agency-supported Companies	356.0	126.0
CEB-supported Companies	19.5	15.5

### Departmental Agencies

74. **Deputy Jan O’Sullivan** asked the Minister for Enterprise, Trade and Innovation the progress made regarding the commitment given in the renewed programme for Government to establish community and development agencies as a one-stop-shop for advice on grant supports, business opportunities, training and development; and if he will make a statement on the matter. [2532/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The network of County and City Enterprise Boards, which come under the auspices of my Department, are the primary initial contact point for business start-ups in Ireland. The CEBs can assist micro-enterprises i.e. businesses with 10 employees or fewer and are to the forefront in supporting viable business start-ups and in assisting the development of growth-orientated micro-enterprises which can generate job creation at a local level and which, over time, can develop into strong export entities and transfer to the Enterprise Ireland portfolio.

The CEBs can provide both direct financial assistance in the form of Priming Grants, Business Expansion Grants and Feasibility Grants and non-financial assistance in the form of Programmes such as Start Your Own Business Programmes, Business Training and Management Programmes, Mentoring Programmes etc. In providing support to the micro-enterprise sector the CEBs must give priority to manufacturing and internationally traded services. The CEBs work closely with other Agencies such as Enterprise Ireland and with other Bodies active in their local area such as LEADER, Partnership Groups etc and where a CEB is not in a position to support a client they will direct them to another appropriate organisation.

I am keen to ensure that the synergies between the CEBs and Enterprise Ireland are maximised, and that engagement with the development agencies is as seamless as possible for all small businesses including the important micro sector.

### EU Directives

75. **Deputy Pat Rabbitte** asked the Minister for Enterprise, Trade and Innovation the current position and time frame for the transposition of the services directive; and if he will make a statement on the matter. [2535/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** As I stated in my reply to Deputy Kathleen Lynch on 2nd December 2010 (Ref. No. 45550/10), the European Union (Provision of Services) Regulations 2010 (S.I. No. 533 of 2010) were signed into law by me on 10th November 2010. The Regulations give effect in Ireland to the Services Directive, with the exception of Article 42 of the Directive, which was transposed by the European Communities (Court Orders for the Protection of Consumer Interests) Regulations 2010 (S.I. No. 555 of 2010), which I signed into law on 23rd November 2010.

The second set of Regulations also transpose Directive 2009/22/EC on injunctions for the protections of consumers’ interests (codified version) and revoke the European Communities (Protection of Consumers Collective Interests) Regulations 2001 (S.I. No. 449 of 2001), which transposed the original Injunctions Directive. The Injunctions Directive ensures that consumers’ rights, as set out in a number of other consumer Directives, can be protected by providing a means by which Member States can bring an action to stop any breaches of consumer rights under the Directives in question.

The decision to transpose Article 42 of the Services Directive in the European Communities (Court Orders for the Protection of Consumer Interests) Regulations 2010 was taken for reasons of legal clarity. Article 42 adds the Services Directive to the list of Directives that are covered by the Injunctions Directive.

### **Business Regulation**

76. **Deputy Dinny McGinley** asked the Minister for Enterprise, Trade and Innovation the systems he has in place to assess the cost of competitiveness impact on Irish business from Government legislation; and if he will make a statement on the matter. [2579/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The Department of the Taoiseach has primary responsibility for the development and implementation of Regulatory Impact Assessment (RIA) measures across Government Departments. The Department of the Taoiseach has published the Revised Regulatory Impact Assessment (RIA) Guidelines on its website: <http://www.betterregulation.ie/eng/Publications/Revised—RIA—Guidelines.pdf>. The RIA Guidelines require all proposed regulations to be examined as to whether they could impact on Ireland’s business and work environment; economic and technological infrastructure; education and skills; entrepreneurship and enterprise development; and innovation and creativity.

In parallel with this, my Department is progressing work on the reduction of red tape on two fronts. The High Level Group on Business Regulation (HLG) works to fast-track simplifications to specific red tape issues identified by business; and an Inter-Departmental Group of officials from all Departments having regulation affecting business, coordinates the measurement and reduction of administrative burdens in a systematic manner, based on the internationally recognised Standard Cost Model. The Government has decided in the National Recovery Plan 2011-2014 to bring forward the targeted 25% reduction of the regulatory burden on business from 2012 to end 2011.

To date the High Level Group has processed thirty specific red tape issues brought to its attention by business and continues to drive progress on a further thirty-eight items. The Group announced over €20m of annual business savings in its first Report and continues to work with business interests to identify opportunities for simplification. In addition, my Department is in the process of measuring other burden reductions achieved across Government. The results of this measurement exercise are expected to be published in the second half of 2011. Recent

[Deputy Batt O’Keeffe.]

measurements by my Department have demonstrated a further potential €32.7m of savings for business, resulting from simplification in the company law area.

The measurement of administrative burdens using the Standard Cost Model is an exercise that was called for by business, as part of the 25% administrative burden reduction programme, and is being carried out on a prioritised basis across all Departments with any substantive regulation that affects business. My Department and the Central Statistics Office have already measured burdens arising from regulations under their responsibility and all other Departments will shortly measure the current costs on business arising from their regulation.

To ensure that the measurement exercise is consistent across Government, and is in accordance with the Standard Cost Model, the exercise does, and will, take some time to complete. This is a process that reaches into every corner of Government that has an impact on Business. Measurement is expected to be completed in 2011. Simplification plans will be developed and implemented following measurement. Business workshops have already been held to identify ideas for simplification in the areas of Company Law and Employment Law and Health & Safety Law, and draft simplification plans are currently being prepared for implementation.

### **Employment Rights**

77. **Deputy Thomas P. Broughan** asked the Minister for Enterprise, Trade and Innovation if his attention has been drawn to the serious concerns expressed at the long delays facing persons in having cases heard by the Employment Appeals Tribunal; if he will confirm that some persons face delays of up to 18 months; the average time for having a case heard; the steps being taken to speed up the process; and if he will make a statement on the matter. [2518/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Dara Calleary):** The Employment Appeals Tribunal (EAT) is one of the front-line services directly affected by the current turbulence in the labour market. The Tribunal hears claims under 18 separate pieces of legislation. Some claims, like Unfair Dismissal cases, are complex and can take up to 4 days. Between 2007 and 2009, the number of claims coming to the Tribunal trebled. While there has been a slight (7%) decrease in new claims lodged in 2010, the large volume of claims has had an impact on case processing timeframes.

I am informed that the longest recorded waiting periods at the end of December ranged from 54 weeks to 77 weeks. In the case of hearings concerning redundancy claims, the range was between 25 weeks and 65 weeks. These figures can be somewhat misleading. The Tribunal conducts hearings in about 36 locations. Where the number of cases is relatively small, the Tribunal may wait until a sufficient number of cases is on hand to make a visit worthwhile. In such areas, 5 days of Hearings may reduce the “waiting time” in the area concerned by 30 to 40 weeks.

I understand that the Tribunal targets areas with the longest waiting period and highest level of claims outstanding, within the resources it has currently available. Efficiencies introduced have increased the Tribunal’s output. Over 6,000 claims were processed between January and the end of December 2010, which is more than double the number of cases processed in 2007.

A business process review of the Tribunal is being conducted to find further efficiencies. I am also making additional staff available to the Tribunal within the next few weeks with a view to enabling it to increase the number of Hearings in Dublin, and also to establish a specialist Division for the hearing of redundancy-related cases. In a recent pilot project in Cork, the temporary deployment of an extra Division there, with a special focus on redundancy-related cases, allowed the waiting-time for such cases to be reduced from 44.5 weeks to 19.5 weeks.

78. **Deputy Seán Sherlock** asked the Minister for Enterprise, Trade and Innovation when he intends to publish anti-victimisation legislation, designed to protect those workers who choose to join a trade union and which was promised by March 2009 under the review of Towards 2016; and if he will make a statement on the matter. [2538/11]

100. **Deputy Liz McManus** asked the Minister for Enterprise, Trade and Innovation his plans to publish legislation to address employee representation at work which was promised by June 2009 under the review of Towards 2016; and if he will make a statement on the matter. [2527/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Dara Calleary):** I propose to take Questions Nos. 78 and 100 together.

The *Towards 2016 Review and Transitional Agreement 2008 — 2009* (paras 9.1 — 9.3) provides for the establishment of a review process to consider the legal and other steps necessary to enable the employee representation mechanisms that had been established under previous agreements — and in legislation — to operate as they had been intended. The Agreement (para 9.4) also commits the Government to bringing forward legislative proposals to prohibit the victimisation of trade union members and to prohibit the incentivisation of persons not to be members of a trade union.

In furtherance to these commitments, two informal meetings took place in late 2009, chaired by the Department of the Taoiseach and at which my Department; the Department of Finance; trade unions; and employers were represented. Position papers were prepared by the employer and trade union representatives on the issues which they saw as requiring to be addressed by any new legislation in this area. While consideration will continue within Government on proposals to address the issues involved, progress in bringing the work to a conclusion will have to take account of other priority legislative commitments to be delivered in the employment area, resource constraints within Departments, and the extent of agreement between the trade union and employer sides in this area.

### **Industrial Development**

79. **Deputy John Perry** asked the Minister for Enterprise, Trade and Innovation his plans to introduce additional measures to assist the domestic non-export sector of the economy, over and above existing measures. [2650/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** As Minister for Enterprise, Trade and Innovation, I acknowledge the important contribution that locally available goods and services make to employment and to Ireland’s economy. Many of the policies set out in the National Recovery Plan aimed at restoring national competitiveness will impact positively on businesses operating in the non-export sector of the economy. These businesses will benefit from reduced costs which the Government aims to achieve in the areas of energy, waste, professional services and public administration. The reduction in the minimum wage and the review of Registered Employment Agreements and Employment Regulation Orders will also lead to reduced costs of doing business throughout all sectors of the economy.

Despite the economic downturn, the Government is continuing to invest heavily in Capital infrastructure. The National Recovery Plan is clear that future Capital investment must be targeted and employment-focused. The Government’s investment in water services and the installation of domestic water meters is one example of where employment and growth opportunities will be created for many domestic companies.

[Deputy Batt O’Keeffe.]

Among the other measures proposed in the National Recovery Plan to assist the local construction sector is the support of jobs through energy efficient activities such as the National Retrofit Programme. The aim of this programme is to stimulate investment in the energy efficiency market, creating in excess of 5,000 jobs in the energy and construction sectors. In his Budget speech on 7 December 2010, the Minister for Finance also announced his intention to introduce a new tax incentive in the area of energy efficiency in homes, which will further support jobs in this sector.

Access to credit is, of course, important for all businesses. In this context, I have ongoing contact with the main banks in relation to their lending to businesses. Together with my colleague the Minister for Finance, and Mr. John Trethowan of the Credit Review Office, I will continue to ensure that the banks meet their lending commitments under the 2010 Recapitalisation package in terms of providing sufficient credit to the business sector. Mr. Trethowan recently indicated that the situation was much more positive for bank customers than it was six to nine months ago.

I believe that the additional measures as set out in the National Recovery Plan, together with better access to bank credit, will greatly enhance the development and long-term viability of the domestic sector of the economy and contribute to our national recovery.

### **Innovation Fund**

80. **Deputy Olwyn Enright** asked the Minister for Enterprise, Trade and Innovation the progress to date in establishing the €250 million innovation fund overseen by Enterprise Ireland; the number of new projects funded and their aggregate employment potential.  
[2616/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I announced the first call for expressions of interest in Innovation Fund Ireland on 23 September 2010. Enterprise Ireland and the National Pensions Reserve Fund (NPRF) will manage the Fund and investors had until 26th November 2010 to signal their interest in establishing a presence here. Now that this deadline has passed, Enterprise Ireland and the NPRF are in the process of evaluating the 32 expressions of interest received.

The €250 million available under the fund will run along two parallel tracks. The first comprises a €125 million pool of funds provided by the Exchequer and managed by Enterprise Ireland. Successful applicants who receive an investment from Enterprise Ireland will have to commit to investing an equivalent amount in Irish companies or companies with substantial Irish operations over the lifetime of their fund. The second is for a similar amount and designed to allow Ireland’s NPRF to make a similar level of commercial investments assuming its criteria are met.

Jobs created through the Fund will depend on the investments made and the decisions of independent venture capital fund managers. The nature of such funds and the independence of decision making by the relevant fund managers means it is not possible to provide projections of jobs created at this point in the process. International economic growth and new innovations in the technology, life sciences and clean technology spheres over the coming years are other factors that will impact on the level and type of jobs created.

*Question No. 81 answered with Question No. 72.*

### **Credit Availability**

82. **Deputy Catherine Byrne** asked the Minister for Enterprise, Trade and Innovation his

views on whether any initiative is needed from him to improve access to credit for small business; and if he will make a statement on the matter. [2558/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I have ongoing contact with the main banks in relation to their lending to businesses and will, together with my colleague the Minister for Finance, and John Trethowan of the Credit Review Office, continue to ensure that they meet their lending commitments under the 2010 Recapitalisation package in terms of providing sufficient credit to the business sector. In this regard, John Trethowan recently indicated that the situation was much more positive for bank customers than it was six to nine months ago. As part of his Second Quarterly Report on SME Lending published on 18 November 2010, John Trethowan indicated that each of the banks have shown a positive attitude to the Credit Review Office appeals process, and the banks’ Executives have been asked to ensure that this attitude is shared with their front-line staff.

My officials are also working with their colleagues in the Department of Finance, the Credit Review Office, Enterprise Ireland and Forfás to address access to credit issues for viable SMEs, including the option of a loan guarantee scheme to assist their working capital. It is important, however, that any new initiatives complement, rather than substitute, the main banks’ lending commitments and activities under the 2010 recapitalisation package and that they would represent value for money from the taxpayer’s perspective. Loan guarantees are just one of a range of possible measures being considered to address SME credit availability. Proposals for any new measures will have to be considered by Government in the first instance.

The National Recovery Plan 2011-2014 also sets out specific actions to spur further improvements in competitiveness across all sectors of the economy including measures to cut costs to business in energy, waste and transport, professional fees and property. The Plan also includes measures that will ensure that barriers to employment creation are removed.

There are specific actions which will benefit small businesses including, the review of the Business Expansion Scheme, the extension of the 15 day prompt payment rule to the wider public sector and the use of public property for incubator centres. In addition, capital investment for the Enterprise Development Agencies has been prioritised with €2.2 billion being allocated to support indigenous firms, win foreign direct investment and support research, development and innovation.

The Government has also over the last two years, introduced a number of initiatives to improve the availability of funding to the small business sector, including:

- The commitment by AIB and Bank of Ireland under the 2010 Recapitalisation package of a further €20 million each for Seed Capital to be provided to Enterprise Ireland-supported ventures.
- The Finance Act 2010 provided for the start-up company exemption to be extended into 2010 encouraging both entrepreneurship and economic activity.
- The establishment of the Enterprise Stabilisation Fund to support viable but vulnerable exporting companies, experiencing difficulties because of the economic climate. This Fund supplies direct financial support to internationally trading enterprises by supporting their drive to reduce costs and through increased competitiveness, gain sales in overseas markets. To date, 242 projects have been approved funding of €86.2m to sustain over 10,000 jobs throughout Ireland.
- The Government is also encouraging employers to create new jobs through reducing the costs associated with employment through the Employer Jobs (PRSI) Incentive Scheme.

[Deputy Batt O’Keeffe.]

For each new eligible job, the scheme gives an 8%-10% saving on employment costs for the first year of employment. This will actively encourage the creation of new employment now when it is most needed.

All of these initiatives build on the existing range of supports and tax arrangements to encourage and sustain business activity. The services provided by the Enterprise Development Agencies are kept under review and will be adjusted to respond to the current economic situation. These Agencies continually review their activities in the light of international developments, national priorities and best practice.

83. **Deputy Charles Flanagan** asked the Minister for Enterprise, Trade and Innovation if he will indicate if his Department has the authority to introduce the proposed loan guarantee scheme for the small and medium enterprises; and if he will make a statement on the matter. [2621/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** My officials are working with their colleagues in the Department of Finance, the Credit Review Office, Enterprise Ireland and Forfás to address access to credit issues for viable SMEs, including the option of a loan guarantee scheme to assist the working capital requirements of SMEs. The Working Group has received updated analysis from Forfás and Enterprise Ireland to allow greatest possible targeting of any initiative on viable, innovative and growth-orientated SMEs who face a specific market failure — namely where institutions have difficulty in applying existing credit policies and products. This can be, for example, due to lack of familiarity with certain sectors, markets and business models.

Substantial progress has been made in identifying the critical elements involved in any further initiatives. It would be important that any such initiatives would complement, rather than substitute, the main banks’ lending commitments and activities under the 2010 recapitalisation package and that they would represent value for money from the taxpayer’s perspective. The provision of credit to our enterprise sector, especially SME’s, should primarily come from a properly functioning banking sector and any additional initiatives on the State’s part should not relieve the banks of their obligations in this regard.

As indicated already, Loan Guarantees, are just one of a range of possible measures being considered to address SME credit availability. As part of the Government’s strategy both AIB and Bank of Ireland have committed to lending €12billion for new or increased credit facilities to SMEs over two years. AIB and Bank of Ireland are also subject to the Credit Review process. All SME businesses that have had credit refused or withdrawn, can apply for an independent review of the bank’s decision after the internal appeal. The Credit Review Office in its second quarterly report expresses its view that the recapitalisation strategy for the two banks is now achieving its objective of ensuring that a functioning banking system is in place to support economic activity. Proposals in relation to any new measures will have to be considered by Government in the first instance.

### **Enterprise Support Services**

84. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the steps he has taken or proposes to take to ensure utilisation of innovation and the knowledge based economy to further assist those sectors of the economy currently competing effectively in the European and global markets with particular reference to companies with a good track record in this regard with a view to using such competitive and innovative companies to spear-

head economic recovery and identifying any specific obstacles to such progress; and if he will make a statement on the matter. [2648/11]

186. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent to which he and or his Department has used innovation to enhance exports, secure new contracts and generally assist economic recovery; and if he will make a statement on the matter. [2892/11]

190. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the degree to which it is intended to utilise technology and innovation to assist manufacturing and services sectors in the current economic climate; and if he will make a statement on the matter. [2897/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Conor Lenihan):** I propose to take Questions Nos. 84, 186 and 190 together.

Over the past ten years Ireland has built up a strong science base and has significantly improved its international standing for scientific output. In parallel, the Government has identified a programme of actions, such as those outlined in “Building Ireland’s Smart Economy”, that place particular emphasis on the role of knowledge and innovation in driving economic productivity. The work of three agencies, operating under the auspices of my Department, IDA Ireland, Enterprise Ireland and Science Foundation Ireland, has been focused on delivering supports to enterprise — both directly and indirectly — that will ensure that trade, exports and investment are positioned to retain sustainability and to ensure that emerging opportunities can be maximised as the global economy recovers.

The future for Irish companies and the Irish economy will be significantly determined by the ability to take advantage of global opportunities. Because export led growth is identified as the spearhead of economic recovery, the nurturing of high-quality, innovative and internationally competitive Irish companies is clearly fundamental to Ireland’s future prosperity. The Irish economy will need to have sharp and adaptable business activity in a wide variety of sectors so as to be in a position to compete effectively in the European and global markets and win export sales in order to create sustainable jobs in Ireland.

The competitive advantage created by innovation will be a key driver in achieving Irish economic recovery. Companies that undertake Research and Development have shown a level of growth in trade and exports during the downturn that demonstrates the value of productive, high calibre research and innovation activity. Every day, Irish companies are winning and servicing global sales contracts across a range of modern growth industries and both IDA Ireland and Enterprise Ireland work with Irish based companies to support this effort. The supports include driving innovation and new product development, in addition to identifying, targeting and delivering on export sales throughout the world; addressing competitiveness issues and helping to raise finance. All these supports are ultimately geared towards driving growth, sustainability, exports and job creation.

Examples of specific measures and initiatives that ensure that the knowledge-based economy has contributed to assisting Irish enterprise to participate in the drive for economic recovery include:

- R&D Funding through Enterprise Ireland and IDA Ireland
- Supports for new start-up companies with the potential to achieve significant exports;



[Deputy Conor Lenihan.]

- Competence Centres established in strategically important sectoral areas like nanotechnology and bioenergy. These €5m centres are designed to allow groups of multinational and indigenous firms to work together with academics to undertake cutting edge, industry led research. Additional funding has been provided to increase the number of Competence Centres to 16 by 2015.
- 524 Innovation Vouchers were redeemed in 2010 worth over €2.5m, bringing the total number of Innovation Vouchers redeemed since the scheme opened to over 1,000.
- In 2010, over 50 pieces of commercially relevant technology were transferred from State Funded Research into industry.
- In addition over 20 new start-up enterprises were “spun out” of the third level system.
- Over 40 companies were also supported to undertake significant collaborative projects with colleges in 2010.
- Collaboration between SFI funded researchers and industry has also increased significantly in recent years largely through the SFI Centres for Science Engineering Technology (CSETs), Strategic Research Clusters (SRCs) and the Principal Investigator (PI) teams. At present SFI is supporting 29 top-class research centres (9 CSETs and 20 SRCs) and SFI funded researchers are collaborating with over 400 industry partners, both multinational and indigenous.
- Both in 2009 and 2010, close to half IDA investments were in research, development and innovation, and these investments are central to productivity and new business development in the multi-national sector.

