



DÍOSPÓIREACHTAÍ PARLAIMINTE  
PARLIAMENTARY DEBATES

**DÁIL ÉIREANN**

TUAIRISC OIFIGIÚIL—*Neamhcheartaithe*  
(OFFICIAL REPORT—*Unrevised*)

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## DÁIL ÉIREANN

*Déardaoin, 04 Deireadh Fómhair 2012*

*Thursday, 04 October 2012*

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

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*Paidir.*  
***Prayer.***

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### **Address by H.E. Mr. Martin Schulz, President of the European Parliament**

**An Ceann Comhairle:** On my own behalf, and on behalf of my fellow Deputies, I would like to extend a very warm welcome to Mr. Martin Schulz, President of the European Parliament on this his first visit as President. Your visit is particularly timely as Ireland prepares to take over the Presidency of the Council of the European Union from January next.

Before he was elected President of the European Parliament this year, Mr. Schulz has had a distinguished career in European politics and as a committed and eminent parliamentarian. He was first elected as a Member of the European Parliament in 1994 where he served on the Committee for Civil Liberties and Home Affairs, as well as the Sub-Committee on Human Rights. He was elected leader of the Socialist Group in the European Parliament in 2004. As leader of the Socialists and Democrats in the European Parliament, Mr. Schulz campaigned for social justice, promoting jobs and growth, reforming financial markets, fighting climate change, championing equality and creating a stronger and more democratic Europe - ideals that we can all subscribe to and support, but ideals that are more important now more than ever before.

There can be no denying that as Ireland assumes the Presidency of the Council of the European Union, Europe faces a number of difficulties and trials, particularly the financial and economic crisis which has gripped many countries, including Ireland. Europe is experiencing low levels of growth and high levels of unemployment, particularly among our young people, therefore, getting the European economy back on track is therefore a priority for the Union. The ideals and values espoused by President Schulz are necessary if we are to confront and deal with the problems that we face. In addressing our challenges, let us remember the enduring values of solidarity, co-operation and hope which underpinned the EU's establishment.

As a parliamentarian of long standing, and also a student of history with a keen passion for books, President Schulz will be aware that parliamentary democracy is the bedrock of peace, stability and prosperity. I share his views that closer co-operation between national parliaments and the European Parliament is a priority. Our Parliament, like others, has a crucial role to play in scrutinising the decisions and actions of government. At the same time managing EU busi-

ness through the scrutiny of the European Commission's proposals and holding governments to account for their decisions at EU level is now a critical aspect of the work of national parliaments. Here in the Houses of the Oireachtas, EU business now forms an integral part of the work of our joint committees.

At the same time, the Lisbon treaty considerably enhanced the powers of the European Parliament, making it a co-legislator with the Council in almost every area of EU law making. In addition, it has new powers in the EU budget process and in the conclusion of international agreements.

Here in Ireland I welcome the recent move to conclude a memorandum of understanding between our Parliament and the Government which will enable us to do EU business better and make best use of available resources. I understand that the memorandum is well advanced and should be in place before our Presidency begins in January.

At European level, it is only fair to acknowledge that in recent years, the role of national parliaments, and indeed the European Parliament, has been greatly strengthened. There is now a greater balance between the institutions and thus a stronger voice for Europe's citizens into the legislative process. Of course, we recognise that the roles of national parliaments and the European Parliament may differ, but we also recognise that a close relationship and sustained inter-parliamentary co-operation is critical to ensuring that our common European system works overall.

President Schulz, we share similar visions for national parliaments and the European Parliament and I welcome your desire to strengthen dialogue and introduce a parliamentary week during which national and European parliamentarians would together take a close look at the annual growth report and the guidelines for national budgets. Not only would this lead to greater accountability by parliaments, it would also help address perceptions of a democratic deficit in Europe.

The parliamentary dimension of the EU Presidency has evolved considerably in recent years and as a parliament, we will play a key role in helping to achieve the overarching priorities for Ireland's Presidency - to support a range of measures to secure sustainable economic growth and job creation, restore macroeconomic stability and enhance economic governance within the European Union.

There will be a strong parliamentary element to Ireland's Presidency – the Houses of the Oireachtas will host eight inter-parliamentary meetings, to be attended by members of national parliaments and the European Parliament.

I look forward to working with the European Parliament during Ireland's Presidency and in this context it gives me great pleasure to invite President Schulz to take his place in the Chamber and to address Members following the Taoiseach's statement to the House.

*H.E. Mr. Martin Schulz, President of the European Parliament, then took his seat on the dais in the Chamber.*

**The Taoiseach:** Ar son an Rialtais agus ar son mhuintir na hÉireann, ba mhaith liom fíor fáilte a chur roimh an Úachtarán Schulz as ucht an chuairt seo ar ár bParliamint anseo i Dáil Éireann. It is an honour and a pleasure to receive President Schulz in Dáil Éireann, our national Parliament.

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As all in this House will be well aware, Ireland will take up the role of the Presidency of the Council of the European Union for the seventh time and we will also celebrate the 40th anniversary of Ireland's joining what was then the European Economic Community from next January. During our Presidency, we will do our utmost to advance the work of the Council. This visit and today's address to this House by President Schulz represent essential preparatory steps in forging the relationships which will be essential to Ireland delivering a successful Presidency. In the same vein, I travelled yesterday with the Tánaiste and Minister for Foreign Affairs and Trade and a number of Government colleagues to Brussels to meet with President Barroso and the College of Commissioners, and we discussed our preparations for the Presidency at some length as well as the current issues facing Europe. In the afternoon, I met with President Van Rompuy and held discussions ahead of what will be a very busy period for the European Council with three meetings happening in the next 11 weeks.

Since the last Irish Presidency in 2004, there has been huge change within our Union. During our Presidency that year, ten new member states joined the Union. Their accession represented, in many ways, the reunification of a Europe divided since World War II and enriched our Union enormously. Since then two more countries have joined, and we are about to become a circle of 28, with the Union soon to embrace Croatia. The Lisbon treaty, to which the president has referred, has been signed and ratified and it came into force three years ago. This has strengthened several aspects of European integration and has greatly extended the co-legislator role of the European Parliament, making it an indispensable partner for Council, and, therefore, for all Presidencies. One of our most important preparatory tasks for the Presidency, and one which we have prioritised, is to establish good working relations with the European Parliament. The Minister of State with responsibility for European affairs, Deputy Lucinda Creighton, will elaborate on this aspect of Ireland's work in her contribution later.

Following a decade of European growth and prosperity, from which Ireland particularly benefited, the economic crisis hit in 2008 and 2009. Mistakes were made in this economy and in the wider European and global systems. Tackling its enduring effects is of major importance at national level, and European level as well. The Government has no greater priority than driving the economic recovery needed to provide the growth and jobs that our people and all people across Europe urgently need. The crisis has revealed the depth of interdependence between member states and the weaknesses in our shared economic governance. A series of decisions have been put on the agenda to improve economic governance on a European level. We have taken and implemented some and more will follow. We need to work hard and work together to get the EU and all its member states back on track.

As I have said on many occasions, Ireland will do everything it can to secure its economic recovery but we cannot do it on our own. We are an integral part of the euro area; we are an export driven economy; and we need a strong and stable currency and neighbours with growing economies and money to spend. For us to recover, Europe needs to move beyond crisis. We are, I believe, headed in the right direction.

In June, the European Council took another substantial step towards getting to grips with Europe's problems. It adopted a "Compact for Growth and Jobs" with an ambitious programme of work to be driven forward at national and European level. It includes measures with the potential to make a real difference in the immediate future, boosting the European Investment Bank's capacity to lend and it also contains steps that will support growth and job creation in the medium to long term, including deepening the Single Market, especially in the digital area. Making real headway on this will be a priority for us as Presidency next year.

We adopted a euro summit statement which committed us to severing the toxic link between banking and sovereign debt. We had long argued to colleagues that this was an indispensable step. We now need to see it implemented urgently. A first priority is putting the arrangements in place to allow the European Stability Mechanism to have the capacity to recapitalise banks directly, taking the strain and the pressure off sovereigns as a consequence. For this to happen, we need to see a single supervisory mechanism for banks put in place. The Commission made a legislative proposal in this regard some weeks ago and it is very important that we meet the target we have set ourselves of seeing it established by the end of this year, although, clearly, this is a ambitious timetable. Of course, the June agreement also contained a commitment to Ireland to work with us to make our banking-related debt more sustainable. We are in intensive discussions with our European partners and with the troika to ensure that this commitment is delivered upon and that we can secure the best possible deal. Finally, in June we set a process in train that will lead to a deeper and more stable Economic and Monetary Union. The President of the European Council, Herman Van Rompuy, is currently consulting colleagues on the steps that need to be taken and he will report back to us when we meet later this month before finalising his work by the end of the year.

The recent announcement by the European Central Bank that, in the right conditions, it will step in to buy the bonds of member states that are in difficulty in the markets has had a positive impact, lowering yields and providing some breathing space. We cannot afford to let this opportunity pass. European leaders have made commitments; they have said what they are going to do. There is a legitimate expectation among our people and in the markets that we will now deliver. I will continue to press the case for urgency whenever I meet colleagues, whether one-to-one or in more formal meetings. Ireland wants a prosperous and secure Union and a strong and stable currency. That is in Ireland's interests. It is in Europe's interests. The Government and I will work hard to contribute as much as we can towards achieving those ends when we assume the Presidency in January.

One of the Union's strengths should be its ability to take a longer-term view, without the day-to-day developments of the economic crisis distracting us from the importance of the Union's long-term planning. Member states are now negotiating the multi-annual financial framework, the MFF, for the EU's budget between 2014 and 2020, setting the parameters of the Union's spending to the end of this decade. President Van Rompuy intends that we should reach an agreement at a special meeting of the European Council on 22 and 23 November. Negotiations are complex, as befits the importance of the issue, but I am confident that we can reach agreement in November. We will strive for a budget with the right mix of priorities and a fair allocation of resources.

The European Parliament has an absolutely key role. First, the assent of the parliament is needed to the overall deal and people should never forget that. The parliament has also fed in its views to the discussions within the Council and between the institutions and has been keenly involved as the process has developed. Second, there is a large package of sectoral legislation underpinning the MFF. This will need to be agreed with the parliament under co-decision. Much of the management of this legislation, as far as the Council is concerned, will fall to the Irish Presidency in the first half of 2013, so we look forward to working closely and in a spirit of co-operation with the parliament on this. I understand 70 pieces of legislation are required to be dealt with.

The agreement on the European budget is a crucial factor in delivering the targets set in the Europe 2020 strategy: in the areas of employment, research and development, energy and

climate change, education and social inclusion. The strategy contains the goals that the EU and member states should reach by the end of this decade. In 2010 the European semester process was launched to help Governments overview the immediate tasks ahead and to evaluate the results of our policies aimed at reaching the Europe 2020 goals and objectives. As the Union's annual cycle of economic and fiscal policy co-ordination, the semester is clearly growing in importance. Our key focus is on the development and implementation of jointly agreed priorities. Effective management of the third European semester will be an important element of next year's Irish Presidency. We look forward to working closely with the Cypriot Presidency on settling the roadmap for the third semester cycle.

However, the economic crisis presented not only an economic and financial challenge but also a political one, the so-called democratic deficit of the European integration process. As a consequence of the economic crisis, governments have changed in several member states. Anti-European voices and parties have also gained strength. Too often, the language in which Europe is spoken of every day centres on words like "troika", "bailout", and "crisis". Our Union, a coming together of countries to pursue shared goals on behalf of our citizens, risks being seen as an external entity imposing harsh measures.

We have a duty to work to ensure this does not come to pass. I acknowledge and salute the outstanding and consistent efforts of President Schulz in this regard. Fortunately, we can count on some positive examples that showcase the understanding of the benefits and added value of European co-operation, particularly at a time of crisis. The recent referendum on the stability treaty in Ireland illustrated that people can engage in the complexities of EU business and are well able to come to balanced and clear views on proposals, none of which can ever be entirely in line with the wishes of one or other member state. The Lisbon treaty made an important contribution to strengthening the democratic accountability of the European institutions through the strengthening of the European Parliament but, allowing for those positives, we are all aware of the risk that too many members of the public feel remote from the decisions and decision makers that affect their lives.

The year 2013 will mark the European year of citizens and the Irish Presidency will use the opportunity to try to engage in wider discussion on the democratic accountability of the EU and how to bring the EU closer to its citizens. Many Members of the European Parliament are engaged in similar efforts. I have listed a number of tasks that lie ahead that need the co-operation of the Irish Presidency and the European Parliament. I will have the honour of addressing the European Parliament in January when I will set out the Presidency programme to the Members. President Schulz, on behalf of the Government and the Dáil, I look forward to our co-operation next year. You have my assurance of the Irish Government's determination to work closely and collaboratively with the Parliament.

**An Ceann Comhairle:** It gives me great pleasure to call on the President of the European Parliament, Mr. Martin Schulz, to deliver his address.

**H.E. President of the European Parliament (Mr. Martin Schulz):** A Cheann Comhairle, Taoiseach, Tánaiste, Ministers and Members of the Dáil, ladies and gentlemen, it is a great honour and privilege to be in the Parliament, the proud assembly of a hopeful and positive nation. Let me thank you, personally and on behalf of my institution, for this wonderful opportunity. It is an exceptional honour.

Your nation's tumultuous history, marked by many highs and lows, is the embodiment of the

European experience. In the past, Ireland lived through bloody wars, saw its country invaded and its people oppressed. Ireland lived through poverty and hunger, saw its people die from starvation and others forced to emigrate. Ireland saw its national pride trampled upon; saw the Irish language forbidden and its Parliament shut down. Ireland has lived through so much of the European experience, the same suffering that motivated the founders of the European project to say that there would be no more of this and that we will start a quiet revolution. This quiet revolution has changed our world forever because the founders of our Union decided that they would not erect walls but open borders. They decided they would not crush their arch-enemy but help him to his feet and they decided they would not protect their national economies but link them closely together.

The founders of our Union decided to face the future together because they understood that together we are stronger. Indeed, together we grew stronger. We have built a project unique in human history and a tremendous success story in which enemies became friends, a region plagued by shortages developed the richest internal market in the world, and nations threw off the yoke of dictatorship and became democracies. As a German Member of the European Parliament and as a German President of the multinational assembly of parliamentarians, so we, the Germans, after all the atrocities that happened in the name of our nation, could get back to the family of democratic nations. We established the most progressive social model in the world. Yes, the European project has brought Ireland and Europe good times.

Joining the European Union nearly 40 years ago boosted the Irish economy through direct aid and increasing foreign investment. Today, 60 % of Ireland's exports go to the EU. The country that had, throughout history, seen its young people depart to faraway lands became a magnet for young, well-educated Europeans. It was named the best place in the world to live in 2005. No wonder the Irish are great Europeans and the Irish people have always had a strong European commitment but it is easy to be pro-European when times are good. Being an EU member is like being in a marriage - true commitment is proven when times get tough. In Ireland times are rough, without any doubt. Still, the Irish people remain pro-European and continue to see the value of common European decision making in both the collective European and national self-interest.

Ireland has tackled its financial difficulties with determination and purpose and is putting its own house in order. Ireland is taking the very hard decisions needed to get the economy and the country back on track. Ireland has implemented tough reform programmes and cut the budget dramatically. Ireland has not only accomplished, but over-accomplished the targets the so-called troika set for Ireland. Ratification of the fiscal stability treaty by the Irish people has been another key step in this direction.

It is my personal conviction that in this Union everybody has to live up to their commitments and be responsible for keeping their own house in order. This is one side of the coin. The other side of the coin is solidarity. If one family member gets into troubled waters, the others are called upon to offer a helping hand.

*11 o'clock*

Thus, personally, I believe that the Irish programme should be adjusted before the end of the year along the lines of the June European Council conclusions.

**Deputies:** Hear, hear.

**Mr. Martin Schulz:** The biggest risk for Europe is the lack of mutual trust. How can we regain the confidence of our citizens if the highest European body, the European Council, which consists of Heads of State and Government, is not reliable? We will never regain the trust of our citizens if we do not stick to our promises.

**Deputies:** Hear, hear.

**Mr. Martin Schulz:** After all, Ireland got into trouble because it took over the debt of its banking system, a banking system which allowed some banks to engage in unethical financial transactions based on greed combined with irresponsible lending practices.

**Deputies:** Hear, hear.

**Mr. Martin Schulz:** Irish taxpayers are now paying the bankers' bills to stop a domino effect that could have dragged the whole European banking system down. Therefore, solidarity with Ireland is to give something back. You took the burden on your shoulders to avoid the crash of the systems of other countries, including my country. Therefore, I find the 27% German participation in the package for Ireland is to give solidarity back to the country that showed solidarity with us.

The economic crisis has come at a tremendous human cost. Hundreds of thousands have become unemployed, poverty is growing, many families had to leave their homes because they could no longer pay their mortgages and emigration numbers are on the rise again. When young people leave, it is a loss for both family and country. Still, despite all the hard work, despite the over-accomplishing of set targets, despite the huge sacrifices made by the people, Ireland has still to get back on its feet completely. To me, this shows that the recipe is not fully working. Yes, sustainable budgets are important, but with cuts alone no economy can recover.

**Deputies:** Hear, hear.

**Mr. Martin Schulz:** There is more to be done. The first lesson from the crisis is that we need a robust supervisory system for banks to ensure that what happened in Ireland and elsewhere will never happen again. After all, it was the banks which gambled and lost on property loans. It was the banks which had to be bailed out by the taxpayer. Two years ago, the EU established European supervisory authorities. The European Parliament had pushed for more integrated and intrusive supervision of banks, insurance and financial markets. The member states first refused our requests, only to come back to our ideas this year in June. Two years were lost in the process. Now, the project is back on the table. That is good news. Work is ongoing and member states seem to already disagree. We parliamentarians will do our utmost to set up a solid, transparent pan-European supervision of banks because we believe this is in the interest of our citizens, but we will not do it at any costs. We want a supervision of banks that works and can, at a later stage, be extended to insurance, pension funds and financial markets and also be extended from the eurozone to all EU countries.

Ordinary hard-working people cannot be asked to shoulder the follow-up costs of this crisis alone. The European Parliament with an overwhelming majority believes that the financial markets have to deliver now and they have to contribute to the follow-up costs of the crisis with a financial transaction tax. In the view of the European Parliament, it is simply a matter of moral decency and social justice. I know the reluctance of Ireland, but those who wish to have a financial transaction tax should not be prevented from implementing it on the basis of enhanced co-operation.

The second lesson from the crisis is that credit-fuelled booms are simply not sustainable. Financial crises, time and again, show similar characteristics: cheap money, excessive debt, speculative bubbles with over-valued assets and so-called innovate products on the financial markets. In my eyes this is fantasy football. One of the them, credit-default swaps, was referred to by Warren Buffet as a “weapon of mass destruction”, leading to irrational exuberance that tips over into panic when the first mortgage payments are not met. Time and again we are told that this crisis was an accident and completely unpredictable. Yet, they keep happening, and at regular intervals.

To protect ourselves from the next crisis, the European Parliament believes that we have to get tough financial market regulation with transparency as its core principle into place, decrease macro-economic imbalances and return to growth based on the real economies. Ireland is well-placed. Ireland’s growth in recent years has been based on the high-skill, high-technology sector. Renewed growth will come from jobs in industries of the future. With its well-educated workforce and functioning administration and its intact business and social model, I am convinced that Ireland will succeed in the long term.

