

DÁIL ÉIREANN

*Dé Céadaoin, 6 Aibreán 2011.
Wednesday, 6 April 2011.*

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

Paidir.

Prayer.

Leaders' Questions

Deputy Brian Lenihan: In a press release yesterday on the legislative programme the Chief Whip indicated that tackling the jobs crisis was the top priority of the Government. If that is the case, is there an indicative figure in the jobs budget for the number of jobs that will be created? Does the Government have such a figure and what will the cost be? Why is there no indication of a supplementary budget in the material circulated yesterday?

The question of political donations was also referred to in the introduction to the legislative programme. I understand the outgoing Government had a Bill ready to deal with corporate donations. To what extent will the Government's legislation vary from that Bill? Specifically, can the Tánaiste clear up the confusion as to whether corporate donations from trade unions will be covered in the legislation? This is an important question if we are talking about transparency in public life and removing sources of influence in politics which are corporate in character. There seems to be confusion about whether the Bill will cover donations from trade unions. The Tánaiste should be in a position to clear up the issue and make good his claim to represent change in the House.

This morning the Chief Whip referred to the recommendations made in the Moriarty tribunal report and said the Government would take action on them immediately. I do not see any of the recommendations included in the legislative programme. Will the Tánaiste indicate the Government's timescale for implementing the Moriarty tribunal report?

With regard to constitutional change, the public finds it breathtaking, in its cynicism, that in Seanad Éireann we will have, as in this House, a huge majority of Fine Gael and Labour Party Senators opposed by a tiny number of Fianna Fáil, Independent and Sinn Féin Senators. In these circumstances, does the Government propose that the Seanad should run its full course?

The Tánaiste: It has been the norm during Leaders' Questions for a leader to ask one question. Deputy Lenihan has managed to ask four, but I will answer all of them.

(Interruptions).

Deputy Michael McGrath: That is not what the Tánaiste did while in opposition.

Deputy Niall Collins: Give us the Labour Party's way.

Deputy Timmy Dooley: The Tánaiste is a man of such quality that Deputy Lenihan knew he could manage two or three questions.

The Tánaiste: I am sure Deputy Lenihan will agree that the publication of the legislative programme within four weeks of the formation of the Government represents a new departure and a significant advance on what happened on the last three occasions when the programme was not published until almost four months after the formation of the Government.

Deputies: Hear, hear.

Deputy Michael McGrath: Those Governments were formed before the summer recess.

Deputy Dara Calleary: There are only three new Bills.

The Tánaiste: As stated in the press release, job creation is the main priority listed in the Government's legislative programme.

Deputy Timmy Dooley: That is why there is no Bill on Ministers of State.

The Tánaiste: That is why the totality of the Government's economic programme is aimed at the creation of jobs. The jobs budget will be introduced in the month of May. The detail of how many jobs it is intended to support and the precise measures to provide and support the provision of jobs will be contained in that budget statement.

The Government is committed to bringing to an end corporate donations. Donations from trade unions will be included in that legislation. They will be treated as corporate donations.

Deputy Finian McGrath: That is not fair.

The Tánaiste: There will be no distinction.

Deputy Jerry Buttimer: Is the Galway tent being brought back?

Deputy Dara Calleary: What about Punchestown and the K Club?

Deputy Jerry Buttimer: The glasshouse is shattered.

The Tánaiste: Change is being implemented. The Government has decided that political donations from corporate bodies will be brought to an end. That will, obviously, include the bringing to an end of donations from trade unions.

The recommendations made in the Moriarty tribunal report on the reforms that must be implemented, including the central recommendation regarding the bringing to an end of corporate donations, will be proceeded with. There are also recommendations relating to whistleblowing and so on and they will be proceeded with in the course of time.

The programme for Government sets out a number of areas in which it is intended to have constitutional change. It includes the proposal to hold a referendum on the abolition of the Seanad. The Government intends to go ahead with that referendum, the precise timing of which has not yet been decided.

Deputy Brian Lenihan: We all agree that the most fundamental issue is job creation. When will the jobs budget announcement or statement take place?

The Tánaiste: It is intended that the jobs budget will be introduced in the month of May.

Deputy Mary Lou McDonald: I note the Tánaiste's self-congratulation on his efficiency and what he claims as a new departure. He has not skipped a beat. In hock to the IMF and the European Union and in the embrace of Fine Gael, he has chosen very quickly to walk the well trodden path of Fianna Fáil and the previous Administration. Not alone has the Labour Party gone along with further bailout of the banks to the tune of €24 billion but it has dropped many of the issues which it said were critical to it, including that of the cut in the minimum wage, a matter I would like to raise with the Tánaiste this morning. Fine Gael and the Labour Party — if my memory serves me correctly it was Fine Gael who first made this promise — promised that the cut to the minimum wage would be reversed. Notwithstanding the Government's efficiency and speediness to do business it has made no attempt to address this matter. Is this an oversight on the part of Government or has it decided that it will not now address this matter?

In the course of the election campaign the Government parties managed to convince a number of people that the new Government would do things differently and would act in the interests of workers, in particular low paid workers. However, the evidence to date tells a different story. When questioned on this matter yesterday, the Taoiseach did not answer the question. I ask the Tánaiste to tell us this morning when the Government will effect a reverse to the minimum wage cut as promised in the course of the election campaign.

The Tánaiste: The programme for Government clearly states that the cut in the minimum wage will be reversed. This measure will be implemented by Government. As the Taoiseach told the House yesterday, the Attorney General has been consulted on whether separate legislation will be required, whether this can be provided for in existing legislation or, if legislation is required at all. The Government intends to reverse the cut in the minimum wage.

Deputy Mary Lou McDonald: The question remains as to when the Government intends to do it. There is a pattern emerging here in that the Government is kicking every issue down the road. The Government parties had no such reservations when they went to the people and categorically assured them that the cut would be reversed. They did not refer to delays or consultations but gave a cast iron commitment which it must now honour. The Tánaiste stated that the matter has been referred to the Attorney General. How long will it take for that advice to be returned to Government? I suspect this is a stalling mechanism and that the real truth is that the Government is looking to the EU and IMF for permission to bring forward this matter. That is not good enough. The commitment has been made and must be honoured. I again ask that the Tánaiste provide the House with a precise time line within which the cut to the minimum wage will be reversed.

The Tánaiste: The commitment will be honoured.

Deputy Mary Lou McDonald: When?

The Tánaiste: As quickly as possible. The Government is considering the most appropriate way of dealing with the matter. The Taoiseach told the House yesterday that the Attorney General has been consulted on the legislative requirements for doing so. It will be done.

Deputy Joe Higgins: As I was not here yesterday, perhaps the Ceann Comhairle will permit me to condemn outright the brutal killing of a member of the police service in Northern Ireland and to say that the ordinary people of Omagh and the North must stand united against this atrocity and those who would drag society back to sectarian conflict. People should support the Irish Congress of Trade Unions rally today in Belfast.

[Deputy Joe Higgins.]

Will the Tánaiste condemn outright the sick jokes made by members of the Garda Síochána in regard to the infliction of sexual violence on the women in their custody? The Minister for Justice and Equality, Deputy Shatter, when asked about this on radio this morning spoke of the economic benefits of the Corrib gas and could only find words of condemnation for those who object to giving our natural resources for nothing to multinational corporations, which condemnation includes the two women, the subject of these disgusting remarks, who were in Mayo to protest against the policies of this Government and the previous Administration in regard to Corrib. Perhaps the Tánaiste will educate the Minister for Justice and Equality, Deputy Shatter, that there are no more economic benefits from Corrib gas than if it were coming from Norway because Fianna Fáil gave it away — it was worth €10 billion — to Shell Oil for not one cent.

Will the Tánaiste agree that the sinister remarks by certain gardaí in regard to sexual violence against women are reminiscent of a hostile occupation force against a civilian population? Does he have any words of condemnation for the persistent and heavy-handed repression by certain sections of the Garda over years in Erris and by a private security firm paid for by Shell, which has acted like an army occupation and repressed the local population and their right to protest against something which they believe is a danger to their health and safety? Will this Government slavishly follow Fianna Fáil policy on this issue, as it has done on the banking issue or will it at least tear up the rotten deals signed by Fianna Fáil with multinational corporations, resulting in giving away our resources for nothing. The Labour Party will recall its involvement 30 years ago in the resources protection campaign at which time it believed those resources should be in the ownership of the people of Ireland only.

The Tánaiste: I acknowledge Deputy Higgins' comments in regard to the murder of Constable Ronan Kerr. I understand there were some communication difficulties last night in terms of the Government Whip not being able to make contact with the Whip of the Technical Group or Deputy Higgins. It is intended to add Deputy Higgins name to the motion on behalf of the Technical Group, which will be before the House later this morning.

I heard the tape recording played last night on television and was shocked by its contents. Rape is a heinous crime. It is not something that should be threatened, trivialised or laughed at by anyone.

Deputy Ann Phelan: Hear, hear.

The Tánaiste: I do not know whose voice is recorded on the tape. The matter is being investigated by the Garda Commissioner and Garda Ombudsman Commission. We must await conclusion of these investigations before making any further comment. On the content of the tape, I was shocked by the serious comments made.

The Minister for Justice and Equality, Deputy Shatter, made clear this morning his views on the content of the tape. He also made it clear that an investigation is taking place and that those who are victims of rape or sexual assault should report and that they will get a fair and sympathetic hearing and attention from the Garda Síochána. People should have no hesitation in reporting such crimes to the Garda.

Deputy Joe Higgins: I acknowledge the Tánaiste's response to the behaviour of certain gardaí joking about sexual violence against women. I ask that the Government, in fairness to the two women and other peaceful protestors present on the day, focus on the reason they were there.

Will the Tánaiste agree that it was outrageous of the former Minister, Mr. Pat Carey, to, on the day he was being unceremoniously voted out of office, to sign consents for the routing of

the Corrib gas pipeline through Sruwaddacon special area of conservation in County Mayo? Will he agree that was an outrageous, undemocratic decision? Will this Government reverse the policy of giving away our natural resources to Shell Oil for not a cent in royalties to the Irish people? As the Government seems intent on carrying on the policy of sacrificing future generations to pay off European bankers, will it at least reclaim for them——

An Ceann Comhairle: The Deputy has moved to a different topic.

Deputy Joe Higgins: ——the hundreds of billions of euro of natural resources off our coasts which under the licences so far issued are being gifted to multinational corporations for profit?

The Tánaiste: None of us knows who spoke the words on the tape and no one should jump to any conclusions about that matter until the investigation has been completed by the Garda Commissioner and the Garda Ombudsman Commission. We should not prejudice the outcome of the investigation. Given the seriousness of the content of the tape, we should not use it to widen the agenda with regard to whatever point of view we may have about the way in which the Corrib gas project is proceeding or the licensing arrangements. The future development of natural resources, including gas resources, is a matter for the Minister for Communications, Energy and Natural Resources who will consider it in the course of time. I am sure Deputy Higgins and others will be able to debate it in the House on a future date.

Requests to move Adjournment of Dáil under Standing Order 32

An Ceann Comhairle: Before coming to the Order of Business, I propose to deal with a notice under Standing Order 32. I call on Deputy Aengus Ó Snodaigh.

Deputy Aengus Ó Snodaigh: Ba mhaith liom an Dáil a chur ar athló faoi Bhuan Ordú 32 chun déileáil leis an gné seo: the urgent need for the Government to proceed without avoidable delay in the transfer of patronage of schools. As demand for multi-denominational and non-denominational schools is outpacing demographic growth, in many cases a brand new school may not be warranted. The Portobello Educate Together start-up group is just one example of demand for a multi-denominational school. It has 57 children pre-enrolled to start school in September 2012 if an existing school is made available for transformation.

An Ceann Comhairle: Having considered the matter raised, it is not in order under Standing Order 32.

Order of Business

The Tánaiste: It is proposed to take No. 5a, motion re the murder of Constable Ronan Kerr; No. 10, statements on bank reorganisation; and No. 8, Communications Regulation (Postal Services) Bill 2010 [*Seanad*] — Second Stage (resumed). It is also proposed, notwithstanding anything in Standing Orders that: (1) No. 5a shall be decided without debate; and (2) the following arrangements shall apply in relation to No. 10: (i) the statement of a Minister or Minister of State and the main spokespersons for Fianna Fáil, Sinn Féin and the Technical Group who shall be called upon in that order shall not exceed 20 minutes in each case; (ii) the statement of each other Member called upon shall not exceed 20 minutes in each case; (iii) Members may share time; and (iv) a Minister or Minister of State shall be called upon to make a statement in reply which shall not exceed ten minutes. Private Members' business is No. 20, motion re referendum on the bank bailout and EU-IMF arrangement (resumed), to conclude at 8.30 p.m., if not previously concluded.

An Ceann Comhairle: There are two proposals to put to the House. Is the proposal for dealing with No. 5a agreed? Agreed. Is the proposal for dealing with No. 10 agreed?

Deputy Brian Lenihan: It is not agreed in one respect. A question and answer session during which the Minister would be accountable to the House was mooted last week in respect of this subject. Serious issues arise regarding the bank reorganisation and the sustainability of the debts being undertaken and Deputies need to tease out the implications with the Minister. A pre-announcement briefing was not provided for Opposition parties about the implications of the announcement.

The Tánaiste: A guillotine will not apply to the statements. The provisions made are that if they conclude before 7 p.m., a Minister will respond at that point and if they do not conclude before 7 p.m., it is intended they will resume at a point which can be agreed with the Whips.

Deputy Brian Lenihan: There will, therefore, be a question and answer session.

An Ceann Comhairle: That is a matter for the Whips.

The Tánaiste: Yes, the matter can be agreed between the Whips.

Deputy Dara Calleary: On promised legislation, a review of joint labour committees and employment regulation orders is under way. I note the legislative programme does not make provision for an industrial relations (amendment) Bill to make any changes arising from the review. Is it intended to include such changes in a finance (No. 2) Bill or will the Government introduce an industrial relations (amendment) Bill?

The Tánaiste: That matter has not yet been decided. A decision will be made when the review is complete.

Deputy Mary Lou McDonald: Feicim nach bhfuil reifreann ar chearta an linbh fiú luaite sa mhéid atá curtha i gcló ag an Rialtas. Cén fáth nach bhfuil? Cén uair atá sé i gceist ag an Rialtas Bille maidir leis an Seanad a thabhairt os comhair an Tí?

The legislative programme does not make reference to a Bill to facilitate a referendum on children's rights or legislation for the reform or, as the Government would have it, abolition of the Seanad. These are two extraordinary omissions. Not only is this legislation missing from the A list, it does not feature anywhere in the legislative programme. Despite the Labour Party and Fine Gael, including the Minister for Children, Deputy Frances Fitzgerald, backing the wording for a referendum on children's rights, as initially envisaged by the relevant Oireachtas committee, the Government appears to have rowed back from its position. It has indicated it will consider all proposals regarding the wording of the referendum, including the watered-down version produced by the previous Administration. Will the Tánaiste explain the reason two Bills on referendums do not feature in the legislative programme? I hope he will be able to assure the House that this is an omission and that the relevant Bills will be included in the programme. Will he make a statement on the envisaged wording for the referendum on the rights of children? I hope the Minister for Children will return to this matter sooner rather than later.

The Tánaiste: De ghnáth, ní bhíonn moltaí i dtaobh reifrinn ar leasuithe bunreachtúla foilsithe sa ghnáth-chlár reachtaíochta a leagtar amach ag tús na Dála. Mar is eol don Teachta, tá sé ar intinn againn reifrinn a eagrú i dtaobh cearta an linbh agus i dtaobh an Seanaid. Tá moltaí maidir leis na reifrinn sin idir lámha ag an Rialtas faoi láthair.

Proposals for referendums and amendments to the Constitution are generally not included in the legislative programme published at the beginning of a Dáil session. These matters are being considered separately by the Government. I referred, in response to Deputy Lenihan, to the Government's intentions regarding the Seanad. It intends to proceed with a referendum on the rights of children. The issue is being considered by the Minister for Children. As the Deputy is aware, issues have arisen in this regard and different forms of wording have been circulated. These matters are being examined and addressed by the Minister for Children. The Government intends to proceed with a referendum on children's rights.

Deputy Timmy Dooley: Last week the Minister for Education and Skills commented on proposed changes to the third level grants scheme. He indicated there was a bias towards the self-employed in the agricultural community who were able to manipulate their income in a manner which enabled them or their children to avail of education grants.

I first want to ask if the Tánaiste supports those comments. If so, what legislation does the Government propose to bring forward to treat the self-employed in the agricultural community differently from everybody else in terms of how their incomes are recorded and taxed? I thought his comments were somewhat unfair to the agricultural community and, indeed, to the self-employed.

An Ceann Comhairle: Is this about promised legislation?

Deputy Timmy Dooley: It might be appropriate for him to clarify that at a later stage, perhaps in some other forum. In my view, his comments demonised a sector of society which comprises decent, hard-working people. They employ many people and pay their taxes like anybody else.

Deputy Colm Keaveney: The Deputy supported reducing the minimum wage.

The Tánaiste: That sounds like the makings of a good question to the Minister for Education and Skills. I would encourage Deputy Dooley to pursue that with him.

Deputy Timmy Dooley: The Tánaiste is sitting beside the Minister for Education and Skills, so why does he not ask him?

The Tánaiste: There is no legislative proposal to address that issue.

Deputy Joe Higgins: To facilitate the business of the House, there is a simultaneous translation facility from Irish into English, when Members speak in Irish. I notice that many benches do not have headphones. I do not think many Members are aware of that translation facility. I am sure that not every Member is fluent in Irish, so this possibility could be availed of. I would like to speak more Irish in this Dáil, as I am sure others would, but it is off-putting if not everyone can understand what is being said. Attention should be drawn to the availability of a simultaneous translation service.

An Ceann Comhairle: I am sure that Deputies can see those headphones underneath their desks. I will ensure that everybody has a set of headphones, if they do not already.

Deputy Brian Lenihan: Something arose in the course of the Tánaiste's replies that I wished to probe further.

An Ceann Comhairle: Does it concern promised legislation?

Deputy Brian Lenihan: On promised legislation, the Tánaiste indicated that it was not normal practice to include proposals to change the Constitution in the programme for Government. However, the Government has undertaken to establish a constitutional convention. Does this require legislation and, if not, will there be all-party consultations about the composition of this convention?

The Tánaiste: It has not yet been determined whether it requires legislation. There will be all-party consultation about the way in which the constitutional convention will be established.

Murder of PSNI Officer: Motion

The Tánaiste: I move:

That Dáil Éireann:

- unequivocally condemns the murder of PSNI officer Ronan Kerr in Omagh, abhors this crime and resolves to ensure that those responsible are brought to justice;
- extends its fullest sympathy to the family, friends and colleagues of PC Kerr;
- asserts that those responsible for this cowardly atrocity had no mandate and do not act in the name of the Irish people;
- remains steadfast in its support for the Police Service of Northern Ireland and the Garda Síochána in their efforts to tackle and overcome the scourge of terrorism;
- will co-operate with the Irish and British Governments, the First and Deputy First Minister of Northern Ireland, the members of the Northern Ireland Executive and Assembly, democratic representatives and all the people of this island, and friends of Ireland around the world, to oppose any violent attempts to undermine the peace process; and
- reaffirms the right of the Irish people, North and South, to live together in peace and harmony as democratically expressed in the Good Friday Agreement.

Question put and agreed to.

Ceisteanna — Questions

Oireachtas Reform Programme

1. **Deputy Gerry Adams** asked the Taoiseach his plans for Dáil reform; and if he will make a statement on the matter. [5742/11]

Minister of State at the Department of the Taoiseach (Deputy Paul Kehoe): The programme for Government sets out an ambitious and comprehensive programme for Oireachtas reform. A number of proposals in the programme, such as the proposals to abolish the Seanad and reform the electoral system, will require constitutional or legislative amendment.

Such proposals will be progressed by the relevant Ministers. However, some proposals in the programme relate to how the Dáil conducts its business and can be progressed by amending Standing Orders. Such proposals would relate, for example, to Dáil committees, improving the procedures for raising urgent matters in the House and reforming the current system for

parliamentary questions. We also propose to improve the processes by which legislation is dealt with by the House, as well as enhancing the role of the Dáil concerning EU affairs.

When I have consulted with my Government colleagues, I will bring forward proposals in relation to these matters for consideration by the Dáil reform sub-committee of the Committee on Procedure and Privileges.

The programme for Government also makes proposals on, for example, increasing the number of Dáil sitting days and shortening recesses. As an indication of the Government's intentions in this regard, the House sat this year in St. Patrick's week.

Deputy Aengus Ó Snodaigh: I thank the Chief Whip for his answer. The programme for Government contains a commitment for a constitutional convention and a variety of measures on Oireachtas reform, some of which the Minister of State outlined in his reply. When will we see a Government programme and timetable in this regard? The Minister of State said he would consider this matter with his Government colleagues and then bring proposals to the sub-committee on Dáil reform. The latter sub-committee can be established immediately to begin some of the preparatory work while the Chief Whip is consulting his colleagues. I ask him to do that so other parties can start feeding into the proposals for change required to make the Oireachtas more effective and efficient.

When will the sub-committee on Dáil reform be set up and when will it meet initially? This matter is urgent given what we saw yesterday involving changes to Standing Orders, which happened in a piecemeal fashion. We do not want to see that recurring.

Will the constitutional convention require legislation and, if so, when will we see that? I did not notice such proposals in the Government's legislative programme, so will it be brought before the House quite quickly? Many of the proposed changes to the way the Dáil works would require extensive amendments to Standing Orders. Consequently, we need to see the draft changes as quickly as possible so that parties can have consultations on them.

The programme for Government contains a number of proposals for reform, including the abolition of the Seanad. It is suggested that some of the proposals will be referred to the constitutional convention while others will not. How will the Minister of State distinguish between them? Will he proceed with the abolition of the Seanad, or changing it, prior to the convention or after it?

Deputy Paul Kehoe: As regards constitutional changes, the Deputy specifically mentioned the abolition of Seanad Éireann. The Taoiseach has written to the Attorney General seeking advice on the abolition of the Seanad because a number of constitutional changes are involved where the Seanad is mentioned in the Constitution. It is, therefore, not possible to give a straight "Yes" or "No" answer on when this matter will go to a referendum. The issue is in train, however, and the Taoiseach has written to the Attorney General about it. We will have some specifics concerning it later on. As the Deputy rightly said, this matter is in the programme for Government and has been agreed by both parties. This will be a matter of urgency for the Government.

The Deputy also mentioned the sub-committee on Dáil reform. I am hoping to have an informal meeting next week with the other party Whips to discuss changes concerning Dáil reform that we have specifically mentioned in the programme for Government. I would like to see meaningful talks taking place, so that we will be able to implement what is under discussion. I am not sure how many times the previous sub-committee on Dáil reform met, but nothing was implemented as a result of those meetings. As Government Chief Whip, I would like to see a measured approach by the Government and Opposition parties so that the agreed changes will be implemented. The public wants change and, in addition, all political parties promised

[Deputy Paul Kehoe.]

changes in their election manifestos. I would like to see such changes happening as soon as possible. I will be meeting all the Whips next week for informal talks. We will put proposals on the table and I have no doubt that there will be agreement on some and disagreement on others. However, I would like to see the agreed changes being made as swiftly as possible. I would like to see some changes in the workings of the House following the Easter recess.

Deputy Brian Lenihan: I welcome the fact the Chief Whip has indicated he would be open to a committee on Dáil reform as we need to examine our working methods. The multiplication of sessions and sitting days will not make the House work effectively unless we have real changes in working methods that allow Members to supervise the work of the Government. Nonetheless, I welcome the Chief Whip's commitment in that regard. When will a committee on Dáil reform be set up?

With regard to the Houses themselves, when will the Houses of the Oireachtas Commission be established? The commission is the guarantor of the independence of the Houses from the Executive and we are entitled to see it established as quickly as possible.

By way of criticism in regard to the reply on the question of the Seanad, the Government does not need to consult the Attorney General to know what the important co-ordinate powers of the Seanad are under the Constitution. They are written out in the Constitution and I assume the Taoiseach can read. The reason, of course, why this reference to the Attorney General has taken place is because, I regret to say—

An Ceann Comhairle: A question, please.

Deputy Brian Lenihan: —Fine Gael is taking a very cynical attitude whereby Seanad Éireann should exist as a subsidy for its political interests for the duration of this Dáil.

Deputy Paul Kehoe: On the last question, the mistake of the previous Government was to fail to consult. It is important to consult the Attorney General and that is why that office is in place, namely, to allow for consultation on the Government's behalf. It is no harm for the Taoiseach to consult the Attorney General on the abolition of Seanad Éireann to make sure we bring in legislation that is watertight so we do not have to revisit the issue in the way the previous Government had to revisit many issues. I want to make sure the legislation we introduce is watertight and correctly prepared.

As I said to Deputy Ó Snodaigh, I will have informal talks next week with the Opposition Whips and, as swiftly as possible after that, I will have the committee on Dáil reform established and some changes will be implemented after the Easter recess.

I spoke to the Taoiseach this week on the establishment of the Houses of the Oireachtas Commission and I hope that would be expedited as soon as possible. As the Deputy knows, a number of issues need to be addressed in regard to the workings of the Oireachtas, with the political parties coming forward. I hope that too will be expedited as soon as possible.

Deputy Joe Higgins: Will the Minister of State acknowledge that Dáil reform is not synonymous with longer sittings? In fact, it is a dilemma for the left that the longer the Dáil sits, the more damage the Government will do with its right-wing economic policies.

An Ceann Comhairle: A question, please.

Deputy Joe Higgins: With regard to extending the Dáil sittings to Fridays, will the Chief Whip assure us this is not a trick to have the Opposition in the House doing its work while half the Government, given its huge majority, is off down the country, and that this will be

facilitated by the type of business that will be rostered for Fridays? To make the Dáil at least a vehicle where elected Members can raise issues that are of immediate relevance to constituents and to ordinary people generally, what proposals will the Government bring forward with regard to the hint the Taoiseach gave that he and Ministers will be available to answer questions from any Member of the Opposition, not just the leader of a group, with regard to pressing issues of the day, including issues that might arise overnight or be of controversy or relevance?

To facilitate the Members of the Dáil, many of whom have pressing and busy schedules, will the Chief Whip send a calendar outlining his plans for Dáil sittings and business between now and the autumn so we can plan our work and know exactly where we have to be on particular days for the next several months?

Deputy Paul Kehoe: I will have that calendar circulated to the Deputy. The Deputy will be glad to hear the holidays and breaks will be much shorter than what we had in the past. He might have one week at Easter to get to the sun in Lanzarote or Spain.

Deputy Richard Boyd Barrett: He could join the Spanish protestors.

Deputy Paul Kehoe: I will make sure he gets some form of break — I know there was a disagreement over that.

Deputy Higgins mentioned longer sitting times and days. The Taoiseach referred in the programme for Government to the Dáil sitting on Fridays. If the Dáil sits on Fridays, I want to ensure they are meaningful sittings where Members do not come to the House to give glib statements on any issue, although statements can be important at times. I want to ensure sittings mean something, that there is some form of debate and interaction between the Opposition and the Government and that legislation will be discussed, whether through committee sittings in the House or otherwise. We want meaningful debate on those issues.

The Deputy referred to the raising of matters of urgent importance. The only way a Member can raise matters of urgent importance at present is through the Adjournment debate, which is the last business on Tuesdays, Wednesdays and Thursdays. I would prefer if Members could raise matters earlier in the day in order to be able to have the issues highlighted on local or national radio or in their constituencies. There would be an opportunity to raise the issue with the aligned Minister, who would need to have some form of notice of that issue, and there would also be supplementary questions. This can be done in a meaningful way. I want to revamp the Adjournment debate so topical issues can be raised with the Government. Whether this will take place in the morning or early in the day can be worked out by the Whips.

With regard to longer sitting days and shorter recesses, the Dáil resumed one week after the Taoiseach was elected, we sat in St. Patrick's week, we will have a shorter recess for Easter and a shorter summer recess, with the Dáil coming back in the second week of September. There will be a totally different regime than under the outgoing Government. We will increase Dáil sittings by 50% and the Dáil will sit four days in the week, the summer recess will be just six weeks, there will be reduced breaks at Christmas and Easter and no mid-term break at St. Patrick's day or at Hallowe'en.

The outgoing Government used the guillotine too often and I want to stop that practice. We want to give Members the opportunity to speak on legislation and I want to see progress in that area. I would also like to see the overhaul of the committee system. I have been a Member of the House for nine years and I had never witnessed a debate similar to that for the release of the Moriarty tribunal report, when one and a half days was given over to statements. The Taoiseach and the line Minister came to the House to answer questions, which I have never seen happen before.

[Deputy Paul Kehoe.]

We are not running away. I have listened to some on the Opposition benches claim in recent days that the Government is running scared. If we were running scared, we would not have given one and a half days to statements in the House or given Members the opportunity to speak, with the Government openly and frankly answering any questions raised.

Deputy Brian Lenihan: With regard to these endless sitting days, if Ministers are not present and we just have discussions about tsunamis or tribunal reports, that is not accountability by the Government. Will weeks be set aside for committee business in this proposed reform?

Deputy Paul Kehoe: As I said in reply to Deputy Higgins, I would hope some committee work can be carried out in the House, perhaps every second or third Friday, or otherwise. Ministers will be in the House on Fridays if the Dáil is sitting. Ministers must be accountable to the House and, as Chief Whip, I will make sure they are accountable and present to answer Opposition questions. We will not be running scared. The relevant Ministers and Ministers of State will be here when legislation is being discussed, including on Committee Stage. We will make sure Ministers are present in the House.

Census Data

2. **Deputy Richard Boyd Barrett** asked the Taoiseach if he will make a statement in relation to the company that has been contracted to conduct the national census currently underway and to confirm if this firm is a foreign based company (details supplied) and if his attention has been drawn to the allegations that have been made against this company in the United States that it was involved in torture and interrogation on behalf of the US military in Abu Ghraib prison and in other US run prisons in Iraq [6025/11]

3. **Deputy Clare Daly** asked the Taoiseach the role of CACI (UK) in the current census of population; the financial value of the contract and the protection that exists for citizens regarding the data collected [6576/11]

Deputy Paul Kehoe: I propose to take Questions Nos. 2 and 3 together.

The 2011 census is being organised and carried out by the Central Statistics Office, CSO. The fieldwork is being undertaken by field staff directly recruited by the office while the results will be processed by CSO staff in the CSO census office located in Swords, County Dublin.

The census is a major undertaking for the CSO and contractors have been appointed to assist with specialised parts of the work. An outside contractor, CACI (UK) Limited, was awarded the €6.7 million contract following a public procurement process to provide the CSO with an integrated forms processing system. CACI (UK) Limited specified and procured the hardware, software and subcontracted the printing of census forms optimised for scanning by the system. The system will be managed and operated by CSO staff, with the technical support of a small number of CACI (UK) Limited employees to process the completed census forms in the second half of this year. The completed census forms, and any resultant databases of the returns created during the processing, will at all stages be completely under the control of the CSO and subject to the stringent confidentiality requirements of the Statistics Act 1993.

The selection of the contractor was subject to, and complied fully with, European Union open procurement rules. CACI (UK) Limited has developed specialist skills in the area of high-volume forms processing systems and won a similar contract for the 2002 and 2006 censuses. No allegations have been made in respect of any direct involvement by CACI (UK) Limited in the types of activities mentioned by the Deputy.

However, the CSO is aware that in spring 2004 an allegation was made that an employee of CACI International — which is the parent company of CACI (UK) Limited, based in the United States — was involved in the mistreatment of detainees at Abu Ghraib Prison in Iraq. CACI (UK) Limited states that this allegation was not substantiated by any evidence or proof at the time it was made, and subsequent investigations by both CACI International and the United States Government could not confirm it. CACI International has stated publicly that it takes this allegation extremely seriously, that it does not condone, tolerate or endorse any illegal behaviour by its employees in any circumstances or at any time, and that it has held in the past, and always will hold, itself to the highest ethical standards.

As a public body, the Central Statistics Office is fundamentally committed to ethical and proper conduct in all matters and would never consider any dealings with a company convicted of human rights abuse. European Union procurement rules allow bidders to be excluded if they have been convicted of certain criminal or other offences. However, as none of these exclusions applies to CACI (UK) Limited, or to its United States parent, the CSO has retained the services of CACI (UK) Limited to assist in the efficient processing of the 2011 census returns.

Everybody in this House should be encouraging every household to participate fully in the census and to visit the census website to get a feel for the enormous benefits the census information will bring to Ireland in the coming years.

Deputy Richard Boyd Barrett: The Government is not taking on board the serious question marks that stand over the extremely sensitive and comprehensive information about Irish citizens that will be gathered by the census. To say that CACI International has not been prosecuted is not dealing with the issue. CACI International currently has——

An Ceann Comhairle: This is Question Time; the Deputy cannot make statements or put points to the Minister of State.

Deputy Richard Boyd Barrett: I am asking whether the Minister of State——

An Ceann Comhairle: We had this on the Adjournment last week and now at Question Time. Does the Deputy have a question to put?

Deputy Richard Boyd Barrett: I am asking a question. Will the Minister of State explain why the Government does not have greater concern about the integrity of the census given that there are 200 Iraqi plaintiffs seeking to mount lawsuits over CACI International's involvement in Abu Ghraib Prison. There are another four Iraqi plaintiffs before the United States Court of Appeals for the Fourth Circuit in Richmond, Virginia. In so far as CACI International has prevented proceedings in other cases that have been taken against it, it is because the United States Court of Appeals ruled that the company falls under the United States military chain of command and thus has Government contractor immunity——

An Ceann Comhairle: Does the Deputy have a question? I repeat that Question Time is not a time for statements.

Deputy Richard Boyd Barrett: I am asking the Minister of State about a very serious matter.

An Ceann Comhairle: The Deputy must put a question.

Deputy Richard Boyd Barrett: He is not responding to the question I asked.

An Ceann Comhairle: The Deputy cannot use Question Time for statements.

Deputy Richard Boyd Barrett: I am not making a statement. I am asking whether the Government takes these matters seriously. CACI International has avoided legal cases against it by seeking immunity on the basis of its status as a defence contractor, with most of its income coming from the Pentagon. These are serious allegations and simply to point out that the company has not been prosecuted is not good enough.

There are serious issues regarding the census. Some people — and I am not suggesting they should do so — are saying they will not fill out the census form because of the questions arising from the involvement of CACI (UK) Limited. What will the Government do to guarantee the security and integrity of the census and to reassure the many people who are deeply concerned about it?

Deputy Paul Kehoe: I assure the Deputy that the Government and the CSO have taken this issue extremely seriously. I would be very disappointed if a Member of this House were in any way encouraging people not to fill out the census form.

Deputy Richard Boyd Barrett: I said I was not encouraging them to do so.

Deputy Paul Kehoe: The Deputy should in fact be encouraging people to fill out the forms.

Deputy Richard Boyd Barrett: The Government should be reassuring people about the integrity of the data.

Deputy Paul Kehoe: I have encouraged and will continue to encourage people to fill out the forms. I am not sure whether the Deputy fully understands the importance of the census.

Deputy Richard Boyd Barrett: I understand its importance.

Deputy Paul Kehoe: The results of the census will be used for the benefit of future generations by informing Government policy. I am sure the local authority in the Deputy's area will make use of the data.

I assure him that the company contracted by the CSO is of the highest integrity. This company was employed previously by the CSO, in the 2002 and 2006 censuses, and at no stage did any information go astray. The company has the highest standards of confidentiality. All data from the census forms go back to the central office in Swords and all the information is collaborated there. The data do not go to any company in the United Kingdom or elsewhere. The company in question is contracted to format the questionnaire and manage the computer system. Under no circumstances will the data go elsewhere.

Deputy Richard Boyd Barrett: This company is providing the hardware, software and the data processing systems for the census process. Can the Minister of State assure us that the company has no access to the information in the census? Is he aware that the Registrar General in Scotland, where a census is also being conducted, has observed that the “sneak and peek warrants” provided for in the United States PATRIOT Act would allow the CIA or the United States Government “secretly to enter a business, either physically or virtually, conduct a search and depart without taking any tangible evidence or leaving notice of their presence.” That is what American law allows to be done to American companies. Can the Minister of State guarantee that the company in question will not have access to the census information and, consequently, that the American military or intelligence services will not also have access to it?

Deputy Paul Kehoe: The CSO has received correspondence from the public expressing concerns that the Irish census data are being processed by a United States company and that this information could ultimately be used by United States national security. I assure the Deputy

that those concerns are entirely inaccurate on two counts. First, CACI Limited is a corporate United Kingdom entity and is subject to the laws of that jurisdiction; it is not subject to the laws of the United States. CACI International, an American parent company, is not involved in any way in the preparation or delivery of systems for the Irish census. Second, the United States PATRIOT Act applies only to data held in information technology systems owned and operated by the company. This does not apply to the processing of census 2011 and under no circumstances could the Act be employed to request data held by the CSO.

An Ceann Comhairle: Just so the Official Report is correct, is it not correct that the Minister of State's reference to CACI was to CACI UK Limited?

Deputy Paul Kehoe: Yes, I apologise.

Deputy Clare Daly: While I do not wish to be repetitive, these issues are being raised precisely because of the importance of the census. Citizens have genuine concerns, given the private and medical information that is being collected in it. I do not believe the Minister of State has answered the questions fully. As supplementary questions, where is and what is the interface with the CSO staff based in Swords? As the aforementioned company supplies the hardware and software, how many CACI operatives, for example, will be present when the information goes back to Swords? Thereafter, during the processing of the forms, what will happen to the hardware, where will it be stored and will it be destroyed? What will happen to the software? These are the issues that are causing concern and when one considers the standards that are being adopted, it is not good enough to state that the parent company has never been convicted. It operates under the United States of America's rules of engagement, which permit highly unacceptable practices. While they may not be unlawful, they would be deemed unacceptable by most Irish citizens, such as permitting sleep deprivation, sensory deprivation and so on. The question is, out of all the companies in the world, why did the Government choose one the expertise of which is as professional interrogators and, in the main, as operators of defence contracts? All the companies it owns are military-based and deal with interrogation and defence. This does not sit neatly with the exceptionally important issues that are raised in the census. Consequently, the Minister of State should provide a little more information in respect of the number of staff, the interface and what will happen afterwards.

Deputy Paul Kehoe: I assure the Deputy that the contract of €6.7 million was awarded to this company following a public procurement process to provide the CSO with an integrated forms processing system. Everyone and anyone was allowed to apply within that process and this was the successful company. As I stated from the outset, this company was used in 2002 and 2006 and no information from the Irish Central Statistics Office has escaped in any way and the process was completely confidential.

Deputy Richard Boyd Barrett: How does the Minister of State know?

Deputy Paul Kehoe: I assure the Deputy of this. Only a small number of people have complained to the CSO about this company. Only a minimal number of people have made any form of complaint. Most people, both nationwide and in this House, are encouraging people to fill out their census forms next Sunday evening. It is important to encourage people to do so and to avoid placing doubt in anyone's mind to the effect that his or her information will be leaked or used by a foreign company for any reason.

Deputy Clare Daly: With respect, one should do this by answering precisely the concerns people have but the Minister of State has not done so. All Deputies have received quite widespread correspondence with regard to raising concerns about this matter. How does one know

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the data have not been lost? One simply does not know this and they may have been. Moreover, the Minister of State has not outlined how many operatives are involved, what is the connection with the CSO staff or what will happen to the hardware and software thereafter. The Minister of State needs to deal with these issues to encourage citizens to participate in this census but he has not done so. It would be helpful were he to respond by answering some of those questions.

Deputy Paul Kehoe: I understand Deputies Boyd Barrett and Daly are the only two Members who have raised this concern with the CSO. I answered questions on this issue during the Adjournment debate last week and have returned to it again this morning. The Central Statistics Office has been answering questions on the national airwaves and on all occasions, its representatives have mentioned the office's confidentiality and the manner in which it runs its business. I reiterate that confidentiality is a huge issue and will continue to be so for the operation of the CSO.

Bank Reorganisation: Statements

Minister for Finance (Deputy Michael Noonan): Last Thursday, I announced the Government's radical and wide-ranging plans to restructure the State-supported banking sector. When it published its plan, the Government had a number of objectives. First, to restore confidence in the banking system and in the economy of the country. Second, to recapitalise and restructure the banks and, third, to restore credit to the economy in order that growth will rebound and jobs can be recreated. All three objectives are being fulfilled.

The Government's plan set out to restore the confidence in the banks and economy. This confidence was lost by the indecision of the previous Government and quite frequently by plans that were quite aimless. The reaction at home and abroad to the Government's policies shows that confidence is being restored. Since the announcement last Thursday, Bank of Ireland shares have advanced for three consecutive days of trading and have increased in value by 45%. Allied Irish Banks likewise has advanced significantly and the total amount of deposits withdrawn from the pillar banks has been significantly reduced. Since Thursday's announcements, the net deposit position of the pillar banks has improved significantly. Irish ten-year bond rates peaked on 31 March at 10.322% and have since fallen back and now are trading in the nines, that is, below 10%.

Standard & Poor's has removed Ireland from credit watch, noting the outlook is now stable. Its statement reiterates its opinion that "the assumptions underlying the stress test conducted by the Central Bank of Ireland — in conjunction with the IMF, European Central Bank, ECB), and European Commission — are robust and that the expected €18-€19 billion net cost to the Irish state of additional recapitalisation, plus the contingency buffer for the banking system, is within our range of expectations, albeit at the upper end". Standard & Poor's also noted that "we believe that the Irish economy has stronger growth prospects than the Portuguese and Greek economies considering its openness, its flexibility, and its competitiveness". Moody's stated: "We view the plans to deleverage the system as credit positive, as they will reduce the high reliance on central bank funding." It did, however, acknowledge, as Members are aware themselves, that the plans to deleverage will be a challenging process. The other agency, Fitch, described the stress tests as an important step in restoring confidence in the banking system.

Market participants also have responded positively. In a report on Monday entitled, "Ireland — Time to Buy", Morgan Stanley encouraged investors to buy Irish sovereign debt. The investment bank states that Ireland is still facing major challenges "but if there is one economy in the euro area that could meet these challenges, it is probably the Irish economy, we think". It went on to state that "the stabilization of the Irish banking system that we expect the stress

test to facilitate should allow the economic turnaround already underway to boost investor confidence in Ireland's medium-term debt sustainability”.

Members will note that across a range of commentators who specialise in these matters, the reaction to the announcements of last Thursday have been highly positive. They have commenced the building up again of confidence in the economy. However, while the response is positive and will help to build up confidence, I appreciate confidence is a fragile flower that can fade under the stress of international events. Members already will have noted the damage to the supply of energy globally that has been caused by the tsunami and the accident in the nuclear power station in Japan, as well as the impact on oil prices of events in North Africa and the Middle East. Consequently, in an open economy such as Ireland's one cannot control external events. In so far as we control our own affairs, last Thursday's announcements have received a positive response. The proposed reorganisation and recapitalisation of the banks has received widespread approval and involves a number of steps. In essence, our banks are to become smaller, more focused on core operations, better funded and better capitalised. The banking system is being reduced to a size appropriate to our economy. This involves the sale or run-off of in excess of €70 billion worth of non-core assets. It will be accomplished in line with detailed plans submitted by the banks and reviewed by the Central Bank and the Government.

In parallel, the system is being reorganised to create a banking system that has two universal full service domestic banks as its core pillars and a radically restructured Irish Life & Permanent. The first pillar bank is being created from the already strong franchise of Bank of Ireland and it is our intention to combine the businesses and strengthen the franchises of Allied Irish Banks and the EBS Building Society to form the second pillar. Overseas banks operating in Ireland will help to maintain the competitive fabric of the market.

Each of the Irish banks has already begun to reorganise its operations into core and non-core functions and to implement a carefully managed programme of deleveraging. As the non-core assets that do not serve growth on the island of Ireland disappear, the pillar banks will become even better able to serve the economy as functioning banks rather than the oversized, overleveraged banks we now have.

A key element to a successful plan for reorganisation is funding. If one cannot fund the restructuring, one cannot do it. This was the key debate with the European Central Bank. Shortly after we presented our radical plans to resize and reorganise the banks, the ECB issued a number of important announcements relating to the continued availability of euro system funding for our banks. First and of most importance, the ECB confirmed that, against the background of our decision to recapitalise the banks in line with the Central Bank's "rigorous assessment of the capital needs of the Irish banks", the euro system or ECB will continue to provide liquidity to banks and also "supports the Irish banks' plans to deleverage and downsize their balance sheets". Given the ECB's statement about supporting the deleveraging plans and continuing to provide liquidity at 1%, it is clearly committing to ongoing medium-term funding.

Second, the ECB confirmed that all marketable debt instruments issued or guaranteed by the Government will be deemed as fulfilling the credit standards required for collateral in euro system credit operations irrespective of ratings. In the absence of such a statement, the risk was that the banks' access to ECB funding would have been restricted were there downgrades of the sovereign. Confirming the availability of liquidity for the Irish banks allows them and the banking sector to avoid all too speedy deleveraging in difficult markets. This means the Irish taxpayer avoids upfront losses from system-wide fire sales that would have cost the Exchequer an estimated €45 billion. This is critical in minimising the losses in the banking

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system. Selling assets in a rush where the world knows one needs to sell them to repay a bank demanding its cash immediately is never a way to maximise the sales price.

Equally important, the banks will continue to access the cheaper interest rates of this funding to transition to less difficult times as compared with the 5.8% interest payable on alternative European Financial Stability Facility, EFSF, funding amounts. Those in the House and elsewhere who advocated a switch of funding for liquidity purposes from the Central Bank to an appropriate fund along the lines of the EFSF may, in the theory of monetary and fiscal policy, be correct in their assessment but a switch on the source of funding risks the interest rate going from 1% to 5.8%. We are not prepared to take that risk and are quite happy with the funding arrangement with the ECB, whereby considerable amounts of money are provided to the banking system at 1%. That the ECB has committed to accepting all Irish banking paper as collateral and to continuing its funding in the medium term is important.

Credit is essential for the economy. I will now describe how the credit flow will be reorganised and reintroduced into our economy. It is nice to have positive market reaction, but the test of the restructuring will be whether credit lines are available again to households and businesses. Our plans take a new approach and will spearhead economic recovery through the provision of necessary credit. Economies cannot function without access to credit and cannot grow without access to the credit required to permit such growth. As consumer and business certainty recovers, credit demand always improves. Householders feel less insecure about income and employment prospects and businesses feel more comfortable about making investment decisions. If improvement in credit conditions helps to stabilise asset prices, credit demand will increase further, but none of this can occur without access to lending and credit.

The wise shopowner who cuts costs and gets his or her business running even in recessionary times needs to be able to invest in new equipment to make things work even more efficiently. He or she may want to open up a second shop across town and employ three or four more people. Nothing is possible without reasonably priced loans from the banking system.

It is not just a problem for small and medium-sized enterprises, SMEs. One cannot buy a house down the road for which one has the deposit unless the bank is willing to grant a mortgage to fund the rest of the purchase price. The house buyer cannot move to buy, the house seller panics, reduces the price even more and still the buyer cannot buy. The floor falls from under the price at even unreasonably low levels simply because no one can get a mortgage. This is essentially what is occurring in respect of Irish house prices. Everything stagnates without a credit supply. The scale of the drop in activity has been noted in the recent Home Bond announcement that only 87 new homes were registered last month. This directly relates to a banjaxed banking system that is unable to provide mortgages.

An Ceann Comhairle: The Minister has seven minutes remaining.

Deputy Michael Noonan: In recent years, the excessive attention focused by bank management on the need to recapitalise and repair broken balance sheets has been a failed policy. With banks under pressure to delever quickly, new lending suffered considerably. Despite the efforts by the Credit Review Office, business and retail confidence in the availability of credit was completely eroded. Our decisive plan will provide a powerful support to encourage investment and return people to work. We must break the vicious cycle whereby limited access to credit hurts economic growth by restricting investment and consumer spending, which in turn causes further job losses and, therefore, further limits spending. Our plans will provide credit to encourage investment and consumer spending, thereby instilling in the economy a confidence that will lead to increased employment and even further consumer spending and confidence.

As I have stated for the past three years and up until last Thursday, banks were under extreme pressure to delever and restructure their balance sheets. It is impossible to consider new lending as a priority when one has capital and funding problems. With inadequate capital, the pressure came first from a need to avoid new lending activities that would have used up scarce capital resources. We have solved this problem by committing to capitalise the banks properly to deal with losses in their legacy books and to withstand all foreseeable shocks to their businesses even in extremely pessimistic scenarios. With funding difficulties, the banks were under pressure to delever assets to repay the funding due to the ECB and the Central Bank. We have solved this problem by working with the ECB and the Central Bank to provide for liquidity coverage for the deleveraging plans while accommodating in those plans more than €30 billion of new lending between now and 2013.

The key to creating the potential for new lending is to be found in a full understanding of the deleveraging process. It is this dynamic that presents the catalyst for new lending and a clear change of direction from the failed policies of the past. The Central Bank has estimated that small and medium enterprise and mortgage credit of €11 billion to €16.5 billion of gross new lending will be required in total over the next three years. Our plan creates capacity for the pillar banks to lend in excess of €30 billion over the same period.

Over the period to 2013, to resize their balance sheets and achieve acceptable loan to deposit ratios, the pillar banks need to delever their balance sheets by in excess of €55 billion of loans. Each year, on average, €10 billion of existing loans get repaid in the pillar banks' core businesses, which is more than €30 billion over three years. If the banks restrict new lending in their core banks, achieving the plan could have required an identification of just €25 billion or more of additional non-core assets to be sold or run off. New lending would be zero but the banks would delever to the desired size and could commence new lending in 2014.

The Government might have stopped there but that would have continued the failed policies of the past and we cannot wait until 2014 for new lending. The €30 billion or more of expiring lending over the three years had to be saved for the Irish economy. The banks could not come under pressure to pocket the cash and use it to repay the ECB and it must be recycled into the economy. We are overcompensating on the deleveraging of non-core assets. We have identified a full €57 billion of assets which were not required to rebuild the economic growth of the country and these are the assets to be wound down or sold.

By taking out or deleveraging extra assets, the reorganisation plan retains a clear capacity across the two pillar banks to recycle the expiring core lending to create new lending in activities which would spur economic growth. Down €57 billion and up €30 billion gives the same net reduction of €27 billion or more but critically, a key target of more than €30 billion for new lending now is part of the system. To put it very simply, if we deleverage beyond the equilibrium point, we provide the headroom for the new lending to occur over the next three years. The plans to be implemented by the banks will provide headroom for extra credit in the economy of in excess of €30 billion over three years.

The second feature of the programme is that lending in the core banks does not need to be increased to service the economic needs of Ireland but it needs to be redirected. We know the Irish banks have lent excessively to their clients in recent years, especially for foreign real estate purchases. The credit allocation has become skewed towards real estate lending and genuine borrowers in manufacturing and agriculture, for example, have seen their percentage share of lending reduce annually over time since the 1990s in a progressive trend.

It is important that we veer away from lending on the real estate side and put it into the productive areas of the economy. We will do this by implementing the policies as stated with the Central Bank, the National Treasury Management Agency and the Department of Finance

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monitoring what is happening in the banks. They will ensure lending is directed to the productive areas of the economy. The Credit Review Office has commenced operations and has done some good work. I compliment my predecessor for putting this institution in place because it has helped, and we will build on the work that has been done.

I will deal with the cost of the recapitalisation of the banks. The total capital required for the Central Bank stress test exercise is €24 billion. The net impact of this to gross debt is significantly reduced by measures we are taking. In total, the impact on gross debt may not exceed €2 billion, which is less than 1.5% of GDP. It is not at all the exaggerated figures claimed by commentators. Of the total amount of €24 billion, €3 billion will be a contingent buffer or COCO contingent capital instrument paying a market coupon to the State, which will reduce the cost to the Exchequer of financing this investment. The agreement with the external authorities provided that the State would provide €17.5 billion of funding towards the programme of support for Ireland. It is proposed therefore that the National Pensions Reserve Fund will provide an additional €10 billion and that the State will fund a further €7 billion from cash resources. This will reduce the additional debt service cost to the State associated with new capital injections.

Additionally, as we have already announced, the Government will require burden sharing from subordinated bond holders, capital generating asset disposals by banks and it will endeavour to raise capital from private investors to alleviate the burden on the domestic taxpayer. We expect that the impact on gross debt will not exceed €2 billion, which is much lower than the figure in comments.

We see the restructuring of the banking system as the first measure to restore confidence in the economy and to provide credit lines to make the economy grow again. It is only a first step and we must move on to consider the domestic economy, where savings figures are over 11%. There is money out there but people are afraid to spend it. If we can get people back to a normal pattern of spending, the service sector in the domestic economy will begin to grow. Our strategy is to change the thinking of the Irish people by introducing a jobs initiative by way of a budget some time during May. That will be the second plank in trying to return confidence, move the economy forward and get people back to work.

I thank those in the House for their attention. We claim to have made a good start on the banking side but it is only a start. It is only one plank in an ongoing programme to restore confidence and build the economy.

Deputy Brian Lenihan: I propose to share time with Deputy Willie O’Dea. This is an essential first step and a prerequisite to economic recovery. It has been a successful first step because the Minister has built on the policies of the previous Government. Leaving aside the rhetorical party flourishes about who might have been to blame and what steps should have been taken, the Minister has outlined that the correct steps were taken as he has followed the policy of the previous Government. The outlines of this speech can be clearly derived from the EU and IMF agreement concluded last winter. There is nothing in that agreement, arranged with the previous Government, that is not implemented in the Minister’s current policy. The various steps taken to implement the agreement, from the disposal of accounts in Anglo Irish Bank and Nationwide to other banks to the conducting of a stress test and undertaking to capitalise the institutions, were all expressly envisaged last December.

The Minister, by and large, takes a very constructive approach in proposing these measures. As he did last week he does today. There is an element of politics and he cannot absolve himself from making a few references to the alleged mistakes of his predecessors. I notice that last week he referred to the guarantee of 30 September 2008 but the Minister has now given a

more extensive guarantee than occurred on that night. That guarantee lapsed on 30 September 2010 and when it did, a large amount of bank bonds became unguaranteed. The Minister has decided, through capital reassurance, that those bonds should be honoured and paid in full. That is the effect of the Minister's announcement last Thursday and it is confirmed today. We should not speak of disastrous guarantees when the Minister has given a broader guarantee than that given by the previous Government.

Throughout that period of great difficulty in the past two or three years, when a number of initiatives were taken, the Minister can hold his head high as one of those who took a very responsible approach on banking. That was not the case with all other members of his and the Labour Party, many of whom openly and consistently called for undermining the credit of the country's banking system. In its own way that contributed to the loss of confidence in the system; if we keep talking about burning bonds, as friends on my right like to do at regular intervals, we can hardly be surprised if depositors want to remove deposits from the Irish banking system or have very little faith or confidence in it. We all know that senior debt ranks at the same level of insolvency as a deposit. Depositors will not leave their money in the Irish banking system if we have a constant barrage and chorus of calls for the dishonouring of Irish senior debt.

Deputy Noonan never engaged in that practice and I give him full credit for doing so but many in this House have done so.

It does not help. Among the factors that have helped to build confidence in the Irish banking system since the Minister's announcement last Thursday, according to the preliminary signs he outlined, is one reported to me by market sources, namely, the fact that the main Opposition party is not engaging in a chorus of calls for the dishonouring of senior debt. To be constantly demanding the dishonour of debt, as some Deputies do, is not good for this country, does not help its interest and is a form of economic treason. They do not seem to appreciate this has a most negative impact on deposit holding in the Irish financial institutions. Clearly, any depositor faced with public opinion that demands the dishonouring of debt will ask, "Why do I leave my money there?" Or, to put it in blunter terms, if one sees one's neighbour burning down his house why would one stay in one's own? Deputies on all sides must recognise that if we are to restore confidence in the banking system there must be some assurance the system is not about to be torched, destroyed or subject to arson as mentioned by the Minister, Deputy Noonan, during the election campaign.

Of course, the Government finds it necessary to insert a narrative into its political discourse on the subject which suggests this is a radical new policy, different to the mistakes of its predecessors. In fact, it is the same policy and is the correct one. It will be implemented and I wish the Minister well in its implementation. When I say it is the correct policy that does not mean I agree with all the details. There are always details which are subject to argument and debate but the broad line of policy essentials is that we must ensure the banks are deleveraged, sustainable and in a position to support Irish businesses and consumers and those who want to lend to them for legitimate purposes, that the various core assets are separated from the non-core ones, as outlined by the Minister, and that the capital ratios are adequate and create international confidence.

As I noted last week, one of the major weaknesses facing this Government and the previous one — a crack which the Minister has attempted to paper over — is the lack of clarity on the part of the European Central Bank. The ECB is the lender of last resort for the Irish banking system within the euro system. Some of the comments made in the European Central Bank leading up to the EU-IMF arrangement last year were not helpful to the then Government or to this country. There are individual members of the governing council who give of their own

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opinions on these matters. The ECB is a central bank and normally when one deals with a central bank one deals with one person expressing in an authoritative way the views of that central bank. However, it appears to be a practice in this central bank that one gets a diversity of views expressed by a diversity of members of the governing council. That certainly does not help a small state such as Ireland which is coping with the vagaries and difficulties of world markets. Given that, I know the Minister and the governor will work at their relationships in that regard but it is a difficult relationship to manage when there is a European institution with a collective government as well as an individual president and chair.

I refer to specific matters that arise from the Minister's announcement today. First, there is the restructuring of the banks, with the suggestion of two pillar banks. It is not clear where the destination of Irish Life and Permanent lies in this arrangement. I want an assurance from the Minister that the private shareholders in Irish Life and Permanent will have to take the first hit as far as burden sharing is concerned in regard to this bank. We have talked a great deal about burden sharing yet no Deputy seems to acknowledge that the major burden sharing was already taken by the shareholders of the Irish banks who have lost very substantial moneys in their investments. That is the risk capital. When we talk about gamblers, to whom I often hear reference in this House, subordinated bondholders get a more attractive rate of interest for investing in what is a more hazardous investment. Again, that is why the previous Government insisted that subordinated bondholders should make a contribution, as provided for in the legislation.

Last Sunday we had the extraordinary spectacle of the Tánaiste trying to claim that this Government had decided that subordinated bondholders should take a loss. That was decided by the previous Government and does not require fresh legislation because the legislation to provide for it was enacted before Christmas. As far as senior debt is concerned, however, people who advance money on a senior basis are not gamblers but people who take a fixed rate of return, typically, a rather low one over a period. They are the same people who lend to the Irish sovereign. It has been suggested, repeatedly, by some Members that somehow these people, too, can be torched and burnt. If we go down that road that would have very serious consequences for this country. We need accuracy in our public discussion on these subjects.

On the matter of the pillar banks and Irish Life and Permanent, it is unclear to me which bank ILP will end up in or whether it will have an independent existence. This is of most considerable interest to the employees and those who work for it. We need some sense of strategic direction on this issue. There is nothing new in this strategic announcement. We have known since last November we were building the banking landscape around the two main banking institutions. It is now clear the Educational Building Society will be transferred to one of the pillars; I wish to know what will happen in the case of Irish Life and Permanent. Of course, before the Government took office the position in respect of Anglo Irish Bank and Irish Nationwide was made clear.

A further question of considerable importance in respect of the recapitalisation is how we will deal with the issue of those who owe very substantial moneys on foot of mortgages and are now very exposed and in a distressed position. The previous stress test did not factor into the bank recapitalisations the kind of sums now being factored in respect of mortgage loss. How will that be related to those who actually owe this money to the banks, and what relief will they be offered? I welcome the Minister's comments about the Credit Review Office, a valuable institution given the nature of the banking system we now have. However, that office is focused on business lending. I and my party are very concerned about home purchase lending. It seems the home purchase lending market is frozen. The banks are not advancing money and the issue must be raised with the regulator of the onerous requirements in regard to loan to

deposit ratios. In some institutions these are running at 70% and 80%. The reality is that the value of the asset has fallen dramatically. A large number of people are in a position to purchase houses but the finance is not available. The Minister will have to recapitalise the banks again if he does not get the home property market going. A floor must be put under that market if his banking policy is to succeed.

Acting Chairman (Deputy Olivia Mitchell): Deputy Willie O’Dea has just over nine minutes left.

Deputy Willie O’Dea: I thank Deputy Lenihan for agreeing to share time. I welcome the rigidity of the stress tests but the Minister referred to various learned commentators. Although I am sure he is aware of it, I point out to him that a number of learned commentators have also questioned certain aspects of the stress tests. It has been suggested, for example, that a rather benign view was taken in regard to inflation, interest rates and the decline in disposable income. I note too the Irish Central Bank has rebated very substantially downwards the figure put forward by the consultants in regard to potential losses on mortgages. That is a classic case of having a dog and barking oneself. I would like to know on what basis that was done.

Concerning what the Minister stated about the medium facility, there is a commitment in the programme for Government which I shall read for the information of the House: “As an interim measure we will seek to replace emergency lending to our banks with medium-term affordable official financing in a way that can restore confidence amongst other potential lenders in the liquidity position of our banks”. The experts to whom the Minister referred take the view that the benefit of recapitalisation of the banks is somewhat limited in attracting depositors and investors if the same banks consistently have to replenish their emergency funding. That is the point of view expressed and I agree with it. As noted in the programme for Government, it is a question of confidence. The Minister stated that confidence in the Irish banking system is fragile at present. Therefore, if something less than an actual definitive facility is put in place the banks will be left in a shakier position to realise the ambitions the Minister apparently has for them.