In addition to an innovative portfolio of export ready products and services, many companies also benefit from “on the ground” intelligence and contacts within prospective markets in order to help them win sales and obtain opportunities to showcase their innovative capabilities to key global influencers and buyers. Enterprise Ireland’s offices in 31 cities throughout the world provide one-to-one support to Irish companies. These international offices also organise group events such as trade missions, trade fairs and visits from international buyers to Ireland. In 2010 more than 165 events were organised, including international trade missions led by An Taoiseach and Government Ministers to strategic overseas markets including Russia, Kingdom of Saudi Arabia, Brazil, USA and Australia.

As part of a suite of policy initiatives to position Ireland as a Global Innovation Hub, Innovation Fund Ireland was established to build on existing enterprise policies. The objective of the Fund is to increase the availability of capital for enterprise and to transform the venture capital market by attracting top tier Fund managers to Ireland. Over the lifetime of the Funds, the State expects real economic growth as a result of investments in Irish start-up, scaling companies or other companies with operations in Ireland. This will deliver an increase in employment, an increase in the number of high potential start-up companies and the attraction of such companies spun out from European technology to Ireland. There will also be an increase in funding for commercialisation of the R&D coming out of the Universities and Institutes of Technology.

In order to ensure that sectors, including the manufacturing and services sectors, of the economy continue to compete effectively in European and global markets and to assist in economic recovery, numerous measures have been taken to help companies to achieve inter-

nationally high levels of innovation. Manufacturing is a vitally important sector for Ireland and increased competitiveness is an ongoing objective for Irish companies. Recognising the need to achieve substantially reduced costs, an innovation initiative known as the ‘lean agenda’ has been developed by Enterprise Ireland to increase productivity and drive down costs. To date 71 companies have been approved funding, mostly in cleantech, electronics and lifesciences. Already, improvements in lead times, unit costs and profitability in the order of 10-15% have been achieved by participating companies and Enterprise Ireland will continue this drive in 2011.

The recovery of the food sector, Ireland’s biggest indigenous industry, was a significant priority in 2010. Enterprise Ireland introduced special lean programmes for the food sector in conjunction with the Department of Agriculture, Fisheries and Food, which has resulted in companies increasing productivity.

The impact of Ireland’s export orientated initiatives is best demonstrated by the growth in export in the face of the current difficult economic climate. Enterprise Ireland estimates that its client companies grew export sales in 2010, recovering in the region of 70% of the losses made in 2009. These companies also reported an expansion in new export orders in every month in 2010 and this trend looks set to continue. It is expected that new export sales from Enterprise Ireland clients in the order of €1 billion in 2010.

The Irish economy has also seen strong activity at start up and expansion levels in lifesciences, bio-tech, medical technology, internet services, telecommunications, food, and other niche areas. Green technology is a key target area for development. These are sectors in which Irish firms can and do create a sustainable competitive advantage and build international market share.

There is a vibrant enterprise sector in Ireland that is world-class in its capacity and performance. There is a dynamic export sector, which is underpinned by our rapidly evolving scientific, technological and innovation base. Our competitiveness is based on merging these attributes with a commitment to sustained innovation that is unmatched in the markets in which we compete. Behind Ireland’s export-led economy are the right enterprise infrastructure; sustained investment in innovation and entrepreneurship; and a Government commitment to supporting Innovation as a key driver to future recovery.

### **Economic Competitiveness**

85. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent to which he is developing Ireland’s competitiveness and productivity by creating the conditions where enterprise, entrepreneurship and innovation can flourish and quality employment opportunities can arise, grow and be maintained in the export, wholesale and retail and commercial areas; and if he will make a statement on the matter. [2647/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The role of Government is to create the economic conditions in which enterprise can grow and jobs can be created. The National Recovery Plan sets out how the Government intends to do this over the next four years, including actions which the Government will take to reduce costs for business across the economy. In this regard, I would refer the Deputy to the answer I provided to his question, no. 167 (45742/10) of 2nd December 2010 last for further details of the specific actions included in the Plan.

The actions which this Government has already taken have resulted in the fundamental pillars of our domestic economy stabilising and showing strong signs of a return to growth. In its reports published over the past year, the National Competitiveness Council has acknow-

[Deputy Batt O’Keeffe.]

ledged that Ireland has already seen competitiveness gains in the period since January 2008. Ireland currently has the highest level of growth in industrial output in the Eurozone. According to the latest Eurostat figures, Ireland’s industrial production was 14.2% higher in November 2010 than in November 2009. This increase was almost twice the Eurozone average increase of 7.4% for the period in question.

Our exports are increasing in both goods and services, with the latest figures from the CSO showing that exports for the first three quarters of 2010 were up 8.67%, or €9.37 billion, on the same period the previous year. Through the Government’s strategy for “Trading and Investing in a Smart Economy”, these increases in exports will continue to create jobs in the exporting sectors of the Irish economy, but will also lead to spin-off effects in the creation of new jobs in other domestically-trading sectors such as the wholesale, retail and commercial services sectors.

### EU Directives

86. **Deputy Ruairí Quinn** asked the Minister for Enterprise, Trade and Innovation the position regarding the draft consumer rights directive; if he is satisfied that the existing rights of consumers here, such as the right to reject will be retained; and if he will make a statement on the matter. [2533/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** There have been significant developments in relation to the proposed Directive since my last reply to the House on this question on 2 December 2010. In that reply, I stated that intensive discussions were proceeding under the Belgian Presidency in advance of the Competitiveness Council on 10 December with a view to achieving a final resolution of the outstanding issues. In the light of those discussions, the Belgian Presidency proposed the deletion of Chapters IV (consumer sales and guarantees) and V (unfair contract terms) of the proposal on the grounds that it was impossible to find a qualified majority among the Member States for the full harmonisation of these Chapters. In the Presidency’s view, there was limited added value for either businesses or consumers in these Chapters without full harmonisation, while their transposition would involve a legislative burden for national authorities.

The Presidency approach secured agreement at COREPER on 8 December on a qualified majority vote basis. It was agreed at Competitiveness Council on 10 December that the text of the proposed Directive revised in accordance with the agreed approach would be submitted for formal adoption to the Environment Council on 20 December. In the event, it is now to be submitted to the Agriculture Council on 24 January. The proposal is to be considered next by the European Parliament. The Committee on Legal Affairs [JURI] is scheduled to vote on it on 20 January and the Committee on Internal Market and Consumer Protection [IMCO] to do so on 26 January. The proposal is expected to be discussed by the European Parliament in plenary session in March, and the Hungarian Presidency will seek to reach agreement with the Parliament at the first reading.

As agreement had previously been reached on the deletion of Chapter II on consumer information, the decision reached at Council has effectively reduced the substance of the Directive to Chapter III on information and withdrawal rights for distance and off-premises contracts. It is to be renamed accordingly ‘Proposal for a Directive on Consumer Rights in Distance and Off-Premises Contracts’. In view of the deletion of Chapters IV and V of the proposal, it is proposed that the existing minimum harmonisation Directives on consumer sales and guarantees and unfair contract terms respectively will remain in force.

As I indicated in my previous replies on this issue, the concerns about the impact of the proposed Directive on Irish consumer rights centred mainly on its provisions on consumer remedies for faulty goods and, in particular, on their implications for what is known as the right to reject. By this is meant the right to return faulty goods, obtain a refund of the price, and, in so doing, to terminate the contract. A fully harmonised provision along the lines originally proposed would have meant that the right to reject would be a remedy of second rather than first resort for faulty goods. If the Presidency approach is approved by the European Parliament, the proposed deletion of Chapter IV will result in the retention of the existing minimum harmonisation regime. As a result, the concerns expressed about the impact of the proposed Directive on the right to reject and on related matters such as the reduction in the liability period for faulty goods would no longer apply.

In this event, the provisions of the proposed Directive on distance and off-premises contracts will apply on a full harmonisation basis. The impact of the full harmonisation status of these provisions on Irish consumer legislation is limited, however, by the fact that the domestic Regulations which give effect to the existing minimum harmonisation Directives on distance and off-premises contracts did not make use of their minimum harmonisation basis to add additional protective measures. The proposed Directive also provides for the exclusion of a number of sectors from its scope (property; the construction and substantial conversion of new buildings; financial services; passenger transport services; social services; healthcare services; and gambling), and as a result Member States will retain legislative autonomy in respect of the regulation of distance and off-premises contracts in these sectors.

The minimum harmonisation basis of the consumer information rules under the Services and E-Commerce Directives will also be unaffected by the proposed Directive, and Member States will still be permitted to impose additional pre-contractual information requirements in the framework of both Directives even where these apply to distance and off-premises contracts.

### **Economic Competitiveness**

87. **Deputy Michael D’Arcy** asked the Minister for Enterprise, Trade and Innovation if he has made decisions to implement the 21 priority recommendations identified by him from the outstanding recommendations of the Competition Authority. [2592/11]

117. **Deputy Jan O’Sullivan** asked the Minister for Enterprise, Trade and Innovation the progress made regarding the commitment given in the renewed programme for Government to act on recommendations contained in reports of the Competition Authority within nine months of their publication; and if he will make a statement on the matter. [2531/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I propose to take Questions Nos. 87 and 117 together.

In keeping with the commitment contained in the *Renewed Programme for Government*, the Government, in March 2010, reviewed the progress achieved by a number of Government Departments in relation to a list of 21 Competition Authority recommendations which had been prioritised based on their impact on competitiveness. A Government Statement on the progress made issued in April 2010. The Government also decided that it would review, twice-yearly, progress on the implementation of Competition Authority recommendations and, in line with this decision, I will be updating the Government, in this regard, in the coming weeks. It is important to note that the delivery of the Government commitment in relation to Competition Authority recommendations ultimately rests with the Minister whose remit includes the sectors addressed by the recommendations.

### Economic Strategy

88. **Deputy Liz McManus** asked the Minister for Enterprise, Trade and Innovation the role he will play in the implementation of the recently published plan, *Trading and Investment in a Smart Economy*; and if he will make a statement on the matter. [2528/11]

192. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent to which he, his Department or groups or bodies under the aegis of his Department have become involved in the establishment of new markets for Irish products in the European and global economies; and if he will make a statement on the matter. [2899/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Billy Kelleher):** I propose to take Questions Nos. 88 and 192 together.

In September last year the Government launched its strategy and action plan for Irish Trade, Tourism and Investment to 2015 entitled *Trading and Investing in a Smart Economy*. The Strategy takes a two-pronged approach focusing on particular markets and sectors. Building on our key strengths and track record, the sectors to be targeted include Services, Tourism, Food, Education, Life Sciences, Software, Next Generation Network-enabled sectors, Green technology, Construction and the built environment, Creativity and Design, and Technologies for an ageing population. In terms of markets, it identifies potential to further grow our existing key markets — UK, US and the eurozone — and to increase or gain a foothold in high-growth and high-potential markets, such as Brazil, Russia, India and China (the BRIC countries), the Gulf States, Middle East and Japan. In addition, the strategy includes an Action Plan to guide the implementation of the priorities and targets identified.

The new Strategy specifies that I, as Minister for Trade and Commerce, will chair the new Foreign Trade Council, set up to drive its implementation. The new Council brings together all of the key Departments and State agencies involved in the promotion and development of trade, tourism and investment. The role of the Council is to pursue implementation of the strategy through a suite of actions in our key priority markets, both existing and high-potential, as set out in the strategy and action plan. It will also strengthen cooperation and coordination across all the key State agencies.

In addition to the CEOs of bodies under the aegis of this Department, namely Enterprise Ireland, IDA Ireland, Forfas and Science Foundation Ireland, the Council's membership also comprises the CEOs of Bord Bia, Tourism Ireland and Culture Ireland, as well as senior level representatives of the relevant Departments, i.e. Departments of An Taoiseach, Tourism, Culture and Sport, Foreign Affairs, Education and Skills, Agriculture, Fisheries and Food and, of course, my own Department.

Earlier today I chaired the second meeting of the Council, where we considered the new Market Development Plans prepared by the local Trade, Tourism and Investment Teams, which have been set up in each of Ireland's overseas priority markets. These plans are crucial instruments to pursue the key objective of the Strategy. In addition, the Council considered how to strengthen Ireland's profile abroad, including through St. Patrick's Day events, Ministerial-led Trade Missions and the more effective use of Joint Economic Commissions. All relevant issues to ensure implementation of the Strategy will be kept under review and monitored by the Council.

### Enterprise Support Services

89. **Deputy David Stanton** asked the Minister for Enterprise, Trade and Innovation the efforts he and bodies under the aegis of his Department, such as Enterprise Ireland and the

South Cork County Enterprise Board, are making to support enterprise development and innovation, maximise entrepreneurial development and promote enterprise culture in Cobh, County Cork; the amount of grant support made available to local businesses and entrepreneurs in 2008, 2009, 2010 and to date in 2011 in the Cobh area; and if he will make a statement on the matter. [2635/11]

101. **Deputy David Stanton** asked the Minister for Enterprise, Trade and Innovation the efforts he and bodies under the aegis of his Department, such as Enterprise Ireland and the South Cork County Enterprise Board, are making to support enterprise development and innovation, maximise entrepreneurial development and promote enterprise culture in Youghal, County Cork; the amount of grant support made available to local business and entrepreneurs in 2008, 2009, 2010 and to date in 2011 in the Youghal area; and if he will make a statement on the matter. [2634/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I propose to take Questions Nos. 89 and 101 together.

The critical role of entrepreneurship and enterprise development is fully recognised by Government. The complementary remit and activities of Enterprise Ireland and the County Enterprise Boards ensure that as broad a suite as possible of State supports are available for entrepreneurial and enterprise development. Enterprise Ireland actively engages with other agencies in the promotion and support of initiatives which help maximise entrepreneurial development and promote an enterprise culture in Cork County. The agency’s funding approvals to its client companies in Cork County totalled over €13.1 million in 2008, over €14.2 million in 2009, over €15.4 million in 2010 and €9,031 to date in 2011.

In Youghal, Enterprise Ireland is represented on the Socio Economic Development Group and a sub-committee of that group, the Youghal Employment Creation sub-group. Enterprise Ireland works closely with Community groups in the towns of East Cork including Youghal and Cobh to foster further embryonic enterprise and to encourage young graduates to set up businesses in their own localities.

In June 2006, Youghal was successful in their application for funding under the Enterprise Ireland Community Enterprise Centre Scheme and received approval of €150,000 towards the development of a new Community Enterprise Centre. Enterprise Ireland has also supported the funding of a Manager for the centre over a two-year period. Development of the centre, known as Enterprise Youghal, was completed in 2008. Enterprise Youghal actively continues to market the Centre, through the support of its centre manager.

Under the Community Enterprise Centre Scheme (2007 — 2009), Cobh received approval for the establishment of a Community Enterprise Centre. Enterprise Ireland is currently engaged with the group in Cobh who were responsible for securing the approval and future development of a Community Enterprise Centre in Cobh. A site has been identified, plans have been drawn up, costings have been done and a planning application is imminent.

The role of the County Enterprise Board in South Cork is to provide support for small businesses with 10 employees or fewer in the start-up and expansion phases, to promote and develop indigenous micro-enterprise potential and to stimulate economic activity and entrepreneurship at local level throughout the area, which is inclusive of Youghal and Cobh. South Cork County Enterprise Board grant assistance to eligible micro-enterprises was paid to the value of €430,001 in 2008 and €309,458 in 2009 to 38 projects, of which €77,500 was paid in 2008 and €50,000 was paid in 2009 to a total number of 7 projects in Youghal. As statistical

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information is collected on an annual basis, details in respect of figures for 2010 will become available during the first quarter of 2011.

South Cork County Enterprise Board assistance in the Youghal area has included support of an enterprise centre, direct grant support to eligible micro-enterprises, the promotion of enterprise related activities and of an enterprise culture in Youghal through networking and business development activities to attract new entrepreneurs from the area. Recent Board activities have included day-long clinics in Youghal for anybody wishing to drop-in to discuss their business ideas.

South Cork County Enterprise Board continues to support the micro-enterprise business sector in Cobh through the provision of grant assistance and soft supports in the form of training and mentoring programmes which can be tailored to the needs of individual entrepreneurs. In 2008, South Cork County Enterprise Board provided grant assistance of €75,000 to one client project situated in the Cobh area. The Board are currently pursuing an enterprise centre concept with the assistance of Cork County Council and the South and East Cork Area Development Partnership Limited. The Board also provides day-long clinics which facilitates local businesses and potential entrepreneurs to drop by and discuss their business needs and ideas.

### **Business Regulation**

90. **Deputy Ciarán Lynch** asked the Minister for Enterprise, Trade and Innovation the steps being taken to counter the reported practice of non-qualified persons posing as auditors and signing off on company accounts; and if he will make a statement on the matter. [2519/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** Arising from a process of random sampling of audit reports filed in 2010, the Companies Registration Office (CRO) identified a number of audit reports which appeared to have been signed by persons who were not at the time notified to the CRO by a recognised body of accountants as holding an audit practising certificate from such a body. Neither were the persons signing the reports among those individuals authorised directly by the Minister to act as auditor. The CRO has also identified other examples of non-compliance including, for example, cases where accountants or others have signed off on audits using the names of legitimate auditors.

Where the CRO identifies a set of accounts in respect of a company which include an audit report signed by an auditor or audit firm that does not appear on the register of statutory auditors, it returns the Annual Return to its presenter, highlighting the deficiency and the annual return is deemed not to have been delivered unless a rectified and correct return is filed with the CRO within the subsequent fourteen days. In cases where the CRO is notified by a statutory auditor that his or her name has been used on an audit report which was not prepared by that auditor, the CRO notes the report and awaits the outcome of any relevant ODCE investigation or prosecution to decide the status of the Annual Return filed in respect of the company in question.

Where relevant, the CRO has passed details of suspected cases for investigation to the Office of the Director of Corporate Enforcement (ODCE), which is the designated summary prosecutor under the Companies Acts. The ODCE currently has approximately 20 case files open in this area (originating from a variety of sources, including the CRO), a number of which are at an advanced stage of investigation. It expects that criminal proceedings will be initiated in a number of cases during 2011.

Since 2003, the ODCE has successfully prosecuted 14 unqualified individuals on 83 charges for purportedly ‘auditing’ company financial statements in breach of Section 187 of the Companies Act 1990. These ODCE investigations and prosecutions have received the support of the CRO which provides, for example, certified evidence for the Courts including the offending ‘audit’ opinion on the financial statements.

With a view to finding a method of identifying Annual Returns which include an audit report which has not been signed by an auditor on the public register of statutory auditors at the point of entry, the CRO has engaged in a series of meetings with the Recognised Accountancy Bodies to examine possible electronic solutions to this matter. It is intended that a final decision on a solution will be reached as quickly as possible and subsequently implemented in the CRO.

91. **Deputy Pearse Doherty** asked the Minister for Enterprise, Trade and Innovation the status of the review being undertaken by him on co-operatives and the Industrial and Provident Societies Acts 1893-2005; if he will implement the recommendations of the International Labour Organisation Resolution 193 on the promotion of co-operatives; the action he will take to promote the co-operative sector and encourage the establishment of co-operatives; and if he will make a statement on the matter. [2645/11]

114. **Deputy Pearse Doherty** asked the Minister for Enterprise, Trade and Innovation if his attention has been drawn to the anomaly in which a lack of legislation means that co-operatives registered with the Registrar of Friendly Societies are required to submit audited accounts annually regardless of co-operative size, which is in stark contrast to some small companies who can claim audit exemption if they fulfil certain requirements; and if he will make a statement on the matter. [2646/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I propose to take Questions Nos. 91 and 114 together.

In April 2009 my Department initiated a public consultation on the Industrial and Provident Societies Acts. Arising from this consultation my Department has prepared a general scheme of a Bill which will be submitted to Government shortly for approval. This Bill is aimed at addressing a number of practical difficulties currently being experienced by co-operative societies in relation to the present legislation.

It is not proposed to include, at this stage, a provision for audit exemption for societies. The issue of audit exemption was raised during the public consultation process but the general view which emerged from that process was that it would be better to deal with the complex and technical area of auditing in a more comprehensive modernising measure in which the whole area of financial reporting and governance could be addressed. The concept of audit exemption, which is a feature of the Companies Acts, has never been part of the Industrial and Provident Societies Acts.

The ILO recommendation 2002 (R193) will be considered in the context of a wider review of the Industrial and Provident Societies Acts. I am confident that the proposed Bill and the wider review of the Industrial and Provident Societies Acts will enhance the capacity of the cooperative sector and will contribute to its economic and social wellbeing into the future.