The third lesson from the crisis is that we need a growth pact to boost the economy and create jobs, in Ireland and in Europe. The European Parliament believes that a more balanced approach is needed - “Yes” to sustainable budgets but also “yes” to growth initiatives. The European Council is called upon not only to talk the talk, but to walk the walk. It promised a growth initiative. It now has to deliver a growth initiative. That is also a question of credibility. Fiscal stability is necessary, but it needs to be backed up by other measures as well.

It is the conviction of the European Parliament that the EU budget supports growth and that it is an investment vehicle. Calls for cuts in the EU budget may be popular. They sound wonderful but they are irresponsible. The EU budget is not money for Brussels. The EU budget is money for the people of Europe. It is a means of boosting the economy, one we need more than ever at a time of crisis, to create growth and jobs. In areas like research and development, it provides Europe-wide scale from which individual EU countries like Ireland all benefit.

Ireland is living proof that the EU budget is a tool to make the lives of people better. Over the last years Ireland received €30 billion net from the EU. Ireland used this money wisely, maximizing the impact of receipts from the Structural Funds to accelerate development and modernisation. Success stories like Ireland will no longer happen if the EU budget is slashed. Vital areas for Ireland, like agriculture, would also suffer. That is why in the negotiations with the Heads of Government the European Parliament is fighting for a proper budget, for the people of Europe.

The Taoiseach mentioned the role of the Parliament. We will meet more often in the next weeks. I am fighting for an ambitious budget. Not far from here, in the capital of another island member of the European Union, people are thinking of cutting the European budget in a way I will never accept. The overwhelming majority of my colleagues will not accept it either. We will meet more often. The Members can count on me, but the Taoiseach should know that I count on him as well.

The people of Europe need to see light at the end of the tunnel. Unemployment, and especially youth unemployment on the scale we witness today in some parts of Europe, threatens to destroy the social fabric of our societies. It leads to frustration and anger, resignation and alienation. It undermines the legitimacy of our democratic institutions. I will quote an eminent

historian and great man, Tony Judt, whose father as a boy had emigrated to Ireland from Belgium: “The last time a cohort of young people expressed comparable frustration at the emptiness of their lives and the dispiriting purposelessness of their world was in the 1920s; it is not by chance that historians speak of a ‘lost generation’.” Today, we are faced with what could potentially become another lost generation. Young people, as witnessed most recently in Spain or Greece, are taking to the streets because they feel abandoned and outraged. Their helplessness and despair in the face of seemingly all-powerful financial markets coupled with alienation from the political institutions is the biggest threat to democracy.

Democracy lives when people know that they can take decisions about their lives and that, by getting involved, they can change society for the better. We elected politicians are called upon to win back their trust. Therefore, I welcome the announcement of the incoming Irish Presidency that it will make the European youth guarantee a priority of its work. The European Parliament believes that the youth guarantee is an important initiative that will prevent young people from paying for this crisis with their life chances. I will describe a personal experience I had in Madrid two months ago. I met 30 young men and women aged between 18 and 30 years old. All were unemployed and some of them had three academic degrees. A young woman aged 26 who had qualified as both an architect and psychologist put a question to me. Before that I asked her about the combination of architecture and psychology. She said that architects know nothing about psychology, so they build houses in which nobody can live. When I asked about the psychology, she said psychologists know nothing about technology even though we are living in a technological 21st century. Her two answers were already a reason to employ the young woman.

The young woman told me that she intended to leave Spain, adding: “There is no place for me here.” She said she would go to a Latin American country. However, the ambassador of this Latin American country had told me some days beforehand, when I met with the Latin American ambassadors, that his country would close its borders to Europeans in the foreseeable future. This is the reality of Europe in the 21st century. The young woman asked me a question which I wish to repeat in this Parliament, as a representative of parliaments in all the member states of the European Union. She said: “The EU has about €700 billion for the banking system. How many euro are there for me and my generation?” If we do not find an answer to that question and organise Europe in a more fair and just way, with a more fair and just distribution of the riches of our Continent, and give a chance to our young generation, we will lose the fight for democracy in Europe. That is sure. Therefore, the youth initiative could be a cornerstone of change in the first half of next year.

The members of the European Parliament very much look forward to Ireland’s seventh Presidency of the EU Council. Since joining the EU, Ireland has made enormous contributions to European integration. Judging from very good past experiences with Irish Presidencies, I know this Presidency will be exceptional.

I wish to say something about a trend that is worrying me deeply. Times such as these, times of crises, are always times of the executive. The pressure of events calls for swift action and leaves parliaments, both national parliaments and the European Parliament, ever more marginalised. Parliaments are increasingly seen as an annoying waste of time. They are not. Parliaments are the guarantors of democracy. However, decisions on European policies which affect us all are increasingly taken in a way which reminds me of the Congress of Vienna in the 19th century, when Europe’s leaders were ruthless in their defence of national interests, international politics were seen as a zero sum game and the stronger imposed their will on the weaker. The

big member states, or those which consider themselves to be big member states, should not, in the European context, be able to give lessons to the smaller countries.

Post-war Europe is founded on the sober acknowledgement of the fact that our interests can no longer be separated from those of our neighbours. Either we all lose or we all win. The fundamental basis for this is what we call the community method. The community method means resolving disputes by means of dialogue and consensus, basing decisions on the principles of solidarity and democracy, reconciling the interests of the smaller and larger member states, northern and southern Europe, eastern and western Europe; and placing the common good above individual interests. Over the last two years, the community method which has served us well for many years has been undermined. The European Parliament and I as its President will defend the community method, which to us is the soul of the European project.

This crisis has driven home the lesson that our economies and our lives have become deeply linked and interdependent. One country's economic problems can undermine the European economy, but many countries working together can solve the problem. Either we all sail together or we all sink separately. Solidarity is in the best interest of all. From the crisis we have learned that we need more European economic co-operation, but this must never come at the expense of democracy and the community method. If we want to continue with deepening European integration and keep our democratic societies, we must strengthen the ties between the European and national parliaments. This is especially true if we talk about budget issues like the European semester, where together we must ward off attempts by the executive to curtail the key prerogative of parliaments, which is the right to adopt a budget. This is why I have made co-operation with national parliaments a priority of my time in office.

I intend to strengthen economic dialogue and introduce a "parliamentary week", during which national and European parliamentarians would together take a close look at the annual growth report and the guidelines for national budgets. I look forward to working together with this Parliament in this and in many other ways. This is not written in my speech and I am known for adding to written speeches sometimes. Many colleagues in national parliaments and in the European Parliament do not know what the European semester is. It has nothing to do with academic education. In the future Ministers for Finance must, under the framework for the European semester, submit their draft budgets to Brussels before the national parliaments adopt it. In Brussels, civil servants from the Commission will look at the draft budgets of the Irish, the Germans, the Italians, of all members states of the European Union, and they will analyse it on the basis of the so-called "annual growth survey", which is not a criterion adopted by the European Parliament. That means concretely that the Irish draft budget will be evaluated by civil servants of the Commission on the basis of criteria they have themselves developed. This is deparliamentarisation and therefore we are not adversaries, the national parliamentarians and the European Parliament. We must build a complementary framework between national parliaments and the European Parliament to make the European semester democratic. Therefore, this parliamentary week is an important step for more democracy in Europe.

Almost 40 years since Ireland joined the EU, Ireland has been transformed from a country primarily trading with the United Kingdom only to an export-led high technology economy deeply rooted within the solid foundations of the European Union. We in the European Parliament look forward to working closely with Ireland as it takes on the Presidency of the Council at a crucial time. No doubt, the last few years have been very hard and mistakes have been made but I believe in their hearts and minds, Irish people are true Europeans. Europe is on Ireland's side and Ireland can be proud of its true European vocation. Europe is not a thing we

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can play with. Europe is an idea, a fascinating one. It is an idea of solidarity, mutual trust and respect and capacity. In our work together in common institutions between bigger and smaller member states to find always a fair deal, saving face for everyone by way of compromise becomes a common decision in the end. That is what we need, the combined power for 27, soon to be 28 nations that are prepared to work across the borders between nations to face the challenges of the 21st century. No country, neither Germany nor Ireland, can manage alone.

**An Ceann Comhairle:** It gives me great pleasure to call the Tánaiste and Minister for Foreign Affairs and Trade, Deputy Eamon Gilmore.

**Tánaiste and Minister for Foreign Affairs and Trade (Deputy Eamon Gilmore):** I thank President Martin Schulz for his address and for the support he has expressed for our national effort, his words of encouragement and his inspiring thoughts. His presence in the Chamber on his first visit to Ireland since taking office as President of the European Parliament and the exchange of views we are having this morning demonstrate the vital and complementary role national parliaments and the European Parliament play in providing democratic oversight and accountability within the European Union. This role has never been more important as the European Union takes further steps towards closer integration in response to the crisis that we collectively face.

It is a particular honour for me too to welcome a President of the European Parliament from the same broad political family and tradition, a tradition that has made an immense contribution to the development of the Union over decades. President Schulz has spoken of ensuring that solidarity and democracy take precedence over the rights of the more powerful, of reconciling the interests of the smaller and larger states, of north and south, of east and west, putting the welfare of everyone above the vested interests of the few. In doing so, he has spoken of an approach that needs to be re-asserted at the heart of our Europe.

In less than 100 days Ireland takes over the Presidency of the Council of European Union for the seventh time. As in the past, our focus will be on managing the business of the Council in an efficient, responsible and impartial manner and on representing fairly and openly the positions arrived at in Council. Given the scale of the challenges facing Europe today, we recognise the seriousness of the task and the Government is approaching it with determination. We also see the importance of demonstrating that each member state, whether large or small, can effectively discharge its responsibilities as Presidency and that we can prove the continuing value and relevance of the Community method of decision-making which has served us so well in the past.

Since our last Presidency in 2004, the European Union has undergone profound change. Most obviously, the Union has grown from 15 to 27 member states, soon to be 28, and operates in a wider and more complex environment. With the introduction of the Lisbon treaty reforms, the legislative and budgetary responsibilities of the European Parliament have been significantly enhanced and it is clear that the Presidency now plays a particular role in managing the relationship between the Council and the European Parliament. During our Presidency, we will be looking to President Schulz for his guidance, goodwill and support as we work together on what promises to be a busy legislative programme. On our part, I can promise you that we will approach our relations with the Parliament in an open, constructive and cooperative spirit. Now more than ever, we need to show to our citizens that the European institutions can respond rapidly and effectively to their needs. Failure to do so will undermine the very foundations of the European Union and the unique model of co-operation we have developed over the past 50

years.

We are taking on the Presidency of the European Council at a critical time. As the President said, more needs to be done than just budgetary discipline to get our country and our continent out of the economic difficulties we currently face. That is why the decisions made on 29 June, particularly decisions relating to the separation of bank and sovereign debt and decisions on the compact for jobs and growth are so critically important. In deciding the priorities of our Presidency, our emphasis will be on those proposals that promote growth and employment in a community based on a spirit of solidarity. We must provide jobs to those who are currently unemployed and those who will soon commence the search for employment.

The youth transitions package, which we expect to see published by the Commission in December, will offer an opportunity for Europe to focus in a practical way on an item that is sadly a feature at the top of both the Council's and the Parliament's agenda. I am speaking of course of youth unemployment. We must equip our young people with the skills they need to take up the jobs of the future and to manage the transition into the workplace. There is hardly an issue that can be more important for Europe, its institutions and member states, than to try to help our young people realise their potential, and collectively to push back against the wasted capacity that unemployment, including youth unemployment, represents. This is the reason I would tell the young woman the President met, who had qualified as both an architect and a psychologist and who, like so many more young people is fearful and doubtful about her future that from 1 January next year, the priority of this country, which has experienced the consequences of what happened as a result of the economic crash, which also has so many young people who are not reaching their potential and who are worried about their future, will be to ensure that youth unemployment is at the top of the European agenda. The President may be assured that Ireland's Presidency of the European Union next year will not be an exercise in technocratic management. Its purpose will be to provide leadership within the European Union on the issues that matter to our people and in particular the issue of youth unemployment addressed so eloquently by the President here this morning.

There is a range of measures under the Europe 2020 strategy that Ireland will seek to advance. We will work to strengthen the Single Market and to remove the barriers which hinder its huge potential for growth and jobs. We will promote the digital agenda and attach particular importance to the development of Horizon 2020, the European Union's next framework programme for research and innovation. Only by becoming a leader in research and innovation can we hope to compete in a highly competitive global environment and to create smart and sustainable employment. An area in which Ireland sees potential for a greater contribution to growth and to jobs and which we think will feature significantly during our Presidency, is the European Union's external trade agenda, including the key European Union-United States trade relationship. Next April, Ireland will host a meeting of trade ministers in Dublin to consider this relationship and how to strengthen and deepen it.

Ireland's Presidency will unfold against the continuing backdrop of the worst financial and economic crisis the Union has faced since its foundation. Ireland will work assiduously to advance the proposals now being elaborated to deepen economic and monetary union, convinced it is only by closer co-operation and mutual solidarity that we can overcome the problems we face. Ireland will seek to ensure that the range of measures for improved economic governance that already have been adopted are implemented fully. In so doing, it is worth reminding ourselves what is at stake. This is not being done to please ratings agencies or market managers but to restore macroeconomic stability to our economies, to rebuild our competitiveness and to cre-

ate the conditions for sustainable growth, high employment and shared prosperity. To achieve our goals, the European Union needs a budget that is adequate to the task. Ireland is supportive of the proposal that has been put forward by the Commission. We note there is a wide variety of views, including of course those of the European Parliament. Ireland remains confident that agreement can be reached on the multi-annual financial framework during the Cyprus Presidency and we look forward to that agreement being reached at the November European Council. Ireland is ready to take forward the range of necessary legislative proposals to cover the 2014 to 2020 budgetary period. This has implications for all areas of European Union activity, including the vital areas of the Common Agricultural Policy and cohesion policy. Again, we recognise and respect the role the European Parliament has in this process and we will work together with the Parliament to ensure outcomes that are of real benefit to the people of Europe.

The President has spoken eloquently, both today and on many occasions, of the European Union as a community of solidarity and of the need in the current crisis for courage and imagination. Here in Ireland he will find many people who share his vision and who will work with him for a better Europe. I look forward to his return to Ireland in November, when we will discuss in more detail the priorities for our Presidency and how we can work with him and with the European Parliament to realise them.

**An Ceann Comhairle:** I call the leader of Fianna Fáil, Deputy Micheál Martin.

**Deputy Micheál Martin:** Cuirim fáilte faoi leith roimh Uachtarán Pharlaimint na hEorpa chuig ár bParlaimint. Déanaim comhghairdeas leis as ucht an méid atá bainte amach aige i rith a shaoil agus go háirithe, i gcomhthéacs obair Pharlaimint na hEorpa. I wish to join with colleagues in welcoming the President to Dáil Éireann. It is a very fitting time for his visit, both because of the growing importance of the Parliament itself, which he leads, and the unprecedented crisis now faced by member states across Europe, by the institutions of the European Union and above all, by the citizens of the European Union. In the President's political career, he has built a well-earned reputation as a person of passionate beliefs who also seeks and encourages candid debate. The UCD student debate in which he participated last night with Members of this House, including my colleague, Deputy Dooley, was a very good example of this. I note the President later promoted him in jest to leadership of the party, such was the power of his performance.

**Deputy Peter Mathews:** Well done Timmy.

**Deputy Mattie McGrath:** Good man Timmy.

**Deputy Micheál Martin:** It also was a good example of the passion, candour and frankness of the President's approach. The seriousness of the issues facing Europe at present is such that I am glad we have not allowed today's session merely to be an exchange of formalities. In recent years, perhaps there has been too much formality, too much of going through the motions and nowhere near enough leadership or urgency. The President's address to this Parliament today was devoid of such an approach and rather, he spoke candidly, honestly and openly about many of the issues that face us collectively across Europe. Europe must face up to hard truths about what has gone wrong and what is required to return to growth and job creation. The price of failing to do this already is being felt by millions through the Union and could affect many millions more, as the President noted.

Were the President to look back through the history of Ireland's engagement with the Eu-

European Union, he would find we always have been suspicious of the European Parliament. In treaty negotiations, we always have favoured retaining as much power as possible in the Council. This has been because of a fear that the Parliament is less open to being influenced by smaller nations and groups. Even with the introduction of majority voting, Ireland's ability to be heard and to have an impact in the Council is undeniably higher than it is in the Parliament. It is important to note that many steps have been and are taken in the Parliament to address this concern, especially with the groups helping the smaller delegations to be heard. Our MEPs retain a strong direct link with the people and as a result the Parliament retains a higher status here than in some other member states. Arguments about the appropriate balance between the powers of the Parliament and the Council have been at the centre of nearly three decades of debate. Recent treaties have further increased the powers of the Parliament and the balance appears to be working. However, the undeniable fact is that most of the time spent on arguments about the balance between institutions of the Union has been wasted. It has been a major and ongoing distraction from addressing core flaws in the powers and policies of the Union which lie at the heart of today's crisis. These are flaws which still threaten the very foundations of the euro and possibly the Union itself.

I speak as the leader of a party which has always been unequivocal in its support of the great idea that only by working together can European states prosper. As far back the 1930s, one of my predecessors, Sean Lemass, referred to this being essential in tackling Europe's then crisis. He subsequently lodged Ireland's application for membership, a decision which was vindicated in the growth and rising living standards which membership of the Union enabled. In the President's address, he articulated very well that progress and sense of opening up that occurred in Ireland as a result of its joining the Union itself. Earlier this year, my party took the principled stand of putting aside partisan considerations by campaigning for ratification of the fiscal treaty. However, what we are not is uncritical. My party does not accept the idea that the job of pro-Europeans is to stay quiet and cheer from the sidelines no matter what is happening and what is happening today is that Europe's leaders are making this crisis much worse by their refusal to take action which is sufficiently ambitious, courageous or comprehensive. From the very outset of this crisis, there has been a search to do the minimum possible to muddle through the crisis. Only at moments where collapse has looked possible have essential decisions been taken. A vicious cycle in which problems are only addressed when a collapse seems imminent, the solutions are oversold, complacency sets in and deals are allowed to unravel, has not yet been broken. One of the most serious impacts of this failure of leadership has been a dramatic decline in public satisfaction with the Union and belief in its core purpose.

For the first time in the Union's history a majority of its citizens believe it is heading in the wrong direction and are concerned about its future. At the same time Europe's traditional enemies from both the right and the left have been emboldened. While ignoring their own histories of opposing everything that delivered jobs, rising living standards and peace to Europe, they are pushing their anti-EU agenda with a new force. As we saw during our referendum campaign, they have many forms of attack but their proposals fall apart under basic scrutiny. However, no one should underestimate the damage they can do as they put their cynical and populist search for votes ahead of offering credible alternatives. There is no way that this situation can improve unless the leaders of Europe acknowledge that their behaviour last year, their failure to show all members respect, their exclusionary negotiations and their timid agenda combined to cause enormous damage.

The effort last week of three governments to impose their will concerning June's banking

deal was partly caused by the failure of other countries to be more active, but it was nonetheless unacceptable and directly contrary to spirit of solidarity without which the Union cannot work. The attitude to what is now termed the legacy debt of the crisis betrays a continued refusal to accept what has happened. In Ireland's case, a significant amount of the bank-related debt we took on was directly driven by the fears of the ECB and others of contagion in the financial system. We showed our solidarity at that time and to brush this off as a purely national matter is a disgrace.