I entirely discard what the Minister mentioned in respect of the 5.8% and the 1% rates. The programme for Government states that the medium-term official financing would be at an “affordable” rate. We did not envisage and I do not believe the Government envisaged that if it was possible to persuade the ECB to grant this facility it would have to pay at 5.8%. If it can get money at 1%, what is the point of persuading people to lend it at 5.8%, even if it is on a more definitive basis? That is camouflage.

Depositors and lenders need security like this to restore deposits in the banking system. The Minister was premature when he spoke about the return of deposits in the past week. A week is a long time in politics but it is a short time in banking. The Minister boasts that interest rates on Irish bonds are a shade short of 10%. I do not see any early return to the bond market based on that.

We have heard Ministers state that there is no change in policy on bondholders; senior unguaranteed bondholders cannot be touched, and I note Deputy Lenihan’s remarks, but it is a joke to say there is no change in policy. We all remember the grandstanding, blustering and boasting during the general election, that not a red cent more would be given to the banks and that bondholders would be dealt with. On that basis, many people voted for the Government parties, particularly for Fine Gael. We are now back where we are told we cannot touch the senior unguaranteed bondholders. Why? Because the ECB says so. It is supposed to have a gun to our head, because we are €150 billion or €160 billion in hock to it and it could pull down the whole system. How likely is that to happen? The ECB knows, as well as everyone

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else, that the Irish banking system is a financial nuclear reactor and if it is triggered, contagion will spread far and wide.

Deputy Lenihan outlined how we need those investors in future to put money into the banks. That is true but it could be argued both ways. Are people less or more likely to invest in a bank in a country that can pay its sovereign debt or in a country where there is a doubt about that? The programme for Government stated that we must step back from the edge of national insolvency. We are a step closer to it now, unfortunately.

Sustainability is now an issue. Some of the European experts predict that the debt to GDP ratio in 2013 will be 125%, with the Government's forecast at 113%. That is the red zone. Another Minister said our being able to dig ourselves out of this financial pit depends on growth, the size of the debt and the interest we are paying on it. Those are not separate; they are intertwined. Being able to dig ourselves out of the pit depends on the amount of money being taken out of the economy, which comes back to the size of the debt and the interest we pay on it.

A recent report in the *Financial Times* indicated that Mr. Axel Weber, head of the German Central Bank, appeared to have joined the debate and supports the notion of burden sharing by senior bondholders. That is an interesting development.

The restructuring the Minister talked about is simply implementing the bailout deal between the previous Government and the EU. Part of the deal involved deleveraging, with non-core loans being transferred to a separate vehicle for gradual disposal. The same applies to the disposal of assets and I welcome the fact the Government will not do it by way of a fire sale. As a necessary follow-on, the restructuring would have to take place anyway. There is nothing new here.

We are now back to the old duopoly, with the two pillar banks, AIB Bank and Bank of Ireland. That was perhaps inevitable but the Minister claimed the foreign banks based here would provide the necessary competition. They will provide that competition but it is like saying there is competition in a race where ten horses were entered, five of them were taken out, leaving the other four to provide competition for the favourite. There was more competition before and it has now reduced, creating the spectre of a return to the 1970s, where the two major banks formed a cartel and crucified their customers. I know the Minister intends to introduce regulations to ensure that does not happen but it will be difficult to achieve. We must also bear in mind as we approach 15% unemployment that 7,000 people who were working in the financial sector have already lost their jobs, with several thousand more likely to follow.

The Minister's announcement did not refer to that strange creature that appeared in the Labour Party manifesto, a strategic investment bank. This bank was supposed to sprout out of the ground and grow like the bean stalk in the nursery rhyme to the extent that no man, woman or child, widow or orphan, would be denied access to it. It would bypass all the difficulties of our toxic debt and loans. The Labour Party insisted on putting it into the programme for Government, probably to save face, but I always suspected that Fine Gael thought it was nonsense, which it is. It appears in the programme for Government but if we look at what this plan says about medium-term, affordable official financing, in about 12 months, the document will look dog-eared. That idea is another that bites the dust, the low hanging fruit is falling already. I am glad it appears, from the Government announcement, that the Paul Daniels approach to banking has been abandoned.

Deputy Brian Lenihan: In fairness, Deputy Noonan closed the Fine Gael national recovery bank.

Deputy Willie O’Dea: He certainly did.

Deputy Michael Noonan: Who was in Government for the past 14 years? Did this all happen in three weeks? Get off the stage Willie.

Deputy Willie O’Dea: The Minister for Finance should be aware that he is in Government now and must answer for what he is doing from now on. That old cant will last for another couple of months and then the honeymoon will be well and truly over.

Acting Chairman (Deputy Olivia Mitchell): The Deputy must finish, he is eating into Sinn Féin time.

Deputy Michael Noonan: Get off the stage Willie. Fourteen years of it and it is all our fault already?

Deputy Pearse Doherty: It is interesting hearing that barney between Fine Gael and Fianna Fáil considering they are on the same page on this issue. It is fascinating to hear them try to find an area where they can disagree. At this point, most Irish people know what caused the collapse and what brought us to this position. We have moved on from that debate and the argument the Deputies are having here is far too late. People are concerned now about how we move forward. There is no argument between the Government parties and Fianna Fáil on the road map for the future.

It sickened me to listen to Deputy Lenihan throwing out accusations that I and others in my party, along with many others who are not involved in politics, who are involved in the international bond markets, who are economists, academics and international observers, are involved in economic treason. Because we believed there should be burden sharing or burning of bondholders, an internationally accepted term, and put forward proposals to that end, Deputy Lenihan has the audacity to stand up and say that is akin to economic treason. He was maybe struggling to find words in his contribution that could distinguish his ideas from those of the Government, because it is following the road map he laid down.

His analysis of the situation — that the making of alternative suggestions by other interested parties led to the severity of the crisis — is completely off the mark.

Deputy Brian Lenihan: Of course it did.

Deputy Pearse Doherty: This comes from a former Minister for Finance. To claim international investment agencies, which made decisions in 2010 to withdraw more than €100 billion in deposits from Irish banks, did so because Pearse Doherty stood up in this House calling for burden sharing, or because Constantin Gurdgiev or other economists or Nobel Prize holders said there should be burden sharing for senior bond holders, is absolutely ludicrous. These people make hard-nosed decisions on investments. Some of the investments are governed by strict criteria in terms of ratings, debt in banks and sovereign debt. One may believe this debate has gone on as a result of where we are at or that this has added to it, but the reality is the economic treason which we all know has happened took place as a result of Lenihan and others sitting on those benches.

Deputy Brian Lenihan: On a point of order, I am entitled to be called a Deputy in this House.

Deputy Pearse Doherty: If that is the Deputy’s only concern, that is fair enough.

Deputy Brian Lenihan: The Deputy could show a bit of manners.

Deputy Pearse Doherty: The economic treason that has happened in this country took place when Deputy Lenihan, sitting on those benches as a Minister, hung, drew and quartered the Irish economy. That is what he did and still he is scoring cheap points here today.

I intend to focus on several points regarding the stress tests. In any business where there are serious losses and debt, the business can be restored if two things can be injected. The first is if the losses can be absolved, that is, someone comes forward with a blank cheque and wipes out all the losses. The second is to restore confidence to that business such that it can continue to trade. We are seeing the same thing with the Irish banking sector. Does the €24 billion commitment that the Government has given re-inject confidence in the Irish banking sector? It is to be welcomed that there are early signs that it is having this effect and the Minister, Deputy Noonan, dealt with this in his speech.

However, as I stated here last Thursday, our approach to the banking sector must be three-fold. We must have a functioning banking system. The State writing a blank cheque and dealing with all the losses that accrue in the banking system is one way of doing it. Restoring international confidence in the banking sector will help. However, there must be two other pillars to the banking strategy, including restoring confidence to the economy and reducing the burden of the taxpayer. In these two pillars the Government has failed in respect of its approach in the aftermath of the stress test. Although we could write a blank cheque and sort out the losses in the banks, the question arises as to whether this takes the sovereign further into a position of unsustainability. I will continue to press this issue. In the spirit of openness and transparency, will the Minister call on the Department of Finance to run the computational models available in the Department with regard to the unsustainability of this State? I call on the Minister to prove that I am wrong and to prove to others that we are wrong to say that the State is now at a point of unsustainability. The Minister has the information, access to the data and the Department and the ability to run the models and present the figures. Hopefully, please God, we are wrong. No one wishes for us to be in a position of sovereign default.

I have continually outlined several problems with the Minister's approach, including the burning of senior bondholders. It is not a solution in itself; it is not the be all and end all. There is no simple solution to the banking crisis but it is a part of the solution. It is immoral and wrong to allow senior, unguaranteed bondholders to be paid in full by the State while they are burning themselves at this minute by selling these bonds on the secondary market and taking a hit themselves. This will cause serious stress and depression in the domestic economy because it leads to our having to inject additional money to capitalise the banks, which, in turn, will mean that we must implement further austerity measures.

I have continually raised a final issue in respect of the stress tests on which we must get a grip. When we examine the details of the stress tests, we can see the losses that have accrued in the banks over a three year period and the lifetime losses in the banks. However, let us focus on the three year period. During this period, losses of €9,491 million in residential mortgages will accrue in the four Irish institutions. This is €9.4 billion on which the four banks will take a hit by the end of the three year period. Put simply, we could write the blank cheque or, as the Government proposes, give the banks blank cheques to write off these losses. However, what happens to the people who owe that money to the banks? I have no wish to put it in simplistic terms because it is too serious a debate, but what happens to them? What happens to those who hold the IOU to the banks amounting to €9.4 billion and which they must repay in three years time? We may write off the losses for the banks but what happens to them?

We must come forward with serious proposals because, as the Minister correctly stated, we must get people spending again in the economy. The Exchequer figures in March have shown this much clearly. Serious problems will arise down the line. I realise the figures have been

offset by excise duties and corporation tax at this point, but unless we increase income tax and VAT returns we will have a seriously depressed domestic economy and we must deal with it. We must get people spending. Up to 95% of distressed mortgages are in this State and people are in hock to the banks to the tune of €9.5 billion. They will be in hock even more but this is the estimation of what will not be paid back in the three year period. How can we get people to spend with this debt hanging around their necks? If we are writing it off for the banks, we must come up with proposals on how we deal with individuals. I do not have the answers to this information nor does my party. Models must be examined which include non-recourse mortgages and debt relief. This is distinct from interest relief because what the Minister proposes is a drop in the ocean and it will be simply wiped out by an ECB interest hike. The Minister needs to ensure serious proposals are brought forward by the Government. Perhaps the best thing would be to set up an advisory panel to examine the issue in detail. We have done this with regard to the banks and it has cost us tens of millions of euro but we must have the same focused approach for mortgage holders.

Deputy Peadar Tóibín: People are calling Thursday 31 March “black Thursday”. This is the second “black Thursday” and we are building up several black Thursdays in the country in an effort to bail out the bondholders. It is interesting that it was the new Minister for Social Protection who first used this phrase with regard to the bailout by the previous Government. Now, some five months later on this new black Thursday, we have the new critics who put €24 billion into the banks. It is ironic that on the same day they paid out €3.1 billion to Anglo Irish Bank and Irish Nationwide on the back of a promissory note. It is also ironic that Fine Gael Party and Labour Party members have stated that Fianna Fáil Ministers would be remembered for what they visited upon this country. However, within 40 days of the new Administration, they too have visited exactly the same and the chances are that their legacy will be exactly the same.

The Fine Gael Party stated that it would secure a decrease on the rates of interest before sorting out this tranche of the bailout and it has failed to deliver this issue. The Taoiseach informed the Dáil that he would not pump more money into the banks until there was clarity with regard to burden sharing, only to turn around and indicate that he would defer this issue until a decision was made on the results of the stress tests.

We now have the results of the stress tests. Will the Government deliver on its elected mandate or will it follow in the footsteps of Fianna Fáil and the Green Party and tie the people further to the defunct banks? The Government should get its priorities right. The prime stakeholders which should be given consideration are the people but they have received no consideration. The stakeholders most in need of a stress test are the people but they have received no stress tests by the Government as of yet. The most important people are not Chancellor Angela Merkel or President Nicolas Sarkozy. They are secondary to the needs of the people. In any other business sphere these banks would be put into receivership or liquidated. They would not be infused with the level of money that is to be put into them. This is the fifth occasion on which the Fianna Fáil Party and the Fine Gael-Labour Party coalition have sought to stabilise the banks and, unfortunately, it may not be the last.

There was a serious air of anticipation throughout the State last Thursday. People in their homes and businesses felt there was a serious opportunity for the burden to be taken off their shoulders and equally shared with senior bondholders. However, unfortunately, Thursday turned out to be a darkly anti-climactic day. There were no senior haircuts, no announcement on Anglo, no announcement from the ECB, no announcement on new legislation to potentially, in theory, hit senior debt and no announcement on the interest rate. It is a known fact in economic life that both bankruptcy and the postponement of it can generate massive costs.

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When applied to the euro crisis, this means there is a point at which delaying the restructuring of the debt will cost more than restructuring the debt at present.

Some big conclusions can stem from the announcement last week. The first is that Ireland looks like a dead cert to default at some point in the next few years. By nationalising the losses accumulated by the banks as a result of the ludicrous lending, the Government saddled the people with unpayable debt. That, in turn, has hobbled the economy, making it harder for us to generate growth without which we will never be able to get out of this situation. While there is a so-called haircut for private debt, the people are being forced into further depression. The more austerity measures we use, the higher we increase taxes and the more the economy contracts and shrinks, the less likely we will be able to pay off these debts. In other words, it is vicious circle of depression that is being offered by those on the benches opposite.

A system that requires us to repay fully all bank debt at high and increasing interest rates while also reducing Government spending is illogical. The negative impact of higher interest rates and lower Government spending will have a further procyclical effect on the economy. It is clear that the Irish sovereign nation cannot continue to bear the burden of the banking sector liabilities on its own, as the scale of the payback in itself means the breaking of the economy.

The IMF-EU response has been piecemeal and underwhelming thus far. Shared responsibility is required, and that is being generous to the banks. There is currently €21.5 billion in unsecured, unguaranteed bank debt. What is the Minister of State's Government do with this unguaranteed debt?

While part of the capital is being raised through debt reduction exercises with subordinated bondholders and other private sector strategies, the direct sovereign contribution is expected to be in the region of €17 billion. Accordingly, the net liquid financial position of the State is in decline. The National Pensions Reserve Fund will be eaten into once more with a reduction of €10 billion and the €7.2 billion balance will be added to the gross public debt since the cash reserves are borrowed money. There is also significant reduction in the wealth of the State. With the serious deleveraging of these banks, it is envisaged that, in addition, there will be €13.2 billion in capital losses.

We should consider the effects of this on the real economy. It is important that Deputies on the opposite benches who were canvassing at people's doors 40 days ago will understand that there is a real economy in this scenario. There are real costs. Some €110 billion has been put into the banks by the Fianna Fáil, Fine Gael and Labour parties. That works out roughly at €30,000 debt per man, woman and child; even if the child was born yesterday, he or she will have a debt of €30,000. Responsibility for that debt lies with the individuals who implemented that decision and they are on the benches opposite.

This is the equivalent of 90% of the value of goods in this State. What does this mean in real terms? With €24 billion, it would be possible to have a pension fund *par excellence* for the people of Ireland; build 75 new 50-teacher schools and run them for 75 years; build 35 children's hospitals; employ an additional 5,000 hospital consultants and pay them for 62 years; reduce the pupil-teacher ratio in the State to 1:10 and pay for that for 20 years; buy 8,500 years of private speech and language counselling and really help autistic and children with speech problems; introduce free pre-schooling for 32 years for all 110,000 children in the country; and make education completely free.

I wish to cite a brief example in my county — some Deputies opposite will be aware of this. We have a fine hospital in Meath called Navan hospital. There has been a hospital in Meath since 1750. This hospital survived the 1798 Rising, the Famine, the Tan War, the hungry 1950s and the recession of the 1980s, but there is a serious chance it will not survive the current

and previous Administrations. Services have been ripped out of the hospital in recent years, significantly reducing its ability to care for its patients, but I have a solution that will solve the hospital's problems. We need to change the name of the hospital from Our Lady's Hospital, Navan, to "Our Lady's Bank". If we change its name to "Our Lady's Bank" perhaps the Government would decide to put money into the hospital and look after the needs of the individuals there.

Acting Chairman (Deputy Olivia Mitchell): The Deputy's time is up.

Deputy Peadar Tóibín: The point of this example is that there are priorities and they will be remembered by the people. The choice is one for the Deputies opposite — every Labour Party and Fine Gael Party Deputy should stand up for those individuals now.

Acting Chairman (Deputy Olivia Mitchell): I call Deputy Wallace of the Technical Group. Is the Deputy sharing time?

Deputy Mick Wallace: I am sharing time with Deputies Clare Daly, Shane Ross and Mattie McGrath.

I find it amazing how little difference there is in what the new coalition is up to in terms of dealing with the banking crisis and what the Fianna Fáil Party did prior to it taking office. Fine Gael Party and Labour Party Members should have the courtesy of bowing to Deputy Lenihan when they meet him in the corridor because they seem to agree with absolutely everything he had to offer.

Deputy Shane Ross: Hear, hear.

Deputy Mick Wallace: I have noted a few of the nice quotes made during the election campaign. Fine Gael's banking strategy, *Credit Where Credit is Due*, which is part of its five point plan, states: "Fine Gael was the first party to argue that it was unfair for the Irish people to shoulder all of the losses of our banks, and that it was right that investors who had lent recklessly to the banks should also share in the pain." The document goes on observe: "It is neither morally right nor economically sustainable for taxpayers to be asked to beggar themselves to make massive profits for speculators." It is hard to credit that this is the party that has given us the medicine that we have got for the past week.

In a press release in February the Minister, Deputy Michael Noonan, stated that the Fine Gael Party "will prevent the banks from ever again holding the country to ransom". The Tánaiste, Deputy Eamon Gilmore, was confident that they could renegotiate the so-called rescue deal and said: "The current deal cannot be worked". It is hard to credit the neck that the coalition has brought to this equation. There was so much talk about change and doing things differently during the election campaign, but those parties made promises which I am not sure if they knew they would not be able to keep or they just changed their minds. However, it is dishonest to promise the people one thing and to deliver something completely different.

When he was interviewed on radio on Friday morning last, the Minister for Finance was asked whether burden sharing is no longer an option. He replied that inquiries had been made with the ECB and that it had said "No". So, that is it then.

We were informed in the past that the European Union is supposed to be a family of nations and that we all look after each other. We were also informed that if one country got into trouble, the others would provide assistance. There was supposed to be a spirit of fellowship among the member states. I am not sure whether we have put the question regarding burden sharing in strong enough terms. In general, European politicians are generous and they would

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be sympathetic regarding the massive problems the Irish people are facing. I accept that those who run the ECB are incapable of being sympathetic towards us. If, however, we pressurise European politicians, we may obtain some comfort from them. They must be made to realise that we are in a crazy predicament.

The dogs in the street know that this deal is not going to work out. At some stage, our colleagues in Europe are going to state that they will provide us with assistance. If, however, we accept their policies in the interim, the less well off will suffer most. It is crazy that we are providing money to reckless banks while the numbers of learning support teachers and special needs assistants are being reduced. What we are doing to the young people of this country is unreal. It is all being done in the interest of paying back reckless investors who made mistakes. People invested poorly in banks that were not well run. The essence of capitalism is that one makes one's gamble and one accepts the results. One wins some and one loses some. However, the investors to whom I refer are all winning. That is incredible.

When the results of the stress tests were announced last week, an economist wrote an article in *The Guardian* newspaper in which he stated:

A new Irish finance minister would do three things to make a fresh start. He would reveal the full financial horrors; he would reorganise the banks to bring some order to the chaos; and he would say that Ireland, as a consequence of guaranteeing its banking system, was carrying too much debt, was doomed to economic stagnation and must invite creditors to share some misery.

Michael Noonan scored well on the first two points. On the third, he said nothing.

Late last year, the IMF agreed with this outlook when it stated, "effective resolution tools are required that can ... preserve financial stability, while ultimately allowing losses to be borne by creditors rather than taxpayers". Last November, Angela Merkel stated that bondholders should take the hit when a country is in trouble. The EU intends to make sure this happens after 2013. What is wrong with doing it now?

Deputy Clare Daly: The Minister stated that the reaction of the banks and the European establishment to his proposals was extremely positive. Of course that is the case. They probably could not believe their luck. Last week, the head of a major hedge fund — his name escapes me — stated that it is unbelievable that an entire population would be asked to shoulder the private debt of bondholders and speculators. The other people who cannot believe what has happened are those who voted in the recent general election, particularly for Labour and Fine Gael. In reality, there might as well not have been an election because the word on the street is that the latter has resulted in the same circus with different clowns.

It is an affront to people both inside and outside this Chamber that the Minister is now embracing that which he referred to as an obscenity during the course of the election campaign as representing the best way forward for the country. That is completely dishonest and it is coming at an enormous cost to the population.

The figures with which we are dealing are well known. A further €24 billion is to be put into the banks, bringing the total to €70 billion. The latter amount represents six times the HSE's budget and eight times that of the Department of Education and Skills. Is it any wonder that the Central Bank has stated that this is going to be one of the most expensive bailouts in history. It must be remembered that €17.5 billion of the €70 billion to which I refer is our money.

Why is the bailout being imposed? Essentially, the facts indicate that we are dealing with a problem of private debt. The bailout is designed to rescue German, French and British banks

which gambled on the Irish property market. It is as simple as that. It is in the interests of the European Central Bank and Chancellor Merkel to protect those banks and the Irish taxpayer is expected to shoulder the burden. Our national debt may rise to as much as €220 billion, which is a phenomenal amount for a country the size of Ireland. The interest repayments on that amount will exceed the total amount of the education budget for the next year.

The Government must get real. What is proposed is not sustainable and that is why many commentators have predicted that there will be a default. We are of the view that not one more cent of our money should be spent on bailing out the bondholders and private debt holders. The Government should reveal the identities of these people. Who are they bondholders and the private debt holders? The new Government is supposed to operate on the basis of transparency. It should, therefore, reveal the identity of the unguaranteed bondholders to whom Anglo Irish Bank paid €750 million during the general election campaign. We should be informed with regard to where our money is going. If that money were kept here, it could be invested in a proper jobs programme designed to get people off the dole and engender some economic life in the country. This is about choices.

What the Government currently proposes is not a solution. It will, rather, exacerbate existing problems and make the situation even worse. The eurozone report produced by the website Research on Money and Finance clearly reveals that problem facing Ireland, Spain, Portugal and Greece is one of private debt. Rescuing the banks is coming at the cost of imposing austerity. The latter will not only devastate the living standards of ordinary people, it will also make the economic situation worse by forcing down wages across Europe and adversely affecting income distribution figures across the Continent, particularly in the more peripheral regions. That is the name of the game at present.

The Government's proposed reorganisation of the banks is a joke. No fundamental changes have been put forward. We are of the view that the banks should be wound down in an orderly manner and that there should be proper public ownership of the remaining institutions by bank workers whose jobs are currently under threat. This would facilitate the provision of real credit for small industries.

It must be accepted that the banking crisis is Europe-wide in nature and is not merely confined to Ireland. Those who are being asked to pay for this crisis are workers in this country and in Greece, Portugal and Spain. We need to break the power of the financial markets and to bring the banks and their resources into public ownership on a European basis.

Deputy Shane Ross: I wish to respond, in what appears to be an increasingly common trend in this House, to the main Opposition spokesman's contribution on this matter. The Minister for Finance must shiver in his shoes on every occasion on which certain Opposition Members congratulate him on what he is doing. It is increasingly common for these individuals to state that what he is doing is great because it mirrors the policies they pursued when they were in government. If I was the Minister for Finance, I would not be too happy about this trend. However, I have no doubt that Deputy Lenihan's earlier comments were uttered with a certain amount of mischief in mind. The Deputy successfully embarrassed the Minister for Finance with what he said. The Government is following the same policy as its predecessor.

If, as Deputy Lenihan stated, those who have been advocating either burning the bondholders or burden sharing are committing economic treason, then he must realise that there is a growing band of such traitors in this corner and elsewhere throughout the House. I plead guilty to that offence.

As Deputy Clare Daly indicated, everyone appears to be frightened of the word "default" and of the process relating thereto. We say that default is unthinkable. I do not consider it in

[Deputy Shane Ross.]

that way. I view default as part of the solution rather than part of the problem. I consider it as possibly the only solution to the mess we are in. I have not seen any plan, projection, graph or figures which explain how we are going to pay off our debt. I have certainly not seen any convincing plans. I have seen plans that show inflated growth rates that suggest we could, possibly, pay it off over a period of time. They are not credible. No respectable commentator believes them.

The inevitability of default is something we should accept and go for as quickly as possible. In the United States and other countries, default is no shame. It is a solution. One does it, particularly as a corporate entity, one gets on with it and one starts again. Ireland is now in that situation. We really must start again. We are in that sort of deep doodoo. Default is a practical solution that would give us the opportunity to rebuild our financial institutions on our own terms and not on the terms we have at present, which are dictated to us by President Sarkozy and Chancellor Merkel.

Senior bondholders are lucky people. Deputies Daly and Wallace both pointed this out. I know some of these people. I have met them. They cannot believe they have been let off so lightly and that a new Government has not taken the opportunity to give them a haircut. Even though they are ranked *pari passu*, they are not the same creatures as depositors. They are often professional fund managers who take an investment decision to buy these bonds and take a consequent risk. It is a lesser risk than other bondholders but a risk all the same. Depositors, on the whole, are completely different creatures. Some are large and some small. They give a bank money for safe keeping at a certain interest rate. The difference between the two is massive. There is no reason for stinging the depositors. There is every reason for stinging the senior bondholders, because they have taken this risk in placing money in high risk banks.

The Government strategy of deleveraging, which means reducing the debt and making it smaller, and producing two pillar banks sounds good, solid and reassuring. Is this a well thought out strategy? The Minister knows we had two pillar banks in the past. Allied Irish Banks and Bank of Ireland, particularly in the retail sector, had, I think, 80% dominance. Are we going to introduce a system where two overbearing and overwhelmingly large banks — both State owned, because Bank of Ireland is also likely to go that way despite its efforts — supposedly compete with one another? This is not realistic. In the past when there were too few banks in Ireland cartels were formed by the four major banks. Now we are introducing a system where there will be two dominating banks, plus what the Minister called foreign banks. Does the Minister not realise that foreign banks, particularly in the retail sector, are not staying here? They are pulling out. The trend is for a duopoly.

Deputy Mattie McGrath: The Government is planning to shrink the banking system from six homegrown lenders to two pillar banks. The Government received a strong mandate to introduce badly needed changes to our failed banking system. I hope and pray the Government's new policies will mark the beginning of a turnaround.

Like other Deputies who have spoken, I am disappointed by the current Tweedledum and Tweedledee situation. When I was a member of a Government party I had many animated discussions with my colleague, Deputy Brian Lenihan, when he was Minister for Finance. I felt passionately that the Irish people should not be left holding the baby for the bankers and the 300 people who brought our economy and country to such a disastrous situation. A burden was placed on every man, woman and child and on future generations. I was disappointed by the inaction and lack of clarity of the Government at that time. I am devastated, as are the public, by the reaction of the new Minister and the members of the new Government. They

have simply moved seats in the Chamber. This is pitiful. There was a huge vote demanding real change.

Senior bondholders have been called gamblers. I do not call them gamblers. I call them speculators. We need those people and we will need them in the future. As Deputy Ross said, they cannot believe their luck. They have been allowed off scot-free and the complete burden has been placed on the ordinary decent taxpayers of this and future generations. We have shown the white flag to the ECB. To say “the ECB will not allow this or that” is a feeble excuse. We must demand our rights, as a sovereign country. We must not be dictated to by Germans and others. Where is the spirit of the European treaties which we supported, although we did not support the Lisbon treaty until the second time around?

European banking institutions were at least 50% responsible for the mess we got into. I accept that our regulator was not doing his job and was then paid off with a fine pension. This culture must stop. I told Deputy Lenihan at the time that we should not have done the deal because we could not afford it. Europe must come to our rescue, allow us to breathe and provide some credit to our economy. The measures we have taken to pay back these debts are killing our economy and the spirit of our people. They are robbing us of the resources we need to recover. There must be a sea change. The Government has been given a mandate for change and I hope it will respond to it. That is what the people were yearning for and what they demanded and voted for. They were misled by the statements of both Opposition parties about what they were going to do in Government. The people are now devastated to find that those parties have simply moved seats in the Chamber and are continuing with the old policies.

We must stand up to Europe and demand what we are entitled to. This problem is bigger than us. We must threaten to default.

Minister of State at the Department of Foreign Affairs (Deputy Lucinda Creighton): With the permission of the House I will share time with Deputy Paschal Donohoe.

I am pleased to have an opportunity to speak briefly in this very important debate. While Deputy Mattie McGrath blames Europe for 50% of our banking problems, he acknowledges that his Government was responsible for the other 50%. I suppose that is progress.

Deputy Mattie McGrath: We were not.

Deputy Lucinda Creighton: This is probably a more gracious acknowledgment than we have seen from many of his colleagues. The Government is just three weeks in office and has been on a roller-coaster ride in dealing with many of the issues left hanging when the outgoing Government scarpers to the country. A mammoth task faces the Government. This is only the first step but it is an important step. I wholeheartedly stand over the steps taken by the Government and the Minister for Finance, Deputy Michael Noonan, last week in responding to the crucial stress tests. The objectives of the stress tests were threefold — to restore confidence; to recapitalise and restructure the banks; and to restore credit to the economy. The last of those objectives is incredibly important. To have any credible plan to exit the crippling debt crisis we face we must restore solvency to our banks and to the State.

Notwithstanding some of the somewhat misleading remarks from Deputies opposite, it is essential to point out that the fortunes of the Irish banking system are not divisible from the fortunes of this State. A credible and viable banking system is essential to our economy and, therefore, our society because society is dependent and interlinked with our economy. It is important this is acknowledged by all Members of this House.

The key actions which have taken place in the past number of days, as announced by the Minister, which will be ongoing in the months ahead include radical reorganisation of the

[Deputy Lucinda Creighton.]

banking system to serve the needs of our economy. I reject the contention from Members of the House that this is simply continuity of previous Government policy. It is a bold move to restructure the banks, something we have not seen before. We did not see any meaningful restructuring of the banking sector from the previous Government. It is essential that this is implemented as quickly as possible. The deleveraging of the banking system to reduce lending in areas which will not support our economic recovery is also essential. The emphasis on banks trying to sort out their balance sheet problems in so far as is possible, is also an essential element. Returning our banks to profitability by reducing their cost base is also a key step forward. No doubt the Government will return in the months ahead to the issues associated with restructuring and revamping the banking sector. We will be keeping a close eye on progress and ensuring banks step up to the plate, as is required by Government and expected by members of the public, and rightly so.

It is important to note that barring some major disaster this package should — I believe it will — enable the industry to withstand any future shock. I accept the point made by many Members that we have heard this before. It is what we have been hearing from Government for the past two and a half years. However, what is different on this occasion is the depth and comprehensive nature of the stress tests which have been completed. That is an important distinction. They carry credibility on the international markets and with our trading partners, which is important.

It has been highlighted in recent days the output growth tends to be slow for years following a banking crisis. However, we must do everything to ensure that we can create the conditions for business to foster growth. Members will be aware that export growth is already moving rapidly ahead. In some cases, it is growing in double digits. We must now concentrate on the domestic economy, in particular the small and medium enterprise sector. New lending is essential to our domestic economy. For SMEs and new mortgage lending, the new core pillar banks will provide approximately €16 billion to €20 billion over three years. This is likely to make a significant difference in serving the projected needs of the SME sector. This again marks a significant departure from previous recapitalisations which did not result in any freeing up of credit to SMEs. Banks were previously at risk of hoarding capital owing to concerns about loan losses. Members will be aware that this did happen. It is no longer an aspiration of Government to ensure the free flow of credit rather it will be a reality on the basis of the €24 billion recapitalisation announced by the Minister.

There has been much scoffing from the opposite side of the House about the support of our European partners from whom we have received an enormous amount of support. I do not hesitate to use the term “European partners”. Our EU partners have shown a significant degree of solidarity towards us, which has been essential to our well-being and in terms of assisting us in meeting our public service demands, running the State, keeping current spending flowing and ensuring elements of the capital programme were maintained. As pointed out by the Minister for Finance in his article last week for FT, the EU has for decades since we joined in 1973, helped to make Ireland business friendly and entrepreneurial. The recent solidarity, by way of liquidity support, from the eurosystem and ECB has been critical in ensuring our ATMS continue to function and that no problems arise for depositors. At a time when our credibility has been at an all-time low, it has enabled our banks to function, although not in an entirely satisfactory fashion.

We need to step back and think about this. The combined liquidity assistance from the ECB to Irish banks amounts to €177 billion, some €117 billion in ordinary funding mechanisms and a further €60 billion in emergency funding, which is not to be sneezed at. Much of this has been made available to our banks at the low interest rate of 1%, which is not something about

which we are reading in the press. To my knowledge, this has not been acknowledged by anyone on the opposite side of the House.

Deputy Brian Lenihan: I spent two years pointing that out.

Deputy Lucinda Creighton: It is extremely noteworthy and will be made known by Government on a regular basis.

Ireland's banks have benefited hugely from the support of the European Central Bank. We rely on the EU-IMF fund to keep the lights on in this country and to enable Government to do business. Without finance from the ECB the banks would have collapsed. Without external funding through the EU-IMF fund, the Government would have defaulted. Default would cut off our only source of funding. That is a fact which is entirely ignored by Deputies on the Opposition benches. To suggest we can default is extremely misleading and populist. It is easy to play that tune but it does not serve the Irish people. The consequences of default would be disastrous.

I look forward to having many other opportunities in the months ahead to debate this important package.

Deputy Paschal Donohoe: I will respond to some of the points made by the Opposition in the debate so far. The word "treason" was used earlier. I had hoped that word would be banished from our vocabulary when discussing our future. We should reflect on what "treason" is. "Treason" is committed when an individual consciously and willingly delivers an outcome that leads to the downfall of a State. I believe that those people who made decisions on our banking system or the sovereign welfare of our State, decisions which in retrospect we wish had not been made, did not make them with the objective of ruining our State. The use of the word "treason" in the past was ill-judged and not deserving. I regret the return of its use in today's debate. Whatever mistakes have been made, and there have been many, or the costs incurred, which are huge, nobody who contributes to this discussion or who in government makes decisions does so with the objective of trying to end our State. They do it with the objective of preserving it and delivering the welfare of our citizens.

A prominent Member of the Opposition concluded his contribution with the phrase "I am not afraid of default". I am afraid of default and will tell the House why. In this regard we need to look to the history of what happened to those States which went down that path. There is a long and varied history of default within the global economy. Given that many states have defaulted in the past 200 years, the history of what happens to them subsequently is a rich one. I will focus on three aspects of this issue. Experience shows that states which unilaterally default on private market funding regain partial market access between three and a half and five years following the default. On average, they do not gain full market access until eight and a half years later. History also shows that defaulting states returning to the market following several years' absence pay an average premium on the market interest rate at the time of exit of 4.5% in year one and 2.5% in year two. In addition, defaulting states normally have recourse to the lender of last resort rather than the markets. Ireland is already using the lender of last resort. If we were to unilaterally decide not to deal with the lender of last resort, to whom would we turn to fund our public services and meet the needs of citizens?

One must also consider the likely actions of other states in the event of Ireland opting to default. If we were to take unilateral action, we would impose losses on other states and their banks. Given that they are providing funding to keep our banks open and this State afloat, it is highly likely they would decide to use this funding to cover losses on their sovereign and bank balance sheets.

[Deputy Paschal Donohoe.]

The history of default relates exclusively to developing and emerging economies. No modern, developed state has unilaterally defaulted since the Great Depression. At best, default is a course of action with vast and dangerous unknown outcomes for the State. At worst, the consequences of default for a modern, western European state which is already using the services of the lender of last resort would be catastrophic.

I remind Deputy Ross of the reason I am afraid of defaulting. This State does not run on pixie dust, nor is it funded by some fairy tale character. It needs money and if we decide we will not take funding from the only body willing to lend to us, albeit under conditions with which we are not satisfied, we will be forced to turn to a market which, as history shows, consistently declares a buyers' strike lasting between three and eight years on defaulting economies. Anyone who advocates default must state from where they will source the funding required to keep open our banks, hospitals and schools.

I will address burden sharing and debt, an issue which has generated considerable interest and heated debate in the House. When discussing banking one should provide figures and address developments in detail. On 1 April, the Financial Regulator issued figures on the level of banking debt in the economy and set out its various components. Total banking debt in the Irish economy is €64 billion, of which €36 billion is unguaranteed. Most of those who advocate unilateral action on the banking debt have focused on unguaranteed debt. The average haircut achieved by states which have applied burden sharing is between 30% and 50%. In the event of the State opting to act unilaterally and apply burden sharing to its €36 billion of unguaranteed debt, the potential gain to the State's balance sheet would be €18 billion. Ireland depends on €155 billion in funding from the Central Bank and European Central Bank to keep our banks afloat. The equation is, therefore, simple. The potential once off saving from opting to unilaterally default would be €18 billion. On the other hand, the European Central Bank, which has ruled out burden sharing, is directly providing €85 billion to Irish banks and allowing the Central Bank to supply a further €70 billion to keep the banks open. This is the equation with which the Government has had to grapple only three weeks into office and following three years of a banking policy that brought us to this point. It has been compelled to find a way to ensure we can keep open our banks while charting a path that will lead to a reduction in the value of our debt.

Let us assume unilateral action on burden sharing generated a saving of €18 billion. The vast majority of unguaranteed bank debt is held by Allied Irish Banks and Bank of Ireland, the two banks which, under Government plans, will form the pillars of future banking strategy. If action were taken to reduce the value of the debt held by these two banks, how could we ask the investors who had taken a hit to lend again to Bank of Ireland and Allied Irish Banks? How would the two pillars of our banking system remain open? These are the choices we face.

I have set out the reasons I fear default and explained why we should remove the word "treason" from this debate. The sustainability of our debt has been correctly raised by the Opposition. Their concern is shared by me and all Deputies on the Government side. The State faces a serious challenge, not only arising from the magnitude of the debt but because of the design of the institutions which may emerge. The assumption is that Ireland will exit the IMF-ECB programme in mid or late 2012. It has been proposed to introduce a European stability mechanism in the summer of 2013. The mechanism has two features, including the capacity to facilitate an orderly sovereign default by eurozone countries. Private investors who will be asked to lend to Ireland in 2012 see a mechanism on the horizon which could impose greater losses on them. We must examine what action we need to take to ensure we are able to secure funding from investors who will be afraid of the solution proposed under the stability mechanism. There is a strong probability that the institutional arrangements envisaged by the

European Union will become self-defeating. We should use the time available to us before we must return to the markets to address this matter.

Deputy Michael McGrath: I will share time with Deputy Billy Kelleher.

Deputy Donohoe made a comprehensive and balanced contribution on this important issue. While I concur with his articulate critique of the policy of unilateral default, it begs the question as to how such a policy made its way into the Fine Gael Party's banking policy, the centrepiece of its economic strategy during the general election campaign. I will revert to this issue presently.

All Deputies are anxious to stop talking about banks and start talking in a meaningful way about the needs of the real economy, namely, retailers, hotels, restaurants and the manufacturing, tourism and hospitality sectors. We all know the banks will not drive economic recovery. At best, they can facilitate and support recovery and the measures announced by the Government last Thursday are part of a process of ensuring they play their role in this respect.

We all accept the need to stimulate economic growth, create employment and bring the budget and Exchequer receipts in on target. The stress tests announced last Thursday appear to be robust and rigorous, and we all hope they have finally identified the bottom of the black hole that has characterised the Irish banking system in recent years. Nobody knows for sure that is the case, however, although reassurances were given in the past by the relevant authorities as well as by politicians. That is why last November, when the deal was reached between the Government, the EU and the IMF, a comprehensive strategy was adopted to put in place a detailed and rigorous series of stress tests. That initiative commenced in January with the appointment of Black Rock Consulting by the Central Bank.

Last Thursday, we saw the culmination of this process with the announcement of final figures. In his earlier contribution to this debate, the Minister for Finance, Deputy Noonan, was correct in saying that there has been an initial welcome for those results, which appear to have credibility. Many market analysts have spoken positively about them and the markets themselves appear to have reacted positively to last Thursday's announcement, which is to be welcomed. In his contribution, the Minister said we need confidence not just in the economy but also that the country's banks are being dealt with comprehensively. All the work that was done by the previous Government is now being brought to a conclusion and that strategy was clearly set out in the EU-IMF programme last November.

We must be honest with people in saying that the strategy announced last Thursday is a continuation of what was set out in that programme. The programme clearly provided for stress tests, de-leveraging measures and a reorganisation of the banking sector. As Deputy Lenihan said earlier, all those policies were in place and are now being presented by the new Government in a manner which we all hope will work and which will bring credibility and finality to the issue. We want to see a line drawn under the banking system so that we can start to focus our attention on the needs of the real economy.

The plan has been incorrectly presented as a radically new departure, rather than a process which was in train all along. Of the six banks under examination, it had already been decided to wind down two of them, Anglo Irish Bank and Irish Nationwide. The downsizing and de-leveraging of the other banks was clearly provided for in last November's agreement. The EBS will now be assimilated into AIB, instead of being sold off. In addition, Irish Life & Permanent's life pensions and investment management divisions will be sold. All of that had been provided for in the agreement and is now being implemented. Last Thursday's announcement represents confirmation of the new Government's commitment — which the Minister, Deputy

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Noonan, reiterated last week — to implement the programme agreed by the last Government, the EU and the IMF.

Burden sharing probably occupies a disproportionate amount of time when people debate the banking crisis. Deputy Donohoe outlined some of the statistics to put the debate in context. Nonetheless, the issue is being debated constantly and it is important for us to deal with it. The new Government has been confronted with the ECB's unwillingness to entertain burden sharing among senior bondholders. The Government has acknowledged that is the stark truth despite the clear promises and commitments that were made during the election campaign by the parties currently in Government. Those can now be seen for what they were — election promises. People were given the impression that there would be a radically new banking policy and that burden sharing would be insisted upon, unilaterally if necessary. That is not what transpired, however, when the new Government was confronted with the ECB's position.

In an interview last Sunday, the Tánaiste seemed to present burden sharing among subordinated bondholders as something new. Last Thursday, however, the Minister, Deputy Noonan, clearly told this House that subordinated bondholders have already contributed €10 billion to the cost of the banking bailout. There will be further discounts to be achieved, which is to be welcomed, but it is not a new initiative. It had already been put in place by the previous Government and was being successfully implemented. The last Government transferred the deposits out of Anglo Irish Bank and Irish Nationwide to facilitate possible burden-sharing with senior bondholders.

The Financial Regulator, Mr. Elderfield, confirmed today in London that it is Government policy that there will not be burden sharing with senior bondholders at AIB, Bank of Ireland, the EBS, and Irish Life & Permanent. However, the possibility of burden-sharing still remains with senior bondholders at Anglo-Irish Bank and Irish Nationwide. I understand the figure at issue is approximately €4 billion of such debt. The new Government should continue to pursue that matter because burden sharing is facilitated by the transfer of the deposit base out of Anglo Irish Bank and Irish Nationwide. That is now a distinct possibility for them.

I accept the analysis that we are with the lender of last resort. If the ECB was to threaten to turn off the funding tap for the Irish banking system we could be facing an economic collapse of cataclysmic proportions. We must therefore work with our European partners, while continuing to emphasise the need for burden-sharing where it can be achieved. It must be done by agreement, however. That is the point the last Government consistently made, yet it was pilloried for doing so. Nonetheless, we should respect alternative views. Many academics and economists practising in the commercial world advocate that Ireland should restructure its debts and impose burden-sharing. We should analyse what those people are saying.

Some weeks ago, Professor Karl Whelan wrote an interesting article in *The Irish Times* arguing for a debt-for-equity conversion. While I am sure the ECB is not willing to entertain that idea, we should respect such viewpoints and listen to them. If any aspects of such arguments can be adopted to improve the country's situation we should be open-minded to them.

The new Government's objective, which is consistent with that of the previous Government, is to bring our banks to a situation where they will no longer rely on the life support machine of ECB liquidity funding, as well as our own Central Bank. We agree with that objective, although one aspect of the programme for Government seems both bizarre and incompatible. That is the new Government's commitment which requires banks to put forward plans on how they intend to cut costs over and above existing plans in a fair manner and by a sufficient amount to forego a 25-basis point increase on their variable rate mortgage. Effectively, the new Government is saying that if the ECB increases the interest rate by 0.25%, the banks will be

forced to absorb that and not pass it on to consumers. I seriously question how the Government will deliver on that commitment. I also question how international markets would view such interference by the Government in the capacity of a bank to determine its own interest rate policy.

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

Ceisteanna — Questions (Resumed)

Priority Questions

Water Charges

4. **Deputy Willie O’Dea** asked the Minister for the Environment, Heritage and Local Government the timeline for the setting up of a new water company, the installation of water meters in domestic households and the introduction of water charges [6937/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Fergus O’Dowd): The memorandum of understanding between Ireland and the European Union and the International Monetary Fund commits Ireland to undertaking an independent assessment of the establishment of a water utility with a view to commencing charges for water services in 2012 or 2013. The programme for Government includes a proposal to create Irish Water, a new State company which will take over the water investment maintenance programmes of the 34 existing local authorities.

It is my intention that the assessment of the establishment of a water utility should proceed as a matter of priority. The transfer of functions from local authorities to the new State-owned water utility, as set out in the programme for Government, will require significant legal and administrative changes. The independent assessment will make recommendations for the establishment of the new organisational structure. It is envisaged that the independent assessment will be completed by October this year. With the Minister, Deputy Phil Hogan, I will be preparing proposals for Government consideration. I will provide further information on a timescale for the establishment of the utility following that Government consideration.

The programme for Government also proposes the installation of water meters in individual households and the introduction of water charges based on usage above a free allowance, which is an important point. My Department is preparing a strategy to implement these proposals, including a strategy for the procurement and installation of meters. It is envisaged that the installation of meters will commence in 2012 to be managed by the new State-owned water utility.

Deputy Willie O’Dea: I congratulate the Minister, Deputy Phil Hogan, and the Ministers of State, Deputies Willie Penrose and Fergus O’Dowd, on their appointments and wish them the very best. I take the Minister of State, Deputy O’Dowd’s point on the assessment and moving as quickly as possible. What I first want to ascertain is when approximately he envisages the new water company will come into existence. Second, if I understood him correctly, the roll-out of the water meter installation programme will commence in 2012. Approximately how long will it take to complete? Third, when can we expect to see water charges introduced? I note the Minister of State says a certain amount of water will be provided free and that people will be charged for usage in excess of that amount. Am I correct in stating it will not be possible

[Deputy Willie O'Dea.]

to introduce water charges until such time as the full meter installation programme has been rolled out?

Deputy Fergus O'Dowd: First, we want to set up the water authority, Irish Water, as soon as possible. The independent assessment will be completed before October, but I understand there will be an interim report before then. I hope, therefore, the legislation will be ready before January next year.

Second, I understand it could take up to three years in total to install water meters in every household. There are difficulties in certain areas and with certain housing types; for example, it can be very expensive to install meters where people are living in blocks of apartments. When metering will commence is a matter for the Ministers involved.

The only reason this is happening is that the memorandum of understanding signed by the previous Government with the IMF and the European Union forces it upon this and succeeding Governments — it is the origin of the charges.

Deputy Willie O'Dea: Was it not included in the Fine Gael Party manifesto? It was a commitment given by Fine Gael also in the manifesto it launched to the people.

Deputy Fergus O'Dowd: We had no choice.

Deputy Willie O'Dea: No, Fine Gael indicated in advance of publication of the IMF deal that it intended to do something along these lines. In fact, at Question Time in October last Deputy Hogan, the new Minister, said he agreed with the idea of controlling the use of water because it was a finite resource. Therefore, let us dispel that notion.

The Minister of State has said it will take three years from the beginning of 2012 when the Government intends to begin rolling out the water metering programme, but he was not able to tell me when we could expect to see water charges introduced. If a certain amount of water will be provided free and use of water beyond that amount will incur a charge, how can charges be introduced before a system has been rolled out?

Deputy Fergus O'Dowd: When the last Government signed up to have charges——

Deputy Willie O'Dea: I want my questions answered. Many are interested in the answers.

Deputy Fergus O'Dowd: I will answer the questions put. The years 2012 and 2013 were mentioned in the deal agreed by the last Government. With regard to how meters will be installed and the problems in that regard, from the briefing I have received approximately 1,800 people will be employed for a period of three years to install meters in every house in the country. I presume that when all of that has happened, there will then be a decision on charging. The whole idea in metering is to conserve water. However, the independent assessment will examine the issue of value for money under the meter installation programme, as well as other matters.

Ghost Housing Estates

5. **Deputy Brian Stanley** asked the Minister for the Environment, Heritage and Local Government his plans to provide assistance to local authorities to address the problem of ghost estates; and if he will make a statement on the matter. [7071/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): The high level expert group on unfinished housing developments,

established in October 2010 following the publication of my Department's national housing development survey database, is identifying practical policy solutions to address, effectively and promptly, the difficulties associated with unfinished housing developments. On foot of the interim analysis and findings of the expert group which were published on 17 February, an initial funding provision of €5 million is being made available to local authorities to deal with immediate safety issues and works to improve living conditions for existing residents. My Department has made the necessary arrangements for local authorities to make applications for funding for the most urgent and serious cases.

The initial findings of the expert group indicate that action on unfinished housing developments will require the following: a collaborative approach by all stakeholders working together to co-ordinate their efforts to resolve the issue of unfinished developments; an immediate focus on public safety aspects and critical issues affecting residents of developments; a structured and prioritised approach by local authorities supported by central resources; the use of site resolution plans and, where appropriate, innovative options such as resident and community involvement, co-operatives and self-build within the resolution process; and national co-ordination and monitoring of regionally and locally organised efforts to tackle the problem.

I expect the expert group's final report to be submitted to me this month. I will consider its findings and recommendations as a matter of urgency and will bring proposed actions and recommendations to the Government for approval.

Deputy Brian Stanley: I congratulate the Ministers of State, Deputies Willie Penrose and Fergus O'Dowd, and the Minister, Deputy Phil Hogan, on their appointments. I will have to be careful I do not get squeezed between the two midlands constituencies, with Carlow-Kilkenny on one side and Longford-Westmeath on the other.

The €5 million site resolution fund will be totally inadequate. Some 2,846 developments were inspected and, of these, work is ongoing in only 15%. In County Laois alone, there are 43 estates with partially built houses in occupied estates and a further nine estates in which no houses have yet been occupied. Overall, in 2,846 developments in the State, some 34,000 houses are complete or almost complete but vacant. That is the point I want to get across. Some 34,000 houses which are either finished or almost complete are lying empty, which is a scandal at a time when there are thousands on social housing waiting lists.

The former Minister of State with responsibility for housing, Mr. Michael Finneran, met representatives of British housing associations who were considering purchasing some ghost estates in Ireland to rent back to local authorities. Does the Minister of State, Deputy Penrose, consider that proposal adequate? Will he consider providing capital funding for the provision of social housing?

All Members are aware that local authorities have growing housing waiting lists because of the financial pressures on people. The banks have queues of people seeking mortgages, many of whom are unsuccessful. The queues outside dole offices on signing-on day are getting longer. Sinn Féin proposes that ghost estates offer a potential solution, or partial solution, to these three problems, by providing employment for former construction workers, cheap social and affordable housing for people on local authority waiting lists, and assistance in getting people back to work.

Deputy Willie Penrose: I thank the Deputy for his question and am delighted to see a fellow midlander across the floor. Some of the points he makes are worth exploring. However, the first concern is the public safety aspect in terms of building compliance and health and safety. There are some 400 estates requiring that attention, which is a huge number. Phase two involves

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collaboration and co-ordination, that is, getting local authorities, banks, owner-developers — where they are traceable, which is a major concern — and communities to work together to develop specific and workable plans for particular sites.

Local authorities were to have submitted their findings by 8 April. The findings are coming in thick and fast and we hope to have them all shortly. What is immediately clear is that the types of projects forwarded by local authorities to date relate to such issues as the capping of water pipes and manholes, connecting street lighting, and fencing off building sites containing partially built houses and drains. Finishing out some of the units to extract value from sites is something that will have to be pursued. Another possibility is finding alternative uses, such as converting them to community centres or health centres.

I will meet NAMA representatives next week and will explore all these issues with them. NAMA's remit is primarily commercial but, where possible, I will examine whether there can be a social dividend for the public, which has been extremely helpful in this regard.

Deputy Brian Stanley: In respect of housing developments partially owned by banks and where people bought homes two or three years ago but still do not have deeds, will the Minister of State use the opportunity of his meeting with NAMA representatives and any further communications with the banks to address that issue? If the people own the banks and we represent the people, surely we in this Chamber have some control over the matter. I urge the Minister of State to take that opportunity.

Deputy Willie Penrose: Had certain legislation been passed we might have reaped a social dividend, but it is slow. Perhaps Deputy Stanley will contact me directly in advance of next week setting out his proposals. I will pursue these issues with the NAMA representatives with a view to ensuring people get that to which they are legitimately entitled.

Local Authority Bonds

6. **Deputy Catherine Murphy** asked the Minister for the Environment, Heritage and Local Government the changes he will make to the system of bonds, whereby, local authorities would in future normally insist on a requirement that bonds remain in place until the housing estate is taken in charge by the local authority, or in the case of apartments, until the development is complete and transferred into the control of the managing authority; the number of local authorities who have not insisted on such a practice to date; the number of housing and apartment developments involved; and if he will make a statement on the matter. [7011/11]

Deputy Willie Penrose: Sections 34(4)(g) and 180(2)(b) of the Planning and Development Act 2000, as amended, enable planning authorities to attach conditions to grants of planning permission for development requiring the provision of financial securities sufficient to safeguard the satisfactory completion of essential infrastructure and amenities in those developments, and, if a development is not subsequently completed satisfactorily, to apply a security given under section 34 for the satisfactory completion of that development.

In line with advice provided in my Department's Development Management Guidelines of June 2007 and policy guidance as set out in Taking in Charge of Residential Developments of February 2008, the use of such conditions is followed generally by all planning authorities. Securities are lodged with the planning authority until such time as either the authority is satisfied that the development has been completed in accordance with the terms of the planning permission or the development is taken in charge.

It is a matter for the planning authority to determine the level and type of security that will be required for each residential development. The amount of the security, its duration and the

terms on which it is required to be given should enable the planning authority, without cost to itself, to complete the necessary services to a satisfactory standard in the event of default by the developer. My Department does not keep statistics on the inclusion of such bond or security conditions as part of granted permission.

This issue has been considered by the high-level expert group on unfinished housing developments in the context of housing developments that have stalled and remain unfinished and where there are difficulties in securing completion of the development. I expect to receive the final report of the group in the near future. I will consider its findings and recommendations which I understand will include measures to address the issue of bonds and securities in respect of the satisfactory completion of developments.

Deputy Catherine Murphy: I extend my congratulations to the Minister, Deputy Hogan, and the Ministers of State, Deputies Penrose and O'Dowd, on their appointment. The question arises as to why there are any ghost estates if the provision to which the Minister of State referred is as satisfactory as he indicated. The practical experience in many cases is that a bond was provided on foot of a planning permission for a period of seven years but the developments have not been completed within that timeframe. The difficulty is that there is little consumer protection. If a developer goes into receivership, for example, the bond is quite low in the pecking order of creditors. The receiver will generally try to negotiate the bond down and the shortfall must then be made up by the public purse.

A serious problem also arises where there is an inadequate bond and where the developer goes back to the bank and the latter refuses to renew the bond. The local authority is not then in a position to force developers to finish estates because if they cannot get money for a bond they will not get money to complete construction. It is a circular issue and the people who are ultimately paying the price are those who bought homes in these estates and have to live there. The money that has been provided, although welcome, will fall far short of what is needed. The Exchequer should not have to pick up costs that are rightly the responsibility of private developers. Is there anything in the area of consumer protection that can be strengthened to address this issue? Will the Minister of State insist that bonds remain in place until the estate is taken in charge by the local authority or the management company?

Deputy Willie Penrose: There are clearly issues in regard to bonds, especially where developers can no longer be contacted or have gone out of business. This is a particularly difficulty when working with an insurance bond rather than a cash bond, the latter being far more accessible and liquid. Bonds were never designed to deal with the nature of the difficulties that have arisen. Their intended purpose was to ensure that all work would be completed in accordance with the terms and conditions of the planning permission. The duration of bonds is also an issue. I agree with the Deputy that we must not have a situation where local authorities, which are already cash-starved, are picking up the costs.

The expert group on unfinished housing developments is of the view that the issue of securities and bonds merits further examination, including the use of liquid security such as cash deposits, coupled with something that may meet the Deputy's approval, namely, careful phasing of developments in a sequential manner to minimise the working capital impact. I will carefully consider all the recommendations in the group's final report.

Planning Issues

7. **Deputy Willie O'Dea** asked the Minister for the Environment, Heritage and Local Government if he will proceed with independent investigations into potential planning irregu-

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larities in a number of local authorities; and if he will make a statement on the matter.
[7021/11]

Deputy Willie Penrose: The planning review announced last year by the former Minister for the Environment, Heritage and Local Government, Mr. John Gormley, was intended to assess the application of planning legislation, policy and guidance within the development plan and development management systems at local level and to inform further policy development in these areas. A number of planning authorities, representing a broad geographical spread of urban and rural areas as well as large and small authorities, had been selected to assist in the review of policies and practices by reference to several cases raised with my Department.

The programme for Government includes, *inter alia*, specific commitments to co-ordinate national, regional and local planning laws to achieve better and more co-ordinated development which supports local communities, to develop a coherent plan to deal with the issue of unfinished estates, and to ensure there is adequate access and participation by citizens and public representatives in decision-making and policy formation. The resources of my Department will be directed primarily towards supporting the implementation of the Government's commitments in these areas. I understand the concerns of some of the public regarding some actions taken by individual local authorities. At present I am reviewing in detail a number of specific complaints, following the initiation of the process by the former Minister, Mr. John Gormley.

When this review is completed, I will issue a public statement outlining the complaints at issue, my response and any appropriate actions to be pursued in regard to further policy development and guidance, in line with commitments in the programme for Government.

Deputy Willie O'Dea: There should be a better division of responsibility in the Department of the Environment, Heritage and Local Government as the Minister of State, Deputy Penrose, appears to be carrying all the weight. However, I thank the Minister of State for his reply and seek clarity thereon. He stated that he intends to review the independent investigation and the extant material and in light of that review, will then decide whether an investigation will take place. Is that correct?

Deputy Willie Penrose: The local authorities have replied to the various specific issues and in conjunction with my Department, I will review those replies after which I will publish that statement. As for any recommendations that may arise therefrom, Deputy O'Dea is familiar with section 30 of the Planning and Development Act 2002 and it is important to keep political involvement some distance away from any impact on the planning process. It states: "The Minister shall not exercise any power or control in any particular case with which a planning authority or the board is or may be concerned." Essentially, as soon as the matter is finalised, I intend to publish the report. If any recommendations arise therefrom, I note that opting for an independent review would necessitate considerable expenditure. In straitened times when money is particularly scarce, as some of my colleagues have pointed out in the Chamber earlier, there are other things on which money could be expended. I have every confidence that the Government will deal with the matter by bringing forward and publishing a report comprising the submissions made and my conclusions reached in respect thereof.

Deputy Willie O'Dea: After one brief supplementary question, I will not pursue the Minister of State, Deputy Penrose, any further in this regard. The Minister of State will agree that the changes made in the planning legislation of 2010 puts responsibility on local authorities in respect of evidence-based planning and responsible rezoning. This legislation was specifically drawn up and designed to deal in part with the problem relating to ghost estates. I seek the assurance of the Minister of State that there will be no changes to revert to the *status quo ante*.

Deputy Willie Penrose: Deputy O’Dea may rest assured in that regard as the 2010 Act constitutes a significant advance in these terms and will deal with many of the issues. This is the reason the process will be opened up more widely as part of the programme for Government to get greater public consultation and input from community groups. I assure the Deputy that the 2010 Act will be the basis on which the Government will move forward. It will be neither emasculated nor diluted but will be built upon, as it is worthy legislation. Obviously there may be areas in which Opposition Members will find difficulties and perhaps they will table amendments. The Government will listen to them all in due course.

Social and Affordable Housing

8. **Deputy Thomas Pringle** asked the Minister for the Environment, Heritage and Local Government if he will raise the income limits for housing applicants contained in the Housing (Miscellaneous Provisions) Act 2009 where Donegal County Council will not accept applications from single applicants on to the housing list on incomes over €20,000 per annum and €24,000 per annum for households over more than one person [7045/11]

Deputy Willie Penrose: The Housing (Miscellaneous Provisions) Act 2009 provides for a new process of housing needs assessment for applicants for social housing support. Until now there have been different practices in housing authorities regarding the way in which applicants for social housing support had their income means-tested. The Social Housing Assessment Regulations 2011, which came into force on 1 April 2011, standardise both the income limits and the definition of income.

The Social Housing Assessment (Amendment) Regulations, made on 29 March 2011, amend the original regulations and provide for a general increase of €5,000 in the income bands. I am sure the Deputy will be delighted to hear the new increased limit in the Donegal authorities’ band is €25,000 net income for a single-person household, with a maximum limit of €30,000 net income for a household with three adults and four children or more. Net income is defined in the household means policy approved under the regulations as gross income of all kinds, including most forms of social welfare benefits or assistance, less income tax, PRSI and the universal social charge. Child benefit also is disregarded, as is most temporary income.