### **Departmental Reports**

92. **Deputy Pádraic McCormack** asked the Minister for Enterprise, Trade and Innovation if he is satisfied with the progress in implementing the recommendations of the innovation task force. [2575/11]



110. **Deputy Eamon Gilmore** asked the Minister for Enterprise, Trade and Innovation the position regarding the implementation of the report of the task force on innovation; and if he will make a statement on the matter. [45952/10]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Conor Lenihan):** I propose to take Questions Nos. 92 and 110 together.

I have to date chaired four meetings of the High Level Implementation Committee which was established to oversee implementation of the recommendations in the Report of the Innovation Task Force (ITF). The Report provides a road map for positioning Ireland as an international innovation development hub and I am very pleased with the progress we are making in realising this objective. At the inaugural meeting of the Implementation Committee on 1 June, we identified the issues where we could move immediately to implementation; the need, in the first instance, to constitute and deploy expert working groups as specified by the Task Force; and the requirement for close engagement with agencies and other Government Departments to progress implementation.

Following this first meeting, Minister O’Keeffe appointed an Intellectual Property Implementation Group charged with developing and realizing the intellectual property related (IP) recommendations of the ITF Report and of a detailed IP review conducted by Forfás for my Department. The development of an IP Strategy will help Ireland maximise the return on public investment and support the commercialisation of Irish research and development. I expect to receive the Group’s findings later this year.

At our second meeting on 20 July, Minister O’Keeffe briefed Committee members on the significant progress that had been made in implementing two key recommendations in the ITF report, namely:

- The €500 million Innovation Fund-Ireland, which had been announced by the Taoiseach on 12 July, which is targeting the development of a vibrant venture capital community in Ireland through attracting top international venture capitalists; and.
- Together with the Taoiseach, Minister O’Keeffe had launched Cycle 5 of PRTLTI on 16 July, a €296m investment supporting third level research and leveraging €63m private investment.

Secretaries General of Government Departments and Chief Executives of agencies provided detailed updates on the implementation of recommendations for which their organisations has lead responsibility. In the light of these detailed reports and the ensuing discussion, the Committee agreed priority areas on which future meetings would focus. The private sector members also agreed to engage with an area where their expertise would be most valuable and to work closely with the secretariat and the Departments/agencies concerned to advance those goals.

Accordingly, the Committee’s third and fourth meetings, which I chaired on 19 October and 15 December respectively, focused in depth on a number of the agreed priority recommendations. The outcome is that we have implemented, or are in the process of progressing to implementation stage, a number of the priority recommendations as follows:

- Recommendations relating to the availability of venture funds and venture capital are being implemented and the development agencies have developed schemes to provide enhanced start up and seed funding to innovative companies in accordance with the ITF’s recommendations;

- The ITF recommendation to introduce incentives to encourage greater take up of higher level maths has been implemented by the introduction of a scheme of bonus points for students who sit higher level maths. The scheme is to be introduced for a four year pilot period commencing Leaving Certificate 2012 and will be reviewed in 2014. This initiative complements the recommendation to roll out Project Maths — an initiative designed to place greater emphasis on the understanding of mathematical concepts and the application of mathematical knowledge and skill — which is also being implemented;
- Proposals are being developed on the potential for an International Innovation Services Centre in Dublin for global IP management, licensing and IP trading services, and for ancillary activities. I anticipate that the Committee will be able to review this proposal in the near future;
- The Committee had a very informative exchange of views on how it could identify potential flagship projects which can align procurement with strengths in specific products, services and R&D capacity. We agreed that a proposal for a pilot flagship project, drawing on the work that is currently underway as part of the wider “silver technology” initiative (the application of new technologies to healthcare for the elderly), would be developed and submitted for further consideration;
- The Committee noted two initiatives taken to date to progress the concept of convergence (this entails the development of new products and services across the boundaries of formerly discrete technologies and sectors). These include (i) the development of a device prototype and commercialisation centre aimed at providing services on a commercial basis to assess, develop and commercialise medical devices; and (ii) the development of a national healthcare innovation hub. In noting the significant potential for future growth in the area of convergence, the Committee endorsed the further progression of the two initiatives in consultation with the HSE and agreed that the Committee should revisit the governance of convergent technology policy and initiatives later this year;
- Members of the Committee had a very informative exchange of views with the Department of Finance on the tax recommendations from among those in the ITF Report which they i.e. the members of the Committee, regard as priorities in the context of Budget 2011; and,
- At our December meeting, Minister O’Keeffe outlined how the increased funding secured for the R&D activities of Science Foundation Ireland, Enterprise Ireland and IDA Ireland in the context of Budget 2011 would enable us to retain the science base we have built over the past decade, attract further R&D FDI, strengthen collaborations between researchers and enterprise, provide additional company R&D grants, and ensure the best use is made of research with commercial and market potential.

The Committee’s next meeting is scheduled for 24 February.

### **Employment Rights**

93. **Deputy Emmet Stagg** asked the Minister for Enterprise, Trade and Innovation the steps he will take to prevent the exploitation of domestic workers, particularly migrant workers in such positions; and if he will make a statement on the matter. [2636/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Dara Calleary):** Ireland’s body of employment rights legislation protects all workers employed on an employer-employee basis in Ireland. The Protection of Employee’s (Part-Time) Work Act,

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2001 provides that all employee protection legislation applies to a person, irrespective of his or her nationality or place of residence, who has entered into a contract of employment that provides for his or her being employed in the State or who works in the State under a contract of employment.

NERA collects information from a number of sources in order to identify the location of domestic workers. NERA also investigates complaints received. NERA provides information through a variety of channels including –

- Information booklets and leaflets in a number of languages · NERA’s website — [www.employmentrights.ie](http://www.employmentrights.ie) — had over 286,000 visits in last 12 months with 1.3m pages accessed.
- A 24-hour telephone service, with options to hear recorded information at a convenient time.
- Through NERA inspections.
- NERA’s participation in events with trade unions ,employer and educational bodies and many others including those in the public sector.
- NERA’s holding of its own information clinics in 2011
- A member of NERA management acting as liaison officer with the Migrants Rights Centre of Ireland.
- 9 NERA inspectors having specific language skills in Polish, Slovakian, Lithuanian and Russian.
- NERA drawing on interpretative resources as required.

There is a Code of Practice for Protecting Persons Employed in Other People’s Homes as set out in Section 42 of the Industrial Relations Act 1990. The code seeks to

- Set out certain employment rights and protections for persons employed in other people’s homes; and
- Encourage good practice and compliance with the law concerning the employment of persons in other people’s homes; and
- Increase awareness of the application of relevant legislation and codes of practice with regard to the sector to which this code applies.

NERA Inspectors may only enter a private home with the consent of the occupier or by warrant of the District Court. It can, but has never found it necessary to, apply to the District Court for a warrant (not a search warrant) to enter a private home to examine records. Such warrants may only be issued if a judge of the District Court is satisfied that there are reasonable grounds for suspecting that information required by an Inspector is held on any premises or any part of premises. In 2011, NERA will undertake a programme to assess the level of compliance in the domestic worker sector. Part of this programme will be the provision of information to both employers and employees.

94. **Deputy Kathleen Lynch** asked the Minister for Enterprise, Trade and Innovation his plans to publish legislation to amend the Competition Acts to uphold the right of certain

freelance workers such as actors and musicians to collective bargaining, which was promised as part of the review of the Towards 2016; and if he will make a statement on the matter. [2526/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** “*Towards 2016*” contains a Government commitment to introduce amending legislation to exclude voice-over actors, freelance journalists and session musicians when engaging in collective bargaining, from the provisions of Section 4 of the Competition Act 2002. The commitment takes into account, inter alia, that there would be negligible negative impacts on the economy or on the level of competition, and would have regard to the specific attributes and nature of the work involved, and be subject to consistency with EU competition rules.

I intend, subject to consistency with EU competition law and the commitment set out in the Memorandum of Understanding between the Government and the EU/IMF Programme for Financial Support for Ireland, to give effect to this commitment in the legislation currently being prepared to merge the National Consumer Agency and the Competition Authority. This legislation will also amend, reform and update certain provisions of existing competition and consumer law. I hope to publish the Bill during the course of 2011.

### Job Creation

95. **Deputy Lucinda Creighton** asked the Minister for Enterprise, Trade and Innovation his plans for State agencies to create 30,000 jobs this year; and if he will make a statement on the matter. [2545/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The role of my Department is to ensure that we have the right policies in place to support and grow our enterprise base in order to facilitate job creation. The State Development agencies under the aegis of my Department — Enterprise Ireland and the IDA, are continuing to drive and promote enterprise development, and consequently employment creation in our economy.

Budget 2011 saw €508 million in capital spending alone dedicated to driving Gross Domestic Product (GDP) growth through increased exports, more foreign direct investments and the smart economy by significantly investing in research and development. This multi-billion capital investment in growth and jobs is routed through my Department and its agencies, IDA Ireland, Enterprise Ireland, Science Foundation Ireland and the County and City Enterprise Boards. This investment and other measures outlined in the National Recovery Plan will support the achievement of the targets set out in the Government’s Trading and Investing in a Smart Economy strategy, including the target to create 300,000 new direct and indirect jobs in the enterprise and tourism sectors by 2015. It will deliver nearly 30,000 new jobs in 2011, including both direct and indirect jobs, just from the IDA Ireland and Enterprise Ireland client base alone.

Enterprise Ireland will support the achievement of these job creation targets through a number of key interventions such as:

- support for start-ups, R&D and Innovation, and securing exports:
- Supporting the establishment and growth of High Potential Start-Ups.
- supporting companies to target new opportunities in overseas markets.
- continuing to be focused on supporting company investments

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- continuing to invest in R&D both in terms of in-company investments, and by supporting the commercialisation of Ireland’s research.

A vibrant and growing Foreign Direct Investment sector remains central to an economic recovery based on export led growth and the development of the Smart Economy. Last year, IDA launched its strategy “*Horizon 2020*”, which set out the Agency’s targets for the period 2010 to 2014. In 2010, IDA secured 126 investments and IDA client companies created almost 11,000 new jobs.

To support these targets, the IDA has established a new High Growth Markets Team to achieve 20% of Greenfield investments into Ireland by 2014 originating from these markets, with a further team targeting new High Growth companies. Additionally, IDA has developed a suite of support mechanisms to assist companies, which will form the basis of the agency’s ongoing interaction with its client companies at both local and corporate level.

### **Enterprise Support Services**

96. **Deputy Jim O’Keeffe** asked the Minister for Enterprise, Trade and Innovation if he has any new proposals to encourage the start up of small and medium enterprises; and if he will make a statement on the matter. [2543/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** Within my area of responsibility my priority is to ensure that the business environment in Ireland continues to be supportive of enterprise and export growth, and encourages growth in all areas of the economy including entrepreneurs in both the start-up and development phases. The State directly assists both start-ups and developing small and medium enterprises via the supports offered by the enterprise Agencies.

The County and City Enterprise Boards are the primary initial contact point for business start-ups in Ireland. The CEBs can assist micro-enterprises i.e. businesses with 10 employees or fewer and are to the forefront in supporting viable business start-ups and in assisting the development of growth-orientated micro-enterprises which can generate job creation at a local level and which, over time, can develop into strong export entities and transfer to the Enterprise Ireland portfolio.

The priorities for the CEBs are to assist people wishing to start their own business and also to assist existing owner/managers in enhancing the survival and sustainability of their businesses in these difficult economic times. The forms of financial assistance, which are available, subject to certain eligibility criteria, include Priming Grants, Business Expansion & Development Grants and Feasibility Study Grants. The provision of non-financial assistance can take the form of a wide range of Programmes covering Business Management, Mentoring, E-commerce, Enterprise Education and Women in Business networks. Training courses include such topics as start-your-own-business, taxation for beginners, internet marketing, ideas generation and negotiation skills. These “soft supports” contribute enormously to people wishing to start their own business with an appropriate set of business skills and also contribute positively to the wider policy objective of building an enterprise culture, which over time, results in job creation and sustainable businesses.

In addition to funding the activities of the County Enterprise Boards my Department also funds Enterprise Ireland. Enterprise Ireland’s remit covers the stimulation and development of start-ups that have the potential to employ more than 10 people and to achieve €1 million

in exports. Such start-ups are typically highly innovative and are in a position to sell globally from their earliest stage.

Under the auspices of Enterprise Ireland the Government has invested significantly in the broader environment for business start-ups including investment in incubators, seed and venture funds, angel networks and mentors in addition to specific funding for High Potential Start Ups through the Innovative HPSU funding offer. In addition to supporting HPSUs Enterprise Ireland provides support to Community Enterprise Centres (CECs). The CECs provide a range of facilities that enable entrepreneurs to establish new businesses, provide employment and grow their businesses in their own locality.

The complementary remit and activities of both Enterprise Ireland and the CEBs ensure that as broad a suite as possible of State supports are available to start-ups in Ireland. I would encourage anyone interested in starting their own business to make contact with their local CEB in the first instance for appropriate advice and assistance and onward referral to Enterprise Ireland where relevant. My belief is that the supports offered by the CEBs and Enterprise Ireland should be as seamless as possible and should facilitate further the transition from an innovative micro start-up to a high-potential exporting SME. I am examining ways in which this might best be achieved and will shortly be bringing a Memorandum to the Government in this regard.

*Question No. 97 answered with Question No. 71.*

### **Departmental Bodies**

98. **Deputy Ruairí Quinn** asked the Minister for Enterprise, Trade and Innovation the current status of the work of the Company Law Review Group; the time frame for the publication of legislation following the reports of the group; and if he will make a statement on the matter. [2534/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Billy Kelleher):** The Company Law Review Group (CLRG) is currently working on its 2010-2012 Work Programme which I assigned to it in March 2010. While there is no obligation on my part to legislate in respect of any recommendation from the CLRG, the main focus of the Group's work to date has been in relation to the General Scheme of the Companies Consolidation and Reform Bill which was published in July 2007. The proposed Bill will consolidate all the existing Irish Companies Acts, dating from 1963 to 2009, as well as other Regulations and common law provisions relating to the incorporation and operation of companies into a single Act, comprising more than 1,300 sections. Given its size and complexity it is envisaged that the Bill will be published in 2012.

### **Industrial Development**

99. **Deputy Aengus Ó Snodaigh** asked the Minister for Enterprise, Trade and Innovation the strategy being undertaken by him in conjunction with the Industrial Development Agency to secure 50% of investment outside Dublin and Cork in view of the fact that in 2010 that target fell short with 37% of all investments outside Dublin and Cork; the strategy that is being pursued by him to retain employment in IDA supported companies given that while 11,000 jobs were created in IDA supported companies in 2010, 9,500 were lost; and if he will make a statement on the matter. [2642/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O'Keeffe):** One of the high level goals in the IDA's strategy document "*Horizon 2020*" is a commitment that, by 2014, 50% of

[Deputy Batt O’Keeffe.]

all FDI investments will be located outside of Dublin and Cork. Foreign Direct Investment (FDI) in Ireland increased significantly in 2010, despite global economic uncertainty. IDA has continued to increase the number of companies investing in Ireland for the first time while encouraging existing operations to expand and diversify their operations here.

Despite the turbulent global economy in which, according to the OECD, foreign direct investment declined by 8% and with increased competition for FDI, IDA secured 126 investments in 2010 with IDA client companies creating almost 11,000 new jobs during the year. During 2010, it was encouraging to see that, 45% of the jobs approved were locating outside of Dublin and Cork in key regional locations, such as Dundalk, Letterkenny, Tullamore, Ballina, Tralee, Waterford.

The global outlook for FDI in 2011 remains challenging but a continuing focus on improving competitiveness will place Ireland in a favourable position to win further significant FDI and contribute strongly to Ireland’s export led economic recovery. Significant FDI successes in 2010 have built a strong momentum for investment which will be carried through in 2011. Many investments secured last year will be recruiting this year, feeding further employment-growth. IDA’s focus will continue to be on high end manufacturing, global services and RD&I across a wide range of sectors. In particular ICT, Digital Media, International Financial Services, Internationally Traded Services, Life sciences and Cleantech are poised for further growth. The level of confidence demonstrated by overseas investors in Ireland ensures we will remain one of the leading locations in the world for foreign direct investment.

*Question No. 100 answered with Question No. 78.*

*Question No. 101 answered with Question No. 89.*

### **Proposed Legislation**

102. **Deputy Pat Rabbitte** asked the Minister for Enterprise, Trade and Innovation when he expects to publish the legislation promised (details supplied) to clamp down on crony capitalism, to restrict cross-directorships and to prevent one person fulfilling the dual role of chairman and chief executive of any company; and if he will make a statement on the matter.  
[2536/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** As regards credit institutions and insurance companies, which come within the aegis of my colleague the Minister for Finance, the Central Bank issued last November the corporate governance code for credit institutions and insurance firms which sets out minimum statutory requirements on how banks and insurance companies should organise the governance of their institutions. The Code applies to existing directors and boards with effect from 1st January 2011 but there is provision for transitional arrangements for those institutions needing more time to implement changes to systems and structures to become compliant.

The Code adopts a two-tier approach by imposing minimum core standards upon the boards of directors of banks and insurers in general with additional requirements defined for firms that the Central Bank designates as major institutions. Included among the requirements of the Code are limits on the number of directorships, which directors may hold in financial and non-financial companies to ensure they can comply with the expected demands of board membership of a credit institution or insurance company. The Code also provides for a clear separation of the roles of Chairman and CEO.

There is also a requirement for an annual confirmation of compliance to be submitted to the Central Bank. Failure to comply with the requirements of the Code may be subject to supervisory action and disciplinary procedures by the Central Bank, including sanctions under powers available to the Bank. In addition, cross directorships and separation of the roles of Chair and Chief Executive are among issues also being considered by the European Commission as part of a possible corporate governance initiative at EU level on financial institutions generally.

In relation to Irish-listed companies (those trading on the main market of the Irish Stock Exchange), the corporate governance code that applies on a “comply or explain” basis was revised last September following the financial crisis. Among the changes introduced is a provision recommending that all directors of listed companies should be subject to annual election by shareholders. The revised Code continues to provide that the same individual should not exercise the roles of Chairman and CEO.

In the area of company law, the Companies Consolidation and Reform Bill currently being drafted will implement the recommendations of the Company Law Review Group in that the fiduciary duties owed by directors to the company will be set out in the new companies code. Currently, company law does not prohibit cross-directorships. The general position is that a person may not be a director of more than 25 companies subject to certain specific exceptions. Neither do the Companies Acts prevent a person fulfilling the dual role of chair and chief executive of a company. This would in my opinion be unworkable for smaller companies. The Government is committed to ensuring that our corporate governance regime for the corporate sector generally, accords with best international practice.

### **Retail Sector**

103. **Deputy Róisín Shortall** asked the Minister for Enterprise, Trade and Innovation if he will consider amending the law to require major retail companies operating here to publish company accounts to establish the level of profits they are making, particularly in view of reports that one major retailer (details supplied) makes greater profits here than in any other part of its global empire; and if he will make a statement on the matter. [2540/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Billy Kelleher):** Companies in Ireland are free to establish and organise themselves in the most suitable form to promote and run their businesses, provided that they comply fully with relevant national and EU legislation. The requirements regarding the preparation and publication of the accounts of limited companies and groups are determined by the First, Fourth and Seventh EU Company Law Directives and by the EU IFRS Regulations. These requirements are largely reflected in the Companies Act, 1963, the Companies (Amendment) Act 1986 and the European Communities (Companies: Group Accounts) Regulations 1992, as amended.

The EU Eleventh Company Law Directive, implemented as the European Communities (Branch Disclosures) Regulations, 1993, addresses the requirements applicable to branches of EEA companies. Irish subsidiaries of EEA companies can submit the audited group accounts of their parent to the Registrar of Companies instead of their own individual accounts provided certain conditions are met. EEA companies that have an Irish branch are required to submit only the company accounts to the Registrar of Companies. Irish companies that are subsidiaries of EEA companies and which are themselves parent companies need not produce consolidated accounts provided certain conditions are met. There are similar provisions for subsidiaries of non-EEA companies. In such cases the consolidated accounts of the EEA or non-EEA group must be submitted to the Registrar of Companies.



[Deputy Billy Kelleher.]

I consider that a sector-specific disclosure regime such as that suggested in the question would be open to accusations of discrimination and, were it to be required generally in the economy, it could have implications in terms of business costs and attracting foreign direct investment. I have no plans to amend the law in relation to this issue.

### Departmental Agencies

104. **Deputy Joan Burton** asked the Minister for Enterprise, Trade and Innovation the date on which he intends to extend the voluntary 15-day rule relating to prompt payments to the Health Service Executive, local authorities and State agencies as foreseen; and if he will make a statement on the matter. [1381/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** As one of the commitments in the National Recovery Plan 2011-2014, (Section 2.2.5, Page 34 and Section 2.5.2, Page 42) published on 24 November 2010, the Government has decided to extend the 15 day prompt payment rule beyond Government Departments to the wider public sector, in order to further assist the cash-flow of SMEs.