It is also now widely acknowledged that the lack of measures then - which are in place today - explains why Ireland needed a support programme in 2010. The different funds which have been put in place as well as the ECB's new OMT facility have completely changed the dynamic of the crisis. Had the proposal of Guy Verhofstadt, MEP, the leader of our group in the European Parliament, for euro bonds been accepted two years ago, we would now be looking back on the euro crisis rather than fearing where it will go to next.

A number of specific policies are desperately needed of which the banking union is now the most important. Without it confidence in the European financial system will never be fully restored and therefore growth will be undermined. National regulation within a multinational currency has failed, as the President of the European Parliament so eloquently detailed in his contribution, and must be replaced. Equally, a common approach to bank resolution and deposit insurance is unavoidable.

The effort by some countries to impose common rules but reject any possible transfers reflects a continued adherence to a model so flawed that even its principal architect Jacques Delors has criticised it. The European Central Bank must be allowed to push ahead with a bond purchase programme which is unlikely to be needed if it is allowed to be established. There is no way of avoiding the need to give confidence to investors that there is a lender of last resort. Should some of the compatriots of the President of the European Parliament succeed in their campaign to stop Mario Draghi it will be a dark day for the people of Europe.

The Union's budget will shortly be debated and the usual arguments about diverting money from existing programmes will be had. Quite simply, Europe has set itself objectives which cannot be met without a significant increase in the budget. It has no real capacity to turn around regions with mass unemployment. It cannot alleviate the austerity which is inevitable in some countries but avoidable on a pan-European basis. The President of the European Parliament rightly raised the youth guarantee and the issue of youth unemployment. The litmus test for that will be the EU budget. Rhetoric on its own, agreements and memoranda of understanding will not solve that. The litmus test for our sincerity and the sense of urgency we attach to the issue of youth unemployment will be really tested in the context of the European budget and it is a key moment in the evolution of this crisis.

Unfortunately the current debate appears to be all about undermining the one area where the Union has a comprehensive and progressive support policy. The days of food mountains and wine lakes are gone. European funding is now enabling permanent food security, rising food quality and the protection of a rural environment which would otherwise be under great pressure. Ireland's rural communities are innovative and forward looking, but what they and similar communities throughout Europe receive from these programmes is essential and must be protected. This is a moment when citizens need the Parliament to act as a counterbalance to the ongoing failures of the leaders who meet in the Council. Citizens need the Parliament to take up these issues with the energy so lacking from the Heads of State and Government.

Citizens need the Parliament to be a voice for a budget that protects programmes which are working and funds direct support for countries and regions which are bearing the biggest brunt of the crisis. Citizens need the Parliament to be true to the Union's founding ideals of solidarity and generosity between states and to push others to be true to them as well. The crisis that caused a generation of visionary leaders to found what is today the European Union was a dark one hopefully never to be seen again. I look forward to our continued relationship with Mr. Shultz's Presidency.

**Deputy Gerry Adams:** Ba mhaith liom fáilte a chur roimh an Uachtarán Schulz. Tá súil agam go raibh seans aige taitneamh a bhaint as ár bhflaithiúlacht Éireannach agus go mbeidh turas maith aige anseo. Ba mhaith liom “go raibh míle maith agat” a rá leis as ucht na focail an-soiléir a dúirt sé. I welcome Mr. Shultz, MEP, the President of the European Parliament, and thank him for his remarks. I will deal, first, with the immediate financial crisis facing the State and Europe and will then make some comments on the future direction of the European project.

For the past five years states across the European Union and European institutions have been grappling with fiscal and banking crises. A succession of summits has failed to deliver any concrete solution. The previous Government informed us that the State was coerced into a European bailout by the European Central Bank and other European leaders in 2010. It claimed that EU institutions insisted that the Irish taxpayers should carry the burden for the bad banking debts of private institutions and the banks.

In June this Government returned from the European Council summit claiming it had secured agreement that this bad banking debt would be lifted from the shoulders of Irish citizens. The Taoiseach called it a “seismic shift” and the Tánaiste described it as a “game changer”. However, last week's statement by the so-called “Helsinki three”, the finance Ministers of Germany, Finland and the Netherlands, that the ESM bailout fund would only deal with future banking liabilities, sharply contradicts these assertions. This situation was made worse by the European Commission President's, José Manuel Barossa's, very clear refusal yesterday to back the Government's interpretation that the June agreement would deal with legacy debts in the banking system.

I welcome remarks of the President of the European Parliament on this issue today, though I note he couched them as his personal opinions. I especially welcome his eloquent comments on the need for solidarity. He said that the bigger member states should not give lessons to the smaller ones and I agree. However, he will know that thus far, as far as the leaders of the bigger European states are concerned, smaller states such as this one can be treated with disdain and left to carry the burden of debts that are not ours.

Unlike the Government, Sinn Féin from the very start of this crisis has been advocating a write-down of private bank debt. Bank debt needs to be separated from sovereign debt. The burden of bad banking debt, the so-called legacy issue, which was foisted on the shoulders of the Irish people, also needs to be removed.

At the conclusion to recent EU summits there has been much talk about a renewed focus on jobs and growth rather than austerity, but people need to see delivery on these promises. European leaders are failing to tackle the jobs crisis. Some 24 million citizens are unemployed across the EU and in this State 440,000 people are on the live register. The scourge of emigration is once more a factor for families and communities, particularly in rural areas. The euro-zone countries urgently need investment in jobs, particularly in the peripheral states.

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This can be achieved by among other measures an enlarged investment fund in the European Investment Bank. However, the passing of the recent fiscal austerity treaty is undoubtedly bad for jobs and for growth, and will hamper prospects for economic recovery. Research published last week by the Central Bank of Ireland indicates that the State will need to run austerity budgets until 2020 to meet the targets set down in the treaty. The continuation of this type of austerity, coupled with the austerity policies in other EU states, will serve to hamper the prospects of a strong recovery across the Union.

Sinn Féin believes that a radical change in direction is required and that the EU has its priorities seriously wrong. We agree with many of President Schulz's comments. However, the EU can find €100 billion for bad Spanish banks but only a pittance to tackle youth unemployment. President Schulz has identified youth unemployment as the most serious problem facing the people of the European Union. We welcome that statement, which is true. I appeal to the President to go beyond fine words and to give real hope to a generation of young people without work.

The European Union and member states need to focus on stimulating Europe's economies and to encourage growth through stimulus packages. There is no stimulus in any of what the Irish Government is doing. We need to get people back to work. More important, we need to protect the most vulnerable of our citizens by protecting public services rather than destroying them.

Sinn Féin has long argued that the role of the ECB needs to be re-examined and that it needs to fulfil the role of a lender of last resort. In recent months, the focus of attention of the larger states such as Germany, the President of the Commission, Mr. Barroso, and Mr. Schulz, as President of the EU Parliament, have moved increasingly towards a political and fiscal union. Sinn Féin does not believe that fiscal federalism will stabilise the euro. The current policy of austerity and bank bailouts has led to greater instability in the eurozone. The one-size-fits-all monetary policy was part of the problem. A one-size-fits-all fiscal policy will only make matters worse. Sinn Féin is firmly of the view that what is now required is a different approach based on investment in jobs and economic growth.

In his state of the Union address to the European Parliament several weeks ago, Mr. Barroso confirmed that a federal Europe is the ultimate goal of the EU Commission. Sinn Féin has consistently raised the concern in previous referendum campaigns that Irish sovereignty is being undermined and that we are being pushed towards a federal Europe. The democratic deficit was mentioned. The people of this island have never been consulted on that issue. I welcome President Schulz's comments on the need for greater democratisation of EU institutions but there needs to be a recognition in Brussels that there is no mandate or popular will in this State for a European super state or United States of Europe - on the contrary.

President Schulz recognised in his speech today that communities and citizens across the EU, in particular young people, are struggling with sky high levels of unemployment, emigration and under-employment. They are victims of an economic mess caused by the type of austerity policies to which the Commission is wedded. What citizens in Ireland and across the European Union want is practical leadership. President Schulz spoke eloquently about the need for solidarity and about trust being required. However, until there is evidence that the European institutions and the Governments are focussed on creating jobs, protecting public services and sheltering the most vulnerable from the outcomes of austerity, we will see a continued alienation of people from these institutions. A social European Union is required, a European

Union of equals, one which protects our citizens, rural communities, young people and most especially those who are marginalised and vulnerable. Mar a dúirt mé, cead míle fáilte, one hundred thousand welcomes. I thank President Schulz for his attendance, his remarks and wish him good luck in his job.

**An Ceann Comhairle:** I understand the time allocated for the Technical Group is being shared between Deputies Stephen Donnelly and Joe Higgins, with Deputy Donnelly taking six minutes and Deputy Higgins taking four.

**Deputy Stephen S. Donnelly:** I too welcome President Schulz to Ireland and Dáil Éireann. All of us, as European citizens, have much of which to be proud. There has been relative peace across the Continent for decades now for the first time in a long time and a growth in Europe's voice on critical issues such as inequality, social justice, climate change and so on. Unfortunately, the current economic crisis, in particular the manner in which European leaders and certain European institutions have responded to it, has fundamentally challenged the solidarity upon which Europe is built, as referred to earlier by President Schulz. The President's speech today and previous statements by him which I have read highlight the work he is doing for Europe and Ireland, for which I, as a Member of Parliament in Ireland, thank him.

I would like to use this opportunity to add the following point to the conversation on Ireland and Europe. Ireland never received a bailout and is not looking for one. However, we do need our €64 billion returned to ensure our recovery.

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

**Deputy Stephen S. Donnelly:** I often hear expressed in the so-called creditor countries the common view that Ireland mismanaged its internal affairs, made mistakes and is now looking for other people's hard earned money to correct those mistakes. A mixture of economic and moral sentiment is expressed. During a recent conversation I had with a German economist he pointed out to me that the German translation of "debt" is the same as that for "guilt", which I found interesting.

There is no doubt but that mistakes have been made in this country. We have made mistakes and are working to correct them. However, the interpretation that Ireland is looking for aid is incorrect and is damaging to the solidarity of Europe and Ireland's ability, as a modern, developed society and economy, to help Europe get out of the current crisis. The following tells an interesting story. Ireland will borrow €67 billion from the troika. To date, Ireland has poured €64 billion into failed banks, which, in my opinion, should never have been given a penny. This €64 billion is the equivalent of the German people being asked to put one trillion dollars into a failed banking system. When, during a recent interview for a documentary exploring this issue, I put this to a German journalist his response was, "There would be revolution". This is what Ireland has done thus far. It is likely we will do more. The banks have, in return, given this money to bondholders. These numbers in this regard are, again, very interesting. Some €124 billion of senior debt was held by the banks when the State guaranteed it. In Greece, there was a 50% write down for senior bondholders. President Schulz is a business man, having run a bookshop for many years. He knows that when a bankrupt company is taken over the new owner meets with the company's creditors and debts are written down. This is standard practice.

What one gets when one knits the three aforementioned figures together is interesting: €67 million is being borrowed from the troika, virtually all of which is going into the banks and al-

most the same amount is being given by the banks to the senior bondholders in terms of forgone losses. This is what has happened: there has been a €67 billion circle of money from the troika through Ireland to the international banks and investors. I have spoken to many people about this and have, as I am sure have President Schulz and other Members of this House, read many opinions on it. I have yet to read an opinion which says that this was morally or economically correct. Yet, it continues to happen.

On Monday, we paid another €1 billion to senior bondholders of a bank which would have gone bankrupt.

*12 o'clock*

The Government is paying it but it does not want to do so. The reason it is paying it is because it is afraid of what the European Central Bank and the European Commission would do to Ireland in retaliation for not covering the losses of professional investors. I have heard Mr. Schulz agree this is not sensible. The counterargument goes that the €64 billion came in and saved the Irish banking system. As Mr. Schulz knows, half of this money went to a bank which no longer exists and which is under criminal investigation for what it was doing. The other half of the money went to banks which still exist but which are increasing charges and mortgage rates and are, in essence, sucking the rest of the money out of the Irish economy. The money from the troika achieved only one benefit, which was to avoid contagion to the European banking system.

Mr. Schulz recently stated the Irish people need to have some cause for hope for the future. This hope is not in a deal on the €64 billion or in its restructuring, it is in a return of the €64 billion. If this happens we can, as a modern, sophisticated high-tech export-oriented economy, contribute to the recovery of Europe. I thank Mr. Schulz for his support and I hope he will be able to bring this simple message back: Ireland did not get a bailout-----

**Deputy Peter Mathews:** Hear, hear.

**Deputy Stephen S. Donnelly:** -----and Ireland is not looking for aid or benevolence. We need our money back in order that we can contribute to the recovery of Europe.

**Deputies:** Hear, hear.

**Deputy Joe Higgins:** There will be much pomp, ceremony and chatter to accompany the Irish Government assuming the Presidency of the European Union in 2013. However, there will be no change in the disastrous and destructive austerity policy being ruthlessly imposed on the Irish and European working class, middle and low income workers, the unemployed, pensioners, the poor and the young. As President of the European Parliament, Herr Schulz is effectively in a power-sharing arrangement between social democrat and Christian democrat political parties. Throughout Europe it is these parties, just like the Irish Government of Fine Gael and the Labour Party, which carry out the economic diktats of the financial markets which dictate policies that have left 25 million EU citizens unemployed and threaten to turn the weaker capitalist economies, the so-called peripheral states, back to Third World conditions.

We have the tragic irony that as the EU establishment boasts of being the most generous donor to the poorest countries on earth, features of this poverty, such as homelessness and even malnutrition, are reappearing in Greece, which is a member state of the European Union, as a result of austerity. These policies are being driven by the markets which dictate that the profits

of speculators, bondholders and bankers take precedence over hundreds of millions of ordinary citizens. Today we have heard fine words about democracy, but we live in an economic dictatorship of the financial markets. The troika and the political parties of social democracy and Christian democracy are agents of these financiers and speculators dictating that the people of Ireland, Spain, Portugal, Greece and others should have transferred onto their shoulders the debts of the global bankers and have their economic lifeblood drained to rescue the diseased system that is casino capitalism.

Have the political parties in Europe noted reports in the world financial press that while 25 million languish in unemployment, European big business corporations sit on €2 trillion of retained profits which they refuse to invest to create productive employment, not being confident of sufficient profit? Have they noted a report in *The Guardian* on research by the Tax Justice Network which shows that €16 trillion belonging to the global elite sits in offshore accounts, channelled there by the ten biggest international banks, including the vampire squid Goldman Sachs, for the benefit of this elite only? It is beyond time that a full frontal assault was made on this nauseating inequality and that we have not a puny transaction tax but a massive supertax on this wealth in order that it is channelled into job creation, major public infrastructure programmes which would create millions of jobs, research, the transformation of services such as health and education, and ending the draconian brutality and injustice of austerity.

The injustice that saddles the Irish people with the bad gambling debts of Irish bankers and developers and bankers in France, Britain and Germany is taking billions from the pockets of ordinary people here and, in the process, is wrecking the domestic economy with catastrophic results for jobs and services. Since the EU political establishment is the agent of the markets and austerity, ordinary people can only rely on their own power, and this is what our great historic Irish socialists, James Connolly and Jim Larkin, would say, as would the great German socialists, Karl Liebknecht and Rosa Luxemburg. The year 2013 will mark not only the Presidency by Ireland of the European Union but also the 100th anniversary of the great lockout when the Dublin working-class rose up in an historic and Herculean struggle against the employers, who were the elite of those days, to demand justice and a decent life.

When the political establishment which represents European capitalism descends on Ireland next year, as they will many times, they should be met with widespread mobilisation by the economic victims of the austerity they impose. Working class people will demand that the bailout of the bankers and speculators and crippling austerity are halted, and we will join with the millions of workers in Spain, Portugal, Greece and Germany where it is not commonly known that millions of workers languish in very low waged situations, to demand a different Europe not of the markets but of the people, a new genuinely democratic socialist Europe where we can end the obscenities of mass youth unemployment to which Mr. Schulz alluded and create a new and decent life for all European citizens.

**Minister of State at the Department of Foreign Affairs and Trade (Deputy Lucinda Creighton):** I am pleased to join my colleagues in the Houses of Parliament to welcome Mr. Schulz. This is a great opportunity to celebrate once again our strong and deepening relationship with the European Parliament, which we consider to be vital. When the Government came into office last year, one of the first things we did was to hold in this Chamber for the first time a joint sitting of the Irish MEPs and Members of the Dáil and Seanad.

Today's proceedings mark the first address to Dáil Éireann by a President of the European Parliament and this is very important in the context of our relationship with that body. It is fit-

ting that Mr. Schulz is with us, not only because Ireland will assume the role of the Presidency of the Council of Ministers in a few short months, but also because it represents a unique opportunity for the President of the European Parliament to address the representatives of the Irish people and, in turn, hear their views, as Mr. Schulz has been doing. This is particularly important at a time of significant challenge - as has been stated by every speaker - as we confront and overcome the difficulties imposed by the impact of the crisis in the eurozone, including continuing to meet exacting targets in successfully implementing an extremely challenging programme of economic reform.

As a passionate believer in the European project and the immense value of the European Parliament, I intend to focus my remarks on its role, which has been, and rightly so, considerably enhanced in recent years. The European Parliament is rightly proud of its status as the only directly elected EU institution. It is on the front line of democracy as a place where we debate the impact of policies on our day to day lives. While the European Parliament is a unique institution, it none the less shares a common objective with national parliaments of representing citizens and working to secure their best interests. While I am dealing with this point, I acknowledge the contribution of Irish MEPs over many years, in particular the contribution of Pat Cox as a distinguished predecessor of President Schulz. A number of MEPs are present for today's proceedings and I welcome them.

As with the European Union itself, the Parliament has evolved and adapted over time. It is a living institution that is constantly growing, developing and changing. The most recent example of this is the Lisbon treaty. The European Parliament now co-legislates on an equal footing with the Council in the majority of areas within the EU's competence. The Parliament has always brought a more direct perspective from EU citizens to bear on complex and sometimes rather confusing subjects. Since the Lisbon treaty and despite the complexities of the legislative process, the European Parliament and the Council are working even more successfully together, delivering across a range of sectors, such as strengthening the Single Market and supporting jobs and innovation. These are critical areas for the future of Europe and will be a key focus of Ireland's Presidency next year.

For any Presidency to succeed, an effective alliance with the European Parliament must be among the key goals. The Irish Government is committed to forging such a relationship with the Parliament before and during our Presidency. We look forward to a much more in-depth relationship with the Parliament thereafter, with greater engagement in the work and corridors of the Parliament by the Government and by the Oireachtas.

Since taking office in 2011, the Government has demonstrated that we see the Parliament as central to our interests in the EU and, crucially, to our EU Presidency. Irish Ministers have met almost 120 MEPs to date - including the President, vice-presidents, committee chairs, political group leaders and co-ordinators, rapporteurs and shadow rapporteurs. The level of engagement will intensify further both as we approach the beginning of our Presidency and throughout our term. For my own part, I have been present at almost every plenary session in Strasbourg since last November. I have met the chairs and key members of a range of committees and political groups relevant to our Presidency priorities. Being present in Parliament and meeting and talking to MEPs has provided me with valuable insight into the range of perspectives within the Parliament, and it is an element of my work which I consider to be indispensable.

Next month, President Schulz will return to Dublin, leading a delegation of the European Parliament's political leaders. The delegation will meet the Government to discuss Ireland's

priorities for the Presidency. A number of the Parliament's committees will also visit Dublin before the end of the year and I will facilitate them in meetings with our various sectoral Ministers. Separately, the leading political groups within the Parliament are due to visit Dublin in November and, again, I will facilitate that process, ensuring they meet all the necessary representatives from Government, the various sectors in civil society, other organisations and Members of the Opposition. These face-to-face contacts provide strong foundations for relations with the Parliament during our Presidency. Today's address by President Schulz also has a key part to play in building the mutual understanding and trust which is such a vital part of successful presidencies.