Deputy O’Dea was right. How does that questions lottery operate?

Deputy Thomas Pringle: I join in the congratulations offered to the Minister and Ministers of State on their appointments. It definitely appears as though the Minister of State, Deputy Penrose, is carrying all the weight today in the Chamber. I welcome the increase in the income limits that was introduced last week and I had submitted this question just before I learned of them. However, placing such income limits on applicants for social housing at such a low level will place an unfair burden on people in low-paid jobs. Does the Minister of State agree that having such low levels will bring difficulties in light of the difficulties people are experiencing in accessing finance to purchase houses, even though house prices have collapsed? The difficulties in raising finance and mortgages in the market place have been well documented in this House and having such low income limits will have a seriously detrimental effect on people who are in great need of housing and where the private housing market is substandard and does not provide for their needs.

Deputy Willie Penrose: I am plainly surprised by that response as someone who was a member of a local authority for almost 20 years. Income limits were in place and a person with €25,000 net had a significant income, as it is net of all the charges. However, the overall impact of the new arrangements and amended regulations is expected to result in an increase in the number of households eligible for social housing support. I acknowledge this may lead to a

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lengthening of waiting lists but I believe it is important to broaden the base from which social housing tenants are drawn to promote sustainable communities. In tandem with the progressive implementation of the provisions of the Housing (Miscellaneous Provisions) Act 2009, I intend to undertake a wider review of social housing policy in general. This will examine how best the needs of those on housing waiting lists can be met in the context of further development of sustainable communities, while taking account of new housing options and the level of available funding and resources. This review will, of course, include an examination of the impact of the new housing limits.

I should emphasise that people who already are tenants of local authorities will not be affected by the new limits. They will not be reassessed or anything like that and consequently, only new people joining the housing lists will be assessed. The fact that I increased the limit by €5,000 immediately is indicative of my desire to ensure there will be sustainable communities. Moreover, new incremental purchase schemes and similar measures are being introduced and hopefully this is where some of the aforementioned people will be able to participate. Although, as the Deputy is aware, they will not jump up the list because of the time period, they may have an alternative avenue on which to get on to a housing waiting list and then avail of some of the other policy initiatives that hopefully will be of benefit to them.

Deputy Thomas Pringle: I hope the increases announced last week will improve this situation. Certainly however, the view of Donegal County Council was that a large number of people on the housing list would be affected. Members will monitor its implementation in the coming months to ensure this is not the case.

Deputy Willie Penrose: Yes, I will do that. I note that a number of other colleagues across the floor of the Chamber also had concerns in this regard and there is an increase for them as well. I certainly will keep an eye on it. While a small number of people on the housing lists in certain local authorities may fall off, I suspect the number will be few. I checked briefly the Deputy's local authority and I do not believe he will encounter too many people who will fall through the net. However, it certainly is a matter that I will keep under review and of which I will take cognisance to ensure that those who are on the waiting list do not suddenly lose their priority. I am open to suggestions from colleagues as to how matters can be improved in a social housing policy review on which I intend to embark in the coming months. However, I may as well be honest with the Deputy by noting that the unfinished housing estates will take up a considerable amount of time.

Other Questions

Waste Management

9. **Deputy Dessie Ellis** asked the Minister for the Environment, Heritage and Local Government his plans to examine the serious health risks associated with large scale dumping at a location (details supplied) in County Dublin ; if his attention has been drawn to the fact that the matter has already been raised with the Environmental Protection Agency and Fingal County Council and that they have not dealt with the matter adequately; and if he is further aware that there are 200 persons living in these conditions without sanitation facilities [6914/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): First, I congratulate the Leas-Cheann Comhairle on his appointment and thank the Members

opposite for their good wishes to me and the hardworking Ministers of State beside me, especially the Minister of State, Deputy Penrose.

Enforcement actions against illegal waste activity are a matter for the local authorities and the office of environmental enforcement, OEE, within the Environmental Protection Agency. I am satisfied that appropriate powers and resources are available to these enforcement authorities to investigate and to follow up the issue of illegal dumping in the given location with appropriate enforcement action.

In terms of the accommodation issues raised, from inquiries made to the relevant local authorities, I understand that persons living in the area in question are largely members of the Traveller community. In accordance with the provisions of the Housing (Traveller Accommodation) Act 1998, responsibility for the assessment of the accommodation needs of Travellers and the preparation, adoption and implementation of multi-annual Traveller accommodation programmes, designed to meet the accommodation needs of Travellers, rests with individual housing authorities.

My Department's role is to ensure there is an adequate legislative and financial system in place to assist the authorities in providing the accommodation.

The Department of the Environment, Heritage and Local Government recently issued approval in principle to Fingal County Council for the development of a Traveller group housing scheme, which is intended to provide accommodation for some of the families living in the area in question. The Department is also providing capital funding for the refurbishment of an existing halting site in the area. I also understand that sanitation facilities have been provided at authorised local authority sites, but that there are a number of illegal occupants in the area who may not have access to such facilities.

Deputy Dessie Ellis: I congratulate the Leas-Cheann Comhairle on his new position and thank the Minister and Ministers of State. The area in question has been a bone of contention for many years. The issue has an awful history. This was the old Dunsink Lane, which linked up to Castleknock. It is in the Castleknock area, but many refer to it as being in Finglas. As I outlined, approximately 200 people live there in the most appalling conditions. What is literally a new landfill on the road is being dumped on and constantly built up. Over the years, the road was blocked off by a barrier against my wishes, but the politicians who represented the area went along with it. I warned them it would cause problems. It is now a no-go area where dumping is constant.

I have gone to Europe, the Environmental Protection Agency, EPA, and Fingal County Council regarding the issue. The Minister has supplied a standard answer, but I am not satisfied with the response from the council or the EPA. We need to tackle the problem. The area is beside the old Dunsink dump, which has been decommissioned in the past seven
3 o'clock years. It is experiencing serious anti-social problems. To get everything right, we need to work out a plan to reopen the road as a main artery, thereby alleviating traffic problems and improving people's quality of life. The number of rats and the amount of water flowing up and down the road are horrendous. Even the emergency services cannot travel the road. When a child was killed there in a fire, the emergency services struggled to get up and down the road. I need more pressure put on Fingal County Council, the authority that deals with this area, and I hope the Minister's good office will do that.

Deputy Phil Hogan: I would be happy to assist the Deputy with this serious problem, which I have been aware of outside my current position. More could be done by Fingal County Council and the EPA, as they have the legislative provision and back-up from the Department

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required to achieve success. Recently, the council took a court case in which it was successful for a change.

Deputy Dessie Ellis: One case.

Deputy Phil Hogan: Yes. A CCTV system has been put into operation. My policy is clear, in that illegal dumping should be dealt with by the relevant regulatory authorities in as strong a manner as possible. Activity that damages our environment physically or visually is not acceptable. I understand the frustration of Deputy Ellis and the area's law-abiding residents concerning this illegal activity and will ask the Department to contact Fingal County Council to see what can be done to improve the situation and to deal with the issue once and for all.

Deputy Dessie Ellis: I thank the Minister. We need urgent action. It is frustrating that the same person has been dumping for years. A serious outbreak could occur, one that would affect the entire area's population. I hope the Minister will follow through on this.

Deputy Phil Hogan: As of June 2010, Fingal County Council had carried out more than 1,000 hours of surveillance by the regional enforcement unit——

Deputy Dessie Ellis: I know.

Deputy Phil Hogan: ——and covert CCTV surveillance. There has been all sorts of inter-agency involvement. Deputy Ellis knows all about it and his expertise in that regard would be helpful. All of the agencies have come together to ensure compliance effectively. I assure Deputy Ellis that I will contact the local authority and the relevant agencies to determine how to resolve these issues once and for all.

Water Services

10. **Deputy Seán Crowe** asked the Minister for the Environment, Heritage and Local Government the date on which he will establish Irish Water to take over water investment maintenance programmes in local authorities [6911/11]

11. **Deputy Willie O'Dea** asked the Minister for the Environment, Heritage and Local Government if redundancies in local authorities would be required by the setting up of a national water company [6832/11]

16. **Deputy Denis Naughten** asked the Minister for the Environment, Heritage and Local Government the steps he is taking to establish Irish Water; and if he will make a statement on the matter. [6726/11]

20. **Deputy Mary Lou McDonald** asked the Minister for the Environment, Heritage and Local Government if the planned new State company Irish Water will be sold off as part of the Government agenda to privatise State assets [6917/11]

Deputy Fergus O'Dowd: I propose to take Questions Nos. 10, 11, 16 and 20 together.

The programme for Government proposes the establishment of a new State-owned water utility company to take over responsibility for managing and supervising investment in water services infrastructure and to manage the domestic water metering programme. The memorandum of understanding between Ireland, the EU and the International Monetary Fund, IMF, commits Ireland to undertaking an independent assessment of the establishment of a water utility. I intend to proceed with carrying out this study as a matter of priority.

The transfer of functions from local authorities to a new water utility will require significant legal and administrative changes. The independent assessment will examine the proposed role and functions of Irish Water, the approach to assigning these functions to the company from the 34 local authorities and the optimal organisational structures for the company. Critical issues such as governance, value for money, financial viability and customer service will be key factors in determining the company's structure. It is envisaged that the independent assessment will be completed by October. I will prepare proposals for Government consideration toward the end of this year and I will provide further information as soon as I can.

Irish Water will be a State-owned company and there are no plans for its privatisation. The structures and indicative staffing complement required for Irish Water and the consequential effects on staffing at local authority level will be considered by the independent assessment and will be influenced by decisions on the functions to be assigned to Irish Water. The Public Service Agreement 2010-2014 contains specific provision for redeployment arrangements for local authorities within the local authorities and to other public sector organisations.

Deputy Willie O'Dea: I heard the first part of the Minister of State's reply previously. In fact, it was the reply he gave to a previous question on today's Order Paper.

I wish to ascertain how the body will operate in practice. Will staff working in local authorities' water sections be assigned to this new company? If functions are to be centralised, what about headquarters staff? I take it that we are not only dealing with providing infrastructure, but with its maintenance, in that the new company will take over the local authorities' responsibility in this regard entirely. What will be the position of the private group schemes?

Deputy Fergus O'Dowd: Deputy O'Dea asked one of the four questions I answered. I am sorry he did not like what I stated, but I was replying to everyone who asked a question, not just his good self.

Deputy Willie O'Dea: I liked it the first time, but not as much the second time.

Deputy Fergus O'Dowd: The idea of the independent assessment is to examine each and every one of the issues the Deputy raised. Nationally, more than 3,000 local authority staff work in water services. It would not make sense to move them all into a new quango, but that is a matter for the report. It will make recommendations on which the Government will decide. If there are staff transfers, they will need to be in accordance with the agreement with the trade unions.

I will give the Minister some information. My apologies — it is 'Deputy';. I must get used to him not being a Minister. I had a 14-year learning curve.

The figures from the water crisis in December are amazing. More than 3,297 people in local authorities came out during the Christmas period, only six days of which were working days, to examine 26,000 different problems. The total amount of man hours was in excess of 250,000. They were used effectively. Comparing these figures with those from Northern Ireland, the question is what went right down here and what went wrong up there.

An Leas-Cheann Comhairle: I will revert to Deputy O'Dea. Deputy Stanley is next.

Deputy Brian Stanley: My concern is about the centralisation of water provision. The Minister of State mentioned the centralised situation in Northern Ireland, which the current Administration unfortunately inherited. The recent freeze showed how difficult it can be for the North's Government and local authorities to deal with such problems compared with our county council structure. For all its faults, the county council structure worked better.

[Deputy Brian Stanley.]

I wish to highlight the position of the water services capital funding. Some counties have massive amounts of money that cannot be spent because of the European growth and stability pact. Some local authorities, including that in Laois, could have up to €40 million available but their hands are tied. The Minister of State mentioned that the service will not be privatised but there is a concern that if it is centralised, privatisation may come further down the line. The Minister of State need not repeat himself on that.

Will the Minister of State provide the estimated cost of putting meters into households? The period mentioned was three years. We should stop the leaks in the system, upgrade infrastructure and be able to use some of the money that local authorities cannot now use. The Government probably has more detailed figures than I do but my understanding is that tens of millions of euro is available to local authorities which cannot be spent because of the European pact. That is a significant problem and the introduction of water charges can be a diversion in getting people to pay more tax. The previous Government put a figure of €1 billion on the process, which would in turn be used to pay some of the money we are now borrowing to plug the holes in the banks.

An Leas-Cheann Comhairle: We are running out of time and a number of Deputies are offering.

Deputy Brian Stanley: Will the Minister of State comment on the cost?

Deputy Fergus O'Dowd: The Deputy is correct in that it is not the intention of the Government to privatise Irish water. I repeat that despite the Deputy saying I did not need to do so. It is a crystal clear policy, like the water we hope to have. The Deputy's party will not have to carry out that campaign.

The Deputy mentioned a second issue and we would be happy to get the figures from him regarding his county or electoral area; I will get figures nationwide of authorities which have not spent the capital funds which they should have, according to the Deputy. Some 45% of every drop of water in our system is lost currently. One of the major problems is that some local authorities are appalling in their rates of waste water, with some losing as much as 60% of every drop of water they start off with. That is the reason we need a national body to oversee the process.

I will not prejudge what will happen with such an authority. The National Roads Authority is responsible for national primary roads, with local authorities looking after the others. Instead of having a massive quango, it may be better to have a water authority to consider issues over a certain limit. If the infrastructure does not exist on the ground with local authorities, as occurred last Christmas, there will be no optimum result.

The debate will be very important when it arises. As soon as the publication is available we will ensure it will be widely circulated in order to facilitate debate in the House and committee system.

Deputy Joan Collins: Does the Minister of State agree that it is very disingenuous to blame Fianna Fáil for bringing in the water tax, as it is, when Fine Gael and Labour voted for it two weeks before the election by approving the memorandum of understanding with regard to the bailout? Does the Minister of State agree that we might be better off considering the retrofitting of homes and using grey water? We should only use the treated water for which we pay big money in taps, kettles and drinking water. This is in preference to flushing good water down toilets. We should be looking to create jobs around repairing pipes that leak more than 45%

of the water in them and retrofitting homes. That would be a much better use of money instead of introducing water meters.

Deputy Fergus O'Dowd: That is an important point and that is what the independent assessment will consider. The implementation of water meters is expected to run to approximately €500 million, employing up to 1,800 people over three years. The Deputy's valid point is that if water meters are not installed, approximately 5,000 people would be employed in repairing burst water mains and other problems. The Deputy is correct in arguing that we must consider how to reduce consumption. Water will be extremely expensive to treat and supply in future and we must consider strategies that will help householders reduce the volume of water they use. The Deputy has indicated that two types of cisterns may be used, for example, and the issue will be examined in this report.

We must change the way we act. The deal which the Government signed with the IMF is one that must be acknowledged because of our current financial position. There will be options and we hope to have a good debate on the issue.

Deputy Willie O'Dea: Who will pay for the installation of the meters? Will the consumer pay directly or will it be passed on to them ultimately? I appreciate what the Minister of State said about the hardworking staff in the water sections of local authorities around the country. Will he give us an assurance now that none of these staff will have anything to worry about with regard to losing employment when the new water authority is established?

Deputy Fergus O'Dowd: The independent assessment will consider all the issues. I have a personal preference, like everybody else, but we must wait to see the outcome of the process. The Deputy asked who will pay for the water meters. If the value for money report indicates that meters should be installed, the National Pensions Reserve Fund — at the time the Deputy's party was in government — agreed to provide the money for this. I presume that will still apply if we go down that route.

There are two ways to pay for this. We can pay back the money over ten, 15 or 20 years, with the total figure as high as €1 billion on an initial cost of €500 million. We must take into account the cost of the money and that is why we must have a value for money audit.

Deputy Willie O'Dea: What about the staff losing their jobs?

Deputy Fergus O'Dowd: One of the recommendations from the independent review will be the best way to manage staff. There may be a structure like the National Roads Authority, and if so most of the staff dealing with water locally would continue to do so. It would not make sense to move everybody to a new quango.

Deputy Sean Fleming: That is the third time the Minister of State mentioned "quango".

Deputy Fergus O'Dowd: It would be a quango.

Deputy Sean Fleming: That is the fourth time.

Deputy Fergus O'Dowd: We need a water authority that would be effective and would do the job as efficiently and cheaply as possible. Local authority staff numbers have been reduced by in excess of 6,000 since 2008. Many people have left local authorities and made a significant contribution to the reduction of numbers in the public sector.

An Leas-Cheann Comhairle: We will take questions from Deputies Pringle and Stanley together and the Minister of State can then provide an answer.

Deputy Thomas Pringle: I welcome the Minister of State's indication that there is no intention to privatise Irish water when the new utility company is established. I say this as somebody who worked in water services until 25 February this year. Does the Minister of State have any intention of reversing the privatisation that has already taken place within water services? In Donegal there is Veolia Water, Severn Trent and Laing O'Rourke supplanting and displacing jobs within the public sector on contracts provided by the Department and Donegal County Council. Will the creeping privatisation that has already taken place within the service be halted?

Deputy Brian Stanley: The Minister mentioned that the cost of installing meters was €500 million. Would that be better spent repairing the system that exists?

Deputy Fergus O'Dowd: If that is done more people would be employed but there would be no water meters. We would then have to consider a standard household charge to pay for that. A water meter will be more expensive to install but will reduce consumption immediately. Apart from the free amount consumers have, they would want to pay less rather than more. I am not aware of the position in Donegal but I would be happy to examine it and revert to the Deputy. A study will look at this issue. If there is an existing State-owned utility that could perform the functions of Irish water the study will examine and report on it. That might be an important point in regard to the Deputy's remark about privatisation. If an existing State utility can perform those functions effectively, would that be a good idea? The independent report will consider this matter.

Nuclear Plants

12. **Deputy Gerry Adams** asked the Minister for the Environment, Heritage and Local Government the position regarding his efforts to bring about the closure of Sellafield in Cumbria [6907/11]

18. **Deputy Gerry Adams** asked the Minister for the Environment, Heritage and Local Government following the earthquake and tsunami in Japan, if he has raised with the British Government the issue of Sellafield; and if he will make a statement on the matter. [6042/11]

Deputy Phil Hogan: I propose to take Questions Nos. 12 and 18 together.

Ireland recognises the right of states to determine their own energy mix, including whether to develop nuclear power. It is our expectation that, where a state chooses to develop a nuclear power industry, this will be done in line with the highest international standards in respect of safety and environmental protection. Safety must be the first priority for all existing or planned nuclear facilities.

With regard to Sellafield, the Government continues to bring pressure to bear on the UK authorities through a number of channels to decommission and close the existing Sellafield reprocessing plant on the basis that it poses an unacceptable risk. Recently, I took the opportunity to raise Irish concerns in regard to Sellafield with the UK Secretary of State for Energy and Climate Change, Mr. Chris Huhne, when I met him on 26 March on the margins of an informal council of EU Environment Ministers. In our discussion, while I acknowledged the ongoing constructive dialogue between the Irish and UK authorities on nuclear safety issues, I re-iterated the concerns of the Irish Government in regard to Sellafield. Against the background of recent events at the Fukushima nuclear plant in Japan, I emphasised the importance of the Ireland-UK bilateral notification agreement in place for the early notification of nuclear accidents or incidents. I also expressed the view that Sellafield should be covered by the stress

testing arrangements for nuclear plants in the EU which were agreed by EU leaders at the European Council on 24-25 March.

Secretary of State Huhne acknowledged the Irish Government's concerns and indicated his Government's continued support for the ongoing constructive engagement between Ireland and the UK on nuclear-related matters. He also confirmed that the UK will be participating in the development of the proposed stress test to ensure that the robustness of the safety arrangements at nuclear facilities, including Sellafield, are challenged and improved where necessary in light of events in Japan.

Deputy Brian Stanley: I thank the Minister for his reply. The concern arises not only because of the recent earthquake in Japan but because of the earthquake in Cumbria, close to the Sellafield plant site. The people of Ireland need to know what we can do to urge the British Government not alone to improve safety at the plant and be involved in the European stress test but actually to close the plant. Will the Government take steps to lead a significant international campaign to exert pressure on the British Government in respect of Sellafield, and will the Minister acknowledge that nuclear energy presents a significant risk to Irish citizens that is much greater than that posed by any other form of energy? The Minister of State sitting to the Minister's left, Deputy O'Dowd, lives in a county-constituency which has shown substantial evidence of the effects of radiation that may come from Sellafield

Deputy Phil Hogan: There has been a great deal of rhetoric about this matter for a long time—

Deputy Brian Stanley: There has been a great deal of evidence.

Deputy Phil Hogan: —and much rhetoric on the part of political parties on what can and cannot be done. We are dealing with a sovereign state, the same as our own. The objective of the Government is to close Sellafield but we cannot force the British Government to do so without having its agreement.

Essentially, there are two categories of concern. The first is the environmental impact of historic and ongoing radioactive discharges from Sellafield into the Irish Sea. The routine operational discharge levels have fallen considerably in recent decades and discharge monitoring data show that levels are far below those at which any impact on human health might be expected.

I took the opportunity at the first available occasion, two weeks after being appointed Minister, to meet the UK Secretary of State for Energy and Climate Change, Mr. Huhne, and was very satisfied with the level of engagement he has on this issue. He understood the worries, in particular those of the people who live on the east coast of Ireland. Equally, he understood the Irish position, namely, we want Sellafield to be closed.

Water and Sewerage Schemes

13. **Deputy Denis Naughten** asked the Minister for the Environment, Heritage and Local Government his plans to introduce a grant to upgrade septic tanks; and if he will make a statement on the matter. [6725/11]

Deputy Phil Hogan: The introduction of a grants scheme for any purpose must be managed within current budgetary constraints. In so far as support for the upgrading of septic tanks is concerned, this matter is under review in my Department, in the context of the finalisation of legislative proposals to respond to a 2009 judgment of the European Court of Justice. The court ruled that Ireland had failed to adopt the necessary legislation to comply with Articles 4

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and 8 of Council Directive 75/442/EEC, known as the waste directive, regarding domestic waste waters disposed of in the countryside through septic tanks and other individual waste water treatment systems.

I will bring finalised proposals to Government very shortly in order to address the judgment. These are likely to require owners or occupiers of premises utilising septic tanks and other on-site waste water treatment systems to have their system inspected by a suitably qualified competent person to ensure that the system has been installed correctly and complies with prescribed standards of operation. I expect that it will also be a requirement that treatment systems be maintained and de-sludged in accordance with manufacturers' instructions.

EU Directives

14. **Deputy Brian Stanley** asked the Minister for the Environment, Heritage and Local Government his plans to complete ratification of the Aarhus Convention [6905/11]

Deputy Phil Hogan: The programme for Government contains a commitment to complete ratification of the Aarhus Convention on access to information, public participation in decision-making and access to justice in environmental matters. Delivering on this commitment by addressing the remaining legislative requirements to allow ratification to proceed is a high priority for the Government.

The three pillars of the convention are partially implemented in EU law by two directives. The first of these deals with public access to environmental information and was transposed into Irish law through the European Communities (Access to Information on the Environment) Regulations 2007.

The second, known as the public participation directive, deals with public participation in decision making and access to justice. Several pieces of legislation have been used to transpose the public participation directive, including section 33 of the Planning and Development (Amendment) Act 2010; the European Communities (Public Participation) Regulations 2010; the Environmental Protection Agency (Amendment) Regulations 2010; the Waste Management (Licensing) (Amendment) Regulations 2010; and the Aquaculture (Licence Application) (Amendment) (No. 2) Regulations 2010.

The effect of the measures taken to transpose these two directives is that Ireland is largely compliant with the provisions of the convention. The Office of the Attorney General has, however, advised that a number of further measures are still required before the ratification process can be completed. The drafting of the necessary legislation is at an advanced stage and I hope to bring this before the Oireachtas as soon as possible.

Deputy Brian Stanley: The Government will be aware of the great need for reforms and for transparency and accountability in public decision making. The implementation of this would have a massive impact in ensuring that relevant public bodies such as the Environmental Protection Agency would be obliged to ensure all practical information was available to the public to enable people to participate in environmental decision making. Often, when a development is initiated in cases where a statutory body is responsible there is no such adherence and who can or cannot attend may be a matter shrouded in secrecy. We saw this in 2007 with the M3 fiasco.

The Minister stated his intention to expedite this very soon. When does the Government plan to ratify the convention?

Deputy Phil Hogan: I have asked for this matter to be expedited and expect to have proposals very shortly as to how we can achieve that early in the legislative programme, between now and the summer recess. The main issues that remain to be addressed relate to Article 9 of the convention, on concern regarding access to justice. There is a need to ensure that all members of the public have access to review procedures in order to be able to challenge decisions relating to the environment made by public bodies or private persons. These procedures are being examined by the Office of the Attorney General with a view to making the necessary changes.

I understand a technical amendment is required to the Environmental Protection Agency 1992 Act to require state of the environment reports to be prepared every four years rather than the present five, and for the changing of the legal threshold that applicants for judicial review must meet in planning cases. A sufficient interest must be demonstrated in order to trigger those judicial reviews. Those amendments are necessary and are currently being examined by the Attorney General's office so they meet the requirements set out by the Deputy about public participation in decision making and access to information.

Natural Heritage Areas

15. **Deputy Sandra McLellan** asked the Minister for the Environment, Heritage and Local Government his plans to allow an exemption for domestic turf cutting on 75 national area sites; and the date on which he will introduce an agreed code of environmental practices [6920/11]

21. **Deputy Peadar Tóibín** asked the Minister for the Environment, Heritage and Local Government his plans to establish an independent mediation between relevant stakeholders in order to facilitate resolution to 55 Special Area of Conservation designated bogs [6926/11]

27. **Deputy Peadar Tóibín** asked the Minister for the Environment, Heritage and Local Government his plans regarding the voluntary bog purchase scheme and other compensation schemes for commercial and domestic turf cutters who have been obliged to cease activities with designated bogs [6927/11]

29. **Deputy Michael Colreavy** asked the Minister for the Environment, Heritage and Local Government his plans to establish an independent mediation to resolve outstanding issues associated with turf cutting on blanket bogs; and the date on which this will be established [6909/11]

32. **Deputy Michael Colreavy** asked the Minister for the Environment, Heritage and Local Government his plans to seek an extension of the Raised Bog Natural Heritage Area derogation beyond 2013 [6908/11]

Deputy Phil Hogan: I propose to take Questions Nos. 15, 21, 27, 29 and 32 together.

Between 1997 and 2005 Ireland designated 55 special areas of conservation and 75 natural heritage areas for the conservation of raised bog habitat.

In 1999, the then Minister announced a ten year national derogation during which domestic turf cutting could continue subject to certain restrictions. This applied to 31 raised bog sites designated at that time. A similar ten year derogation was applied to the SACs and NHAs designated subsequently.

In May 2010, the previous Government confirmed the end of the derogation for domestic turf cutting in these 130 raised bog conservation sites on a phased basis, with an effective cessation of turf-cutting being implemented on 31 raised bog SACs from 2010.

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We must develop a strategic approach to how we manage our peatlands in Ireland. To that end the programme for Government committed to three actions in relation to peat conservation issues: an exemption for domestic turf cutting on 75 NHA raised bogs subject to an agreed national code of environmental practices; an independent mediation mechanism to facilitate resolution on the 55 SAC raised bogs; and an independent mediation mechanism to resolve issues on blanket bogs.

The European Commission has been critical of Ireland's approach to the protection of peatland habitat and initiated infringement proceedings against Ireland in January this year. I have already twice met EU Environment Commissioner Potocnik to discuss the matter since taking office.

The Government intends to act in accordance with the commitments in the programme for Government to address the European Commission infringement proceedings, and respond to the need to give full effect to the decision of May 2010. I will announce details of the Government's intentions on these matters in the coming days and these announcements will also address the position in respect of NHAs.

The voluntary bog purchase scheme is currently, and will remain, closed to new applicants. The Department will write shortly to current applicants under the scheme to update them on their options arising from the Government's intended approach for the future.

It is our intention to resolve the long-standing issues regarding peat extraction on protected sites by working with turf-cutters and local communities to address legitimate concerns while ensuring that Ireland is in compliance with EU environmental legislation. We are putting in place a range of measures which will be designed to meet these twin aims.

Deputy Brian Stanley: The Minister's reply deals with some of the issues I have raised but in Laois-Offaly there are 15 bogs that will be directly affected by the ending of the derogation. Many people depend on these bogs for fuel and it is imperative the Minister ensures they are not left without fuel. They have no access to piped gas and the price of oil is rising rapidly. This cannot be put on the long finger, the derogation has ended. People were told informally to continue cutting. Fair enough but the programme for Government states that the Government will allow for the continuation of turf cutting in these areas subject to the introduction of environmental guidelines the Minister mentioned. We must have clarity on this. When will the guidelines be introduced and will it be done by ministerial order or legislation? The guidelines are not mentioned in the legislative programme.

Europe is bearing down heavily on us on this issue. If we must preserve habitats, there are bogs with very poor quality peat that could be retained as habitats instead of bogs that have three or four metres of fuel on them. When will the guidelines be issued and when will the mediation process be fully explained?

Deputy Phil Hogan: I understand the confusion about these matters, particularly in the run up to elections, when these matters become clouded. We are dealing with the EU habitats directive that is the law of the land and that must be implemented to preserve biodiversity and meet environmental obligations. We have been in the courts, and will be brought before them again unless we deal with this issue as soon as possible. I assure the Deputy that his forthright questions on this issue have been noted because I share his concerns and I will shortly introduce proposals that will eliminate any confusion about this issue.

Deputy Sean Fleming: I congratulate the Minister and Ministers of State on their appointment. On the special areas of conservation and natural heritage areas, can the Minister produce

a copy of the scientific evidence that led to the designation of those areas? The Minister knows there were many areas designated as SACs in the past and when scientific evidence for designation was requested, none existed. As an example, along the banks of the River Nore and the River Barrow, long stretches on both sides that ran as far as the edge of the second adjoining field, almost 200 metres, were designated as special areas of conservation. The IFA kicked up against this because it was a major imposition and, lo and behold, scientific evidence was produced and the SACs were reduced to within a couple of metres of the riverbank on the basis that there was no scientific evidence to designate the original boundaries. Someone drew a line on a map without scientific evidence when this should only be done on the basis of proper evidence. The Minister spoke about a scientific basis for planning and there is a duty to ensure such evidence exists. If it exists, we will stick with it but if it does not we should re-examine the boundaries.

Deputy Phil Hogan: I thank Deputy Fleming for his remarks. We enjoyed a good working relationship when he was chairman of the Oireachtas Committee on Environment, Heritage and Local Government in the last Dáil and I look forward to working closely with him again.

I have a great deal of sympathy for his comments on scientific data. In the national heritage areas, in particular, there is scope to look at the scientific data to assess them properly and to allow for stakeholder consultation and involvement when coming to terms with the data. I also agree that if the data dictate that an area is necessary to meet our EU obligations under the habitats directive, it will be designated. Equally, if there are national heritage areas where the scientific data do not stand up to scrutiny, we should not designate those areas.

I have sympathy with the idea the EU scrutiny committee should have been more active in the past when we were negotiating many of these areas that have now passed through the system. In May 2010, 31 such areas were approved by the European Commission in conjunction with the Department on this issue. I suspect everything was in order there for the scientific data but we will deal with many more of these in the coming years so we must have a system in place that will give clarification on the issue in the scientific data while offering the opportunity for stakeholders to be satisfied that the data stands up and that the designation that will ultimately be applied is legitimate.

Deputy Brian Stanley: We are being told bogs cannot be cut away but there is evidence that cut away bogs are habitats for wildlife. When will the mediation process mentioned in Question No. 21 be established and who will do the mediating? What outcome would the Government like to see from that mediation — compensation or the relocation of turf cutters?

Deputy Phil Hogan: I am in a position to inform the Deputy that we will make an announcement on these matters shortly. I am coming to conclusions on these matters in terms of mediation. I am keen to see stakeholder involvement in respect of devising management plans for each bog with an independent chairman, as outlined in the programme for Government, and I am keen for this to take place sooner rather than later. There is great uncertainty and confusion as present and the matter requires clarity as the Deputy correctly pointed out.

In the context of mediation, I have no wish to prejudge any outcome by a particular body that might be in place to engage with stakeholders to achieve outcomes in respect of any bog. Some of it might involve compensation, more of it might be alternative arrangements. However, I am conscious of the Deputy's earlier remarks on fuel costs. One size will not fit all but there may be an opportunity, through discussions and negotiations, to meet the requirement of our environmental obligations and implement the EU habitats directive and to meet the genuine concerns of people involved in turf cutting.

Greenhouse Gas Emissions

17. **Deputy Micheál Martin** asked the Minister for the Environment, Heritage and Local Government when he will introduce climate change legislation; and if he will publish it before the end of 2011 [5816/11]

Deputy Phil Hogan: The programme for Government includes a commitment to publish climate legislation to give certainty and clarity with regard to the reduction in greenhouse gas emissions to be achieved in line with EU targets. In progressing this commitment, I intend to follow a transparent process which will provide an avenue for engagement for all stakeholders.

My priority in the climate area is, in the first instance, to undertake a review of Ireland's climate-related policies and measures in light of existing and anticipated national greenhouse gas mitigation targets. This process, which I have requested my Department to complete within three months, will underpin the development of future climate policy. My Department will then build on that process by, *inter alia*, exploring more fully the form and content of legislation that it would be appropriate to put in place to support the overall national effort in the climate area. In this context, I will take account of the work undertaken by the previous Government, which culminated in the publication of the Climate Change Response Bill 2010, although I do not agree with its contents. Given the support of parties on all sides of the House for climate legislation, it would be useful if we were able to move forward on an all-party basis if possible. Accordingly, once the new committee arrangements are in place I will write to the Chair of the relevant committee in this regard.

At this point, taking account of the importance of advancing this issue in an inclusive way, providing a more robust basis for galvanising a broad measure of support, I expect to be in a position to publish a consultation paper on climate legislation early next year, with the heads of a climate Bill following during the year and a final Bill to be published as quickly as possible thereafter.

Deputy Willie O'Dea: I note the Minister's remarks but does he expect the Bill to be published early or late in 2012?

Deputy Phil Hogan: I expect the Bill to be published in 2012. I cannot anticipate whether it will be early or late but I have obligations from the EU environment perspective to have targets put in place, not in prescriptive form, like the previous Government, but in respect of the sectoral policies that must be deployed to meet our Kyoto objectives which we are likely to meet, but equally the 2020 objectives which we are required to meet under the EU agreements to which we have signed up already.

Deputy Willie O'Dea: It will probably be late in 2012.

Deputy Phil Hogan: It will be in 2012.

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 Mattie McGrath — Gaelscoil Cluain Meala and the plans of the Department of Education and Skills to progress to the design and planning stages since there is a two year time limit following the purchase of the site last year; (2) Deputy Éamon Ó Cuív — an tábhacht a bhaineann le cead a thabhairt láithreach do Chomhairle Chontae na Gaillimhe dul ar aghaidh

le scéim uisce réigiúnach Chasla go mór mhór i bhfianaise na faidhbe a d'éirigh le gairid le scéim uisce na Ceathrún Rua nuair a chuaigh ola isteach san uisce; (3) Deputy Michael McCarthy — the need to recognise Kinsale College of Further Education as a stand-alone centre for post leaving certificate courses; (4) Deputy Brendan Griffin — the difficulties being experienced by fishermen in west Kerry due to harbour charges at Dingle; (5) Deputy Eoghan Murphy — the disturbances caused by developments at the Pigeon House Road area of Dublin Port; and (6) Deputy Seamus Healy — the need to undertake the Fethard regional water supply scheme in County Tipperary.

The matters raised by Deputies Michael McCarthy, Eoghan Murphy, Seamus Healy and Brendan Griffin have been selected for discussion.

Bank Reorganisation: Statements (Resumed)

Deputy Billy Kelleher: I congratulate the Leas-Cheann Comhairle on his appointment and I wish him the best of luck. I welcome the opportunity to speak on this issue, which has dominated political discussion in the Parliament and outside for the past two and a half years. An examination of the stress tests and the results of same show the deep difficulties which the Irish banking system is in and underline the essence of what the last Government attempted to ensure we provided capital for banks, to restructure the banks and to try to get them lending to small and medium sized businesses and that they would begin to lend to the broader economy again. Out of interest and not to belittle the seriousness of this discussion, I consulted the websites of the various parties and their manifestos prior to the election. I tried to gel the two manifestos together to establish whether they added up to the announcement of the Minister, Deputy Noonan, with regard to the reorganisation of the banks and the recapitalisation. Unfortunately, when laid on top of one another they did not really add up. The previous programme for Government and the manifestos had strident language on the burning of bondholders. There were to be pyres outside Dublin Castle on which bankers and bondholders would be thrown. Unfortunately, the reality has come home to roost given the serious difficulties facing the Irish banking system. At least most political parties are now having rational debate in the Dáil on how we address the problems and how we try to recapitalise, restructure and reorganise the banks to ensure credit is available to the broader economy.

One issue of concern which has been raised on several occasions and which the stress tests highlight is the fragility of the property market. If it does not begin to churn soon we will have another difficulty with the banks and they will require further recapitalisation. If we do not find the bottom of the market and get people purchasing homes and get a real value for property this situation will continue to impair the balance sheets. Will the Minister for Finance recommend that people should go out and purchase homes now? Does he believe, as the Governor of the Central Bank stated recently, that there could be a further fall in property values? Such language discourages people from purchasing homes. I make the point because it is critical that people are careful when speaking in the House. People may not appreciate the importance of their voices in this House. When I was a Minister of State with responsibility for trade, commentary in this House travelled and was listened to throughout the world. The viewpoints of various political parties were discussed. This had an impact on people's view of Ireland and the safety of investing in Ireland. People should be conscious of this when they comment. The views of parties in this House are taken on board when people make decisions on investments either in banks, State assets or commercial, foreign direct investment.

Last week the Minister for Finance came to the House on foot of the announcement of the stress test results and used some rather emotive language. He compared 30 September 2008 to one of the bleakest days in Ireland's history since the Civil War. Since then, I have read Professor Honohan's report into the banking guarantee. Professor Honohan, the Governor of

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the Central Bank, stated clearly that the bank guarantee was of critical importance, that were there no guarantee, the banking system would have imploded and that it would have had catastrophic effects on the broader economy. He suggested that it was hard to quantify but that it would have added to further damaging of the economy. He further suggested that without the bank guarantee, Irish banks would have collapsed overnight bringing our economy with them. Banks would have run out of money and people would have been unable to access their salaries and savings. This was confirmed by the Governor who went on to state:

Closure of all, or a large part, of the banking system would have entailed a catastrophic immediate and sustained economy-wide disruption involving very significant, albeit extremely difficult to quantify, social costs reflecting, in particular, the fundamental function of the payments system in a modern economy. These costs would have been broad-based in terms of income, employment and the destruction of the value of the economic assets and would have been on top of the recessionary downturn which has actually occurred.

This was the commentary of Professor Honohan in his report into the bank guarantee.

It leads me to pose the question that if the Minister for Finance believes 30 September was the blackest day since the Civil War, does he have confidence in the Governor of the Central Bank? Their views are very much at variance.

Deputy Aodhán Ó Ríordáin: That is scandalous.

Deputy Michael McCarthy: It is ridiculous.

Deputy Billy Kelleher: This is critically important at this time.

Deputy Aodhán Ó Ríordáin: We dealt with this before. He was not in favour of a blanket guarantee, as the Deputy knows. He is the guy who rang “Morning Ireland” to show up your lies.

An Leas-Cheann Comhairle: Order, please.

Deputy Billy Kelleher: I am just making the point whether at this important juncture in trying to address the very serious financial crisis still facing the country——

Deputy Michael McCarthy: Fianna Fáil’s mess.

Deputy Billy Kelleher: ——they do or do not have a different view from that of the Governor of the Central Bank in the context of the bank guarantee. If one did not watch the monitor and only listened to the speech made by the Minister, Deputy Noonan last week, one would have thought that it was the former Minister, Deputy Brian Lenihan, following on. The bank policies being pursued by this Government and the announcement last week are in step and in line with what was being pursued by the previous Government.

Deputy Aodhán Ó Ríordáin: They are not at all in line.

Deputy Michael McCarthy: That is wrong.

Deputy Bernard J. Durkan: Deputy Kelleher will find that out soon enough.

Deputy Billy Kelleher: The only part of the Minister’s speech that was different was when the Fine Gael scriptwriters got to it——

Deputy Aodhán Ó Ríordáin: There was no thought for Willy there when he was so upset about the bank guarantee.

Deputy Billy Kelleher: —after the finance officials wrote it and threw in the emotive language about the Civil War.

Deputy Aodhán Ó Ríordáin: That Deputy did not do anything about it.

Deputy Bernard J. Durkan: That is the problem. Deputy Kelleher is still living in a bubble.

Deputy Billy Kelleher: The kernel of the issue is that if we do not have a functioning banking system — and we should be honest that much of the commentary in this House for the past two years when I was on the other side of the House was commentary to the effect that we should burn the bondholders and that the country was banjaxed, which undermined what the Government was trying to achieve—

Deputy Willie O’Dea: They said not a red cent would be given.

Deputy Michael McCarthy: Deputy Kelleher should wake up.

Deputy Bernard J. Durkan: It took the Deputy’s party 15 years to do it.

Deputy Billy Kelleher: I can assure Deputies—

Deputy Bernard J. Durkan: The Deputy has upset me again.

Deputy Billy Kelleher: —that in this House at least we will be responsible in trying to deal with the issue. One need only read the commentary. The comment “not another red cent” was made only in the past few weeks by Members who are now Cabinet Ministers. They suggested that there would be unilateral burning of bondholders.

Deputy Fergus O’Dowd: The Deputy’s Government burned the taxpayers of the country for the next 30 years.

Deputy Billy Kelleher: Even the Taoiseach, as late as two weeks ago, was still of the view that if he could cuddle up next to Chancellor Merkel that he still might get some burden sharing. We now know that was dishonest at the very least in the context of the campaign prior to the election by Fine Gael and Labour. They knew full well then that there was no chance of our still receiving liquidity from the Central Bank and at the same time burning bondholders. It is simply something that was not countenanced by the ECB. Quite clearly, the Minister for Finance has been told that to enact the policies that were being pursued prior to the general election.

On the issue of mortgages and the challenges facing mortgage holders, we all know there is a sovereign crisis, a banking crisis and an individual debt crisis. This will be a real challenge in the context of the years ahead as the ECB begins to ramp up interest rates. Something that all political parties in this House will have to come to some arrangement on is how we deal with the issue of impairment of mortgage loans. That is the real collateral damage out of this issue of banks lending recklessly in recent years. That is one area on which there must be considerable debate. At present the only thing saving many people from further default is that interest rates are so low, but that is not sustainable in the medium term. There will be an increase in the ECB rate.

The other issue about which I was disappointed and which we need to discuss further is the establishment of a strategic investment bank. I have read through the legislative programme

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for the summer session 2011 and I cannot find it listed. It includes a betting tax measure, a Central Bank supervision enforcement Bill, a finance Bill, a fiscal responsibility Bill, a Ministers and secretaries (amendment) Bill and a public service pensions Bill but is there a vehicle for the establishment of a strategic investment bank?

Deputy Fergus O'Dowd: It is set out in the last two lines of that document.

Deputy Billy Kelleher: It just crept in there, did it?

Deputy Fergus O'Dowd: It was there all along.

Deputy Billy Kelleher: It is not there.

Deputy Fergus O'Dowd: The Deputy must have rubbed it out.

Deputy Michael McCarthy: The Deputy should go back to his colouring book

Deputy Billy Kelleher: It must have fallen off. Is legislation required to establishment a strategic investment bank in or has it fallen off the programme for Government?

Deputy Bernard J. Durkan: I feel sorry for the Member opposite. He and his colleagues having laboured so long with the reins of power in their hands, he has suddenly had a Damascus-like conversion and he is looking across at where he used to be seated and asking himself, why are things not like they were? I am beginning to be concerned that perhaps he is hallucinatory. Perhaps more than one Member opposite has been growing certain vegetables in the garden or elsewhere. I am truly amazed that anybody that represented the Government for the past 15 years, including up to the last four weeks of its term in office, could have the neck to come into the House and make the kind of sweeping statements we have heard from the Deputy in recent times. It took the Deputy's party 15 years to bury the country up to ears in debt and not only country but the banking institutions, the mortgage holders, and those in trade and industry, with the consequent loss of jobs. The country has been sunk up to its ears.

There was an interesting television programme last night which gave a fair evaluation of the sequence of events. Many of the participants contributed and it was very enlightening, although the analysis was retrospective. Some who thought this crisis would happen ten years ago were scoffed at and where do we find ourselves now? This is the reality.

We are in deep trouble. We are now between a rock and a hard place and all the rhetoric in the world will not change that. It will be down to ourselves, our resilience, determination, capabilities and our seriousness as a population as to whether we will be able to survive this crisis. It will not be easy. There is no sense in asking why the Government is not doing more about it? The Government was handed this chalice, which it will deal with.

The Minister's speech this morning and the banking strategy recently announced will set the cornerstone and foundation for what has to be done. I know full well that the people sitting opposite may well say that they could not do it. They could not do it because the credibility of this country in the international arena had vanished. Four years ago a diplomatic initiative should have been undertaken. The former Government should have gone to various member state parliaments and explained to the people what was happening here so that they would know that this country was about to take steps that would restore public confidence and international confidence, regenerate the economy and create jobs, but that was not done. All that has happened is that we have been allowed to dwindle and swing in the wind, as it were, to

such an extent that nobody throughout Europe likes us any more as a nation. That is an appalling development, but that is the way it is.

We can talk about burning bondholders as much as we like but there will need to be recognition among our European colleagues that at some stage when we show that we can do it ourselves, we expect to be helped along the way as well. If anybody thinks that will change, it will not. Many of us, when we were on the opposite side of the House, said that changes would have to be made, that they would be difficult but there would need to be recognition among those from whom we are now about to borrow that we cannot do it all in one fell swoop.

There is no good talking about Iceland and saying what the people did there or what the Greeks did. We are here and we are in a different situation. Our banking system has to function again at all costs. If it does not work, then all the salaries of all the Members will disappear just as information is lost when a PC crashes. In the same way, the wages and salaries of every civil and public servant in the country will disappear overnight unless we restore confidence in the banking system and produce something so that commentators internationally recognise that we mean what we are at.

If we take the other route and say we are not to pay back the bondholders what we borrowed from them already and that we want more money off them next week, that sounds good, but it does not work. There is no sense in what the previous Government said — that it told us this beforehand. It did not tell us in time. The time to deal with all this was 2002 and 2003. That is when the issue should have been dealt with.

It was also when the appropriate measures should have been taken and when successive Ministers for Finance should have put in place the kind of restrictions that would have stopped the economy from overheating. However, this was not done. Anyone who stated that it should have been done was scoffed at.

I am a humble Member of the House who has no influence whatsoever.

Deputy Billy Kelleher: The Deputy should not undersell himself.

Deputy Bernard J. Durkan: I have no intention of doing so. I recall standing on the opposite side of the Chamber on one occasion during that period and speaking about what was likely to happen. On the following day, there was a full page article in one of the newspapers in which I was accused of trying to scare people. A handful of other individuals also spoke out and asked that action be taken. However, we were informed that nothing could be done because the European Central Bank controls interest rates. That is rubbish.

Interest rates are not the only means one can use to control inflation. That is a fact which is now known by everyone in this country, the UK, France and Germany. There are simple credit mechanisms which are used to control inflation, on a selective basis, in many countries throughout the world. Such mechanisms have been used in the past on several occasions. There are those who say — I refer here to the euroceptics, who have also played in a role in what has occurred — that our future is not in the eurozone. These people also state that if we had not been in the eurozone, then we would not occupy the position in which we currently find ourselves. That is also rubbish. If we had not been able to borrow money from the ECB, from where would we be borrowing it at present? Would we be borrowing on the markets and repaying our debts at a rate of 8%, 9% or perhaps more? Would we be able to survive in such circumstances? The simple answer is “No”.

An Opposition Member referred to low interest rates. There is no question that such interest rates provide a great boost in the context of job creation. In an ideal world, it is great to have low interest rates. At present, however, people are continually talking up interest rates and

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referring to the dangers of these rates increasing. We know what will happen if interest rates rise. We cannot afford an increase in interest rates either now or in the foreseeable future. Low interest rates provide cheap money to those involved in job creation and in the area of investment. There must, however, be controls in place which are designed to ensure that this money is not spent for frivolous purposes as was the case during the past 12 years. I will not discuss the matter further at this point. Suffice it to say that mistakes were made. Any attempt to control either the rate of inflation or a country's economy by using interest rates on their own will not work. This has been tried in the past and has not been successful.

Several Members referred to the need for a solution. Everyone is aware that such a solution will not be arrived at overnight. We all know that we are going to be obliged to work hard to achieve a solution and that in all likelihood we will still be here in five years time working towards it. If we put our shoulders to the wheel, what we are attempting will work. I refer here to everyone in the country — regardless of whatever level of society he or she occupies or whatever job he or she holds — playing his or her part. We will be obliged to work harder, for longer and for less money.

Some of the newer Members do not realise that Deputies have already taken fairly substantial wage cuts and that there are more to come. I do not have a difficulty with that. However, wage cuts must be imposed across the board. Once one begins taking from one sector and not taking from another, further imbalances are created. The Government is doing everything that can be done. It is attempting to retain front line services while taking the necessary steps to ensure that our long-term economic and political sovereignty will be secured. That is a tall order.

I have often compared what is occurring in Ireland now to what happened in the United States in the 1920s and 1930s. During the period in question, there was no overnight recovery for the US economy. There were no simple answers. Numerous attempts were made to put matters right before that economy was restored to its former position. There are those who suggest that the Second World War came to the rescue in this regard. Perhaps some individuals are stupid enough to believe that. It was not the advent of war which saved the United States; it was, rather, leadership, inspiration and dedication. The then President of that country succeeded in convincing his people that they had more to gain by following the gospel he was preaching as opposed to following those being preached in Europe at that time. There is a dramatic contrast between the consequences this had for the US and Europe.

We cannot afford to turn upon each other. Society must remain constant, supportive, cohesive and united. If society turns upon itself, then we will not move forward. If we each target that sector which we dislike most, we will end up with a divided society. With division comes defeat and this will lead to our going nowhere. As low as it is now, our stock will be even lower if that comes to pass.

The recent stress tests carried out by the Central Bank and others on the instruction of the Government will serve a good purpose provided this is the last occasion on which they are used. There are those on the opposite side of the House who state that we do not know if there will be a need for further stress tests. Of course we do not know whether such a need will arise, particularly on the basis of the performance of the previous Administration. Real stress tests were not carried out in the past. We did not get to the bottom of the hole in our banking system and were not, therefore, in a position to know where we were going.

Let us suppose a decision was taken to stop providing support to the banking system. What would be the position if those in government had stated that the banks had been provided with €30 billion or so and that was enough? We would have been obliged to return to the relevant

lenders on a monthly basis in search of more money. In doing so, however, we would have informed them that we would not be repaying the loans we had already received but that we wanted more money in any event. I do not know what the new Members of the House think about that strange scenario. I have never known such a strategy — I call it the “cop-out strategy” — to work. In the real world, we must be serious when it comes to our responsibilities.

The Government could have decided to wait for a further three or four years until the economy and our financial system imploded in the hope that someone would come along and save us. It will not happen that way. We must dig our way out of the morass in which we find ourselves. We must pull ourselves up by our bootstraps and march on. We must do it ourselves because assistance will not be forthcoming from elsewhere.

Reference was made to Professor Honohan’s report. I accept that in his report the current Governor of the Central Bank stated that the banking system had to be provided with support in 2008. However, he also stated that there were a number of alternatives. Following the putting in place of the bank guarantee on 29 September 2008, I recall not being able to understand why a furore had not arisen with regard to the actions of the then Governor of the Central Bank, the then Secretary General of the Department of Finance and the Financial Regulator. I am not an economist, and neither am I a soothsayer or a fortune teller. However, from the practical knowledge I have gained as a result of being a Member of the House, it was obvious to me that such a furore should have arisen. Lo and behold, last night’s television programme has proven me to be right. There is no doubt that the then Government should have sought the information which should, as a matter of course, have been made available to it at the time. The previous Administration should have asked whether we could afford what was happening and whether the boom would last. It should also have sought information regarding why the boom might continue or why it might cease.

Many people have stated that the private banks should have been allowed to fail. If this had been done, there would have been major repercussions. First, the level of job losses would have been massive. There are those who will say that such job losses have already occurred. That is true but there would have been even more and they would have occurred overnight. This would have given rise to a major financial collapse. The then Government found itself between a rock and a hard place. We know that it did not face a simple choice. However, an in-depth assessment should have been carried out long before the extension of the bank guarantee in order to discover what could have been done to avert what has happened.

I hope we will never again find ourselves in a position such as that which we currently occupy. It should never again be the case that a particular development in society be allowed to proceed unchecked just because people are of the view that they are having a great time and that it will never end. We hope that will never happen again. If it does, we will be finished and it will take all the resources of the entire population and every positive thinking Member of this House to recover our composure, dignity, standing in the international arena and economic sovereignty. If we do not put the wagons in a circle and fight our way out in a cohesive way there will be much more serious consequences. I do not wish to apportion blame to the previous Government. It is long past the time for that. The decisions should have been taken in 2002 and 2003. Because the decisions were not taken in time the medicine is much more severe.

What will happen to mortgage holders who are in arrears? It is three years since I first raised this matter in the House. At that time it was alleged that only approximately 25 people in the country were in that situation. The Government said not to worry about that kind of thing. I cannot understand how we were told that. I took it upon myself to go to the Commercial Court to find out what was going on. It was clear that arrears were accumulating at an appalling rate and that there was no hope of the poor unfortunate people recovering. In many households

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there were two earners, both of whom had been forced to go out to work to pay for the mortgage. What often happened was this. When they both lost their jobs the bank called them in and offered to help. If they were in negative equity the bank cosied along with them until they were deep in debt to the bank for the rest of their lives. I watched a television programme about this last night. A person from the corporate sector was interviewed and described such situations. If debtors had fallen into difficulty and there was very little loss to the lending institution, the lending institution would repossess the house and sell it, because it was covered in any event. This is crazy stuff.

Was nothing done to reassure the banking system and explain to banks that we would help them out, and even bail them out, but that they would also have to help the country out of its difficulty? Unfortunately, no condition was put on the original guarantee of 29 September 2008. Some such indication should have been given to banks at that time. However, we can do nothing about that now. We have spent the good money. The commitment has been made. When I speak of “we” I mean those acting on behalf of the people at the time.

As we move on from here, we can take inspiration from those who have gone before us and survived. This is the biggest difficulty we have ever had, but we will deal with it together and with the support of our European colleagues. If we do not have the support of our European colleagues, if we poke our fingers in each other’s eyes and if our European colleagues fail to recognise that we have a serious problem but that we are capable of solving it ourselves they will be poking a finger in their own eyes. There is no advantage to be gained by destroying the cohesion of the European community or by exploiting the destruction of that cohesion.

From here on, we must concentrate on the economy. I recall President Bill Clinton’s slogan, “It’s the economy, stupid”. I hope we will do that.

Deputy Pádraig Mac Lochlainn: With the permission of the House I will share my time with Deputy Mary Lou McDonald.

The horror felt by the Irish people following this week’s publication of the banks’ long awaited stress tests seems to have passed over the heads of the Government. Fianna Fáil’s ruinous plan to shove nearly half the nation’s GDP into the vaults of the nation’s failed banks has now been accepted by the Fine Gael and Labour Party coalition as the only game in town. They lied to the people in the run-up to the election. Fine Gael and Labour know it. They won an endorsement from the electorate on the grounds that they would renegotiate the terms of the deal with the EU and the IMF and would insist on bondholders sharing the burden of the deficit. Little more than a month after the election, it is clear that they completely and deliberately misled the people.

Fine Gael champions the virtue of being honest with the people. We hear it at every turn. The Government will tell the people how it really is. What did we get from the recent European summit? Was retention of the 12.5% corporation tax not already secured in the protocol to the second Lisbon treaty? Presumably, the people are not expected to remember that.

The policies pursued by Fianna Fáil and endorsed in the EU-IMF bailout are to be relentlessly pursued, but all done under the cover of a series of bluffing games, media opportunities and dashes off to Brussels. Deputy Gilmore announced his plans to tour European capitals, sweeten up our European partners and present to them the new face of Irish politics. There may be new faces but they are the same old policies. Locking the stable door after the horse has bolted is what comes to mind.

The economic policies being followed by the Fine Gael-Labour Government amount to little more than further deregulation of labour markets, wage cuts, tax increases and reductions in

Government spending. While these crippling measures are being pursued, the Government's recent stress tests exposed further bad news. We are on our fifth attempt to stabilise the banks. Put simply, we are just biding our time until we hit eventual default, which is the taboo word. We are told it is not an option and cannot and will not become a reality, even though outside the windows of Europe the rest of the world is telling us that default is clearly on the horizon. In Ireland today, German and French banks hold only €10 billion of our sovereign debt yet they hold €74.5 billion of Irish bank debt. Need we ask ourselves why both countries are so adamant that the Irish cannot and must not contemplate default.

The Government has committed the people to borrowing billions of euro from the EU and IMF at extortionate interest rates in order to pay back the monstrous debts incurred by insolvent banks. European institutions, including the European Trade Union Institute, ETUI, the European Trade Union Confederation, ETUC, and the International Labour Organisation, ILO, are all critical of this path. These institutions believe Ireland does not have a competitiveness problem and does not need to reduce Irish workers' wages. It is Germany, the country now calling the shots on our economic crisis, that needs to look at how it contributed to the Europe-wide debt problems. In real terms, Germany's wages increased no more than 1% since 2000. If Germany increased its own workers' wages rather than demanding that peripheral countries, such as Ireland, decrease theirs, it would go a long way towards rebalancing the European wage scale. Germany's low wage and low tax policies created the erroneous perception that Ireland is uncompetitive within the labour market. The ETUI, the ETUC and the ILO believe that to engage in years of austerity in the absence of co-ordinated public investment plans from Europe can only depress the Irish economy further. The focus has to be on growth and jobs. This is not a case of transferring welfare payments from the rich countries of Europe to the poor, as is now believed by the average German taxpayer, or of Ireland passing the begging bowl and asking for handouts. It is about solidarity between the core countries of Europe and those on the periphery. Only today, the former Taoiseach and leader of Fine Gael, Mr. John Bruton, pointed this out.

Elite policy makers across the EU are responsible for the eurozone debt crisis. Ireland's problem is a European problem, and reflects a structural imbalance between the core and the periphery. The 1.8 million Irish taxpayers cannot afford to pay the creditors of private European banks who lent recklessly to Irish banks, accumulating more than €150 billion in debt. Global wages increased on average by 22% in the period from 2000 to 2009 while in the United States and in Europe wages only increased by 5% during that period. Labour productivity, on the other hand, increased by 11%. In other words, wages increased only half as fast as productivity. It is obvious the biggest beneficiaries to rapid growth, productivity and profits, were the employers yet it is wage earners who are being asked to carry the burden for the reckless behaviour of those in financial capital markets. Those who benefited from the cheap money boom are the people in the top 10% of income distribution yet they are being asked to contribute nothing towards solving their own mess. One could not make it up.

Deputy Mary Lou McDonald: The first thing that strikes me about this debate is the title of it which is a master stroke in euphemism. The choice of "Statements on Bank Reorganisation" is a very self-conscious choice of words by the Government, not least because statements on this, the fifth banking bailout, would read rather less attractively. The Government's primary assertion is that it has adopted a new approach but this does not stand up to any scrutiny. The €24 billion of taxpayers' money in recapitalisation now sunk into the banks bares the lie in that regard.

Deputy Michael McCarthy: No money gone into the banks.

Deputy Mary Lou McDonald: The Government also claims that this is the final deal and the final figure. It makes much of the robust stress tests carried out but what the Government does not say is that, for instance, on one of the key indicators of that stress test — the level of unemployment — we are just a shade off the worst case scenario as envisaged. I hope this is the final tab and I hope these are the final figures. However, we sound a note of caution because we have been here before. We have been told before that there would be no more billions required, yet the reality was far from that.

The Government claims consolidating the banking sector — a move which is widely acknowledged as being necessary and long overdue, and in dividing out core from non-core elements — will result in an end to the domestic credit crunch and will cause credit to flow to families and to business. At best, the jury is out on this. If the Government were truthful, I think it would concede that only time will tell whether this happens. I remind the House that on this score we have been here before. We had endless statements and assertions from the previous Administration that the actions it had taken in propping up the banks would result in credit flows but that did not happen.

The Government claims that it has now guaranteed liquidity from the ECB for the banks. However, what it will not address is its failure to secure that liquidity flow on a medium or long term basis. That money is still given on a short term basis. Earlier the Minister for Finance, Deputy Noonan, recited all the positive commentary, as he saw it, from the international community in respect of the Government's measures. He studiously avoided saying that this failure to achieve that medium term facility from the ECB has caused at least anxiety on the international market. It is a case of business as usual in terms of burden sharing because it is not going to happen, or so the Government says and particularly in respect of the €36 billion of unguaranteed debt. The reason it will not happen, we are told, is because Europe simply will not countenance it.

In the course of this debate and others, there has been a very crude depiction of the concept of burden sharing and the demands made around it, this at a time when the mechanisms to achieve fair and balanced burden sharing are not only long established but are also entirely economically rational and reasonable. This is so much so that even the EU in the new economic stability mechanism, the new permanent bail-out facility, explicitly recognises that there will be burden sharing and default. The EU is not so frightened of the term as some on the Government benches. The EU set out the benchmarks, the measures, that would be used to guide such default, which are, proportionality, transparency and fairness. Those are as good criteria as any that might be used.