In addition, under Section 2 (IV), page 13 of the EU/IMF Programme of Support for Ireland — Programme Documents — published on the Department of Finance website on 1 December 2010, and approved by the Dáil in a Motion passed on 15 December 2010, the Government has also committed to extend the voluntary 15 day rule relating to prompt payments to the Health Service Executive, Local Authorities and State Agencies. This specific action is to be completed, as part of the Second Review of Actions by the Government, by the end of Quarter 2 of 2011 (i.e. by 30 June 2011). I am in the process of writing to Government Departments regarding the rolling out of this initiative to all the public sector bodies under their aegis, in order to comply with the above 30 June 2011, deadline.

### Enterprise Support Services

105. **Deputy Brian O’Shea** asked the Minister for Enterprise, Trade and Innovation the progress made regarding the commitment given in the renewed programme for Government to undertake an independent review of the effectiveness of State agency support for enterprise, including interaction between the Industrial Development Agency, Enterprise Ireland and county enterprise boards; and if he will make a statement on the matter. [2530/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** Forfás, working with officials from my Department, is at present developing an evaluation framework which will facilitate a review of the effectiveness of State agency support for enterprise. The framework is designed to robustly measure the appropriateness, effectiveness and efficiency of programme objectives and delivery. I expect that the development of the evaluation framework will be completed by the end of March. This will be followed by the systematic evaluation of programmes delivered by the enterprise development agencies and will identify synergies and/or overlaps between the supports they provide.

The enterprise development agencies have, as a matter of course, collaborated extensively for many years on an ongoing basis through a range of formal and informal mechanisms. However, in 2009, my Department established a High Level Group comprising representatives of each agency to identify areas for further collaboration. In addition to involving my own Department’s main agencies, the High Level Group also includes a representative from Udarás na Gaeltachta. The Group has made progress in a number of areas, for example in ensuring that access to supports is defined by business need rather than agency “ownership”. It has also

enhanced the sharing of information, and has identified initiatives to maximise potential synergies between foreign and indigenous firms.

The Group will continue to identify areas where agency collaboration can be strengthened and where the effectiveness of support to enterprises can be improved. The Group will take account of the outcome of the programme evaluations in due course.

### **Credit Availability**

106. **Deputy Brian O'Shea** asked the Minister for Enterprise, Trade and Innovation the latest position regarding his discussions with the main banks to ensure that credit is made available to all businesses and particularly to small and medium-sized enterprises; when he last met the banks to discuss these issues; and if he will make a statement on the matter. [2529/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O'Keeffe):** I have met with Allied Irish Banks and Bank of Ireland throughout 2010 to discuss the availability of bank credit for businesses, especially SMEs. I last met with AIB on 9 November 2010. My officials met with Bank of Ireland on 17 December 2010. At these meetings, the banks were reminded of the purpose of the recapitalisation package and of the huge investment of taxpayers' money into the banks aimed at getting our economy moving again.

The message from the two main banks was that they were open for business and available to provide credit to viable businesses. They assured me that they were fully committed to supporting businesses and would meet the requirements laid down for them in the Recapitalisation package of 30 March 2010.

I have ongoing contact with the main banks in relation to their lending to businesses and will, together with my colleague the Minister for Finance, and John Trethowan of the Credit Review Office, continue to ensure that they meet their lending commitments under the 2010 Recapitalisation package in terms of providing sufficient credit to the business sector. In this regard, John Trethowan recently indicated that the situation was much more positive for bank customers than it was six to nine months ago.

As part of his Second Quarterly Report on SME Lending published on 18 November 2010, John Trethowan indicated that each of the banks have shown a positive attitude to the Credit Review Office appeals process, and the banks' Executives have been asked to ensure that this attitude is shared with their front-line staff.

### **National Minimum Wage**

107. **Deputy Michael D. Higgins** asked the Minister for Enterprise, Trade and Innovation if he intends to proceed with the provision contained in the Financial Emergency Measures in the Public Interest Act that allows for a reduction in the national minimum wage; the date from which it is intended to apply the reduction; and if he will make a statement on the matter. [2522/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Dara Calleary):** In accordance with Section 13 of the Financial Emergency Measures in the Public Interest Act 2010, the Order to give effect to the Government's decision to reduce the national minimum wage to €7.65 was signed by the Minister for Enterprise, Trade and Innovation on 18 January. The reduction will come into effect on 1 February 2011. The adjustment of the national minimum wage to a rate more suited to current economic circumstances and the specific needs of our labour market should contribute to improving Ireland's cost competitiveness, stimulate enterprise growth and boost job creation.

[Deputy Dara Calleary.]

I should also point out that even after the reduction to €7.65 per hour, the new rate of Ireland's national minimum hourly wage will remain in the top tier of minimum wage rates set by European Union Member States and will be about 12% higher than the equivalent minimum hourly rate applicable in the United Kingdom.

*Question No. 108 answered with Question No. 72.*

### **Job Losses**

109. **Deputy Arthur Morgan** asked the Minister for Enterprise, Trade and Innovation the number of meetings that have taken place by the inter-agency team set up in the wake of the job losses at Quinn Insurance in 2010; the number of meetings of the team he has attended; the progress being made by the team in respect of supporting the workers in terms of workshops and other practical measures; if, and when, the inter-agency response team has met with the similar response team set up by the authorities in the Northern Ireland Assembly; and if he will make a statement on the matter. [2637/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O'Keeffe):** Last year in response to the developments in Quinn Insurance and its impact on the employees' jobs, I established an inter-agency team comprising Enterprise Ireland, FÁS, IDA Ireland, the relevant County Enterprise Boards and the Department of Social Protection. The group meets regularly under the chairmanship of Dan Flinter and while I have not attended the meetings of the group, the appointment of Dan Flinter as chair is a signal of the importance which I attach to the work of this group. Mr. Flinter keeps my Department updated regularly on the work of the group.

The first meeting of the inter-agency team was held in Cavan on the 30th of April last year and to date 12 meetings of the Group have taken place and active ongoing dialogue with the Employee Representative Group has been a feature of the process. The 13th meeting of the Inter Agency Response Group will take place in Cavan on the 7th February 2011. The Chairs of the response groups, North and South, have met on 2 occasions.

The primary focus of the inter-agency team is to support the affected employees, to explore their options regarding employment, self employment through setting up a new business, skills development and to outline the supports available to them. Dedicated information centres staffed by the agencies were established on site in Cavan, Navan and Blanchardstown to support the affected workers. Briefings and information sessions for the employees concerned were delivered at all three sites by Enterprise Ireland, FÁS, the County Enterprise Boards, the Department of Social Protection and other agencies, education providers and financial institutions as required. I consider that the inter-agency team has been an effective solution to coordinate the activities of the relevant Government Departments, state development agencies and county enterprise boards, in order to support employment opportunities for the people concerned.

*Question No. 110 answered with Question No. 92.*

### **EU Directives**

111. **Deputy Róisín Shortall** asked the Minister for Enterprise, Trade and Innovation in respect of EU directives for which he has responsibility, the number remaining to be implemented; the directives that are now overdue; the number of reasoned opinions received from the EU Commission since 2002 regarding delays or non-implementation of such directives; and if he will make a statement on the matter. [2539/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** There are nine EU Directives due to be transposed by my Department. One of these Directives is currently overdue. Directive 2009/125/EC establishing a framework for the setting of ecodesign requirements for energy-related products was due to be transposed on 20 November 2010. However, work on the implementation of this Directive is at an advanced stage and it is anticipated that the Directive will be implemented shortly. My Department has received a total of 28 Reasoned Opinions from the EU Commission since 2002 of which all, apart from two Reasoned Opinions, have been closed.

A Reasoned Opinion was received on 24 June 2010 regarding the non-transposition of the Services Directive 2006/123/EC. This Directive was fully transposed on 23 November 2010. A Reasoned Opinion was issued on 5th May 2010 by the EU Commission regarding the non-transposition of Directive 2008/68/EC on the inland transport of dangerous goods. This Directive was fully transposed on 30th December 2010. The two Reasoned Opinions associated with the non-transposition of these Directives are expected to be closed shortly. Full details of the state of play of all current Directives due for transposition are maintained on my Department’s website, [www.deti.ie](http://www.deti.ie). The transposition of EU Directives is an ongoing priority for my Department and is reported to the Management Board on a regular basis.

### Departmental Expenditure

112. **Deputy Joe Costello** asked the Minister for Enterprise, Trade and Innovation his plans to achieve the full year administrative efficiencies of €31 million, referred to in the budget documentation; and if he will make a statement on the matter. [2520/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The National Recovery Plan sets out the strategy to underpin Ireland’s economic recovery by restoring stability to the public finances, improving Ireland’s cost competitiveness, stimulating enterprise growth and job creation. As part of the Plan, the Government has prioritised capital investment for the Enterprise Agencies over the next four years with the provision of €2.2 billion.

In order to restore stability to the public finances, savings have to be made across the public sector. My Department will contribute €47 million in Current savings over the lifetime of the Plan, of which €14 million in savings have already been achieved in the Budget allocation for 2011. Pay savings will be delivered through a reduction in staff numbers across the Department, its Offices and Agencies. Non-Pay savings will be achieved by re-prioritisation of programme funding and administrative efficiencies driven by, for example, the increased use of collective procurement, enhanced leverage of technologies and shared services.

### Construction Industry

113. **Deputy Michael D. Higgins** asked the Minister for Enterprise, Trade and Innovation if his attention has been drawn to the difficulties faced by sub-contractors in the construction sector when main contractors go into receivership, both in regard to unpaid contracts and difficulties in retrieving equipment and tools from construction sites; his plans to provide protection for sub-contractors in this situation; and if he will make a statement on the matter. [2523/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** As I outlined in my reply to Question No. 46 on Thursday 2 December 2010, my colleague, Mr. Brian Lenihan T.D, Minister for Finance is, on behalf of the Government, supporting Senator Feargal Quinn’s Construction Contracts Bill 2010 (No. 21 of 2010) which is currently before the Seanad. The main objective of the Bill is to provide a payment and adjudication mechanism to resolve

[Deputy Batt O’Keeffe.]

payment disputes between contractors and sub-contractors for work done under construction contracts.

*Question No. 114 answered with Question No. 91.*

### **National Minimum Wage**

115. **Deputy Martin Ferris** asked the Minister for Enterprise, Trade and Innovation the way he intends to enlarge the scope of the inability to pay clause; the limits he intends to set on the number of times this clause can be invoked; the way this will affect the responsibility of employers to pay minimum rates; and if he will make a statement on the matter. [2644/11]

**Minister of State at the Department of Enterprise; Trade and Innovation (Deputy Dara Calleary):** Section 41 of the National Minimum Wage Act 2000 makes provision for an employer to apply to the Labour Court for a once-off time limited exemption from the requirement to pay the minimum rate. The EU-IMF Programme of Financial Support for Ireland, published on 1 December 2010, includes a commitment to enlarge the scope of the inability to pay provision in the National Minimum Wage Act 2000, permitting firms to invoke this clause more than once. The precise details of how this can best be addressed, including relevant legislative adjustments, will be the subject of consultation with the European Commission.

### **Enterprise Support Services**

116. **Deputy John Perry** asked the Minister for Enterprise, Trade and Innovation his plans to produce a policy paper dealing specifically with micro companies in view of their importance to the economy. [2651/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The National Recovery Plan provides a policy blueprint for Ireland’s return to sustainable economic growth and builds on previous Government initiatives such as *Building Ireland’s Smart Economy* and the recent *Strategy for Trade, Tourism and Investment*. It identifies the areas of activity which will provide increased employment opportunities as Ireland’s economic recovery takes place. Included in the range of specific actions and supports designed to improve competitiveness across all sectors of the economy, including the SME sector are measures to cut costs to business, the removal of barriers to employment creation, and a range of sector-specific actions to increase exports and domestic demand.

Capital funding under the National Recovery Plan is being targeted to ensure that it is employment-focused, and in this regard, funding for enterprise-support programmes operated by my Department’s agencies has been given a priority. Enterprise Ireland will continue to invest in high potential start-ups and help companies to increase their exports to new and existing markets. Enterprise Ireland and the County and City Enterprise Boards (CEBs) will continue to work directly with SMEs and the micro-enterprise sector to improve their performance, productivity and competitiveness.

It is important that policy is determined in a measured and cohesive manner so as to address the challenges facing our economy as a whole. The importance of the micro-enterprise sector to our economy cannot be overstated, and within my area of responsibility, my priority, therefore, is to ensure that the business environment in Ireland continues to be supportive of enterprise and encourages growth in all areas of the economy including entrepreneurs in both the start-up and development phases.

Since their establishment the CEBs have had primary responsibility for the delivery of State support to the indigenous micro-enterprise sector i.e. businesses which employ 10 or less workers. The CEBs, through both financial and non-financial assistance, support the sector in the start-up and expansion phases and stimulate enterprise potential at local level. The current priorities for the CEBs are to assist owner/managers in enhancing the survival and sustainability of their businesses in these difficult economic times and to assist people wishing to start their own business including those made redundant.

A thriving micro-enterprise sector is vital to a strong economy and to the overall quality of life and standard of living in this country and the CEBs have played a crucial role in supporting growth and productivity in that sector and in supporting the spread of entrepreneurship across the Country. The Capital Allocation for the CEBs in 2011 is €15m. This allocation represents a strong State investment in the micro-enterprise sector notwithstanding the significant pressure on Public finances. Individual CEBs are prioritising and managing available funding in a targeted manner in order to maximise entrepreneurial development at local level. My Department, in association with the CEB Central Coordination Unit within Enterprise Ireland (CCU), and with the CEB network, will continue to monitor the level of funding and range of support services offered by the CEBs to the micro-enterprise sector.

As I have previously stated, I am of the view that State support for that sector should continue to be provided and such support should be delivered as close to the client as possible. To this end I am reviewing what institutional arrangements might best deliver the necessary supports to the micro-enterprise sector and I am evaluating the appropriateness of the current structures of the thirty-five CEBs as part of that process.

I am also keen to ensure that the synergies between the CEBs and Enterprise Ireland are maximised, and that engagement with the development agencies is as seamless as possible for all small businesses including the important micro sector. I will shortly be bringing a Memorandum to the Government in this regard.

*Question No. 117 answered with Question No. 87.*

### **Consultancy Contracts**

118. **Deputy Jimmy Deenihan** asked the Taoiseach if he will provide the details on the number of consultancy contracts awarded to a company (details supplied) since 2006 by each Government and State agency giving the title of each assignment, the duration of the contract and the financial consideration for each assignment; and if he will make a statement on the matter. [2981/11]

**The Taoiseach:** In September 2010, following a public tender process, Indecon International Economic Consultants were awarded the contract to provide technical economic assistance to officials in Government Departments conducting Regulatory Impact Analyses (RIAs) and other technical exercises relating to the Better Regulation agenda. The aim is to help Departments improve the quality of the quantitative assessment of legislative proposals.

In the OECD Report on Better Regulation in Ireland (November 2010), the OECD recognised the need to improve the quality of quantitative analysis conducted in this context and to make greater use of this support. An earlier independent Review of the Operation of RIA, which was published in 2008, also recommended maintaining this support for Departments. The contract with Indecon International Economic Consultants is for a period of 2 years. Departments must first seek the prior approval of the Department of the Taoiseach to avail of this support and the number of consultancy days is agreed based on a needs assessment. To date, €13,929.70 has been spent under this contract.

[The Taoiseach.]

In January 2007, following a tender process, Indecon International Economic Consultants were commissioned to conduct a review of the Irish Annuities Market. The Review was undertaken under the auspices of the Partnership Pensions Review Group comprising of representatives of Government Departments, the Pensions Board, IBEC and ICTU, and established under the terms of Towards 2016. The report of this review was published in October 2007. The cost of this review was €133,100.

### Schools Building Projects

119. **Deputy Darragh O'Brien** asked the Tánaiste and Minister for Education and Skills if the provision of the permanent extension to a school (details supplied) in County Dublin will proceed as a matter of priority, notwithstanding the fact that her Department recently purchased temporary accommodation without the agreement of the school authorities; and if she will make a statement on the matter. [2800/11]

**Tánaiste and Minister for Education and Skills (Deputy Mary Coughlan):** I can confirm that the school referred to by the Deputy has an application with the Department for an extension which has been assigned a band rating of 2.4. 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 the Department's multi-annual School Building and Modernisation Programme. However, in light of current competing demands on the capital budget of the Department, it is not possible to give an indicative timeframe for the progression of that project at this time.

The Department is currently carrying out an ongoing review of temporary accommodation in schools throughout the country. As part of this review, it was determined that better value for money could be achieved by purchasing the rented units at the school rather than continuing with their rental. I assure the Deputy that the purchase of the school's prefabs does not affect the progress of the school's major capital application which will continue to be considered for progression through the School Building and Modernisation Programme.

### Departmental Expenditure

120. **Deputy Brian Hayes** asked the Tánaiste and Minister for Education and Skills, further to Parliamentary Question No. 107 of 4 November 2010, when a response will issue; and if she will make a statement on the matter. [2815/11]

**Tánaiste and Minister for Education and Skills (Deputy Mary Coughlan):** I wish to inform the Deputy that the information required to respond to Parliamentary Question No. 107 of 4th November, 2010 has now been compiled and will issue very shortly.

### School Staffing

121. **Deputy Finian McGrath** asked the Tánaiste and Minister for Education and Skills if she will support a matter (details supplied) regarding educational support. [2961/11]

123. **Deputy Joanna Tuffy** asked the Tánaiste and Minister for Education and Skills if she will reconsider the decision to withdraw educational support for Traveller children; and if she will make a statement on the matter. [2974/11]

125. **Deputy Ruairí Quinn** asked the Tánaiste and Minister for Education and Skills the educational basis for her decision to withdraw 600 resource teachers for Travellers in the recent

budget; the amount expected to be saved by this decision; if she will specify the alleviation measures put in place by her in view of this decision; if she will consider reversing this cutback; and if she will make a statement on the matter. [2992/11]

**Tánaiste and Minister for Education and Skills (Deputy Mary Coughlan):** I propose to take Questions Nos. 121, 123 and 125 together.

The position is that the Government has taken a decision to provide educational teaching supports to Traveller students on the same basis as other students in schools. This means that Traveller students who require additional tuition will receive this tuition through the existing learning support provision in schools. All schools will be advised to select students for learning support on the basis of priority of need.

The principle of “individual educational need” rather than “Traveller identity” is central to The Report and Recommendations for a Traveller Education Strategy and the key criterion underlying the recommendations of the report for the provision of additional resources to all children, including Traveller children. Resource Teacher for Traveller posts will be withdrawn, effective from September 2011. It is intended that alleviation measures will be provided for schools with high concentrations of Traveller children and that schools will shortly be advised of the alleviation measures which will apply and of the qualifying criteria.

The measures will result in a saving of 600 posts at an approximate annual cost of over €35m. My Department will advise all schools of their staffing allocation in advance of the next school year.

122. **Deputy Olivia Mitchell** asked the Tánaiste and Minister for Education and Skills if she will consider re-evaluating or withdrawing circular 70 which classifies low paid school caretakers and secretaries, who are currently not public servants, as public servants solely for the purposes of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009; the reason this measure was taken; if this measure sets a precedent that can be acted upon in the future; and if she will make a statement on the matter. [2963/11]

**Tánaiste and Minister for Education and Skills (Deputy Mary Coughlan):** The Financial Emergency Measures in the Public Interest (No. 2) Act 2009 (the Act) determined the criteria for reducing the pay of public servants with effect from January 2010. However, when the Act was introduced, there was a question as to how a public servant should be determined for the purposes of this Act. Subsequently, following receipt of legal advice, it has now been determined that all staff employed by a recognised school or VEC come within the definition of “public servant” solely for the purposes of the Act.

The legislation has determined that all persons employed by a recognised school or VEC, regardless of the source of the money used to fund their salary, the lack of ability of any Minister or Department to determine on their appointment or set their pay rates, and irrespective of whether or not they are eligible for, or members of, a public service pension scheme, are “public servants” within the meaning of the Act. It is important to point out that the fact that affected staff employed by recognised schools and VECs come within the definition of “public servant” solely for the purposes of the Act does not alter their employment status in any other respect.

The legislation does not exempt any individual or groups save for the Judiciary and the President due to provisions in the Constitution. Section 6 does provide a limited power to the Minister for Finance to exempt or vary the reduction in pay rates provided for in the legislation



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where exceptional circumstances exist or because of an arbitration award. In view of the time lapse involved in reaching a determination on this issue, the Minister for Finance has allowed for a temporary exemption from the application of the Act for these categories of staff up until 31 December 2010.

Accordingly, my Department outlined that adjustments in salary should be applied with effect from 1 January 2011, to all relevant staff in the employment of recognised schools or VECs, who were not already affected by the pay reductions introduced under the Act. Some of the categories of staff affected by this Circular included school secretaries and caretakers.