However, the value of these engagements goes beyond Ireland's Presidency. The legislative powers of the Parliament cover a range of policy areas from research and development to justice and home affairs, climate change, regional policy, financial market regulation, agriculture and fisheries. A deeper appreciation of the Parliament's perspective in these areas can only serve to enrich our participation in Council decision making beyond the Presidency. Put simply, engagement with the European Parliament is in our interest if we want to be centrally involved in the decision-making process of the European Union. As President Schulz pointed out, on a relatively frequent number of occasions the European Parliament has been way ahead of both national governments and the Council. Perhaps we need to listen more to the European Parliament because there is a constant flow of good and constructive ideas from the Parliament.

Substantial legislative work is continually under way between the Parliament and the Council, with the rotating Presidency obviously playing a key role as an interlocutor. Many important proposals will continue into our Presidency from the Cypriot Presidency. For example, the Cypriot Presidency is taking forward work on the key issue of the multi-annual financial framework, MFF, to which a number of speakers have alluded. I hope and believe we can see agreement within the Council on that vital budget in November. This being the case, as the Taoiseach pointed out, we will be responsible for taking forward some 70 pieces of sectoral legislation which will stem from the agreement. Even if the Cypriot Presidency concludes the budget negotiations, it is fair to say that quite a degree of the workload will fall on the shoulders of the Irish Presidency. However, the Parliament's agreement to the overall budget is essential and there have been ongoing and close contacts between the representatives of the Parliament and the Council as the discussions have developed. Many issues related to the MFF will be discussed and debated in the Parliament during Ireland's Presidency.

During our Presidency, we will work steadfastly, both within the Council and through constant dialogue with the Parliament, to make progress on this demanding legislative workload. The Irish Government will have a number of commitments in the European Parliament during the Presidency. The Taoiseach will present the Government's priorities for our Presidency to the plenary in Strasbourg in early January, and the majority of Ministers will make presentations to the Parliament's committees in Brussels the following week. I will represent the Council during plenary debates in Strasbourg throughout the Presidency, as will my colleagues. In December, I will meet the Parliament's conference of committee chairs to discuss and set out legislative priorities across all sectors during our Presidency.

I mentioned at the outset the role of national parliaments and I know this subject is of particular interest to President Schulz who has expressed the view that involving national parliaments in European decision making helps to engage and win the trust of our citizens. I also share this interest, having chaired a sub-committee of the Oireachtas Committee on European Affairs on this issue during the lifetime of the previous Dáil. One common thread to emerge from that

process is the challenge of engaging national parliamentarians in EU policy areas. It is not an easy task. It is complex and requires time and much dedication from members of parliament. I do not underestimate that challenge. Everyone is busy with lots of pressures and demands. The Lisbon treaty is crucial to all of this. It represented considerable progress in involving national parliaments in the functioning of the Union. However, challenges clearly remain and I think it fair to say that we are still at an evolving stage in terms of national parliaments engaging effectively at EU level.

A related challenge is the difficulty of communicating the role of the institutions and the implications of EU membership to citizens. Now and at all times, it is appropriate that we create time for the discussion of that subject. I see this as central to the work we will be undertaking during the European year of citizens, which will coincide with Ireland's Presidency next year. The challenges of parliamentary and citizen engagement are clearly intertwined. On entering Government, we made a number of proposals to enhance the role of the Houses of the Oireachtas in respect of Europe and many of these are now in place. All Oireachtas committees scrutinise draft EU legislation within their areas of expertise and meet Ministers prior to Council meetings to discuss the agenda. Indeed, I probably meet the Joint Committee on European Affairs every month and sometimes more frequently. I consider that really fruitful and instructive and hope the members do also. My Government colleagues consider it very useful to appear before committees in advance of their attending European Council meetings.

The Taoiseach briefs the Dáil on the agenda and outcome of European Council meetings. That was not the procedure heretofore. The Houses are preparing their own substantial programme of interparliamentary meetings for Ireland's Presidency. These are all welcome developments but, of course, we need to do more. We must constantly increase our efforts to deepen Oireachtas engagement. The Government is really committed to working effectively with the Houses of the Oireachtas, as stated by the Ceann Comhairle in his opening remarks. There are discussions under way on a memorandum of understanding between the Government and the Houses on EU affairs in order to provide greater structure and clarity in regard to our respective commitments. I proposed this in this Chamber some months ago. Such memoranda of understanding exist in other Parliaments and having one would very much enhance our procedures for doing business.

Let me borrow from President Schulz's inaugural address to the European Parliament in January 2012. He stated:

[T]he EU is not a zero-sum game [...]. It means resolving disputes by means of dialogue and consensus; basing decisions on the principles of solidarity and democracy, and not simply deferring to the more powerful; [...] and placing the common good above individual interests.

These are universal principles to which we can all subscribe. They hold particular resonance for us as a small EU member state preparing for our Presidency next year.

We will aim to resolve constructively the disputes that inevitably arise during the detailed negotiations which are part and parcel of the co-decision process. We will work with the European Parliament in a spirit of mutual respect and trust, and with due regard for our respective roles and mandates. We look forward to working successfully with the European Parliament during this time in the interest of all EU citizens.

We warmly appreciate the visit of President Schulz to Ireland. In his visit, he has made a point of engaging with the public, including, as stated by Deputy Martin, through public debate at University College Dublin, where I believe he had a decisive victory. He made a valuable point when he went to see at first hand a programme through which young people can re-skill to re-enter the jobs market. President Schulz's choice of programme augurs well for our co-operation as we move into the Presidency.

I look forward to attending more plenary sessions of the European Parliament from now right through our Presidency as we intensify our engagement. I was at the Parliament yesterday meeting the co-ordinators of the ALDE group. That work continues. We look forward very much to President Schulz's return at the end of next month, during which visit he will be accompanied by the political leaders from the European Parliament. This visit will build on the work done yesterday and today and further prepare both sides for successful collaboration over the course of the next nine months and beyond.

**An Ceann Comhairle:** That concludes the various statements. It was a great pleasure and honour to have President Martin Schulz among us this morning. We enjoyed his contribution very much and wish him every success in the remainder of his period in office as President of the European Parliament. I look forward to having much contact with him.

*Sitting suspended at 12.25 p.m. and resumed at 12.55 p.m.*

### **Leaders' Questions**

**Deputy Micheál Martin:** The ongoing saga of the selection of primary care centres, particularly in north County Dublin, continues unabated. The more the Minister for Health, Deputy Reilly, endeavours to explain himself, the more the number of questions that need to be answered. When one stands back to consider the situation, what emerges is the fact that a Labour Party Minister of State has resigned. The public outside Leinster House are baffled by the fact that a Minister of State who was pursuing the implementation of part of the programme for Government in an open and transparent way found it necessary to resign. People do not understand why. The general sense is that she was abandoned and isolated by the Tánaiste and her senior Labour Party colleagues.

From the outset and right up until yesterday, the answers about the site selection have kept changing. I understand that the Minister for Education and Skills, Deputy Quinn, was incensed that he took a fall because he had been given the wrong information, in that the former Minister, Ms Mary Harney, was wrongly blamed yesterday for the selection. Will the Tánaiste offer a definitive answer as to when the site was selected? To put an end to this issue, will he agree to publish all documentation and advices relating to it?

In a parliamentary reply on 16 May, the Minister for Health stated that the process represented a complete adherence to the system outlined by the then Minister of State, Deputy Shortall. There was no hint of a difference or addition. In June, the *Fingal Independent* reported that the Minister was signalling to people publicly that Balbriggan would be added. In July, he overrode the decision of his Minister of State. Will the Tánaiste agree to publish all of the relevant documentation and advices?

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The Secretary General of the Department of Health, Mr. Ambrose McLoughlin, stated that he could not confirm whether he saw the final list. Something has become more noticeable in recent replies, particularly those last Thursday, in that the Minister has stated “I personally added”, “the criteria were my criteria” or “they were decided by me”. The Civil Service demarcation is clearly in evidence, in that the service was removed from what occurred subsequent to Deputy Shortall’s list. This is an important issue. We could sort the situation out if all of the advices and documentation were published.

Was the Tánaiste consulted by the Minister on the added sites?

**The Tánaiste:** The Minister, Deputy Reilly, replied to these issues in the House yesterday. If Deputy Martin or another Deputy wishes to put questions to him, I am sure that he will happily reply. In any event, documentation is available publicly under the freedom of information system. I would have no difficulty with making documentation available.

I read newspaper reports this morning and met the Minister, his Department’s Secretary General and the new CEO of the HSE. They told me that there had been no ministerial involvement of any kind in the selection of individual sites for primary care centres.

Regarding the issue of whether I was consulted, one must remember that this process occurred in the context of the production of an economic stimulus package worth €2.25 billion, which was announced by the Minister for Public Expenditure and Reform, Deputy Howlin.

*I o’clock*

A decision was taken to increase the number from 20 to 35. I was consulted about that and I agreed with the rationale for it. My primary concern was that we had a good stimulus package and it maximised the amount of input into the economy and the creation of jobs. I agreed with the increase from 20 to 35.

**Deputy Micheál Martin:** I find that an extraordinary response. Do not tell us we must depend on freedom of information; I am asking the Tánaiste, as deputy leader of the Government, to see to it that all the documentation will be published in the next couple of days. There is no reason it should not be. I do not want Secretaries General stating that correspondence with Ministers is confidential. On this issue, transparency demands that all the documentation be published now.

**Deputy Finian McGrath:** There should be no cover up.

**Deputy Micheál Martin:** We should not wait for two or three months for this storm to abate, with documentation then fed out with some of it redacted, as all previous experiences with freedom of information requests to the Government have shown.

**Deputy Finian McGrath:** No more cover ups from Labour.

**Deputy Emmet Stagg:** There were no cover ups when Deputy McGrath supported the last Government.

**Deputy Micheál Martin:** I want the documentation published. Nobody stated that a Minister was involved in a selection of a site except the Minister for Education and Skills.

**Deputy Noel Harrington:** The Deputy was not there.

**Deputy Finian McGrath:** No move cover ups.

**An Ceann Comhairle:** Could we have a supplementary question?

**Deputy Micheál Martin:** We are talking about the adding on of centres. The mention of a stimulus package is a feeble response, as the former Minister of State, Deputy Shortall, was anxious that those most in need would get the allocation, and hence the list. Dundalk was 21st on the list and Swords was 144th on it. Does the Tánaiste stand over that? There could have been another 15 on Deputy Shortall's list beyond the 20 on the basis of an internationally recognised index of deprivation. That would have satisfied any stimulus needs but this was never a stimulus project. It is a project to develop primary care in accordance with the programme for Government. Internationally agreed criteria was drawn up between the HSE, the Department of Health and the former Minister of State, Deputy Shortall, who was at the time given responsibility for primary care. The Tánaiste abandoned her, consulted with the Minister for Health and agreed to divvy up the process for whatever reasons, be it political expediency or constituency reasons. The Tánaiste cannot admit it, be honest and say why there were additions to the list made in an arbitrary and unilateral way, completely at variance with the nine-month long job of work done by Deputy Shortall, her officials and the HSE. It is a very weak response to try to cover this up under the cloak of a stimulus package.

**Deputy Arthur Spring:** Perhaps the Deputy could teach the Tánaiste how to cover it up.

**Deputy Finian McGrath:** It is about transparency.

**The Tánaiste:** Of all the issues he can choose to raise here, with health Deputy Martin is in no position to-----

**Deputies:** Hear, hear.

**Deputy Micheál Martin:** Sorry, could the Tánaiste answer the question?

**The Tánaiste:** I answered the question.

**Deputy Micheál Martin:** People are fed up with this nonsense.

**Deputy Finian McGrath:** Well fed up.

**Deputy Micheál Martin:** He should stop ducking and diving.

**The Tánaiste:** The Deputy is an architect of the HSE.

**Deputy Bernard J. Durkan:** Correct.

**The Tánaiste:** He was in the Government at a time when there was money in this country and he allowed the health system to deteriorate. He kept throwing money at it and ended up creating the HSE.

**Deputy Micheál Martin:** Answer the question.

**Deputy Seán Ó Feargháil:** Answer it.

**The Tánaiste:** We are doing-----

**Deputy Micheál Martin:** Are we to blame for the former Minister of State, Deputy Shortall,

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resigning on the Tánaiste's watch-----

**The Tánaiste:** We are reforming-----

**Deputy Micheál Martin:** -----and without his support? Am I to blame for that? Keep repeating the mantra.

**The Tánaiste:** -----the health system-----

**Deputy Micheál Martin:** The Government is reforming nothing.

**The Tánaiste:** -----at a time when there is less money-----

**Deputy Micheál Martin:** Dundalk was 21st and Swords was 144th in that list and the Tánaiste is standing over it.

**The Tánaiste:** Does the Deputy want the answer? He keeps bellyaching-----

**Deputy Micheál Martin:** I want the real answer.

**The Tánaiste:** -----about me not giving an answer-----

**An Ceann Comhairle:** Could we have some order?

**The Tánaiste:** -----and every time I try to answer, he interrupts me. What the Deputy is doing-----

**Deputy Niall Collins:** Which Secretary General and CEO of the HSE was involved?

**The Tánaiste:** He is the man who said there should be an end to politics as usual but he is continuing politics as usual.

**Deputy Jerry Buttimer:** Hear, hear.

**The Tánaiste:** We are reforming the health service at a time when less money is available and there are fewer staff. Our priority is to shift to primary care in our health system, and this is not just a matter of writing it down in a programme for Government or a document. We must provide-----

**Deputy Michael McGrath:** He is ignoring the question.

**Deputy Micheál Martin:** Will the Tánaiste provide the documentation?

**The Tánaiste:** Will the Deputy please listen to the answer? In order to deliver the reforms-----

**Deputy Niall Collins:** Was it the previous Secretary General of the Department?

**The Tánaiste:** -----in the primary care system, we must provide the resources. That is what we were doing with the stimulus package and-----

**Deputy Micheál Martin:** Is it that the sites jumped the queue?

**The Tánaiste:** -----why the primary care centres were included in that stimulus package.

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

**The Tánaiste:** The real story here is that whereas the Deputy opposite presided over the decline in our health service-----

**Deputy Bernard J. Durkan:** Correct.

**Deputy Micheál Martin:** The Tánaiste sacrificed his own Minister of State.

**Deputy Arthur Spring:** He sacrificed nothing.

**The Tánaiste:** -----this Government is making-----

**Deputy Finian McGrath:** Answer the question.

**Deputy Micheál Martin:** He sacrificed the Minister of State.

**The Tánaiste:** -----reforms and driving ahead-----

**Deputy Micheál Martin:** She was truly reforming.

**The Tánaiste:** -----with the provision of primary care systems. The Deputy says he never accused the Minister, Deputy Reilly, of this or that. I am cutting to the chase on this-----

**Deputy Niall Collins:** You cut Deputy Shortall.

**The Tánaiste:** I asked the questions of the Secretary General of the Department of Health and the CEO of the HSE.

**Deputy Micheál Martin:** Will the Tánaiste publish the documentation?

**The Tánaiste:** I have told the Deputy the answer both gave me, which was that there was no ministerial involvement in the selection of individual sites.

**Deputy Micheál Martin:** I accepted that. I want to know about the documentation.

**Deputy Niall Collins:** What was the story yesterday?

**Deputy Arthur Spring:** There is the Deputy's truth.

**Deputy Niall Collins:** It was different.

**Deputy Micheál Martin:** Will the Tánaiste publish the documentation?

**An Ceann Comhairle:** I call Deputy McDonald.

**Deputy Alan Shatter:** The Deputy opposite was there for a decade.

**An Ceann Comhairle:** I have called Deputy McDonald.

**Deputy Mary Lou McDonald:** I welcome back the Tánaiste. He was missed as it was busy.

**Deputy Patrick O'Donovan:** So was Gerry.

**Deputy Mary Lou McDonald:** The Ceann Comhairle might deal with the little boy heck-

ling.

**Deputy Finian McGrath:** Gerry was on it.

**Deputy Michael McCarthy:** The Deputies can give it but cannot take it.

**Deputies:** Hear, hear.

**Deputy Finian McGrath:** A bit like the Labour Party.

**An Ceann Comhairle:** The Deputy should proceed.

**Deputy Michael McCarthy:** There is still a picture of Deputy Finian McGrath in St. Luke's.

**An Ceann Comhairle:** The Deputy should proceed, without interruption.

**Deputy Mary Lou McDonald:** Yesterday's statement by the Minister for Health, Deputy Reilly, regarding the primary care centre controversy has answered none of the key questions. What we know is that the Balbriggan site belonged to a Fine Gael supporter or advocate and was selected on the Minister's watch, and not that of the previous Government, as had been suggested.

The Minister for Health and the Taoiseach have consistently told the Dáil that there had been consultation with senior Labour Cabinet Ministers in respect of the change to criteria and the additional primary health care centres. The Minister for Social Protection, Deputy Burton, and the Minister for Public Expenditure and Reform, Deputy Howlin, all denied they were consulted. At least we now know where the senior level consultation happened, as the Minister, Deputy Reilly, spoke to the Tánaiste about the issue. So the Tánaiste has said.

When did the Tánaiste first become aware of concerns about the Minister's decision to locate two of the additional primary health care centres in his constituency? Did the former Minister of State, Deputy Shortall, bring her concerns to the Tánaiste before her resignation? Was he aware of those concerns when he signed off on the additional 15 health care centres? Was he aware of those concerns at the time he voted confidence in the Minister for Health, Deputy Reilly?

The Tánaiste made a speech about openness and reform, which he is manifestly failing to deliver. I cannot understand why despite unease within his political party - two MEPs have called for the Minister, Deputy Reilly, to do the decent thing and step down - the Tánaiste is still standing by him. I will quote the Minister's statement from yesterday, if I may.

**An Ceann Comhairle:** The Deputy is nearly a minute over her time.

**Deputy Mary Lou McDonald:** How is this for clarity and transparency? He stated:

One and one makes two and two and two makes four but four by four makes 16 and not four and four which makes eight, and so it is with this. It is a logistical logarithmic progression.

Is he for real? It is clear as mud. The criteria were fixed, as the Tánaiste knows, and stroke politics was at the heart of the Government, as the Tánaiste knows.

**An Ceann Comhairle:** The Deputy should adhere to the directions of the Chair.

**Deputy Mary Lou McDonald:** Answer my questions and we can see if the Tánaiste will stand by his promises for reform.

**The Tánaiste:** There is no secret about the fact that there were differences between the former Minister of State, Deputy Shortall, and the Minister for Health, Deputy Reilly. At all times I supported the former Minister of State, Deputy Shortall, in what she was seeking to do in the Department of Health.

**Deputy Finian McGrath:** She does not believe that.

**The Tánaiste:** There were a variety of meetings held, including one involving the Taoiseach, me, the Minister for Health and the former Minister of State, Deputy Shortall. That took place prior to the summer and we put in place a working group representative of the Taoiseach and my office to address some of these issues and make progress on them. The working group has been making progress since then. My priority and that of the Government, bearing in mind that we are dealing with this at a time when we have a very serious financial difficulty, is to achieve reform in our health system. At the centre of that reform is a shift to primary care. There is a very good reason we want to shift to primary care; it is because people who want to access our health system have to go to their GP, somewhere else to get a blood test and somewhere else to get another-----

**Deputy Mary Lou McDonald:** We know all of that. It is waffle. Answer the question.

**An Ceann Comhairle:** Allow the Tánaiste to continue without interruption.

**The Tánaiste:** It is not waffle to the parent of a sick child who has to go from Billy to Jack under our health system.