This State now finds itself in a position where the European authorities with, if not the connivance of the Government then certainly its agreement, will not, we are told, give us a hearing in respect of a restructuring of private bank debt. However, they tell us from the other side of their mouths that come 2013, they will ably assist us in the course of perhaps a sovereign default. That is how this is shaping up. Rather than discounting people's legitimate and well-grounded worries that our burden of debt is now at the point of unsustainability, the Government benches would be better placed to act in the national interest and to put that demand and argument front and centre in our dealings with the European authorities and partners.

In this respect I note that the humble Deputy Durkan is no longer in the Chamber but I am struck by his almost evangelical appeals to all of us. He tells us that no one in Europe likes us any more. Perhaps he expected wincing of disappointment from the Opposition. I remind Government Deputies that this is not a case of who is the most popular kid in the class at EU level but rather this is a matter of defending national interests. When it comes to the heads of European institutions, be it Barroso or Trichet and when it comes to defending the interests

of member states, be it Mr. Sarkozy or Angela Merkel, they all operate on the entirely rational basis of protecting their interests. Therein lies the explanation for the resistance to a rational, organised sharing of the burden of bank debt which would have an implication for the core European countries. They dismiss that while on the other hand, with the agreement of our Government, they set up the very apparatus which can in time facilitate sovereign default, which is a much more serious scenario for all of us.

In the course of this debate Government voices asserted — as if we did not know already — that there is now an indivisibility between the banks and the State, between banking debt and State debt. People on the street know this. This is the reason the situation is so serious. The Minister for Finance, Deputy Noonan, can make the argument that the bond yields have now slipped below 10%. He set this out to the House as a piece of good news. The bond yields are hovering above 9% and this means the markets know full well, as rational, hard-nosed entities, that this State cannot sustain the burden of debt we have continually taken on. The people on the street also know it.

The Government has played its card that it inherited this situation, which I acknowledge. However, it is now in charge and it must make the decisions. It had the chance to shift gear, to change direction——

Deputy Michael McCarthy: We did not vote for the guarantee, unlike Sinn Féin.

Deputy Mary Lou McDonald: ——and to carry out the promises it made to the people in the course of the general election campaign. It blew it. Perhaps it was more comfortable for it to stay in the established groove of Fianna Fáil policy.

Deputy Aodhán Ó Ríordáin: Sinn Féin voted in favour of the bank guarantee.

Deputy Mary Lou McDonald: Whatever their rationale is for acting as they have, Fine Gael and the Labour Party have made a mistake.

There is little sense in the Fine Gael Party or, with respect, the Labour Party throwing shapes about the bank guarantee, as they did in the past two years. They should save the hot air because when the real test came and they were faced with changing tack and taking the correct decisions, they buckled.

Deputy Michael McCarthy: Sinn Féin supported the guarantee.

Deputy Aodhán Ó Ríordáin: The party's fingerprints are on it.

Deputy Mary Lou McDonald: Fine Gael and the Labour Party are in government and responsibility rests with them. When the illogicality and full consequences of their position of taking on the bank debt and discounting burden sharing come to light, they should not point the finger at the Fianna Fáil Party because it is no longer in charge. As an Opposition Deputy, I do not want to spend the next year or more listening to haranguing, harassment and finger-pointing by members of the Government or the previous Administration because they are all on the same policy track.

Deputy Aodhán Ó Ríordáin: I wish to share time with Deputies Michael McCarthy, Colm Keaveney and Derek Nolan.

I welcome the opportunity to speak on the recent announcement of bank reorganisation by the Minister for Finance on behalf of the Government. It is widely acknowledged in this House and beyond that the Government inherited the most appalling economic mess from the previous Administration.

[Deputy Aodhán Ó Ríordáin.]

Never before have the actions of so few hurt so many and at such a huge cost. While many of the decisions that need to be taken in the coming months and years are unpalatable, they are absolutely necessary for the survival of the economy, our society and the State. We need a fully functioning banking system for the economy to operate and a constant credit flow to support the small and medium enterprise sector in protecting and helping to grow employment.

We must acknowledge that many citizens feel lost in this debate because we spend more time discussing banking strategies and investing in failing institutions than we do on discussing families and investing in people. Those of us in the political sphere have spoken of little else but banking in recent years. The survival of the banking system is linked most definitely to the survival of our society and the State.

As I stated, the language of the banking debate has been, at best, unfortunate and, at worst, demeaning and dehumanising. Individuals have been reduced to economic units. The cost of unemployment has been calculated in terms of loss to the Exchequer in VAT receipts and the strain of social welfare payments. People need work, employers need credit from banks and banks need to be in a position to supply credit and support families who have justifiable aspirations for themselves and those they love.

For the past 11 years I have been working in the shadow of the International Financial Services Centre in the heart of the constituency of the former Taoiseach, Mr. Bertie Ahern. We saw at first hand the reckless political posturing and unquestioning culture that arose during the era of the Celtic tiger. Society at the time took the view that high level bankers and developers were risk takers and winners, while those who questioned the sustainability of their practices or the political ideology that underpinned them were regarded as whingers and moaners.

While the reckless practices of those based in the IFSC and elsewhere went unregulated, those who lived in its shadow or other parts of my constituency of Dublin North Central were much more likely to see the inside of a prison. Poverty seems to be the only real crime in this country as it is the only one we are prepared to punish in any meaningful way. If this crisis passes us by without jail time being served by those responsible, that is, those who lied, falsified and clearly and blatantly broke the law, the very security of our republic will be at stake. How can anyone, whether a parent, teacher or community leader, convince a child that he or she lives in a fair and just society when the only ones who are seen to serve time in prison are those society has failed from day one? It is a challenge for everyone in the House to ensure justice is seen to be done.

We often talk about crime and anti-social behaviour. The banking and fiscal crisis has unleashed the most incredible anti-social consequences on too many families up and down this land. The need to recapitalise the banking system is a direct result of the anti-social behaviour of the Fianna Fáil Party in government, in particular, its decision to implement a blanket bank guarantee in September 2008. The Labour Party was the only party to oppose the guarantee.

While it will take time to repair the damage of the 14 years in which Fianna Fáil held power, in only three weeks the new Government has taken control of the banking system. We have not hidden away the extent of the damage and have, for the first time since the crisis began, been brutally honest with the people. The stress tests are the most rigorous ever carried out on the banking system. For this reason, it is likely that we have gleaned an accurate picture of the true cost of Fianna Fáil's anti-social behaviour.

The banking system will be restructured. It will have two core pillar banks which will be constructed around the real needs of the economy. The banks will be divested of their weakest parts — their non-core functions — over time and the fire sale losses which the European

Central Bank had previously demanded will be avoided. The new banking system will be an engine of economic growth by providing €12 billion of additional credit for businesses and households every year. A clear-out of bank boards will focus on anyone who was a board member before 2008.

The stress test requirement will be €21 billion plus €3 billion in contingency funding. This figure will be reduced, however, by requiring banks to sell off assets and seek private investment, as well as through the imposition of burden sharing on subordinated bondholders. This approach marks a clear break with the blank cheque policy of the past.

We must have a functioning banking system, which means we must recapitalise the core of the system, albeit at a high cost. The proposed restructuring of the banks allows the country to move forward. We are in recovery and the restructuring is part of a recovery process. As a society, we need to know that we will never allow this to happen again.

Deputy Michael McCarthy: I am pleased to contribute to this significant debate on the reorganisation of the banking sector at a time when concerns about the structures and day-to-day operations of the State's financial institutions are at an all-time high. We do not need to discuss the matter in specific detail and I propose to keep my contribution as positive and proactive as possible. To use a well worn cliché, we are where we are and know who got us into the current mess. It is now time to engage in constructive, informed and bipartisan dialogue on how best to proceed with recalibrating the banking system.

The reorganisation of the banking system should include three main planks, namely, strict governance and monitoring of how our financial institutions are run, comprehensive reviews of remuneration policies for existing and former bank executives and measures to address the problem of homeowners being at the mercy of banks' escalating fees.

The landmark report of the Governor of the Central Bank, Professor Patrick Honohan, on the causes of the banking crisis determined that there had been a comprehensive failure of bank management and direction and that the major responsibility for the crisis lay with the directors and senior management of the banks. While some progressive steps have been taken, one of the main planks of banking reorganisation must be to root out those individuals who not only ignored the banking crisis but fuelled and aggravated it by failing to exercise adequate prudential supervision or pursue sound policies.

The state authorities in Iceland are taking to task those individuals who caused the collapse of one of the country's largest banks. Bankers' homes were raided, the country's central bank was placed under investigation and, as recently as last month, seven Icelandic banking officials were arrested in London as part of the investigation. We need this type of rigorous and aggressive investigation of the banking system.

While many of the main architects of the economic crisis, including those associated with the Irish Nationwide Building Society and Anglo Irish Bank, may have left the banking system, they are not out of pocket, unlike thousands of distressed families who are in negative equity and many more who are battling to pay mortgages. One of the enduring sagas of recent times was the sight of one former executive clinging desperately to his €1 million bonus from the Irish Nationwide Building Society which was paid out weeks after the blanket guarantee had been introduced. While the then Minister of Finance capped the salaries of banking chiefs at €500,000 last year, the basic salary, bonus and pension levels of chief executives, chairmen and board members in the State's banks and financial houses are in most cases excessive when compared to those of individuals of similar rank in the banks of our global counterparts.

At a time when we are meant to be showing solidarity with the people of this country and undertaking a new chapter of honesty and fairness, it is disgusting and stomach-churning to

[Deputy Michael McCarthy.]

see former high-ranking officials still enjoying the high life. Where is the *quid pro quo* for families in negative equity or young graduates who must emigrate to find gainful employment? Where is the *quid pro quo* for what has been done for the banking institutions, given that thousands of unemployed people are facing an economic crisis?

It is particularly galling to see taxpayers being hit by banking fees. Many homeowners are at the mercy of banking institutions. Tomorrow the ECB is expected to increase interest rates by 0.5%, which will cause further distress and hardship on homeowners with tracker mortgages. Taxpayers are being twisted yet again. In a single day in February, both Ulster Bank and Permanent TSB increased rates for variable rate mortgage holders. Permanent TSB has made four separate increases since August 2009.

I am glad the issue of bank reorganisation is on the agenda and that decisions have been taken to try to get it right. An earlier speaker asked about the strategic investment bank, which is in the programme for Government and remains a key priority. I have a brief history lesson for the Opposition parties. Denial is not just a river in Egypt. Sinn Féin has selective amnesia in denying it supported the blanket guarantee.

Deputy Pádraig Mac Lochlainn: The Deputy is like a broken record.

Deputy Michael McCarthy: When Deputy Pearse Doherty was donning his green jersey, the other Sinn Féin Deputies raced through the Tá lobbies to support the most severe, right-wing, ideological Government in the history of the State. They were in great company.

Deputy Colm Keaveney: On the subject of denial, I wish to bring to the attention of the House the European funding systems that exist concerning the delivery of critically important services. As regards how we are surviving today, it would be wrong to deny that European funding — from the ECB, the Central Bank and other euro-area central banks — has been a central source of funding for the Irish banking system since wholesale financial markets have effectively been closed to us. This support has been crucial for our survival. The funding is provided by the ECB at an interest rate of 1%. Last Thursday, the ECB announced that funding would continue even if there was a downgrade by the rating agencies. I welcome that support, which reassures markets about the Irish banks' funding position. That commentary was made against a backdrop of a radical restructuring of the banking sector announced by the Government last week. The Government has laid down a marker to protect deposits and ensure that the flow of credit to consumers and businesses will commence imminently.

Last week's announcement will result in a smaller banking sector, which is fit for purpose. Doubtless it will present a challenge but we intend to ensure it is sustainable and less dependent on State support. All these actions are being taken so that Irish banks will be viable and can fund themselves without continued support from the State or the ECB.

The Minister for Finance will travel to Budapest this week to attend an informal meeting of Ecofin Ministers. Among other matters, the meeting will take stock of recent economic and financial stability developments here. I hope the Minister will take this opportunity to brief his European counterparts on these important developments, including last week's announcements on bank restructuring. The Government must continue its approach towards building support among its EU partners for the steps it is taking in this regard, including interest rates being charged by European institutions.

Certain parties are trying to ignore the Government's approach towards ensuring that €12 billion per annum in new lending will be made available for each of the next three years. The

Central Bank estimates that only €11 billion to €16 billion will be required by small and medium enterprises in the course of those three years.

I welcome the Minister's announcement that the Credit Review Office will be enabled to build credit in the economy. SMEs will have effective access to funds that are being put into banks, thus getting people back to work and keeping high-street Ireland open for business. We should examine the role of the Credit Review Office. The credit reviewer, Mr. John Trethowan, has said that the potential of a borrower to appeal to the CRO against the treatment of credit decisions, "has, in itself, had a positive influence on the behaviour of these two banking institutions", that is, AIB and Bank of Ireland.

It is difficult to accept ideologically that we must put €24 billion into the banks' coffers, but to borrow a phrase used by other speakers, "We are where we are". The most important thing is to get the flow of credit going in Ireland, in order to secure support for small and medium enterprises. They are prepared to take risks but banks should also be prepared to take risks by funding such businesses. Banks should be prepared to put their shoulders to the wheel for people who are trying to create jobs in the economy. This is critically important for areas that have been devastated by unemployment.

I look forward to hearing the Minister explain how he will verify that the Credit Review Office will ensure the delivery of that €12 billion per annum over the next three years, in order to deliver resources to the local economy.

Deputy Derek Nolan: I have listened with interest to the debate, which has been good on both sides of the House. I wish to pick up on one point, however. Deputy Kelleher cautioned Deputies against speaking in such a way that may spook the markets and upset people. The last thing we should do in this House, however, is restrict what we say. We must be honest at all times and be prepared to speak of the worst consequences. It is only by debating in an informed and transparent fashion that we will get good decision making.

This is an unusual political scenario and, as someone who is new to the House, I did not think it would be on the cards so soon. We are talking about a bank restructuring plan and this debate is about the future of the banking sector, how many banks there will be, as well as staffing levels and capital requirements. These points were not addressed in the contributions from Sinn Féin Members, but we need to discuss what kind of banking sector we want. We must discern what it is possible to achieve and which banks will survive.

In recent years, Fianna Fáil took half measures on everything. The consensus of the House is that this attitude needs to change. The Government intends to take decisive action on the future structures of the banking sector, as well as minimising taxpayers' losses. The banking landscape has been completely torched. It is like a scorched earth policy whereby many banks have gone under. The capital has been debased and while there are skeletons of some banks which are still operating, they are not functioning in any healthy shape or form. Something needed to be done and not purely from a banking viewpoint. From a business and personal finance perspective there is a major sense of confusion over the future of the banks. We all have constituents who telephone us with concerns as to whether their money in the bank is safe, their loans are in order or their mortgage and property deeds are safe. We need to put an end to this and create a banking system and structure that is free from the unease which clearly exists at present.

There will be two State banks — the pillar banks, as they are called — centred on Allied Irish Banks and Bank of Ireland. These two banks will be in competition with each other, which is an important aspect of the process as we do not want to return to a duopoly. We are lucky that some foreign State banks, such as Rabobank, are operating here and will help to

[Deputy Derek Nolan.]

provide competition in this area. It should be realised that the structure has changed dramatically. Bank of Scotland, Anglo Irish Bank and Irish Nationwide are gone, so there is a need for this restructuring to happen sooner rather than later.

I would pick up Deputy McDonald on her comments at Question Time this morning and earlier in this debate that €24 billion has again been put into the banks. That is not the case. An announcement was made last week of the capital requirements of those banks, not how much money was put in.

Deputy Mary Lou McDonald: So the Government is not putting it in.

Deputy Derek Nolan: As the Government has indicated, €6 billion of that amount will come from subordinated debt holders, so, if one was to be honest, one would already say “€18 billion” in one’s public contributions. Some of that capital requirement will be met by the selling of assets from those institutions and the Government is still in negotiations with its European partners to find another way of addressing those capital requirements.

Deputy Pádraig Mac Lochlainn: You are putting it all into Anglo.

An Ceann Comhairle: Order, please. Deputies should speak through the Chair.

Deputy Derek Nolan: The Government stated there would be no burning of senior bondholders in the pillar banks, which is what is on record. We expect those banks to have an international reputation to enable them to go back out in the near future into the markets to raise capital, which will be very difficult if just months or years previously they have burned many investors. It will simply not work that way — that is not how business or banking works.

I hate the expression “we are where we are”. We need to use different expressions such as “we are where we are for a reason”. The reason is that the State, back in September 2008, approved a banking guarantee which linked the sovereign debts of this country to the banking debt. However, there was a consensus on that. Sinn Féin cannot walk away from that or change the record. As its finance spokesperson said at the time, “this Bill is in the national interest”.

To conclude, there is scope for a much greater depth of change in the banking system in terms of corporate governance, corporate social responsibility and the skillset of the people who work in the banks. I hope this will occur as part of the reorganisation.

Deputy Stephen Donnelly: I wish to share time with Deputies Thomas Pringle, Richard Boyd Barrett and Seamus Healy.

An Ceann Comhairle: Is that agreed? Agreed.

Deputy Stephen Donnelly: I would pick up Deputy Nolan on his last point as the issue of paying back the senior bondholders is so serious and emotional, and causing so much damage. This is how business and banking work. Debtors and lenders to businesses take write-downs all the time and businesses continue to function. Senior bondholders take write-downs all the time and they continue to lend to countries and banks. I raise this point as it is a very dangerous assertion for us to make that this never happens.

An Ceann Comhairle: The Deputy should direct his remarks to the Chair rather than having an across-the-floor discussion with Members.

Deputy Stephen Donnelly: I beg your pardon, a Cheann Comhairle. I am new to this.

An Ceann Comhairle: That is why I am telling you.

Deputy Olivia Mitchell: The Deputy is learning fast.

Deputy Stephen Donnelly: The Minister for Finance earlier laid out three stated objectives of the banking sector reform, namely, “to restore confidence in the banking system and in the economy of the country ... to recapitalise and restructure the banks and ... to restore credit to the economy in order that growth will rebound and jobs can be recreated”. I put it to the House that there is really only one objective, the third, which is to restore credit and create jobs. Restoring confidence in the banking system through recapitalisation is simply an enabler of the ultimate goal which the Government has laid down. If we evaluate the Government’s proposal according to that objective, namely, to get money flowing into the economy to create jobs, then it makes a lot of sense. We stuff money into the banks, we pay back all of their debts and, inevitably, over time, they will begin to lend money. Furthermore, we should have a group of people in the Department of Finance who force them to do so. That will work.

I put it to the House that there are three objectives to banking sector reform, two of which are being missed. The first, as the Government said and with which I agree, is to get adequate funding flowing to viable businesses as soon as possible. The second, which the Government does not address, is to minimise the current and future exposure of the Irish people to the bad debts of the banks, which is at the heart of the senior and subordinated bonds. The third is to ensure that Ireland can borrow as cheaply as possible on the sovereign debt markets to address our ongoing budget deficit. If we evaluate the Government’s proposal against these three objectives, while there some good ideas, unfortunately, it falls short. Therefore, I would like to suggest some policy options to the Government.

On the first objective, which is to get money flowing, I welcome the sell-off of non-core assets to generate cash. It is a good idea and it must be done in a timely manner. I welcome the winding down of the banks with the result we will end up with the two pillar banks and, hopefully, this will mean more competition in the market. What is not included is the question of addressing some of the remaining bank liabilities, mainly the commercial debt, mortgage debt and developer debt which has not gone into NAMA. There are two obvious options in this regard, namely, to move these off balance sheet into a NAMA-type structure or to take out some large-scale insurance policies. I encourage the Government to consider both options in order to increase confidence.

One of the issues which concerns me is that the Government will be setting lending targets for the banks. We learned from the Minister that the Central Bank has estimated that between €11 billion and €16 billion will be required but that the Government target is €30 billion, and that the officials within the Department of Finance will target specific sectors. While I hope this works, it causes me great concern. We know the banks in Ireland were not very good at making lending decisions in the past few years and, similarly, the previous Government and the Civil Service fell asleep at the wheel. I am very concerned about the Government taking such an active role in lending decisions, which could lead to further poor lending decisions which bring us back to where we are now.

The second objective concerns minimising the current and future exposure of the Irish people. What the Government is doing is deleveraging the banks and making them smaller, which I welcome. What is not included, obviously, is the senior debt and all of the subordinated debt — we must remember we are not writing off all of the subordinated debt and we are still paying several billion euro of that. While I will not rehash all of that now as it has been much discussed in the past two days, it is a concern and a major failing of Government policy. Also

[Deputy Stephen Donnelly.]

not included is a specific failure regime so that, given this circumstance in the future, banks can fail. I hope to see Government policy on this in the future.

The third objective is that this policy makes it possible for Ireland to borrow on the markets so we are not subject to the IMF-EU-ECB conditions, as we currently are. By not pushing back on the bondholders, over the next three years we will move to a probable default, which the markets have already priced in and which economists here and abroad are suggesting will probably happen, while the EU appears to be gearing up for a multilateral restructure. The problem is that by the time this happens, all of the private banking debt will have been nationalised, which is of great concern.

To conclude, while I welcome some of these measures which move the banking system in the right direction, I am very concerned about other measures. My views on the senior bondholders have been expressed previously in the House. I hope the Government will consider some of the proposals laid out here.

Deputy Thomas Pringle: The Minister's restructuring plan and the provision of an additional €24 billion in capitalisation for the banks are intended to solve the problems of our banking sector once and for all. The plan includes a deleveraging of €57 billion of assets in the next three years which, with the addition of €24 billion in capital from the State, is designed to free up credit of some €12 billion a year for lending to small businesses and mortgage applicants. The big question is whether the plan will work.

We are told the provision of an additional €24 billion represents the end of the banking problem. Everybody on the Government side has their fingers crossed and is hoping that is the case. Yesterday, however, a Government Member, Deputy Mathews, stated his belief that the losses in the banks would amount to €90 to €95 billion, well above the €70 billion already provided by the State. We are getting to the point where the cost of the debt will be unsustainable, if it is not already.

In the first quarter of this year, according to Exchequer returns, the interest payable on the national debt was €1.4 billion. A €70 billion recapitalisation would increase that interest to €4.2 billion. If the final figure reaches €90 to €95 billion, the interest payable will approach €6 billion. The way in which the Government proposes to meet those payments is by cutting a further €3 billion of public expenditure annually for the next three years, yet €3 billion is less than the annual interest bill based on a final capitalisation figure of €70 billion. In the years to come the cycle will continue, with reductions in the number of public sector workers, a driving down of private sector wages and more people succumbing to loan and mortgage defaults. Then the banks will come back seeking further capitalisation because of the losses arising from increasing defaults. We will be back in the House hearing that further capitalisation is required.

The Minister stated that selling assets in a rush, where the world knows they must be sold to provide banks with immediate cash, is never the way to maximise sale prices. How can one describe the sale of €57 billion in assets in the next two to three years as other than selling in a rush? Anybody who is interested in these assets knows they can simply wait six months until they are put on the market. The value will never be realised and the projected price of €57 billion may end up being much less than that, which in turn will lead to requests for further recapitalisation.

The Minister observed that Standard & Poor's has described our outlook as stable and has taken a positive view of the latest recapitalisation. He also said that Moody's sees it as a credit-positive move. He forgot to mention Moody's observation that the recapitalisation is good for the banks but bad for the sovereign. In the coming years we will see an increasing burden being

placed on sovereign debt and the increasing socialisation of bank debt. There will inevitably be further requests to this House for recapitalisation unless the Government accepts the inevitable and opts for an alternative policy which puts the people first instead of the banks.

Deputy Richard Boyd Barrett: The Minister made an amazing suggestion yesterday that the Government's banking policy was a success because Bank of Ireland's share price had risen in the aftermath of its announcement. What planet is the Minister living on that he thinks rising share prices in Bank of Ireland mean anything to the vast majority of people in this country who are suffering brutal costs, have lost their jobs and are struggling to make ends meet? That view is absolutely extraordinary but it is also indicative of the mindset of the Government and the twisted priorities it seems to have inherited from its predecessor.

The Minister also said that the objective of the bank restructuring proposal was to recapitalise the banks in order to restore credit to the economy. That was the justification for providing an additional €24 billion to bail out the banks, bringing the total recapitalisation cost to €70 billion. This excludes the €25 billion for NAMA, which brings us close to €100 billion. I ask again what world the Minister is living in. The €46 billion already provided has not resulted in credit flowing into the economy. What makes the Government think the provision of a further €24 billion will have that effect? It is clear that the priority of the banks is to make profits and to restore their balance sheets. They do not give a hoot about the economy or jobs. That is not what they are there for. They are there to make profits and they do not consider it profitable to invest in the economy according to social need or the requirements of citizens.

Nor will this plan work in the future no matter how good the balance sheets of the banks, because the other side of the coin is the IMF and EU demands for austerity and cutbacks which are savaging the incomes of ordinary people. The banks are not lending because there is no demand in the economy as a consequence of the savage cuts in incomes. People do not have money to spend and the businesses in which they formerly spent money are going out of business. Why would the banks, recapitalised or not, lend money to those businesses? They will not do so because they are in the business of making profits and they are not fools. Seeking to restore demand into the economy and at the same time imposing austerity on ordinary people means we are moving in opposite directions at once.

The Minister also heralds the shrinking of the banking system down to two pillars and suggests this is an indication of the success of the new policy. It is not new policy; it is exactly what the former Minister, Deputy Lenihan, said he would do, at the dictat of the EU and IMF. The only likely result of that will be major job losses for ordinary bank workers. It is certainly not a new departure and it offers no great hope for people that the issues arising from this crisis will be resolved.

The madness goes beyond that. As part of this radical restructuring we are selling off the profitable portions of the banks. We are putting €24 billion into zombie banks in order to pay off bondholders while the profitable arms such as Irish Life, which made profits of €160 million last year and employs 1,000 people, are sold off. Why do we not retain the profitable sections which are generating revenue that could assist the finances of the State?

The alternative is to repudiate the bad gambling debts of bondholders and bankers. We are in debt because we have put on the shoulders of ordinary people the gambling debts of private financial institutions at the behest of the EU and IMF, which are seeking to protect their banks. Why are we protecting their banks at the cost of ordinary people in this country? Let us repudiate those debts. Instead of using the National Pensions Reserve Fund to bail out the banks we should use it for its intended purpose, as a rainy day fund to assist when the economy is in trouble by investing in jobs programmes, restoring demand in the economy, creating employment and reviving economic activity. Let us have a State banking system that does not

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take responsibility for private gambling debts. Such a bank would be viable and able to access credit on the international markets. It is the madness of taking on the private gambling debts of bankers and speculators that is sinking our economy. It is a tragedy that this Government is continuing down the same insane path as the last Government.

Deputy Seamus Healy: The previous Fianna Fáil-Green Party Government, and now the Fine Gael-Labour Party Government, would have us believe that the EU and IMF are good samaritans helping out a neighbour in trouble. Nothing could be further from the truth. The Irish taxpayer is being forced to bail out bankers, particularly German, French and British bankers, who have gambled recklessly and lost but who now seek an each-way bet on their losses. They have got such an each-way bet on their losses from both the previous and the present Government. They want the Irish taxpayer to pay for those losses, which is exactly the position of the previous Government and is what has been announced in recent days by the present Government. If this continues, we will be obliged to pay back to the EU-IMF a minimum of €5 billion this year and a minimum of €9 billion in 2014. This is a completely unsustainable position which, if it continues, will ensure that families, the country and the economy will be destroyed.

Although what Members have heard regarding this banking bailout is a continuation of the policies of the previous Government, it also constitutes the breaking of, and renegeing on, election promises. Throughout the election campaign we were told that Fine Gael and the Labour Party would sort out the banks, that there would not be another cent for them and that it would be Labour's way or Frankfurt's way. However, as many of us predicted during the election campaign, the Labour Party in particular has performed a U-turn on the issue. The poor middle-income and low-income earners are to be made pay the senior bondholders and taxpayers' money is being used to recapitalise the banks. Huge amounts of Irish taxpayers' money are being poured into the black hole of the banks, which is an outrage that constitutes a betrayal of Labour Party voters and of working people in general.

I understand that a jobs budget or a mini-budget or both will be introduced soon and I call on the Labour Party to insist that the additional total of €24 billion to be provided to these banks be recovered from the super-rich in Irish society by way of an assets tax. The top 6% in Irish society, that is, the super-rich, have assets in excess of €250 billion and a 10% levy on those assets during this emergency would recover the €24 billion, with €1 billion to spare. Perhaps the latter might be put towards the restoration of the Christmas bonus that was taken from the poor in recent years. Is there any chance of the Labour Party hitting the rich, rather than the poor?

Deputy Tom Hayes: The Deputy has dealt with the Labour Party.

Deputy Seamus Healy: I am appalled by the fact that the Irish people have been led into subordination to Britain, Germany and France, as well as the bankers and speculators of these countries, through the EU-IMF deal. I am appalled by the loss, through this deal, of sovereignty and independence. This is a real national, economic and social emergency and I believe the guarantee should be revoked and that small investors, including credit unions, should be compensated. To those who argue this is a risky strategy, my response is that no strategy is without risk as a result of the activities of the previous Government. Moreover, the most risky strategy of all would be to continue on the path followed first by the Fianna Fáil-Green Party Government and now by the Fine Gael-Labour Party Government. This path comprises robbing the people to pay off the debts of private banks and developers. This will end in a catastrophic default and a devastated country, as many commentators now admit.

An Ceann Comhairle: I call on Deputy Mitchell, who I understand wishes to share time.

Deputy Olivia Mitchell: I wish to share time with Deputies Tom Hayes and John Paul Phelan, if that is all right.

The economic crisis has been described in various ways, such as being catastrophic, disastrous and appalling. No superlative really adequately describes the enormity of what has happened to us or the public rage at what people now must ensure for the next number of years for sins they for the most part certainly had no part in committing. Like everyone else, I rage at what we now must do but it is the price of bankruptcy, which unfortunately is the state we are in. I believe, however, that the process of negotiating the bailout deal will continue. It did not conclude at last week's summit but will go on and will continue to be negotiated and renegotiated. I welcome the news that the EU now discerns that it may not be wise to negotiate with an outgoing Government and has decided not to enter negotiations with the outgoing Government in Portugal until after the next election, should a bailout of any sort be required.

I spoke last night about the treatment of bondholders and generally and while I had not intended to repeat this today, while listening to this morning's debate I noted that one speaker spoke about the treatment of bondholders. In my mind, there is a world of difference between debt restructuring and burden sharing on the one hand and defaulting on the other. One speaker this morning stated that he was not afraid of the word "default" or of using that word. It is a great luxury not to be afraid of that word because it is a luxury that is not afforded to the vast majority of people in Ireland. Anyone who has a job that depends on the Irish economy, who is dependent on a State pension or salary or is in receipt of social welfare does not have that luxury. Anyone who is dependent on having access to their savings in the banks, however meagre they may be, does not have that luxury. It is arrogant to state that one is not afraid of the word "default" because one should be afraid of it.

As part of the renegotiation, I favour a move by the ECB to medium-term money. There is no doubt but that being subjected to emergency or overnight money makes it extremely difficult for the banks. It is almost impossible for a bank that is dependent on going to the lender of last resort on an emergency or virtually nightly basis to attract any investors, as it simply does not inspire confidence. However, I welcome the commitment from the ECB and recognise that it will make it much easier for Ireland to move away from that position. It has not really been appreciated that the ECB has committed literally to giving an unconditional promise of money on demand to Irish banks. It has given an open-ended commitment to a full allotment of whatever the banks need. This is a huge concession and is by no means the norm. Central banks normally retain the discretion to have the variable rate of allotment of funds to banks in need of emergency funding because it is, after all, the manner in which the ECB controls the money supply. It is how it exercises its control over the money supply in the eurozone and to renounce that ability by giving our banks an open-ended commitment appears to be extremely generous, although it has not been widely recognised as being so generous. In the longer run, however, this probably is unsustainable from the ECB's perspective, which makes me think that it ultimately will switch to some kind of medium-term finance. As far as I am concerned, the sooner that is negotiated the better, because Ireland definitely needs access to cheap finance.

Much also has been said about the stress testing and its severity. The stress testing has been severe and this means that money is required upfront to recapitalise the banks. Moreover, it is true that the worst-case scenario was envisaged and that this has cost implications for Ireland. However, I believe this is essential because ever since September 2008, the worst case scenario always has materialised after every announcement. Even though Members were told of false dawns, that we were turning the corner and so on, almost within months there always has been a

[Deputy Olivia Mitchell.]

further announcement of the need for further financing for the banks. This has been extremely debilitating for public confidence and has had a huge impact on Ireland's reputation and credibility at home and abroad, as well as an enormous impact on the banks' ability to get back into business. In effect, there were three wasted years, the result of which is that we must overcapitalise our banks and provide a buffer against almost every eventuality, no matter how onerous this might be.

Some of the cost will be offset by dealing with subordinated bondholders at a level they might not prefer. It will also be offset by the sale of assets. I welcome the Minister's decision that there will be no fire sale of assets and that the banks will be given time to deleverage. What will be sold are the good loans, as they will command the best price, but the last thing we want to do is sell them at a price that is penal to us. We want to maximise their value. The ECB's open-ended commitment to provide short-term money gives us some time to maximise the value of those assets.

I welcome the new bank structures, which give clarity to the final shape of the banks. Irrespective of whether the two pillar banks are owned wholly or partially by the State — Bank of Ireland hopes it will retain some of its independence — they will largely be controlled by the State, so they will not be independent. Rather, they will be two banks with one owner, which is a monopoly by any standard, and monopolies are never in the best interests of the citizen. Even when their motives are benign, they do not produce the best deal for the citizen. The Minister recognised this when he referred to non-State banks providing the necessary competition. I hope this will be the case, although we have seen the flight of foreign banks from the country in recent years. Whether they come back or those in Ireland remain depends on growth in economic activity. It also depends on the conditions applied to those banks. For example, if non-State banks are required to carry the same capital ratios as the pillar banks, they are less likely to remain or to enter the market. If they are not subject to the same requirements and are allowed more lax capital definitions, they have an unfair advantage over the pillar banks. I hope the Minister will clarify this point.

Significant vigilance is required to ensure a competitive banking sector that serves the needs of the citizens and not the banks. I remember the bad old days when there were few banks and opening hours, fees and charges were all dictated by the needs of the banks and not the citizens they were meant to serve. The new architecture is an artificial construct. In such circumstances, allowing normal market forces to operate is difficult. The sector needs to be watched. Discussing a lack of competition is ironic, given the fact that intense competition caused the problem. However, that competition had no regulation.

I realise I only have one minute remaining. The property market is largely at the root of our problems. There is a natural inclination to punish that industry. We must be rational in how we deal with it, as not every buyer, seller, developer or investor did bad things. From our perspective, the bottom line is that, if the loans are not repaid, the banks suffer, and if the banks suffer, we suffer because we are the banks. While we need significant vigilance to ensure the property market does not create a new bubble, it is also essential that we not prevent the property market's recovery, thereby causing further problems for ourselves and the banks that are now synonymous with us.

Deputy Tom Hayes: I welcome the opportunity to say a few words on the important topic of the banking system and to express the needs and concerns of ordinary people. It is mild to describe people as being outraged about events in the banking sector. They are at a loss to know what the end game will be. While members of the Opposition shout at the Government and one another, every Deputy must be fair and open, tell the truth and say whether something

is possible. We hear much about burning bondholders. There is no better line for any politician, as he or she would be in every newspaper, on every television and radio programme, receive publicity everywhere and romp home in the next election. However, the reality is that burning bondholders is not good. What is good for the people is the important issue.

Think back to the difficult days of the 1980s. I was involved in farming at that time and saw many farmers getting into deep trouble. Those who reneged on the banks got deeper into trouble whereas those who negotiated with their banks reached a resolution on a way out. This is a small example of what we should tell people the country should do. I am not an expert in banking, but I know how to run a small business or small farm. Our country is no different, in that one should renegotiate and speak with people. Every Deputy must agree that we cannot burn the bondholders and that we should renegotiate with the people who gave us the money. As a country, we will then begin to dig ourselves out of this sizeable difficulty. We will create jobs and an environment in which the many young people leaving our shores every week for Australia, Canada, New York, London or wherever via Dublin Airport, Shannon Airport or Cork Airport can find work at home. In the coming weeks, an important jobs budget will be before the House. We will be sending a signal that we are serious about our business.

We must stop discussing the burning of bondholders. It cannot happen. It is mighty for headlines and newspapers, but it cannot and will not happen. I hope it does not happen. If it does, our country will never get another bob. This is a solid fact. People need to be more honest and straightforward about the matter.

Deputy Éamon Ó Cuív: The Deputy must have been in Damascus.

Deputy Niall Collins: Now that the election is over.

An Ceann Comhairle: The Deputy has one minute remaining.

Deputy Tom Hayes: I have only started.

An Ceann Comhairle: I am sorry.

Deputy Niall Collins: Let him keep going.

Deputy Éamon Ó Cuív: In the time he has been speaking, he has been to Damascus and back.

An Ceann Comhairle: Deputies, please.

Deputy Tom Hayes: I wish to address another issue. In the banking developments of recent years, the power and influence of local bank managers was lost. No one knew what was occurring in the community better than the local bank manager or the officials in the local office. In any bank reorganisation, I ask that we revert to such a situation. At branch level 20 or 30 years ago, people knew which members of the community could genuinely create jobs and were prepared to take risks. When my father and grandfather went to the banks to get money to do their business, they went to their local man. Since they trusted him, they repaid the bank even in difficult times. Has my time concluded?

An Ceann Comhairle: Yes.

Deputy Tom Hayes: I would love to speak for longer, so I am sorry.

Deputy John Paul Phelan: I am glad to have the opportunity to speak about bank restructuring. I listened to most of the debate this morning and I want to raise a couple of issues. This is a very serious discussion and I share much of the sentiment shared by Members on all sides

[Deputy John Paul Phelan.]

of the House. There is a sense of disgust which the general public and Members have that the State has been forced into a position of restructuring our banks and potentially place significant liability on the shoulders of ordinary taxpayers for some of the reckless practices which have been ongoing for a number of years in the banking sector in this country.

One could laugh at some of the contributions and particularly that of a former Minister, Deputy O'Dea. He spoke this morning about his disappointment in the announcement from the Minister for Finance, Deputy Noonan, about the two pillar banks and how we would have no competition in the banking sector in this country as a result of the Government's actions. The lack of competition is a direct result of the policies which the Deputy and his friends in the Government pursued for 14 years. We have been forced into a position where the new Government must step into the breach to restructure our banking system and potentially place enormous liabilities on the shoulders of ordinary taxpayers.

In my area Fianna Fáil Deputies are posing the question of having a referendum on the bailout. That issue was not discussed at the time of the last election and it was certainly not raised by any of them during their time in Government and over the past three years in particular. Most of the Minister's announcement last Thursday concerned an effort to restore confidence in the Irish economy and the banking sector in particular. The notion of a referendum at this juncture would destroy such confidence.

Deputy Boyd Barrett has left the Chamber but spoke earlier about the Minister's comments on Bank of Ireland share prices. The Minister was not referring to people who had invested in Bank of Ireland shares but he was using the issue, as anybody would, as a measure of the confidence of the market in what the Government announced last Thursday. Some confidence has become apparent as a result of last week's announcement. Deputy Boyd Barrett should speak to the person who was beside him, Deputy Wallace, as he argued that there was no demand in the economy for credit. There is much demand for credit and anybody with dealings with business people knows there is a significant demand, with many viable businesses not receiving that credit. That is what the restructuring is aimed at.

Deputy McDonald said earlier that there was no change in direction but a clear change was announced by the Minister for Finance, Deputy Noonan, last week. This package is all about restructuring our banking system and having a plan as to how the system will work in future. It is the first time we have had such a plan and the Fianna Fáil-led Government did not even manage to produce that much. There is also an effort to give people a sense of the scale of the problem and the Government having a handle on how big are the difficulties in our banking sector.

I will speak from a personal perspective at this stage as this is my first contribution in the Dáil. Many of my friends, including people I went to school and college with, as well as those I have known all my life, are suffering most from what has gone on in banking circles in the country for the past ten years. These are the people living in Canada, Australia, Britain and other parts of the world because of decisions made in this country, especially those relating to the property bubble. I am content that the Minister, with his announcement last week, is making a genuine effort on behalf of the Government to get to grips with the difficulties in the banking sector and to put a final figure on the resolution to this difficulty.

Deputy Niall Collins: At the outset I congratulate Deputy Jan O'Sullivan on her new appointment as she is a colleague from Limerick. I wish her well and there is no better person for the job. I also congratulate Deputy John Perry, who has just departed the Chamber, on his appointment.

I am grateful for the opportunity to partake in today's discussion on banking and we have had many debates over the past few years on the topic. This is the first time we have spoken to the topic on this side of the House. It struck me last week while listening to the Minister, Deputy Noonan, that his policy is a clear continuation of the previous Government's actions in dealing with the country's banking problems. The Minister is correct as the previous Government's policies in dealing with the problem were correct. It attempted to approach the issue in the best possible manner and took the best advice available at that point in time. The advice was held up by independent people no more eminent than Professor Honohan.

In that regard I was not surprised to see in the detail of last week's statement that the policy was one of continuation. I regret the politics played over the past number of years with regard to the banking issue, especially as we approached the election. We did not hear from the Minister last week with regard to burden sharing or burning bondholders but we heard about recapitalisation. That is correct. During the election, all we heard from Fine Gael and Labour was that there would be a burning of bondholders and no further recapitalisation.

Fine Gael and Labour are now in Government and must take real-life decisions. When the parties were on this side of the House they took the populist route and we should take the opportunity to point this out. I am not saying that I disagree with the parties' actions but I should point out the inconsistency. They led people to believe that they would approach the issue in a completely different fashion by burning bondholders and not recapitalising banks.

Deputy Jan O'Sullivan: That is not quite true.

Deputy Niall Collins: It is a fact that is on the record. It was Labour's way or Frankfurt's way and not another cent would be given to the banks. All the quotes are there and have been repeated throughout the debate *ad nauseam*.

Deputy Peter Mathews: I gave the real-world figures two years ago.

Deputy John Paul Phelan: The Deputy is deliberately misquoting.

Deputy Niall Collins: The term "burning bondholders" was raised by the previous speaker, and rightly so. We made the point a number of times in the past number of years regarding the burning of bondholders that these people may also be Irish citizens. Credit unions, for example, are bondholders.

Deputy Peter Mathews: Shareholders are also citizens.

Deputy Niall Collins: I believe I am in possession. During the election period we attended meetings arranged by the Irish League of Credit Unions. Its members spoke very cogently and strongly about the burning of bondholders. I received correspondence today from a credit union, where it is argued that credit unions invested their reserves in deposits and bonds of Irish banks, losing 14% in funds as a result of haircuts applied to a number of junior bonds in Irish banks. It is pointed out that in the current discussion of further burden sharing, it should be remembered that not all bondholders are well-heeled speculative investors. That is a significant point. Credit unions are bondholders and they include hard-working citizens around the country. We must keep everything in context.

The bank guarantee scheme was also mentioned and it is worth reminding Members that Fine Gael supported the introduction of the scheme.

The Minister, Deputy Noonan, stated, rightly, that part of the entire project of continuing to recapitalise our banks is to keep our money transmission systems and everyday trade and commerce working and ATMs functioning. That was said also by Deputy Brian Lenihan when

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he was Minister for Finance. Both clearly said as much, the Minister last Thursday. The purpose of the bank guarantee scheme was, in the main, to protect depositors who were like the credit unions throughout the country. There were billions of euro on deposit in this country. If we had allowed the banks to collapse that night in September 2008 there would be a different situation to tackle today. From that point of view this was a decision taken at a certain point to try to rectify the situation. It was upheld subsequently by Professor Honohan who conducted an in-depth analysis into it. We must continue to remind ourselves about the background of the people who examined the situation independently at the time and came to an adjudication.

The Minister's statement also reaffirmed the State's commitment to the EU-IMF programme for funding. When my party was on the Government side of the House we received all manner of accusations in that regard, "economic treason" and the like. The Government is in that space now but we will not go down that road. We will be consistent and responsible in our role in Opposition——

Deputy Jan O'Sullivan: The Deputy's party put us in that space. It signed up for it.

Deputy Niall Collins: ——and will not level those kinds of charges at the Government.

Mention was made also of the stress testing. We have been in this place before; we thought we had arrived at the final figure, the bottom, in the previous round of stress testing. Professor Honohan testified to that at the time. The new round of stress tests was carried out by Black Rock Consulting and I hope we have finally arrived at the bottom figure. However, we have not received any political certainty in this respect. The Taoiseach, Deputy Kenny, stated, in regard to the stress testing, "We do believe the stress tests stand up. I only hope this is final scale of it". We need certainty because banking is built on certainty and confidence. The House now has plenty of experts in banking who will testify to the need for certainty and confidence.

I refer to the notion of the two pillar banks. I agree there must a complete restructuring of the number of banks because the State was oversupplied in this regard. Having two main Irish-owned players will be a good move. Deputy Lenihan clearly indicated during his tenure as Minister for Finance that was the direction in which we were moving. I would not describe it, therefore, as radical but as necessary. However, it must translate into a flow of credit into the real economy.

In regard to the restructuring of the banks, I am very concerned by the absence of any real statement as to how this will affect the people working in the banks of whom there are many, throughout the country and in my constituency, County Limerick. Allied Irish Banks has 270 branches with 12,000 employees; Bank of Ireland has 254 branches. Between them the banks have 26,000 employees, people who live in our communities, whom we represent, and who contribute to our local economies. They heard the announcement last week that many of them potentially face a bleak future. We need to have a degree of certainty. The trade unions have written to the Minister——

Acting Chairman (Deputy Joanna Tuffy): Is Deputy Collins sharing time? If so, there is one minute left.

Deputy Niall Collins: Thank you. These people need to hear from the Government what their future is, as employees of the two banks which will move into virtual State ownership. It is very important they be drivers of industry and commerce across all our towns and villages throughout the country. They and their families are owed a degree of certainty, and the Government must make a statement on the matter.

As part of restructuring, in recent years there has been a clearing out of many of the directors at board and senior management levels and this must continue. We must consider the public interest directors who have been in place for a number of years. Many are former Members of this House. The Government must look closely at this issue. These are people earning six-figure salaries fulfilling their roles as directors on the bank boards who are also in receipt of State pensions for their time in the Oireachtas and in ministerial functions. We must look at the role of public interest directors in that regard.

Acting Chairman (Deputy Joanna Tuffy): Deputy Ó Cuív has just over nine minutes.

Deputy Éamon Ó Cuív: Go raibh míle maith agat. Tá áthas orm go bhfuil deis agam cúpla focal eile a rá ar an ábhar seo — bhí deis agam aréir ach tá go leor rudaí eile a d'fhéadfainn a rá.

One matter disappoints me slightly. In politics I have always taken the view that if I agree with something, no matter who says or does it, I will admit it. I have also taken the view that if I am proved wrong in something I should be big enough to accept I am wrong. Therefore, I am somewhat disappointed that it seems to be politics as normal with regard to the Government. However, it would not be right for us to play this game back no matter how tempting it is. It would be very easy for us to stand here and say we told you so, there were not the handy easy answers we were told about before the election. I reiterate what I stated last night, if the Government does the right thing now that it has the full facts I will support it in so doing. I hope some day the Government will admit that when it got into the hot seat and was faced with the complexity of the problems it actually found out then that what the previous Administration had been doing was the only real choice.

It was interesting to hear about the stress tests last week. One would think they had suddenly come out of the air in the past three weeks because of the new Government. We set them in train some time ago, having done previous stress tests. To a certain extent, a stress test is somewhat like digging a bog. One will only know when one gets to the solid ground when one hits the rock. We are not quite sure whether we are at solid ground yet but one thing is certain — until one reaches the solid area one cannot build the house. We cannot re-grow the banks until we find out where the bottom line is.

However, unlike the bog where one knows when one hits the solid ground, the problem with stress tests is that in themselves they create stress. They can affect the price of property on the market. This can in turn affect the performance of the economy, which in turn can affect the outcome of the stress test, or rather, whether the stress test proves in time to be the ultimate stress test, by giving the most conservative view. In that regard reality will be a little better than the test.

There was much talk about burning the bondholders. My colleague spoke of something I have been saying for a very long time. He quoted the letter from the credit unions and pointed to an issue I have mentioned repeatedly, namely, there is a great amount of ordinary people's money in bonds and financial instruments and one cannot separate it from the rich people's money. There is a large amount in pension funds, insurance and credit funds. If anybody can tell me there is a handy way to segregate all of that, separating out who to hit, I would love to hear how to do it. Nobody has yet told me how one can ensure, when hitting financial instruments, one hits only those belonging to rich people, not those belonging to the ordinary punters.

There is another way of approaching the problem. We had started to go down that road before Christmas, namely, to look at the source of funding and see whether Irish money could replace the borrowed money. However, to get that funding one must assure people, in this case Irish people, that sovereign bonds will not be reneged upon. I refer to the legislation I introduced to the House before Christmas in which we sought to encourage pension funds to invest

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in Irish sovereign bonds that would give a very good yield to those funds, far superior to that available in German bonds, and would also give money from Ireland to the Exchequer on very long-term loans of up to 35 years. No pension fund in Ireland will invest in a bond it does not think will be secure into the future. We looked and found that of €20 billion in Irish pension funds, 95% of the bonds in which they had invested were German, with practically no money in Irish bonds. That is an export of €20 billion from this country. There is another €40 billion in equities. It is not attractive for pension funds at the moment to invest in the German bonds because the rate is too low and if a person wants a good return on the pension, the tradition has been to put it into equities and then into bonds. The Irish sovereign bonds, as long as there is an absolute guarantee the bonds will not be reneged upon, give a much better return, in excess of 6%. The advantage of that was that it was attractive for some of the money now in equities to transfer into bonds. There was an ability through this to attract up to €7 billion of pension funds over time that is currently outside the country into Irish Exchequer funds issued by the NTMA. That would replace that amount of foreign borrowing. It is a simple formula. The beauty is that if there is a high rate of interest, it is being paid by the investor to himself, because the taxpayer is paying it to the taxpayer when it is being paid into Irish private pension funds.

It also deals with another problem facing society, that has not been debated here very often, but which is affected by everything that has happened in the banks and the markets: the difficulty faced by pension funds, both defined and non-defined, in resolving the huge issues they face since the collapse of the market. That is often ignored by those who are absolutely cavalier about people's money and bonds. They forget it is not that simple and that it will have an effect on people's lives in all sorts of ways.

Is the Minister continuing to pursue the policy we were pursuing on these sovereign bonds? I understood these bonds were to be publicly issued by the NTMA in the early part of this year and it is a no-brainer that we could all agree upon.

I believe in patriotism. Perhaps I am naive and old fashioned in that but we must be honest; the other problem that drove the IMF in here was the fact that Irish people, corporate and private, were taking money out of banks in this country and putting it into the sterling area. There has been a huge withdrawal of money from our banks. We were and are totally dependent on the ECB putting money into our banks to fill the black hole that has arisen as a result. We would not have been as dependent, and the IMF issue would not have arisen, if there had not been a flight of capital. It is hard to control the large corporate bodies but we could decide as a people, and it is incumbent on everyone in this House, to create a confidence in our future so that money flows back into the economy. Flight of capital used to be a preoccupation of the left, which was always on about nationalising banks in the 1970s and 1980s. They used to say Allied Irish Banks would invest money in Ireland and Bank of Ireland would invest it abroad and they were always calling for the circle to be closed and the money to be kept in the country.

No matter how painful it might be for this side of the House, we must support the Government in view of the way we were treated. I do not think we were treated fairly because for many of the decisions there were no viable alternatives. No matter how tempting it is, however, I do not think it is in the national interest to play that game back and I do not intend to do so. It is much more important to look at the interests of the Irish people, which are to encourage people by creating certainty and confidence in the banks and to bring that money back.

The management of the banks is another issue. There are many things where I still see no alternative if I had to do them again. We were probably too careful, because we always hear the argument about market confidence and corporate knowledge. We were too slow and careful to move against senior management and directors in the banks. We paid too much heed to the

market, even when the market had no confidence in them because of what they had done. Looking back, there is a lot of hurt felt by Irish people that a group of people could bring us to this ruination and seem to be able to walk away or retain their jobs and large amounts of money.

It has become a habit for broad swathes of the population to disclaim any responsibility for what happened. There were many bank managers who, for the sake of commission, when a young person applied for a loan for a house, would tell him that he had not asked for enough money and to take a car as part of the 30 year loan. The young person was not warned, as any proper business should do, that he should never take a car on a 30 year loan because no car will ever last 30 years. Those bank managers are as guilty as anyone else for tempting young people with money for the sake of commission.

Deputy Peter Mathews: This is a big topic where it could take a lot of time to go through the chronology of events to describe the story of why we are here today and in this state. Deputy Niall Collins suggested the Government Members do not live in the real world. The only reason I am here today is because I was in the real world two years ago and I prepared figures and facts, along with some other people, that showed what was happening and the establishment, including the Government, the Administration, the professions and the banks, did not want to hear about it. The biggest property and credit bubble that had ever been seen exploded and it was up to everyone to admit to the scale of the losses but they refused to do so. The Government and the establishment decided in a panic to give the guarantee. It was illogical to include in that guarantee bond investors because they were never going to be able to run on the banks because they had scheduled redemption times. Only depositors could cause a run on the banks. It was reasonable, therefore, to guarantee deposits but perhaps unreasonable to guarantee all the bonds. The Government did it for a period of almost two years.

In the immediate aftermath it then decided the NAMA project would be a way to separate the bad loans from the six banks and to deal with them while leaving the remaining banks without those bad assets to provide credit and liquidity to the economy because the bonds that would buy the bad loans could be used as collateral at the ECB to provide the liquidity and credit the country needed.

However, those involved did not use their heads, although they could have, because the Americans had considered a similar project called the toxic asset purchase plan. Following five or six weeks of laboratory bench testing, the Americans realised it would not work for many practical and other measurable reasons. They decided, with egg on their faces, not to proceed down the road of a plan which, our Government informed us through a public relations and propaganda machine, was the only show in town and which would do what it said it would do. This was despite the views of many people, including myself, who could demonstrate that the six balance sheets of the banks presented on a combined basis showed that in the period of six months from the beginning of the guarantee, effectively from the end of 2008 through to June 2009, notwithstanding the State guarantee over all deposits, including deposits paying premium rates, a total amounting to €32 billion left the country. This was because people did not believe there was a sound capital base for the banks, sufficient to absorb losses that would have to be written down.

The NAMA project had the temerity to try to persuade us that €23 billion of losses would be the total amount throughout all six banks and that this was the figure needed to absorb losses in the meltdown following the collapse. From where do I get the €23 billion? A total of €77 billion of loans were to be bought for €54 billion. This implied €23 billion of losses would have to be recognised. However, NAMA went further and stated that losses would not even amount to €23 billion because it would make a profit of €5 billion over ten years such that the

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net loss would amount to only €18 billion. That was absurd, even at that stage. However, it suited the possibility of keeping out of majority State control the two major banks and it left open the question of what to do with Anglo Irish Bank and Irish Nationwide.

This brings us through to March 2010. The NAMA project was proposed with a supplementary budget in April 2009. Luckily, the Dáil did not agree to provide an open cheque and agreed that NAMA would have to come back with the figures. The figures with which the Minister returned included one figure of €77 billion and another of €54 billion for loans to be bought from the five institutions out of six. That was announced on 16 September. The following Monday, I presented the combined balance sheets of the banks to show this project would not work. I also explained how the meltdown had occurred and that it was not because Lehman Brothers had gone bust but because the loan-to-deposit ratios in our banks had an average of in excess of 170% which is financial stupidity and carelessness.

In September it was insisted to everyone here, in the Seanad and even to the President, Mrs. McAleese, that the Bill must be enacted into law. Then began the slow admission, bit by bit, that loan losses would be greater than €23 billion. It reached the stage where, in March of last year, that is, this time last year, the prudential capital assessment review, PCAR, showed that Allied Irish Banks would require €7.4 billion and Bank of Ireland would require €3.5 billion in capital before the year-end to sustain losses. It was claimed that this would be sufficient for the banks to be totally refuelled and to be able to absorb losses. This was not the case because even on an overview basis of the portfolio, an examination of the loans which had been identified for transfer to NAMA and the application of a 40% level of loan write-offs, it was clear that AIB would need €10 billion and Bank of Ireland would need €6.5 billion before the year-end.

Despite presentations to the Joint Committee on Finance and the Public Service in the Leinster House 2000 building, conventional wisdom and the establishment said “No” and that they knew they got it right. However, it was not right. This brings us through to 30 September 2010. The revised measurement of estimated losses in the banking system were totted up to €50 billion. That was it; that was black Thursday. However, again it was not right because these estimates did not address the losses that will come down the tracks on mortgage lending. Based on the facts and figures at the time, a better estimate would have indicated that a total of €65 billion was needed on the NAMA type bonds throughout all banks and, for prudential reasons, perhaps a further €30 billion to absorb losses and to make provision against mortgage loans for the next number of years. This is from where the figure of €95 billion comes.

Deputy Pringle suggested there was a discrepancy between the figure announced last Thursday, a €70 billion capitalisation, and the figure of between €90 billion and €95 billion which I mentioned. However, there is no discrepancy; there is a reconciliation. The explanation is that the €70 billion is based on the €47 billion which has been invested by way of capital to date throughout the banks. This is not a figure from losses. When one adds to this the €24 billion referred to in the most recent announcement, a total of €70 billion arises. This is capitalisation and does not address the two moribund banks, Anglo Irish Bank and Irish Nationwide. In these banks the provision of losses to date is approximately €30 billion. There are bonds in these two remaining banks of up to €4 billion which could absorb any more losses and this is why the figure was parked to one side.

The achievement of last Thursday — it is an achievement — is that an announcement of a restructuring of the banking sector was made involving banks that are viable, that is to say, the two large banks as well as EBS. They will form a structure which will provide a framework for the starting point of the recovery and which is sufficient for a starting point. This is a picture which allows us to get a fix on the amount of loans in the six banks, at approximately €170

billion, mainly provided by the European Central Bank and the balance by our own Central Bank.

This figure includes emergency liquidity and it derives and has a provenance from the funding or the redemption of the senior bonds which were redeemed up to the end of last year. At the moment, the banks are funded by the capital which has gone in from the State, the ECB, Central Bank funding, senior bonds which have not yet been redeemed and deposits. Basically, these are the ingredients.

We should get the picture across to our counterparts in Europe. We are part of a bigger family and we are keen to be able to work constructively, to recover in this economy and not to distribute the losses unfairly to any party. Then, we present the fact that the losses are of the order of €95 billion. The amount of funding in place at the moment includes redemption of senior bonds up to the end of last year. To this extent, these bond investors have not contributed to or have not been presented with any of the losses to date. Therefore, what could be done and what is in prospect to do is to present to our counterparts in Europe the big, true, holistic picture and to consider restructuring of these loans in the banks on the basis that they may be partially written down, swapped for equity or whatever. This amounts to is the start of a negotiation and is not in conflict with the excellent work done by the Government and presented by the Minister for Finance. It is a clearer picture with more certainty of the engineered structure for the banking sector and the beginning of the way forward.

Mr. Trichet, Mr. Rehn or whoever in Europe may have stated that at the moment they take the view that there will not be restructuring, including a write down of bonds either from the remaining bondholders throughout all the banks or in some of the banks.

That is a discussion that can be re-presented.

There is no place for the intemperate language of burning bondholders. This is a professional presentation that should be done on a negotiated basis. When companies go into receivership or examinership and there are historical creditors that may remain future suppliers, everything is done on a negotiated and well understood basis, and that is still in prospect. I am confident that if the picture is presented in the right way and in the right language with firm presentation and persistence that the discussion can open because suppliers and creditors of either a business or a nation want to see the people with whom they engage survive and prosper. It is in everybody's interest. That is why I appeal to Members on all sides of the House to take this approach. It is the collegial and co-operative approach. It is the one that is based on facts. It takes the intemperance of language out of the picture and it shares the bill for something that has happened in a proper way or at least it addresses it and presents it in a proper way.

I remind some of the journalists abroad who might have said that while Ireland partied Europe worked, which is a comment I have heard made, that Europe and these institutions which invested in the bonds made a return on them and to date they have been fully redeemed bar only those that were subordinate bonds and were bought back in the market. The people who say that need to rethink what they say. I invite people to take a temperate and considered approach to all these things.

However, we will work forward. Ireland has a going concern basis. Exports are working well and in the domestic economy, now with the start of restructuring the banks and the load of the two main utility or pillar banks having been lightened, there will be the prospect of economically breathing again, but all of us must take a co-operative approach and one of laying out the full facts.

When it comes to measuring losses, it is not like taking a temperature. There is not a given such as 102° or 103° Fahrenheit; it is a well-judged estimate. The consulting firm Black Rock Solutions and Barclays Capital have models that look forward 12 years and they work back to

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what are capital requirements for the first three years. The other way is to admit the full scale of the losses and then to examine where that bill fairly rests and how to divide it. Then we need to examine what loans remain in the banking system, how can they be borne and if they are sustainable and, if not, like creditors in a restructuring of a company, we should write them to the reasonable level of starting point or try to reach agreement on that and move forward, as well as pricing it right for interest rate agreement.

We have got the right starting point. It is more certain as a starting point and it now depends on the mindset and preparedness to negotiate persistently, truthfully and in a balanced way. I am confident that like gravity the right financial solutions will be understood and the political will to put them in place will be achieved.