With regard to the reasoning behind the introduction of this Circular, as I have already pointed out it was introduced to give effect to the Financial Emergency Measures in the Public Interest (No 2) Act 2009. This legislation was introduced in the context of the priority to be given to the stabilisation of the public finances. The purpose of the legislation is to achieve a significant reduction in the public service pay bill. In this regard €22 million in savings will be secured in 2011 through an average 5% reduction in funding grants to schools and Vocational Educational Committees.

This reduction to capitation and ancillary grants for schools will reduce capitation rates, in most cases, to those that applied to schools between 2007 and 2008, with the exception of primary capitation, where the new rate will be between the 2008 and the current rate. The reduced rates to ancillary and support services grants will reflect the reduction in pay that will apply, with effect from January 2011, to personnel who are paid from these grants. In response to the final aspect of your query I have no plans to re-evaluate or withdraw Circular 0070/2010.

*Question No. 123 answered with Question No. 121.*

### **Teaching Qualifications**

124. **Deputy Pat Breen** asked the Tánaiste and Minister for Education and Skills the options available for a person (details supplied) in County Clare; if they will be facilitated; and if she will make a statement on the matter. [2975/11]

**Tánaiste and Minister for Education and Skills (Deputy Mary Coughlan):** The arrangements regarding probation of teachers have recently been reviewed and are set out in Circular 58/2010 'Probationary Requirements for Registration Purposes for Primary Teachers' which is available on my Department's website.

Under the Teaching Council Act, 2001, the Council is required to establish procedures and criteria for probation of teachers including periods of probation. Under section 29(6), 'the Council may register a person subject to conditions, including conditions as to probation and such conditions shall be complied with within such period as may be specified by the Council.' Since its establishment in March 2006, the Council has registered all newly qualified primary teachers subject to the condition of probation. The Council is of the view that completion of the probationary process is an important part of being fully registered with the Council. It cannot waive this condition until a suitable probationary or similar induction programme has been completed. However, both the Department of Education and Skills and the Teaching Council are aware that not all primary teachers will find an immediate teaching position in which to complete the probationary process. As a result, the range of situations in which a teacher may be probated has been widened by my Department, in conjunction with the Teaching Council, to include the FÁS Work Placement Programme and service abroad.

The Council is aware that many newly qualified primary teachers have commenced teaching positions in the UK and further afield in recent years without being registered as a teacher with the equivalent authority in the jurisdiction in question. The Council also understands that there is an Overseas Trained Teacher scheme which allows teachers to work in England and/or other countries for a number of years without being registered there. The Deputy may wish to note that the time spent teaching in a primary school in another jurisdiction may count towards the 170-day teaching service requirement for probation in Ireland and the applicant should contact the Teaching Council or Limerick Education Centre directly in this regard.

It is also possible for a teacher to complete an approved\* induction programme in another jurisdiction that will meet the requirements of the condition with the Teaching Council in Ireland leading to full registration. In addition, in extenuating circumstances, a teacher may apply to the Council for an extension of the three year period.

\*Approved by the designated/competent authority of that jurisdiction. (e.g. Teaching Council).

*Question No. 125 answered with Question No. 121.*

### **Departmental Staff**

126. **Deputy Pat Rabbitte** asked the Minister for Finance the extent to which bonus payments have been paid to different grades in his Department and the amounts paid by way of bonus for each of the years 2008, 2009 and 2010; and if he will make a statement on the matter. [2809/11]

**Minister for Finance (Deputy Brian Lenihan):** Following recommendations made by the Review Body on Higher Remuneration in the Public Sector, schemes of performance-related awards were formerly applicable to the grades of **Deputy Secretary and Assistant Secretary** in the civil service. Payments were last made in 2008 in respect of the year 2007. Information on these payments is available in the Report of the Committee for Performance Awards which oversaw the scheme. The report is available on the website of my Department — [www.finance.gov.ie](http://www.finance.gov.ie) Following my announcement on 5 February 2009 this award scheme has been terminated. No payments were made in respect of 2008 or subsequent years. Bonus payments have not been made to other staff of my Department.

In a comprehensive reply to a previous Parliamentary Question reference was made to special service payments and seniority allowances, averaging in the region of €2,000, made to some staff in the grades of Principal and Assistant Principal. While there were some suggestions that these were bonuses, the payments in question were made under the provision in the Agreement “Programme for Competitiveness and Work” whereby 1% of the payroll of the grades concerned was made available through local negotiation. Most Departments opted to use his provision in a manner which incorporated the payments into their payroll. In the Department of Finance, the amount available was used for special service payments and seniority payments for some staff. As indicated by the Taoiseach on 15 December last, these payments are not bonuses.

127. **Deputy Pat Rabbitte** asked the Minister for Finance if promotion to middle management and higher grades in his Department is made by way of competition; if there have been any exceptions to this practice over the years 2008, 2009 and 2010; and if he will make a statement on the matter. [2810/11]

**Minister for Finance (Deputy Brian Lenihan):** Current arrangements provide that 90% and 85% respectively of promotions to the grades of Assistant Principal and Principal in my Department are made on a competitive basis. All promotions that occurred in the period referred to

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by the Deputy were made in accordance with these arrangements. Appointments to the post of Secretary General of my Department are made by the Government. Appointments to all other posts at Assistant Secretary level and above are made following competitions held by the Top Level Appointments Committee (TLAC). The Public Service Agreement 2010-2014 provides that merit-based competitive promotion will be the norm in the future.

### **Financial Services Regulation**

128. **Deputy Charlie O'Connor** asked the Minister for Finance if he has considered opening the selling market for the national solidarity bond and the proposed sovereign annuity bond to regulated intermediaries in addition to being available through An Post; and if he will make a statement on the matter. [2822/11]

**Minister for Finance (Deputy Brian Lenihan):** The National Solidarity Bond is one product in the range of State Savings products offered by the National Treasury Management Agency (NTMA) to personal savers through the post office network. The main State Savings products are

- Prize Bonds
- 3-year Savings Bonds
- 5½-year Savings Certificates
- 10-year National Solidarity Bond
- State Savings Accounts (demand and 30 day notice)

A new 4-year National Solidarity Bond which was announced in the National Recovery Plan 2011-2014 (published on 24 November 2010) is expected to be launched in the coming weeks.

All the State Savings products, including the National Solidarity Bond, are readily available to the public through the network of over 1,000 post offices and also by post. Information on the savings products is also provided through a telephone call centre service and on the web. In addition, Prize Bonds may be purchased online and by telephone. The new bonds to be issued by the NTMA to facilitate the sovereign annuity market as part of the changes in the framework of the pensions industry will be distributed through the NTMA's primary dealer network and members of the Irish Stock Exchange. I do not envisage any changes to the current selling arrangements.

### **Pension Provisions**

129. **Deputy Charlie O'Connor** asked the Minister for Finance the amount of tax forgone in pension relief for the latest available year; the amount of tax levied or paid on lump sum pension payments for the latest available year; his views on whether tax relief will make pension contributions more attractive and affordable; if he has considered an annual levy on pension funds as an alternative to reducing personal pension relief; the amount that could be raised if a levy was set at various levels from 0.25% to 1%; and if he will make a statement on the matter. [2823/11]

**Minister for Finance (Deputy Brian Lenihan):** The following table provides a breakdown of the estimated cost of tax and PRSI reliefs relating to private pension contributions for 2007, the latest year for which the most up-to-date data is available. Figures have been rounded where appropriate.

## Estimate of the cost of tax and PRSI reliefs on private pension contributions 2007.

	Estimated costs	Numbers*
	€million	
Employees' Contributions to approved Superannuation Schemes	590	708,100
Employers' Contributions to approved Superannuation Schemes	150	385,100**
Estimated cost of exemption of employers' contributions from employee BIK	540	385,100
Retirement Annuity Contracts (RACs)	410 (revised)	123,900
Personal Retirement Savings Accounts (PRSAs)	60 (revised)	56,400
Estimated cost of PRSI and Health Levy relief on employee contributions	240	Not available*

\*Numbers as included in P35 returns from employers to Revenue for 2007. Figures are as verified to date but may be understated and subject to revision.

\*\*Numbers of employees for whom employers are contributing to occupational pension funds as included in P35 returns to Revenue for 2007. Figures are as verified to date but may be understated and subject to revision.

I am advised by the Revenue Commissioners that while corresponding updates of the cost figures are not yet available for the tax year 2008 the necessary work to enable this to be done is ongoing. There is not sufficient data yet available to the Revenue Commissioners in relation to pension contributions in 2009 which would allow for full cost figures to be provided. No data is available for 2010.

Section 790AA of the Taxes Consolidation Act 1997 places a lifetime limit on the amount of a tax-free retirement lump sum that can be taken by an individual from 7 December 2005. This limit was set at 25% of the maximum tax-relieved pension fund (or standard fund threshold — SFT) and as at end-2010 the limit stood at about €1.35 million. Any balance of a retirement lump sum greater than this amount was liable to tax at the individual's marginal rate of income tax. The Revenue Commissioners' have no separate records of amounts paid to or received by them as income tax on lump sum payments in excess of 25% of the SFT.

Since most individuals likely to have been impacted by the provision would have had an option or choice to commute part of their pension benefits to a lump sum, they are likely to have chosen a lump sum amount at or below the limit. As announced in my Budget 2011 speech and to be included in the forthcoming Finance Bill, the maximum lifetime retirement tax-free lump sum is €200,000 as on and from 1 January 2011. Amounts in excess of this reduced tax-free limit are subject to tax in two stages. The portion between €200,000 and €575,000 is taxed at the standard rate of 20% while any portion above that is taxed at the individual's marginal rate of tax. The figure of €575,000 represents 25% of the new lower SFT of €2.3 million, which reduction was also announced in Budget 2011.

There is a view that a gradual reduction in the tax relief available on pension contributions as provided for in the recently published National Recovery Plan will encourage individuals to maximise their pension contributions in the coming years. On the other hand, alternative views have been expressed to the effect that as pension savings and the tax relief arrangements for those savings represent deferred income and deferred taxation, changes in tax relief may discourage pension savings. The argument in this case is that individuals liable to tax at the higher income tax rate, including those on modest incomes, may consider that it would not be in their interest to continue to make contributions at a gradually reducing rate of tax relief if there is a risk that the pension income they will ultimately secure from those contributions might be taxed at a higher rate, notwithstanding that this would not be the outcome for many of those

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affected. Clearly it is difficult to predict what the behavioural impact of the changes is likely to be.

The National Recovery Plan recognises the potential disincentive effect on supplementary pension provision of a reduction in tax relief to the standard rate and for this reason the Government has indicated its willingness to engage with the pensions industry to examine potential alternative approaches to securing the quantum of savings from pension tax expenditures set out in the Plan and this engagement has commenced.

An annual levy on pension funds is a potential alternative that could be considered in this regard. However, since pension funds are not subject to a levy at this time and since the investment income and gains of such funds are also exempt from tax, there is no requirement on pension fund managers or administrators, generally, to make returns to the Revenue Commissioners in respect of relevant data on pension funds under their management. I am not in a position in the absence of relevant data at this time, therefore, to provide reliable estimates of the yields from the application of a pension levy at the rates set out in the question.

### **Tax Collection**

130. **Deputy Jack Wall** asked the Minister for Finance the reason tax credit has been reduced in respect of a person (details supplied) in County Kildare; and if he will make a statement on the matter. [2827/11]

**Minister for Finance (Deputy Brian Lenihan):** I have been advised by the Revenue Commissioners that they first contacted the person concerned in relation to a tax credit claimed in January 2010. As no reply was received to that correspondence, a further letter was issued on 27 August 2010 explaining that the tax credit under enquiry was being withdrawn. PAYE Balancing Statements (P21) for the tax years 2006-2009 inclusive, issued on the same day. As outlined in the statements issued, part of the underpayment arising is being recovered by reducing the tax credits of the person concerned for 2011. On 17 December 2010, a certificate of tax credits and standard rate cut-off point for 2011 issued to the person concerned detailing the tax credits and the amount of the underpayment being collected in 2011. The balance of the underpayment will be recovered over the years 2012 and 2013.

### **Departmental Reports**

131. **Deputy Jim O’Keeffe** asked the Minister for Finance if the report of the independent review panel chaired by a person (details supplied) which has now been completed will be published; and if he will make a statement on the matter. [2828/11]

**Minister for Finance (Deputy Brian Lenihan):** As the Deputy is aware, the Report provides a set of recommendations relating to structures, resources and processes in the Department. While a number of recommendations are matters for Government after proper consideration, a significant number relate to working structures, staffing and work practices and can be addressed in the Department. Work on an implementation plan has already commenced within the Department. The Report will be considered by Government in the first instance and then published.

### **Flood Relief**

132. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Finance if contact has been made with the Office of Public Works regarding flooding at a river at Ballycatlan, Carrickmacross, County Monaghan which has caused extensive damage to lands belonging to a person (details

supplied); if there are plans in place to resolve this problem; and if he will make a statement on the matter. [2838/11]

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** The lands concerned are served by two channels of the Glyde & Dee Arterial Drainage Scheme. The Office of Public Works is statutorily responsible for the maintenance of the scheme. The channels are maintained on a three to four year cycle to ensure that the scheme operates to design level.

The OPW was in contact with the landowner last year, and maintenance was subsequently undertaken to one of the channels. Due to an issue regarding access, it was not possible to maintain the remaining channel. The OPW previously attempted to maintain this channel in 2006 but was unable to complete the work at that time due to access issues. The OPW will arrange to meet with the landowner with a view to resolving the matter and carrying out the necessary channel maintenance.

### **Financial Institutions Support Scheme**

133. **Deputy Enda Kenny** asked the Minister for Finance if he plans to create a platform for the servicing and wind down of impaired assets; the work that has been carried out on same; and if he will make a statement on the matter. [2917/11]

**Minister for Finance (Deputy Brian Lenihan):** The Programme of Financial Support for Ireland provides for financial sector reforms. As part of the agreement with the EC, IMF and EU, the State has agreed to adopt deleveraging measures and to implement restructuring of the banking sector. To this end, a Prudential Liquidity Assessment Review or “PLAR” will establish target funding ratios for each of the banks, identify non core assets and set an adjustment path to these targets based on specified non public annual benchmarks.

The Central Bank’s Prudential Capital Assessment Review or PCAR exercise, which was an important part of the technical discussions underpinning the negotiated package of assistance with the IMF and our European partners, will be enhanced to provide a comprehensive evaluation of the underlying assets of the banks. The completion of the Central Bank’s PCAR/PLAR exercise will be a key step in the restructuring of our banks. The further deleveraging of the banks is to be achieved in part by transferring from AIB and Bank of Ireland to NAMA land and development loans which had been previously excluded from transfer by virtue of their being below a value threshold of €20m. The Programme requires that “[t]he NAMA legislation will be amended to underpin the valuation and acquisition of these assets on a portfolio basis” and that NAMA will apply different discounts to categories of loans “based on NAMA’s loan valuation experience up to the point of valuation”. I will be introducing proposals to amend the legislation in near future to allow for the transfer of these pooled categorised eligible assets.

The analysis of all the options that could be used in a restructuring exercise is still ongoing. Proposals arising from such an analysis would have to be considered by Government of course before they could be adopted.

134. **Deputy Enda Kenny** asked the Minister for Finance the position regarding the sale of EBS; and if he will make a statement on the matter. [2919/11]

**Minister for Finance (Deputy Brian Lenihan):** Two bids for EBS are currently being considered: one from Irish Life & Permanent and the other from an international consortium led by Cardinal Capital Group. The deadline for receipt of the bids from each party was 17 January 2011 and each party submitted their respective bids by the required deadline. Each bid is now

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being evaluated with a view to deciding the best strategy for taking the process forward. It would not be proper for me to comment further at this stage until the formal evaluation has been concluded.

### **National Parks**

135. **Deputy John O'Donoghue** asked the Minister for Finance when the Commissioners of Public Works will complete a licence agreement with Kerry County Council to facilitate the extension of the Abbey Island cemetery in Derrynane National Park. [2924/11]

**Minister of State at the Department of Finance (Deputy Martin Mansergh):** The Office of Public Works has already agreed in principle to the proposed transfer of land to facilitate the extension of the Abbey Island cemetery, subject to OPW's specific concerns being met. We will be arranging a meeting in the immediate future with officials from Kerry County Council to expedite the process.

### **Public Service Pay**

136. **Deputy Olivia Mitchell** asked the Minister for Finance his views on whether it is reasonable to enforce a 5% cut on individuals who are not public servants as has happened in the case of low paid school caretakers and secretaries; and if he will make a statement on the matter. [2964/11]

**Minister for Finance (Deputy Brian Lenihan):** The Financial Emergency Measures in the Public Interest (No. 2) Act 2009 provides for the reduction in the pay rates of all persons employed by public service bodies, with effect from 1 January 2010. The caretakers and secretaries referred to in the question are deemed to be public servants within the meaning of and for the purposes of the Financial Emergency Measures in the Public Interest (No. 2) Act 2009 and this position has been confirmed by legal advice.

I approved a temporary exemption under Section 6 of the Financial Emergency Measures in the Public Interest (No. 2) Act for certain categories of workers in the education sector (including certain caretakers and secretaries) until 31 December 2010. Accordingly, the Financial Emergency Measures in the Public Interest (No. 2) Act has been applied to those specific categories of workers in the education sector since 1 January 2011 only. It is understood that approximately €22 million in savings will be secured in 2011 through an average 5% reduction in funding grants to schools and Vocational Educational Committees. The reduced funding will reflect the reduction in pay since 1 January 2011.

### **Consultancy Contracts**

137. **Deputy Jimmy Deenihan** asked the Minister for Finance if he will provide the details on the number of consultancy contracts awarded to a company (details supplied) since 2006 by each Government and State agency giving the title of each assignment, the duration of the contract and the financial consideration for each assignment; and if he will make a statement on the matter. [2984/11]

**Minister for Finance (Deputy Brian Lenihan):** The following table sets out the details of the number of contracts to the company in question by public bodies under my remit in each of the past five years (2006 to 2010) and to date in 2011.

Body	Year	Detail
National Treasury Management Agency	2009	Following a procurement process, London Economics (which is part of the Indecon Group) was contracted by the NTMA to carry out an econometric study which was required in order to derive adjustment factors which were used as a basis for the long-term economic value regulations which underpinned the NAMA valuation methodology. The cost of the study was €108,000 (including VAT) and it was carried out in November/December 2009

The Office of the Ombudsman, the Valuation Office, the State Laboratory, the Office of the Comptroller and Auditor General, the Office of the Appeals Commissioner, the Office of the Revenue Commissioner, the Public Appointments Service, the Commission for Public Service Appointments, the Office of Public Works and the Special EU Programmes Body and the National Asset Management Agency did not make any payments to the company in question during the period in question. The information in relation to my own Department was provided in the response to parliamentary question number 48187/10 on the 12th January, 2011.

### Health Insurance

138. **Deputy Seán Sherlock** asked the Minister for Health and Children the steps she will take to request the VHI to reduce its charges; and if she will make a statement on the matter. [2801/11]

**Minister for Health and Children (Deputy Mary Harney):** VHI announced price changes in relation to a range of its plans on 6 January 2011, which will take effect on 1 February 2011. I am very disappointed at the decision of the VHI to increase its prices so significantly. There is no doubt that the increases will make it harder for those who benefit most from health insurance to renew their policies.

As Minister for Health and Children I have responsibility for governance matters relating to the VHI, such as Board appointments and the receipt of its annual report and accounts. While owned by the State, VHI is a not-for-profit company operating in a competitive market. I strongly believe it would be inappropriate for any Minister to interfere in matters relating to prices set by any one company which is required to compete fairly within that market.

I want to ensure, however, that everyone is aware of the various alternative health insurance policies on offer. It is important to stress that customers have a legal right to switch between or within insurers to get better value, including better cover or to reduce their premium costs. It is not open to a company to refuse a customer of another insurer the same level of cover. The Health Insurance Authority (HIA) provide advice on switching by telephone or via the internet and I would urge any consumers with concerns to contact the HIA. I have asked the HIA to monitor the situation closely to ensure that all customers are given accurate information about their right to switch policies, without penalty. The HIA will play an important role for customers, both in ensuring that they have accurate information, and in monitoring the implementation of the law protecting consumers in relation to health insurance.

I am committed to protecting our community-rated market through risk equalisation. A system of risk equalisation is particularly necessary in the Irish market because, for historical reasons, the VHI has a greatly disproportionate share of older customers, as is evident from the fact that it has 80% by value of all claims in the market but only 62% of all customers.

The Government had a risk equalisation scheme in place but following a challenge by BUPA, the scheme was struck down by the Supreme Court in July 2008. In response the Government



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introduced a temporary scheme of tax relief/community rating levy in January 2009 which provides a very significant degree of support for the cost of health insurance claims by older people. It allows insurers with additional costs arising from insuring older people, to be compensated for up to, but no more than, 65% of these additional costs. This was increased from a figure of 50% in 2009 and 2010 following advice from the Health Insurance Authority.