**Deputies:** Hear, hear.

**The Tánaiste:** Our priority as a Government is to get primary care centres provided, built, staffed and up and running.

**Deputy Micheál Martin:** The former Minister of State, Deputy Shortall does not think it is a priority.

**The Tánaiste:** Members of Sinn Féin were among those who constantly asked, day in and day out, where is the stimulus package and why is there not one. We have produced a stimulus package of €2.25 million and have taken the opportunity in that package to include the provision of primary care centres in order that we can provide in local communities a centre where somebody who is ill or who has a sick child can get the range of services provided under one roof rather than the ragged, disorganised, inefficient and costly system that we have at present. That is what the programme for Government states we will do and that is what we will press ahead to do.

On the question of whether I was involved in terms of the criteria, I was no more involved in the criteria for how primary care centres were selected in the Department of Health than I was involved in the criteria that were used in the Department of Education and Skills for the selection of schools or the criteria that were used in the Department of Transport for the selection of roads.

**Deputies:** Hear, hear.

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**The Tánaiste:** What I was involved in, and am proud to have been involved in, was the production of a financial package, despite all the financial difficulties this country has, which provided for the building, staffing and resourcing of primary care centres and our pressing ahead with that. I recently nominated Deputy Alex White to be Minister of State to take charge of that and I am confident he will deliver on it as part of the team in the Department of Health.

**Deputies:** Hear, hear.

**Deputy Mary Lou McDonald:** The Tánaiste is well aware that he does not have to convince anyone in this House as to the value and necessity of primary health centres, so I wish that he would dispense with what amounts to waffle when straight questions are put to him.

*(Interruptions).*

**Deputy Mary Lou McDonald:** Let us piece it together now because the Tánaiste is not volunteering information - it has to be extracted from him.

**An Ceann Comhairle:** There is a time limit of one minute on this.

**Deputy Mary Lou McDonald:** The Tánaiste signed off on the additional 15 primary health care centres. When he did that he was aware of Deputy Róisín Shortall's concerns. He told us that he did not know anything about the criteria. I suggest to him that as Tánaiste he should have paid more attention and, if he did not know about the criteria then I hope to God he will tell us that he has an understanding of the criteria now because none of the rest of us can make head nor tail of the incoherent bluster coming from the Minister, Deputy Reilly.

**An Ceann Comhairle:** Thank you, Deputy.

**Deputy Mary Lou McDonald:** There was a predetermined outcome to this and the criteria were fixed to achieve that. I think the Tánaiste knows that and that is the reason for his reluctance to spell out clearly and to answer clearly specific questions put to him. He signed off on the additional health centres; he did so knowing the difficulties and deep concerns Deputy Róisín Shortall had. He voted confidence in a Minister in whom I cannot see him having had any confidence. He hung Deputy Róisín Shortall out to dry and he makes no apology for doing that-----

**Deputy Emmet Stagg:** That is rubbish.

*(Interruptions).*

**Deputy Mary Lou McDonald:** -----and to top it all he will not even give a basic commitment, if he does not understand the criteria, to publish all of documentation for public scrutiny in order that the rest of us have the benefit of that information. Reform my eye.

**Deputies:** Hear, hear.

**The Tánaiste:** On the criteria, I did not see the Deputy make any complaint about the selection of the additional primary care centre in Deputy Adams' constituency. There was no complaint about that. I did not hear any complaint from the Deputy.

**Deputy Mary Lou McDonald:** We have raised the 15 centres.

**The Tánaiste:** That is one of the 15.

**Deputy Mary Lou McDonald:** Yes. We are raising the criteria that-----

**The Tánaiste:** I did not hear any complaint from Deputy McDonald about what criteria were used to decide on the selection of Grangegorman in the Deputy's constituency to develop a new third level education facility, which we are proud to do.

**Deputy Micheál Martin:** That was a previous Government's policy.

*(Interruptions).*

**The Tánaiste:** The key issue is that the Government is pressing ahead with the reform of the health service, with the provision of primary care centres which is what matters to the people and to those who want to see a better health care system. We are providing the funding for that and that was done in the stimulus package.

With regard all the allegations, implications and so on that somehow there was political interference in it, as I said, I met today with the Minister, Deputy Reilly, the Secretary General of his Department, the new CEO of the HSE and they told me directly that there was no ministerial involvement in the selection of any individual site.

**Deputy Micheál Martin:** There was in terms of adding certain centres. The Tánaiste is being disingenuous.

**The Tánaiste:** I am not being disingenuous.

**Deputy Shane Ross:** Perhaps I could be allowed to make the Dáil a Deputy Reilly free zone for the next few minutes to the relief perhaps of some members of the Government. That issue has tended to overshadow an equally important issue which happened three days ago and one day ago. Three days ago AIB bondholders were paid €1 billion and one day ago AIB mortgage holders were charged another 0.5% on their mortgage if they have a standard variable rate. Those mortgage holders, the borrowers, who are affected by this do not miss the connection and they see their money and the extra payments they are making as a direct payment going to the bondholders.

The Tánaiste will be aware, because it has been well publicised, that those with a not unusual mortgage now of up €300,000 will pay an extra €1,080 per annum as a result of this 0.5% rise. I do not know if he realises how many of these people simply will not be able to pay that rise - how many of these people he is going to be asking to pay more money and more taxes on the same properties in the forthcoming budget.

We are now reaching a situation where middle Ireland simply cannot pay what the Government is asking it to pay. I ask the Tánaiste to please not come back to me and say this is not a Government matter. I would agree with him if he were to say this has arisen because the banks, particularly AIB, have been allowed to go walkabout. There is a kind of declaration of independence by AIB at the moment where it is taking its own decisions and crucifying its mortgage holders. In the meantime the Government, which owns nearly 100% of the bank and

has supposedly two public interest directors on its board, is washing its hands of a huge problem where it can exercise a serious level of control. Is it Government policy that it contributes to and helps the increasing problem of the crippling mortgage debt we are now facing by allowing this bank, which it effectively fully owns, to add to the debt by putting up mortgages for those who cannot afford it?

**The Tánaiste:** The issue of mortgages, mortgage arrears and the difficulties people have in meeting their mortgage commitments is very much a top priority for the Government. That is why, as the Deputy will know, we brought forward the personal insolvency legislation, Report Stage of which is due to be taken in the House shortly. It is why we have put in place a range of measures to support people in mortgage difficulty and to ensure people do not lose their homes in this financial crisis.

This Government, unlike its predecessor, has had regular engagement with the banks about a range of issues, including their obligation to lend to business, what they are doing about new mortgages and what they are doing to deal with the problem of mortgage arrears. We inherited the banking crisis and the decisions made by the previous Government and this is why we have worked to seek agreement at EU level on the separation of bank debt from sovereign debt and why we are insisting that that agreement be implemented in full and that the huge burden placed on the back of taxpayers as a result of the banking collapse is lifted.

With regard to commercial decisions made by AIB, the Deputy would be the first to criticise the Government if it sought to engage in hands on decision-making in the banks but, as far as mortgage holders are concerned, the Government is firmly on the side of people who are having difficulty meeting their mortgage payments and that is why we have taken the steps we have taken and will continue to do so.

**Deputy Shane Ross:** I thank the Tánaiste for his reply but I would like to correct him. I would be the first to say that the Government should intervene on a day-to-day basis on decisions of this sort. The Government owns it and it has two directors on the bank's board. I do not know what they are there for if they are not there to have an input into policy decisions. AIB has a disgraceful record as regards mortgages and it has brought the country to its knees. The people who were there then are still there now. Appointments of the old cronies are still being made to the board and the old people are resurfacing. The Government should ring up the bank to say: "It is not Government policy. We do not want a 0.5% increase in mortgage interests rates for these people and we forbid you to do it." This increase is obviously part of Government policy. It is rather like a tax because the Government is asking the people who are being charged an additional 0.5% to support a State asset which is losing money. It is equivalent to a tax and I suggest the Tánaiste should intervene and say there will be no more interest rate rises at this stage by giving instructions to the directors who are there at his beck and call. I do not know what they do.

What proportion of the money AIB will take in through this increase will go to the bank? Is the Tánaiste aware that a large number of the bank's mortgages have been securitised and sold off in bundles to other institutions outside this jurisdiction? Much of this money will not even go to the AIB or the Exchequer. It will go outside the country because the mortgages have been securitised. I do not expect the Tánaiste to give a specific answer to that now but I would like to know what proportion of the money will go to AIB.

**The Tánaiste:** I do not propose to take advice from the Deputy about how the banks should

be run because I recall the advice he gave the previous Government when he said it should make Sean FitzPatrick the governor of the Bank of Ireland.

**Deputy Finian McGrath:** Here we go again. That is the Taoiseach's line.

**Deputy Micheál Martin:** That is an old one.

**The Tánaiste:** Deputy Ross does not have a particularly good track record on this. I will also not come into the House to defend the practices of banks, now or in the past. What the Government is doing in regard to our banking system is to ensure, first, we have a banking system that is fit for purpose for our economy. It is a work in progress and there are a number of dimensions to it, one of which is resolving the issue of the separation of the debts associated with banks and the State. This work is a priority for the Government. Second, we want to ensure our banks serve our economy and our people, and this is why we have a continuing and regular dialogue with them about that. Third, we want to ensure the homes of people who are paying their mortgage are not at risk, and that is why we are putting in place the personal insolvency legislation, the support and advice system and a range of housing supports through the Department of the Environment, Community and Local Government. The interest of mortgage holders and their needs is very much at the front of the approach the Government is taking with our banks. It is a work in progress.

**Deputy Finian McGrath:** Is there a Labour Party member on the bank's board?

**Deputy Shane Ross:** Dick Spring.

**The Tánaiste:** It is difficult work but it is work in which we will succeed.

**Deputy Micheál Martin:** The Tánaiste is becoming more like the Taoiseach every day as he manages to avoid answering questions.

**The Tánaiste:** I am answering them but the Deputy does not like the answers.

### **Order of Business**

**The Tánaiste:** It is proposed to take No. 5, Europol Bill 2012 - Order for Second Stage and Second Stage. It is proposed, notwithstanding anything in Standing Orders, that in regard to the Assaults on Emergency Workers Bill 2012, the Second Stage of which shall be considered tomorrow, the following arrangements shall apply: (i) the opening speech of the main spokespersons for Fianna Fáil, Sinn Féin, the Technical Group and a Minister or Minister of State, who shall be called upon in that order and who may share their time, shall not exceed 15 minutes in each case; (ii) the speech of each other Member called upon shall not exceed 15 minutes and such Members may share time; (iii) a Minister or Minister of State, who may speak twice, shall be called upon not later than 1 p.m. to make a speech which shall not exceed 15 minutes; and (iv) the main spokesperson for Fianna Fáil shall be called upon to make a speech in reply which shall not exceed 15 minutes.

**An Ceann Comhairle:** There is one proposal to put the House. Is the proposal for dealing with the Assaults on Emergency Workers Bill 2012 tomorrow agreed to? Agreed.

4 October 2012

**Deputy Micheál Martin:** I must remark on this week's lack of business. I have asked the Taoiseach on a number of occasions if he could schedule an urgent debate on the Irish Fiscal Advisory Council report, which is almost four weeks old. It goes to the heart of some of the significant economic challenges we face and it voices significant concerns. I would have thought we could have had the debate yesterday or today, so important is that report as an independent, objective assessment of where we are fiscally and so on.

I refer to forthcoming legislation relating to children. People are worried about what they are reading and about the leaks concerning significant reductions in child benefit payments down to €100 with a scheme of top-ups. Will the Tánaiste confirm when the Children First Bill is coming on stream? Will he confirm whether there will be reductions in child benefit in the forthcoming budget?

**An Ceann Comhairle:** That is not in order on the Order of Business.

**The Tánaiste:** With regard to the Irish Fiscal Advisory Council report, the Fiscal Responsibility Bill 2012 will be in the House next week and that will give Members an opportunity to debate the report and it is also intended to hold a debate reasonably soon on the economic situation- it is a matter for the Whips to agree the timing of it - and this can obviously include the report.

**Deputy Micheál Martin:** The Taoiseach undertook that there would be a debate specifically on the Irish Fiscal Advisory Council report, not the Bill. There are concerns in that report and issues that need airing and articulation. The goalposts are changing.

**The Tánaiste:** There is quite a degree of latitude when Second Stage of a Bill is debated. The Fiscal Responsibility Bill will be in the House next week. It would be extraordinary if that debate did not include reference and discussion of the Irish Fiscal Advisory Council report but, in any event, it is our intention that there will be a wider debate on the economy, which will obviously include the report. The Deputy asked me about child benefit-----

**An Ceann Comhairle:** We are on the Order of Business and we do not deal with such matters.

**The Tánaiste:** It is amazing what a period in opposition will do for one's amnesia.

**Deputy Finian McGrath:** There are many comedians in the House today.

**Deputy Niall Collins:** Deputy Gilmore has forgotten about his past.

**The Tánaiste:** The issue of child benefit and how it might be structured goes back to when Mary Hanafin was Minister, followed by Deputy Ó Cuív.

**Deputy Micheál Martin:** I am referring to the recent report.

**The Tánaiste:** The issue of child benefit will be considered in the context of the budget. The children first Bill will be taken this session.

**Deputy Mary Lou McDonald:** I refer to promised legislation on upward only rent review. The matter is under review and there are some complications. The rental arrangements people have with the State and State agencies must be addressed.

Regarding the Keane report, the Tánaiste spoke of his concern for people in mortgage dis-

gress. What is coming forward from the recommendations by way of legislation? I refer to the Dolphin report, which has not yet been published, on the location of the children's hospital. There is heightened anxiety about where it might be located given the jiggery-pokery we saw on primary health care centres. It is essential that any decision on this development is absolutely transparent. When will the report be published and when will the Government take a decision on the location, given the need for transparency?

**The Tánaiste:** The Minister for Finance addressed upward only rent reviews in his Budget Statement last December. He set out the position and referred to the advice received from the Attorney General.

**Deputy Mary Lou McDonald:** Does that mean nothing is happening?

**An Ceann Comhairle:** We cannot have a debate on it on the Order of Business.

**Deputy Mary Lou McDonald:** I want an answer, not a debate.

**The Tánaiste:** He set out the position. There is a constitutional issue related to it, which the Minister for Finance addressed. The Government accepted the recommendations of the Keane report and we had a debate in the House in which we set out, in great detail, the action taken by the Government on foot of the report. The key item of legislation arising from the report is the Personal Insolvency Bill. The Bill has passed Committee Stage and is due to come into the House for Report Stage.

The Dolphin report on the children's hospital is with the Minister for Health and when he is in a position to bring it to Government, he will do so. When the Government has considered the matter, an announcement will be made.

**Deputy Brendan Griffin:** The N86 road between Dingle and Tralee is being improved.

**An Ceann Comhairle:** That is good news.

**Deputy Brendan Griffin:** I heard about the Dolphin report and people will be able to see Fungi in Dingle much quicker as a result. There is a major problem and I will get to the roads (amendment) Bill-----

**An Ceann Comhairle:** We do not deal with bends on roads or bad surfaces on the Order of Business. If there is legislation, we will deal with it.

**Deputy Brendan Griffin:** A number of local contractors and a subcontractor are working on the road and have not been paid by the main contractor. This is leading to major difficulties.

**An Ceann Comhairle:** Not on the Order of Business. There are other ways to raise the issue.

**Deputy Brendan Griffin:** It is appropriate because I want to ask the Tánaiste if the forthcoming roads (amendment) Bill will include a provision to ensure contractors are paid on time and if there will be increased penalties for contractors who do not pay smaller subcontractors and local contractors. This is a major issue because people are expending money and they want to put bread on the table for their families. They cannot do so because they are not being paid by the big operators.

**An Ceann Comhairle:** There are numerous ways to raise these matters.

**Deputy Niall Collins:** That is enough audio for local radio. Deputy Griffin is covered.

**Deputy Brendan Griffin:** I also ask that provision be made to make contracts more accessible to local contractors.

**An Ceann Comhairle:** No, Deputy Griffin cannot raise that. Is legislation due? Deputy Griffin can raise this point in many other ways. He should stick to what is allowed on the Order of Business.

**The Tánaiste:** The roads (amendment) Bill is due next year.

**Deputy Arthur Spring:** When will the Personal Insolvency Bill return to the House? Many people would like to know in light of the fact that AIB has increased mortgage rates.

**The Tánaiste:** The House is dealing with the Fiscal Responsibility Bill next week and it is intended that the Personal Insolvency Bill will be dealt with as quickly as arrangements can be made with the Whips.

**Deputy Bernard J. Durkan:** In view of recent concerns about credit reporting, when is it expected to bring the credit reporting Bill into the House, with a view to addressing the issues that have become apparent? That would cover some of the banking procedures, including lending procedures.

Similarly, in respect of company law, it appears from casual observation that company law is not being observed in the letter and the spirit of the law in numerous instances over the past four or five years. Two items of company legislation are proposed, the companies Bill and a consolidation Bill. Is it possible to bring these legislative measures before the House earlier than had been anticipated, with a view to addressing ongoing issues?

**The Tánaiste:** The companies legislation is due this session and the credit reporting Bill was published last Friday. It is a matter of scheduling with the Whips when it is brought before the House. I expect it to be in the House shortly.

**Deputy Seán Ó Fearghail:** What is the position in respect of convening the constitutional convention? We raised the matter on the Order of Business last week and we understood we would be given an advice note on the matter. That has not happened. The challenge is to select the 66 members of the public, which is a daunting task. I also asked for consultation with Opposition parties in respect of the independent chair but there has been no update on this point. Does it look rather unlikely that the pet project of the Government will be launched this side of the budget?

**The Tánaiste:** It is intended to have the constitutional convention launched this side of the budget. We are making arrangements to have it announced and launched. With regard to consultation on its composition, there have already been discussions with Opposition parties. We do not have any difficulty with further discussion on it. We would like to see it done in a manner to which we can subscribe rather than in a partisan way. I have no difficulty with further discussion with Opposition parties.

**Deputy Robert Dowds:** In light of welcome developments in the taxi industry yesterday, when will the taxi regulation Bill be passed by the House and in operation?

**The Tánaiste:** It is intended to have the Bill in the House this session.

### **Topical Issue Matters**

**An Ceann Comhairle:** I wish to advise the House of the following matters in respect of which notice has been given under Standing Order 27A and the name of the Member in each case: (1) Deputies Ann Phelan and Thomas Pringle - the need to make provision for self employed workers who are seeking to claim for social welfare; (2) Deputy Robert Troy - the vacant position of director of the HSE's national office for suicide prevention; (3) Deputy Derek Keating - the problems in collecting social welfare payments at Lucan village, Dublin; (4) Deputy Martin Heydon - the need to include a new primary school at Crookstown, Ballitore, Athy, County Kildare on the Department of Education's five year building programme; (5) Deputy Jonathan O'Brien - the loss of jobs at the Merck Sharpe Dohme pharmacy plant, Innishannon, County Cork; (6) Deputy John O'Mahony - the need to address the waiting times for applications for social protection and in particular carer's allowance; (7) Deputy Aengus Ó Snodaigh - the need to open a new purpose built 70 bed public nursing home in Inchicore, Dublin; (8) Deputy Michael Conaghan - the threat posed by escalating gang-related violence; (9) Deputy John Deasy - the loss of 55 jobs at KEL-Tech Engineering, Waterford; (10) Deputy Dessie Ellis - the problems for regular taxi drivers arising from the proposed ending of the transferability of licences from January 2013; (11) Deputy Brendan Smith - the continued imprisonment of Irish trained doctors in Bahrain; (12) Deputy Pádraig Mac Lochlainn - the possible re-opening of the pilot training college in Waterford by a different company; (13) Deputy Mick Wallace - the raid by the Revenue's customs service on two illegal diesel laundries and the effect this illegal activity has on jobs; (14) Deputy Mattie McGrath - the need to allow some leniency and discretion when considering applications for the back to education allowance and the progression through education condition; (15) Deputy Joan Collins - the need to discuss the principle of the universal payment of child benefit; (16) Deputy Richard Boyd Barrett - the position of teachers employed in VECs in view of new Teaching Council regulations; (17) Deputy Charlie McConalogue - the need to address Ireland's position in the most recent world university rankings; and (18) Deputy Patrick O'Donovan - the need for banks, credit card companies and other credit institutions to provide information to the authorities to combat the illegal importation of prescription drugs. The matters raised by Deputies Robert Troy, John Deasy, Michael Conaghan and Ann Phelan and Thomas Pringle have been selected for discussion.