Acting Chairman (Deputy Joanna Tuffy): The next speaker is Deputy Ó Caoláin. I understand he is sharing time with Deputy Ellis.

Deputy Caoimhghín Ó Caoláin: I wish to share time with Deputy Ellis such that we will each have ten minutes.

Acting Chairman (Deputy Joanna Tuffy): That is agreed.

Deputy Caoimhghín Ó Caoláin: On April Fool's Day 2011 people in this country woke up to the reality that the new Fine Gael-Labour coalition Government, elected on the basis that it promised real change, had just pledged to pour another €24 billion of our money down the banking black hole.

Many people no doubt had the feeling they were taken for fools when they voted for Fine Gael and Labour in the belief that things were indeed going to be different. They believed the blanket bank guarantee was going to be set aside. They believed senior bondholders were going to be made to share the burden. Many believed it was going to be Labour's way not Frankfurt's way. Some may even have believed that the Minister for Finance, Deputy Noonan, the bruiser from Limerick, was going to stand up for the people's interest and fight Ireland's corner with conviction and determination at EU level.

The promises of our winter of discontent have now melted like snow on a ditch. The parties that roared like lions during the general election campaign are now bleating like sheep. However, this is hardly surprising. For years the leaderships of Fine Gael and Labour have been the most submissive voices in this country when it comes to everything that emanates from the European Commission and from the European Union elite in their drive towards a superstate.

In every referendum they parroted the words dictated to them from Brussels and Strasbourg. They poured scorn on those of us who warned against the selling out of our sovereignty. They branded us as narrow nationalists, anti-Europeans, extremists and economic illiterates — a litany of names. However, it turns out that our warnings were not half harsh enough. This State has been delivered, bound hand and foot, to the European Central Bank and the International Monetary Fund. We are to be bled dry to pay back the monstrous debts incurred by insolvent banks. We are to be sacrificed in the hope of saving the euro. I say "the hope" because there is no guarantee that the euro will be saved or that the end of this economic crisis will not be the collapse of the euro.

Let it not be forgotten that Fine Gael and Labour are the parties that colluded with Fianna Fáil and the Greens in refusing to accept the verdict of the people in the referendum on Lisbon 1. They joined with the EU institutions in browbeating the Irish people in a second referendum.

We in Sinn Féin stand by what we said then about Lisbon 2, and I want to read part of that. We said:

The cause of this recession is the drive to deregulate, privatise and cut direct taxation, that have been the hallmarks of governments in this country and across the world in the last number of decades.

They created an economy that was deeply unequal and incredibly vulnerable. Now that the bubble has burst the consequences of these inequalities and vulnerabilities are there for all to see. These right-wing policies have been exposed and totally discredited.

The fact is that the Lisbon Treaty was drafted by the same politicians who led the European economy into recession. It contains many of the right-wing economic policies that have caused the recession and that continue to prevent member state governments from responding effectively to the recession. It is the Treaty of Bertie Ahern and Charlie McCreevey, of Silvio Berlusconi, Jose Manuel Barroso and Nicolas Sarkozy.

Since 2004 the European Commission, under the stewardship of Portuguese conservative Jose Manuel Barroso, and ably supported by the European Court of Justice, has introduced proposal after proposal undermining sustainable economic growth, public services and workers' rights.

The Commission's singular focus on economic competitiveness has weakened the ability of member states to intervene strategically in the economy to promote economic growth, protect jobs, enhance environmental sustainability and provide universal public services.

Directive after directive has promoted the deregulation of markets in goods and services while other measures such as the rules on state aid and the Growth and Stability Pact have limited the scope for state intervention to strengthen the economy.

This is what Sinn Féin said in a document, *Alternative Guide to Lisbon 2*, published at that time.

The regressive policies that underpinned the Lisbon treaty helped to cause the economic recession. That is clear and obvious. Those same policies are dictating that the Irish people are to be punished for the greed and recklessness of bankers and financiers, many of them in France and Germany. The current situation in Ireland is similar to what we endured under landlord rule and the British regime in Dublin Castle. At that time the mass of the Irish people endured a bare subsistence in order to support a landlord class, many of the members of which were absentees. A huge proportion of the wealth of Ireland left the country in the form of rents. The ultimate result was mass starvation, eviction and emigration. Many of the hundreds of thousands who were forced to emigrate from our shores sent money to help their relatives back home in Ireland to pay rent and survive in their own land.

During the period to which I refer, the right of private capitalist property was counted more precious than the right to life. The situation today is not as extreme but the scenario is very similar. The so-called right of investors in corrupt banks counts for more than the livelihoods of the Irish people. Irish workers will be labouring for decades to pay the cost of a debt that they had absolutely no part in incurring. People will be impoverished for years to come so gamblers in the financial markets will not be obliged to pay the price of their speculation. Once again our children are being sent into exile and many of them will be sending home remittances to help support families and communities in this country which have been beggared by bad government and voracious financial interests.

All of this has come about as a result of the catastrophic failures of successive Governments during the past decade and because of the so-called solutions they concocted with their banking policy. They arrived at the site of a fire — in the form of the State's debt crisis — and trained

[Deputy Caoimhghín Ó Caoláin.]

their hoses on it. However, what emerged was not water but petrol. Petrol, in the form of the bank guarantee, has been poured on the flames and the conflagration threatens to consume what is left of the economy.

It is incredible that earlier in the debate the former Minister for Finance, Deputy Brian Lenihan, stated, “To be constantly demanding the dishonour of debt, as some Deputies do, is not good for this country, does not help its interest and is a form of economic treason.” That is absolutely breathtaking coming from the former Minister who brought in the IMF and the ECB, who repeatedly poured good money after bad into the banks and who for years had faithfully supported the Governments which created the crisis in the first instance.

According to the former Minister, Deputy Brian Lenihan, we are guilty of economic treason because we demand that the entire burden of debt should not be borne by the Irish people, that our children and our children’s children will not be left with the toxic legacy of Fianna Fáil and its friends — the bankers and developers — and international financial speculators. Is it not also economic treason to demand the restoration of the minimum wage? Perhaps in the former Minister’s view of the world, that indeed might be the case.

Deputy Dessie Ellis: The contrast between the manner in which the Government is prepared to continue with the disastrous bank bailout and that in which ordinary citizens are being treated could not be starker. Fine Gael and Labour are hardly a wet day in office and they have already gone back on their promises to make the bondholders pay and not to pour more good money into the black hole of the bank bailout. At the same time their commitments to offer some relief to the rest of us have either been shelved or placed on the long finger by promising reviews of various Fine Gael and Labour election proposals rather than actually proceeding to implement them. Normally one might ascribe this simply to cynicism on the part of parties which have achieved power and which now believe they can simply drop whatever commitments they made in order to win it. In fact we are dealing with something far worse and far more sinister in regard to the abandoned election promises of the current Government parties.

We have already seen that their promise to reverse the cut to the national minimum wage requires the approval of the IMF and the EU. It would appear also that they are bound by everything that is contained in the IMF-EU memorandum of understanding in respect of the banks. Hence, the reason we are discussing this issue today. Is it the case that the programme for Government is only valid in so far as it commits to implementing, to the letter and on schedule, the timetable of austerity measures and aspects of the bank bailout contained in the IMF-EU document?

We know that high-ranking members of Labour and Fine Gael were briefed by officials from the IMF, EU and ECB last November when the deal was put in place. It is interesting that a Labour official informed the media after its meeting that his party’s representatives had been told, “Measures that would reduce the effectiveness of the plan would not be welcome”. The Minister for Finance, Deputy Noonan, stated at the time that he and his colleagues had been given a comprehensive overview of what was in the memorandum of understanding and the measures required for its implementation.

Perhaps a Minister from either one or both parties might enlighten me as to whether this included their being informed that they would not be in a position to alter anything substantive in the memorandum. If so, did this include their being told that they could not reverse the cut to the national minimum wage? If the latter is the case, then judging by the programme mapped out by the IMF and the EU there is not much wriggle room. As a result, a great deal of what was contained in the election manifestos of Fine Gael and Labour will not only not be

implemented because of the austerity plan, but they will not be allowed to implement the proposals they put forward even if they wanted to do so.

There is also the issue that if both parties which are currently in government knew that they would be bound by the memorandum of understanding, then the election campaign was something of a charade. I say this because much of it was fought on the basis of promises regarding the banks and the bondholders and reversing the cut to the minimum wage. Both parties knew they would be unable to fulfil these promises once they accepted, as they have done, the parameters of the bailout and the consequent austerity programme.

As already stated, the contrast between the speed with which the Government has moved to continue to save the toxic banks and to protect the bondholders and its shelving of promises made to beleaguered citizens could not be starker. In the programme for Government, the current Administration attacks the policy of “putting the interests of big developers and the banks ahead of people looking to purchase a home”. The new Government also commits itself to assisting homeowners. However, in contrast with its actions in the context of pouring more money into the banks, all we get are promises to examine a number of options regarding how homeowners might be given some relief. One of these options includes a two-year moratorium on repossessions of family homes. That is something which, I am sure, everyone here would welcome. I will believe it when I see it, because in common with many of their election promises and their commitments in the programme for Government, actions are being replaced by reviews. They will review options to help mortgage holders and review the universal social charge. That is simply not good enough. The people struggling or unable to pay their mortgages, the people finding it more difficult to make ends meet because of the anti-social universal charge and the minimum wage workers who will be down at least €40 a week do not need reviews. They need actions that provide them with a chance to survive the onslaught on the ordinary people of this State unleashed on behalf of failed native bankers and speculators and anonymous international bondholders. These are people who we only know through their cats’ paws like Sir Peter Sutherland, who has selflessly put himself forward as a neutral and disinterested advisor on how best to ensure that the protection racketeering branch of his company, Goldman Sachs, gets its pound of flesh.

According to the Government we have a moral obligation to pay back these people, beggar ourselves and destroy our economy in the process. Who exactly are these noble bondholders, to whom we owe so much? There is a list on the Internet which provides the names of 80 of those who someone last week described as “surely the luckiest gamblers on the face of the planet”. Curiously, the mainstream media appear reluctant to publish the list, perhaps for fear of causing offence. According to the person who compiled the list, those companies that hold Anglo Irish bonds have combined assets under their control of almost €21 trillion. Their Anglo Irish bonds constitute a miserly €4 billion. That is around 0.02% of the value of the total assets under their management. They sound to me like people who might be better able to take a small loss than the cleaner on the minimum wage or the low-paid worker who has to pay the universal social charge. One of the senior Anglo bondholders is EFG Bank, based in Switzerland and 40% owned by Spiro Latsis, who is estimated to be worth around €9 billion.

Among them also are our old friends Goldman Sachs. I came across a few interesting descriptions of Goldman Sachs. Someone once described them as being like the fireman who starts the fire and then turns up to put the fire out but also ensures that the property burns to the ground. *Rolling Stone* magazine memorably and poetically described them as a “great vampire squid wrapped around the face of humanity, relentlessly jamming its blood funnel into anything that smells like money”. A bit dramatic perhaps but when one considers the amount of financial and economic power wielded by Goldman Sachs and the fact that power is often wielded to the disadvantage of the citizens of the states in which it is embroiled, it is not altogether an

[Deputy Dessie Ellis.]

unfair one. Those are some of the people who the Government and its predecessor have decided need to be looked after before their own citizens.

Having acted the hard men, threatening that it would be Labour's way or Frankfurt's way and promising that the senior bondholders would be told to take a running jump, they have quickly and meekly bent the knee. Even the crumb of a 1% interest rate cut has been put on the back burner and is now dependent on how well our IMF and EU masters decide we are shaping up under their austerity programme. Given all that and given the manner in which they have been happy to pick up the poisoned chalice of the bank bailout, perhaps it would have been more honest of them to have simply published the memorandum of understanding as the programme for Government rather than go through the charade of pretending that there is any way other than the EU's and IMF's as long as we continue to pick up the tab for these failed banks.

Acting Chairman (Deputy Joanna Tuffy): Deputy Ellis, you should not mention the name of an institution in the House.

Deputy Joe Higgins: Today's speech by the Minister for Finance, Deputy Michael Noonan, on the bank reorganisation was highly instructive as to how the Government seeks to judge the effect, successful or otherwise, of its policies. Deputy Noonan said that when the Government published its plan last week it had a number of objectives. They were to restore confidence in the banking system and in the economy, recapitalise and restructure the banks and restore credit to the economy so growth would rebound and jobs could be created. He went on to affirm that all three objectives are being fulfilled. Deputy Noonan relied on the activities and reactions of certain institutions to prove that confidence had been restored. Bank of Ireland shares rocketing was one and the price of Irish bonds being reduced to 10%, which is an incredibly high rate in any case, was another.

He then went on to quote some of the rating agencies. He said Standard & Poor's had declared that the outlook is now stable and had removed Ireland from its credit watch. He further quoted the Fitch rating agency saying the stress test was an important step. Furthermore, the Minister quoted the huge investment bank, Morgan Stanley, which is now, apparently, advocating to its clients that they buy Irish debt. This is a sign of the bank's confidence, allegedly, in the Irish economy as a result of an announcement made by the Government on the future of Irish banking.

Who or what are these various agencies? These rating agencies and Morgan Stanley are all institutions that make up the financial markets. These are the same financial markets that plunged the world into a financial and economic crisis only four or five years ago. We should look closer at these institutions and their track records. What is the role of these rating agencies? For example, in the United States sub-prime scam and scandal, which resulted in a world-wide financial crisis, the role of these agencies was to become involved in the process of toxic debts. They assisted and advised on the packaging, repackaging and selling of toxic debts to other institutions around the world and advised the gambling banks, which wished to make a quick buck on these toxic assets, on how they could get good ratings. The rating agencies were far from objective observers or dispassionate judges. They themselves became players in the financial markets. Moody's, for example, made a \$1 billion from the debt markets in 2005 and 2006. There is a huge conflict of interest. They, supposedly, sit out there above the maelstrom of the market and give objective assessments of countries and corporations and their financial viability while being involved in advising banks in relation to that and making massive fees as a result. A year ago, participants at the World Economic Forum conference in Rio de Janeiro, had something to say about this situation. The House will know that the World Economic

Forum conference is not a gathering of socialists. In fact, the pre-eminent and major corporations and investment bankers, all the players in the financial markets, are the ones who attend. The following is a quote from Jim Goodnight, the founder and chief executive of SAS, a leading business analytic software provider:

The problem we had was the rating agencies like Moody's had been paid by the banks to rate these pieces of paper and the banks let it be known they would shop until they got the right rating.

Lord Levene, the chair of insurance giant Lloyds of London and therefore not a member of the Socialist Party, stated:

Enron was rated Triple A just weeks before it went bust, so why didn't we learn from that and do something? Their business model was strange [speaking of the rating agencies]. If you have a target rated, who pays for the rating? The target [meaning the bank] does. That's a conflict of interest and I'm surprised the G20 didn't deal with that.

The editor of the Canadian *National Post* magazine then commented:

Perhaps nothing has been done because the same regulators who missed the Enron and tech bubble missed this credit bubble. Perhaps nothing was been done because of the inordinate political and media clout (and co-ownership) enjoyed by credit-rating agencies such as Moody's, Standard and Poor's and others.

In my view, the picture is very clear and yet the Minister for Finance of this State quotes these players, these participants in major gambling enterprises, as witnesses to the sound policy adopted by the Irish Government. Morgan Stanley is also an investment bank that has been up to its neck in the sub-prime crisis crash and scandal in the United States. The Irish Government is prostrating itself in front of these players in the financial markets, in front of greed-driven institutions whose only agenda is the maximisation of corporate profit. The same institutions carry full responsibility for the financial crisis that led to a particularly acute manifestation in Ireland because of the addition of the insane property bubble and crash. What we have is, in fact, a dictatorship of the financial markets who dictate the policy to supposedly democratically elected governments. The markets are international gambling casinos, run by anti-social speculators, who target entire countries, undermining currencies, undermining anything to do with social solidarity, in order to try to make a massive speculative gain. It is in front of these institutions that the Minister for Finance of this State and his Government of Fine Gael and Labour, prostrate themselves in regard to trying to find a solution to the massive crisis in Irish banking and the Irish economy, as a result of the activities of these very speculators and of the financial markets.

The entire economic and political establishment, the Financial Regulator, the Governor of the Central Bank, the chairman of the European Central Bank, Monsieur Trichet and the President of the EU Commission, Mr. Barroso, are all without exception lining themselves up to do the bidding of the financial markets. I spent nearly two years in the European Parliament and I was lectured almost on a weekly basis about the great democratic institutions this represented, so good that they want to spread this model around the world. Yet the leaders of that institution stand up and do the bidding of the financial markets, in other words, unelected, unaccountable, faceless institutions, in search of a maximisation of private profit. Is there any other way to describe that except to call it a dictatorship? The power of these financial markets should be broken on a Europe-wide basis because the working class, not just in Ireland but also in Greece, Portugal, Spain and other countries, are their victims. We should bring these financial institutions and markets into public ownership on a Europe-wide basis and put them

[Deputy Joe Higgins.]

under the democratic control of society, of working people, of the real producers in society, of the taxpayers. In that way we can have a publicly owned financial system that is geared to the advancement of society, to social solidarity, to the creation of jobs, to investment in infrastructure and in sound economic development and sustainable and environmentally friendly economic development instead of the casino-type activities which are current.

Tá €24 billiún á chur isteach arís sna bainc sa tír seo. Anois, tá €70 billiún ag teacht as foinsí poiblí, ag teacht ó cháiníocóirí, agus ag dul isteach sna hinstiúdaí seo. Ní haon ionadh go dúirt Gobharnóir Bhanc Ceannais na hÉireann, an tUas Honohan, gurb é seo an tarrtháil is daoire i stair an domhain. Is iad gnáth-lucht oibre na tíre seo atá ag íoc go daor as. Tá €17.5 billiún as an gciste pinsin, mar shampla, ag dul isteach sna bainc. Ba cheart a chuimhneamh gur airgead é seo ó lucht oibre, cáiníocóirí a oibríonn go crua, atá á réabadh agus á chur i gcontúirt in ionad bheith ann, mar a bhí socraithe, mar ioncam seasta d'oibritheoirí tar éis a saol oibre a chríochnú. Cén fáth? Chun bainc mhóra sa Ghearmáin, sa Fhrainc agus sa Bhreatain a shabháil ó dhrochfhiacha de bharr na spéacláireachta a bhí ar siúl acu i gcúrsaí tógála sa tír seo in éineacht leis na bainc anseo, le lucht tógála agus le lucht spéacláireachta na tíre seo.

Tá an Banc Ceannais Eorpach, an Seansaláir Merkel na Gearmáine agus an tUachtarán Sarkozy sa Fhrainc ag cosaint na mbanc mór Eorpach seo agus an ag cur an ualaigh ar ghuailí ghnáth-lucht oibre na tíre seo. Sin toradh tubaisteach pholasaí an Rialtais nua seo ag déanamh an rud ceannann céanna agus a rinne an sean-Rialtas. I gceann dhá nó trí bliana beidh fiacha——

Is there a problem with time?

Acting Chairman (Deputy Joanna Tuffy): No, the Deputy has five minutes if he needs it.

Deputy Joe Higgins: I thought the Acting Chairman was looking at me.

Deputy Brendan Howlin: I understood there was to be a ten minute concluding contribution from the Government side. Is that not to be?

Acting Chairman (Deputy Joanna Tuffy): Apparently it was not included on the Order Paper and therefore, the Minister will have to conclude by 7 p.m. and Deputy Higgins has another few minutes. The Minister may carry over his time to another day.

Deputy Brendan Howlin: It is hard to wrap up over two days but I will do my best.

Deputy Joe Higgins: Given that the Government is firmly in favour of longer sittings, perhaps the Minister will return to the House on Saturday or Sunday to complete his contribution.

Deputy Brendan Howlin: I will probably work in my Department on Saturday and Sunday in any case.

Deputy Joe Higgins: I, too, will work on Saturday and Sunday. I know how hard many public representatives work.

Lig dom leanúint ar aghaidh mar sin, a chathaoirligh. I gcionn dhá nó trí bliana beidh fiacha náisúnta de €220 billiún ag an tír seo. Beidh íocaíochtaí úis suas le €10 bhilliún faoi 2013. Má cuirtear san áireamh go mbeidh caiteachas ar oideachas na tíre — idir bhunoideachas, meánoideachas agus an tríú leibhéal — ag €9.2 bhilliún an bhliain seo, is féidir a fheiscint chomh tubaisteach is atá an scéal seo. Tá sé do-dhéanta. Dá mba rud é go ndéanfaí sclábhaithe amach is amach de lucht oibre na tíre seo ní fhéadfaí na fiacha seo a ais-íoch. Dá bhrí sin, ní féidir iad a ais-íoch agus beidh géarchéim millteanach mór i gcionn cúpla nó trí bliana.

Cén fáth go bhfuil an Rialtas ag cur ár ndaoine trín fhulaingt oll-mhór seo i dtreo's go gcríochnódh sé i ngéarchéim ar aon nós? Ní ceart pingin rua a íoc le lucht speiciléiréachta. Ba cheart na billiúin sin a chur isteach in infheistíocht infrastruchtúra chun na mílte post a chruthú, chun an lucht oibre a chur ar ais ag obair, chun saibhreas a chruthú agus chun teacht as an ngéarchéim eacnamaíochta uafásach atá ann i láthair na huaire.

Ba cheart ath-eagraíocht a dhéanamh ar na bainc, ach trí na bainc a thabhairt in úinéireacht phoiblí agus faoi stiúradh daonlathach ins an tslí is go bhféadfaí creidmheas a thabhairt do dhaoine féin-fhostaithe, do fiontair beaga agus do dhaoine go ginearálta. Chomh maith leis sin, ba cheart na billiúin a chur isteach in infheistíocht in infrastruchtúir chun na postanna atá ag teastáil a chruthú.

Is géarchéim Eorpach atá anseo anois. Tá lucht oibre na Gréige, na Portaingéile agus na Spáinne thíos leis an ngéarchéim seo chomh maith. Ba cheart go dtiocfadh lucht oibre na hEorpa le chéile chun cumhacht tubaisteach uafásach seo na margaí a bhriseadh agus córas daonlathach airgeadais a chur i bhfeidhm ar mhaithe leis an sochaí, le tromlach na ndaoine agus le gach cúrsa sóisialta, seachas a bheith ag cur níos mó airgid isteach ins na hinstiúidí príobháideacha seo ins an Eoraip d'fhonn níos mó brabúis a dhéanamh dóibh.

Minister for Public Expenditure and Reform (Deputy Brendan Howlin): While I concur with Deputy Higgins that people continue to be scandalised by the amount of money the public purse was required to contribute to maintain a functioning banking system, he is incorrect to suggest the full figure amounts to €70 billion or that the current bailout amounts to €24 billion of public money ón chiste phoiblí, to use the Deputy's words. As he knows, a number of contributors provided this sum. The objective of the Government was to minimise, as far as possible, the contribution from the public purse in this tranche of recapitalisation.

The banking sector has been the key focus of attention of the new Government's work for the past four weeks. While it is not in my direct line of responsibility in the Department of Public Expenditure and Reform, it has taken up most of my time to ensure that, in as far as practicable, the decisions made were rational and in the interests of workers, the development of the economy and the maintenance of jobs.

No one can be in any doubt regarding the scale and extent of the challenges which confront the incoming Government in seeking to achieve the goals I have outlined. However, following the announcement last Thursday, no one can have any doubt regarding the commitment of this Administration to work with our international partners. Unlike some people, we cannot tell our international partners to take a hike and then expect them to give us money the following day. Unfortunately, we need money to fund day-to-day expenditure because of the disastrous economic decisions of the previous Government. Having debated with some of the Deputies opposite during the election campaign, I am aware that they take the simple attitude that we should tell lenders to take a hike and instead live off the domestic treasury before returning to the bond markets when the treasury is exhausted. This is a hopeless analysis and it is unfair to present it to people as realistic. Many of those opposite did not seek to be in office or implement policy but instead sought to be in opposition, which is where they ended up.

As I stated, the goal of the Government is to reorganise and reconstruct the domestic banking system and return it to viability and sustainability. A major job of work remains to be achieved in this respect but the goal is a prerequisite to returning the economy to sustainable growth and achieving this Administration's foremost priority of creating employment. Regardless of whether we like the banking system, and Deputy Higgins does not like it, banking remains a key enabler of economic activity. The new and reformed banking system, the pillars of which were set out last week, will provide the foundation for rebuilding our economy's

[Deputy Brendan Howlin.]

capacity to provide the growth and employment that will deliver for people on an enduring basis.

In his statement last Thursday the Minister for Finance announced that the Government's decisions would provide for a radical restructuring of the domestic banking system. People are longing to know what will be the shape of banking in future. The decisions will also return the banking system to long-term viability and profitability and result in a final break in the vicious cycle of the banks' massive dependence on the taxpayer.

To the dismay of Irish people the domestic banks have to date required a substantial level of capital support from the State and funding support from the Central Bank authorities. It is, therefore, of the utmost importance and a critical initial priority of the Government that we radically restructure our banking system and reduce the bank's reliance on State and Central Bank support.

Deputy Lenihan referred to a lack of clarity as to the position of the European Central Bank. The ECB, shortly after the announcement last Thursday, welcomed the Irish authorities' rigorous assessment of the capital needs of Irish banks and indicated its support for the Government's commitment to ensure the capital needs of the institutions are met in a timely manner. It was further announced that the ECB had decided to suspend the application of the minimum credit rating threshold in the collateral eligibility requirements for Irish Government or Irish Government guaranteed debt instruments. In addition, the ECB committed to continuing to provide liquidity to banks in Ireland, a critical enabler of a functioning economy. This continuing and ongoing liquidity support from the euro system will remain critical in safeguarding the stability of the banking system and its capacity to support economic recovery over the period required for the banking system to return to full health and sustain itself through stable market funding.

Deputy Brian Lenihan also raised questions on the future of Irish Life & Permanent and burden sharing with shareholders. As the Minister for Finance set out in last week's statement, Irish Life & Permanent will require a significant restructuring of its business and shareholding to meet the capital requirement identified under the PCAR exercise. The management of Irish Life & Permanent has agreed to produce a detailed capital plan for submission to the Minister for Finance shortly, the basic elements of which are already clear and correspond to what is included in Irish Life & Permanent's deleverage plans.

The role of the group's bank, Permanent TSB, in terms of the future banking landscape will be examined in detail through the restructuring plan process the bank will undertake with the European Commission. The Commission will insist, in line with the Government's objectives, that the restructuring plan demonstrates that sufficient burden sharing has been achieved with shareholders in circumstances that capital support has been provided by the State.

Private Members' Business

Bank Bailout and EU-IMF Arrangement: Motion (Resumed)

The following motion was moved by Deputy Richard Boyd Barrett on Tuesday, 5 April 2011:

That Dáil Éireann:

recognises that:

- the bank bailout and the EU-IMF loan package arrangement imposes a hugely onerous debt burden on Ireland which will have profound consequences on the Irish economy and Irish society for years to come;
- there is widespread and justified outrage felt among very wide layers of Irish society that ordinary citizens, and most particularly those on low and middle incomes and the vulnerable in our society, are being forced to pay for the speculation and gambling of bankers, bondholders and developers by way of swingeing cutbacks and austerity;
- a wide body of civic, political and expert opinion, both nationally and internationally, believes that the debt burden arising from the bank bailout, the EU-IMF package, and the conditions attached to the package in the memorandum of understanding, are economically unsustainable or potentially will become so, and will damage rather than enhance our country's prospects for future economic growth;
- EU treaties signed by this country, with arguably far less grave or immediate effects for our economy and society than the EU-IMF package, have been put to referendum;
- faced with a similar crisis to that in this country, the people of Iceland demanded and won the right to a referendum on a proposed IMF loan package;
- recent developments in Portugal confirm that the financial and economic crisis now facing Ireland is very much a Europe-wide problem and that wide layers of society in other European countries are questioning the current EU approach to dealing with the banking and financial crisis;
- the Pact for the Euro agreed at the recently held EU Council summit and the strengthening of EU powers for monitoring the economic and fiscal policies of member states, particularly those involved in the European Stability Mechanism (ESM) and the proposed European Financial Stability Mechanism (EFSM), have potentially profound effects on the ability of EU member states and their citizens to decide their own economic policies; and
- there is an overwhelming democratic case for putting the continued bank bail-out and an agreement with such profound implications for the economic and social future of our country to a referendum of the people; and resolves to call a national referendum providing the Irish people the opportunity to accept or reject the bank bailout and the EU-IMF loan package arrangement.

Debate resumed on amendment No. 1:

To delete all words after “Dáil Éireann” and substitute the following:

- “— commends the Government for taking decisions that will lead to a radical restructuring of the domestic banking system, return the banking system to long-term viability and profitability and break the massive dependence of the banks on the State;
- acknowledges that these decisions will result in the banking system becoming the enabler of economic recovery by restoring public and market confidence in its financial health, management competence and ethical integrity;

- supports all of the actions necessary for the Irish banking sector to become smaller, more focused on core operations, better funded and better capitalised;
- supports the Government’s objective of strengthening overall fiscal accountability by separating bank risk from that of the sovereign;
- welcomes the Government’s restatement of its commitment to protect those whose funds are guaranteed by the Irish State, including depositors and others who continue to support our banks;
- acknowledges the continued high level commitment to the funding of the Irish banking system by the Central Bank and the ECB; and
- welcomes the Government’s commitment to bring forward as a matter of priority a jobs fund as part of its strategy to support employment growth and sustainable enterprise while adhering to the aggregate fiscal adjustment targets of the EU-IMF programme.”

—(Minister of State at the Department of Finance, Deputy Brian Hayes).

Deputy Mary Lou McDonald: The Fine Gael-Labour coalition Government sought and received a mandate from the people on 25 February last. That mandate was based on a whole series of electoral promises. It was meant to be a mandate based on commitment and backbone. They said it was a mandate to renegotiate the EU-IMF deal, and impose burden-sharing on gamblers and speculators, as well as reducing the crippling interest rate on money borrowed. However, that mandate has been spectacularly breached by the Government’s successive and startling U-turns.

The results of the recent election were a clear indication that the people had rejected the failed policies of the former Fianna Fáil-Green Party coalition and were demanding change. The time is long past for this new Government to grow the backbone it promised. Acceding to the call in this motion for a referendum on the EU-IMF deal is surely one of the best ways to do so.

The amendment to this motion seeks to welcome the Government’s restatement of its commitment to protect those whose funds are guaranteed by the State, but senior bondholders are in no way supporting the State. Nor does protecting and sheltering them support our economy. In fact, senior bondholders are leeches on the economy. Continuing to pay them will only serve to guarantee them a licence to suck the very lifeblood from this economy. The Irish people did not take pay and public service cuts or tax increases so that private investors could be rewarded.

The Government’s attempts at restructuring the banking sector are weak to the point of being anaemic. There was no ECB deal, no senior bondholder deal and no interest rate deal. The opportunity to impose haircuts on bondholders arrived with last Thursday’s stress tests, when losses and equity requirements were crystallized on the balance sheets. Our Government failed to grasp the nettle, however. It held on to the forlorn hope that by maintaining credits intact, creditors would rush back in with new money. The Government does not appear to have investigated the history of debt crises, which in fact is quite simple. Whenever one has a big cloud of debt, no new creditor will come back in any substantial way. Nevertheless, the Government clings to the hope that the latest bailout will create capital reserves so high that financial markets will begin to lend to it again, thus weaning our banks away from the ECB and getting the lifeblood flowing back into our economy.

Will capital comfort be enough to bring depositors and bond investors back? The fact that “we will have very well capitalised banks”, to coin a phrase, is far outweighed by their loss of credibility. Simply diagnosing potential damage to the banks’ balance sheets will not automatically reduce uncertainty. Similarly, the banks’ super-capitalisation will eventually be eaten away by the alarming increase in home-owner mortgage defaults.

It is a fiction to suggest the effects of these bailouts will be either a properly functioning banking system or one that will make a positive contribution to economic growth, but our bailouts were never designed for either purpose. Quite simply, they were designed to make whole those investors who would otherwise have been forced to partake of the rotten fruits of their reckless gambles.

Last week the Minister for Finance, Deputy Noonan, unveiled his new plans for bank restructuring. He revealed that Ireland would have two domestic, universal, full-service banks as the core pillars of the banking system. Bank of Ireland will make up the first pillar, while a merger of AIB and EBS will make up the second. We were also told that the core businesses of these new banks, into which we have pumped and are still pumping vast sums of money, will be focused on serving the needs of retail, commercial and corporate customers residing in Ireland. We are told that this new, restructured banking system is to lend in excess of €30 billion to the economy in the next three years, and credit will supposedly be flowing once more, just like the champagne in the Galway tent a few years ago. With €70 billion of Irish taxpayers’ money invested, we can only hope this credit materialises.

We have heard so much lately about stress tests and bank restructuring that the debt burden on the State and on ordinary people has almost been downgraded. At the EU’s insistence, peripheral countries are being forced to slash their budget deficits regardless of detrimental consequences for growth. As austerity drags down output, their enormous debts, expected to peak at 160% of GDP for Greece, 125% for Ireland and 100% for Portugal, look ever more unpayable. Bond yields remain stubbornly high, creating a depressing downward spiral of debt that inevitably chokes off growth.

Members of the current Government voted against the calamitous EU-IMF bailout only four months ago, so what has changed so radically to make them renege on their recent promises?

Deputy Derek Nolan: A contract was entered into.

Deputy Mary Lou McDonald: Does the Tánaiste and Minister for Foreign Affairs, Deputy Eamon Gilmore, remember telling the people of this State the following?:

Labour’s view is clear. This is a bad deal for Ireland. Because it is a bad deal for Ireland, we will vote against it here and, in the forthcoming election, we will seek a mandate to renegotiate it... Why are European banks being protected from losses in respect of senior bonds, while the Irish taxpayer is carrying the can? Europe made its contribution to the problem and must also make a contribution to the solution. It must do so because until there is a solution to the Irish crisis, there will be no overall solution to the euro crisis.

In support of the motion seeking a referendum on the bailout, I finish by quoting the words of the current Minister for Finance, Deputy Michael Noonan, who, when in Opposition, said of senior bondholders:

The Irish Government and the taxpayer has no liability whatsoever for these debts, but the bailout deal is now forcing them to accept liability because it puts this imposition on them. In the budget, the Minister for Finance reduced social welfare payments, punished the blind, disabled, widows, carers and the unemployed and he taxed the poorest at work, and

[Deputy Mary Lou McDonald.]

for what? It was so that the taxpayer can take on liability for debts the country never incurred and arose from private arrangements between private institutions. What a disaster and an obscenity. How can the Government stand over it? How can our European colleagues stand over it?

With those words, the Minister for Finance put more succinctly than anyone else the case for a referendum on this deal.

Deputy Paschal Donohoe: I wish to share time with Deputies Regina Doherty, Michael McNamara, Michael McCarthy and Derek Nolan.

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

Deputy Paschal Donohoe: The contribution from Deputy McDonald is notable in three ways. The first is in regard to what I thought was a somewhat sneering hope that everything the State is clinging to will collapse into chaos so we can then use that as some way of winning an argument. The security and stability of the State is in question — we know that as well as the Deputy. We understand that we have a responsibility to keep our banking system intact and to find a way to regain the sovereignty of the State.

The second way in which the contribution was notable was that at no time during its eight to ten minutes did I hear a single statement regarding what Sinn Féin would do differently. Nowhere did I hear the course of action it would undertake if it ever found itself in a position of authority.

Deputy Mary Lou McDonald: I wish I had a few more minutes to do that.

Deputy Paschal Donohoe: That is a fact. In the eight to ten minute contribution, which I was happy to listen to, nowhere did I hear what Sinn Féin would do differently. As somebody from a party that had the misfortune to spend so long in Opposition, I can tell Sinn Féin that this kind of rhetoric will get it so far but it will not get it to where it needs to be, which is in a position to come up with a credible plan that people want to listen to and believe.

Deputy Dessie Ellis: We have already done that.

Deputy Paschal Donohoe: The third notable feature of the contribution concerns the fact, which I acknowledge, that Sinn Féin has made an extraordinarily positive contribution to the State in terms of what it has done in the North and the peace it has played such a powerful role in bringing about. It did that through years of patient, positive, incremental negotiation. However, it is now looking at a Government that is trying to undo three years of the most disastrous banking policy in modern European if not global history, yet Deputy McDonald is disappointed it cannot be done in three and a half weeks, forgetting all of the positive lessons her own party demonstrates. That is the challenge.

To return to my second theme, the question is what would be done differently, which is an issue of deep concern to me and members of the Government. I thought it noteworthy that Deputy McDonald described bondholders as “leeches”. Actually, it is bondholders — private investors who buy Government debt — who provide the money that keeps our schools and hospitals open, whether they be in investment funds or pension trusts. A recent study from University College, Cork stated that half of those funds were held by Irish citizens. Are we calling those people leeches?

Deputy Pearse Doherty: That is disputed.

Deputy Paschal Donohoe: I wish it was the case we were in a situation where these so-called leeches, a term I reject, were in a position that they wanted to lend money to Ireland. The tragedy of what the Government has inherited is that the international markets would prefer to lend money to Thailand or the Bahamas than to the Republic of Ireland. That is the plight the Government must undo and what we will undo during our term of office.

The reality is that this is a path which will take time as well as clear and hard choices. In the programme that has been announced and in the work that has already been done, we have seen the clear intent and ability of the Government to do this. This Government differs from the last in that it knows the current plan on offer is not working for the State, for its ability to return to the financial markets or for the banks. It also differs from the previous Government in that it knows, given the state of affairs we have inherited, that we cannot get money from anybody else. Therefore, what we have, we must work with and improve, which is what the Government is committed to doing.

What we have already done, and outlined to the House, concerns the subordinated debt that is held by Anglo Irish Bank and Irish Nationwide. The Government has made clear its commitment to work in that regard. We need to find a way of making burden-sharing happen but it needs to happen in a multilateral context. There is €35 billion of senior banking debt, to which Deputy Pearse Doherty referred earlier. Out of that, some €16 billion to €18 billion is unsecured and unguaranteed, and this is where any state would have a chance of making a gain. If we were to attain a haircut in line with what has been achieved in previous situations, there would be a gain of €8 billion. The equation this Government must weigh up is in regard to a once-off saving of €8 billion versus the €70 billion of funding at 1% that is coming in to keep our banks open.

The Government represents ordinary people — those going to schools and hospitals, who need their banks kept open. We know it will take longer than three weeks to make progress on that but we have made a good start.

Deputy Regina Doherty: I support the amendment to the motion. The situation we find ourselves in as a country is unforeseen, and it is the fact it is unforeseen that is one of the biggest problems I have. What does “unforeseen” mean? Does it mean nobody was paying attention and that there were no watchdogs or caretakers in recent years? The dictionary definition of “unforeseen” is unexpected, not predicted, surprising, sudden or accidental. However, this was no accident, and the signs were there if the last Government was looking for them.

However Ireland came to be in such a state, this Government has to deal with the legacy and we must face the resolution together as a country. In an ideal world where there were no risks or consequences, the idea of the proposed referendum might be a good one. Then again, if we lived in ideal world, we probably would not be in the situation we are in today. A motion such as this only serves one purpose, namely, to give the people of Ireland a false sense of hope, which to my mind is a cruel and unusual punishment.

We are but a few weeks after a general election where the Irish people gave the Government the mandate to sort out the economic situation, which is what we are doing. We are committed to a programme of financial support for Ireland but one must remember that the EU-IMF deal is negotiable and, therefore, it can be amended to accommodate the new programme for Government, provided the aggregate fiscal adjustments are respected.

Hypothetically, if this referendum was to take place and the result was to reject the bailout deal, what then? What is the Technical Group’s plan after that? Is there a plan? If there is one, I have not heard it, other than in regard to the plan to raise corporation tax, the one

[Deputy Regina Doherty.]

tested initiative that brings tens of thousands of foreign investment created jobs to this country to support Irish families. If that is what is on offer, I could not agree to it, and it seems the best on offer here is to jeopardise those jobs.

The reason there has been general acceptance of the EU-IMF deal thus far is because there is no other feasible or workable alternative. From where does the Technical Group propose we get our future funding? While there have been many criticisms of the renegotiation process and many ideas on what we should do immediately, no long-term plans have been proposed. With the EU-IMF deal, we have a plan. It may not be as good as we hoped but it is a workable plan that will see results.

In the history of the State there has never been an ordinary referendum, which is the type of referendum proposed in this motion. While there have been referendums on Lisbon, Nice, divorce and so on, these all went to change elements of the Constitution, the very foundation of our State, whereas this proposal would not.

We said throughout the general election campaign that there would be greater transparency when it came to all matters of Government and we have been truthful with the Irish people. I reject the comments Deputy Adams made yesterday that Fine Gael has done a complete U-turn on its five-point plan. The Government has been working steadily for the people of this country since it was elected and it will continue to do so. Now is not the time for a referendum; now is the time to boost the confidence of Irish businesses and gain European and international trust in doing business in our country. We need to prove Ireland is a stable country in which to set up business.

We have no choice but to honour the commitments made by the previous Government to protect those whose funds are guaranteed by the State in order to move Ireland's growth and development onwards. Since the announcement of the stress test results and the Government's restructuring plans for the banking sector, we have seen a rise in Bank of Ireland shares. This type of confidence has not been seen in Irish banking shares for a very long time. The banking system is a key enabler of economic activity and a return of this type of confidence will assist the Government's jobs strategy success. We will continue on a path towards recovery. We will make the jobs fund a major priority to support employment and encourage sustainable enterprise. In this way we will reach the targets under the EU-IMF programme, thus reducing the pain felt by individual families throughout Ireland. That is our priority. I trust the Government to fulfil the promises my party made during the election campaign. I commend the amendment to the motion to the House.

Deputy Michael McNamara: As this is my first opportunity to speak in the House, I take the opportunity to express my gratitude to the electors of County Clare who have bestowed upon me such an honour. I do so cognisant of those who have represented County Clare before me, both within the Labour Party and without, since the foundation of the State and before.

This is not the time to hold a referendum, as proposed in the motion. It is tempting to imagine that in one heroic act we could fly clear of the entrapment that is the hugely onerous debt burden which the blanket bank guarantee and the resultant bailout deal have imposed on the State. However, the blanket bank guarantee, which it must be stressed was exactly such a unilateral action as that proposed in the Technical Group's motion, was not the act of a despotic foreign political institution, rather it was the act of the democratically elected Government of this sovereign state. The Government which I support is now tasked with dealing with the resultant fiscal and economic crisis in conjunction with our European partners. I support the proposed amendment to the motion.

Were a referendum to be held and were the people to reject the bank bailout, which I do not accept they would, it would change nothing. The difference between what the State takes in and what we spend on day-to-day expenditure items is €21 billion. We cannot as yet raise these funds in the markets, although the indicators are good for the future. As such, how do the proposers of the motion suggest we continue to pay gardaí, teachers and nurses? How do they propose that we raise the funds to maintain the weakest in our society in the dignity their humanity demands? They cannot say. As the banking system is reliant on short-term funding to the tune of €120 billion from the ECB to continue to function, how do they propose to ensure ATMs across the State will continue to function? They cannot answer. The reality of what is envisaged in the motion is a morning when ATMs will not function and social welfare hatches remain closed, a morning when chaos will reign and the weakest and most vulnerable become collateral damage in the proposers' ideological parlour game. The reality is that the State's debts will persist unless and until they are dealt with multilaterally. It is for this reason that the Tánaiste announced a diplomatic offensive last week. To the members of the Technical Group who proposed the motion I say they will have a referendum, one which will profoundly impact on the course not only of the State but of the entire European Union. However, such a referendum will take place only when there is something meaningful to refer to the people.

The current European bailout mechanisms are built on makeshift legal foundations. The Irish bailout deal, which we all found repugnant but which those of us on this side of the House regard as unavoidable for the present in the circumstances of our inheritance from 14 years of misgovernment by Fianna Fáil, requires taxpayers to pay interest and capital on a huge loan to enable us to fund the State. This loan comes from European taxpayers who will carry the can if we default.

A domestic legal challenge to German participation in the European Financial Stability Mechanism and the European Financial Stability Fund was brought on the basis that the bailout mechanism had no legal basis in the EU treaties and, in fact, contravened treaty provisions. The Treaty on the Functioning of the European Union excludes the Community and any member state from liability for and assumption of the commitments of bodies governed by public law or public undertakings of another member state. The only basis for the current mechanism is that financial assistance may be granted, under certain conditions, to a member state in difficulties or seriously threatened with severe difficulties caused by natural disasters or exceptional occurrences beyond its control. A decision has yet to be handed down on that challenge.

Concern that the German Federal Constitutional Court could rule against German participation in the bailout mechanisms in the absence of some guarantee against future moral hazard led to Chancellor Merkel's demand at the EU summit at the end of October last year that future bailout mechanisms, to replace the current one, force bondholders to accept an extension of debt maturities, suspension of interest payments and even a write-down of that debt. On 11 November last she reiterated her call for private investors to share the burden of adjustments in bailouts, piling pressure on Ireland as investors sold Irish bonds on fears of default. The French Finance Minister, Christine Lagarde, supported Chancellor Merkel's position, saying investors must share the cost of sovereign debt restructurings. By then Ireland's already precarious fate had been sealed, leading to the announcement of a loan of €85 billion on 21 November.

It has been suggested in European quarters that the permanent bailout mechanism and its form, in particular whether it incorporates burden sharing, may require only minor changes to the European Union treaties, which could be approved through an expedited process that would avoid a full constitutional convention. It is undeniable that a bailout mechanism widens the scope of Union powers beyond the general framework created by the provisions of the treaties as a whole and, in particular, those that define the tasks and the activities of the Union.

[Deputy Michael McNamara.]

Therefore, it will require a constitutional convention and subsequent ratification by each member state according to its national legal framework, which in Ireland means a referendum. The form of the permanent bailout mechanism will determine whether the taxpayers of member states — whether this state or another — will be required to guarantee the gambling debts of renegade banks, with taxpayers throughout the European Union the ultimate guarantors of these debts.

We must ensure such a profound change to the European Union mechanism is not made. I am confident we will find ready allies in this task across the European Union. That is the diplomatic battle with which the State must now engage and we must prevail. To do so we must demonstrate that this is the sovereign, independent state, the accession of which to the European Union was negotiated by a previous representative of County Clare in this House, not merely a bunch of bed-sit revolutionaries as the proposers of the motion would have us portrayed. I remind Members that it was another representative of County Clare, Daniel O’Connell, MP, who said “all ameliorations and improvements in political institutions can be obtained by persevering in a perfectly peaceable and legal course.”

An Leas-Cheann Comhairle: I congratulate Deputy McNamara on his first speech in the House.

Deputy Derek Nolan: I congratulate the Leas-Cheann Comhairle on his appointment. It is a great honour for him. I am glad he is not in my constituency but at a safe remove in the next one.

I am pleased that the rostering seems to be scheduling to me to speak after Deputy McDonald on every occasion. In referring to the banking restructuring plan as outlined by the Government last week she again stated that it was the Government’s proposal that €24 billion of taxpayers’ money be put into the banking system. That is not the case. What happened last week was that it was indicated how much capital was required by the existing system. The external experts who have examined it have concluded that €24 billion is required, in an adverse scenario, in order to bring certainty and stability to the banking institutions and generate investor confidence. The Government has committed to burden sharing within that figure of €24 billion, that other sources of income from the sale of assets will be sought and that there are ongoing negotiations with the European Union on these issues.

It is necessary in this debate to go back to the introduction of the blanket bank guarantee which was supported by every party in this House at the time, with the exception of the Labour Party. As has been stated, this bound the State’s finances at the hip to those of the banks and has left us in a position in which Ireland’s sovereign debt is linked to private debt and developers’ gambling debts. All Members are familiar with what the country is stuck. However, when the State signed the EU-IMF deal last November or December, it placed a straitjacket on the actions open to future Governments and future Members of this Parliament. The deal not only was signed by a sovereign government, but was ratified by a sovereign parliament in a subsequent Dáil vote, which means that we have entered into a legally binding contract. Unfortunately for Ireland, at that time it was unable to fund itself otherwise. Ireland no longer has credibility in the international markets as people do not believe that we can repay and, consequently, our only source of income is from the EU and IMF.

This motion seeks a referendum on the deal and while it is not for me to dictate the wording used, I would have preferred reference to points of improvement or change or on negotiating positions, rather than simply to a referendum request, which gives rise to a number of issues. First, a referendum would give rise to questions on whether it would be legally binding and

were we to so do, whether we could be dragged through the international and European courts for reneging on a deal to which we have signed up in good faith and from which we are benefiting and receiving funds. As to whether it would be possible to breach the deal on foot of the Parliament and the Government having signed up to it, I am unsure whether a subsequent referendum would have the legal standing to stand up to such a challenge.

Another point reverts to the role of the Parliament. Three parties in this Dáil, namely, Fianna Fáil, Fine Gael and Labour, conducted the election on the basis of the EU-IMF deal in one shape or other. In the case of the Labour Party, it was to seek a mandate from the people to renegotiate the deal. I understand the position was similar in the case of the Fine Gael Party and that the Fianna Fáil Party stood over it without any changes. As for referendums, I refer to the previous European referendums and question whether the scope for debate on such matters would be better channelled through the parliamentary process, in which they could be given due consideration and discussion and could go through committees and so on. Alternatively, I question in many respects whether this issue is capable of being debated in the kind of media environment in which we find ourselves, in which snippets and three-minute shots across the airwaves are the manner in which national debates take place. However, that is an issue for another day.

While I do not suggest that the debate in this House over the past two weeks has been wrong, because it is right for this House to debate banking strategy, I believe Members are taking their eyes a little off the other major and important issue that must be discussed, namely, the economy. In many ways, the economy is a very different matter from the banks. Were the deficit we face of €20 billion per year to continue without being addressed over the next four to five years, it would quickly amount to borrowings of €100 billion, which would be a far greater amount than that which thus far has been pledged towards the banking system. This is the subject on which Members must place their real emphasis in the next number of years. The Government has many ambitious plans and I acknowledge that the jobs budget will be introduced within the next month or two to start that ball rolling.

While there certainly is need for renegotiation of the deal, it was evident that this is coming at the conclusion of the last European Council when it was asked and agreed to that the issue for Ireland would be postponed until the end of June. No money has gone into the banks thus far, the amount of capital allocations is also for decision at the end of June and negotiations in the meantime are under way. To put up people's hands or to state we have surrendered, that it is all over and that the current Government is the same as its predecessor before any negotiations have concluded, is both to hamper the Government's negotiating efforts and to portray a fiction and something that is not exactly accurate. I will conclude on that point and again congratulate the Leas-Cheann Comhairle on his new position.

An Leas-Cheann Comhairle: I thank the Deputy. I call on Deputy Thomas Pringle, who I understand is sharing time with Deputies Seamus Healy, Catherine Murphy, Mattie McGrath and Mick Wallace.

Deputy Thomas Pringle: This motion calls for the bank bailout deal with the IMF-EU to be put to the people. It is as simple as that. The bailout that has been debated in this House over the past few days is in the form of a further capitalisation of the zombie banks. I refer to Deputy Nolan's contribution, in which he stated that it was not €24 billion of taxpayers' money that was going into the zombie banks. However, it is taxpayers' money, as it is coming from the National Pensions Reserve Fund, to which taxpayers have contributed over recent years. Moreover, it is coming from €7 billion that the former Minister, Deputy Brian Lenihan, placed on deposit with the banks when he refused to undertake the recapitalisation before the election and which also came from the National Pensions Reserve Fund. Furthermore, the money that

[Deputy Thomas Pringle.]

will make up the difference and which may have to be borrowed becomes taxpayers' money when the taxpayers borrow it. It becomes taxpayers' money that must be repaid at 5.8% interest to the EU and the IMF.

The Government hopes this will be the final recapitalisation needed for the banks and last night, Deputy Mitchell mentioned that she had hope for this recapitalisation. Hope is all that one is left with because while one lives in hope and that this will be the end, I do not believe this will be the case. Earlier today, the Minister for Finance stated that the recapitalisation was a huge success because Bank of Ireland shares have jumped in the markets on foot of the news. The share price has jumped because the speculators know the Government will do everything in its power to protect them and their investment and that they can make short-term gains on the same markets that have frozen Ireland out from sovereign borrowing.

Last week, Members debated the universal social charge and everyone is aware of the harm it has done to working people. The next three years will see more austerity with €3 billion to be taken out of the real economy each year to meet the terms of the bailout deal. This will be to bail out French, German and English banks that fuelled the madness of the last ten years while the Fianna Fáil Party cheered it on from the sidelines and added fuel to the fire with its reckless policies. These policies in respect of the bailout now are being continued by the Government. The latter has taken Fianna Fáil's clothes, which I must say fit them well. The austerity Ireland is facing will see small farmers, the unemployed, pensioners, low and middle-income earners, as well as children and the sick, being punished by the Government. The effects of this austerity package will be the closure of small schools and hospital wards and the removal of income supports for farmers, working families and the unemployed. This will lead to further stagnation of the domestic economy. This week has revealed a fall in VAT and income tax receipts and the increase to €1.4 billion in the first quarter of this year of interest payments on the national debt. This spiral of reduced tax receipts and further austerity will push Ireland further over the precipice into the restructuring the Government states it cannot countenance.

However, an alternative has never really been discussed. A referendum would allow such a discussion to take place, which might see the development of surprising alternatives. Such a discussion could put the people first and not the banks and spectators. Although the Minister of State, Deputy Brian Hayes, last night stated that he sought an honest debate on this issue, he did not bother to address a substantive issue in the motion, namely, calling for the Irish people to have their democratic rights confirmed and the question put to them on the EU-IMF bailout. Instead, he moved an amendment that bears no resemblance to the motion. I must ask the Ceann Comhairle for a ruling in respect of Standing Order 53, which states "Every amendment must be relevant to the motion to which it is proposed". I believe this amendment has no relevance to the motion that was placed on the Order Paper by the Technical Group.

One has been treated to speaker after speaker on the Government side waffling on about the bank bailout itself, while clapping themselves on the back with regard to how they now have sorted it all out. While time surely will tell, of greater interest is the Government's reluctance to debate the issue of the merits or otherwise of putting a question to the people and letting them decide in a truly democratic way what they wish to do about a bailout, thereby gaining a definite mandate from the people to negotiate a new way that puts ordinary working people and families at the heart of the solution, not the banks and the class that have put us into the hands of the IMF and the EU.

Speaking on RTE's "The Late Debate" last night, Deputy Keaveney gave the game away when he stated the reason the Government would not hold a referendum was that it knew the answer, namely, that people would reject the bailout out of hand. It strikes me that, although

the Government has a significant majority, it must table an amended motion that praises itself and the steps it has taken to resolve the issue.

An Leas-Cheann Comhairle: Out of courtesy, I wish to inform the Deputy he has used six minutes.

Deputy Thomas Pringle: I will just use 30 seconds more. The amendment tells me the Government knows it is wrong, does not have confidence in its actions and is afraid of its people. After only a month in office, it has relinquished its mandate and rejected the people who voted it in by taking on Fianna Fáil's clothes.

Deputy Seamus Healy: Like the organisation I represent, the Workers and Unemployed Action Group South Tipperary, I am committed to an alternative Ireland that unites working people, whether public or private sector or Irish or migrant, with the unemployed, social welfare recipients, pensioners and students in a struggle to change society. I favour an end to the bailout of banks and developers and a refusal to pay the debts of private banks to international speculators and finance houses. I am appalled that the people have been led into subordination to Britain, Germany and France and to their bankers and speculators through the EU-IMF deal. I am appalled at the consequential loss of sovereignty and independence. I am also appalled at the payment of a new *cíos dubh*, a new rack rent, to international speculators and bankers.

Allowing private banks to borrow €90 billion abroad between 2003 and 2007 was an act of treachery by the former Government and the Irish establishment generally. The blanket guarantee of all bank debts by the former Government was the greatest act of national treachery since the Act of Union.

Deputy Brian Hayes: It has been a long time since 1801.

Deputy Seamus Healy: The guarantee to large investors and bondholders must be revoked and small individual investors in credit unions must be compensated. There must be a default on repayments to international finance houses. The payment of the *cíos dubh* — €5 billion this year and €9 billion by 2014 as a minimum — is unsustainable and will devastate families, the economy and the country if it continues. However, the default is not a magic bullet that will solve people's problems. Any decision to default must include a clear statement of alternative policies. The electorate would be entitled to such clear information in any referendum.

The super rich, including tax exiles, must be made to show a little patriotism. Other than Luxembourg, Ireland has the highest income per head in Europe, but it has one of the worst distributions of wealth in the world. The problem is that most of the wealth is in the hands of a tiny super rich minority. The top 6% of super rich people still have €250 billion in assets, approximately €85 billion of which was irresponsibly borrowed abroad by banks and lashed out, effectively unsecured, to developers and others. An emergency, one-off 20% levy on these assets would recover €50 billion and the super rich would still be super rich.

There is a national economic and social emergency. The economic crisis is resulting in an unprecedented onslaught on living standards, spiralling mass unemployment and a dramatic rise in poverty. Meanwhile, billions of euro are being taken from working people and given to bankers, developers and international speculators. I reject the so-called solutions to the economic crisis based on slashing public expenditure, welfare payments and workers' pay and pensions. No just or sustainable solution can be based solely on the market. Instead, I favour democratic and public control over resources so social need is prioritised over profit.

[Deputy Seamus Healy.]

There are only two solutions to the national economic and social emergency facing the country. I favour defaulting and, importantly, making the super rich pay their fair share, which they were not made to do under the previous Government and are not being made to do under this Government. There must also be a derogation from any regulation protecting those taking money out of the country. To a large extent, the rich have fled the country with billions of euro since last June. The second solution is an extreme right-wing solution, that is, to default and make the poor and middle income earners pay while the super rich and tax exiles escape with the loot.

An Leas-Cheann Comhairle: The Deputy has one minute remaining.

Deputy Seamus Healy: I will be voting against the Government amendment, which encapsulates a continuation of the disastrous Fianna Fáil-Green Party policy. It is a mistake to become allied with extreme right-wing forces. It creates confusion and impedes the political reorganisation of the people, who alone can impose a solution in their interest.

Deputy Catherine Murphy: The one big question I keep asking myself is what are we not being told. As citizens of this State, we have an entitlement to know what is being done on our behalf. On Monday, the television news highlighted the Exchequer returns, showing a deficit of €7 billion for this quarter, €3 billion of which was accounted for by a transfer to Anglo Irish Bank and Irish Nationwide Building Society, INBS, the first of ten instalments due to be transferred in March of each year. We also saw the impact of the €6 billion adjustment on the pockets of citizens following the December budget. The universal social charge, USC, and adjustments in income taxes have put a large hole in the pockets of ordinary people, yet this was only the first instalment of a set of austerity measures set to continue until 2015 intended to deal with just the gap in day-to-day funding.

We are beginning to see the impact on services. For example, it appears from anecdotal evidence that those making claims for carer's allowance are routinely being turned down. A large backlog of appeals is building up, the outcomes of which it will be impossible to capture data on for some months. In the same news package, we were told that our hospitals will begin enforcing ward closures. Children with special needs, including those with profound disabilities in, for example, St. Raphael's special school in Celbridge, are already paying the price.

The impact follows a €6 billion adjustment, but the known liability of the banks is €70 billion, some 11.5 times the adjustment sum and still counting. In addition to supporting a growing army of unemployed people, almost half of whom are unfortunately long-term unemployed, we will have a significant interest liability in 2012. Is it credible that a small country of just 4.5 million people can sustain even the interest charges on this debt, never mind repaying the principal? Those who claim it is just about manageable should knock on a few doors and tell that to the people on whose behalf they are making the claim, people who are struggling to repay their mortgages and pay their bills.

The main reason I am seeking the referendum on the issue of bailing out the banks is my belief that the citizens have an entitlement to know the liability they are taking on. They are also entitled to know the impact the debt will have. The issue of debt sustainability has prompted commentators, both in Ireland and within the political and financial worlds, to state in recent days that the debt cannot be repaid in full. Many commentators, who are not left-wingers just in case the House believes I am being selective, have predicted that this injection of cash will push us towards the inevitable sovereign default. According to Mr. Jim Power, for example, we currently have a national debt of €94.5 billion and it is likely we will have to

borrow another €50 billion to keep the country running. This brings our national debt to €145 billion and if the €70 billion to bail out banks is superimposed, our sovereign debt comes to €220 billion. According to Mr. Power, it is not possible for the Irish economy to carry that amount of debt. That is a fact which primary school pupils could work out, which is why I cannot understand the reason this Government is embarking down this disastrous road. It is a continuation of the last Government's actions. I am reminded of defining madness as somebody repeating an act again and again while expecting a different result.

The general election was not a referendum on the handling of the bank debt despite comments to this effect from several people. The Minister for Transport, Deputy Varadkar, stated that not one more cent would be given to banks and there were also promises on how senior bondholders would be treated; it was either Labour's way or Frankfurt's way. People were told one thing during the election but we are seeing something entirely different now.

We have been told that if we are good Europeans and honour bank debt, by 2013 we will have saved the euro. However, we will have made a pauper of the nation just as we find the European Union insisting that burden sharing be a requirement. That will only happen in the future and we will have copper-fastened bank debt to sovereign debt in an act that will not be reversible. The question has been asked of where we will get money to pay gardaí, teachers, nurses, pensioners, carers and those on disability if we default. The same question must be asked of those who are putting us on a path where default on bank debt is possible but where sovereign debt default will be inevitable. The question will be asked, although perhaps not today.