The Government is also preparing to put in place a risk equalisation scheme that will 'equalise' risk as far as is possible on age, health status and gender grounds. The scheme is designed to be legally robust and to be fully in accordance with European and Irish law requirements. The Health Insurance Authority has completed its consultation process on risk equalisation and submitted its analysis and recommendations to me on 23 December 2010. I am currently considering this report and I intend to prepare legislation for a transitional scheme which will come into effect in 2012 and a risk equalisation scheme to come into effect at the start of 2013.

### **Long-Term Illness Scheme**

139. **Deputy Michael Creed** asked the Minister for Health and Children the reason Crohn's disease is not included under the long-term illness scheme and if, in view of the similar nature of this disease to many included in the existing long-term illness scheme, she will make arrangements to have it added to the list of conditions under the long-term illness scheme; and if she will make a statement on the matter. [2825/11]

**Minister for Health and Children (Deputy Mary Harney):** There are no plans to extend the list of eligible conditions covered by the Long Term Illness Scheme. Under the Drugs Payment Scheme no individual or family pays more than €120 per calendar month towards the cost of approved prescribed medicines. The scheme is easy to use and significantly reduces the cost burden for families and individuals incurring ongoing expenditure on medicines.

In addition, people who cannot, without undue hardship, arrange for the provision of medical services for themselves and their dependants may be entitled to a medical card. In the assessment process, the Health Service Executive can take into account medical costs incurred by an individual or a family. Those who are not eligible for a medical card may still be able to avail of a GP visit card, which covers the cost of general practice consultations.

### **Child Care Services**

140. **Deputy Denis Naughten** asked the Minister for Health and Children, further to Parliamentary Question No. 132 of 15 December 2010, if she will provide an update on the matter; when she expects a decision to be made; and if she will make a statement on the matter. [2833/11]

**Minister of State at the Department of Health and Children (Deputy Barry Andrews):** As previously pointed out to the Deputy the company in question was approved capital grant funding under the National Childcare Investment Programme (NCIP) 2006-2010 of up to €520,000 to develop child care facilities. The company then sought additional funding and I understand that Pobal, who administer grants on behalf of my Office, is still awaiting a response from the company in relation to a number of issues raised by them and that the matter will not be progressed until these issues are resolved.

### **Health Service Staff**

141. **Deputy Thomas P. Broughan** asked the Minister for Health and Children the number of consultant paediatrician ear, nose and throat surgeons attached to Temple Street Children's

Hospital, Dublin; the average waiting time to see a consultant; the number of persons on the waiting list; and if she will make a statement on the matter. [2834/11]

142. **Deputy Thomas P. Broughan** asked the Minister for Health and Children the number of consultant paediatrician neurologists attached to Temple Street Children's Hospital, Dublin; the number of persons on the waiting list; the average waiting time to see a consultant; and if she will make a statement on the matter. [2835/11]

**Minister for Health and Children (Deputy Mary Harney):** I propose to take Questions Nos. 141 and 142 together.

As these are service matters, they have been referred to the Health Service Executive for direct reply.

143. **Deputy John McGuinness** asked the Minister for Health and Children if she will confirm if a person (details supplied) in County Kilkenny is on a pension; the reason there is a difference of €10,000 in the period 17 September 1996 to 31 March 1998 in the amount they were actually paid and the amount the Health Service Executive says they were paid; if the irregularities of that time will be investigated and resolved; if payments due to this person from that time will be paid; if copies of the pension documents signed by the person ten years ago will be made available to them; if their pension entitlements will be outlined to them; if payment to them will continue under pension group 038; and if she will make a statement on the matter. [2942/11]

**Minister for Health and Children (Deputy Mary Harney):** As this is a service matter, it has been referred to the HSE for attention and direct reply to the Deputy.

#### Health Services

144. **Deputy Edward O'Keeffe** asked the Minister for Health and Children if she will arrange for a person (details supplied) in County Cork to be assessed for a specific purpose. [2956/11]

**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 to the Deputy.

#### Mental Health Services

145. **Deputy Jack Wall** asked the Minister for Health and Children the reason there are no Health Service Executive mental health rehabilitation training places in south Kildare; her plans to address this issue; and if she will make a statement on the matter. [2973/11]

**Minister of State at the Department of Health and Children (Deputy John Moloney):** As this is a service matter the question has been referred to the HSE for direct reply.

#### Nursing Homes Support Scheme

146. **Deputy Jack Wall** asked the Minister for Health and Children when a person (details supplied) in County Kildare will be informed of their application for the fair deal package; and if she will make a statement on the matter. [2990/11]

**Minister of State at the Department of the Health and Children (Deputy Áine Brady):** As this is a service matter it has been referred to the Health Service Executive for direct reply.

### Motor Taxation

147. **Deputy Seán Ó Fearghail** asked the Minister for Transport if he will consider the points raised in correspondence (details supplied); if he will give an assurance that classic cars, which are off road or under restoration, will not be liable for motor tax; and if he will make a statement on the matter. [2812/11]

**Minister for Transport (Deputy Noel Dempsey):** The question of liability for motor tax for classic cars whether they are off road or under restoration is not the responsibility of my Department. I have no function in the matter.

### Driving Tests

148. **Deputy Tom Hayes** asked the Minister for Transport if he has investigated the inclusion of the following elements in driver testing: driving outside a 50 km zone, driving on a motorway, or similar situation, navigating complex roundabouts, emergency stop and proper lane management; when these elements were included on the test; if not included in the test, when they will be introduced; and if he will make a statement on the matter. [2818/11]

**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.

149. **Deputy Tom Hayes** asked the Minister for Transport his assessment of the new driving test system; how well this has been implemented; and if he will make a statement on the matter. [2820/11]

**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.

### Road Network

150. **Deputy Paul Kehoe** asked the Minister for Transport in respect of the N11 Olygate to Rosslare bypass, if all spending on this proposal ceased; if a decision on the route will be announced in the future; and if he will make a statement on the matter. [2944/11]

**Minister for Transport (Deputy Noel Dempsey):** The construction, improvement and maintenance of national roads, is a matter for the National Roads Authority (NRA) under Sections 17 and 19 of the Roads Acts 1993, as amended, in conjunction with the local authorities concerned. I have no function in relation to the issues raised by the Deputy.

### Citizenship Applications

151. **Deputy Seymour Crawford** asked the Minister for Justice and Law Reform the length of time it normally takes for a person from another European state to have his or her application for Irish citizenship dealt with, providing everything is in order; if there is any danger of having to pay more towards the cost of same at the time the citizenship is actually granted as against the time citizenship is applied for; if there is any way he or she can be guaranteed that it will be for the amount originally advised; and if he will make a statement on the matter. [2842/11]

**Minister for Justice and Law Reform (Deputy Dermot Ahern):** The average processing time from application to decision for the generality of valid applications for a certificate of naturalis-

ation is currently 26 months. The fee payable, where an application for a certificate of naturalisation is successful, is a certification fee that is prescribed in legislation and it is the date of issue of the certificate rather than the date of application that must be taken into account. The certification fee is reviewed periodically and no guarantee can be given in any case that the fee payable will remain at a particular amount.

### **Juvenile Detention Centres**

152. **Deputy Pat Rabbitte** asked the Minister for Justice and Law Reform the schedule for the completion of the national children detention centre at Oberstown, County Dublin; if it will be delayed in present financial circumstances and if so, the length of time envisaged; and if he will make a statement on the matter. [2816/11]

**Minister of State at the Department of Justice and Law Reform (Deputy Barry Andrews):** Following Government approval for the development of new national children detention facilities at Oberstown, Lusk, Co. Dublin, the design process is well underway. Planning approval is in place and some advance works have recently commenced on site with a view to enabling the main works at a later date.

The development is to be completed in phases in order to ensure the continued operation of the existing facilities until such time as the new facilities are available. Detailed specifications are currently being developed in order to go to tender for construction of the new facilities. While it is the intention that phase 1 of the development, which will provide places for the 16-17 age group (currently accommodated in St. Patrick's Institution) will be completed at the earliest possible date, the Deputy will appreciate that tendering for the project will be subject to Government approval and to the necessary funding being made available.

### **Citizenship Applications**

153. **Deputy Seán Ó Feargháil** asked the Minister for Justice and Law Reform if he will consider the points raised in correspondence (details supplied) on the reunification of a family; and if he will make a statement on the matter. [2829/11]

**Minister for Justice and Law Reform (Deputy Dermot Ahern):** The person concerned has to date made a number of visa applications for various purposes, none of which has been successful. The Deputy will already be aware of the particular circumstances and refusal reasons concerning all of the applications to date for the person concerned, as these were outlined in some detail in my letter to the Deputy dated 21 August 2009. The Deputy will be aware from that letter that previous visa applications were refused for several reasons unconnected with this person's relationship with an Irish Born Child (IBC). I can advise the Deputy that a fresh visa application is currently under consideration. That consideration will take into account all of the available information. It is expected that a decision on this application will be made shortly.

### **Judicial Reviews**

154. **Deputy Alan Shatter** asked the Minister for Justice and Law Reform the number of judicial review cases instituted to review the decisions made by him, or his officials, on immigration matters including entry visas, residence and repatriation applications. [2995/11]

**Minister for Justice and Law Reform (Deputy Dermot Ahern):** In 2010 there were 347 Judicial Review cases brought before the High Court challenging decisions relating to immigration matters as outlined by the Deputy. This figure does not include challenges to decisions

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of the Refugee Applications Commissioner or the Refugee Appeals Tribunal in relation to asylum matters.

### **Passport Applications**

155. **Deputy Seán Sherlock** asked the Minister for Foreign Affairs the way he arrived at the figure of €80, the new fee now applied to passports issued to those aged 65 years, a large percentage of whom count the State pension as their only source of income; and if he will make a statement on the matter. [2819/11]

**The Taoiseach:** The arrangement whereby citizens aged 65 and over were exempted from passport fees was introduced in 2005. In light of the current budgetary situation, the Government found it necessary to discontinue this arrangement. Accordingly, all passport applicants aged 18 years or over will pay the same fee of €80 for a ten year passport.

### **Redundancy Payments**

156. **Deputy John O'Donoghue** asked the Minister for Social Protection when a person (details supplied) in County Kerry will receive their statutory redundancy payment. [2929/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** On 1 January 2011, the Department assumed responsibility for making redundancy payments from the Social Insurance Fund. There are two types of redundancy payment made from the fund i.e. rebates to those employers who have paid statutory redundancy to eligible employees and statutory lump sums to employees whose employers are insolvent and/or in receivership/liquidation. I can confirm that statutory redundancy lump sum claims in respect of the individuals concerned were received on 22 September, 2010. These claims are pending processing. Lump sum claims dating from June 2010 are currently being processed.

157. **Deputy Emmet Stagg** asked the Minister for Social Protection the reason a redundant person (details supplied) must submit a further RP50 to claim their statutory redundancy. [2941/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** I understand the individual concerned took a case for unfair dismissal against his employer before the Employment Appeals Tribunal (EAT) in July 2009. The Tribunal found in favour of the claimant that he was unfairly dismissed and awarded him an amount equivalent to two years' salary. It is the duty of the employer in the first instance to make such payments to the employee. I understand that the employer subsequently ceased trading and did not pay the award to the employee. As the case was deemed to be one of unfair dismissal the matter of redundancy does not arise and consequently a form RP50 is not required. In cases where an employer is in liquidation and unable to pay an unfair dismissal award, it is possible to consider the case under insolvency legislation and, depending on the circumstances of the case, to make a payment from the Social Insurance Fund. Given the nature of this case I have made arrangements to have a senior official investigate the matter and to contact the individual concerned directly.

### **Social Welfare Appeals**

158. **Deputy Seymour Crawford** asked the Minister for Social Protection the length of time it takes for an appeal to be heard for someone applying for farm assist, carer's allowance or any other social welfare payments that may be appealed; if he is satisfied that someone should

have to wait up to 18 months to have their appeal dealt with and the steps he is taking to resolve the situation; and if he will make a statement on the matter. [2840/11]

161. **Deputy David Stanton** asked the Minister for Social Protection, further to Parliamentary Question No. 487 of 8 July 2010, if he will provide a breakdown of the total number of staff employed by the social welfare appeals office in 2008, 2009, 2010 and to date in 2011 respectively per grade; the number of additional staff, appeals officers, administration staff and so on, who have been allocated to the social welfare appeals office to deal with the backlog of appeals since January 2010; if the eight retired officers have also begun working in this office; if there are plans to allocate further additional staff to the office; and if he will make a statement on the matter. [2969/11]

162. **Deputy David Stanton** asked the Minister for Social Protection, further to Parliamentary Question No. 487 of 8 July 2010, if he will provide a breakdown of the total number of appeals received by the social welfare appeals office by each payment respectively in 2010 and the number received to date in 2011; if he will further provide a breakdown of the total number of appeals currently awaiting decision by the social welfare appeals office per respective social welfare payment; the current average time waiting time for oral hearing; the average time it takes to fully process appeals for each respective payment; and if he will make a statement on the matter. [2970/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** I propose to take Questions Nos. 158, 161 and 162 together.

Figures in regard to the numbers of cases received and outstanding, by scheme, for 2010 and the number of staff in the Social Welfare Appeals Office, are given in the tables attached to this reply. Figures for 2011 in regard to the numbers of cases received and outstanding, per scheme, are not yet readily available.

I am advised by the Social Welfare Appeals Office that the average waiting for an appeal dealt with by way of a summary decision is 27.4 weeks, while the average time to process an oral hearing is 45.6 weeks. These processing times are calculated from the registration date of the appeal to the date of its finalisation and include all activities during this period including time spent in the Department for comments by the Deciding Officer on the grounds of appeal put forward by the appellant and any further investigation, examination or assessment by the Department's Inspectors and Medical Assessors that is deemed necessary. A considerable period of time is added to the process when an oral hearing is required because of the logistics involved in this process.

A number of initiatives have been taken in recent years to deal with the increases in numbers of cases in the Appeals process. In addition to the provision of extra staff, more emphasis was placed on dealing with appeals on a summary basis so as to increase productivity. As a result, the number of appeals dealt with by way of oral hearing was reduced from 59% in 2009 to 31.5% in 2010.

The Social Welfare (Miscellaneous Provisions) Act 2010 facilitated the use of experienced retired former Appeals Officers, on a strictly temporary basis to assist in reducing the backlog of Social Welfare Appeals cases. The matter of assigning additional Appeals Officers is kept under constant review but any consideration of extra assignments must be taken in the context of overall government policy on civil service numbers. A project to improve the business processes in the office was also undertaken which has resulted in a number of improvements being

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implemented and significant enhancements have been made to the office's IT and phone systems.

As a result of all of these initiatives, a total of 17,499 appeals were finalised by Appeals Officers in 2010 in comparison to 10,027 for 2009. When revised decisions and withdrawn cases are taken into account the total number of cases finalised in 2010 was 28,166 in comparison to 17,787 for 2009.

I am assured by the Chief Appeals Officer that she is keeping current processes under continuous review with a view to achieving a more effective throughput of appeals, while ensuring that any progress does not conflict with due process in terms of the rights of appellants and adherence to the requirements of natural justice.

	Appeals Received by Scheme 2010	Appeals awaiting decision at 1/1/2011	Average time take to process appeals by summary decision by scheme in 2010	Average time take to process appeals following oral hearing by scheme in 2010
Adoptive Benefit	2	2	32.6	—
Blind Pension	13	7	19.8	39.4
Carers Allowance	2,969	2,145	26.9	47.3
Carers Benefit	180	73	21.6	44.2
Child Benefit	1,050	1,187	48.4	63.1
Disability Allowance	4,568	3,046	30.8	51.1
Illness Benefit	5,313	2,658	39.2	56.4
Domiciliary Care	1,827	1,386	26.8	49.1
Deserted Wives Benefit	14	14	33.9	29.0
Farm Assist	244	163	23.2	50.7
Bereavement Grant	59	30	25.1	—
Family Income Supplement	224	105	21.4	29.0
Homemakers	1	—	15.3	—
Invalidity Pension	998	612	40.9	59.7
Liable Relatives	16	22	35.9	—
One Parent Family Payment	1,085	819	30.2	49.4
Maternity Benefit	29	21	37.7	—
State Pension (Contributory)	258	110	29.6	49.2
State Pension (Non-Cont)	353	230	26.5	49.9
State Pension (Transition)	7	11	30.7	—
Occupational Injury Benefit	22	18	55.7	53.8
Occupational Injury Ben (Med)	22	49	32.5	67.9
Disablement Pension	343	334	27.4	51.9
Death Benefit (Pension)	—	—	—	69.6
Incapacity Supplement	15	15	—	30.7
Guardian's Payment (Con)	26	26	25.3	48.3
Guardian's Payment (NonCon)	7	9	24.3	42.2
Pre-Retirement Allowance	2	1	—	—
Jobseeker's Allow (Means)	4,000	2,496	22.2	46.9
Jobseeker's Allowance	5,488	3,312	23.6	43.0
Jobseeker's Benefit	1,292	766	22.6	36.0
JA/JB Fraud Control	3	6	—	—

	Appeals Received by Scheme 2010	Appeals awaiting decision at 1/1/2011	Average time take to process appeals by summary decision by scheme in 2010	Average time take to process appeals following oral hearing by scheme in 2010
Respite Care Grant	162	114	30.5	49.1
Insurability of Employment	121	112	31.3	67.4
Supplementary Welfare All	989	343	6.9	14.8
Treatment Benefits	8	4	21.9	57.8
Survivor's Pension (Con)	20	14	35.2	53.6
Survivor's Pension (NonCon)	12	13	31.9	54.6
Widows Parent Grant	3	1	20.9	—

Staff of Social Welfare Appeals Office

Grade	2008	2009	2010	2011
Chief Appeals Officer	1.0	1.0	1.0	1.0
Deputy Chief Appeals Officer	1.0	1.0	1.0	1.0
Office Manager	1.0	—	—	—*
Appeals Officers	16.4	18.4	19.6	19.6
Retired Appeals Officers (from July 2010)			3.0	3.0
Higher Executive Officers	2.8	2.8	2.8	2.8
Executive Officers	8.9	8.9	9.2	9.2
Staff Officers	5.0	5.0	5.0	5.0
Clerical Officers	18.4	18.4	22.6	22.6
Total	54.5	56.5	64.2	64.2

\*From February 2009, the position of Office Manager has been subsumed into the duties of the Deputy Chief Appeals Officer.

### Social Welfare Code

159. **Deputy Seymour Crawford** asked the Minister for Social Protection if he will have investigations made into the way self-employed persons are actually accessed in respect of their incomes; if it is on audited accounts, farm accounts in the case of farm assist or some other means; if he will ensure that this system is clarified to enable persons to understand whether they are entitled to social protection; and if he will make a statement on the matter. [2841/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** Self-employed people can apply for the means-tested jobseeker's allowance if their business ceases or if they are on low income as a result of a downturn in demand for their services. Self-employed customers do not have to de-register as self-employed persons in order to claim jobseeker's allowance. Information on social welfare entitlements, including for self employed people, is set out on the Department's website [www.welfare.ie](http://www.welfare.ie).

Legislation provides for the assessment of "all income in cash and any non-cash benefits which the person or his or her spouse may reasonably expect to receive during the succeeding year". While accounts provide significant information, a means assessment is not based solely on audited accounts or farm accounts. The income from the previous twelve months is used as an indicator of likely future earnings but it is not simply assumed that the previous year's earnings will be received in the following year. Given the variety of self-employment situations,



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the means assessment procedures in these cases are applied in a flexible manner and they ensure that any circumstances that would be likely to lead to a significant variation, either upward or downward, in the level of a person's income from one year to the next are taken into consideration.

It is recognised that the present downturn in the economy is having a significant impact on many self-employed persons and the consequent reduction in their income and activity levels would be reflected in any assessment of their means from self-employment for jobseeker's allowance purposes. If a self-employed person's situation changes after they have made an initial claim for jobseeker's allowance, the person can apply to have his or her means reviewed in the light of these changed circumstances. In addition, it is open to the individual to appeal to the Social Welfare Appeals Office if he or she is dissatisfied with the level of means assessed. To ensure consistency in the application of the legislation, guidelines are issued to Deciding Officers in order to ensure a consistent and uniform application of the rules governing the deciding of jobseeker's allowance claims.

### **Social Welfare Appeals**

160. **Deputy Darragh O'Brien** asked the Minister for Social Protection the position regarding the progress of an appeal for disability allowance in respect of a person (details supplied) in County Dublin; and if he will make a statement on the matter. [2952/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** The Social Welfare Appeals Office has advised me that the appeal from the person concerned was referred to an Appeals Officer who proposes to hold an oral hearing in this case. The person concerned will be informed when arrangements have been made. The Social Welfare Appeals Office functions independently of the Minister for Social Protection and of the Department and is responsible for determining appeals against decisions on social welfare entitlements.