### **Europol Bill 2012: Order for Second Stage**

Bill entitled an Act to give effect to Council Decision 2009/371/JHA of 6 April 2009 establishing the European Police Office (Europol); to repeal the Europol Act 1997; to extend the application of the Official Secrets Act 1963 and to provide for related matters.

**Minister for Justice and Equality (Deputy Alan Shatter):** I move: "That Second Stage be taken now."

Question put and agreed to.

## Europol Bill 2012: Second Stage

**Minister for Justice and Equality (Deputy Alan Shatter):** I move: “That the Bill be now read a Second Time.”

A Cheann Comhairle, I am pleased to present this Bill to the House which will enable Ireland to implement an EU Council decision establishing the European Police Office, or Europol. While Europol has existed since 1995, it did so on the basis of an EU convention. That convention has been subject to a number of amendments introduced through subsequent protocols. However, such legal instruments are subject to lengthy ratification procedures by member states and therefore it was agreed to replace those instruments with a Council decision which will ease any future amendments. In 2008, the Houses of the Oireachtas approved the adoption by the State of the Council decision which ultimately entered into force in 2010.

The convention and protocols, to which I have referred, were given force of law in the State by way of the Europol Act 1997, as amended. Section 2(1) of that Act states that the convention and the protocols “shall have the force of law in the State and judicial notice shall be taken of them”. Such wording, which is usual for the implementation of international agreements such as conventions, effectively precludes the need to legislate for each and every article of the instrument. In effect, the 1997 Act, as amended, is relatively minimalist.

However, a Council decision must be implemented in a manner whereby each and every aspect of the instrument which has domestic effect must be provided for in legislation. For that reason, this Bill is significantly more detailed than the existing Europol Act. None the less, this Act will, in effect, maintain the *status quo*. Although the Council decision does introduce a small number of changes to Europol, to which I will refer shortly, it replicates, to a very large extent, the provisions of the convention and the protocols thereto.

Turning to Europol itself, I will briefly mention one change which the Council decision introduced. Under the convention, Europol had the status of an intergovernmental organisation funded by contributions from member states. However, establishing Europol under a Council decision gives it the status of an agency of the European Union. As an agency in the area of police and judicial co-operation in criminal matters, Europol joins CEPOL, the European Police College, and Eurojust, the EU’s judicial co-operation unit. Establishing Europol as an entity of the EU ensures it is funded from the general budget of the European Union and also enhances the role of the European Parliament in the control of Europol.

The objective of Europol, under the Council decision, is to improve the effectiveness and co-operation of the law enforcement authorities of member states in preventing and combating organised crime, terrorism and other forms of serious crime affecting two or more member states. This is another difference between the Council decision and the convention and probably the most significant change from an operational point of view. The Council decision extends the mandate of Europol from that under the convention. Organised crime was originally the sole focus of Europol’s activities. The Council decision removes the requirement that an organised criminal structure must be involved before Europol can act. It will be sufficient for the crime concerned to involve a serious offence, as listed in the annex to the Council decision. These serious offences include the main transnational crimes such as drug trafficking, terror-

ism, money laundering, human trafficking, counterfeiting or arms smuggling. They also include other more serious crimes such as murder, organised robbery and kidnapping. Europol's role in supporting and strengthening action by the member states in combating such crime is clearly set out in Article 3 of the Council decision.

It is the reality that no member state, including Ireland, despite our island status, can avoid the impact of international crime. The very nature of this crime requires the co-operation of several states to ensure an effective response. Europol self-describes its role as that of making Europe safer and it does so by providing the necessary co-ordination of and support for national law enforcement authorities. The support and assistance which Europol can offer to any investigation can be broadly categorised as information management and, to a lesser degree, semi-operational tasks. The latter tasks include the option for Europol to participate in joint investigation teams. Primarily, however, Europol co-ordinates and supports Europe-wide operations investigating serious criminal activity. All arrests and policing functions are carried out by the competent law enforcement authority in the member state in question.

Europol assists member states in combating crime on a daily basis and, in the case of Ireland, this assistance is achieved through the secure intelligence exchange between the Irish Europol national unit based in Garda headquarters and the Irish liaison bureau located in Europol headquarters in The Hague. Europol has established a number of crime priority areas which are assigned a team of analysts and which Ireland contributes to daily. The information gathered has assisted in identifying links between international organised crime groups operating in Ireland and in other jurisdictions.

In terms of operations, in 2011 Ireland assisted Europol in the provision of intelligence and information about a mobile organised crime gang which was involved in the organised thefts of rhino horn throughout continental Europe. That work continues with ongoing intelligence exchange between Ireland and other member states in relation to this gang who are also involved in the commission of crimes including burglaries, aggravated robberies, fraud, money laundering and drug trafficking.

Europol has also assisted Ireland in the area of illegal immigration. Ireland has taken part in operational meetings involving the exchange of information and intelligence concerning an organised crime gang operating in France that assists illegal immigration to Ireland. This operation, which is continuing, has resulted in a number of arrests in France.

More recently, An Garda Síochána took part in a joint operation with the PSNI targeting prostitution on the island of Ireland. Europol again assisted this operation through the deployment of analysts who worked alongside the Gardaí and PSNI personnel.

Europol continues to be of major assistance in combating and preventing crime. It is an essential means of exchanging and analysing information and intelligence and ensuring European law enforcement agencies are alerted to new threats.

Turning now to the Bill, I would like to highlight some of its main provisions. Section 2 confirms that the competent authorities for the purpose of the Act and the Council decision are the Commissioner of the Garda Síochána or, in relation to a revenue offence, the Revenue Commissioners. Competent authorities are defined in article 3 of the Council decision as "all public bodies existing in the member states which are responsible under national law for preventing and combating criminal offences".

Sections 4 and 5 provide for the Europol national unit, including the functions of that unit. Those functions are set out in Article 8 of the Council decision and include liaising with Europol and the competent authorities of other member states, responding to requests for information and intelligence and performing such other tasks as are required by the Council decision. The provision allows the national unit to refuse a request for information where to provide such information would prejudice the security or other essential interests of the State, prejudice a criminal investigation or criminal proceedings in the State, or jeopardise the safety of a person or persons. Section 5 also clarifies that the national unit may access the Europol information system as permitted under the Council decision.

Section 6 provides for the role and functions of liaison officers. This provision replicates the existing section 4 of the Europol Act 1997. Under this provision, a liaison officer may be sent from the national unit to Europol to serve in the Irish liaison bureau. A liaison officer may not necessarily be a member of the Garda Síochána and could, for instance, be an officer of the Revenue Commissioners. Currently, Ireland has two liaison officers based in Europol, one from An Garda Síochána and one who is an officer of the Revenue Commissioners. These officers provide co-ordination between Europol and the national unit in the transmission of information and otherwise co-operate with Europol in accordance with the Council decision.

Section 7 gives effect to Article 7 of the Council decision which permits Europol to request member states to initiate criminal investigations. A request must be made to the national unit which will transmit the request to the competent authority of the State, that is the Garda Síochána or the Revenue Commissioners. The competent authority will consider and decide whether to comply with the request. The national unit will notify Europol of the decision as to whether to conduct the investigation. Where it is decided to refuse the request, the national unit will inform Europol of the reasons for refusing, unless to do so would harm essential national security interests, prejudice an ongoing criminal investigation or proceedings or would jeopardise the safety of any person or persons. This provision, which was initially introduced into the convention in 2002, responds to previous difficulties with regard to member states acting upon information provided by Europol. However, it must be emphasised that An Garda Síochána, the Revenue Commissioners and the law enforcement authorities in other member states have absolute discretion in the prioritisation and deployment of resources.

Section 8 provides for the transmission of data to the Europol information system. This system is used to store personal information about people who are suspected or convicted of having committed a crime for which Europol has competence or where there are reasonable grounds to believe that they will commit such an offence. Subsections (2) and (3) set out the types of data which may be input and which are also set out in the Council decision. As can be expected, this data includes information concerning a person's identity, including names, date and place of birth, address and driving licence or passport information. Also included is the possibility of providing DNA data which, owing to the lack of the appropriate technology, was not in the previous Europol instruments. Now, owing to modern technology, the use and sharing of DNA information is a key element of criminal justice systems across Europe. However, it should be pointed out that neither the Council decision nor the Bill requires the obtaining of such DNA data and it will only be provided where it is available.

Section 9 concerns the transmission of data to Europol for purposes other than under section 8, that is, for input in the Europol information system, for example, Europol may include information in a system known as analysis work files. This system offers broader information than the Europol information system although with much more limited access. These files allow

Europol to provide operational analysis with the aim of assisting criminal investigations. Information may also be used by Europol and transmitted to third states or other entities. However, the prior consent of the national unit is required before any onward transmission of the data by another party may take place.

Sections 10 to 14 concern the use of, access to and protection of personal data to which the Bill applies. On a general point, it must be noted that data under the legislation is subject to the provisions and protections of the Data Protection Acts. There is a very strong data protection regime in place in Europol. It is generally highly regarded, most recently in a 2012 report following an evaluation of the implementation of the Council decision and of Europol's activities. While not making any changes to Europol's systems of data protection, the Council decision does establish a data protection officer at Europol. Although such an officer has always been a part of Europol, the Council decision makes it a formal and independent role. The functions of the data protection officer are set out in article 28 of the Council decision and include ensuring compliance with the provisions of the Council decision concerning the processing of personal data. Where there are concerns concerning compliance, the data protection officer may raise it directly with the director of Europol.

In addition to these safeguards, section 10 addresses the modification, correction and deletion of data, giving effect in the main to articles 12 and 13 of the Council decision. These functions are the responsibility of the inputting party. Data must be deleted, without delay, where it relates to a case where proceedings are definitively dropped or a person is acquitted. This section also creates an obligation on the national unit or liaison officer, as the case may be, to notify an inputting party of their belief that data input by that party is incorrect or should be supplemented.

Section 11 confirms that the national unit or liaison officers may access and receive data from the Europol information system for the purpose of preventing and combating those crimes which fall within the competence of Europol. There is also provision for limited access to the system by the competent authorities who may directly query it, although any data that is located can only be obtained via the national unit.

Section 12 concerns the use of data in the State and confirms that data obtained from any of Europol's processing files shall only be used to prevent and combat crimes in respect of which Europol is competent and to prevent and combat other serious crimes. The State is also obliged to abide by any restrictions placed on the use of data.

Section 13 provides for access by individuals to personal data. This provision allows persons to request information as to whether data relating to him or her has been processed by Europol and to have such information communicated to him or her. Grounds for objecting to a disclosure of data are set out under subsection (6) which permits the State to object where it considers that providing the information would likely prejudice the sovereignty, security or other essential interests of the State, prejudice a criminal investigation or criminal proceeding in the State or would prejudice the rights and freedoms of any person. This section also replicates, in part, section 6 of the Europol Act 1997.

Section 14 designates the Data Protection Commissioner as the national supervisory body for the purpose of the Bill and the Council decision. This provision gives effect to article 33 of the Council decision and replicates section 7 of the Europol Act 1997. The national supervisory body is responsible for monitoring the management and processing of personal data by the State

in the context of its relationship with Europol. This section also confirms the authority of the Data Protection Commissioner to access data provided to the Europol information system and the requirement on the Data Protection Commissioner to inform the joint supervisory body of any action taken with respect to the Europol information system. The joint supervisory body is an independent body with the task of ensuring compliance by Europol with data protection principles. The body is made up of representatives of national data protection authorities, including the Irish Data Protection Commissioner. It should be further noted that, by virtue of section 15, the Official Secrets Act 1963 applies to facts or information which come to the knowledge of any director, member, employee or other person connected with Europol. This provision replicates section 9 of the Europol Act 1997.

Section 17 confirms the validity of acts done in accordance with the Europol Act 1997 or the Council decision prior to the passing of this Bill. The Council decision establishing Europol applies from 1 January 2010. As has been mentioned, it repealed and replaced the Europol convention and its protocols. However, existing Irish law gave force of law to the convention and its protocols and it is arguable that as these instruments have now been repealed the status of the Europol national unit and its powers as set out in the existing legislation are unclear. Following legal advice, this transitional provision seeks to put beyond doubt the status of the national unit by providing that the acts done by the national unit and liaison officers during the intervening period are valid. The Attorney General has indicated that “there is no difficulty in providing retrospective validation of anything done by the existing national unit”.

The remaining provisions are of a standard or technical nature. Before concluding, I wish to draw the attention of the House to the future of Europol. It has been given responsibility for the establishment of the European cybercrime centre which will place it at the forefront in the continuing fight against high tech organised crime. Ireland, through the Garda Síochána computer crime investigation unit and the staff at the liaison bureau in The Hague, will continue to offer advice and expertise to assist the cybercrime centre when it becomes operational. In 2013, Europol will publish the serious organised crime threat assessment or SOCTA. On the basis of this document, the Council of the European Union will determine its priorities and recommendations for the fight against organised crime in Europe.

Also in 2013, Ireland will take up the chairmanship of the Europol management board, which is Europol’s governing board. This board gives strategic guidance and oversees the implementation of Europol’s tasks. Each year, the management board adopts Europol’s final budget, the work programme of future activities and a general report on activities carried out during the previous year. These will be submitted to the Council for endorsement and to the European Parliament for information.

I will also comment on the future regulation of Europol. Article 88 of the Treaty on the Functioning of the European Union provides for a new legal regime for Europol, stipulating that Europol shall be governed by a regulation or regulations. While the main policy objective of the new regulation will be to align Europol’s legal base with that treaty, it will, undoubtedly, also seek to address any recommendations arising from the recent evaluation of Europol’s activities. The implementation of the Council decision is an important step in ensuring that Europol can adapt in a flexible manner without the need for complicated ratification processes by member states. The extension of its mandate reflects the very significant contribution which Europol has made to combating serious and organised crime across borders. Since its establishment in 1995, Europol has evolved to become an essential tool for national law enforcement agencies in their efforts to combat this form of crime. Such crime is increasingly cross border

and without the overall strategic analysis of an agency such as Europol, combating that crime would be a more difficult task.

I thank Members for their attention and I look forward to hearing their contributions to the debate on this important Bill, which I commend to House.

*2 o'clock*

**Deputy Niall Collins:** Fianna Fáil supports this Bill. It will help to empower the pan-European policing organisation, Europol, to combat international criminal gangs. The creation of pan-European freedom of movement in goods and capital has inevitably generated transcontinental criminal movements. The Bill equips Europol to help member state police forces to work together in tackling gangs involved in serious criminality across the EU and its borders. The Bill, as the Minister said, is technical in nature. It is a measure to give regard to the change in status of Europol.

Europol is the European law enforcement agency and the Council decision necessitating the Bill means it will come under the functions and institutions of the European Union. Prior to this, Europol was a separate international institution that assisted EU member states in fighting serious international crime, including terrorism, international drug trafficking, money laundering, fraud, counterfeiting, human trafficking and cyber-crime, all issues that seriously affect every community in this country.

The proliferation of international gangs is clear in the international sources for the drugs trade that fuel violence in Irish cities. So far in 2012, after a bloody September, 13 people have been killed as a result of gangland crime in comparison with a total of 11 in 2012. Many Irish gangs operate from Spain or source drugs from the Continent. Eastern European crime gangs have engaged in organised domestic burglaries across the EU, affecting numerous member states. Clearly, international cross-border crime is a major issue and Europol must be equipped to deal with.

Europol does not represent the creation of an EU police force. Justice remains the primary concern of the member states in the EU, with two pillars of the Union looking at common justice issues and co-operation. Europol complements the hard work of the Garda Síochána and does not in any way seek to replace it. It can only act on request when two or more member states are involved and where there are factual indications that organised crime is involved. Europol cannot arrest persons nor can it conduct home searches. It facilitates exchanges of information between member states, analyses intelligence and co-ordinates cross-jurisdictional operations. This Bill places Europol under the clear remit of the EU and subjects it to financial and administrative scrutiny and accountability, as we expect of EU institutions. In 2010, the budget of Europol was almost €93 million, with 698 staff employed at its headquarters in The Hague, including 129 liaison officers. As a result of this Bill, there will be greater accountability in the organisation.

The tackling of organised crime has been mentioned and it is important to remind Members of a number of operations that have affected this jurisdiction, some of which the Minister mentioned. Operation Icarus tackled online child abuse, an issue that has come to the fore recently, with a number of current affairs programmes on it as recently as this week. Unfortunately, it has led to the deaths of some people who have taken their own lives as a result of online cyber-bullying, an issue we will return to under different legislation. This is a scourge in our com-

munities and it is not just an issue that affects younger citizens. There are well-documented instances of adults and elderly people being victims of cyber-bullying. I note there is legislation on the B list of the Government legislation programme, the criminal justice (cybercrime) Bill, but that is concerned with cyber attacks on IT systems and does not address bullying. We must come back to this issue.

Another operation, Operation Seaweed, led to the closing down of a counterfeit operation in Borris-in-Ossory, while Operation Shovel focused on a very violent Irish-based crime gang involved in drugs and weapons trafficking. That shows the Garda interacting with Europol to tackle these issues.

On the future of Europol, there are broader issues that must be addressed. A recent report by the RAND Corporation think tank in the United States highlighted tensions between member states trying to support the operations while maintaining the primacy of the member states. The report identified four specific areas that needed further analysis. The first was evaluating whether and how the requirement contained in Article 8.4 for member states to share information with Europol is implemented. The second was understanding the scope for further involvement by Europol in joint investigation teams. The third issue was the collecting of information about the impact of the staff regulations on Europol's operations, and the fourth was identifying any possible ways the current negotiated operating arrangements could be streamlined in preparation for a new regulation. This all shows that as crime evolves, so too should the means to combat it.

The Minister referred to the Office of the Data Protection Commissioner and data protection. Almost every Bill coming through the House that involves people's personal details are being collected and kept must contain a reference to the Data Protection Commissioner. From time to time we hear of people's personal data falling into the wrong hands for whatever reason. We must give serious consideration to the resourcing of the Office of the Data Protection Commissioner because the workload which is coming through these Houses is directly impacting on that office and its role and responsibilities. We recognise the constraints under the recruitment embargo but we must channel some staff to give the Data Protection Commissioner more resources to deal with the legislation that is being introduced.