The Minister for Finance is a smart man and there are plenty of smart people on the Government side. The question I ask repeatedly regards what we are not being told.

Deputy Mattie McGrath: Ba mhaith liom comhghairdeas a dhéanamh leis an Leas-Cheann Comhairle. The deals done with the banks, EU and IMF are every day undermining our chances of economic recovery. It appears that Ireland's EU partners intend to stand back and watch Ireland get pulled into an unsustainable debt while bondholders, especially senior bondholders, are protected. The inevitable consequence will see Ireland being forced to default and in the process damaging the entire EU and undermining the euro. This is a real possibility despite us taking action to do the opposite, or so we are told.

A recent election and new Government is of little consequence, as Ireland is now effectively being run by the EU and IMF. Economists and bankers in Washington, Brussels and Frankfurt have a prime interest of ensuring the ECB and holders of Irish bank bonds are fully repaid, in effect, by Irish taxpayers and ordinary households. Figures have been trotted out by different speakers in the debate tonight and last night detailing how much each family will be expected to pay.

The Irish people must be allowed to exercise their sovereignty in a matter that will tie up society and our economy for generations to come. The Icelandic people exercised a workable democracy with their bailout and there is no reason the Irish people cannot be provided with the same opportunity. Different commentators have outlined what happened in Iceland; what the British and the Danes said could not happen came about and when people got the chance, they overwhelmingly rejected austerity measures. The bankers and lenders, mainly from Britain, had to sit up and listen. There is always room for another position, as we know from any walk of life.

Fine Gael and Labour received an overwhelming mandate in the recent general election and their members are now telling us that was essentially the referendum for which we are now

[Deputy Mattie McGrath.]

calling. I voted against this so-called bailout — or “clean-out” as I called it at the time — and against my own party when the process was approved. We can remember what some of the Fine Gael and Labour speakers said at the time. Labour promised to burn senior bondholders and told the public its policies would be very different. All that is different now is that the Opposition has moved to the Government benches and what is left of Fianna Fáil has moved to the Opposition benches with the other Deputies. Such actions have let down the public and have led to a further undermining of confidence in democracy.

Deputy Gilmore, who is now Tánaiste, indicated when he voted against the bailout in the Chamber that when part of the Government his party would reverse the process. The Minister for Finance, Deputy Noonan, described the bailout as a disaster and obscenity when in Opposition but how quickly he and others have forgotten their words of condemnation. I know they are faced with difficulties and I voted for the election of Deputy Kenny as Taoiseach and the appointment of Ministers. I wish them well but I have made it known that I will vote against them where their proposals are not in the national interest or living up to election promises. That is what I will do tonight in calling for this referendum.

There is already a lack of business in shops, restaurants, shopping arcades and farms in the country. Business is not happening because of a lack of credit, which is a real factor of austerity measures and cutbacks in recent budgets. To foist this on ordinary taxpayers is totally unacceptable and unworkable, it will only get us into a deeper hole. It is unthinkable that a change in the Government and the seating arrangements in the Dáil can happen and yet we proceed with the *status quo*. I know the public did not vote for this with the large numbers who turned out in the election.

I call on the Government to pay heed to the motion and listen to the honest propositions being put forward. The next election always starts the day after the last one so the Government will have to face the public and explain the change in the position held so vehemently in radio and chat shows and across various media throughout the election campaign and months before. Opposition parties castigated the previous Government, including Deputy Lenihan, and voted against the bailout but now they seem to think they can revert to the policy.

Such a transfer of public money to cover private losses has never taken place anywhere in the world. I cannot understand why it is happening here. I am demanding that we face up to the ECB and Chancellor Merkel. We must tell them we cannot continue with the process and it is not in our interest. It is not in their interest either as this will only get us deeper in a mire. We will have to default, a word which is an anathema to me, as it has been all my life, when I have been in business for 30-odd years. These people are supposed to be our colleagues in Europe and through different treaties we have achieved different rights and commitments. These must be followed up as there will be other European treaties in future. The people will reject these because with friends like these, who needs enemies?

Deputy Robert Dowds: I would like to make an observation.

An Leas-Cheann Comhairle: That is not allowed. We do not want to cut into anybody's time.

Deputy Mick Wallace: Deputy Regina Doherty argued that Fine Gael had not done a U-turn on the five-point plan. There should be credit where it is due and part of the plan relates how Fine Gael was the first party to argue that it was unfair for the Irish people to shoulder all the losses of our banks, and that it was right that investors who lent recklessly to the banks should share the pain. Perhaps I do not understand the term correctly but it seems like a U-turn.

It is hard to credit that Fine Gael and Labour believe they have a mandate from the people for their version of the bank bailout, which is identical to that of Fianna Fáil.

From the start of the debate we heard from many Members of both parties that burden sharing was vital and really important. Deputy Nolan told us we were jumping the gun, that there might yet be burden sharing. Last Friday, when the Minister for Finance, Deputy Noonan, was asked on RTE radio whether burden sharing had been asked for he stated his team had asked the ECB for it but the bank said it was not a runner. I take it, therefore, that right now it is not a runner.

We were told the deal Fianna Fáil came up with was not workable. The Tánaiste, Deputy Gilmore, insisted it was not workable. From their words we know most top economists believe it is not practical. God knows, we have a good idea it is not fair. Professor Honohan, the Governor of the Central Bank, has been very open in telling us that on the issue of fairness the deal does not rate very highly. It is hard to credit that the most vulnerable in our society will be hung out to dry in order to satisfy the problems of the financial institutions.

The banks had their stress tests. Perhaps the State needs them now because a number of people on the other side of the House told us the State is bankrupt. If it was not bankrupt before now there is a great chance that putting the bank debt with the sovereign debt will put us into the area of insolvency. A private company is deemed to be insolvent when its liabilities are greater than its assets. This debt certainly puts us into that place. If a private company went to the bank that bank would look at the company's potential for future profits and would say that if the company's future profits could cover the current losses perhaps it might do business. However, one would have to be very optimistic to see us paying the bills. Any private company that continues to borrow money when it is insolvent is regarded as trading recklessly. In my opinion, this Government is now trading recklessly.

It has been argued that this motion does not merit a referendum. Article 27 of the Constitution states that an amendment of the Constitution is applicable when a Bill "contains a proposal of such national importance that the will of the people thereon ought to be ascertained". I believe most people in this country would agree this is an issue of massive national importance. This Government has spoken a great deal about having a new approach to politics and more openness. It is prepared to engage the people. It speaks about looking at the Constitution and engaging with the people on it, which is very good. There is also a need to look at local government and engage and bring the citizen back into local government.

If this Government is serious about engaging the citizens of Ireland in a democratic process and about giving them a say in how they are governed it should have the courage for a referendum on this issue.

An Leas-Cheann Comhairle: The Minister for Finance, Deputy Noonan, has ten minutes.

Minister for Finance (Deputy Michael Noonan): Although the Government opposes the motion put forward by the 13 members of the Technical Group, I can understand why they seek a referendum on the bank bailout and the EU-IMF programme. There is no doubt that the bailout will impose a heavy debt burden on Ireland for many years to come. Neither is there any doubt that compliance with the programme involves implementing many difficult fiscal measures which will affect nearly everyone in the State.

I also understand why there is anger throughout the country at having to pay the bill for the reckless and thoroughly incompetent behaviour of some of the most highly paid and self-regarding individuals on this island. These are people who demonstrated little or no evidence of

[Deputy Michael Noonan.]

having understood the responsibilities with which they were entrusted or the consequences of their actions for their shareholders, their companies and the economy, or for society as a whole. In this context, society is not a neutral abstraction — it is made up of our families, our friends, our neighbours and all those other hundreds of thousands of men, women and young people who have to cope each day with the reality of straitened incomes, large mortgages and uncertain job prospects.

Before I respond to the issue of the proposed referendum it is relevant to comment on developments since my announcement last week in response to the bank stress tests. The reaction at home and abroad to this announcement has been favourable and shows that confidence in our banks and in the economy has begun to re-emerge. Standard and Poor's has removed Ireland from the CreditWatch monitoring system, noting "the outlook is now stable". They believe the Irish economy has stronger growth prospects than others due to Ireland's "openness, its flexibility, and its competitiveness". The investment bank Morgan Stanley states that Ireland is still facing major challenges — as indeed it is — but went on to say: "The stabilization of the Irish banking system that we expect the stress test to facilitate should allow the economic turnaround already underway to boost investor confidence in Ireland's medium-term debt sustainability."

This underlines the need for certainty and stability. Confidence is fragile. The inevitable uncertainty that would be generated by the announcement by this Government of a referendum on the bailout and the EU-IMF programme could have serious consequences for this emerging confidence, regardless of the outcome of the referendum. To be specific, if the Government were to agree to a referendum this would be interpreted as a weakening of its resolve regarding its commitments to the bank bailout and the EU-IMF programme. Even if the result of the referendum were a strong "Yes" in favour of the Government's policy, much damage would have been done in the meantime. If the answer were "No", we would be faced with the immediate crisis of trying to find new sources of funds to prevent our public services from collapsing. We cannot afford any ambiguity regarding our commitments on the bailout or the EU-IMF programme.

The Government already has a strong mandate from the Irish electorate to sort out the banking crisis and the economy. In our programme for Government we support the objectives of the EU-IMF programme, namely, restructuring and recapitalising the banking system, achieving fiscal stability and returning the economy to growth. We also state our objectives of restoring confidence, growth, job creation and the State's access to affordable credit from private lenders.

Many points were made in the debate on this motion but I have time to respond to only a few of them. Deputy Ó Cuív made a thoughtful contribution to the debate and made many interesting comments. I particularly agree with his statement: "the notion that one hurts nobody but bankers by allowing banks to collapse is naive in the extreme". It is also worth repeating his point about burning bondholders, namely, there is no way of discriminating between the money from those who have made big investments and the money from small people which is invested in life insurance policies and pension funds. Neither is there a way to distinguish the investment in senior unguaranteed bonds made by several members of the Irish League of Credit Unions. I do not believe there is any Member on the other side of the House who would like to burn the bonds in his or her local credit union.

Deputies Keaveney and Dowds asked questions regarding the Central Bank's estimate that SME and mortgage credit of between €11 billion and €16.5 billion of gross new lending will be

required over the next three years. Deputy Keaveney asked how we will ensure that these moneys will be circulated into the local and national economies to encourage risktakers in the SME sector to get involved in job creation. Deputy Dowds asked the Government to demonstrate how the money being pumped into the banks will be made available for lending to small to medium-sized businesses. I hope that my speech to the Dáil earlier today during statements on bank reorganisation provided an adequate response to these important questions.

In that speech I pointed out that credit was essential to the economy and that it was critical to have a new approach to system design to provide the necessary credit to spearhead economic recovery. I also pointed out the importance of reasonably-priced loans for investment in SMEs and for house-buyers. Until now our under-capitalised banks have been under pressure to delever assets to repay the funding due to the ECB and the Central Bank and were forced to avoid new lending. Now this problem has been solved, more than €30 billion of new lending will become available between now and 2013. I am determined to ensure this money will be used for investment, as well as for consumer spending, so that confidence can be restored to the economy which will, in turn, lead to increased employment and even further investment, consumer spending and confidence. Accordingly, I have decided that the banking policy division of the Department of Finance will work with the Central Bank to monitor lending closely to ensure that it will be offered where it will do the most good for the economy as a whole.

I repeat the point I made earlier. If we were to delever the main banks down to the equilibrium point that would be required for prudent deleveraging, there would not be headroom for further lending; we are delevering below that point so there is headroom for further lending. As well as that, we are looking at the quantum, which was excessive, that was lent by Irish banks to the building and development sector. As that works its way through the system, we will ensure the funds that were allocated to speculative building and development will be reallocated to important growth areas of the economy and to social ends. In other words, SMEs that can create jobs will get the credit lines they need and young couples who want to form families will again have access to mortgages. It is deplorable that we would arrive at a point where according to the latest figures available to me, only 87 new houses were registered in Dublin last month. It is socially corrosive if young couples cannot purchase homes and form families. The reason for that is the declining market that seems to have no bottom and in which no mortgages are available. When there is no market, people do not buy.

We must establish the credit lines again and I assure the House this will be driven by the Central Bank and the Department of Finance. The big mistake made by my predecessor was that while he made many statements and proposed many good policies, he did not have an implementation unit to drive implementation. He was then accused of making promises he did not fulfil. That will not happen on this occasion.

Deputy Shane Ross: I thank the Minister for taking this motion seriously and acknowledging that it was tabled in a serious fashion. Some of us resent the dismissive nature of some of the Fine Gael Members' attitudes to this motion, which they described as populist. That was not the intention; our intention in putting this motion down is to produce an alternative policy.

There is an alternative policy. The Government has found itself in a difficult place but it has accepted the situation, which was admittedly delivered to them by the last Government, far too readily. If it held a referendum, it would not just be a one-off pandering to public opinion, it would give the Government the strength to go back to those to whom we owe the money and say the Irish people have given a mandate to renegotiate the deal.

[Deputy Shane Ross.]

The Minister said that if the Government was to agree to a referendum it would be interpreted as a weakening of its resolve regarding its commitment to the bank bailout and EU-IMF programme. That is exactly what we want; we want a weakening of the Government's resolve in its attitude to the EU and IMF programme. We want the Government to say it must be changed. The Minister's interpretation of a weakening is our interpretation of strength.

He went on to say that if the answer was "No", we would be faced with an immediate crisis of trying to find new sources of funds, which is fair enough. He told the House that we cannot afford any ambiguity regarding our commitments on the bailout or the EU-IMF programme. We want that ambiguity. We want the Minister for Finance to be able to say the Irish people have said "No" and that the Government is trapped in a position where renegotiation of the deal is demanded by the people.

It is difficult to draw parallels because of the appalling situation in which Ireland finds itself economically. There was, however, a referendum on an IMF deal and financial crisis in Iceland. I concede it is not a direct parallel, but it is a parallel in that there was a deal between the British, Dutch and Icelandic Governments. When there was a default by the Icelandic banks to British depositors, the British and Icelandic Governments negotiated a new deal after a referendum where the Icelandic people said "No" to the deal the Icelandic Government had negotiated. The Government then went back and renegotiated to the extent that the interest rate on the loans was reduced by 40%, falling from 5.5% to 3.2%. That was only as a result of a referendum which the President of Iceland forced against the Icelandic Parliament's wishes. I am asking the Minister to ask the people for the mandate to go back and negotiate again.

There is a paternalistic attitude on the part of Government when it says it has been given a mandate by being elected to do whatever it likes. The Government does not have that mandate if it said the opposite a few weeks ago. The Government has the mandate to govern, and the right to do a U-turn, there is nothing we can do to stop that, but it does not have a mandate to do the opposite of what it said it would do.

An Leas-Cheann Comhairle: As a courtesy to the Deputy, his five minutes have almost finished.

Deputy Anthony Lawlor: The value of the Icelandic economy has declined by 75%.

Deputy Shane Ross: I cannot hear the Leas-Cheann Comhairle because he is being interrupted.

An Leas-Cheann Comhairle: As a courtesy, the Deputy's five minutes have almost expired.

Deputy Shane Ross: I am coming to an end now. This has resonances of what happened in France during one of the referenda on Lisbon, when the former French President, Valéry Giscard d'Estaing, said the matter was too important to be left to the French people. Referenda are not a threat to governments; they strengthen their position in appalling situations like the one we are in at the moment. We are in a corner so we must look to the people to give us the strength to go forward and renegotiate the deal. Let us not be frightened of them giving the result we do not want. Let us look to them to give us the muscle to say "No" to the deal and to renegotiate it downwards.

Deputy John Halligan: Listening to the debate last night and tonight, if an observer closed his eyes and listened to the Government benches, he would think he was back four months

listening to Fianna Fáil backbenchers agreeing again to the financing of the banks and another bailout.

When the Government was elected, it was at pains to say the people had voted for change, for a new way of doing things and for policies that would benefit Ireland, not Europe, Germany or Holland. Everyone in the country, including every economist, has a vision or an idea of what this bank bailout is about and has an opinion on it. Is the Minister seriously suggesting to me that the people wish to give the banks another cent? Is he delusional? Is he listening to the people? It is astonishing to suggest that we can give them another €24 billion.

One of the Deputies across the Chamber suggested the Government has the mandate to do this, but the Government has no mandate to do this because those in the Government stated time and again when they were in Opposition, sitting over here, when they spoke on RTE television or radio or on local radio stations, that they would not give the banks one more cent. This is what they said when they were in Opposition and there are multiple quotes to this effect in newspapers such as *The Irish Times* or *The Irish Daily Mail*. They stated they would not do it but now they are doing it.

There are hundreds of thousands of people on the dole queues, there are workers this Thursday or Friday who will take home a miserable wage and live a miserable existence because they have no quality of life and there are families, including thousands of children, who have been forced to emigrate from this country. Yesterday in this building I met representatives of Unite who, perhaps, will be fighting to preserve the jobs of thousands of bank workers who may lose their jobs in the coming years because of arrogance, avarice, greed and the compulsive gambling of our money and the Government's money. Are we to suggest to the people that we are sorry but that we must help these people out again? These are the people who continued to mislead the country. They told us lies. Some of these executives still drive around in 2011 Mercedes cars while they discuss chopping workers and throwing them onto the dole heap. Are these the people we are to support?

What happened to all the election promises? Some four months ago, the Minister was quoted as calling the EU-IMF deal a downright obscenity. It is regretful for me to have to take on the Labour Party because I genuinely believe it stands for justice and fair play and I have no hesitation in saying as much. However, the Minister stated on RTE Radio 1 that they would not give one more cent to the banks.

What is this referendum about? It is a single vote on an issue that affects everyone in the country. It will truly represent the wishes of the people. Either it will give the Government the authority and approval to continue the same policy that the Labour Party and the Fine Gael Party described as a national sell-out or it will force the Government to look for other options. A resounding "No" would send the message to Europe that we cannot afford and will not accept a bailout. At least we could use it as a tool for the Government to negotiate a significant drop in the interest rate.

The people deserve a Government that will act in their interests rather than in the interests of other Governments and European overlords, what it is doing at present. A referendum would settle this matter once and for all and the people deserve as much. Were one to ask any Joe Soap in the country what he wants, he would say as much. They do not want any more money given to the banks.

Deputy Richard Boyd Barrett: I have listened to the arguments of the Government in opposing our call for a referendum and the argument seems to run thus: in January and February of this year we believed that bailing out the banks at the expense of ordinary people was, in the

[Deputy Richard Boyd Barrett.]

words of the Minister, Deputy Noonan, morally wrong and economically unsustainable and in Deputy Gilmore's words, it amounted to economic treason. That is what the Minister stated. Presumably, unless he was trying to deceive people then, those words still stand, the policy is unjust, unacceptable and is still economic treason. However, the argument follows that because the Government is in a straitjacket, there is nothing it can do about it and it has no choice.

To use a somewhat hackneyed phrase, it is an appalling vista that the Government has no choice but to do something that is morally wrong, economically unsustainable, which amounts to economic treason and which is now bordering on political treason, in so far as before the election those now in Government said one thing but they are now doing the opposite. The justification for this argument is that if we say "No" to the EU-IMF package, they will pull the plug; that unless we do their bidding and continue to pay off the bankers and the bondholders at the expense of ordinary working people and families, our public services and the sale of our State assets, the EU will pull the plug. Let us consider this point because it is the Government's only argument. The suggestion is that they will pull the plug on the State. What the Government is really telling us is that we must concede to blackmail and bullying by the EU and the IMF, institutions which are acting on behalf of the bankers and speculators.

Should the Minister not show a little dignity and backbone and stand up to the institutions and interests in Europe, which are simply bullying and threatening us to defend the interests of bankers and bondholders? The Minister also maintains that he is doing what he is doing to get liquidity back into the banks and, ultimately, to create jobs. However, what the Minister will not accept or acknowledge is that the austerity cuts that the IMF demands to pay off these bankers' loans are doing the opposite; they are taking money out of the economy and forcing more job losses. The Minister's logic is somewhat like the American logic in Vietnam: they took the view they had to bomb a village to save it; the Minister believes he must create unemployment to deal with the unemployment crisis. It makes no sense whatsoever.

Perhaps the Minister could do me the courtesy of listening for one minute rather than chit-chatting for the final part of the motion.

Deputy Michael Noonan: John Gormley did that.

Deputy Richard Boyd Barrett: I put it to the Minister that the EU's threats are empty. They will not pull the funding on our banks because the reason this policy was introduced was to save their banks. That is why they demanded that we put in place a guarantee of the banks and that we pay off the bondholders. It is to protect their banks. They realise that if our banks go down, their banks go down. This is the bargaining power we have but the Minister refuses to use it and that mystifies me. One can only conclude it is because the Minister is part of a cosy club of the elite in this country and throughout Europe which is protecting its interests at the expense of working people. I put it to the Minister that if we say "No"—

Deputy Eamonn Maloney: We are knackered.

Deputy Richard Boyd Barrett: —they must come back and negotiate with us because they cannot afford to let the euro, which is so important to them, collapse or to let the banking system in Europe collapse. If we say "No" or if we have the right to vote or consider the possibility of saying "No" to this economic madness and social injustice, we would be joined in calling for a proper debate on the matter by the people in Greece, Italy, Portugal and Spain who are being asked to accept the same austerity to protect the international system.

The Government maintains it has no alternative. Our alternative is simply to repudiate the gambling debts of these private, for-profit institutions. There is €100 billion in deposits in our banks. Why not put this into a State bank which does not carry the debts of these bankers and speculators? We could access finance on the international markets. Such a bank could invest in jobs, strategic infrastructure and industry in this country. It would not cost the people their future, their public services, their incomes and their livelihoods unlike this insane policy. Will the Government at least give the people the opportunity to debate the matter in a referendum? If they do not agree that is fine and the Government will win the debate, but if they agree such is their choice. The Minister should let the people decide, withdraw his amendment and allow the people to vote on their future.

An Leas-Cheann Comhairle: As it is now 8.30 p.m., I must put the question on amendment No. 1 in the name of the Minister for Finance. The question is——

Deputy Thomas Pringle: On a point of order, I asked earlier in regard to Standing Order 53.

Deputy Michael Noonan: We are in the middle of a vote.

An Leas-Cheann Comhairle: I am putting the question.

Deputy Thomas Pringle: During my contribution earlier I asked for a ruling from the Chair in regard to Standing Order 53.

An Leas-Cheann Comhairle: I am putting the question.

Deputy Thomas Pringle: I put the question during my contribution earlier.

An Leas-Cheann Comhairle: As I had started to put the question, I must continue.

Deputy Thomas Pringle: I asked for a ruling from the Chair in regard to Standing Order 53.

Amendment put:

The Dáil divided: Tá, 121; Níl, 27.

Tá

Bannon, James.
Barry, Tom.
Broughan, Thomas P.
Browne, John.
Bruton, Richard.
Burton, Joan.
Buttimer, Jerry.
Byrne, Catherine.
Byrne, Eric.
Calleary, Dara.
Cannon, Ciarán.
Carey, Joe.
Coffey, Paudie.
Collins, Áine.
Collins, Niall.
Conaghan, Michael.
Conlan, Seán.
Connaughton, Paul J.
Conway, Ciara.
Coonan, Noel.
Corcoran Kennedy, Marcella.
Costello, Joe.

Coveney, Simon.
Cowen, Barry.
Creed, Michael.
Creighton, Lucinda.
Daly, Jim.
Deasy, John.
Deenihan, Jimmy.
Deering, Pat.
Doherty, Regina.
Donohoe, Paschal.
Dooley, Timmy.
Dowds, Robert.
Doyle, Andrew.
Durkan, Bernard J.
Farrell, Alan.
Feighan, Frank.
Ferris, Anne.
Fitzpatrick, Peter.
Flanagan, Charles.
Flanagan, Terence.
Fleming, Sean.
Gilmore, Eamon.

Tá—continued

Griffin, Brendan.
 Hannigan, Dominic.
 Harrington, Noel.
 Harris, Simon.
 Hayes, Brian.
 Hayes, Tom.
 Heydon, Martin.
 Hogan, Phil.
 Howlin, Brendan.
 Humphreys, Heather.
 Humphreys, Kevin.
 Keating, Derek.
 Keaveney, Colm.
 Kehoe, Paul.
 Kelleher, Billy.
 Kelly, Alan.
 Kenny, Seán.
 Kirk, Seamus.
 Kitt, Michael P.
 Kyne, Sean.
 Lawlor, Anthony.
 Lenihan, Brian.
 Lynch, Ciarán.
 Lynch, Kathleen.
 Lyons, John.
 Maloney, Eamonn.
 Martin, Micheál.
 Mathews, Peter.
 McCarthy, Michael.
 McConalogue, Charlie.
 McEntee, Shane.
 McGinley, Dinny.
 McGrath, Michael.
 McGuinness, John.
 McHugh, Joe.
 McLoughlin, Tony.
 McNamara, Michael.
 Mitchell, Olivia.
 Mitchell O'Connor, Mary.

Moynihan, Michael.
 Mulherin, Michelle.
 Murphy, Dara.
 Murphy, Eoghan.
 Nash, Gerald.
 Naughten, Denis.
 Neville, Dan.
 Nolan, Derek.
 Noonan, Michael.
 Ó Cuív, Éamon.
 Ó Fearghaíl, Seán.
 Ó Ríordáin, Aodhán.
 O'Donnell, Kieran.
 O'Donovan, Patrick.
 O'Dowd, Fergus.
 O'Mahony, John.
 O'Reilly, Joe.
 O'Sullivan, Jan.
 Penrose, Willie.
 Perry, John.
 Phelan, Ann.
 Phelan, John Paul.
 Quinn, Ruairí.
 Rabbitte, Pat.
 Reilly, James.
 Shatter, Alan.
 Shortall, Róisín.
 Smith, Brendan.
 Spring, Arthur.
 Stagg, Emmet.
 Stanton, David.
 Troy, Robert.
 Tuffy, Joanna.
 Twomey, Liam.
 Varadkar, Leo.
 Wall, Jack.
 Walsh, Brian.
 White, Alex.

Níl

Boyd Barrett, Richard.
 Collins, Joan.
 Colreavy, Michael.
 Crowe, Seán.
 Daly, Clare.
 Doherty, Pearse.
 Donnelly, Stephen.
 Ellis, Dessie.
 Ferris, Martin.
 Halligan, John.
 Healy, Seamus.
 Higgins, Joe.
 Mac Lochlainn, Pádraig.
 McDonald, Mary Lou.

McGrath, Finian.
 McGrath, Mattie.
 McLellan, Sandra.
 Murphy, Catherine.
 Ó Caoláin, Caoimhghín.
 Ó Snodaigh, Aengus.
 O'Brien, Jonathan.
 O'Sullivan, Maureen.
 Pringle, Thomas.
 Ross, Shane.
 Stanley, Brian.
 Tóibín, Peadar.
 Wallace, Mick.

Tellers: Tá, Deputies Paul Kehoe and Emmet Stagg; Níl, Deputies Catherine Murphy and Aengus Ó Snodaigh.

Amendment declared carried.

Question put: "That the motion, as amended, be agreed to."

The Dáil divided: Tá, 119; Níl, 27.

Tá

Bannon, James.
 Barry, Tom.
 Broughan, Thomas P.
 Browne, John.
 Bruton, Richard.
 Burton, Joan.
 Buttimer, Jerry.
 Byrne, Catherine.
 Byrne, Eric.
 Calleary, Dara.
 Carey, Joe.
 Collins, Áine.
 Collins, Niall.
 Conaghan, Michael.
 Conlan, Seán.
 Connaughton, Paul J.
 Conway, Ciara.
 Coonan, Noel.
 Corcoran Kennedy, Marcella.
 Costello, Joe.
 Coveney, Simon.
 Cowen, Barry.
 Creed, Michael.
 Creighton, Lucinda.
 Daly, Jim.
 Deasy, John.
 Deenihan, Jimmy.
 Deering, Pat.
 Doherty, Regina.
 Donohoe, Paschal.
 Dooley, Timmy.
 Dowds, Robert.
 Doyle, Andrew.
 Durkan, Bernard J.
 Farrell, Alan.
 Feighan, Frank.
 Ferris, Anne.
 Fitzpatrick, Peter.
 Flanagan, Charles.
 Flanagan, Terence.
 Fleming, Sean.
 Gilmore, Eamon.
 Griffin, Brendan.
 Hannigan, Dominic.
 Harrington, Noel.
 Harris, Simon.
 Hayes, Brian.
 Hayes, Tom.
 Heydon, Martin.
 Hogan, Phil.
 Howlin, Brendan.
 Humphreys, Heather.
 Humphreys, Kevin.
 Keating, Derek.
 Keaveney, Colm.
 Kehoe, Paul.
 Kelleher, Billy.
 Kelly, Alan.
 Kenny, Seán.
 Kirk, Seamus.

Kitt, Michael P..
 Kyne, Seán.
 Lawlor, Anthony.
 Lenihan, Brian.
 Lynch, Ciarán.
 Lynch, Kathleen.
 Lyons, John.
 Maloney, Eamonn.
 Martin, Micheál.
 Mathews, Peter.
 McCarthy, Michael.
 McConalogue, Charlie.
 McEntee, Shane.
 McGinley, Dinny.
 McGrath, Michael.
 McGuinness, John.
 McHugh, Joe.
 McLoughlin, Tony.
 McNamara, Michael.
 Mitchell, Olivia.
 Mitchell O'Connor, Mary.
 Moynihan, Michael.
 Mulherin, Michelle.
 Murphy, Dara.
 Murphy, Eoghan.
 Nash, Gerald.
 Naughten, Denis.
 Neville, Dan.
 Nolan, Derek.
 Noonan, Michael.
 Ó Cuív, Éamon.
 Ó Fearghail, Seán.
 Ó Ríordáin, Aodhán.
 O'Donnell, Kieran.
 O'Donovan, Patrick.
 O'Dowd, Fergus.
 O'Mahony, John.
 O'Reilly, Joe.
 O'Sullivan, Jan.
 Penrose, Willie.
 Perry, John.
 Phelan, Ann.
 Phelan, John Paul.
 Quinn, Ruairí.
 Rabbitte, Pat.
 Reilly, James.
 Shatter, Alan.
 Shortall, Róisín.
 Smith, Brendan.
 Spring, Arthur.
 Stagg, Emmet.
 Stanton, David.
 Troy, Robert.
 Tuffy, Joanna.
 Twomey, Liam.
 Varadkar, Leo.
 Wall, Jack.
 Walsh, Brian.
 White, Alex.

Níl

Boyd Barrett, Richard.
 Collins, Joan.
 Colreavy, Michael.

Crowe, Seán.
 Daly, Clare.
 Doherty, Pearse.

Níl—*continued*

Donnelly, Stephen.
 Ellis, Dessie.
 Ferris, Martin.
 Halligan, John.
 Healy, Seamus.
 Higgins, Joe.
 Mac Lochlainn, Pádraig.
 McDonald, Mary Lou.
 McGrath, Finian.
 McGrath, Mattie.
 McLellan, Sandra.

Murphy, Catherine.
 Ó Caoláin, Caoimhghín.
 Ó Snodaigh, Aengus.
 O'Brien, Jonathan.
 O'Sullivan, Maureen.
 Pringle, Thomas.
 Ross, Shane.
 Stanley, Brian.
 Tóibín, Peadar.
 Wallace, Mick.

Tellers: Tá, Deputies Emmet Stagg and Paul Kehoe; Níl, Deputies Aengus Ó Snodaigh and Catherine Murphy.

Question declared carried.

Adjournment Debate

Kinsale College of Further Education

Deputy Michael McCarthy: I am pleased to be able to speak on the issue of Kinsale College of Further Education. I appreciate the opportunity given to me by the Ceann Comhairle to outline this important case to the Minister of State.

The college is operated by the County Cork Vocational Education Committee as a post-leaving certificate centre. It is currently under St. Brogan's College in Bandon, which is significantly removed, geographically, from Kinsale. For some time the college has been seeking autonomy and its own roll number. I am cognisant of the fact that this may require some additional resources, which is much to ask in the current economic climate. The social and cultural value brought to the area by giving this facility autonomy would far outweigh the monetary cost of such a move. Any short-term cost of an educational facility such as this would be offset by its dividend to society and the economy.

I am familiar with the area and with the college. The benefits of it are striking. The college was established 16 years ago to provide a range of post-leaving certificate courses to international students, mature students and early school leavers. Since then, it has earned itself a place at the forefront of research, teaching and innovation, offering students a pioneering catalogue of FETAC accredited courses which are developed with the cultural, social, historical and ecological context of the college's spectacular location in mind. There are courses in outdoor instructor training, tourism and travel, child care, office skills, business administration, permaculture and practical sustainability as well as theatre performance, multimedia production and TV and film production. In addition to the FETAC certification, many of the courses on offer at the college provide additional industry awards which are recognised internationally.

Places like Kinsale College of Further Education are crucial to Ireland's future development as a knowledge economy, offering specialist courses in many areas and skills that will be the lifeblood of 21st century enterprise and industry in this country and will play a significant role in getting us out of the current economic crisis. Granting the college autonomous status and its own roll number would help bolster its standing in the education community, enhance its appeal among prospective students and boost the image of the Kinsale area. I appreciate that

we are operating in a very difficult economic climate and I know the Minister has a very restricted budget. However, I appeal to the Government and to the Minister and Ministers of State to look favourably on this request for autonomy. I ask them to look at the issues being addressed by this provider and at those marginalised by the *status quo* of the current education system.

I had the privilege of visiting the college recently. With the co-ordinator, I visited the various classrooms, met the staff and students and witnessed at first hand the vast array of courses available. There are also follow-on courses. For example, a BA course is available in Tralee Institute of Technology for students who meet certain FETAC requirements in some subjects. That is of enormous benefit.

For the last number of weeks we have been discussing, at length, the economic crisis and banking restructuring. This is one of the ways we can address that issue. Here is a policy the Government can effect. We can grant this college autonomy. It is not good enough that a college of further education is dependent on a post-primary school 15 miles away. The benefit to society and the economy speaks for itself.

Granting autonomy would not make any additional demand on the limited resources in the Department's budget. I do not say this lightly. I hope officials in the Minister's Department will examine the merit of this case. I know the civil servant who drafted the reply to this Adjournment matter was very cognisant of budgetary restraints. However, if we are restricted by budgetary restraints and refuse this request we are being penny-wise and pound-foolish. The costs arising from a lack of skills and knowledge available to the economy and to the education sector will make their own case in years to come.

This is an urgent case and I appeal to the Minister to examine its merit.

Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon): I thank the Deputy for raising this matter. Kinsale College of Further Education is managed by County Cork VEC to provide courses under my Department's post-leaving certificate programme. The PLC programme is a self-contained whole-time learning experience designed to provide successful participants with specific vocational skills to enhance their prospects of securing lasting, full-time employment or to progress to other studies. It caters for those who have completed senior cycle education and require further vocational education and training as well as adults who may not have completed the senior cycle but who are returning to education and who have skills and competencies which enable them to undertake the courses. There are almost 31,700 approved PLC places nationwide enabling almost 38,700 learners to participate in PLC courses. For each approved place, my Department provides a staffing allocation and non-pay capitation. The majority of these places are provided by VECs, in recognised VEC schools and stand-alone PLC colleges, but also in voluntary secondary schools and community and comprehensive schools, across the country. There are almost 200 approved PLC centres nationwide. Places are allocated to VECs and other providers on an annual basis following an application process and VECs are responsible for the further allocation of those places to schools and colleges under their aegis.

Separately, following an annual application process my Department approves PLC courses to be delivered. PLC courses are generally of one or two years' duration and are at levels 5 and 6 on the national framework of qualifications.

On the specific matter raised by the Deputy, Kinsale Community School was established in 1997 following the merger of the vocational school managed by County Cork VEC and a convent school operated by the Presentation Sisters. The VEC decided to use the premises of

[Deputy Ciarán Cannon.]

the former vocational school for the delivery of PLC courses. The VEC manages the delivery of PLC provision in Kinsale College through St. Brogan's College in Bandon. PLC learners undertake PLC courses in Kinsale College of Further Education but for the purposes of allocating staff and non-pay capitation, the learners are included in St. Brogan's College returns by the VEC to the Department.

County Cork VEC has sanction for 1,334 approved PLC places and has advised the Department that it has allocated 215 of these places to Kinsale College of Further Education, through Saint Brogan's College. Enrolment data for the 2010-2011 academic year provided by schools to the Department, indicates that total PLC enrolment in County Cork VEC is 1,611 and that a total of 277 PLC learners enrolled in St. Brogan's College, which includes those enrolled in Kinsale College of Further Education. Our records indicate that the VEC offers one PLC course in St. Brogan's College. On recognition as a stand alone institution, generally, to qualify for consideration, an approved allocation of at least 500 approved PLC places is required. Furthermore, sanction as a stand alone PLC college would require additional financial and staffing resources in terms of teacher allocations and management structure, including principal and other posts of responsibility. In the context of the current budgetary situation, the moratorium on public sector recruitment and the employment control framework, it would be very difficult to provide these resources.

As indicated on 22 March 2011 in a response to Question No. 103, this issue is currently the subject of correspondence between the acting chief executive officer of County Cork VEC and officials of my Department.

The latest position is that my Department has sought a submission from the VEC setting out the benefits of stand alone status and how this might be achieved on a cost neutral basis. A reply is still outstanding and when it is received, my Department will consider it further. I again thank the Deputy for raising this matter.

Planning Issues

Deputy Eoghan Murphy: I raise a matter specific to my constituency of Dublin South-East but which has relevance to all constituencies as it pertains to the operation of a semi-State company, Dublin Port Company. Dublin port is a very important national asset and it is key to our economic recovery. If we as a nation are to do well, then it must also do well. It plays a very generous role in its community, financially and through other means. I have been to the port company and I have met the management. It is a very impressive operation with more than 4,000 people employed there. A total of 42% of the country's GDP goes through the port every year with 15 sailings every day between Ireland and the UK. The port is a vital strategic asset for this State and yet for nearly a decade it has ignored its obligations under the planning laws and has acted with something close to contempt in its dealings with local residents.

I will briefly outline the facts as I understand them. In 2002, three 30 metre high gantry cranes were erected in Dublin port on the south quay of the Liffey where Marine Terminal Limited operates. No planning permission was sought at the time for the erection or the operation of these cranes. The cranes are located in close proximity to a number of homes on Pigeon House Road. The cranes produce considerable noise pollution, often through the night, given the irregular operation of the port due to tidal considerations. The level of noise pollution has been shown to be in excess of both the World Health Organisation and Dublin City Council's noise pollution limits. This has had an impact on residents' lives. Dublin Port Company and Dublin City Council have been made aware of this serious disruption on a number

of occasions, beginning in 2004. More recent protests have come to nothing and it has come to my attention that the head of Marine Terminal Limited at the time the cranes were constructed is now the head of Dublin Port Company, the landlord for Dublin port. Dublin Port Company has so far failed to engage appropriately with the residents, taking the position that the cranes do not require planning permission and offering minimal gestures regarding mitigating the noise caused by the operation of the cranes. This year, residents gained confirmation through the section 5 planning process that the cranes are not exempt development and that they required planning permission for their initial erection. This now raises a number of issues regarding the operation of the cranes, one being the question of insurance. Still nothing has been done and the cranes continue to operate through the night and every day. Given the continued operation of the cranes, residents now feel compelled to take the matter to the courts.

This is not a question of a group of people moving close to a busy industrial estate and then complaining about the noise or the activities emanating from that site; this is about the expansion of a business, a semi-state company, without proper observation of the laws of the land and in a manner that has shown wilful disrespect for its long-established neighbours. It is not right that people can be treated in this way by any company, let alone a semi-state one. It is not right that the residents of the Coastguard Cottages now feel that their only form of redress is through the courts, through a lengthy and expensive process for which they may well lack the finances and at this stage, the will, to take on. Dublin port and its tenants have to do business and they have to do it as best they can if we are to prosper as a nation but they cannot do it by their own rules and oblivious to the lives of those around them. It is this kind of attitude at a national level and on the part of the previous Government that has brought us to the precarious financial situation in which we find ourselves today. Surely we can do better and we must if we are to honour the commitments and the pledges we made in the recent campaign and if we are to live up to the commitments stated so clearly in the programme for Government. We must meet the people's expectations of what politics is meant to be about and their expectations of what public representation is all about. They lack a voice and we are elected to give it to them. I urge the Minister to investigate this matter immediately as a priority and to use his good offices to help find a resolution for all involved to address the legitimate problems residents face on a daily basis near Dublin port and to put Dublin Port Company back in good standing in relation to the law and in its dealings with local residents. This is a semi-state company and therefore it is our responsibility.

Minister for the Environment, Community and Local Government (Deputy Phil Hogan): I thank Deputy Eoghan Murphy for raising this matter and I will give him information regarding the issues he has raised. My Department has made inquiries of Dublin City Council on this matter and I am informed that the Marine Terminal Limited site on Pigeon House Road has a long established port-related industrial use dating back to 1975 or thereabouts.

Dublin City Council received a complaint in October 2010 that an alleged intensification of use had occurred at this site and that additional gantries had been erected some time in the past. I understand that this was the first planning complaint made about activities on the site. A section 5 planning referral under the Planning and Development Act 2000 was submitted to Dublin City Council on 10 February 2011 to establish whether the construction of three gantries erected in 2002 to the south of the site and the alleged intensification of use of the site constituted exempted development under the Planning Acts. The council concluded that the gantries referred to do not constitute exempted development and this was reflected in a decision taken on the matter by the city council on 9 March 2011.

[Deputy Phil Hogan.]

I understand that the city council has formed the view that given the passage of time since the commencement of the development, it is statutorily barred under section 157(4)(a)(i) of the Planning and Development Act 2000 from taking any enforcement action to secure the removal of the gantries.

Insofar as the intensification issue is concerned, this matter was considered in the section 5 referral by the city council but its decision of 9 March concluded that there was insufficient information submitted with the application to determine at that time whether intensification had occurred. The council was not in a position to take action in respect of the gantries on the basis of the evidence presented. While the file remains open, I understand it is not anticipated that any further planning enforcement action will be possible in respect of the current use of the site unless new information or evidence comes to light. However, there are existing specific legislative provisions for residents experiencing noise pollution. Section 107 of the Environmental Protection Agency Act 1992 provides local authorities with powers to require measures to be taken to prevent or limit noise from any premises, processes or works. The environment section of Dublin City Council is the appropriate contact point for reporting a noise nuisance of this kind. I understand that a recently introduced pilot scheme makes it possible to log an environmental complaint with Dublin City Council, on a 24 hours seven days basis, by phoning 1850 365 121. I also understand the council carried out an investigation in February 2011 on foot of noise-related complaints in relation to the site in question, during which noise levels of nine decibels above background were recorded. It is a matter for the council to consider what follow-up action is required in this regard.

It should also be noted that under section 108 of the EPA Act, it is open to any person or group of persons, including a local authority, to seek an order in the District Court to have abated any noise giving reasonable cause for annoyance. The procedures involved have been simplified to allow action to be taken without legal representation.

Water and Sewerage Schemes

Deputy Seamus Healy: I congratulate the Minister on his appointment and wish him well in future. I also thank him for responding to the matter I raise, namely, a request to commence and complete at an early date the Fethard regional water supply scheme in south Tipperary. People in the area, whose main settlements are Fethard, Strangan, Mullinahone, Killenaule and their hinterlands, have suffered for years owing to poor, limited and frequently interrupted water supply.

Water is a basic need in the 21st century but water supply to the area in question is interrupted regularly. Not a week passes without a break being identified and supply interrupted to families and businesses in the area. The mains are old and can be compared to strainers. At this point, repairs to the mains are a waste of time and public money. Even on the completion of repairs, it can take up to two days for supply to be reconnected to the entire area.

A number of schemes are awaiting commencement and completion. These are a scheme to construct a treatment plant, a further scheme for a mains replacement and a more short-term, interim scheme to provide a new bore hole for the area. I am aware that significant work has been done on this matter by officials of South Tipperary County Council and the Department and detailed communications between the council and Department are ongoing.

I ask the Minister to fast-track the schemes in question. The Department is awaiting tender documents from South Tipperary County Council which are almost ready and will shortly be

submitted to the Department. I ask that the process be fast-tracked as soon as the documents are received. People in the area have been suffering as a result of an inadequate water supply for years. As I indicated, it is interrupted weekly and, in some cases, daily.

Deputy Phil Hogan: I thank Deputy Healy for his remarks and for raising the position regarding the Fethard regional water supply scheme. The scheme in question is included in my Department's Water Services Investment Programme 2010 to 2012 as a contract to commence in the lifetime of the programme. As the Deputy noted, the Department is waiting for further information and tender documents from South Tipperary County Council. Once these documents have been received, it will be in a position to consider them.

The Part 8 planning process was successfully completed earlier this year. The site investigation process is ongoing and South Tipperary County Council proposes to commence the tender process for the contract for the water treatment plants in mid-2011. It is envisaged that the contract could be completed in early 2013, subject to obtaining the necessary approvals from the Department as the process advances.

In September 2010, my Department approved funding of €9 million to allow the council to carry out mains rehabilitation on the Fethard regional water supply scheme ahead of the main scheme. These works are to be carried out under the water conservation element of my Department's water services investment programme. South Tipperary County Council is preparing contract documents for these advance works. The council expects that it will be in a position to go to construction in mid-2012 and the contract could be completed in the third quarter of 2013. The works, when completed, will ensure a continuous water supply for the Fethard area.

My Department's Water Services Investment Programme 2010 to 2012, a copy of which is available in the Oireachtas Library, sets out the plans for investment in major water supply projects. 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 slightly more than €41 million.

It is important that the Fethard and Burncourt regional water supply scheme water treatment plants contract and mains rehabilitation works reach construction stage and are completed as quickly as possible. I undertake to give the matter priority when the documents are lodged with the Department.

Harbours and Piers

Deputy Brendan Griffin: Táim fíor-bhuíoch do Oifig an Cheann Chomhairle as ucht an seans a thabhairt dom an t-ábhar seo a phlé. Is onóir mhór dom bheith i mo Theachta Dála ar son mhuintir Chiarraí Theas. Tá mé fíor-bhuíoch do mhuintir Chiarraí Theas as an tacaíocht iontach a fuair mé san olltoghchán. Déanfaidh mé mo dhícheall ar son mhuintir Chiarraí agus ar son mhuintir na hÉireann ar fad.

I also congratulate the Minister of State, Deputy McEntee, on his recent appointment. I am sure he will do an excellent job in his new position. The issue I raise is of great importance to local fishermen in west Kerry who are being burdened with unreasonable charges for using Dingle Harbour. The charges arise from the recent implementation of the Fisheries Harbours Centres (Rates and Charges) Order 2003. Of particular and immediate concern to a number of fishermen is charge No. 7, which relates to the use of a harbour by vessels not registered or licensed or deregistered hulks and derelicts.

[Deputy Brendan Griffin.]

One fisherman to whom I spoke recently has a vessel berthed at Dingle pier while he tries to sell it. The vessel was his only way of making a living for many years until salmon fishing ceased in 2007. Built in 1974, the vessel is perfectly seaworthy but between €10,000 and €12,000 would be required to bring it up to the required code of practice standard. As the vessel is not worth even the lower of these amounts, the owner decided to buy a new, smaller vessel and transfer the licence.

Since 1 January 2011, the owner has been incurring charges from the harbour board for having the older vessel berthed at Dingle pier. Thus far, these charges, which are solely for having the vessel berthed, have amounted to more than €3,000, a figure that will increase by €500 per week for as long as the vessel remains at the pier. Surely this is unjust given that the individuals in question have suffered a substantial loss in income in recent years.

I am informed that four fishermen who are trying to sell vessels berthed in Dingle are in a similar position to the fisherman whose case I outlined. They cannot move their vessels elsewhere as it would give rise to serious health and safety issues. If, for instance, they decided to move them to nearby facilities such as those at Ballydavid, they would have to berth the vessels at sea, which would present major difficulties during rough weather and storms.

This is a pressing problem for the fishermen in question because none of them can afford to pay the relatively large sums of money required to resolve the problem. Moreover, charges for vessels of more than 20m can rise to more than €1,000 per week. I call on the Minister to review the current position to ensure that people who genuinely do not have any option other than to leave their vessels at Dingle pier will be shown some leeway.

There is also a problem with water and refuse charges at the harbour. I am advised that there is a mandatory annual water charge of €360 for those using the pier, although there is no tap there. Water is only accessible through calling an attendant at a charge of €25 per call-out. Local fishermen generally bring their own bottled water on board, yet they must still pay this charge. I am also advised that fishermen must pay a refuse charge of €480 per annum even though there is no facility for them at Dingle pier to dispose of rubbish. The fishermen in Dingle tell me that they bring their rubbish home, yet they must still pay the charge. This does not seem like a fair system and surely it warrants review.

To add insult to injury, fishermen were recently issued with letters from the Department of Agriculture, Food and the Marine informing them that those in arrears would be at the mercy of debt collectors from now on. This is an insult to the honest, hard-working fishermen in west Kerry. These charges are also an issue at other fishery harbour centres around our coasts, namely Killybegs, Castletownbere, Skerries, Rossaveal and Dunmore East.

While the figures I have mentioned are relatively small in the overall scheme of things, it is an enormous amount of money for the individuals involved. One man to whom I spoke recently told me he is having difficulty sleeping at night while charges continue to accrue concerning his vessel at Dingle pier. I ask the Minister of State to give this matter his urgent attention in order to resolve it.

Minister of State at the Department of Agriculture, Fisheries and Food (Deputy Shane McEntee): I am replying on behalf of the Minister for Agriculture, Food and the Marine, Deputy Coveney. I wish Deputy Griffin the best in his new portfolio and I hope that he will find something to work on in the following statement.

I am pleased to have this opportunity to deal with the issues raised by the Deputy concerning the difficulties being experienced by fishermen in west Kerry due to harbour charges at the Dingle fishery harbour centre. At the outset, I wish to outline the position with regard to my Department's responsibilities in relation to Dingle fishery harbour centre. The Fishery Harbour Centres Act 1968, as amended, provided the legal framework for the establishment of the six fishery harbour centres, which are located at Killybegs, Rossaveal, An Daingean, Castletownbere, Dunmore East and Howth. The Act was designed to facilitate the promotion and development of sea fishing together with the processing, packaging and selling of fish.

Dingle fishery harbour centre has been the most recent addition to the fishery harbour centres covered under the 1968 Act, as amended. Prior to its designation as a fishery harbour centre, it had been under the control of the Dingle Harbour Commissioners. The harbour commissioners formally sought the designation of the harbour as a fishery harbour centre. In 2007, Mr. Noel Dempsey, the then Minister for Communications, Marine and Natural Resources, issued the Fishery Harbour Centre (An Daingean) Order 2007, which effectively gave fishery harbour centre status to Dingle, as set out in the Fishery Harbour Centres Act 1968, as amended.

With regard to the fishery harbour centres generally, I am happy to say that my Department has in recent, and not so recent, years invested substantially in the upgrade and development of the facilities available to the fishing fleet at the fishery harbour centres, as we strive to bring the standard of facilities available up to a level comparable with the best available anywhere. This investment continues and I can confirm that in excess of €10 million has been allocated to the fishery harbours and coastal infrastructure development capital programme for 2011.

The Fishery Harbour Centres Act 1968 sets out clearly the mechanism to be employed in funding the day-to-day operational costs of the fishery harbour centres. All income received at each of the six fishery harbour centres is effectively lodged to what is known as the fishery harbour centres fund. That fund is, in fact, the only source of income available to fund the day-to-day operational and management costs at each of the fishery harbour centres.

Examples of regular expenditure that come to mind include harbour master and staff wages, electricity and fuel costs, cleaning and maintenance, etc. All income lodged to the fishery harbour centres fund is invested directly back into the fishery harbour centres.

The main source of income at each of the fishery harbour centres is from all users of harbour facilities, including fishermen availing of the facilities provided. The charges levied on fishermen who use any of the six the fishery harbour centres are set out in the Fishery Harbour Centres (Rates and Charges) Order 2003. These charges are consistent from harbour to harbour and all income received is invested directly back in the fishery harbour centres through the fishery harbour centres fund.

The rates and charges order was published in 2003 and while I am cognisant of the current economic situation, I must also point out that there has been no increase in the charges levied since 2003. I can confirm, however, that my Department is currently engaged in a review of the rates and charges order and is working to balance the economic conditions faced by fishermen with the need to continue with the provision of all necessary services at the fishery harbour centres.

On finalisation of the draft revised rates and charges order, my Department will arrange for its publication. In addition, a public consultation process will afford all stakeholders the opportunity to comment on, and provide an input to, the proposed revised charges. My Department

[Deputy Shane McEntee.]

will welcome any submissions and observations from fishermen in west Kerry and, indeed, all fishermen and harbour users.

On a more general note, my Department facilitates a regular harbour users forum at Dingle fishery harbour centre. This forum is well attended and provides for representation of all the various harbour users, including fishermen. My Department welcomes all comments and suggestions in relation to the management and development of the harbour at the forum.

The Dáil adjourned at 9.30 p.m. until 10.30 a.m. on Thursday, 7 April 2011.

Written Answers

The following are questions tabled by Members for written response and the ministerial replies as received on the day from the Departments [unrevised].

Questions Nos. 1 to 17, inclusive, answered orally.

Question No. 18 answered with Question No. 12.

Local Government Reform

19. **Deputy Sandra McLellan** asked the Minister for the Environment, Heritage and Local Government his plans to amend the criteria of class 1 and class 2 local authorities to rectify the anomalies where certain smaller councils are rating authorities and larger councils do not have the same powers. [6919/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The current system of rating and non-rating authorities is long-established. There are 54 rating town councils (including the five borough councils) and 26 non-rating town councils, previously known as town commissioners.

The Report of the Local Government Efficiency Review Group published in July 2010 includes a recommendation to transfer responsibility for planning, roads and housing functions from town councils to county councils on efficiency grounds and to eliminate administrative duplication. Allied to this is the recommendation to remove the power to determine the annual rate on valuation (ARV), which forms the basis of the levying of commercial rates, and the application of town charges in the same manner as in respect of existing non-rating town council areas.

A range of work relevant to local government reform is already under way or in planning arising from the report and I am reviewing the next immediate steps to augment this work. I will also be considering wider proposals to renew and develop the local government system in line with the Government's programme and building on relevant research and analysis already undertaken in this area. In the meantime and as recommended in the report, I am establishing an implementation group with an independent chairperson to drive, oversee and report on progress being made in the implementation of relevant recommendations.

Key objectives under the Programme for Government include devolution of greater decision-making to local level, strengthening the powers and functions of local authorities; enhancing

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the development and leadership role of local government and strengthening its structures and funding arrangements. I intend bringing proposals to Government in due course on action to take forward the proposals in the Programme to strengthen the local government system and improve its capacity to meet current and future challenges and to make a substantial contribution to the national recovery effort.

Question No. 20 answered with Question No. 10.

Question No. 21 answered with Question No. 15.

Departmental Reports

22. **Deputy Mary Lou McDonald** asked the Minister for the Environment, Heritage and Local Government the position regarding the publication of the Hennessy report. [6918/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): My predecessor as Minister for the Environment, Heritage and Local Government, Mr. John Gormley, appointed Mr. John Hennessy, SC, as an authorised person under section 224 of the Local Government Act 2001, to examine various financial matters arising in relation to the Waste to Energy facility proposed for Poolbeg.

I am considering the Hennessy Report in consultation with the Attorney General, including issues relating to publication, and am working to conclude this consideration as soon as possible.

The Programme for Government commits to the development of a coherent national waste policy, adhering to the waste hierarchy, which will aim to minimise waste disposal in landfill and maximise recovery. The waste policy will address all of the tiers of the waste hierarchy, including incineration. I am prioritising this commitment, as I am anxious to provide early certainty, in the form of both policy and legislation, to ensure that the necessary actions and investments are progressed to achieve those aims.

I intend, at an early opportunity, to advise the Oireachtas of the guiding principles which will inform the development of waste policy. I look forward to engaging with parliamentary colleagues and the range of interests in the waste sector in this regard.

Radon Gas

23. **Deputy Seán Crowe** asked the Minister for the Environment, Heritage and Local Government his plans to introduce a grant or other financial support for homeowners who are on low incomes or dependent on social welfare income to carry out radon tests on their homes. [6910/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The extent of the radon problem in Ireland has been assessed by the Radiological Protection Institute of Ireland (RPII) over a number of years. Between 1992 and 1999, the RPII carried out a comprehensive National Radon Survey to measure radon concentrations in Irish homes. The principal objective was to assess the scale of the radon problem and, in particular, identify areas at higher risk of radon contamination above the national reference level of 200 becquerels per metre cubed (Bq/m³).

Through the RPII's radon advice and awareness work, my Department supports efforts to raise public awareness of the risks posed by radon in the home. Householders, particularly those in known high radon areas, have been strongly encouraged by the RPII to have their homes tested for radon and to undertake remediation works where necessary.

At present, there is no funding available through my Department to carry out radon tests. The cost of a household radon test is typically around €55. Further information is available on the RPII website *www.rpii.ie*.

Waste Management

24. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government his views regarding waste management policy; and his policy on incineration. [6836/11]

49. **Deputy Brian Stanley** asked the Minister for the Environment, Heritage and Local Government his plans for the development of a coherent waste management strategy and proposed policy and legislation to accompany the strategy. [6906/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): I propose to take Questions Nos. 24 and 49 together.

The Programme for Government commits to the development of a coherent national waste policy, adhering to the waste hierarchy, which will aim to minimise waste disposal in landfill and maximise recovery. I am prioritising this commitment, as I am anxious to provide early regulatory certainty, in the form of both policy and legislation, to ensure that the necessary actions and investments are progressed to achieve those aims. I have recently signed regulations to complete Ireland's transposition of the Waste Framework Directive, giving statutory status to the waste hierarchy in Irish law, and I will be addressing other legislative issues shortly when the House debates the Environment (Miscellaneous Provisions) Bill, which has been restored to the Order Paper.

I intend, at an early opportunity, to advise the Oireachtas of the guiding principles which will inform the development of waste policy. That policy will address all tiers of the waste hierarchy, including incineration, and, in accordance with the Programme for Government commitments, will also address a number of other issues, including:

- Changes to the structure of the household waste collection market;
- The related issue of waivers for low income households; and
- Producer responsibility initiatives and requirements.

I look forward to engaging with parliamentary colleagues and the range of interests in the waste sector in the development of the new policy framework. My aim is to complete the policy development process this year.

Water Services

25. **Deputy Pádraig Mac Lochlainn** asked the Minister for the Environment, Heritage and Local Government his plans to address the situation whereby local authorities cannot spend the substantial amounts in capital water services accounts to repair essential water infrastructure due to the terms of the EU Stability and Growth Pact. [6921/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): In February 2009, my Department set out details of the financial requirements for local authorities relating to their overall management of capital and current accounts. These requirements flow directly from the requirement for Government finances as a whole to be managed in accordance with the Stability and Growth Pact established under the Maastricht Treaty, and the associated limitation on budget deficits.

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The Government has set a limit of €200 million for the contribution of the local government sector to the deterioration in the General Government Balance (or GGB) in any one year. In order to stay within this limit, it is necessary for local authorities to maintain both their current and capital accounts broadly in balance.

My Department continues to work with all local authorities to ensure that, within the context of the overall GGB requirements, decisions on matters of capital investment are taken in a way which maximise available resources and give the necessary prioritisation to environmental, economic and social infrastructure, with a particular emphasis on improving national water infrastructure.

In 2010, some €124.4 million in local authority borrowings was sanctioned in relation to water infrastructure. Such borrowing forms part of the financing of water services capital, but it should be noted that the largest portion of capital investment in water services is met by the Exchequer. While the level of grant at project level averages around 75-80%, the level of Departmental funding for rehabilitation and replacement of water mains is generally 90% and authorities should have the capacity to advance such contracts on a timely basis notwithstanding the overall financial constraints. The availability of access to borrowing on an annualised basis for schemes in progress effectively ensures that Water Services Authorities have access to borrowing for water services schemes when it is required.

In accordance with the Government's Water Pricing Policy, the marginal capital cost of providing water services infrastructure to the non-domestic sector is funded by that sector. Pending the receipt of funds from the non-domestic sector in respect of such works, local authorities fund the works themselves through the proceeds of development levies or access to borrowing.

An overall allocation of €435 million being made available in 2011 from the Exchequer for investment in water services infrastructure. The process of prioritising loan applications for such projects in 2011 is almost complete and my Department has been guided by local authorities in respect of the most critical projects requiring funding.

Election Management

26. **Deputy Pearse Doherty** asked the Minister for the Environment, Heritage and Local Government his plans to introduce spending limits for elections and constitutional referendums in advance of the forthcoming presidential election. [6913/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The Programme for Government contains a commitment to having spending limits for all elections and constitutional referendums, including for a period in advance of scheduled local, European, general and presidential elections.

Part IV of the Electoral Act 1997 provides for an election expenses regime to be applied to candidates at a presidential election. While the monetary amounts in respect of the spending limit were not specified in the 1997 Act, provision was made for this to be effected by Ministerial order. This was done in July 2004 in advance of the Presidential Election scheduled for later that year. Statutory Instrument No. 441 of 2004 set the spending limit at €1,300,000, and this is the amount that currently applies.

At the moment there are no spending limits in place for constitutional referendums. In bringing forward proposals to amend the relevant legislation, which I intend to progress as soon as possible, I will have regard to the report prepared in March 2009 by the Standards in Public Office Commission on the operation of provisions applying to third parties at the first

referendum on the Lisbon Treaty held in 2008. Third parties are typically campaign groups and are defined under section 22(2)(aa) of the Electoral Act 1997. The report recommended that third parties and political parties should be required to disclose details of expenditure on referendum campaigns. It also recommended that information should be made available on the sources of funding available to both third parties and political parties.