*Questions Nos. 161 and 162 answered with Question No. 158.*

### **Social Welfare Benefits**

163. **Deputy Michael Ring** asked the Minister for Social Protection the position regarding a back to education allowance in respect of a person (details supplied) in County Mayo. [2976/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** The person concerned applied for a back to education allowance (BTEA) payment in September 2010 to pursue a FETAC level 5 child care course. Her application was disallowed on 16th November 2010 as she already holds a qualification at an equivalent or higher level. This decision was reviewed and the disallowance was upheld.

### **Social Welfare Appeals**

164. **Deputy Michael Ring** asked the Minister for Social Protection when a decision will issue on an appeal regarding jobseeker's allowance in respect of a person (details supplied) in County Mayo. [2977/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** The file of the person concerned is currently with an inspector for a review of her means. This will be carried out as soon as possible and she will be notified of the outcome.

### Social Welfare Benefits

165. **Deputy Beverley Flynn** asked the Minister for Social Protection if a recipient of farm assist is offered casual employment lasting four days which will result in a net payment to them of €300 after expenses, the effect this will have on their farm assist payment; and if he will make a statement on the matter. [2986/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** Farm assist is a means-assessed payment. Assessable income for means purposes is gross earnings less deductions for PRSI, superannuation (including AVCs and PRSAs), the pension levy and union dues. The person's net average assessable weekly earnings are assessed by reference to the previous 13 weeks (or another period if this is more representative of the person's normal working pattern).

Earnings from insurable employment are assessed as means using the following method: a disregard of €20 a day for each day worked by the customer up to a maximum of 3 days each week applies (maximum €60 a week) and the balance of the earnings is assessed at 60%. Should the person be offered casual employment lasting a total of four days only, earnings are assessed for that week using the formula above. If the means are in excess of the family rate for that week, then no entitlement exists for that week.

### Social Welfare Appeals

166. **Deputy Brian O'Shea** asked the Minister for Social Protection when a decision will issue on the invalidity pension application of a person (details supplied) in County Waterford; and if he will make a statement on the matter. [2993/11]

**Minister for Social Protection (Deputy Éamon Ó Cuív):** The Social Welfare Appeals Office has advised me that an appeal by the person concerned was registered in that office on 5 October 2010. It is a statutory requirement of the appeals process that the relevant Departmental papers and comments by or on behalf of the Deciding Officer on the grounds of appeal be sought. These papers were received back in the Social Welfare Appeals Office on 11 November 2010 and the appeal has been referred to an Appeals Officer who will decide whether the case can be decided on a summary basis or whether to list it for oral hearing. The Social Welfare Appeals Office functions independently of the Minister for Social Protection and of the Department and is responsible for determining appeals against decisions on social welfare entitlements.

### Sports Capital Programme

167. **Deputy John O'Donoghue** asked the Minister for Tourism, Culture and Sport when a balance of sports capital grant will be granted to an organisation (details supplied) in County Kerry. [2926/11]

**Minister for Tourism, Culture and Sport (Deputy Mary Hanafin):** The terms and conditions of the Sports Capital Programme include a requirement, for grantees in receipt of allocations that cumulatively exceed certain threshold levels, to execute a Deed of Covenant and Charge, which is designed to protect the Minister's and taxpayers' interest in the grant-aided facility.

The Department's legal adviser, the Chief State Solicitor's Office (CSSO), deals with the grantee's solicitor in executing this Deed. The required documents were submitted by the applicant's solicitors to the CSSO on 22 December 2010 and these are currently being reviewed to ensure that they meet the legal requirements of the Sports Capital Programme. Once the Department is notified by the CSSO that the legal issues are concluded, the Department may progress the payment of the grant.

168. **Deputy John O'Donoghue** asked the Minister for Tourism, Culture and Sport when payment of a sports capital grant will issue to a sports centre (details supplied). [2927/11]

**Minister for Tourism, Culture and Sport (Deputy Mary Hanafin):** Payment of an allocation under the Sports Capital Programme is subject to compliance on the part of the grantee with the Programme's terms and conditions. Provisional allocations under the Programme cannot be formally approved until all legal requirements are met. The grantee in question was informed in the letter of provisional allocation on 9 May 2007 that no works should be carried out prior to receipt of formal approval from the Department. The terms and conditions include a requirement, for grantees in receipt of allocations that cumulatively exceed certain threshold levels, to execute a Deed of Covenant and Charge, which is designed to protect the Minister and taxpayers' interest in the grant-aided facility.

Where grantees hold a lease to the property in question, and that lease contains a forfeiture clause, grantees are required to have the landlord execute a landlord agreement. This agreement stipulates that in the event that the facility reverts to the landlord within the period of the Minister's charge, the landlord will either maintain the facility in sporting use or repay the unexpired value of the grant to the Department. The Chief State Solicitor's Office (CSSO) advised in September of last year that landlord agreements should remain an integral part of the Minister's security under the Department's capital programmes.

In the case of the grantee in question, the landlord refuses to enter into such a landlord agreement. The Department is consulting with the CSSO and the landlord concerned to identify a solution to this matter. The Department wrote to the CSSO on 21 December last providing observations on draft proposals to resolve this matter. The Department is to meet with the CSSO shortly with a view to bringing this process of consultation to a conclusion. Payment of the grant will not be possible until these legal issues are resolved.

### Consultancy Contracts

169. **Deputy Jimmy Deenihan** asked the Minister for Tourism, Culture and Sport if he will provide the details on the number of consultancy contracts awarded to a company (details supplied) since 2006 by each Government and State agency giving the title of each assignment, the duration of the contract and the financial consideration for each assignment; and if she will make a statement on the matter. [2985/11]

**Minister for Tourism, Culture and Sport (Deputy Mary Hanafin):** Since 2006, my Department has awarded two consultancy contracts to the company in question, the details of which are as set out in tabular form below.

Year	Title/Purpose	Cost	Duration
		€	
2006	The provision of advice in relation to the National Conference Centre project	10,200	12.5 Days
2008	An economic evaluation of the benefit to the island of Ireland of the London 2012 Olympic and Paralympic Games	114,000	12 Months

The awarding of contracts by the State agencies under the aegis of my Department is a matter for the agencies themselves.

### Arts Funding

170. **Deputy Finian McGrath** asked the Minister for Tourism, Culture and Sport if she will support Ireland's working artists as a matter of urgency. [2994/11]

**Minister for Tourism, Culture and Sport (Deputy Mary Hanafin):** Government Policy in the area of support for the arts and artists is set out in the Programme for Government. This policy is to promote and strengthen the arts in all its forms, increase access to and participation in the arts, make the arts an integral and valued part of our national life, and maximise the potential for cultural tourism. Primary responsibility for the promotion of the arts at all levels throughout the country is devolved to the Arts Council which, under the Arts Act, is independent in its funding decisions. In 2011, the Arts Council has received an allocation of over €65 million.

The Government appreciates the importance of the arts, culture and creative industries to both our society and to our economy. I am conscious not only of the role of the sector in providing vital opportunities for self-expression and participation, but also of the economic potential of the arts and creative industries and in particular of providing conditions in which the creative industries can flourish. The Government is committed to supporting the crucial constituent sectors of arts and culture within limited available financial resources.

### Wildlife Protection

171. **Deputy Enda Kenny** asked the Minister for the Environment, Heritage and Local Government if his attention has been drawn to the fact of the extensive damage and destruction of native wildlife carried out by mink; if this species is considered as vermin here; his plans to eradicate mink including consideration of a bounty; and if he will make a statement on the matter. [2918/11]

**Minister for the Environment, Heritage and Local Government (Deputy John Gormley):** Mink found in the wild in Ireland are descended from animals that escaped from fur farms. They have been breeding in the countryside since the 1950s and are now found throughout much of the country.

A report published by my Department in 2009 estimated the potential population of wild mink in the State as between 20,500 and 33,500 individuals. The report identified ground nesting birds as the species most vulnerable to mink predation. Accordingly, my Department is concentrating its resources on protecting the nesting sites of rare and threatened bird species, including red-throated diver, corncrake, grey partridge, waders and terns, from a range of predators including mink. Experience has shown that targeted control of predators at specific times can have a significant benefit to the breeding success of these species. Last year, some €73,000 was spent on this work. I have no proposals to introduce a bounty. As wild mink are not protected under the Wildlife Acts they can be controlled by landowners and their agents.

### Housing Aid for the Elderly

172. **Deputy Deirdre Clune** asked the Minister for the Environment, Heritage and Local Government when funding will be provided for the housing aid for older people scheme administered through the local authorities; and if he will make a statement on the matter. [2945/11]

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** To comprehensively assess the overall level of demand for grant assistance under the suite of Grant Schemes for Older People and People with a Disability, my Department requested local authorities to submit details of their funding requirements for

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2011, with a view to determining the allocations for this year as soon as possible after the publication of the 2011 Revised Estimates for Public Services. To provide for continuity in the processing of applications and the payment of grants under the various grant measures, local authorities were advised by my Department that they could commit up to 50% of their 2010 allocation for payment to applicants in 2011.

### **Private Rented Accommodation**

173. **Deputy Richard Bruton** asked the Minister for the Environment, Heritage and Local Government if he is satisfied that the legal provisions in relation to private rental accommodation are adequate to ensure properties are well maintained and do not present an appearance of neglect; if he is further satisfied that the Private Residential Tenancies Board is an adequate vehicle to allow proper standards of maintenance and conduct to be upheld and a speedy system of redress when complaints arise; and if he will make a statement on the matter. [2958/11]

**Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Michael Finneran):** Minimum standards for rental accommodation are prescribed in the Housing (Standards for Rented Houses) Regulations 2008, made under section 18 of the Housing (Miscellaneous Provisions) Act 1992. These Regulations were further amended by the Housing (Standards for Rented Houses)(Amendment) Regulations 2009 which expanded the definition of “a proper state of structural repair” to allow for all aspects of the internal and external appearance of a dwelling to be taken into account for the purposes of the Regulations.

All landlords have a legal obligation to ensure that their rented properties comply with these regulations. Responsibility for enforcing the regulations rests with the relevant local authority, supported by a dedicated stream of funding allocated by my Department. This funding increased significantly between 2005 and 2009, rising from €1.5m to €4m. In 2010, I increased by €1.6m the amount allocated to housing authorities for the purpose of carrying out their functions under the Housing Acts in relation to rented accommodation. This total allocation of €5.6m for 2010, which brings the total funding for this purpose since 2004 to over €20m, was paid using a combined methodology based on the number of inspections carried out by each housing authority and on once-off strategically-planned programmes of inspection which may be carried out by housing authorities in addition to their usual inspection activity.

In general, local authorities have significantly expanded their inspection activity in recent years with the number of inspections increasing by almost 300% — from 6,815 to 19,801 — in the period 2005 to 2009. Details of the inspections of private rented accommodation carried out, the dwellings inspected which did not meet the statutory standards and prosecutions initiated up to 2009 on a county/city basis are included in my Department’s Annual Housing Statistics Bulletins, copies of which are available in the Oireachtas Library and on my Department’s website at [www.enviro.ie](http://www.enviro.ie). The 2009 data show a year on year increase in the number of inspections carried out of approximately 15%, to 19,801 inspections, and this reflects the positive impact of the overall Action Programme on Standards, including increased funding, introduced on foot of a commitment in the Towards 2016 social partnership agreement, and progress with the implementation of the Rental Accommodation Scheme.

It is a matter for each individual local authority to decide the specific details of its enforcement strategy and inspection arrangements. However, in discharging their responsibilities in relation to the rental sector, authorities have been asked to have regard to the Good Practice Guidelines for Local Authorities on Standards in the Private Rented Sector: Strategic Planning,

Effective Enforcement published by the Centre for Housing Research in November 2007, which make a range of recommendations on relevant issues, including targeting inspection activities.

Following the enactment of the Housing (Miscellaneous Provisions) Act 2009, a comprehensive new sanctions regime is available to local authorities and fines for non-compliance with the Regulations have been significantly increased; the maximum fine has increased from €3,000 to €5,000 and the fine for each day of a continuing offence has increased from €250 to €400. In addition to the increased sanctions, there is a significant amendment to the current definition of “a proper state of structural repair” as set out in the 1992 Act and Article 5 of the Housing (Standards for Rented Houses) Regulations 2008. The new definition provides a comprehensive list of components against which a dwelling can be assessed to verify that it is structurally sound. The inclusion in this definition of a requirement to maintain gardens and common areas in good condition means that there is now an obligation on landlords to maintain the external appearance of rented accommodation.

As the Private Residential Tenancies Board (PRTB) is an independent statutory body I have no function in its operational matters. However, dispute resolution statistics are published as part of the annual report of the PRTB and are available on their website at [www.prtb.ie](http://www.prtb.ie). The 2009 statistics reveal that only 4% of all disputes (75 cases in number) related to standard and maintenance of dwellings. While those statistics also indicate an ongoing improvement in case processing times it is acknowledged that, partly as a consequence of the Board’s success in ensuring registration compliance, and the resulting large workloads arising, processing times for dispute resolution are not yet optimal.

In November 2009, I announced the key outcomes of a review of the provisions of the Residential Tenancies Act 2004 which I had initiated in order to consider whether the Act best supported the PRTB’s key functions and whether legislative amendments would support either the achievement of additional operational efficiencies by the PRTB in the delivery of those functions or the broader good working of the private rented sector. These outcomes have an overall emphasis on streamlining and simplifying the Act, reducing delays and achieving additional operational efficiencies by the PRTB in the delivery of its functions. Full details in relation to the background to the review, the associated terms of reference and the outcomes of the review are available on my Department’s website at [www.environ.ie](http://www.environ.ie).

### **Commonage Division**

174. **Deputy Noel J. Coonan** asked the Minister for Agriculture, Fisheries and Food if certain commonage lands parcels (details supplied) were inspected and assessed by two separate teams from his Department during 2010 and whether both assessments were carried out in accordance with his Department’s direction and with the relevant technical manual; and if he will make a statement on the matter. [2799/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** My Department has carried out a comprehensive review of the eligibility of commonages land declared under the Single Payment Scheme and Disadvantaged Areas Scheme including the commonage referred to. In order to deal with the queries that have been raised in relation to these commonages, I have arranged for the matter to be reviewed by my Department. This review will incorporate a ground inspection to verify the level of eligible land on the commonages in question.

### **Grant Payments**

175. **Deputy Michael Creed** asked the Minister for Agriculture, Fisheries and Food the

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reason for the delay in payment of a single farm payment in respect of a person (details supplied) in County Cork; and if he will make a statement on the matter. [2817/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under 2010 Single Payment Scheme was received from the person named on 17 May 2010. The 50% advance payment, which issued on 18 October 2010, was on the basis of the land cleared at that stage, as a number of parcels declared required digitising.

Balancing payments under the scheme, which commenced 1 December, would, in normal circumstances, be confined to those whose applications are fully processed, specifically, where all digitising is finalised. However, following recent consultation with the EU Commission, agreement was reached whereby, in addition to issuing balancing payments to those farmers whose applications are fully processed and whose maps are fully digitised, payments will also issue to those farmers where some or all of their maps are still to be digitised, with the payment being calculated on the basis of the digitised land confirmed otherwise eligible.

I am pleased to say that, because of this change, many farmers, including the person named, whose balancing payments would otherwise have been delayed until their digitising is complete, received an interim balancing payment on 1 December. The digitising in question will be completed in the coming days, which will allow the outstanding payment issue shortly thereafter, provided no errors are revealed by the digitising process.

### **Aquaculture Licences**

176. **Deputy Ulick Burke** asked the Minister for Agriculture, Fisheries and Food the progress, if any, that has been made towards the granting of aquaculture licences in the bays and estuaries around the country with particular reference to provision in Kinvara Bay; and if he will make a statement on the matter. [2824/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** Kinvara Bay is a designated Special Area of Conservation under the EU Habitats Directive and a Special Protection Area under the EU Birds Directive (Natura 2000 site). In the case of aquaculture sites located within Natura 2000 areas my Department, in conjunction with the Marine Institute and the National Parks and Wildlife Service of the Department of the Environment, Heritage and Local Government is engaged in a comprehensive programme to gather the necessary baseline data appropriate to the conservation objectives of these areas. This process is ongoing and significant progress has been made.

The comprehensive data collection programme together with the setting of appropriate conservation objectives will enable all new and renewal applications to be appropriately assessed for the purpose of ensuring compliance with the EU Birds and Habitats Directives. Once the relevant data has been collected, conservation objectives for the site have to be established by the National Parks and Wildlife Service. The establishment of these conservation objectives by NPWS will allow individual licence applications to be assessed against the conservation objectives.

The area in question remains part of the package of prioritised areas under assessment. This package is reviewed on a regular basis with a view to expediting the appropriate assessment process. My Department, working with the National Parks and Wildlife Service, continues to make every effort to expedite the determination of aquaculture licence applications having regard to the complexities of each case and the need to comply fully with all national and EU legislation.

### Grant Payments

177. **Deputy Billy Timmins** asked the Minister for Agriculture, Fisheries and Food, further to Parliamentary Question No. 845 of 12 January 2011, the position regarding an area aid payment in respect of a person (details supplied); when this payment will be made; and if he will make a statement on the matter. [2836/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the 2010 Single Payment Scheme/Disadvantaged Areas Scheme was received from the person named on 12 May 2010. The 75% advance payment under the Disadvantaged Areas Scheme which issued on 21 September, the 50% advance payment, which issued on 18 October and the further 30% payment, which issued on 1 December, under the Single Payment Scheme, were on the basis of those parcels cleared for payment at that stage, as a number of other land parcels listed on the application of the person named required re-digitisation. This process was completed, following which the final balancing payments under the Single Payment Scheme and Disadvantaged Areas Scheme issued to the person named on 13 December 2010.

178. **Deputy Seymour Crawford** asked the Minister for Agriculture, Fisheries and Food when a person (details supplied) in County Monaghan will receive their area aid and REP scheme payments; and if he will make a statement on the matter. [2839/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the 2010 Disadvantaged Areas Scheme was received from the person named on 21 April 2010. A number of parcels listed on the application of the person named required re-digitisation. This application has is now processed and payment will issue shortly. Payment due under REPS will issue in the coming ten days.

179. **Deputy Seymour Crawford** asked the Minister for Agriculture, Fisheries and Food when a person (details supplied) in County Monaghan will receive their REP scheme payment; if his attention has been drawn to the fact that farmers are being advised that as a result of staff shortages files are not being dealt with; and if he will make a statement on the matter. [2843/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** Payment will issue to the person named within 10 days.

180. **Deputy John O'Donoghue** asked the Minister for Agriculture, Fisheries and Food when a person (details supplied) in County Kerry will receive their REP scheme payment. [2923/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** The file is currently under examination following the re-digitisation of land parcels and my officials will be in contact with the person named when this examination is complete.

181. **Deputy John O'Donoghue** asked the Minister for Agriculture, Fisheries and Food when a person (details supplied) in County Kerry will receive their REP scheme payment. [2925/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** The application from the person named is currently under examination following a cross check with the 2009 Single Farm Payment application. My officials will be in contact with the person named when this examination is complete.



182. **Deputy John O'Donoghue** asked the Minister for Agriculture, Fisheries and Food when a person (details supplied) in County Kerry will receive the second instalment of their single payment. [2939/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the 2010 Single Payment Scheme/Disadvantaged Areas Scheme was received from the person named on 05 May 2010. Advance Single Farm Payment issued to the person named on 18th October 2010 on the clear eligible area, however one of the land parcels listed on the application required digitisation. This process is now complete and the balancing Single Farm payment issued on 21 December 2010 to the person named.

183. **Deputy Jimmy Deenihan** asked the Minister for Agriculture, Fisheries and Food when disadvantage area payment will be made available in respect of a person (details supplied) in County Kerry; and if he will make a statement on the matter. [2979/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** An application under the 2010 Disadvantaged Areas Scheme was received from the person named on 10 May 2010. A number of parcels listed on the application of the person named required re-digitisation. This process is now complete and the application has been recently cleared and payment will issue in the coming days.

### Consultancy Contracts

184. **Deputy Jimmy Deenihan** asked the Minister for Agriculture, Fisheries and Food if he will provide the details on the number of consultancy contracts awarded to a company (details supplied) since 2006 by each Government and State agency giving the title of each assignment, the duration of the contract and the financial consideration for each assignment; and if he will make a statement on the matter. [2983/11]

**Minister for Agriculture, Fisheries and Food (Deputy Brendan Smith):** Since 2006 the company in question was awarded two consultancy contracts for my Department. The details required are as follows.

Year	Title of Assignment	Duration of Assignment	Payments
			€
2006/2007	Report of the Independent Expert on Economic Analysis of Restructuring of Irish Sugar Industry	12 March 2006 to 23 February 2007	360,422
2010	Mid-Term Evaluation of the Rural Development Programme	19 May to 21 December 2010	110,902

The awarding of consultancy contracts by State Agencies under the remit of my Department is an operational matter for the agencies concerned.