Yesterday we agreed in the Joint Committee on Justice, Defence and Equality to ask the Garda Commissioner to attend to address the issues that are afflicting Dublin and the wider community as a result of gangland criminality, drugs, theft and burglary. Should the Garda Commissioner take up our invitation, it would be interesting to get an oversight from him about interaction with Europol. He might give us an insight into how it is of benefit in the fight against crime in Ireland. The area of human trafficking is also significant and I note the Department of Justice and Equality is working on the issue of prostitution. A very interesting closed briefing session was organised by Ruhama last week for members of the Joint Committee on Justice, Defence and Equality, at which members were briefed by former sex workers. It was very harrowing to hear their life stories and this obviously is an extremely serious issue with which Members must come to grips. As for equipping Europol to deal with human trafficking, which is central to its role, anything that empowers it to do this job better is laudable. That concludes my contribution at this point.

**Deputy Pádraig Mac Lochlainn:** At the outset, I apologise to the Minister for missing the beginning of his speech, as I was delayed at the Disability Federation of Ireland's pre-budget discussion forum. I welcome the opportunity to speak on this Bill and while I welcome that

it is mostly technical in nature and is intended to change the administrative status of Europol to bring it under the remit of the European Union, Sinn Féin will examine the Bill closely to ensure that it will serve to reinforce justice on a European level, rather than undermine it. In common with Interpol, Europol's primary focus is on intelligence-sharing between the law enforcement agencies of the EU member states. It also acts as a support service in this regard by providing technical advice and training, as well as co-ordinating technical and strategic co-operation between police services, including the exchange of information. Heretofore, however, it has not been accountable to the European Parliament - the European Court of Justice still has limited jurisdiction over its operations - but it is accountable to the European Union Council of Ministers through the Justice and Home Affairs Council. I hope this Bill has the capacity to rectify this position, as recommended in the Council decision.

Sinn Féin is not opposed in principle to interjurisdictional police co-operation on investigation of serious crimes with a cross-border dimension, where such co-operation is authorised on a case-by-case basis, limited to the necessary and where there are appropriate safeguards and accountability mechanisms in place. Indeed, Sinn Féin strongly supports effective action against cross-border organised crime, including trafficking in human beings and drugs, especially where such action strikes the correct balance between the need and right of individuals and communities to be safe from predation with the civil rights of individuals. However, information lawfully obtained in the Irish jurisdictions should only be made available to and used by the authorities in another state for a legitimate purpose, that is, for the detection, investigation and prosecution of criminal offences that are analogous to offences within the Irish jurisdiction or for the prevention of an immediate and serious threat to public safety in another state, provided that a criminal investigation subsequently is conducted. These are the circumstances under which Sinn Féin accepts it would be reasonable, responsible and in the public interest to share information with other police services. However the sharing of Garda or police intelligence should not happen for its own sake when there is no criminal investigation and no immediate public threat as this potentially goes against the public good and violates the right to privacy.

It is Sinn Féin's view that co-operation with Interpol, Europol or other interjurisdictional police co-operation on investigation of serious crimes with a cross-border dimension must be authorised on a case-by-case basis, limited to the necessary and must ensure there are appropriate safeguards and accountability mechanisms in place. Any information shared must be lawfully obtained and only made available to another state for a legitimate purpose, that is, for the detection, investigation or prosecution of analogous criminal offences. Moreover, there are serious questions to be asked regarding Europol in this area. It is undeniable that the EU has made incursions against our sovereignty over justice matters in the Twenty-six Counties, with power increasingly shifting over successive treaties from the member states to the EU. Sinn Féin is extremely mindful that a number of EU justice system features are being developed in addition to the current ones, namely, the European Court of Justice and Europol, that are more characteristic of a state or proto-state and which certainly are indicative of superstate ambitions. The aforementioned features include a common border control agency, a common immigration policy, a European public prosecutor and an incrementally harmonised and integrated justice system, including joint investigation teams and EU-wide arrest warrants. Most importantly, the requirement for unanimity between member states on all justice and interjurisdictional police matters has been progressively reduced. Indeed, justice and home affairs as it was known, was removed from the intergovernmental sphere and became an area of community law under the Lisbon treaty.

Sinn Féin does not support the development of EU superstate architecture in respect of justice matters and for this reason it opposed the EU five-year justice and home affairs harmonisation plan known as the Hague programme, which ran from 2005 to 2010. The party does not support the creation of a so-called European Legal Area with a European criminal code and a European public prosecutor. Sovereignty over justice matters must remain firmly in the hands of the peoples of the EU member states. Beyond this, however, Sinn Féin has adopted a general policy of critical engagement on EU policies and legislative proposals. This means it is willing to support those it believes will be of benefit to the Irish people and to oppose those it believes will be detrimental. In deciding its position in respect of justice and home affairs matters, Sinn Féin examines any EU policy or proposal against the following critical engagement criteria. The policy or proposal is scrutinised on whether it respects or fundamentally compromise national sovereignty over justice, whether it advances or rolls back human rights protections and whether it is proportionate and necessary. Further criteria to be considered include whether it will enhance social and economic equality or whether its predictable effects are discriminatory, whether it respects or compromises the interests of smaller nations or minority groups within those nations, whether the proposal was arrived at through democratic dialogue and consultation with civil society, whether its outworking will be transparent and subject to democratic accountability and whether the proposal has the potential to promote Irish unity through all-Ireland harmonisation. Sinn Féin's decision to support, oppose or take a qualified approach will depend on the answer to these questions. To be valid, any EU harmonisation or co-operation measures in the area of justice and home affairs should require unanimity and have as their objective the increased protection of human rights.

Sinn Féin supports measures that genuinely combat international crime or assist legitimate freedom of movement. However, its MEPs, Deputies, MLAs and Ministers will oppose any EU measures that are not fully human rights-compliant and consistent with international law. Sinn Féin rejects the federalist trend towards incremental integration and centralisation of policing and judicial powers ending in the eventual establishment of an EU border guard, EU police and an EU public prosecutor. Sinn Féin believes these are matters for sovereign states. Further to this Sinn Féin also rejects the accelerating impetus to harmonise criminal law between EU member states not only on the basis of safeguarding a cornerstone of nation-state sovereignty, but because it is being done without first ensuring the harmonisation of rights protections, which currently vary widely from state to state. Sinn Féin cannot support criminal law harmonisation measures in the absence of equivalent protections. If one judges by the EU's track record in this area to date, Sinn Féin's concern is the emerging EU criminal justice system will not be a synthesis of the best practices and procedures that exist among the member states but instead will facilitate an unwise shift in rights away from individuals towards the police and prosecuting authorities. In addition, the current EU justice decision-making mechanisms lack adequate democratic accountability but it is to be hoped, given the intent of this Bill, that this position will improve.

Unfortunately, this Bill will not address how Europol actually operates. The joint investigation teams powers introduced by domestic legislation in 2004 go beyond the existing Interpol and Europol mechanisms for police co-operation and information-sharing. This is considered to be an essential element of the so-called anti-terrorism roadmap. It allows for members of foreign, both EU and non-EU, police forces and possibly intelligence agencies to operate in the Irish jurisdiction, with potentially far-reaching consequences for the sovereignty and human rights of the Irish people. The implementing law does not foresee conditions under which bringing other police forces onto a joint investigation team is prohibited and does not elaborate

conditions under which consent to enter a joint investigation team led by another state's police force should be withheld. It is based on a fundamentally flawed presumption that all EU police and intelligence forces are democratically sound, follow international best practice and can be trusted not to violate human rights. In fact, Amnesty International has condemned the vast majority of EU member states, including Britain and Ireland, for perpetrating abuses of human rights within their territories. Sinn Féin's concerns regarding the PSNI and the Garda are well known but one must also consider the track records of the police forces with which they will co-operate under joint investigation teams powers. Amnesty International has documented well-founded allegations of police ill-treatment and excessive use of force against detainees as well as impunity for these actions in Austria, Belgium, France, Germany, Greece, Italy, Portugal and Spain. Some of these cases have resulted in wrongful deaths.

Sinn Féin can support inter-jurisdictional police co-operation on investigation of serious crimes with a cross-border dimension where such co-operation is authorised on a case-by-case basis, limited to cases where it is necessary, and where there are appropriate safeguards and accountability mechanisms in place. However, Sinn Féin cannot support the operation of foreign police forces within the Irish jurisdiction, especially where such forces are not subject to domestic policing oversight and accountability mechanisms, and therefore does not support the use of joint investigation teams. In addition, foreign officers serving on joint investigation teams may come from a very different and in some cases much more aggressive or combative policing culture. At a minimum, therefore, foreign officers must be fully trained in human rights and must also be screened for misconduct before being permitted to serve in any capacity in the Irish jurisdiction. Human rights qualifications and misconduct screening must be essential prerequisites, therefore, for any joint investigation teams. Failure to meet these conditions must disqualify officers from serving on joint investigation teams in the Irish jurisdiction.

The Schengen information system is Europe's largest security database. It started out principally as an electronic system for migration control and deportation. As such it is an essential part of the fortress Europe architecture we oppose. It allows EU member state police forces and consular officials to access and exchange data on specific individuals for the purpose of creating a secure common external frontier to the EU. However, such data can also include a list of "persons to be submitted for discreet surveillance ... for the prevention of threats to public security". It, therefore, has obvious implications for the right to data protection and privacy, and other civil liberties.

The supplementary information request at the national entry, SIRENE, manual is a set of operating instructions and rules governing the exchange of electronic information under the Schengen information system. A human rights audit raised concerns about this system, highlighting significant flaws in the data protection regime and the need for greater accountability and increased safeguards. This first generation Schengen information system contained information on previous asylum applications, stolen cars and other stolen property, and persons registered for discreet surveillance. The second generation system, SIS-II, database has been extended to contain biometric data and information on extradition, EU arrest warrants and third country nationals refused entry to the EU. According to Statewatch, intelligence entries will also feature.

Importantly, SIS-II is not just a database of information on migrants or on criminals. It is a mechanism that allows Europe-wide surveillance of the population in its entirety. The Government has introduced biometric passports and these biometrics will be stored on the SIS-II. In other words, soon enough we will all be on it. SIS-II is, therefore, a database of sensitive

information to which a large number of authorities from all the member states and bodies such as Europol that are completely unaccountable to the Irish people -it is to be hoped that might change somewhat with the provisions of this Bill - will have access as of right. That is, if the information is on the joint system, they can have it. There is no need to request it from the national authority, from which the information originates, and no need to explain to the national authority why it is being requested.

This is in marked contrast to the requirement of judicial authorisation before law enforcement agencies can access sensitive data, which Sinn Féin supports. Under the principle of availability, access to SIS-II data will be automatic regardless of the nationality of the data subject or the rules that apply in his or her country of residence. Moreover, Europol will be able to share this sensitive information with third countries. This is a dangerous prospect, given that the CIA kidnapped individuals from EU member states during its programme of extraordinary renditions under the Administration of President George W. Bush.

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

**Deputy Pádraig Mac Lochlainn:** For all of these reasons, at a minimum, we seek the following: a guarantee that there will be no latent development of additional SIS-II functions to allow even more agencies access to extend the purposes for which data obtained from SIS-II may be used and the types of information that will be uploaded; sufficient safeguards against function creep towards “fishing expeditions” as opposed to the current “hit or no hit” and towards biometric searches without judicial authorisation instead of simple verification functions; and full respect for and enforcement of data protection rights.

Current EU justice policy is fixated on security to the detriment of freedom, justice and rights. This fixation is embodied by the set of draconian measures that make up the so-called EU anti-terrorism roadmap, including the common definition of terrorist offences and terrorist blacklists, the Schengen security database, the EU arrest warrant, and the establishment of joint investigation teams.

Sinn Féin opposes ongoing attempts to create an EU security and surveillance super-state in the name of the so-called war on terrorism, because we do not believe that any approach which involves draconian measures will make people or communities in Ireland or the EU any safer. We believe that security and human rights are indivisible and we will challenge the EU securocrat agenda. We will continue to oppose actively the evolving EU surveillance state, including such measures as universal mandatory data retention and the introduction of biometric identifiers on passports, visas and residency permits. The so-called EU anti-terrorism roadmap and related measures should be scrapped and replaced with a human rights-compliant strategy based on a human security approach, that is, one that seeks to prevent and resolve conflict by recognising and resolving the root causes of conflict.

There are additional concerns over data protection. We know that Europol can enter into agreements with third countries. There are two classes of agreement: organisational agreements and strategic agreements. Organisational agreements exist where the European Council has given approval for transfer of classified information and personal data because it is satisfied the country has adequate arrangements for handling and protecting such data. Organisational agreements exist with Australia, Canada, Croatia, Iceland, Norway, Switzerland and the United States. While quite stringent data protection guidelines are being developed within the EU - although in Ireland the data protection infrastructure is under some pressure to meet its respon-

sibilities - we need clarity as to the framework and criteria we would seek from those countries regarding data protection.

Deputy Niall Collins mentioned the RAND report, which gave an analysis of the changes that would result from the Council directive and the Bill before us. It would introduce a data protection officer, who is a member of Europol staff but acts independently. While on the face of it that is very welcome, we could do with clarification on the level of the independence, which would be important regarding the issue I just mentioned of third country access to data. How would this data protection officer oversee that? I ask the Minister to give clarification on that.

Section 13 provides that anyone with concerns about possible information held can apply to the Data Protection Commissioner, as with other data protection requests, although the release of information can be refused on the grounds that it would: prejudice national security or be contrary to public policy, prejudice criminal proceedings in the State, or jeopardise the safety of a person. I seek reassurance that it would not be applied arbitrarily but as presented.

The Bill would mean that changing Europol in the future should be easier, as changes will no longer require ratification. What would be the level of accountability to the Irish people with any proposed changes to or increases in the powers of Europol in the future? I understand the board will have qualified majority voting. If the Bill is passed, what assurances can the Minister give us that the Irish people will have the ability to oversee the changes to ensure we do not cede more of our sovereignty in this area? I look forward to discussing the issue of Europol further on Committee Stage.

**Deputy Finian McGrath:** I am grateful for the opportunity to speak on the Europol Bill 2012. In recent days with the slaughter on our streets and the gangland murders, it is important we all see the European and international dimension to these crimes.

This Bill is an important part of the strategy to tackle crime in Ireland and across the European Union. It is important to point out that this is not about bureaucratic legislation coming through the system, rather it is about the bigger and broader picture. It is also important all our citizens understand the purpose of Europol and aware of its precise workings. Accountability and transparency must be part of our overall justice system. A regular complaint from citizens across the European Union is that they are not informed or updated on what is happening in the European Union. This Bill is important in terms of its setting out the workings of Europol.

The purpose of the Europol Bill 2012 is to take account of changes in the administration of Europol at a European level. Under this legislation Europol, which is the European law enforcement agency, becomes part of the EU institutional framework. Up to now, Europe was, under a Council decision, a separate institution, albeit funded by individual EU member states. Amendment at European level requires amendment to Irish legislation. This Bill is adjudged not to require a regulatory impact analysis given it is necessitated by EU membership. This is the purpose of and background to this legislation.

It is important people understand the workings of Europol. Europol is the European law enforcement agency which assists EU member states in fighting serious international crime, including terrorism, international drug trafficking, money laundering, organised fraud, counterfeiting, human trafficking and cyber-crime. I will deal later with each of these important issues, all of which are relevant in the context of what is going on the streets of our country. It is

important to note, as some Deputies appeared to be under this impression, that Europol does not have the powers of a national police force. Also, it can only act on request when two or more member states are involved and where there are factual indications of organised crime. It is also important to point out, as some Deputies were also under this impression, that Europol cannot arrest persons or conduct home searches. Europol facilitates the exchange of information between member states, analyses intelligence and co-ordinates cross-jurisdictional operations. This, essentially, is the day-to-day operation of Europol.

The agency uses its unique information capabilities and the expertise of approximately 700 staff to identify and track the most dangerous criminal and terrorist networks in Europe. Law enforcement authorities in the EU rely on this intelligence and the services of Europol's operations co-ordination centre and secure information networks to carry out approximately 12,000 cross-border investigations each year. There is a great deal of work going on about which many people would not be aware. These investigations have led to the destruction of many criminal networks, the arrest of thousands of dangerous criminals, the recovery of millions of euro in criminal proceeds and the recovery from harm of hundreds of victims, including children, trafficked for exploitation.

Europol also acts as a major centre for expertise in key fields of law enforcement activity and as a European centre for strategic intelligence and organised crime. Its organised crime threat assessment is a product for EU policymakers, chiefs and police. Europol also enjoys excellent co-operation with law enforcement partners in Europe and beyond. It values its accountability arrangements and data protection regime, which are among the most robust and transparent in the world. This is important as data protection is a key issue. I welcome the public interest in this positive work.

Europol is funded by contributions from member states. Europol's 2010 budget was approximately €92.8 million. As I stated earlier, there are approximately 700 staff in Europol's headquarters in The Hague, including 129 Europol liaison officers. I will also deal later with these particular issues. Given the amount of work being done, we are getting a great deal of value for money.

It is important to set out the history of Europol. Agreement on the establishment of Europol was first mooted in 1992 in Article K.1(9) of the Maastricht treaty, to ensure police co-operation between member states to combat terrorism, drug trafficking and other international crimes. Explicit reference was made in the treaty to a European police office, Europol. It is important Irish and European citizens are aware of and understand this. It is also important that the political context of Europol is understood by Members of this House and the broader public. I will deal later with concerns around this in terms of integration by stealth rather than honest and up-front information in this regard. In my opinion, we are getting value for money in terms of the excellent work being done by Europol with its €92.8 million budget. I am a Member of the Oireachtas Joint Committee on Justice, Defence and Equality, which deals regularly with this issue. Given the amount of effort, lives saved and organised crimes dealt with Europol has been very effective.

Another issue which comes within the remit of Europol, which is a major issue in this country at present, is that of drugs and the consequences in this regard. In recent days, a man was murdered at his home having taken his children to school. These types of incidents are no longer a one-day wonder. I know that the Minister is concerned about this and we cannot allow it to continue. One often privately hears comments to the effect that it is okay because these

criminals are only killing each other. However, we cannot wait for innocent bystanders to be shot. Innocent people from my constituency who were outside The Players Lounge having a cigarette were shot by a particular gang. This type of crime is unacceptable regardless of who is involved. There is a need for more protection of our citizens. I acknowledge this is a complex issue and that dealing with organised crime and drug gangs is difficult. Only this morning there was a massive operation in my constituency in relation to bombs, guns and drugs.

There is a strong link between gangland crime and Europol. Many of these gangs are intimidating communities. Many people will not come out of their flat complexes at night time and people with vital information will not bring it to the attention of the Garda because they know if they do their homes will be burned down. I have met many mothers and fathers in my clinics who are up every night of the week worrying about their sons and daughters getting sucked into these gangs. Many young people who are on the fringes of these gangs and involved in petty crime locally are often forced to do favours for them, which they are told if they do not do they will be shot. These threats are often carried out. Petty criminals who might owe someone €100 or €200 are also being told that if they do not carry drugs from one area to another they will be shot. There is widespread intimidation going on underneath the radar. We hear about the shootings and murders but we do not hear of the many families who will not go outside their doors at night.

We need to focus on this issue. I am not in this regard having a go at Government. It is the responsibility of all of us to address this issue. We must be united on it, otherwise our country will be destroyed by these people.

We must also face up to those who are feeding this market. Drugs do not sell where there is no market. I ask those who take drugs to think about the major problems they cause. I welcome Europol's involvement in this as a positive development because the world is very small and many of those leading and involved in gangs can nip across to other parts of the European Union to hide out or disappear, and killings related to Ireland have occurred in Spain. We need to tackle this issue in a professional way and we will not be able to do so nationally because it has an international dimension, part of which is the debate on this legislation on Europol.