Question No. 27 answered with Question No. 15.

Departmental Bodies

28. **Deputy Pearse Doherty** asked the Minister for the Environment, Heritage and Local Government the date on which he will introduce legislation establishing an Electoral Commission to subsume the functions of existing bodies in the Department of the Environment. [6912/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The Programme for Government contains a commitment to establish an Electoral Commission to subsume functions of existing bodies and my Department. This is part of the Government's wider commitment to a radical overhaul of the way Irish politics and Government work. An Electoral Commission will be an important element in a reformed and revitalised electoral system.

In developing proposals for the establishment of an Electoral Commission, I am aware that there is extensive knowledge and expertise in electoral matters across all sides of the House. The Joint Oireachtas Committee on the Constitution, which published a report on the electoral system in July 2010, stated that it strongly supported the establishment of an independent Electoral Commission. I look forward to the continued input of Oireachtas members in the implementation of the Programme for Government commitment to establish such a body.

While there is broad agreement on the principle that an Electoral Commission should be established, setting up this new structure will be a major body of work and it needs to be done right. Issues for consideration include international best practice, the Commission's structure and functions, who it reports to, its relationship with other bodies currently involved in electoral administration, and the approach to be followed in relation to the extensive legislation that will be required.

I am currently giving consideration to how the necessary measures to establish an Electoral Commission can be advanced.

Question No. 29 answered with Question No. 15.

Library Services

30. **Deputy Michael P. Kitt** asked the Minister for the Environment, Heritage and Local Government if research has been carried out to provide a broad range of music services in our public libraries; the percentage of music materials in library stock; if there are extra charges for access to music provision; and if he will make a statement on the matter. [6724/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): Section 78 of the Local Government Act 2001 deals with the functions of library authorities. Section 78(2)(a) of the Act provides that a library authority may, in particular, arrange for the provision of premises and facilities (including mobile facilities) for the borrowing of and reference to books and other printed matter, tapes and discs (being audio, video or both) slides and such other material, including material available by means of computers and information technologies, as it considers appropriate. The adoption of a library development programme,

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which may include the music services to be provided, is a reserved function of the local authority.

Branching Out, Future Directions, the policy document on the development of the public library service in Ireland, published in 2008, recognises libraries as centres of culture. In terms of libraries as resources for cultural expression, Branching Out, Future Directions, recommended that priorities would include the development and enhancement of a range of cultural programmes including music events.

An Chomhairle Leabharlanna (the Library Council) collects statistics on the public library service throughout Ireland. In 2009, the latest year for which full statistics are available, music materials made up some 1.7% of total materials held in library authority collections.

Under Section 66 (10) of the 2001 Act a local authority may make such charges for the use of, admission to or otherwise in relation to amenities, facilities, services or any other thing provided as it considers appropriate.

International Agreements

31. **Deputy Martin Ferris** asked the Minister for the Environment, Heritage and Local Government the position regarding his work on the Oslo-Paris Convention for the Protection of the Marine Environment of the North-east Atlantic, OSPAR, to achieve progressive and substantial reductions of radioactive discharges into the Irish Sea. [6916/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The OSPAR strategy with regard to radioactive substances (RSS) has as its objective the prevention of pollution of the OSPAR maritime area by radioactive substances. This is to be achieved by the contracting parties to the convention, which include Ireland and the UK, through progressive and substantial reductions in discharges, emissions and losses of radioactive substances, with the ultimate aim of achieving concentrations in the marine environment near background values for naturally occurring radioactive substances, and close to zero for artificial radioactive substances by the year 2020.

The Radiological Protection Institute of Ireland (RPII) has an ongoing monitoring programme of the Irish marine environment which is reviewed at regular intervals to ensure it is fit for purpose, including regarding assessing progress towards the implementation of the OSPAR strategy. The results of RPII monitoring are available on the institute's website, www.rpii.ie.

As Ireland has no nuclear installations, the only sources of radioactive discharge from Ireland to the OSPAR maritime area arise from the use of unsealed sources of radiation in the medical, education and research sectors and from discharges of produced water by the oil and gas industry. Iodine-131, mainly arising from discharges from Irish hospitals, is the only radionuclide present in measurable concentrations in discharges from Ireland. The use of unsealed sources of radiation at hospitals and at teaching and research facilities is carried out under licence from the RPII.

The RPII undertook a regulatory review of procedures dealing with iodine-131 discharges, which concluded that the procedures are consistent with the best available technique (BAT) concept as required under the OSPAR RSS. Furthermore, the environmental impact arising from Ireland's iodine-131 discharges is negligible and of no risk to members of the public from a radiological point of view.

Contracting Parties to the OSPAR Convention are required to publish national plans to show how the RSS is being implemented in their respective countries. Ireland's national plan was revised and updated in 2010 and presented to the OSPAR Commission. The plan can be

viewed on my Department's website at <http://www.environ.ie/en/Publications/>. The revised plan confirms that Ireland is on course to meet its commitments fully under the OSPAR RSS.

The UK also published in 2009 a Strategy for Radioactive Discharges which describes how the UK intends to meet its commitments under the OSPAR RSS. It is our expectation that the UK will fully meet all of its commitments under this strategy.

Question No. 32 answered with Question No. 15.

Unfinished Housing Developments

33. **Deputy Dessie Ellis** asked the Minister for the Environment, Heritage and Local Government his plans to resolve the problems associated with ghost estates. [6915/11]

44. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government the way he proposes to tackle ghost estates. [6837/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): I propose to take Questions Nos. 33 and 44 together.

I refer to the reply to Question No. 5 of today which sets out the position in this matter.

Local Government Reform

34. **Deputy Catherine Murphy** asked the Minister for the Environment, Heritage and Local Government if it is intended to retain a town council system; and if he will make a statement on the matter. [6830/11]

50. **Deputy Caoimhghín Ó Caoláin** asked the Minister for the Environment, Heritage and Local Government his plans to reform and empower local government, including introducing participatory democracy initiatives. [6923/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): I propose to take Questions Nos. 34 and 50 together.

A range of work relevant to local government reform is under way or in planning arising from the Report of the Local Government Efficiency Review Group and I am reviewing the next immediate steps to augment this work. I will also be considering wider proposals to renew and develop the local government system in line with the Programme for Government and building on relevant research and analysis already undertaken in this area.

Key objectives under the Programme for Government include devolution of greater decision-making to local level, strengthening the powers and functions of local authorities; enhancing the development and leadership role of local government and strengthening its structures and funding arrangements. I intend bringing proposals to Government in due course on action to take forward the proposals in the Programme to strengthen the local government system and improve its capacity to meet current and future challenges and to make a substantial contribution to the national recovery effort.

Proposed Legislation

35. **Deputy Barry Cowen** asked the Minister for the Environment, Heritage and Local Government his priorities in regard to political reform until the end of 2011. [6838/11]

36. **Deputy Willie O'Dea** asked the Minister for the Environment, Heritage and Local Government if he will make a commitment to publish legislation banning corporate donations before the end of 2011. [6833/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): I propose to take Questions Nos. 35 and 36 together.

The Programme for Government commits to a radical overhaul of the way Irish politics and Government work. It sets out a wide-ranging series of commitments to this end, a number of which are within my areas of responsibility as Minister. I am committed to working with my Government colleagues to implement these measures in full.

The Programme for Government states that we will introduce the necessary legal and constitutional provisions to ban corporate donations to political parties. This is one element of the Government's plan to bring about reform of the funding and operation of politics in Ireland.

Work is currently underway in my Department on the preparation of legislation to give effect to this commitment on political funding, having regard to recommendations made in the final report of the Moriarty Tribunal. I expect that this legislation will be published this year.

Water Charges

37. **Deputy Aengus Ó Snodaigh** asked the Minister for the Environment, Heritage and Local Government his plans to impose water charges on domestic users. [6924/11]

40. **Deputy Aengus Ó Snodaigh** asked the Minister for the Environment, Heritage and Local Government if he has sought legal advice on whether the planned water charges model complies with the EU Water Directive. [6925/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Fergús O'Dowd): I propose to take Questions Nos. 37 and 40 together.

The Programme for Government includes a commitment to introduce a fair funding model to deliver reliable water services. The Programme also proposes the installation of water meters in individual households and introduction of water charges based on usage above a free allowance. My Department is currently preparing a strategy to implement these proposals, including legislation to allow for the introduction of domestic water charges. The advice of the Attorney General will be obtained on all aspects of the draft legislation before it is finalised.

Nuclear Safety

38. **Deputy Michael McGrath** asked the Minister for the Environment, Heritage and Local Government the action he has taken in the past fortnight since the disaster in Japan to ensure that there is a contingency plan in place should a similar event happen at the Sellafield plant in England. [6647/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The Government has in place a National Emergency Plan for Nuclear Accidents. This is designed to respond to an event at a nuclear installation abroad, including plants in the UK or in other countries, that could result in radioactive contamination reaching Ireland. The Plan conforms to best international standards and practice as established by the International Atomic Energy Agency. My Department is the Lead Government Department for co-ordinating the response to any nuclear accidents, and is assisted by a range of relevant Departments and agencies, including relevant specialist agencies such as the Radiological Protection Institute of Ireland (RPII), the Food Safety Authority of Ireland (FSAI) and Met Éireann.

Ireland has a bi-lateral agreement on the early notification of a nuclear incident with the United Kingdom. My Department is in regular contact with the relevant British Government Departments and agencies on nuclear safety and radiological protection matters. The RPII also has bilateral arrangements with the regulatory bodies responsible for radiological protection

and nuclear safety in the United Kingdom and keeps my Department fully briefed on these matters. The RPII has a national radiation monitoring network, which is used to provide an early warning of elevated radioactivity levels, and makes this information available in real-time on its website at *www.rpii.ie*. The Institute also has direct access to the UK Radiation Monitoring System (RIMNET).

Since the earthquake and tsunami on 11 March which resulted in the nuclear emergency in Japan, the relevant authorities in Ireland have been monitoring the situation, taking account of information available through the International Atomic Energy Agency and the European Union. The incidents to date have been rated as a five on the seven point International Nuclear and Radiological Event Scale (INES) indicating their serious nature, and that the impact is in the wider area of the affected power plant.

My Department's National Directorate for Fire and Emergency Management convened a National Co-ordination Group of the relevant Departments and agencies on the day following the earthquake to review the available information and to consider potential issues for Ireland. The RPII has confirmed that it has detected the presence of trace amounts of radioactivity from the Fukushima accident in Ireland. The amount of radio-iodine identified is extremely low, is consistent with levels found in other European countries, and has no public health implications.

The National Co-ordination Group continues to meet routinely to assess emerging issues and to ensure that appropriate information is made available to the public.

Proposed Legislation

39. **Deputy Sean Fleming** asked the Minister for the Environment, Heritage and Local Government the changes he proposes to make to the 2010 Planning and Development Act. [6835/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): The Programme for Government sets out a number of commitments in relation to the planning area. These include:

- better coordination of national, regional and local planning laws in order to achieve better and more coordinated development that supports local communities;
- improving local transport access by requiring, *inter alia*, that local authorities develop a transport plan in conjunction with their development plans and local area plans;
- examining the legislative provisions in relation to the taking in charge of estates by local authorities — this will be informed by the report of the Advisory Group on Unfinished Housing Developments which will be completed shortly;
- substantially increasing existing penalties for those who break planning laws, and
- ensuring that the planning system is integrated with schools planning so that all new zonings for residential development make adequate provision for school places.

The Government also intends to build upon the many planning reforms introduced in the Planning and Development (Amendment) Act 2010 to ensure that there is adequate access and participation by citizens and public representatives in decision making and policy formation.

Question No. 40 answered with Question No. 37.

Illegal Dumping

41. **Deputy Jonathan O'Brien** asked the Minister for the Environment, Heritage and Local Government his plans to clamp down on environmental crimes such as illegal dumping. [6922/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): Enforcement of waste legislation, including action against illegal activity, is a matter for the local authorities and the Office of Environmental Enforcement (OEE) within the Environmental Protection Agency.

I am providing over €7m grant assistance from the Environment Fund to local authorities this year to support continuing waste enforcement. Some 120 local authority waste enforcement staff are funded under this grant scheme. In July 2008 following the issue of a policy direction under section 60 of the Waste Management Act 1996 to local authorities and the EPA, each local authority and the EPA has prepared and published an Enforcement Policy in respect of Unauthorised Waste Activities. The funding allocated will enable local authorities to implement their plans and carry out a detailed programme of enforcement during 2011.

The OEE and the local authorities are, at my Department's request, prioritising enforcement activities in relation to aspects requiring attention under European Court of Justice case C494/01 such as unauthorised end of life vehicle sites. The Environmental Enforcement Network run by the OEE is overseeing the development and implementation of local authority inspection plans. I will be keeping progress in this area under review on an ongoing basis.

Social and Affordable Housing

42. **Deputy Sean Fleming** asked the Minister for the Environment, Heritage and Local Government his plans to protect homeowners with distressed mortgages where the loans were advanced by the local authorities; and if he will instruct the local authorities to show the same level of flexibility to these homeowners as is being shown by the main financial institutions. [6834/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): The Government is acutely conscious of the difficulties many households are facing in terms of mortgage arrears and our Programme for Government sets out a range of credible and meaningful measures that will help households challenged to meet mortgage commitments. In terms of arrears among borrowers from local authorities, I believe it is essential that such borrowers should expect at least the same degree of flexibility as is being shown to borrowers from private lending institutions. The very low rate of repossession by local authorities demonstrates that this has traditionally been the case. However, to ensure consistency of treatment for all borrowers in arrears, my Department is currently updating comprehensive guidance on arrears management to reflect the changes introduced by the Financial Regulator in the revised Code of Conduct for Mortgage Arrears which came into effect on 1 January 2011. The Code of Conduct requires that each lending institution has in place a Mortgage Arrears Resolution Process (MARP) as a framework for handling cases of mortgage arrears. As part of the new guidance being prepared, my Department will issue a single MARP for use by all authorities.

43. **Deputy Richard Boyd Barrett** asked the Minister for the Environment, Heritage and Local Government the position regarding the proposed reductions in income thresholds in respect of eligibility for social housing; and if he will make a statement on the matter. [6727/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): I refer to the reply to Questions Nos. 279 and 280 of 5 April 2011 which outline the position in this matter.

Question No. 44 answered with Question No. 33.

Water Services

45. **Deputy Barry Cowen** asked the Minister for the Environment, Heritage and Local Government if he will detail capital spending on water services in 1996; and if he will also detail capital spending on water services in 2011. [6839/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The Water Services Capital Programme is divided into two elements: the Water Services Investment Programme and the Rural Water Programme. The Water Services Investment Programme is a multi-annual investment plan for the provision of major water and sewerage schemes. The Water Services Investment Programme 2010-2012 is the current such plan. A copy of the Programme is available in the Oireachtas library. The Programme for 2010-2012 prioritises projects that target public health and environmental compliance issues, rehabilitation of existing water supply networks and projects which support economic and employment growth.

The Department provides annual block grant allocations to local authorities under its Rural Water Programme mainly for funding towards group water schemes and small public water and sewerage schemes. Allocations were made in February 2011 for the current year, and responsibility for the administration of the Programme has been devolved to local authorities since 1997.

The total Exchequer capital allocation for Water Services Infrastructure in 2011 is €435 million — €350 million is allocated to the Water Services Investment Programme (Major Schemes) and €85 million is allocated to the Rural Water Programme for Small Public Schemes and Group Water Schemes.

Total Exchequer expenditure on Water Services capital works amounted to €155.401 million in 1996. The Water Services Investment Programme saw €140.579 million invested on major schemes while €14.822 million was spent under the Rural Water Programme.

46. **Deputy Catherine Murphy** asked the Minister for the Environment, Heritage and Local Government if water supply deficits have been calculated in major centres of population; if such a calculation has been made, the measures he intends to implement to deal with short, medium and long term requirements; and if he will make a statement on the matter. [6831/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): My Department's Water Services Investment Programme 2010-2012, which is available in the Oireachtas library, sets out the plans for investment in major water supply projects in order to meet key environmental and economic objectives over that period.

The preparation of the Water Services Investment Programme 2010-2012 programme involved a complete review of all schemes which had not substantially progressed to ensure that they remained priorities in the light of these programme objectives. This programme builds on investment in the period 2010-2009, which 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 over the same period. The development of the programme included the completion of a needs assessment by all local authorities, including the water supply requirements of major centres of population, from the perspective of both quality and demand in the short, medium and longer term. In preparing the programme, the Department and local

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authorities also took into account the 2008 Forfás Report — Assessment of Water and Wastewater Services for Enterprise, which examined the future needs of enterprise in NSS gateways and hubs and identified a number of areas where existing or future capacity was constrained.

Addressing such deficits requires a combination of accelerated investment in water conservation to address unsustainable levels of unaccounted for water, and the provision of new and upgraded infrastructure. Consequently, the Programme's water supply component, including water conservation works, comprises some 70 projects in progress with a value of over €500 million, some 180 contracts to be progressed to construction over the period 2010-2012 with a value of over €800 million and some 100 schemes on which planning work will continue.

Social and Affordable Housing

47. **Deputy Richard Boyd Barrett** asked the Minister for the Environment, Heritage and Local Government the potential use of National Asset Management Agency properties for social housing and other social and community uses; and if he will make a statement on the matter. [6728/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): Two of the key challenges for the housing sector at present are the oversupply of housing in certain areas, including in respect of unfinished estates, and the need sustainably to meet the increasing demand for social housing in the context of a severely restricted resource environment. There are clear linkages between the roles of my Department and the National Asset Management Agency (NAMA) in addressing these challenges and there is significant potential to align the objectives of the two organisations.

My Department has already engaged with representatives of NAMA and I have also recently written to the Chairman to seek an early meeting to discuss means of securing a social dividend through the acquisition of suitable residential units for social housing purposes, while providing a return in line with NAMA's mandate.

Greenhouse Gas Emissions

48. **Deputy Micheál Martin** asked the Minister for the Environment, Heritage and Local Government the way he intends to meet EU and UN targets to tackle climate change; and if he will make a statement on the matter. [6659/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): For the purposes of the Kyoto protocol, Ireland is committed to limiting average annual greenhouse gas emissions in the period 2008-2012 to 13% above 1990 levels. On foot of the National Climate Change Strategy 2007-2012, Ireland will meet its target through a series of national measures to reduce greenhouse gas emissions, supplemented, as necessary, by the purchase of carbon units on the international market.

Under the December 2008 Effort Sharing Decision, which establishes annual binding greenhouse gas emission targets for Member States for the period 2013-2020, Ireland must achieve a 20% reduction, relative to 2005 levels, in greenhouse gas emissions in the non-traded sector of the economy by 2020 — this covers areas such as transport, agriculture, the residential sector and waste management. Emissions in the traded sector of the economy are being addressed through the separate EU Emissions Trading Scheme.

I have asked my Department to undertake a review of Ireland's climate-related policies and measures in light of existing and anticipated national greenhouse gas mitigation targets for the period to 2020. The outcome of this review, to be completed within 3 months, will underpin

the development of future climate policy in support of the achievement of our targets. Ireland will also be engaging closely with efforts to secure agreement on a legally binding international treaty at UN level and with developments on foot of the recently published low carbon economy roadmap to 2050 adopted by the European Commission, taking particular account of the implications that may arise in terms of more ambitious greenhouse gas emissions reduction targets.

Question No. 49 answered with Question No. 24.

Question No. 50 answered with Question No. 34.

Ministerial Meetings

51. **Deputy Micheál Martin** asked the Tánaiste and Minister for Foreign Affairs the preparations that are underway for Ireland's chairmanship of the Organisation for Security and Cooperation in Europe in 2012. [6848/11]

Tánaiste and Minister for Foreign Affairs (Deputy Eamon Gilmore): As the Deputy will be aware, Ireland will assume the chairmanship of the Organisation for Security and Cooperation in Europe (OSCE) in January 2012 for one year. Comprising 56 participating States from Europe, Central Asia and North America, the OSCE is the world's largest intergovernmental regional security organisation, dealing with a range of issues in the areas of democratisation, human rights, arms control and economic and environmental security. This is the first time Ireland will chair the organisation. The chairmanship represents a useful opportunity for Ireland to assume a leadership role on the global stage. It is also consistent with the country's strong commitment to multilateralism and the promotion of human rights and democratic values. As Minister for Foreign Affairs, I will be the Chairperson-in-Office (CiO) for the duration of our chairmanship and bear overall responsibility for the executive action of the organisation and the co-ordination of its activities.

This year, as part of the preparation for our chairmanship, Ireland is participating in the OSCE Troika with the current chair of the organisation, Lithuania, and previous chair, Kazakhstan. Weekly Troika meetings take place in Vienna, to discuss all aspects of Lithuania's chairmanship and current OSCE issues. Ireland is also chairing the Mediterranean Partners Contact Group this year, which brings together OSCE participating States and the Mediterranean Partner Countries to discuss issues of mutual interest and relevance to the work of the OSCE.

Policy priorities for Ireland's chairmanship year are currently being considered and will be further developed over the course of this year, in close consultation with other participating States. Within the area of the OSCE's Human Dimension, which relates to human rights and democratisation, it is likely Ireland will prioritise the issue of freedom of the media, especially internet-based media. Existing OSCE media freedom commitments need to be adapted in response to the advent of new media technology and this is an issue Ireland will seek to highlight.

Within the OSCE's Economic and Environmental Dimension, Ireland is likely to make governance the central theme for its chairmanship. Several thematic areas could be considered in this regard, including combating corruption, improving the management of public resources, developing a business-friendly environment, promoting SMEs and improving the practice of corporate governance.

In terms of the politico-military dimension, Ireland will work to help facilitate progress in the resolution of the OSCE region's protracted conflicts, drawing on lessons learned from the Northern Ireland peace process. We will also work to see continued progress on updating the

[Deputy Eamon Gilmore.]

OSCE's arms control and confidence and security-building measures and on enhancing the conflict prevention capacity of the organisation.

My officials have been working on preparations for our chairmanship since last summer. A dedicated OSCE Task Force was established in my Department in October. This is likely to number up to 12 officials by mid-year, with a similar number working at Ireland's OSCE Mission in Vienna. I also plan to appoint a Special Representative on the protracted conflicts during our chairmanship.

The OSCE's activities cover a broad spectrum of activities and I want to ensure that all our government departments are in a position to contribute to and gain from our chairmanship. To this end, regular consultations have already begun with officials from other government Departments, who will be able to contribute relevant expertise over the course of Ireland's chairmanship.

On the budgetary side, estimates prepared under my predecessor indicate that the overall cost of our chairmanship to the Exchequer will be up to €10 million. Much of this spending will be on the OSCE Ministerial, which will take place in Dublin in December 2012. An annual event, held over two days in the capital of the chairing State, the Ministerial brings together Foreign Ministers and officials from the OSCE's 56 participating States and partner countries. At least 1000 people are likely to attend the Ministerial in Dublin in December 2012 and the event will require careful logistical planning.

For Ireland, the OSCE remains a cornerstone of peace, security and prosperity in the Eurasian region and I greatly look forward to the challenge of chairing this organisation in 2012.

Overseas Development Aid

52. **Deputy Aodhán Ó Ríordáin** asked the Tánaiste and Minister for Foreign Affairs if he will act on the recent publication by Dr. Sheila Killian at the University of Limerick, *Driving the Getaway Car? Ireland, Tax and Development*, written in co-operation with such prominent non-government organisations (details supplied); and if he will make a statement on the matter. [7054/11]

Minister of State at the Department of Foreign Affairs (Deputy Jan O'Sullivan): I welcome the interest among Non-governmental Organisations and academic researchers in the international debate on financing for development, and in particular on the issue of taxation and development. Official Development Assistance (ODA) is essential, both as a direct contribution to the fight against global poverty and as a catalyst for other development funding. However, development is about much more than aid. Sustainable change and inclusive economic growth will not be achieved unless countries themselves can take the lead in their own development. It is worth noting that, at present, domestic revenue raises about ten times more in development financing for Africa than does ODA.

I have seen the report referred to by the Deputy. Notwithstanding its title, the report looks at some serious and important issues. While the Minister for Finance has responsibility for questions in relation to Ireland's taxation system, I would point out that Irish Aid, operating from within my Department, cooperates closely with the Department of Finance and the Revenue Commissioners in providing assistance to developing countries to build up their tax systems and in Ireland's engagement on global policy issues in this area.

Efficient and fair tax systems in developing countries are essential to the fight against poverty, and the achievement of the Millennium Development Goals. It is increasingly being recognised that tax evasion and avoidance, and illicit financial flows, represent a major obstacle to

domestic resource mobilisation in poor countries, and are undermining development efforts. Ireland has engaged actively through the European Union, the Organisation for Economic Co-operation and Development, and the United Nations to ensure that effective multilateral action is taken to tackle these practices. A number of important recommendations are emerging, which will be considered in the coming period.

More generally, the Government's approach to these issues will involve a strong commitment to the aid programme and to the 0.7% GNP commitment, which we will strive to meet by 2015. We are firmly committed to the Millennium Development Goals, and to ensuring that Ireland's development programme is rigorously focused on the poorest people and communities, especially in sub-Saharan Africa, and on achieving results in the fight against global poverty and hunger. An important element in this is the building of capacity in our partner countries to raise their own revenue in a fair and efficient way, and to provide effective and accountable management of public resources. Through the Revenue Commissioners, for example, our cooperation with the Rwanda Revenue Authority is already being used to develop a tax compliance risk assessment system which has the potential for application in other developing countries. We are also supporting the African Taxation Administrators Forum in building capacity across the continent.

I believe that Ireland must play its role, as a developed country, in responding to the opportunities which now exist, through the OECD and in cooperation with developing countries, NGOs and the private sector, to create greater international tax transparency. The aim must be to strengthen the enabling environment for developing countries to collect tax revenues, build their state systems, promote inclusive economic growth and end chronic poverty and hunger. In the current economic environment, it is essential that we ensure that our development assistance is achieving clear results, and that we strengthen the coherence of policies across all Government Departments which affect developing countries.

National Minimum Wage

53. **Deputy Martin Ferris** asked the Minister for Finance in the view of the statement by the Taoiseach last Wednesday that reversing the cut to the national minimum wage is contingent on approval by the IMF-EU because it is in the memorandum of understanding, if that also means that the current Government will have to increase the qualifying age to 66 years in line with the Memorandum; and if he will make a statement on the matter. [7007/11]

55. **Deputy Martin Ferris** asked the Minister for Finance in view of the statement by the Taoiseach last Wednesday that reversing the cut to the national minimum wage will require approval by the International Monetary Fund and the EU, if that means that all commitments in the programme for Government can be over ridden by the terms of the memorandum of understanding; and if he will make a statement on the matter. [6972/11]

58. **Deputy Martin Ferris** asked the Minister for Finance in line with the clause on page 13 of the memorandum of understanding with the EU-IMF which states, under the period of this financial assistance programme, any additional unplanned revenues must be allocated to debt reduction, that the proceeds from the planned sale of €2 billion of State assets would mean that the proceeds from that would have to go to pay the debt, rather than as planned to fund a job creation programme; and if he will make a statement on the matter. [7062/11]

Minister for Finance (Deputy Michael Noonan): I propose to take Questions Nos. 53, 55 and 58 together.

[Deputy Michael Noonan.]

Under the EU/IMF Programme of Financial Support, Ireland has agreed to deliver a wide range of actions and conditions including those referred to by the Deputy in his questions. Furthermore, Ireland has committed to consult with the European Commission, the ECB and the IMF on the adoption of policies that are not consistent with the EU/IMF Programme.

From my dealings to date, I understand the Programme partners are open to changes in the actions and conditions set out in the EU/IMF Programme provided any such changes are accompanied by compensatory measures of equal value or effect. The primary forum for such consultation is the quarterly review missions with the Programme partners, the first of which is taking place this week and next, between the 5th and 15th of April 2011. This review, and subsequent reviews, provide an opportunity to consult with the Programme partners on the various competitiveness measures set out in the Memorandum of Understanding and Memorandum of Economic and Financial Policies, including in relation to the national minimum wage and the review of sectoral wage agreements which is being undertaken, along with the Governments planned Jobs Fund Initiative.

The increase in the qualifying age for the State pension to 66 years is an entirely different issue from the national minimum wage. The Government's policy on that issue has been clearly outlined by my colleague the Minister for Social Protection in response to a PQ from Deputy Brian Stanley on Wednesday 30th of March 2011.

Finally as regards the issue of additional unplanned revenues, the position is that Ireland has a very significant fiscal deficit that must be closed so as to bring sustainability to the public finances, thus underpinning growth. In this context we must be conscious of the high debt level that we now have and take the necessary steps to control and reduce this mounting debt burden.

Motor Fuels

54. **Deputy Noel Harrington** asked the Minister for Finance his plans to re-introduce the fuel rebate for small private bus operators which are not registered for VAT; and if he will make a statement on the matter. [6970/11]

Minister for Finance (Deputy Michael Noonan): A derogation under EU Directive 2003/96 on Energy Taxation allowed the application of a reduced rate of Mineral Oil Tax to fuel used for the purposes of certain road passenger services. That derogation has expired and the arrangement was, therefore, terminated by the Finance Act 2008. It would not be possible, having regard to the relevant provisions of EU law, to re-introduce a scheme of that nature for those services.

Question No. 55 answered with Question No. 53.

Freedom of Information

56. **Deputy Dominic Hannigan** asked the Minister for Finance his plans to bring vocational education committees under the remit of the Freedom of Information Acts; and if he will make a statement on the matter. [7028/11]

Minister for Finance (Deputy Michael Noonan): The Programme for Government provides that the Government will legislate to “restore the Freedom of Information Act to what it was before it was undermined by the outgoing Government”, and that it “will extend its remit to other public bodies including the administrative side of the Garda Síochána, subject to security exceptions”. It also proposes “to extend Freedom of Information, and the Ombudsman Act,

to ensure that all statutory bodies, and all bodies significantly funded from the public purse, are covered”.

My Department is carrying out preparatory work to implement the above commitments. When this work is complete I will bring proposals to Government in relation to the Freedom of Information Acts. The proposals will include consideration of the extension of the provisions of the Freedom of Information Acts to Vocational Education Committees.

Flood Relief

57. **Deputy Aodhán Ó Ríordáin** asked the Minister for Finance if the revenue earmarked by the previous Government for flood prevention measures on the River Wad in Dublin North Central will be continued; and if he will make a statement on the matter. [7052/11]

Minister of State at the Department of Finance (Deputy Brian Hayes): Following the extreme flood events on the River Wad in the Donnycarney area of Dublin City in 2008 and 2009, Dublin City Council undertook a study on the River Wad catchment to investigate the problem, and to recommend possible solutions. The costs of the study and subsequent site investigations were funded by the Office of Public Works (OPW).

The completed study recommended that a flood relief scheme was feasible and should be advanced in three phases. The City Council and OPW agreed in 2010 that the first phase, around the Clonmoyle Estate, should be progressed to detailed design. The City Council then commenced the detailed design process of this phase, which is now being completed, and which will be followed by a Part 8 Planning procedure, if required. Once the Council has secured all local consents and has passed any required planning processes, it will formally request funding from OPW to construct the scheme. The costs of this phase are estimated to be in the order of €2million.

The costs of Phase 1 are presently included in OPW's Multi Annual Financial Profile.

Question No. 58 answered with Question No. 53.

Employment Support Services

59. **Deputy Thomas P. Broughan** asked the Minister for Education and Skills the allocation of funding to former workers of a company (details supplied) from the European globalisation adjustment fund; if the funding has begun to be drawn down and dispersed to the ex-employees for education, retraining and small business support purposes; and if he will make a statement on the matter. [6967/11]

Minister for Education and Skills (Deputy Ruairí Quinn): On 8 December 2010, the European Commission approved the Irish application for European Globalisation Adjustment Fund (EGF) co-financing assistance in support of 1,135 workers made redundant in 2009 at the S R Technics aircraft maintenance facility at Dublin Airport. The EGF application was for a total of €11.46m of which the EU contribution of €7.45m was received on 22 December 2010.

Under the terms of the European Commission financing decision, EGF co-funding can be used for measures delivered from the commencement of service provision to the affected workers from 25 March 2009 until 9 October 2011. No EGF funding can be provided for measures after the latter date. Under the SR Technics EGF programme, funding is provided by my Department as the EGF Managing Authority to relevant intermediate bodies who facilitate the delivery of training, educational and enterprise supports through a range of in-house and external service providers rather than directly to individual participants.

[Deputy Ruairí Quinn.]

The relevant service providers such as FÁS, City and County Enterprise Boards (CEBs), Vocational and Education Committees (VECs) and higher education institutions and colleges have, since March 2009, provided the former SR Technics workers affected with a range of occupational guidance, training, educational opportunities and enterprise supports. For example, FÁS has facilitated almost 850 training places to date. Under a new scheme designed by FÁS in collaboration with my Department, the Department of Enterprise, Trade & Innovation and the Department of Defence, 16 redundant SRT apprentices have since September 2010, commenced Phase 5 and 7 on-the-job work placements with the Air Corps.

In terms of educational supports, over 140 former SR Technics workers have availed of higher education supports to date, including almost 80 participating in full time courses. The VEC sector is also providing training programmes to former SR Technics workers. The CEBs have provided business advice, mentoring and financial support to almost 100 former SR Technics workers interested in starting their own business. The full range of EGF co-financed services will continue to be provided to eligible participants until the EGF implementation period expires on 9 October 2011.

FÁS Training Programmes

60. **Deputy Finian McGrath** asked the Minister for Education and Skills the courses or advice for unemployed persons in an area (details supplied) in Dublin 5 and 9; and the option for persons wanting to work or undertake a course. [7051/11]

Minister for Education and Skills (Deputy Ruairí Quinn): Unemployed persons from Dublin 5 & 9 areas are not limited to opportunities in the local area, and can avail of the full range of training and education courses available to the unemployed. It is expected that FÁS will deliver at least 90,000 training places for the unemployed in 2011. FÁS offers a wide range of training courses and delivery methods to suit individual client needs in the development of their skill-sets. An individual is eligible to take part on a FÁS course if they are unemployed, redundant or out of full-time education.

The Labour Market Activation Fund was launched in March 2010, in order to assist in the creation of training and education provision for specific priority groups among the unemployed, namely the low skilled, and those formerly employed in declining sectors — construction, retail and manufacturing sectors — with particular emphasis on the under 35's and the long-term unemployed. Contracts were awarded to fifty five organisations across the private, not-for-profit and public sectors, providing approximately 12,000 training places for of the unemployed. Programmes are due to come to completion by end June 2011 and many of the places on these courses have already been filled at this stage. The list of programme providers and the courses they are providing is available at the following web page www.qualifax.ie.

In addition to the above provision, in 2011 it is expected that 168,000 full time and part time Further Education places and 156,000 full time Higher Education places will be provided. In the Further Education Sector there is also a range of full time Adult and Further Education courses open to the unemployed. Full-time options include Post Leaving Certificate (PLC) and Vocational Training Opportunities Scheme (VTOS) courses. The Back to Education Initiative (BTEI) is the part time alternative.

In relation to the Higher Education Sector, in December 2010 the Government announced the creation of a new €20 million Higher Education Activation Fund. The aim of this Fund is to enable unemployed people access part-time higher education opportunities from certificate to post graduate levels (Levels 6 to 9 on NFQ). The Part-time education initiative also facilitates unemployed people to continue to look for work and be available to take up employment

while upgrading their qualifications and skills. A first call for proposals for €5m issued in January 2011. It is expected that a formal launch of the programmes offered under this Fund will be announced in the coming months.

Specifically in the Dublin Region FÁS provides a broad range of services for unemployed clients including:

- On-site Information, Registration, Referral, Guidance and Placement Services in 16 Employment Services Offices — locations: Balbriggan, Baldoyle, Coolock, Swords, Finglas (2 offices), Blanchardstown, D'Olier St., Parnell St., Baggot St., Ballyfermot, Crumlin, Clondalkin, Tallaght, Rathfarnham, Dun Laoghaire.
- FÁS JobsIreland provides access to job vacancies, online CV profiling for employers from all over Europe, and effective CV-to-job matching.
- Referral to full range of FÁS-funded training and employment options: Community Services Programmes — Community Training Centre's, Local Training Initiatives, Specialist Training Providers, Jobs Clubs
- Direct recruitment for all in-centre FÁS Training Services courses (short courses, specific skills courses, on-line, blended, traineeships, evening courses) which lead to component certification and/or industry-recognised certification. There are five FÁS Training Centres in Dublin, as follows: Baldoyle, Finglas, Tallaght, Loughlinstown, Ballyfermot.
- Direct recruitment for FÁS Training Services externally-Contracted Training Courses: these courses are made available in local areas as required, particularly where no permanent FÁS training provision exists e.g. Blanchardstown, Balbriggan, Swords, City Centre, Ballinteer, Dun Laoghaire. The full range of in-centre and contracted training courses is advertised on *www.fas.ie*, this includes courses such as: Electrical Control Systems, Computerised Payroll, Financial Advisor's Assistant, CompTIA A+, Accounting Technician, Healthcare Assistant, Web Design, Project Management, Pharmacy Sales.
- The Work Placement Programme, which offers unemployed people, including unemployed graduates, the opportunity to obtain 9 months experience in a work situation.

Schools Refurbishment

61. **Deputy Dara Murphy** asked the Minister for Education and Skills if a school (details supplied) in County Cork will be approved for window replacement and fire emergency exits under an application for capital grant aid under the summer works scheme 2011; and if he will make a statement on the matter. [6931/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I can confirm that the school referred to by the Deputy submitted an application for the works as outlined under the 2011 Summer Works Scheme. Unfortunately, due to the scale of demand for funding under the scheme, it was not possible to grant aid all applications. As outlined in the Circular governing the operation of the scheme, applications for works in the higher categories of eligible works were prioritised and it was not possible to include the school referred to by the Deputy in the list of 453 successful schools that was announced on 30 March 2011. A letter to this effect will be issuing to the school shortly.

Special Educational Needs

62. **Deputy Mary Mitchell O'Connor** asked the Minister for Education and Skills the way children presenting with low incident special needs will receive adequate and set down resources if the appointment of resource teachers is frozen; and if he will make a statement on the matter. [6933/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The Department of Education and Skills (DES) is required to ensure that the overall allocation of teaching posts does not exceed the targets set out in the Governments Employment Control Framework. The DES had planned for a certain amount of increased growth in teacher numbers across the school sector in 2011, in line with increased demographic growth. In respect of resource teaching hours for children with special educational needs, allowance was made for growth in 2011 over and above normal demographic increase levels. In 2010 the total number of Whole time Equivalent (WTE) posts provided for resource hours teaching (including under the General Allocation Model) was approximately 9,600 WTE posts. By comparison approximately 9,950 WTE posts are provided for 2011. There has therefore not been a reduction in the overall number of resource hours/posts being provided for in 2011.

The DES has requested the National Council for Special Education (NCSE) to provide data on the numbers and rate of application for additional resource teaching hours to date this year so that this information can be considered in the context of the Departments Employment Control Framework obligations. The NCSE has also been asked to pause sanctioning additional resource teaching support hours to allow for collection and consideration of this data by the DES, in conjunction with the NCSE. It should be noted that this is a temporary suspension of the allocation process in order to allow for consideration and analysis of this issue prior to any decisions being made. In the interim, children who are eligible for resource/ learning support teaching will receive this tuition through the existing learning support provision in schools, either through the General Allocation Model or existing Learning Support provision.

School Enrolments

63. **Deputy Timmy Dooley** asked the Minister for Education and Skills the number of primary schools in County Clare that have fewer than 50 pupils. [6945/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The most recent data available refers to the last complete school year 2009/2010, in which there were 43 primary schools in County Clare with less than 50 pupils. A full list of primary schools with their enrolments can be found on my Department's website *www.education.ie*.

School Curriculum

64. **Deputy Simon Harris** asked the Minister for Education and Skills the work he is doing to ensure that mental health promotion is a core part of the curriculum and that all students learn about the subject; and if he will make a statement on the matter. [6957/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The Social Personal and Health Education (SPHE) programme is a mandatory part of the curriculum in primary schools and in junior cycle since 2003 and is designed to promote positive mental health. It is supported by comprehensive teacher guidelines and curriculum support services which provide training and advice for schools and a resource directory.

Its aim is to foster personal development, health and well being of children, to help them create and maintain supportive relationships, and develop the skills and attitudes for respon-

sible citizenship. From the beginning of primary schooling children learn, in an age-appropriate way, how to identify, explore and express feelings and emotions, how to communicate with others, to resolve conflict and to respect difference, the importance of caring for one's body, treating oneself and others with dignity and respect, and how to identify people, places and situations that may threaten personal safety.

The primary curriculum is built around 3 strands — Myself, Myself and Others, and Myself and the Wider world, and deals with issues such as making decisions, developing self confidence, growing and changing, personal safety, relating to friends, family and others, handling conflict, respecting difference and awareness of bullying. Issues such as knowing about and taking care of one's body, feelings and emotions, the onset of puberty, reproduction, decision making skills, staying safe, realising when and how to get help are dealt with. The content of relationships and sexuality education is embedded in the programme in an age appropriate way for the different class groupings.

The SPHE modules at junior cycle deal specifically with belonging and integrating, handling conflict constructively, bullying, dealing with peer pressure, coping with stress, emotional health and well being, influences on decision-making, and relationships and sexuality education. In third year, an awareness of the range of agencies who can help students in difficulty is promoted, as well as the skills of knowing when and how to seek help. SPHE is designed for implementation in the context of a caring whole-school approach which is supported by the pastoral care structures in schools. All post-primary schools also provide a guidance and counselling service for their students and they receive ex-quota hours from the Department for this provision. The service includes the provision of individual guidance and counselling for students either at critical stages in their education or at times of personal crisis.

Schools also use Mental Health Matters, a resource pack on mental health for 14 to 18 year olds developed by Mental Health Ireland on an optional basis as a module in the Transition Year Programme, an element of the Leaving Certificate Applied Programme, a component of the SPHE programme or an element of other subjects such as Religion or Home Economics. The National Educational Psychological Service (NEPS) operating within my Department provides a range of services both direct and indirect which support the personal, social and educational development of all children in primary and post-primary schools.

Departmental Expenditure

65. **Deputy Simon Harris** asked the Minister for Education and Skills the level of funding which has been provided to the National Council for Special Education, NCSE, in each of the years 2007, 2008, 2009, 2010 and 2011; if he will provide details on the interaction and structures in place between him and the NCSE in terms of the delivery of special needs education in Ireland; if the NCSE has been instructed not to allocate any new resources to children with special needs as this is a concern of many parents; and if he will make a statement on the matter. [6958/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I wish to advise the Deputy that my Department has provided funding to the National Council for Special Education (NCSE) as follows: €8,515,000 in 2007, €8,219,671.50 in 2008, €9,250,000 in 2009, €9,652,000 in 2010 and €2,254,000 to date in 2011.

The National Council for Special Education (NCSE) was established under the Education for Persons with Special Educational Needs Act, 2004 (EPSN Act) in 2005. The NCSE, through its regional Special Educational Needs Organisers, has responsibility for processing resource applications for children with disabilities who have special educational needs, at primary and post primary level in accordance with policy parameters established by the Depart-

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ment of Education and Skills (DES). The NCSE also responsibility for planning and co-ordinating the provision of education and support services for students with special educational needs, in accordance with DES policy.

The NSCE is continuing to allocate resources for children who have special educational needs. The NCSE recently issued a circular to all schools advising of the SNA allocation process for the 2011/2012 school year. A key feature of the amended scheme will be to provide for an annual allocation of SNA support to eligible schools. The NCSE are considering applications for additional SNA support in the context of this process for the 2011/12 school year. Schools are currently engaging with the NCSE in this regard ahead of the next school year and the NCSE will review the SNA staffing requirements for schools, taking into account all of the students who will be attending school from September next and any new students that the school are intending to enrol.

The NCSE is also continuing to process applications for Assistive Technology support and school transport for children with special educational needs. With regard to the allocation of resource teaching hours, the DES has requested the NCSE to provide data on the numbers and rate of application for additional resource teaching hours to date this year so that this information can be considered in the context of the Departments Employment Control Framework obligations.

The NCSE has also been asked to pause sanctioning additional resource teaching support hours to allow for collection and consideration of this data by the DES, in conjunction with the NCSE. It should be noted that this is a temporary suspension of the allocation process in order to allow for consideration and analysis of this issue prior to any decisions being made. In the interim, children who are eligible for resource/ learning support teaching will receive this tuition through the existing learning support provision in schools, either through the General Allocation Model or existing Learning Support provisions.

Schools Building Projects

66. **Deputy Simon Harris** asked the Minister for Education and Skills when a school (details supplied) will be sanctioned for a permanent building; and if he will make a statement on the matter. [6960/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The school to which the Deputy refers has applied to my Department for large scale capital funding for a new school. The application has been assessed in accordance with the published prioritisation criteria for large scale building projects and assigned a band 2 rating. Information in respect of the current school building programme along with all assessed applications for major capital works, including the project referred to by the Deputy, is available on the Department's website at *www.education.ie*.

The progression of all large scale building projects, including this project, from initial design stage through to construction phase will be considered in the context of my Department's multi-annual School Building and Modernisation Programme. However, in light of current competing demands on the capital budget of the Department, it is not possible to give an indicative timeframe for the progression of the project at this time.

Vocational Education Committees

67. **Deputy Simon Harris** asked the Minister for Education and Skills his position regarding the aggregation of vocational educational committees; and if he will make a statement on the matter. [6961/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I have invited the Irish Vocational Education Association (IVEA), given their concerns about the current proposals for VEC aggregation, to submit alternative proposals for my consideration. The IVEA has indicated that it will respond later this month and I will be considering their proposals in the coming period. While I am open to proposals on alternative configurations, I am anxious to ensure that swift progress continues to be made in the work of bringing about a reduction in the number of VECs.

School Staffing

68. **Deputy Simon Harris** asked the Minister for Education and Skills if he will re-consider the proposed changes to the staffing schedule of a school (details supplied) in view of a range of factors which have been communicated to him by the school; and if he will make a statement on the matter. [6962/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The standardisation of the staffing schedule for Gaelscoileanna so that it is the same as that which applies to primary schools generally was one of a number of measures introduced in Budget 2011 by the previous Fianna Fáil /Green Party government to control and reduce teacher numbers. These changes are effective from September 2011. Given the financial constraints in which this country now finds itself, it is not possible to reverse these changes.

This change will result in a reduction of the order of 50 posts in Gaelscoileanna. There are currently a total of over 1,500 teaching posts in these schools. The Gaelscoileanna movement is well established and I do not believe that the growth of Gaelscoileanna will be impeded by way of this measure.

The actual impact at individual school level is determined as part of the allocation process for 2011/12 school year and schools are being notified in the normal manner. My Department's Circular 19/2011 includes the criteria under which a school may appeal its staffing allocation and the process for same.

This Government will endeavour to protect front line education services as best as possible. However, this must be done within the context of bringing our overall public expenditure back into line with what we can afford as a country. All areas of Government, including Gaelscoileanna, will have to manage on a reduced level of resources. The challenge will be to ensure that the resources that are being provided are used to maximum effect and in a fair manner.

School Transport

69. **Deputy Noel Harrington** asked the Minister for Education and Skills if he will review the reasons private bus contractors contracted for the school transport service are restricted to providing buses that are less than 20 years old where these buses are certified for road use; and if he will make a statement on the matter. [6969/11]

Minister of State at the Department of Education and Skills (Deputy Ciarán Cannon): All school bus services provided under the School Transport Scheme are operated on behalf of my Department by Bus Éireann. Accordingly, it is appropriate for Bus Éireann to set the operating standards to be met by private bus operators whom they employ as Contractors to provide these services.

In previous decades it was not unusual to see buses over twenty years old providing school transport services but in more recent times higher public expectation and more advanced safety technology in more modern vehicles resulted in a requirement for younger vehicles to improve the age profile, safety standards, and quality of school bus services in general. To this end, Bus

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Éireann prioritises the withdrawal and replacement of school buses over a twenty-year age threshold. Bus Éireann has advised my Department that the average age of the school bus fleet is currently at record low levels, or approximately thirteen years old.

Special Educational Needs

70. **Deputy Dan Neville** asked the Minister for Education and Skills if the position of special resource teacher will be kept on for a school (details supplied) in County Limerick. [6977/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I wish to advise the Deputy that the National Council for Special Education (NCSE) is responsible, through its network of local Special Educational Needs Organisers (SENOs) for allocating resource teachers and Special Needs Assistants (SNAs) to schools to support children with special educational needs. The NCSE operates within my Department's criteria in allocating such support.

Additional teaching supports are allocated as necessary by the NCSE in line with my Department's policy to support children with special educational needs. Schools, which have enrolled pupils with special educational needs that are eligible for such support, apply to the NCSE for the allocation of the necessary resources.

All schools have the names and contact details of their local SENO. Parents may also contact their local SENO directly to discuss their child's special educational needs, using the contact details available on www.ncse.ie.

Schools Refurbishment

71. **Deputy Michael McGrath** asked the Minister for Education and Skills if it is intended that window and door replacement projects will be included in the summer works scheme 2011. [6991/11]

Minister for Education and Skills (Deputy Ruairí Quinn): Unfortunately, due to the scale of demand for funding under the Summer Works Scheme 2011, it was not possible to grant aid all applications received under the scheme. As outlined in the Circular governing the operation of the Scheme, applications for works in the higher categories of eligible works were prioritised and it was not possible to include those relating to window and door replacement projects in the list of 453 successful schools that was announced on 30 March 2011.

Schools Building Projects

72. **Deputy Billy Timmins** asked the Minister for Education and Skills the position regarding a school (details supplied); and if he will make a statement on the matter. [7005/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The school to which the Deputy refers has applied to my Department for large scale capital funding for a new school building. The application has been assessed in accordance with the published prioritisation criteria for large scale building projects and assigned a band 2 rating.

Information in respect of the current school building programme along with all assessed applications for major capital works, including the project referred to by the Deputy, is available on the Department's website at www.education.ie. The progression of all large scale building projects, including this project, from initial design stage through to construction phase will be considered in the context of my Department's multi-annual School Building and Modernisation Programme. However, in light of current competing demands on the capital budget of

the Department, it is not possible to give an indicative timeframe for the progression of the project at this time.

Special Educational Needs

73. **Deputy Paschal Donohoe** asked the Minister for Education and Skills the position regarding the provision of a special needs assistant at a school (details supplied) in Dublin 9. [7014/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The National Council for Special Education (NCSE) is responsible, through its network of local Special Educational Needs Organisers (SENOs) for allocating resource teachers and Special Needs Assistants (SNAs) to schools to support children with special educational needs. The NCSE operates within my Department's criteria in allocating such support.

The NCSE has issued a circular to all schools advising of the allocation process for the 2011/2012 school year. A key feature of the amended scheme will be to provide for an annual allocation of SNA support to eligible schools. All schools have the names and contact details of their local SENO. Parents may also contact their local SENO directly to discuss their child's special educational needs, using the contact details available on *www.ncse.ie*.

Schools Building Projects

74. **Deputy Mary Lou McDonald** asked the Minister for Education and Skills the position regarding the process of providing a school building for a school (details supplied). [7015/11]

Minister for Education and Skills (Deputy Ruairí Quinn): As the Deputy may be aware my Department has met on several occasions with both the GAA club and Dublin City Council, in their respective capacities as the land-holders and as the planning authority, to negotiate with both parties an acceptable solution for the provision of a new school building on the site currently occupied by the school. The net result of these discussions was that after having gone through a number of potential design solutions, an optimal design solution was agreed in principle which would have regard to a number of factors such as the restricted nature of the site, the existing facilities on the overall site, the concerns of the planning authority in relation, inter alia, to traffic management issues and the concerns of the GAA Club in relation to their existing playing pitches.

To this end, my Department is now in the process of working up a detailed planning application based on the initial design solution discussed with the aforementioned parties. The Deputy may also wish to note that within the last few days Dublin City Council has advised my Department that the proposed disposal has been approved at a meeting of the Central Area Committee and the way is now open for the Elected Members to consider the disposal of that portion of the site being made available in accordance with Section 183 of the Local Government Act 2001. Once this acquisition is concluded, the proposed building project will be progressed in the context of my Department's School Building & Modernisation Programme.

75. **Deputy Emmet Stagg** asked the Minister for Education and Skills the amount of money paid by County Kildare Vocational Education Committee for the purchase of 40 acres of land at a location (details supplied) in County Kildare, for the development of a multi-school campus. [7020/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I wish to advise the Deputy that due to commercial sensitivities pertaining to site acquisitions generally it is not my Depart-

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ment's policy to provide details of the purchase cost of sites recently acquired as it could jeopardize ongoing site acquisitions.

76. **Deputy Niall Collins** asked the Minister for Education and Skills if he will provide funding for a building project (details supplied) in County Limerick; and if he will make a statement on the matter. [7030/11]

Minister for Education and Skills (Deputy Ruairí Quinn): My Department has no record of having received an application for the building project referred to by the Deputy. If the school in question requires funding for a PE Hall, they should make an application in writing to my Department and it will be assessed in accordance with the published prioritisation criteria for large scale building projects and assigned a band rating of 4.

The published prioritisation criteria were formulated following consultation with the Education Partners. There are four band ratings under these criteria, each of which describes the extent of accommodation required and the urgency attaching to it. Band 1 is the highest priority rating and Band 4 is the lowest. Documents explaining the band rating system are also available on my Department's website.

The primary responsibility and current priority of my Department is the provision of school facilities for the effective delivery of the curriculum. The progression of all large scale building projects, from initial design stage through to construction phase will be considered in the context of my Department's multi-annual School Building and Modernisation Programme.

School Staffing

77. **Deputy Dominic Hannigan** asked the Minister for Education and Skills when a school (details supplied) will receive an answer to a request for resource teaching hours; and if he will make a statement on the matter. [7033/11]

Minister for Education and Skills (Deputy Ruairí Quinn): The National Council for Special Education (NCSE) is responsible, through its network of local Special Educational Needs Organisers (SENOs) for allocating resource teachers and Special Needs Assistants (SNAs) to schools to support children with special educational needs. The NCSE operates within my Department's criteria in allocating such support.

I have arranged for the details supplied to be forwarded to the NCSE for their attention and direct reply. All schools have the names and contact details of their local SENO. Parents may also contact their local SENO directly to discuss their child's special educational needs, using the contact details available on www.ncse.ie.

Schools Building Projects

78. **Deputy Dominic Hannigan** asked the Minister for Education and Skills if his attention has been drawn to the rejection of an application under the summer works scheme in respect of a school (details supplied); the reason the application was rejected; if his further attention has been drawn to the health and safety issues which underpinned the application for the work; the other avenues open to this school to apply for funding to remedy the health and safety issue as outlined in the application; and if he will make a statement on the matter. [7034/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I can confirm that the school referred to by the Deputy submitted an application for funding under the 2011 Summer Works Scheme.

Unfortunately, due to the scale of demand for funding under the scheme, it was not possible to grant aid all applications. As outlined in the Circular governing the operation of the scheme, applications for works in the higher categories of eligible works were prioritised and it was not possible to include the school referred to by the Deputy in the list of 453 successful schools that was announced on 30 March 2011. A letter to this effect will be issuing to the school shortly.

In the meantime, for works that are of a very urgent nature, it is open to the school authorities to consider if the works in question qualify for funding under my Department's Emergency Works Scheme. An emergency is deemed to be a situation which poses an immediate risk to health, life, property or the environment which is sudden, unforeseen and requires immediate action and, in the case of a school, if not corrected would prevent the school or part thereof from opening. Details of the Scheme, together with an application form for grant assistance, can be accessed on my Department's website at www.education.ie.

Special Educational Needs

79. **Deputy Thomas P. Broughan** asked the Minister for Education and Skills if he has liaised with the Department of Health in response to a proposal from a school (details supplied) in Dublin 13 for a proposed applied behavioural academy for children on the autistic spectrum in Dublin North-East; and if he will make a statement on the matter. [7036/11]

Minister for Education and Skills (Deputy Ruairí Quinn): I wish to advise the Deputy that a proposal for an academy for children with autism has been received by officials in my Department who will revert to the organisation in question shortly. However it is important to emphasise that the proposal will be considered in the context of my Department's policy in this regard.

My Department's policy is focused on ensuring that all children including those with autism can have access to an education appropriate to their needs, preferably in school settings through the primary and post primary school network. This facilitates access to individualised education programmes, fully qualified professional teachers who may draw from a range of autism-specific interventions, including ABA, special needs assistants, and the appropriate school curriculum with the option where possible of full/partial integration and interaction with other pupils. As each child with autism is unique it is important that children have access to a range of interventions so their broader needs can be met.

My Department's policy is to provide for children with special educational needs, including autism, to be included in mainstream schools unless such a placement would not be in their best interests or the interests of the children with whom they are to be educated. Some children may be supported in a special class attached to a mainstream school. These students have the option, where appropriate, of full/partial integration and interaction with other pupils. Other children may have such complex needs that they are best placed in a special school. Students with special educational needs have access to a range of support services including additional teaching and/or care supports. In special schools and special classes, students are supported through lower pupil teacher ratios. Special needs assistants may also be recruited specifically where pupils with disabilities and significant care needs are enrolled.

Reflective of the important role of continuing professional development, my Department has put in place a training programme for teachers in autism-specific interventions including Treatment and Education of Autistic Communication Handicapped Children (TEACCH), Picture Exchange Communications System (PECS) and Applied Behaviour Analysis (ABA) through the Special Education Support Service.

The Deputy will be familiar with the ABA pilot scheme which was funded by my Department for the past decade. All of the centres which participated in this scheme have been granted

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recognition as special schools for children with autism. These schools will operate in line with my Department's policy. I am pleased to update the Deputy that following their recognition the new schools are currently progressing well in the transitional phase. Eight schools have opened and the remaining five are scheduled to open shortly. It is my intention to continue to support this transitional process.

The pilot scheme was established in the absence of a network of school-based special classes for children with autism which is now available. The Deputy will be aware that the establishment of this network of autism-specific special classes in schools across the country to cater for children with autism has been a key educational priority in recent years. In excess of 430 classes have now been approved around the country at primary and post primary level, including many in special schools.

The need to liaise with the Department of Health in the context of the proposal for an academy for children with autism will be considered as part of the examination of the proposal.

School Staffing

80. **Deputy Joanna Tuffy** asked the Minister for Education and Skills the position regarding the requirement for schools to recruit from teaching panels and if any special arrangements will be made for Gaelscoileanna to ensure teachers have the required standards of teaching the curriculum through Irish; and if he will make a statement on the matter. [7040/11]

Minister for Education and Skills (Deputy Ruairí Quinn): There are no additional qualification requirements required to teach in a Gaelscoil. The introduction of any such requirements would impact on the capacity to redeploy surplus permanent teachers to any primary school.

My Department will be seeking in the coming period to recommence discussions with the relevant education partners, on changes necessary to achieve our objective of absorbing all surplus teachers into vacancies that exist in other schools. The purpose of this measure is to ensure that all teachers with either permanent posts or contracts of indefinite duration are deployed in the most efficient and equitable manner within our education system.

Flexible redeployment arrangements are required in order to ensure all surplus permanent teachers are redeployed into vacancies. The country simply cannot afford to have surplus teachers in a school while permitting recruitment to take place in another school. The Deputy will agree that the Government is committed to ensuring the delivery of front-line services is protected as much as possible in our education system.

I am aware of the concerns that have been expressed by the Gaelscoil movement at this proposed redeployment. Over half of the Gaelscoileanna are under Catholic patronage and the redeployment of surplus teachers from these schools is through the relevant diocesan panels. Under the existing redeployment arrangements a Board of management has the right to interview, once there is more than one teacher on a panel.

My Department had discussions recently with An Foras Pátrúnachta in relation to its request for a separate panel for Gaelscoileanna under its patronage. These discussions are on-going and a key issue for my Department is how best to facilitate this request in a manner that avoids the inherent inefficiencies of a separate panel for a relatively small number of schools. Given our budgetary situation we need to have sufficient flexibility in the redeployment arrangements to ensure that surplus teachers in all schools regardless of patronage type can be readily redeployed to vacancies wherever they exist.

The existing arrangements for the redeployment of surplus teachers operate between schools of the same patronage and are not certain to bring about the redeployment of all surplus

teachers. To address the current limitations, my Department will be seeking in the coming period to recommence discussions with the relevant education partners, including An Foras Pátrúnachta, on changes necessary to achieve our objective of absorbing all surplus teachers into vacancies that exist in other schools. These discussions can also deal with the request for a separate redeployment panel for Gaelscoileanna under the patronage of An Foras Pátrúnachta.

Schools Building Projects

81. **Deputy Aodhán Ó Ríordáin** asked the Minister for Education and Skills if priority will be given to an area (details supplied) for a new school building in view of the failure of the Dublin Docklands Development Authority to fund the initiative; and if he will make a statement on the matter. [7053/11]

Minister for Education and Skills (Deputy Ruairí Quinn): My Department has written to the DDDA seeking confirmation of the current and ongoing status of the DDDA funding for this project. A response is awaited from the DDDA.

The progression of all large-scale building projects, including the project for this school will be considered in the context of my Department's Multi-Annual Schools Building and Modernisation Programme. However, in light of current competing demands on the Department's capital budget, it is not possible to give an indicative timeframe for the further progression of the project at this time.

School Patronage

82. **Deputy Billy Timmins** asked the Minister for Education and Skills the position regarding a second level school (details supplied) in County Wicklow; and if he will make a statement on the matter. [7056/11]

Minister for Education and Skills (Deputy Ruairí Quinn): As the Deputy is aware the area referred to has seen a significant increase in the school-going cohort over recent years. According to my Department's, most recent statistics, additional post primary provision will be needed in this area. The issue of how these extra post primary pupil places will be provided is currently under consideration in my Department.