### Parliamentary Questions

185. **Deputy Brian Hayes** asked the Minister for Enterprise, Trade and Innovation, further to Parliamentary Question No. 273 of 4 November 2010, when a response will issue; and if he will make a statement on the matter. [2814/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O'Keeffe):** The information sought by Deputy Hayes was quite detailed and covered almost a 4-year period. Nonetheless,

my Department has reported to me that it has almost concluded the collation exercise and I anticipate the information issuing to the Deputy in the coming days.

*Question No. 186 answered with Question No. 84.*

### **Job Creation**

187. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation his strategy to replace jobs lost throughout the economy in the past five years; and if he will make a statement on the matter. [2893/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The role of my Department is to ensure that we have the right policies in place that will support and grow our enterprise base in order to facilitate both job creation and job retention. The National Recovery Plan, which was published by the Government on 24th November, provides a blueprint for Ireland’s return to sustainable economic growth. It identifies the areas of activity, which will provide increased employment opportunities as Ireland’s economic recovery takes place. The Plan sets out a range of specific actions and supports designed to improve competitiveness across all sectors of the economy. These include measures to cut costs to business, the removal of barriers to employment creation, and a range of sector-specific actions to increase exports and domestic demand.

In September, the Taoiseach launched the five-year integrated Government plan for trade, tourism and investment aimed at generating 300,000 jobs by the end of 2015. The new plan, “*Trading and Investing in a Smart Economy*”, is the first integrated strategy to promote overseas trade, tourism and investment. With this new strategy, the Government aims to position Ireland for strong export-led growth to 2015, resulting in high levels of job creation. The plan aims to create over 150,000 direct new jobs (IDA Ireland 75,000, Enterprise Ireland 60,000, tourism 15,000) in manufacturing, tourism and internationally trading services, with another 150,000 spin-off jobs.

The programmes supported by my Department and its agencies will be critical in achieving a return to economic growth through promoting the export potential of enterprise in Ireland and advancing the Smart Economy Agenda. The allocation in Budget 2011 of €508m in capital funding will ensure that the enterprise agencies’ core programmes are sustained and targeted. This will include actions to position Ireland as a Global Innovation Hub.

The State Development agencies, Enterprise Ireland and IDA Ireland, and the County and City Enterprise Boards are continuing to drive and promote enterprise development, and consequently employment creation in our economy. IDA Ireland continues to market and promote Ireland for inward investment. Indeed, on 15 January, Intel, an IDA client company that already employs over 4,000 people in Ireland, announced that it is to begin a substantial new €375 million construction project at its Leixlip technology campus. This infrastructure project will create a further 850 construction jobs on the Leixlip campus. The company will also be creating 200 new high level jobs on the Leixlip campus as a result of this technology upgrade. The fact that Intel has chosen to further invest here is an enormous vote of confidence and endorsement of Ireland as a competitive location for global investment.

Enterprise Ireland is actively focused on the creation of new jobs through supporting entrepreneurs setting up new high potential start-up companies, and the retention and creation of new jobs in existing companies. The County and City Enterprise Boards support the micro enterprise sector — businesses with 10 employees or less — in the start-up and expansion phases and promotes entrepreneurship at local level.

[Deputy Batt O’Keeffe.]

In addition to delivering programmes through the Enterprise Development agencies, my Department also works across Government to ensure that Ireland regains competitiveness, including cost competitiveness, thus improving the business environment and enabling companies to successfully compete internationally and grow jobs.

### **Economic Competitiveness**

188. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the action he has taken or proposes to take to comply with the joint objections of EU Commissioners Barnier and Geoghegan-Quinn to enhance competitiveness and energise the manufacturing and service sectors in the European economy through innovation, technology and competition; the way this is most likely to manifest itself in this economy; and if he will make a statement on the matter. [2894/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** Europe 2020, the European Union’s new strategy for smart, sustainable and inclusive growth, was finalised by the European Council in June 2010. A total of seven “Flagship” Initiatives which will underpin the strategy are at various stages of development by the European Commission. Commissioner Geoghegan-Quinn and Commissioner Tajani launched two Flagships Initiatives in the second half of 2010 — the “Innovation Union” and the “Industrial Policy for a Globalisation Era” respectively. Both of these initiatives are aimed at increasing productivity, boosting competitiveness and, ultimately, creating employment through innovation and by developing opportunities in emerging sectors.

The objectives of the two Flagship Initiatives are broadly consistent with the Government’s strategy, Building Ireland’s Smart Economy, and with the development of the Green Economy in Ireland. In that regard, I support the adoption in these Initiatives of a horizontal approach to industrial policy and innovation, coupled with the identification of key sectors for additional supports. My Department and the enterprise agencies will continue to develop the existing strengths of Irish-based companies and assist them in identifying and capturing opportunities which emerge from the European 2020 strategy in existing and emerging high-potential sectors.

In addition to the Flagship Initiatives launched by Commissioners Geoghegan-Quinn and Tajani, in October 2010 Commissioner Barnier published the Single Market Act which sets out proposals to strengthen the Single Market with measures to boost growth and enhance citizens’ rights. The Act has been issued for public consultation, after which the Council and the European Parliament will be asked to formally endorse it during the course of 2011. A list of proposals for priority action in the short term is likely to emerge from this process.

My Department is coordinating the Government’s response on the Single Market Act. The views of relevant Government Departments have been sought on the Act and a composite submission will be made to the European Commission at the end of February.

### **Departmental Mission Statements**

189. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent if any to which his Department is motivated to achieve its mission statement having particular regard to the ongoing economic situation; and if he will make a statement on the matter. [2896/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** Since commencing my role as Minister for Enterprise, Trade and Innovation, I have, together with my Ministers of State and officials in the Department, devoted considerable time and efforts to driving our

mission which is centred on the promotion of policies and initiatives to create an enterprising, entrepreneurial, innovative and appropriately regulated, competitive economy in support of employment and job creation. In this regard, my main focus has been on:

- growing employment and foreign earnings through enterprise and trade,
- building the smart economy through investments in the Strategy for Science Technology and Innovation,
- better regulation of markets and enhanced consumer welfare, and
- fostering good industrial relations, employment rights and occupational health and safety.

My Department and I, together with our colleagues in our Agencies, continue to work diligently at ensuring that the policies we are pursuing remain attuned to the needs of our stakeholders, and that we implement those policies effectively in support of our overall mission.

Despite the global economic recession, the actions we have taken are bearing fruit insofar as our improving competitiveness, increasing exports, and continuing job announcements attest, notwithstanding the continuing challenging global economic climate. On the exports front alone — a vital source of wealth and job creation for a small open economy like Ireland — the 11% increase in our trade surplus in the first nine months of last year compared to the same period in 2009 shows that our strategy is working.

I can assure the Deputy that I and my team at the Department, working closely with our colleagues in our Agencies, will continue to commit every effort to drive our mission in the period ahead.

*Question No. 190 answered with Question No. 84.*

### **Economic Competitiveness**

191. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation if he will outline, in order, the five most important issues affecting competitiveness in the manufacturing and service sectors in each of the past five years to date in 2011; the degree to which he plans to further address these issues with a view to enhancing the prospect for economic recovery; and if he will make a statement on the matter. [2898/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The Annual Competitiveness Report, which is published each year by the National Competitiveness Council, sets out the factors which the Council believes are important for Ireland’s competitiveness. These factors generally affect all areas of the economy, including the manufacturing and services sectors. The factors affecting Ireland’s competitiveness have changed considerably over the last five years due to the global economic downturn and domestic economic conditions.

For example, the 2006 Annual Competitiveness Report identified issues such as loss of momentum in the export sector, productivity growth and the high costs of living as factors impacting on Ireland’s competitiveness. Due to the Government’s actions as part of its response to the economic downturn, our exports are now performing strongly, Ireland currently has the highest level of growth in industrial output in the Eurozone, and the cost of living has been brought under control, as evidenced by the pattern in the Consumer Price Index since 2008.

Along with my colleagues in Government, I will address the emerging challenges impacting on our competitiveness on an on-going basis. This will be done as part of the Government’s overall strategy for economic recovery. In this context, the National Development Plan 2011-

[Deputy Batt O’Keeffe.]

2014, which was published on 24th November last, provides the blueprint for a return to sustainable economic growth and sets out a range of measures which will be taken to reduce costs for businesses and improve competitiveness.

*Question No. 192 answered with Question No. 88.*

### **Retail Sector**

193. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent if any to which the use of alcohol as a loss leader is being used to promote sales at retail outlets; and if he will make a statement on the matter. [2900/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The sale of alcohol is essentially regulated by the liquor licensing laws, which are the policy responsibility of the Minister for Justice and Law Reform and I have no direct function in this matter.

The use of sales promotions and pricing strategies in any business is a legitimate marketing tool and is the normal outcome of the competitive process. I have no direct function in relation to such practices which are a matter for the retailer and are not an offence unless they involve abuse of a dominant position. A determination on whether a retailer is abusing a dominant position in the marketplace would necessitate a comprehensive investigation by the Competition Authority. The Authority is the independent statutory body responsible for enforcing competition law in the State and complaints of any alleged anti-competitive practice should be referred to it.

194. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent if any to which he has monitored the use of loss leaders to promote sales in a retail outlet; and if he will make a statement on the matter. [2901/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The use of sales promotions and pricing strategies in any business is a legitimate marketing tool and is the normal outcome of the competitive process. I have no direct function in relation to such practices which are a matter for the retailer and are not an offence unless they involve abuse of a dominant position. A determination on whether a retailer is abusing a dominant position in the marketplace would necessitate a comprehensive investigation by the Competition Authority. The Authority is the independent statutory body responsible for enforcing competition law in the State and complaints of any alleged anti-competitive practice should be referred to it.

195. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent to which all major retail stores operating here are obliged to publish their profits in respect of operations in this jurisdiction; and if he will make a statement on the matter. [2902/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** In respect of those retail stores that are organised as limited companies, the contents of the financial statements including the profits of those companies are governed by relevant Irish and EU Company Law and by the applicable accounting standards.

196. **Deputy Bernard J. Durkan** asked the Minister for Enterprise, Trade and Innovation the extent if any to which he has monitored the prices charged to consumers in various major retail outlets throughout this country with those charged at similar outlets in other jurisdictions; if

his attention has been drawn to a particular difference in the margins paid to manufactures on producers by such outlets; and if he will make a statement on the matter. [2903/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** I am aware of the concerns that have been expressed in relation to the differential in consumer prices between this country and certain other jurisdictions and particularly in the case of our nearest neighbour the United Kingdom. Whilst consumer prices in this jurisdiction had increased at a faster rate than a number of other jurisdictions in the EU, prices have fallen considerably in Ireland in the last 18 to 24 months. The latest EU Harmonised Index of Consumer Prices, which is accepted as the most appropriate measure for community wide price comparisons, published by the Central Statistics Office show that prices decreased in Ireland by 0.8% in the 12 months to October 2010, whereas prices throughout the rest of the EU increased by 2.3% in the same period. Insofar as the UK is concerned, the Index shows that prices rose by 3.2% in this period.

It is clear, therefore, that prices are falling more rapidly in Ireland than elsewhere in the EU. This overall narrowing of the differential in prices is most welcome, not least by consumers, and follows on from the specific measures taken by the Government to restore national competitiveness. The Government is fully committed to pursuing the competitiveness agenda, including in the area of prices so as to ensure that Irish consumers receive and can expect to receive a fair deal in the goods and services that they buy.

### Employment Rights

197. **Deputy Martin Ferris** asked the Minister for Enterprise, Trade and Innovation the position regarding claims made by employers to the Labour Relations Commission seeking to avoid paying agreed wage increases and to opt out of wage orders; and if he will make a statement on the matter. [2916/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Dara Calleary):** I assume the Deputy’s question relates to wage rates provided for in Employment Regulation Orders (EROs) made under the Joint Labour Committee (JLC) system. JLCs are statutory bodies established under the Industrial Relations Acts, 1946 to 2004 to provide machinery for the fixing of minimum rates of pay and the regulation of conditions of employment. JLCs are composed of representatives of employers and workers in a particular sector and they meet periodically to discuss and agree terms and conditions to apply to specified workers in that sector. The pay and conditions agreed by the JLCs are given the force of law in EROs made by the Labour Court on foot of proposals made to the Court by the JLCs.

There is currently no provision in the Industrial Relations Acts which allows an employer in a sector covered by an ERO to seek a derogation from the obligation to comply with the terms of an Order. Moreover, a proposal to amend or revoke an ERO may not be submitted by a JLC to the Labour Court unless the Order has been in force for at least six months.

However, I have already announced my intention to introduce an “inability to pay” provision for EROs. I intend to include such a provision in the Industrial Relations (Amendment) Bill 2009 by means of an amendment at Committee stage in the Dáil. Such a provision would go some way to balancing the current demands of both trade unions and employers by continuing to modernise and streamline the JLC system, while also alleviating the pressures that employers in these sectors currently experience as a consequence of the absence of a mechanisms for processing claims for “inability to pay”.

While it is intended that the inability to pay mechanism will be modelled on the provisions at Section 41 of the National Minimum Wage Act, 2000, I believe that there is scope for improving both the flexibility and the safeguards that can be incorporated in such a provision.

[Deputy Dara Calleary.]

I am satisfied that an updated mechanism can be framed so as to take into account issues raised in the course of consultations with the social partners and during the debate in the Dáil on the Industrial Relations (Amendment) Bill, especially as regards the dangers of unfair cost competition and the desirability of maintaining a level playing field for enterprises where wage costs are a major component of overall costs.

### **Business Regulation**

198. **Deputy Richard Bruton** asked the Minister for Enterprise, Trade and Innovation if he will indicate the circumstances in which bodies can be exempt from the requirement of an audit and his views on whether the necessity of having an audit is an unnecessary expense for some small businesses or organisations which are solely organised for social purposes; and if he will make a statement on the matter. [2959/11]

**Minister of State at the Department of Enterprise, Trade and Innovation (Deputy Billy Kelleher):** In general every company should appoint an auditor and have its annual accounts audited. However, certain private limited companies, which satisfy certain conditions, can be exempted from these requirements. To avail of the exemption, the directors of the company must form the opinion that in respect of both the financial year in question and the immediately preceding financial year, the company satisfies the following conditions:

- (i) the company is a company to which the Companies (Amendment) Act 1986 applies,
- (ii) the amount of the turnover of the company does not exceed €7.3 million,
- (iii) the balance sheet total of the company does not exceed €3.65 million,
- (iv) the average number of persons employed by the company does not exceed 50,
- (v) the company is not a parent undertaking or a subsidiary undertaking, and
- (vi) the company is not a licensed bank, an insurance undertaking or a financial services company of the kind referred to in the Second Schedule of the 1999 (No. 2) Act. A company is not entitled to the exemption in a financial year unless the company is up-to-date in the filing of its annual returns with the Companies Registration Office.

Companies organised for social purposes i.e. non-profit organisations, such as charities, residential management companies, sports clubs, trade associations and community or special interest groups are generally incorporated as companies limited by guarantee.

In 2009, the Company Law Review Group (CLRG) considered the case for extending the audit exemption to companies limited by guarantee. As outlined in its 2009 Annual Report the Group recommended that:

- (i) Subject to consultation with the Minister for Community, Rural and Gaeltacht Affairs and the Charities Regulator the audit exemption regime contained in Part III of the 1999 (No. 2) Act should be extended to such class or classes of companies limited by guarantee which are charitable organisations (within the meaning of the Charities Act 2009) so as to bring them into alignment with charitable organisation that are not companies, provided that 10% of the members with voting rights should be able to require an audit.
- (ii) The audit exemption regime be extended to all companies limited by guarantee which are not charitable organisations, subject to a veto right, (i.e. that any one member who has the right to vote at general meetings of the company may veto the proposal to avail

of the exemption), and further subject to the requirement that audit exemption in respect of the following year, shall be an item on the agenda of the annual general meeting.

Subject to Government approval the recommendations of the CLRG in this matter will be taken into account in the Companies Consolidation and Reform Bill currently being drafted in the Office of the Parliamentary Council.

### Consultancy Contracts

199. **Deputy Jimmy Deenihan** asked the Minister for Enterprise, Trade and Innovation if he will provide the details on the number of consultancy contracts awarded to a company (details supplied) since 2006 by each Government and State agency giving the title of each assignment, the duration of the contract and the financial consideration for each assignment; and if he will make a statement on the matter. [2982/11]

**Minister for Enterprise, Trade and Innovation (Deputy Batt O’Keeffe):** The following table sets out details of cost and purpose of the three contracts awarded to Indecon Economic Consultants by my Department since 1 January 2006 to date. Details of contracts entered into by Agencies under the remit of my Department are a day-to-day function for the Agency concerned.

For each of the three contracts concerned, Indecon Consultants were contracted to undertake a specific piece of work for my Department and the contract concluded once the Department was satisfied that the work undertaken had been performed satisfactorily.

Year	Purpose of Contract	Total
		€
2010	N/A	Nil
2009	N/A	Nil
2007-2008	Prepare a Report — Value for Money Review of Science Foundation Ireland	185,408
2007	Economic Impact Assessment on the impact of health and safety legislation on competitiveness and the economy.	39,688
2006-2007	Study of Efficiency and Effectiveness of Vocational Training Services	50,886

### Coláistí Samhraidh Gaeilge

200. D’fhiafraigh **Deputy Dinny McGinley** den Aire Gnóthaí Pobail, Comhionannais agus Gaeltachta cad é an líon daltaí a rinne freastal ar chúrsaí Samhraidh Gaeltachta (Coláistí Samhraidh Gaeilge) gach bliain idir 2000 agus 2010. [2971/11]

201. D’fhiafraigh **Deputy Dinny McGinley** den Aire Gnóthaí Pobail, Comhionannais agus Gaeltachta cad é an líon daltaí a rinne freastal ar chúrsaí Samhraidh Gaeltachta i nDún na Gall gach bliain ó 2000 go 2011. [2972/11]

**Minister for Community, Equality and Gaeltacht Affairs (Deputy Pat Carey):** Tógfaidh mé Ceisteanna Uimh. 200 agus 201 le chéile.

Tá sonraí sa Tábla thíos den líon daltaí ar íocadh cúnaimh ina leith faoi Scéim na bhFoghlaimoírí Gaeilge agus a rinne freastal ar chúrsaí Gaeilge (i) sa Ghaeltacht agus (ii) i gCo Dhún na nGall gach bliain idir 2000 agus 2010.



[Deputy Pat Carey.]

Bliain	Líon daltaí sa Ghaeltacht	Líon daltaí i gCo Dhún na nGall
2000	23,108	6,642
2001	23,648	6,876
2002	24,411	6,917
2003	23,764	6,993
2004	23,490	7,106
2005	24,088	7,024
2006	25,313	7,603
2007	25,176	6,074
2008	27,001	6,413
2009	26,541	5,803
2010	24,278	5,141

### Consultancy Contracts

202. **Deputy Jimmy Deenihan** asked the Minister for Community, Equality and Gaeltacht Affairs if he will provide the details on the number of consultancy contracts awarded to a company (details supplied) since 2006 by each Government and State agency giving the title of each assignment, the duration of the contract and the financial consideration for each assignment; and if he will make a statement on the matter. [2978/11]

**Minister for Community, Equality and Gaeltacht Affairs (Deputy Pat Carey):** I am advised that two consultancy contracts were awarded by State bodies/agencies funded from my Department's Vote Group to the company referred to by the Deputy. The contracts in question were awarded by Údarás na Gaeltachta and relevant details are outlined in the table below.

Purpose of contract	Year awarded	Duration of contract	Cost of contract
Gaeltacht Arts Audit (Ealaín na Gaeltachta)	2010	3 months	€23,520 plus VAT
Economic Impact Study of Údarás na Gaeltachta	2010	4 months	€46,500 plus VAT

### Defence Forces Remuneration

203. **Deputy Fergus O'Dowd** asked the Minister for Defence when the pay increase for army cooks Tech 11 to Tech 111 will be paid; and if he will make a statement on the matter. [2950/11]

**Minister for Defence (Deputy Tony Killeen):** On the 27th September 2010 the Adjudicator under the Conciliation and Arbitration Scheme for members of the Permanent Defence Force awarded an increase in technical pay to cooks. The award is backdated to 1 June 2006 and the Department of Defence estimates that the cost per annum of the award will be €266,412 with arrears of €1.1 million.

Current public pay policy of the Government is dictated by the statutory prohibition contained in the Financial Emergency Measures in the Public Interest (No.2) Act, 2009 which precludes increases to pay and allowances. Any claim, inclusive of adjudications, that has financial implications for the Exchequer cannot receive the sanction of the Minister for Finance under the terms of the 2009 Act. The legislation further provides that before 30 June 2011 the Minister for Finance shall carry out a review of the operation, effectiveness and impact of the Act.