The Programme for Government gives a commitment to move towards a more pluralist system of patronage at second level, recognising a wider number of patrons. It is my intention to address this policy.

Departmental Surveys

83. **Deputy Seamus Kirk** asked the Minister for Enterprise, Trade and Innovation if he is considering a comprehensive analysis of the cost of overheads for the small to medium enterprises in Ireland; and if he will make a statement on the matter. [6951/11]

Minister for Enterprise, Trade and Innovation (Deputy Richard Bruton): The small and medium sized enterprise sector, like most other sectors of the economy, has been affected by the global economic crisis and by the loss of competitiveness of the Irish economy in recent years.

The National Competitiveness Council (NCC) monitors and analysis costs and other competitiveness issues in the Irish economy through its suite of reports, including its annual "Benchmarking Ireland's Performance" report and regular reports on the "Costs of Doing Business in Ireland". These reports look at the whole of the enterprise sector, including costs which affect SMEs.

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The most recent reports, published in July 2010, show that Ireland has regained some of its cost competitiveness in the last two years — for example through reductions in electricity and gas prices for business, and the reduction or freezing of Local Authority rates. However, this Government is committed to doing more to reduce the cost base for business.

In this context, I will be working with my Government colleagues to identify actions that can be taken across Government Departments to further cut costs to business and remove obstacles to employment creation.

For example, the Programme for Government sets out the Government's plans to introduce a Jobs Fund which will facilitate jobs growth and sustainable enterprise. The measures outlined in the Programme for Government include halving the lower rate of employer's PRSI up to end 2013 on jobs paying up to €356 per week, and cutting the 13.5% rate of VAT to 12% up to end 2013 to help labour-intensive economic activity.

The Government will introduce a Jobs Budget within its first 100 days in office to give effect to these, and other measures that will support small and medium sized enterprises.

Trade Missions

84. **Deputy Paudie Coffey** asked the Minister for Enterprise, Trade and Innovation the proposals he has to engage in trade missions in 2011 with countries to develop business and employment opportunities for Ireland; and if he will make a statement on the matter. [6989/11]

Minister for Enterprise, Trade and Innovation (Deputy Richard Bruton): The purpose of trade missions is to bring Irish businesses into direct contact with business opportunities abroad. Such missions have proven to be valuable supports to Irish businesses, in terms of establishing their credibility with and gaining access to the business community in the target market at the appropriate level. This is particularly the case in countries where government-to-government contacts are a prerequisite for doing business. These trade missions are an integral part of the work of relevant Government Departments and Agencies to develop and expand Ireland's exports to existing and new markets abroad. They raise Ireland's profile as a world-class supplier of goods and tradeable services and contribute to the generation of incremental sales to foreign markets over the long-term and they are the culmination of the success of our enterprise development policies on the ground.

Over the coming years, the potential of trade missions will be maximised by integrating trade, tourism and investment promotion activities, in line with the Government's strong commitment to export led growth and the development of new markets. It is intended to target sectors and countries where there is significant potential. I am leading a joint Enterprise Ireland and IDA trade mission to India and Saudi Arabia next week and am officiating at an Enterprise Ireland ICT event in London on the 14th April.

While full plans for the rest of 2011 have not yet been finalised, it is hoped to organise Ministerial-led trade missions to, inter alia, the UK, China, USA, South Africa and Qatar later this year.

Commercial Transactions

85. **Deputy Peter Mathews** asked the Minister for Enterprise, Trade and Innovation if his attention has been drawn to the difficulties caused to small businesses by customers entitlement not to pay invoices for 90 days; his plans to help with this problem; and if he will make a statement on the matter. [7001/11]

Minister for Enterprise, Trade and Innovation (Deputy Richard Bruton): Payment terms in commercial transactions are determined by the parties concerned and the responsibility for the collection of those payments and general credit control rests with the selling enterprise, in the first instance.

The issue of late payments in commercial transactions is addressed by the European Communities (Late Payment in Commercial Transactions) Regulations 2002 (S.I. No. 388 of 2002).

In accordance with these Regulations, it is an implied term of every commercial transaction that where a purchaser does not pay for goods or services by the relevant payment date, the supplier shall be entitled to interest (“late payment interest”) on the amount outstanding. Interest shall apply until such time as payment is made by the purchaser.

In the absence of any agreed payment date between the parties, late payment interest falls due after 30 days has elapsed. The 2002 Regulations also provide for compensation for debt recovery costs. Greater use of these provisions would assist in achieving earlier payments.

The current interest rate applicable is 8% per annum or 0.022% per day. This rate is set as at 1st January and 1st July each year at a rate of 7 percentage points above the European Central Bank interest rate on its most recent main re-financing operation.

The enforcement of contractual rights, including any rights and obligations provided for by the Regulations, is a matter for individual suppliers. The Regulations do not provide for any enforcement role for my Department in respect of these matters.

Since 2009, Central Government Departments have been improving their respective payment times, so as to assist the cash flow of businesses and are now obliged to pay their suppliers within 15 days of receipt of a valid invoice.

This voluntary 15 day prompt payment period is being rolled out to the Health Service Executive, the Local Authorities, State Agencies, and all other Public Sector Bodies, (excluding Commercial Semi-State bodies), in respect of valid invoices received on or after 1 July 2011. This requirement is being introduced on foot of commitments made under the EU/IMF Programme of Support for Ireland. This initiative should have a considerable impact on cash flows of SME customers.

Market Rights

86. **Deputy Mary Lou McDonald** asked the Minister for Enterprise, Trade and Innovation if he will state the legal impediments that are preventing the closure or relocation of the Smithfield horse fair, Dublin. [7017/11]

Minister for Enterprise, Trade and Innovation (Deputy Richard Bruton): The selling of goods in public places is governed by the Casual Trading Act, 1995. Under this Act all operational matters in connection with casual trading are the responsibility of the relevant local authority in which the trading takes place. I understand that the Smithfield market operates pursuant to a “market right” which is defined in the Act as “a right conferred by franchise or statute to hold a fair or market, that is to say, a concourse of buyers and sellers to dispose of commodities”. I have been requested by the Lord Mayor of Dublin to introduce legislation to extinguish the market right in Smithfield in Dublin.

The law on this matter is complex and my officials have made a detailed submission to the Office of the Attorney General seeking legal advice. When I have received this advice I will decide the best way to proceed.

Social Welfare Benefits

87. **Deputy Bernard J. Durkan** asked the Minister for Social Protection if a full review of

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the disallowance of domiciliary care allowance will be undertaken in the case of a person (details supplied) in County Kildare; and if she will make a statement on the matter. [7057/11]

Minister for Social Protection (Deputy Joan Burton): An application for domiciliary care allowance was received on the 20th October 2009. This application was referred to one of the Department's medical assessors who found that the child was not medically eligible for the allowance. The customer was advised of the decision on the 25th November 2009. She subsequently appealed the decision. In advance of the appeal being heard the case was reviewed by a second medical assessor who confirmed the earlier assessment. The appeal was then considered by the Social Welfare Appeals Office.

The person concerned was informed on the 7th December 2010 that the appeal had not been allowed.

88. **Deputy Bernard J. Durkan** asked the Minister for Social Protection if a person (details supplied) in County Laois is entitled to any social welfare payment or rent supplement; and if she will make a statement on the matter. [7058/11]

Minister for Social Protection (Deputy Joan Burton): In order to qualify for basic supplementary welfare allowance or rent supplement an applicant must satisfy all of the qualifying conditions for the scheme including being considered habitually resident in the State. The HSE has advised that the person concerned is unlikely to qualify for basic supplementary welfare allowance or rent supplement due to her immigration status.

Broadcasting Services

89. **Deputy Paudie Coffey** asked the Minister for Communications, Energy and Natural Resources his plans for the rollout of digital audio broadcast radio for the South East region; and if he will make a statement on the matter. [6948/11]

Minister for Communications, Energy and Natural Resources (Deputy Pat Rabbitte): As Minister for Communications, Energy and Natural Resources, I have no role in relation to the roll-out of digital audio broadcast services.

Under the provisions of the Broadcasting Act 2009, the roll-out of public digital radio services is a matter for RTÉ, and the roll-out of commercial digital radio services is a matter for the Broadcasting Authority of Ireland (BAI) in conjunction with relevant commercial radio broadcasters.

Departmental Payment

90. **Deputy Pat Breen** asked the Minister for the Environment, Heritage and Local Government when payment will issue to a person (details supplied) in County Clare; and if he will make a statement on the matter. [7044/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): It is the policy of all Government Departments to make payments via Electronic Funds Transfer (EFT). In this regard, my Department has contacted the person concerned on three separate occasions requesting banking details, which would enable it to make the payment. To date, the details have not been forthcoming. As soon as the details are furnished, the payment will be immediately effected.

Water Services

91. **Deputy Willie O’Dea** asked the Minister for the Environment, Heritage and Local Government the costs associated with the setting up of a new water company. [6938/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The programme for Government proposes the establishment of a new State-owned water utility company to take over responsibility for managing and supervising investment in water services infrastructure and to manage the domestic water metering programme.

The Memorandum of Understanding between Ireland and the European Union and International Monetary Fund commits Ireland to undertaking an independent assessment of the establishment of a water utility and it is my intention that this assessment will proceed as a matter of priority. It is envisaged that this assessment will be completed by October this year. I will be preparing proposals for Government consideration toward the end of this year and further details in relation to the establishment of a water utility and associated costs will be made available following Government consideration of the matter.

Local Authority Charges

92. **Deputy Thomas Pringle** asked the Minister for the Environment, Heritage and Local Government if he will implement a waiver from fire service charges for persons on low incomes and in circumstances where they have not called out the fire service to road collisions. [7046/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The provision of a fire service in its functional area, including the establishment and maintenance of a fire brigade is a statutory function of individual fire authorities under section 10 of the Fire Services Act 1981 and 2003. Under section 35(3) of the Act, it is matter for each local authority to determine whether to charge users or beneficiaries of a fire service for services which the fire authority provides.

My Department supports the local fire authorities through setting of general policy, training support and issue of guidance on operational and other related matters, and the provision of capital funding.

Water Charges

93. **Deputy Brian Stanley** asked the Minister for the Environment, Heritage and Local Government the position regarding his plans to introduce water charges and the consideration he has given to the implication of this charge to low income households and the time frame in which he plans to do this. [7072/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Fergus O’Dowd): The programme for Government proposes the installation of water meters in individual households and the introduction of water charges based on usage above a free allowance. My Department is currently preparing a strategy to implement these proposals, including a strategy for the procurement and installation of water meters. It is envisaged that the installation of meters will commence in 2012 and will be managed by a new State-owned water company.

While the combination of a free individual allowance along with existing income supports should minimise the impact on low income households, I will be consulting further with the Minister for Social Protection on the matter.

Proposed Legislation

94. **Deputy Paschal Donohoe** asked the Minister for the Environment, Heritage and Local Government his plans to bring forward proposed legislation to deal with the consequences of noise pollution in a domestic or residential situation; and if he will make a statement on the matter. [6940/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): I refer to the reply to Question No. 273 of 5 April 2011 which sets out the position in this matter.

Air Pollution

95. **Deputy Paschal Donohoe** asked the Minister for the Environment, Heritage and Local Government his plans to tackle the polluting particles from diesel engine cars which contain nitrogen oxide and nitrogen dioxide; and if he will make a statement on the matter. [6941/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): The monitoring, assessment and management of ambient air quality in Ireland is carried out according to the requirements of the EU Air Quality Framework Directive. This Directive was transposed into Irish law through the Environmental Protection Agency Act 1992 (Ambient Air Quality Assessment and Management) Regulations 1999. Under further regulations made in 2002 specific ambient air quality standards have been prescribed for a number of pollutants including nitrogen dioxide and oxides of nitrogen. Both these sets of regulations will shortly be replaced by new regulations transposing the Clean Air for Europe Directive which has consolidated previous European legislation on ambient air quality.

The Environmental Protection Agency (EPA) has responsibility for the monitoring of Irish air quality. The EPA continually monitors a range of atmospheric pollutants, including particulate matter containing nitrogen dioxide and oxides of nitrogen, via a network of air quality monitoring stations located around the country. The EPA reports the results of the air quality monitoring on its website at: <http://www.epa.ie/whatwedo/monitoring/air/data/>. My Department keeps these data under ongoing review to identify any significant trends which might emerge and also meets periodically with the EPA on air quality issues.

The EPA also publishes a comprehensive annual report on air quality, the most recent being the report Air Quality in Ireland 2009 — Key Indicators of Ambient Air Quality (November 2010). This report provides an overview of ambient air quality trends in Ireland in 2009 based on data from 28 monitoring stations. The Report confirmed that air quality was generally good at monitoring stations throughout the country. Nitrogen dioxide levels have remained relatively static since 2002. However, an increasing trend of elevated nitrogen dioxide levels has been recorded at traffic influenced sites in Dublin and Cork city centres.

A new European limit value for nitrogen dioxide came into force with effect from 1 January 2010. Prior to this date Member States were required to monitor and take action where necessary to ensure that nitrogen dioxide levels remain below the limit value in future years. EPA monitoring results for 2009 found that concentrations of nitrogen dioxide were below the new limit value at all sites with the exception of one Dublin city centre site at Winetavern Street. The EPA has advised that the elevated nitrogen dioxide levels measured at this site compared to previous years are most likely due to meteorological factors rather than any significant increase in road traffic emissions. Provisional data from monitoring carried out in 2010 suggests that the new limit value was not exceeded.

The four Dublin local authorities are now preparing a follow up action plan with the aim of reducing nitrogen dioxide levels. This is due to be finalised and sent to the EPA by 15

December 2011. The EPA will consider this plan and advise my Department of any necessary action.

The Government's Smarter Travel policy, which seeks to deliver a sustainable travel and transport system by 2020, will contribute to a modal shift away from the car, and will therefore lead to a reduction in transport emissions generally. In addition, new EU standards providing for technological improvements to fossil fuel-powered cars sold in the EU will, over the lifetime of the policy, yield emissions reductions.

Rregulation (EC) No. 715/2007 set tighter emission limits for particulates and nitrogen oxide from light passenger and commercial vehicles. The new emission limits, known as Euro 5 and Euro 6, take effect in two stages. Euro 5 emission limits came into effect for new registrations from 1 January 2011. The main effect of Euro 5 is to reduce the emission of particulate matter from diesel cars from 25mg/km to 5mg/km by making particle filters for diesel cars obligatory. Euro 6 emission limits will apply for new registrations from 1 September 2015. Euro 6 limits will mainly reduce the emissions of nitrogen oxide from diesel cars further, from 180mg/km to 80mg/km. Further information on euro standards can be found on the website of the Road Safety Authority, www.rsa.ie.

Housing Policy

96. **Deputy Simon Harris** asked the Minister for the Environment, Heritage and Local Government the position regarding the national housing strategy for persons with disabilities; and if he will make a statement on the matter. [6966/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): The draft housing strategy for people with a disability sets out a framework for the proposed delivery of housing for people with disabilities through mainstream housing policy. The strategy has been developed in conjunction with a National Advisory Group, chaired by my Department and involving the Department of Health and Children, the HSE, local authorities, organisations representing people with disabilities and other relevant stakeholders, including the National Disability Authority.

The draft housing strategy is at an advanced stage and I intend, with my colleague the Minister of State for Disability, Equality and Mental Health, to complete this work and to seek Government endorsement for the strategy before the Summer.

Local Authority Services

97. **Deputy Tom Barry** asked the Minister for the Environment, Heritage and Local Government the cost of flood hazard maps, produced by a company for Cork County Council and incorporated in Cork's draft local area plans; if the requirement for these maps can be reviewed, in view of inaccuracies that have been highlighted. [6979/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): My Department's Guidelines to Planning Authorities on the Planning System and Flood Risk Management, which were published on 30 November 2009, are aimed at ensuring a more consistent, rigorous and systematic approach to flood risk assessment and management in the planning system. The Guidelines which were issued under section 28 of the Planning and Development Act 2000, and to which planning authorities and An Bord Pleanála must have regard in the performance of their functions, inter alia advocate the incorporation of flood risk assessments in preparing and adopting local area plans in line with the requirement of the Guidelines.

[Deputy Willie Penrose.]

It is a matter for planning authorities to identify the appropriate sources of information to be used in preparing flood risk assessments cited in the Guidelines and the associated Technical Appendices.

Water Quality

98. **Deputy Seán Kyne** asked the Minister for the Environment, Heritage and Local Government the position regarding the public health issue that has arisen at a location (details supplied) in County Galway where the drinking supply of water has been contaminated by an oil spillage and if he will expedite the approval of the Costello regional water supply scheme which will serve this location. [6981/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): Carraroe water supply is abstracted from Loughaunwillaun Lake adjacent to Carraroe village. The scheme supplies the village of Carraroe, the greater Carraroe peninsula, Bealadangan, Costello, and the group scheme of Camus and Rossaveel.

I understand that the current incident involves the leakage of heating oil from a property in Carraroe. Galway County Council has established the source of the oil leak and has taken steps to minimise the leakage including liaising with the property owners involved. The property owners have commenced remediating their site with the removal of the affected soil and the placing of booms on the stream into which oil has been seeping.

At the intake point the Council has provided additional booms and straw to prevent the ingress of oil particles into the water supply distribution system and has commenced the aeration and agitation of the raw water adjacent to the source in an effort to break up the oil particles to aid their evaporation. Work has commenced on cleansing the distribution network of any residue and specialist contractors have been brought in to flush and clean out two reservoirs on the scheme. Daily sampling of the raw water and distribution network is being undertaken.

Since 30 March 2011, tankers of clean water have been placed throughout the affected network to provide the public with clean drinking water. These tankers are continually replenished as required. All those in need of clean water are being attended to by Galway County Council staff on the ground. This is being done in consultation with the HSE and local community groups. The Council website is being continually updated with relevant information, such as the extent of the network affected and the locations of tankers. Notices are being placed on local radio to keep the public up to date.

Galway County Council is currently liaising with the HSE to determine when a normal water supply can be resumed. I understand that the Council has recently recorded clear results in the raw water at the intake to the supply though contamination of the supply network will persist for a period.

While this incident relates to the pollution of the source, there is planned investment to upgrade the Carraroe treatment plant in the short-term, as risks have been identified on the supply by the Environmental Protection Agency and it is included on their Remedial Action List. The Department approved funding of almost €723,000 in 2010 to address these issues. Substantial investment is contemplated in the Water Services Investment Programme 2010-2012, providing for a new source, treatment facilities and water treatment plant and extensive distribution network upgrades for the Carraroe area under the Costello Regional Water Supply Scheme. The total estimated cost of the proposed contracts is €15.3 million, and they are amongst the list of contracts in the programme to advance to construction by 2012.

An Bord Pleanála has approved the EIS for the Costello scheme with conditions. Galway County Council submitted a copy of the EIS to the Department in October 2010, together with its report on the EIS conditions. My Department is currently examining this report in conjunction with the Council's contract documents for the scheme. A decision on those documents will be conveyed to the Council in the coming weeks. Once approved, the Council will then be in a position to seek tenders for the scheme.

Local Government Reform

99. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government his views on the report of the Limerick local government committee and in particular the reports recommendation that there be a boundary extension from County Limerick into County Clare; and if he will make a statement on the matter. [6992/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): I am very much aware of the urgent need to strengthen local government in Limerick. I am carefully considering the report of the Limerick Local Government Committee, published in September 2010, which contains recommendations in that regard and I intend to bring proposals to Government as soon as possible.

Local Authority Funding

100. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government if he will bring forward legislation reforming the way local authority commercial rates are calculated; and if he will make a statement on the matter. [6993/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): Local authorities are under a statutory obligation to levy rates on any property used for commercial purposes in accordance with the details entered in the valuation lists prepared by the independent Commissioner of Valuation under the Valuation Act 2001. The determination of the annual rate on valuation (ARV), which is applied to a property valuation to calculate rates, is a decision taken locally by the elected members of a local authority in their annual budget. I have no plans at present to amend the legislation in this area.

Water and Sewerage Schemes

101. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government the position regarding the sewerage treatment project at a location (details supplied) in County Clare; and if he will make a statement on the matter. [6994/11]

102. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government the position regarding the sewerage scheme at a location (details supplied) in County Clare; and if he will make a statement on the matter. [6995/11]

103. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government the position regarding the sewerage scheme at a location (details supplied) in County Clare; and if he will make a statement on the matter. [6996/11]

104. **Deputy Timmy Dooley** asked the Minister for the Environment, Heritage and Local Government the position regarding the sewerage scheme at a location (details supplied) in County Clare; and if he will make a statement on the matter. [6997/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): I propose to take Questions Nos. 101 to 104, inclusive, together.

[Deputy Phil Hogan.]

The Water Services Investment Programme 2010-2012, a copy of which is available in the Oireachtas Library, provides for the development of a comprehensive range of new water services infrastructure in County Clare. The Programme includes contracts under construction and to commence to the value of over €38 million in County Clare during the period of the Programme. However the Broadford, Carrigaholt, Labasheeda and Cooraclare Sewerage Schemes were not amongst the priority contracts and schemes selected for inclusion in the current Programme.

The Programme aims to prioritise projects that target environmental compliance issues and support economic and employment growth. A key input to the development of the Programme was the assessment of needs prepared by local authorities, including Clare County Council, in response to my Department's request to the authorities in 2009 to review and prioritise their proposals for new capital works in their areas. These were subsequently appraised in the Department in the context of the funds available and key criteria that complemented those used by the authorities. Inevitably, through this process, certain projects that had been proposed had to give way to others that are more strategically important at this time.

In January 2011, Clare County Council wrote to my Department to request that the Carrigaholt Sewerage Scheme be considered for inclusion in the Water Services Investment Programme 2010– 2012. The annual review of the Programme has been initiated by my Department and any proposals received from local authorities that meet the criteria being developed for the review will be considered for inclusion the Programme, having regard to overall financial implications.

Local Authority Funding

105. **Deputy Niall Collins** asked the Minister for the Environment, Heritage and Local Government when he will be funding the Limerick County Council conservation grant scheme for 2011. [6998/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): Due to a significant reduction in the budgetary allocation to the built heritage within the vote of my Department, the operation of the Local Authority Conservation Grants Scheme has been suspended. My Department is providing limited funding through a “Structures at Risk Fund” in 2011, to assist with works to safeguard structures protected under the Planning and Development Acts 2000-2010. Details of the operation of the fund have recently been issued to each local authority.

The Department proposes to undertake a review of the operation of Part IV (Architectural Heritage) of the Planning and Development Act 2000. This review will include an examination of the funding provided towards the conservation and protection of the architectural heritage.

Departmental Programmes

106. **Deputy Jack Wall** asked the Minister for the Environment, Heritage and Local Government the position regarding a regeneration programme (details supplied); the number of meetings that have taken place with the local authority in regard to this matter; the total funding committed by him to the project to date; the total funding required for the completion of the project; the time scale as agreed by him and the local authority for the project; the tendering process for the project; if this has commenced, if so, the stage it is at; if not when will tendering commence; and if he will make a statement on the matter. [7006/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): The project in question is part of my Department's Remedial Works Programme 2009-2011. Approval issued in June 2010 with a preliminary budget of €6.61 million for the project, subject to specific terms and conditions. An ongoing series of meetings and other communications has taken place between my Department and Kildare County Council, including the recent Housing Action Plan meeting. An allocation of €500,000 has been provided to the Council in 2011 with the provision that the project must proceed before the end of this year. Further design, costing and phasing details have been sought from the Council. Upon receipt, these will be considered by my Department with a view to reaching agreement as soon as possible on the further progression of the scheme towards the tendering process.

Private Rented Accommodation

107. **Deputy Peter Mathews** asked the Minister for the Environment, Heritage and Local Government his plans to introduce a deposit protection scheme for tenants in private rented accommodation to prevent the retention of deposits by landlords on spurious grounds; and if he will make a statement on the matter. [7024/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): The Residential Tenancies Act 2004 regulates the tenant-landlord relationship in the private rented residential sector. My Department conducted a review of the Act in 2009 with a specific emphasis on whether the Act best supports the PRTB's key functions and on 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. The outcomes of the review were announced by my predecessor as Minister of State and, in April 2010, the Government approved the preparation of the Heads of a Bill to deliver on the review's recommendations.

The incorrect retention of deposits by landlords was identified in that review process as one of a range of issues that merited specific attention. I am at present evaluating the review process recommendations and associated legislative proposals and I intend to come to an early decision as to how best to proceed in this regard. I have already met with the PRTB which has engaged in some research as to the viability of a separate deposit retention scheme pursuant to its function, under section 151(1) of the Act, to provide advice to the Minister concerning policy in relation to the private rented sector. On foot of that meeting, I have asked the PRTB to carry out further research on how best to address the issue of deposit retention this research will further inform my thinking on this matter.

Water and Sewerage Schemes

108. **Deputy Pat Breen** asked the Minister for the Environment, Heritage and Local Government the funding that is outstanding in respect of a group water scheme (details supplied) in County Clare; when the grants will be made available; and if he will make a statement on the matter. [7031/11]

Minister for the Environment, Heritage and Local Government (Deputy Phil Hogan): Responsibility for the examination, approval and funding of group water scheme proposals has been devolved to local authorities under the Rural Water Programme since 1997. Information relating to this scheme may, therefore, be obtained from Clare County Council.

Planning Issues

109. **Deputy Thomas P. Broughan** asked the Minister for the Environment, Heritage and

[Deputy Thomas P. Broughan.]

Local Government if he has contacted Dublin City Council since the formation of the Government regarding outstanding problems in the large north fringe district of Dublin North-East constituency; and if he has urged the Dublin City Council manager to expedite the production of a revised and sustainable masterplan for the area; and if he will make a statement on the matter. [7037/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): It is the responsibility of each planning authority to provide for the proper planning and sustainable development of its area, to ensure that their statutory development plans and local area plans provide an adequate basis to guide the delivery of infrastructure and services, as well as future development, and to reflect national and regional policy priorities within these plans.

The Dublin City Development Plan 2011-2017 has been adopted by the members of the City Council and came into effect on 22 December 2010. This Plan includes a commitment to undertake a review of the North Fringe Local Area Plan as part of a process of integrating the core strategy policies of the wider City Development Plan into local plans and strategies. I understand that the Council intends to initiate the review of this Local Area Plan in the near future.

110. **Deputy Frank Feighan** asked the Minister for the Environment, Heritage and Local Government if his attention has been drawn to the impact the code of practice in planning will have on soils in County Leitrim; the steps he will take to put a derogation in place in County Leitrim; if he will re-examine, regarding County Leitrim, the Environmental Protection Agency's new code of practice on wastewater treatment and disposal systems serving single houses which was published in October 2009 which sets out comprehensive requirements in relation to the design, installation and maintenance of on-site wastewater systems. [7043/11]

Minister of State at the Department of the Environment, Heritage and Local Government (Deputy Willie Penrose): Appropriate measures to ensure that waste, which includes wastewater from septic tanks and proprietary waste systems, is recovered or disposed of without endangering human health and without using processes that could harm the environment, have necessarily been taken by my Department in order to address a recent ECJ judgment (C188/08) which found that Ireland was in breach of Article 4 of the EU Waste Directive (2006/12/EC). Implementation of the Environmental Protection Agency's (EPA) new Code of Practice on Wastewater Treatment and Disposal Systems Serving Single Houses which was published in October 2009 is a key measure in this regard.

The Code of Practice sets out comprehensive requirements in relation to the design, installation and maintenance of on-site wastewater systems. My Department issued a circular letter to planning authorities in January 2010 regarding implementation of the EPA's new Code of Practice.

Elements of the Code of Practice relevant to building control have also been provided for in the recently published Technical Guidance Document to Part H (Drainage and Waste Water Disposal) of the Building Regulations as amended by the Building Regulations (Part H Amendment) Regulations 2010 (S.I. No. 561 of 2010).

In this regard, the EPA Code of Practice lays down the technical standards to comply with Ireland's duty of care under Article 4 of the Waste Directive, but in particular to ensure that the disposal of waste via wastewater systems for single dwellings does not give rise to public nuisance, health risk or damage to the natural environment. There is no provision in the Directive for a derogation from the requirements of Article 4.

While the Code of Practice may pose engineering and planning challenges in certain parts of the country where soil and geological conditions create very difficult drainage conditions, it also sets out a number of potential technical solutions. These include innovative designs of proprietary wastewater treatment systems, and the consideration of discharges other than to sodden or otherwise unsuitable ground conditions, that can be used to ensure that development on suitable sites can proceed while protecting the environment.

The EPA under the STRIVE research programme, is also evaluating a number of potential technical responses to sites with difficult drainage conditions, my Department will be monitoring this research and the work of local authorities in implementing the EPA manual more generally and will be reporting back to me.

My Department will therefore continue to work proactively with local authorities in ensuring that the planning system takes proper account of river basin management plans, water quality legislation and new technology in assessing the on-site wastewater treatment and disposal system aspect of proposals for housing that are needed to meet the needs of rural communities.

Proposed Legislation

111. **Deputy Peter Mathews** asked the Minister for Justice and Equality his plans to amend the Property Services (Regulation) Bill 2009 to set up a national house price register database in order to provide information about the state of the property market; and if he will make a statement on the matter. [7023/11]

Minister for Justice and Equality (Deputy Alan Shatter): The position is that the Property Services (Regulation) Bill 2009, which has already passed through the Seanad, is currently awaiting Dail Committee Stage. I intend to bring forward amendments to the Bill at Committee Stage to provide for the publication of residential property sales prices by the Property Services Regulatory Authority.

112. **Deputy Maureen O’Sullivan** asked the Minister for Justice and Equality in view of the important role treatment and rehabilitation plays in tackling the drugs crisis, if he will bring forward legislation that will allow the expunging of criminal records for those who have been convicted of non-violent drug related crimes who have completed their course of treatment and rehabilitation [6934/11]

Minister for Justice and Equality (Deputy Alan Shatter): In developing the National Drug Strategy 2009-2016 a Steering Group was established to review the progress and impact made under the 2001-2008 Strategy and to make recommendations for the 2009-2016 Strategy. In its Report the Steering Group recognised that criminal convictions, acquired as a consequence of drug use, can in certain circumstances act as a significant barrier in terms of successful rehabilitation and reintegration. In this regard, the Steering Group recommended that consideration be given to developing a legislative framework whereby certain convictions could be considered spent after an appropriate period.

As the Deputy will be aware the Legislative Programme for this term, published this week, provides for a new Bill on Spent Convictions. The previous Bill lapsed in the normal way upon the dissolution of the last Dáil. Although I am unable at this early stage to give a detailed account of the new Bill’s content I can say that, like the earlier Bill, the new Bill will provide for the non-disclosure of most convictions where a sentence at the lower end of the scale was imposed. Disclosure will still be required in the case of certain posts and in respect of certain convictions. The new Bill will apply to adult offenders — the Children Act 2001 (section 258) already makes provision for child offenders — and it will apply retrospectively, to convictions that meet the criteria no matter when the conviction was recorded.

[Deputy Alan Shatter.]

I realise Ireland is among the few EU Member States that does not have a formal system for dealing with minor offences and I accept we must address the issue. However, in doing so, I will be seeking to protect and maintain confidence in the criminal justice system while also providing an incentive to those wishing to make a fresh start.

Garda Training

113. **Deputy Simon Harris** asked the Minister for Justice and Equality the progress that has been made in implementing recommendation 15.1.9 of A Vision for Change that senior gardaí should be identified and trained in each Garda division to act as resource and liaison mental health officer; and if he will make a statement on the matter. [6963/11]

Minister for Justice and Equality (Deputy Alan Shatter): Recommendation 15.1.9 of a Vision for Change is being fully implemented within An Garda Síochána.

A Memorandum of Understanding on the removal or return of a person to an Approved Centre in accordance with section 13 and section 27 of the Mental Health Act 2001, and the removal of a person to an Approved Centre in accordance with section 12, was agreed between the Garda Síochána, the HSE, the Mental Health Commission and the service users and was signed by the Commissioner on 15 September 2010.

Effective implementation of this Memorandum is under way. A member of the Garda Síochána at Inspector rank has been nominated in each Garda Division to act as the liaison person to the Approved Centre for the catchment area(s) that extends to their Division. A list of the nominated Inspectors has been exchanged with the HSE and this list together with their counterparts, Executive Clinical Directors, has been circulated within the Garda organisation.

The development of a specific training programme for these Liaison Inspectors is at an advanced stage in the Garda College. The nomination of Inspectors to act as liaison persons to the Approved Centre for the catchment area that extends to their Division also implements Recommendation 15.1.9 of A Vision for Change.

Legislative Programme

114. **Deputy Simon Harris** asked the Minister for Justice and Equality when legislation on legal capacity will be published; and if he will make a statement on the matter. [6964/11]

Minister for Justice and Equality (Deputy Alan Shatter): The Government Legislation Programme announced on 5 April 2011 indicates that the Mental Capacity Bill is expected to be published in late 2011.

The Bill will reform the law on mental capacity taking into account the Law Reform Commission's Report on Vulnerable Adults and the Law. The Bill will replace the Wards of Court system with a modern statutory framework governing decision-making on behalf of adults who lack capacity.

International Agreements

115. **Deputy Simon Harris** asked the Minister for Justice and Equality the progress that has been made towards Ireland's ratification of the United Nations Convention on the Rights of Persons with Disabilities; and if he will make a statement on the matter. [6965/11]

Minister for Justice and Equality (Deputy Alan Shatter): I can inform the Deputy that it is the Government's intention to ratify the UN Convention on the Rights of Persons with Disabilities (UNCRPD) as quickly as possible, taking into account the need to ensure that all

necessary legislative and administrative requirements under the Convention are being met. As the Deputy may be aware, Ireland does not tend to become party to treaties until it is first in a position to comply with the obligations imposed by the treaty in question, including the amendment of domestic law as necessary.

The ongoing implementation of our National Disability Strategy in many respects already comprehends many of the provisions of the Convention. In addition, the Inter-Departmental Committee on the UNCRPD monitors the remaining legislative and administrative actions required to enable the State to ratify the Convention. The Committee has developed a programme on which work is progressing to address the matters that need to be aligned with the UNCRPD.

Court Procedures

116. **Deputy Michelle Mulherin** asked the Minister for Justice and Equality if he will sign and make effective two Statutory Instruments made by the Rules of the Superior Courts committee, namely, the Rules of the Superior Courts (Lodgement of Documents) dated 23 July 2009 and the Rules of the Superior Courts (costs of Judgement in Default of Appearance) dated 30 October 2008. [6988/11]

121. **Deputy John Lyons** asked the Minister for Justice and Equality his plans to sign amended Superior Court Rules which propose to allow non-personal delivery of documents to the office of the High Court; if his attention has been drawn to the impact and potential job losses that will occur as the result of such an action; and if he will make a statement on the matter. [7019/11]

Minister for Justice and Equality (Deputy Alan Shatter): I propose to take Questions Nos. 116 and 121 together.

These matters are currently under consideration in my Department.

Road Traffic Offences

117. **Deputy Thomas P. Broughan** asked the Minister for Justice and Equality the number of persons arrested and charged with drink driving in the Garda R and J districts in the years 2007, 2008, 2009, 2010 and to date in 2011; the number of drivers convicted in each of the years; and if he will make a statement on the matter. [6999/11]

Minister for Justice and Equality (Deputy Alan Shatter): In the time available it has not been possible for the Garda authorities to supply the information relating to the number of arrested requested by the Deputy. I will be in contact with the Deputy when the information is to hand.

Citizenship Applications

118. **Deputy Caoimhghín Ó Caoláin** asked the Minister for Justice and Equality if the reduced naturalisation fee of €200 applies to the widows of naturalised Irish citizens as well as the widows of persons born with Irish citizenship; if not, the basis for the differential treatment; and if he will make a statement on the matter. [7013/11]

Minister for Justice and Equality (Deputy Alan Shatter): The fees in relation to Irish Nationality and Citizenship are set-out in Statutory Instrument No. 294/2008. This provides that where the application is made by a widow or widower whose spouse was, immediately before death, an Irish citizen, and who has not, subsequent to the spouse's death, become a naturalised citizen of a state other than this State, that a fee of €200.00 applies. I am advised

[Deputy Alan Shatter.]

by the Irish Naturalisation and Immigration Service that no distinction is made between the categories of persons referred to by the Deputy.

Garda Deployment

119. **Deputy Mary Lou McDonald** asked the Minister for Justice and Equality the reason the number of community gardaí operating from a location (details supplied) have been cut. [7016/11]

Minister for Justice and Equality (Deputy Alan Shatter): Under the Garda Síochána Act the Garda Commissioner has operational control of the force including responsibility for the allocation of resources. I have been informed by him that Store Street Garda Station covers the area referred to by the Deputy and that the personnel strength of Store Street Garda station, on the latest date for which figures are readily available, was 284.

While the number of dedicated Community Gardaí in Store Street station is 78, under the current model of Community Policing all Gardaí have responsibility, inter alia, to deal with Community Policing issues as and when they arise.

Garda Operations

120. **Deputy Mary Lou McDonald** asked the Minister for Justice and Equality the measures the Garda Síochána will take in order to ensure that there is no repeat of the violence which occurred at the Smithfield horse fair Dublin on the first Sunday of March 2011. [7018/11]

Minister for Justice and Equality (Deputy Alan Shatter): I am informed by the Garda authorities that an operational policing plan is prepared by local Garda management for each occasion on which this event is held.

Following the incidents which occurred at the event recently, additional resources will be deployed, including specialist units and high visibility uniform patrols, to ensure the safety of those attending and to prevent incidents of public disorder, anti-social behaviour, violence and other criminal behaviour.

Local Garda management will continue to liaise with the local authority and other stakeholders involved in organising this event. The policing requirements for the event will remain under review.

I understand that my colleague the Minister for Enterprise, Jobs and Innovation is seeking the advice of the Attorney General on closure of the fair.

Question No. 121 answered with Question No. 116.

Garda Stations

122. **Deputy Joe Costello** asked the Minister for Justice and Equality his proposals for the future of a Garda station (details supplied); and if he will make a statement on the matter. [7025/11]

Minister for Justice and Equality (Deputy Alan Shatter): The programme of replacement and refurbishment of Garda accommodation around the country is based on agreed priorities established by An Garda Síochána and it is progressed in close co-operation with the Office of Public Works, who have responsibility for the provision and maintenance of Garda accommodation.

I am advised by the Garda authorities that work on the refurbishment of Mountjoy Garda Station is currently underway. It is anticipated that this work will be completed by mid 2011 and that the refurbished building will accommodate the station party from the station referred to by the Deputy while refurbishment works are carried out at that station. Arrangements are currently being progressed to ensure that a Garda service will be maintained at the location referred to during the period the relevant members are stationed at Mountjoy.

I am further advised that the station referred to by the Deputy has been identified as the location, in due course, for the new District Headquarters for the area concerned. This project will be progressed in the context of the overall Garda accommodation programme and in the light of available resources.

Milk Quota

123. **Deputy Michael Creed** asked the Minister for Agriculture, Fisheries and Food the criteria used to determine the successful applicants in the forthcoming competition for new entrants to dairying; and if he will make a statement on the matter. [6936/11]

Minister for Agriculture, Fisheries and Food (Deputy Simon Coveney): The 2011 Scheme for the Allocation of Milk Quota to New Entrants was announced on 31 January 2011, with a closing date of 8 April 2011. The Scheme provides for three New Entrant categories, namely:

Category A — Brand New Entrant to Dairying

Category B — Purchaser of Quota as a New Entrant through the Milk Quota Trading Scheme

Category C — Purchaser of Quota as a Successor through the Milk Quota Trading Scheme

In order to be eligible for consideration, each applicant must:

- satisfy the education and training qualifications as outlined in Annex I of the detailed rules of the scheme. A copy of the relevant documentation must be submitted with the application,
- have/will have a holding comprised of lands owned and/or leased by him or her,
- have/will have his/her own separate independent herd number in which the dairy animals are/will be registered,
- have his/her own separate milking and milk storage facilities situated on his/her holding prior to commencement of milk production,
- submit a comprehensive 5-year business plan.

Applications that satisfy the eligibility criteria will be submitted for a detailed assessment. An independent panel has been established for this purpose. The panel will make recommendations to me for approval of those applications considered to provide the best evidence of a viable and sustainable enterprise.

The assessment will focus on the following areas:

Educational Qualifications — Preference may be given to applicants with qualifications more specific to dairying,

[Deputy Simon Coveney.]

Background — Extent to which applicants have any previous involvement/interest in farming, particularly in dairy farming. This will include any skills or experience already developed, and the extent of any family involvement,

Business Plan — Applicants should present a comprehensive plan setting out their commitment to the dairy enterprise and its future development,

Financial Input — Preference may be given to applicants on the basis of personal financial commitment to the enterprise,

I hope to be in a position to announce the completion of the process by the end of May.

Grant Payments

124. **Deputy John O'Mahony** asked the Minister for Agriculture, Fisheries and Food when a person (details supplied) in County Mayo received the balance of their outstanding payment; and if he will make a statement on the matter. [6947/11]

Minister for Agriculture, Fisheries and Food (Deputy Simon Coveney): An application under the Single Payment Scheme/Disadvantaged Areas Scheme was received from the person named on the 19th of April 2010.

This application was selected for a Ground Eligibility and Cross Compliance inspection. The inspection process is complete and the results have now been processed.

During the course of the Ground Eligibility inspection discrepancies were found which resulted in the claimed area for the Single Payment Scheme of 23.14ha being reduced to a payable area of 22.87ha. As the total entitlements held are 23.91 and the difference between the area claimed and the area found is less than 3% and under 2ha the area put forward for payment was 22.87ha.

Payment under Single Payment Scheme issued on the 16th of December 2010 and payment under the Disadvantaged Area Scheme issued on the 22nd of December 2010.

The reduction of 0.27ha in the payable area led to €48.39 being withheld from the 2010 SPS payment. An administrative oversight has led to a delay in the issuing of a formal notice explaining the inspection findings and advising the person named of his right to seek a review of the decision. This notice will be dispatched without delay. The person named also retains the right to have the outcome of any such review appealed to the Independent Agriculture Appeals Office.

125. **Deputy John Browne** asked the Minister for Agriculture, Fisheries and Food when single farm payments will issue in respect of a person (details supplied) in County Wexford. [6985/11]

Minister for Agriculture, Fisheries and Food (Deputy Simon Coveney): An application under the 2010 Single Payment Scheme was received from the person named on 30 April 2010. Payments under the 2010 Single Payment Scheme commenced nationally on 18 October 2010. The person named submitted an application with 16 land parcels, 6 of which required re-digitisation. Payments under the Single Payment Scheme 2010 were issued to the applicant on 18 October 2010, 1 December 2010 with a final balancing payment on 22 March 2011.

Forestry Sector

126. **Deputy Michael P. Kitt** asked the Minister for Agriculture, Fisheries and Food when

approval will be given for a plantation application in respect of a person (details supplied) in County Galway. [6990/11]

Minister for Agriculture, Fisheries and Food (Deputy Simon Coveney): The Forestry Division of my Department and the National Parks and Wildlife Service are currently finalising procedures which will determine the levels of afforestation that can be approved in 2011 within areas designated for the protection of the hen harrier. Applications, which have not yet been approved, will be decided shortly in consultation with the National Parks and Wildlife Service.

Grant Payments

127. **Deputy Paul J. Connaughton** asked the Minister for Agriculture, Fisheries and Food the reason suckler cow welfare payment has not been granted in respect of a person (details supplied) in County Galway; and if he will make a statement on the matter. [7003/11]

Minister for Agriculture, Fisheries and Food (Deputy Simon Coveney): The person named registered 15 animals under the 2009 Suckler Welfare Scheme. Under the Terms and Conditions of the Suckler Welfare Scheme applicants undertake to implement, for the full term of the Scheme, specific measures on all eligible suckler cows and the calves they are suckling. Applicants are also required to record all of the details of each measure on my Department's database through the Animals Event System. The person named did not submit any information relating to the measures in respect of his animals born during 2009. Until such time as this information is received, and all of the Terms and Conditions have been found to have been complied with, payment cannot be made.

128. **Deputy Frank Feighan** asked the Minister for Agriculture, Fisheries and Food the position regarding an application for REP scheme in respect of a person (details supplied) in County Roscommon and when a decision will issue. [7042/11]

Minister for Agriculture, Fisheries and Food (Deputy Simon Coveney): The person named commenced REPS 4 in October 2009 and received the year 1 payment in January 2010. The year 2 payment has been processed and will be paid to the person named in the next two weeks.

Community Development

129. **Deputy Niall Collins** asked the Minister for Community, Equality and Gaeltacht Affairs if she will provide funding for a building project (details supplied) in County Limerick; and if she will make a statement on the matter. [7029/11]

Minister for Community, Equality and Gaeltacht Affairs (Deputy Frances Fitzgerald): Funding of €427m is to be made available under the Rural Development Programme (RDP) 2007-2013 for allocation to qualifying projects up to the end of 2013. One of the objectives of the RDP is to identify and provide appropriate amenity and leisure facilities to local communities not otherwise available to them. Accordingly, it is possible, in principle, that projects of the nature referred to by the Deputy could be eligible under the RDP.

There are 36 Local Action Groups contracted, on my Department's behalf, to deliver the RDP throughout the country and these groups are the principal decision-makers in relation to the allocation of project funding. Such decisions are made in the context of the local development strategy of the individual groups and in line with Departmental operating rules and EU regulations. Contact details for these groups can be found at www.pobail.ie.

Mental Health Services

130. **Deputy Finian McGrath** asked the Minister for Health and Children if he will provide a breakdown of funding in the area of mental health and specifically funding in the area of suicide prevention and crisis awareness groups. [7103/11]

141. **Deputy Finian McGrath** asked the Minister for Health and Children if he will provide a breakdown of funding in the area of mental health, specifically funding in the area of suicide prevention and crisis awareness groups. [7039/11]

Minister for Health and Children (Deputy James Reilly): I propose to take Questions Nos. 130 and 141 together.

The Revised Estimates for Public Services 2011 indicate expenditure of €920 million for the provision of in-patient, out-patient and community mental health services. This figure includes €8.7 million for suicide prevention of which €4.2 million is available to the National Office for Suicide Prevention and €4.5 million is available regionally to fund Resource Officers for Suicide Prevention, A&E Self-Harm Liaison Nurses and local suicide prevention initiatives including crisis awareness groups.

131. **Deputy Simon Harris** asked the Minister for Health and Children his policy on ending the practice of placing children in adult psychiatric wards and if this practice will be ended in 2011; and if he will make a statement on the matter. [6954/11]

132. **Deputy Simon Harris** asked the Minister for Health and Children the plans that are in place to ensure that all children and adolescents receive access to age appropriate mental health services; and if he will make a statement on the matter. [6955/11]

Minister for Health and Children (Deputy James Reilly): I propose to take Questions Nos. 131 and 132 together.

A child should only be admitted as an in-patient to a psychiatric facility as a last resort, and should as far as possible receive the necessary treatment in the community. In this regard it is noted that the Government for National Recovery is committed to reforming our model of healthcare delivery so that more care is delivered in the community; access to modern mental health services in the community will therefore be significantly improved. It is proposed to ring fence €35 million annually from within the health budget to develop community mental health teams and services to ensure early access to more appropriate services for both adults and children.

In terms of child and adolescent mental health service infrastructure, currently the bed capacity is 52. Work is due to commence later this year on the second phase of the child and adolescent unit at St. Vincent's Hospital, Fairview which will increase capacity from 6 to 12 beds, providing 58 beds nationally by 2012. Work on the Linn Dara Child and Adolescent Mental Health Day Facility in Cherry Orchard, Dublin is expected to be completed by September 2011. It is envisaged that the provision of improved community based services, coupled with an increase in bed capacity, will put an end to the practice of placing children and adolescents in adult psychiatric facilities.

Child Care Services

133. **Deputy Simon Harris** asked the Minister for Health and Children the action that has been taken to implement recommendation 3 of the Ryan report to develop a national specialist multidisciplinary team for children in special care and detention; and if he will make a statement on the matter. [6956/11]

Minister for Health and Children (Deputy James Reilly): The Implementation Plan arising from the findings of the Report of the Commission to Inquire into Child Abuse includes provision for the development by the HSE, in consultation with the Irish Youth Justice Service, of a national specialist multidisciplinary team for children in special care and detention. This team is in the process of being established. A model of care has been developed and agreed between the HSE and the Irish Youth Justice Service. The project is now at implementation stage and this includes the recruitment of approximately 30 staff to manage and run the service. The necessary finance has been provided to the HSE to facilitate the recruitment of these staff and the intention is to have the service operational later this year.

Departmental Funding

134. **Deputy Noel Harrington** asked the Minister for Health and Children if funding will be provided to provide residential care in respect of a person (details supplied) in County Cork; and if he will make a statement on the matter. [6959/11]

Minister for Health and Children (Deputy James Reilly): 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.

Hospital Waiting Lists

135. **Deputy Martin Ferris** asked the Minister for Health and Children when a person (details supplied) will be given a date for a surgical procedure. [6974/11]

Minister for Health and Children (Deputy James Reilly): The management of inpatient waiting lists is a matter for the HSE and the individual hospitals concerned. I have, therefore, referred the Deputy's question to the Executive for direct reply.

Health Service Staff

136. **Deputy Brendan Ryan** asked the Minister for Health and Children if he will make available the number of Health Service Executive staff currently on, or awaiting to return from, career breaks; if he will provide assurances that all those returning from a career break will be re-employed within the HSE, as per the strict terms of the individual's career break contract; and if he will make a statement on the matter. [7004/11]

Minister for Health and Children (Deputy James Reilly): The Health Service Executive (HSE) has advised that under the terms of the career break scheme which operates in the health service, HSE employees are required to give 3 month's notice of their intention to return from career break. In the event that a suitable, vacancy which can be filled does not arise on the termination of the period of the career break, employees are guaranteed re-employment within the HSE within 12 months of the date of termination of the career break.

The HSE has further advised that there are currently 931 individuals on or awaiting return from career break across the HSE. The following is the position in each HSE area:

- Dublin North East: the current total for staff on or awaiting return from career breaks in DNE is 73;
- Dublin Mid-Leinster: there are currently 232 individuals on career break in HSE Dublin Mid-Leinster. Of these, 43 are on a waiting list pending an approved vacancy becoming available, 16 of the 43 have already been offered 1 or more posts but have

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refused the offer. 29 have expressed their interest in returning to work and are on their 12 month extended waiting period;

- HSE South: there are currently 300 individuals on career break in HSE South. 98 of these are awaiting return, of whom 43 have been made and refused an offer of a post. 55 have received no offer; and
- HSE West: there are 326 staff on or awaiting return from career breaks at the current time in HSE West.

Hospital Waiting Lists

137. **Deputy Ciarán Lynch** asked the Minister for Health and Children when a person (details supplied) in County Cork will be granted a first hospital appointment; and if he will make a statement on the matter. [7012/11]

Minister for Health and Children (Deputy James Reilly): The management of out-patient waiting lists is a matter for the HSE and the individual hospitals concerned. I have, therefore, referred the Deputy's question to the Executive for direct reply.

Long-Term Illness Scheme

138. **Deputy Paschal Donohoe** asked the Minister for Health and Children his views whether Crohn's disease should be included on the Health Service Executive's long-term illness scheme, the actions he will take to ensure this occurs; and if he will make a statement on the matter. [7022/11]

Minister for Health and Children (Deputy James Reilly): 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 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.

Mental Health Services

139. **Deputy Peter Mathews** asked the Minister for Health and Children his plans to establish a dedicated executive position within the Health Service Executive that will be responsible for implementing a Vision for Change; his plans to publish a comprehensive implementation plan for a Vision for Change setting out deliverables, a time line and stating the persons responsible; if he will raise funding of mental health services to 8% of the health budget by 2016; his plans to enact legislation which protects the rights of persons with disabilities and binds public and private sector employers and service providers to operate with regard to the principle of a Vision for Change; and if he will make a statement on the matter. [7032/11]

Minister for Health and Children (Deputy James Reilly): The implementation of 'A Vision for Change' is primarily the responsibility of the Health Service Executive (HSE). In 2009, the Board of the Health Service Executive approved an Implementation Plan for 'A Vision for Change' for the period 2009-2013. In November 2009 the HSE also appointed an Assistant

National Director as the national lead to ensure the delivery of mental health services in line with legislation and Government policy.

The Revised Estimates for the Public Services for 2011 indicate expenditure of €920 million by the HSE on the delivery of mental health services; this represents almost 7.5% of the total health budget (€12,312 million) for this year. It excludes expenditure on mental health services provided in primary care. It is estimated that 90% of mental health problems are dealt with in primary care and some 30% of people who attend primary care have a mental health problem.

The Government is committed to a review of the Mental Health Act 2001. The review, which will commence in 2011, will be informed by a human rights approach. My officials are currently engaged with the Health Research Board on the international evidence on a human rights based approach to mental health legislation. In addition, a wide ranging public consultation will be undertaken where we will seek the views of the public, the relevant stakeholders and interested groups/parties. The consultation will of course be advertised in the Press.

Special Educational Needs

140. **Deputy Thomas P. Broughan** asked the Minister for Health and Children if he has liaised with the Department of Education and Skills in response to a proposal from a school (details supplied) in Dublin 13 for a proposed applied behavioural analysis academy for children on the autistic spectrum in Dublin north east; and if he will make a statement on the matter. [7035/11]

Minister for Health and Children (Deputy James Reilly): Matters relating to the education of children with autism are the responsibility of the Minister for Education and Skills and therefore it is more appropriate for that Minister to deal with this organisation's proposal.

Question No. 141 answered with Question No. 130.

Departmental Funding

142. **Deputy Dominic Hannigan** asked the Minister for Health and Children his support for a foundation (details supplied); if he will honour the commitment made by the previous Minister for Health and Children to fund this foundation through 2011; the funding level he envisages for 2012 for the foundation; and if he will make a statement on the matter. [7055/11]

Minister for Health and Children (Deputy James Reilly): I assure the Deputy that the Health Service Executive will continue to fund the Jack & Jill Foundation in 2011. The Health Service Executive is working with the Jack and Jill Foundation to identify and prioritise the needs of the children on a case-by-case basis. The HSE is prepared to work closely with the foundation to ensure no child is hospitalised for want of adequate home support, provided by Jack and Jill or the HSE. The previous Minister's guidance to the Health Service Executive in developing its service plan for 2011 was that there should be a particular focus on protecting services to vulnerable groups. The Minister requested the Executive to give favourable treatment to disability services by setting a lower savings target for disability services of a maximum budget reduction of 1.8%. Decisions in relation to funding for the health services in 2012 will not be made until later this year as part of the 2012 Estimates process for the public services.

Hospital Waiting Lists

143. **Deputy Martin Heydon** asked the Minister for Health and Children when a person (details supplied) in County Kildare will receive a date for their operation; and if he will make a statement on the matter. [7063/11]

Minister for Health and Children (Deputy James Reilly): As this is a service matter, it has been referred to the Health Service Executive for direct reply.

Tourism Promotion

144. **Deputy Seamus Kirk** asked the Minister for Transport, Tourism and Sport if he is considering a comprehensive analysis of the cohesiveness of the relevant tourism promotion and development bodies in Ireland; and if he will make a statement on the matter. [6952/11]

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): Fáilte Ireland was established under the National Tourism Development Authority Act 2003, following the amalgamation of Bord Fáilte Éireann and CERT, to encourage, promote and support tourism. Its primary functions are the development of quality tourism product, domestic tourism marketing, tourism standards, enterprise support, capability building and human resource development for the tourism industry. Tourism was specifically designated as an area for co-operation under the Good Friday Agreement. In December 1998, the parties to the Agreement decided that a publicly owned limited company would be established by the Northern Ireland Tourist Board and the then Bord Fáilte Éireann to carry out functions related to the promotion of tourism to the island of Ireland. The company, Tourism Ireland Limited, was formally incorporated on 11 December 2000. Tourism Ireland is accountable to the North South Ministerial Council with funding for its operations being provided by the Department of Enterprise, Trade and Investment in Northern Ireland and by the Department with responsibility for tourism in the South. The primary remit of the company is to promote the island of Ireland as a tourist destination in overseas markets. The company works closely with Fáilte Ireland, NITB, and the tourism industry in delivering its remit.

The close working relationship between the organisations is strengthened by the fact that the chief executive of Fáilte Ireland sits on the board of Tourism Ireland. The Fáilte Ireland Authority also meets the board of Tourism Ireland on an ongoing basis to discuss issues of mutual interest on tourism. I understand that the chief executive of Tourism Ireland regularly attends the meetings of the Fáilte Ireland board on an observer basis. Furthermore, the chief executives and senior management teams in Fáilte Ireland and Tourism Ireland work hard to foster closer working relationships between the agencies. This includes joint preparation of marketing programmes. I am satisfied that these arrangements ensure the State tourism agencies act in a cohesive manner in delivering on their tourism promotion and development remits. Having said that, the Government believes it is important that all State agencies constantly review and monitor their operations to ensure optimal returns are received for public investment. I am aware that the tourism agencies are already working to share services, where possible, with a view to driving economies. Any change to Tourism Ireland would require agreement with the Northern Ireland authorities in the overall North-South framework. I hope to meet my Northern counterpart after the Assembly elections. I have no intention of carrying out a comprehensive review at present. It should be noted that Tourism Ireland, along with the other North-South bodies, are subject to review as part of the St. Andrews Agreement Review, work on which I understand is to conclude in the near future. However, if the Deputy has any suggestions on this matter, I ask him to make them known to my office.

Harbours and Piers

145. **Deputy Noel Harrington** asked the Minister for Transport, Tourism and Sport if he has received an application for funding for remedial works to a harbour (details supplied); the status of this application; when he will be in a position to notify the board of the total amount

of funding to be provided for these works in the current year; and if he will make a statement on the matter. [6935/11]

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): My Department has received an application for funding for remedial works at Baltimore and Skibbereen harbours. Applications for funding under the Harbours Act 1946 are currently being examined in relation to six regional harbours. The total applications for funding for 2011 amount to €12.1 million, which is over double the amount allocated. Letters advising harbours of the funding being allocated for 2011 will issue shortly. Policy in relation to the future operation of regional harbours is to transfer responsibility for them to local authorities with the objectives of strengthening governance arrangements and to enable them to better achieve their potential in social and economic terms. The new Government is strongly committed to widening the remit of local authorities.

Public Service Vehicles

146. **Deputy Dara Murphy** asked the Minister for Transport, Tourism and Sport the action he will take regarding bikes and carriages operating on the streets of cities and towns for reward payments; are these traders insured for public liability; are they vetted by the Garda; are they compliant for VAT and the Revenue Commissioners; and if he will make a statement on the matter. [6975/11]

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): I have no role in the day-to-day regulation of pedal bike passenger services or horse drawn jarvey systems. I understand some local authorities around the country have made by-laws relating to the control of horse drawn carriages. The relevant local authorities may be able to provide the detailed information sought by the Deputy. Tax and VAT compliance are matters for the Revenue Commissioners and I have no function in these areas.

Public Transport

147. **Deputy Michael McGrath** asked the Minister for Transport, Tourism and Sport his plans to provide a rapid transit public transport solution in Cork city; and if he will make a statement on the matter. [6978/11]

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): The issue of a rapid transit public transport system for Cork city and surrounding satellite towns was examined in the Cork Public Transport Feasibility Study, (renamed the Cork Area Transit System — CATS study), funded by my Department, which assessed a range of corridors in the Cork metropolitan area. One of the study's main findings was that only one corridor, a west-east corridor from Ballincollig to Mahon via the city centre, has the potential passenger flows of sufficient magnitude to justify a rapid transit public transport solution and is therefore the corridor recommended.

The National Transport Authority is currently examining the recommendations of the study, as requested by my Department, in consultation as necessary with other appropriate bodies with a view to assessing and prioritising future public transport options for the Cork region, having regard to the current difficult budgetary position. Some of the Cork study's recommendations are already being funded under the Regional Cities Bus Priority and Park and Ride Programme, administered by the authority, for which an overall allocation of €5.5 million has been provided in 2011 to the four regional cities of Cork, Galway, Limerick and Waterford. The Cork region has received €30.15 million under this programme since 2006. Cork City

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Council has been allocated €1.2 million in 2011, comprising €900,000 for the Ballincollig Green Route, and €300,000 for the Carrigrohane Park and Ride facility.

Light Rail Project

148. **Deputy Thomas P. Broughan** asked the Minister for Transport, Tourism and Sport when the Luas Line B2 from Cherrywood to Bray will open; and if he will make a statement on the matter. [7000/11]

Minister for Transport, Tourism and Sport (Deputy Leo Varadkar): As Minister for Transport, I have responsibility for overall policy and funding in relation to the public transport element of Transport 21. Following the establishment of the National Transport Authority in December 2009, the implementation and development of infrastructure projects in the Greater Dublin Area, such as Luas Line B2, comes under the remit of the authority. The legislative basis for this is section 11(1)(e) of the Dublin Transport Authority Act 2008, which provides that “the principal functions of the Authority are to secure the provision of public transport infrastructure”. Noting this, I have referred the Deputy’s question to the authority for direct reply. I understand this project was originally envisaged as being substantially non-Exchequer funded, with levies being paid from supplementary development contribution schemes and other developer contributions. Given the changed economic environment, and the unlikely prospect of significant private development in the area in the immediate future, the Railway Procurement Agency has advised that it has informed the local authorities and local interests that the Railway Order is being deferred. I would point out that no funding was included for this project in the previous Government’s capital programme to 2014.