Another issue which, as far as I am concerned, has not been highlighted enough is organised fraud and white collar crime. We concentrate on the crimes of the poor, weak and marginalised sections of Irish society but white collar crime should be tackled. I feel very strongly that this issue should be covered. Financial crimes have been committed here and throughout the European Union. We need expertise at national and European level and a team within Europol has this expertise. This issue cannot be fudged by any government or state throughout the European Union because we cannot have one set of standards for the dysfunctional, weak or marginalised sections of society which are involved in crime and another for a different rung of society with loads of money who rip off the state, taxpayers and small businesses and get away with it because it is not seen as serious crime. We should have consistency and strong sentences should be given for these offences. I emphasise that at all times there should be justice.

Europol deals with terrorism and political violence, and this is also important because the world is a small place. We must also ensure that a state should never be involved in violence or intimidation. A state should never sanction murder or be involved in such issues. Otherwise, it will lose the moral ground and the respect of its citizens. At all times when fighting crime nationally or internationally, the state should have the high moral ground when carrying out its functions. At times states have not acted from the position of the high moral ground and I will

return to this point.

Europol also concentrates on human trafficking and cyber-crime and bullying. These are issues about which we must be very vigilant. Many young people are bullied, and many children who are the victims of human trafficking are exploited and sexually abused throughout the European Union and this is not acceptable. Europol has played a very important role in dealing with this.

To return to the issue of organised crime, it is not a couple of gangs on the north side of Dublin or Limerick in a vacuum. Organised criminals are in a network supported by people who do not break the law, such as those in the legal profession or business professionals. How they survive and exist are fundamental questions because individuals in other sections of society support them. This must be highlighted.

If this legislation on Europol is part of a bigger picture, the Irish people should be told straight. The Government should not pull stunts or introduce measures through the back door whereby all of a sudden in ten years people discover we have a European police force throughout the European Union. Is this part of a broader debate on European integration? Perhaps this would have benefits and I have an open mind on it. I have great respect for the Garda Síochána from whom we must always have good practice and good public service. If a political game is being played, I ask the Minister to be straight with the people and tell them the plans so they understand the issue.

On digging further into the legislation, one sees the functions of the national unit are laid out in section 5. According to section 5(2), a national unit may refuse a request for information where to provide such would prejudice the security or other essential interests of the state, prejudice a criminal investigation or criminal proceedings in the state or jeopardise the safety of a person. On the face of this, my instinct would be to say it is fair enough because one has to watch one's back and every state must protect its services. However, it has a downside and I ask the Minister to deal with this in his response. Does this mean a state can decide it is in its essential interests to pull back from providing information on something the state or one of its citizens did which was wrong?

The Dublin-Monaghan bombings come to mind. The files are being held in London and there has been a huge outcry with regard to the role of certain people in it. I sat on an inquiry conducted by a sub-committee of the Oireachtas Joint Committee on Justice, Equality, Defence and Women's Rights and serious questions have arisen for the security forces North and South and across the water. There is no co-operation with regard to the files and the British Government refuses to hand them over. It would probably state it is in its national interest not to hand over the files but is this an excuse to fudge something which is very important? We are in the middle of a peace process which has been ongoing for the past ten years. In fairness to Prime Minister David Cameron, he put up his hands over Bloody Sunday. To be fair to people on all sides of the conflict, we must have a peace, truth and reconciliation forum where people will have an opportunity to put up their hands. Terrible things were done by those on all sides of the conflict. Will section 5(2) provide cover for governments which do not want to make decisions which would damage them politically? With regard to the murder of Pat Finucane, the Finucane family has major concerns about the role of security services in the assassination of their father and husband. Is this part of the agenda? I am asking these questions because I do not know the answers. It is important that these questions are raised.

Section 6 deals with liaison officers, who will play a key role. Under section 6(1), the Garda Commissioner will be required to send one or more members of the national unit as a liaison officer to Europol and section 6(2) will require the Garda Commissioner to consult the Minister or other persons as appropriate where the member of the national unit to be sent as liaison officer is a person other than a member of the Garda Síochána. As liaison officers will have a key role, it is important that they are of the right calibre. As people in my constituency say, they would prefer one good Garda sergeant who speaks to people than 100 gardaí flying around in squad cars. A good garda on the beat or a good sergeant in a village or town can prevent 60% of crime getting out of hand. If we pick the cream of the crop as liaison officers, we will prevent much crime.

Section 8 deals with the provision of data to the Europol information system, which is used to store personal information about people suspected of or convicted for committing a crime for which Europol has competence or where reasonable grounds exist to believe the person will commit such an offence.

Again, this is an important issue in respect of data protection. Section 9 goes into further detail about data for purposes other than those under section 8 and concerns the input of personal data in the Europol information system. The explanatory memorandum to the Bill states:

Where the data is transferred for another purpose such as analysis work files, the national unit shall determine the conditions for the handling of the data transmitted, including the dissemination and use of such data (subsection (1)). The prior consent of the national unit shall be required before any use or dissemination of the data by another party may take place (subsection (2)).

This is an important provision and I welcome section 9.

It is also important that the prior consent of the national unit shall be required because there is a human rights dimension to section 9. I am not trying to be awkward in raising this issue. I am trying to solve issues and support sensible policies, but I am also trying to highlight the importance of respect for our citizens across Europe and for human rights. In section 9, determining the personal data issue relating to the prior consent of the national unit is very important. I do not know if it is still ongoing but we have had a debate about what is going on at Shannon Airport in respect of the role of the US in Iraq, the Middle East and Afghanistan, and there has always been a quiet, keep this under cover, so to speak, air about this. People on the Government side look up to heaven any time we raise the matter. If something is going on at Shannon Airport, people should know about it. Are there cases of rendition at play here? These are human rights issues that should be raised. It is important we do not duck or fudge these issues. When I regularly criticise US foreign policy, it does not mean I am critical of US citizens. It is the foreign policy I disagree with. That is the point I making about issues like rendition. Friends of the US who do not tell it when it is going wrong are doing the US no favours. This business of ducking and diving for economic and investment reasons does not work. One should always be straight with friends, neighbours and people with whom one works very closely.

The information gathered by Europol includes date of birth, name, nationality, sex, whereabouts and driving licence, among other things. It also collects information on a criminal offence or alleged offence; time, place and method of such an offence; the means used or that might be used to commit a criminal offence; suspected membership of a criminal organisation;

convictions for criminal offences; and the designated competent authority for investigating such offences. We should be using information on suspected membership of a criminal organisation more regularly in respect of recent events because too many people are being shot on our streets in connection with drugs or gangland issues.

The national unit is obliged to carry out the functions relating to information held by Europol, but Ireland does not have to provide information to Europol when it is felt that it is likely to prejudice national security. It is important that every state has its own independence and authority. As I highlighted in respect of the Dublin-Monaghan bombings or the Pat Finucane case, however, states should never be allowed to cover up issues. States also have a duty to protect their citizens, regardless of what one might think of some of those citizens. We know that many citizens go to other countries and get involved in organised crime. Some of these so-called Irish citizens let the country down and gave Ireland a bad name. We should not be afraid to say that and stand up for people because it is not acceptable for them to behave like that.

A number of Deputies mentioned Operation Shovel, which focused on an Irish-based gang involved in drugs and weapons trafficking. This was a very successful operation and Europol helped detect the group's criminal proceeds and identify people associated with the group. The group's main activities moved to Spain in 2010. In May 2010, a large operation across Ireland, the UK and Spain was launched. Europol assisted with the production of several analysis reports and deployed mobile offices, or so-called virtual operational rooms, in the three countries for the immediate and secure exchange of intelligence. More than 700 investigators were involved, there were multiple house searches and a total of 38 arrests were made. That was one example of how the system dealt with Irish-based organised crime that moved to the UK and Spain.

I welcome this very important debate on Europol. The different sections contain many ideas and proposals, which I raised in this debate. The Minister is back in business and I wish him well from a health point of view. We can talk about Europol, sections and amendments but I urge the Minister to examine this issue seriously in the next 48 hours and deal very strongly with the Garda Commissioner in respect of what has gone on over recent days. It is not acceptable that people, regardless of who they are or whether they are in a gang, are shooting each other in the streets. I predict that the next big development in the next week or two, and I do not like doing so, is that an innocent person who is not involved in gangs will be affected or a bomb will go off in a back garden and someone will get his or her fingers blown off. That is what I am concerned about. We need to focus. We all have problems. There are priorities within the Garda Síochána every day but one must send out a strong message to the weakest and poorest sections in society who will not open their mouths. They come to Deputies' clinics and tell us privately about how their street is being intimidated. They cannot even go near the Garda station in parts of my constituency. They tell me and ask me to do it. This undercover, under the radar violence is going on throughout the State and is not being faced up to by the establishment. We need to wake up to this and take it very seriously. Otherwise having debates in the Dáil about Europol will not make any impact. I wish the Minister well in dealing with these issues. This Bill deals with Ireland and Europe but the bottom line is that it is about people in this State who need our protection and support.

**Acting Chairman (Deputy Joanna Tuffy):** Is Deputy Stanton sharing his time?

**Deputy David Stanton:** Yes, with Deputy Buttimer.

**Acting Chairman (Deputy Joanna Tuffy):** Is that agreed? Agreed.

**Deputy David Stanton:** I will be very brief. I welcome this Bill, which is very important. I note the role of Europol is to improve the effectiveness of and co-operation between law enforcement authorities in member states in preventing and combating serious crimes affecting two or more member states. The Minister said in his speech that this is on foot of a Council decision. I also note that it enhances the role of the European Parliament in the control of Europol, which introduces more democratic accountability, which I welcome.

I note the list of crimes under the remit of Europol. The Minister has listed a number of them and there are many others as well, such as illegal trafficking of cultural goods; swindling; fraud; racketeering; extortion; counterfeiting; product piracy; computer crime; corruption; illicit trafficking in arms, endangered animal species and plant species; environmental crime; and illicit trafficking in hormonal substances.

I had a meeting this morning with Françoise Le Bail, Director-General for Justice at the European Commission, and her main focus, in which the Deputy from Sinn Féin would be interested if he were present, is the extent of reform of the EU data protection regime and the protection of the citizen. The Deputy from Sinn Féin rightly raised the issue of data protection, but what I am hearing from the European end is that it is also very concerned about reforming the data protection regime and bringing it up to date.

I know some Members were interested in cyber-crime. Project 2020, which is a study of by the International Cyber Security Protection Alliance and led by Europol, will analyse current trends in cyber-crime and how they may evolve over the next eight years and beyond. The past two years have seen the industrialisation of cyber-crime, which is frightening. Criminals can draw on an entire supporting infrastructure of criminal service providers from web hosting to generating credit card verification data. There is more information about all of us on the world wide web than ever before. We have also seen a sharp increase in targeted cyber attacks, which is known as spear fishing. During the past 24 months, critical infrastructure in countries around the world has been under daily cyber attack from organised criminal networks and state-sponsored entities.

*3 o'clock*

This means the role of agencies such as Interpol is even more critical. There are organised, serious criminal industries making a lot of money from cyber-crime. We must not be blind to the problem or turn our backs. We must be very careful and ensure there is co-operation across member states. If two or more member states are involved, Europol can have a role.

Last year, at least €600 million was lost to the European Union through fraud alone. This is possibly only the tip of the iceberg. It is important, therefore, that we combat cyber-crime.

I welcome the Government's commitment to introduce the criminal justice (forensic evidence and DNA database system) Bill to establish a DNA database. I hope it will be published before Christmas. It will be important in fighting crime. It is referred to in the Bill before us and that is why I raise the matter.

The objective is to make Europe safer. Members who raised this subject are correct that there is a need for us to work towards striking a balance between ensuring the rights of citizens and their safety. There is a very strong data protection regime in Europol. The Minister stated

this and I welcome the content of his speech in this regard. The data protection officer whose formal role will be established under the Council decision will be independent under the legislation. This is important.

Data is to be deleted where it relates to a case where proceedings have definitely been dropped or where a person is acquitted. This relates to what the Director-General for Justice is proposing regarding the right to ensure data can be forgotten. The right to be forgotten is being proposed by the Commission. This is intended to help individuals to control online personal data and thereby reduce the risk that data posted during teenage years could have unintended and detrimental consequences later in life.

The thrust of the legislation is to protect the individual from unauthorised data use and minimise the amount of data on the Internet and, above all, ensure it is secure. Recently, Interpol has warned us that the trade in counterfeit agricultural chemicals is growing in Europe. This trade is driven by rising input costs and is facilitated by experienced organised criminals. Europol has stated that low risk, high profit margins in the illegal pesticides market have attracted criminal gangs and have given rise to circumstances in which an estimated 25% of pesticides in circulation are believed to have come from illegal sources. The agency said the trade exists throughout Europe and suggested the use of banned or counterfeit chemicals could have serious health and ecological implications. This is another matter on which Europol is working.

In the past two nights, we debated drug and alcohol abuse. The European Monitoring Centre for Drugs and Drug Addiction said that a powder combination of ecstasy and the amphetamine PMMA found in Cork last month may be the first of its kind in Europe. Previously, reports referred only to tablets. There is now talk of an early warning system for new substances, using information provided by Europol.

Europol was set up in 1995 and is now to be established on a more formal footing. There is to be more democratic control. It is an important agency and, therefore, I support the Bill. During the Private Members' debate in the Chamber yesterday, I expressed my concern that much good work is being done on drugs and alcohol by the various agencies in this State but that the Oireachtas could do more. I suggested that we consider establishing a parliamentary committee whose sole task would be to focus on drug and alcohol abuse in the State. This would cut across all the agencies and committees. The committee, chaired by Deputy Buttimer, produced a very good report on alcohol abuse and other committees are doing similar work, but they are all fragmented and all in their own silos. As a Parliament, we need to bring the work together because the drug threat is one of the largest we are facing nationally and internationally. We should consider my suggestion to try to deal with this. I am thankful for having had the opportunity to speak.

**Deputy Jerry Buttimer:** I thank Deputy Stanton for his proposal on the committee. There is merit in his suggestion because we are all operating in a silo, looking after our own sectoral interests. With regard to drugs, particularly illegal drugs, there is a need to have a dedicated committee. I hope the Whip and all the relevant Departments could consider this.

This is an important Bill. We are debating it in a Chamber in which no members of the Opposition are present. This is extraordinary given that we are in a parliamentary democracy. What level of interest do they have at all?

It is important that we consider this matter in the context of what the ordinary person would

think about Europol. It is not a question of a European police force or an organisation similar to Interpol. Europol is a law enforcement agency, not a police force. It cannot arrest people or search homes but what it does quite well is facilitate the exchange of information between member states through the analysis of intelligence, co-ordination of operations between two or more countries and the sharing of information on the activities of police forces. In a world where international travel and the sharing of information are easy, it is crucial that there be co-operation at a high level between all national police forces. If we are to combat sophisticated crime networks, state law enforcement bodies must have the systems and resources designed to tackle the international aspect of criminal activity.

Deputy Stanton referred to cyber-crime and cyber-activity. These comprise a growing phenomenon in Europe and across the world. Europol is one international organisation that can assist in the battle against international crime.

The Bill is technical and makes a number of changes to improve the operation and effectiveness of Europol. The organisation was established as a formal agency under an EU convention in 2009. The European Council decided to replace the convention with a Council decision. This requires the Oireachtas to enact legislation to provide for the operation of Europol. From a practical perspective, it is making it easier to make further changes, if needed, in the years ahead. This is good because we must not allow inter-country activity to be made more complicated. Particularly in regard to crime, we must share information, including technical information.

The Bill makes a number of significant operational changes, which are important. The legislation will mean that Europol can take action where there is a serious offence involving two or more member states. I hope this change, which stipulates there is no longer a need for a factual indication of organised crime before Europol can become involved, will improve the co-operation between member states when dealing with serious offences.

Another change is that the Bill expands the categories of crime in respect of which Europol can become involved. It can become involved where there has been suspected drug trafficking, money laundering and human trafficking. These three crimes are becoming very prevalent on the Continent, not just in Ireland.

I welcome the Minister's commitment and the resolve of An Garda Síochána, including the Garda Commissioner, on gangland crime. It is imperative that the State stamp out the thugs who are operating in our capital and other cities and killing people, including their own acquaintances and other criminals. It is most distressing that they are killing people in front of young children. We must never condone or allow this kind of activity to be carried out on our streets. The State should pursue those responsible and ensure they are put away for a long time.

I commend the Minister for Justice and Equality and An Garda Síochána on their work. I know that Deputy Shatter, as Minister, will continue to prioritise the protection of the ordinary citizen in the State. It is not a question of headline grabbing, as has been done by some members of the Opposition. An Garda Síochána is doing great work and is sharing information with other police forces across Europe. It is very easy to enter the House as a mouthpiece on the closure of Garda barracks. The reality is that we must work to eliminate crime. This requires members of the Opposition to have backbone also and their being able to stand up to the thugs and criminals. The State requires that we be firm about crime, stand up to criminals and do not use this Chamber as a soapbox. We ought to support An Garda Síochána and give it the neces-

sary resources. This is important and the Minister will do so.

**Deputy Mattie McGrath:** The Garda should be given squad cars.

**Deputy Jerry Buttimer:** It is also important that we commend the work being done. Almost one year ago to the day Cork city saw the benefits of Europol. On 13 October, the Garda conducted a strategic intelligence-led investigation into an international drug trafficking gang. It led to the arrest of five people and the discovery of cocaine with a street value of €5 million. The Garda believed that the consignment of drugs arrived into Cork Port from Rotterdam. The Garda, Revenue, customs, Europol, Interpol and the Dutch law enforcement agencies worked together and showed the benefits of sharing and co-operation. This type of activity has been eliminated in Cork city and the cocaine in question was taken off the street before it could damage people. In the context of this Bill, it is important that our nation plays its part.

This year, we saw Europol's effectiveness in tackling computer crime. In May and June, a Trojan virus was released to lock computers and charge a "penalty" of €100 each to unlock them. The message displayed the logos of local law enforcement agencies, for example, the Garda. Europol was involved in analysing the attack and hosted a meeting attended by agencies from 18 of the countries affected by the hoax to discuss ways to combat it. In Italy, there were 4,000 victims.

Not only did Europol work with national law enforcement agencies, but also with a private company called Trend Micro, which is located in Cork. I pay tribute to the company for its involvement in the investigation and for its commitment to employment in Cork city. For nine years, Trend Micro has based its European, Middle East and African headquarters in Cork where it employs 200 people. The benefits of sharing information with Europol are evident in Cork's local economy, although the Opposition would not admit it.

Europol has enabled the sharing of information between countries to tackle cross-border crime. This Bill will enhance Europol's effectiveness, strengthen the Garda and allow the latter to access and share information on a wider range of crimes. I hope that these provisions will enable an increased rate of detection of serious offences with cross-border aspects. Our job is to make Europe, including Ireland, safer and it behoves us all to work with the Minister and the Garda. Using the Chamber as a soapbox achieves nothing. We must protect, enhance and strengthen our law enforcement agencies.

**Deputy Mattie McGrath:** I welcome the opportunity to contribute on this debate. As Deputy Buttimer stated and regardless of which side of the House we are on, it behoves us to support all law enforcement agencies, including the Garda and the Army. I compliment the Minister and his team on introducing this Bill, the primary purpose of which is to give effect to the European Council decision establishing Europol. Europol has been established since 1995 under an EU convention. However, owing to difficulties with amending the convention, which required a lengthy ratification by member states, it was agreed to replace the convention with a Council decision. This was welcome, as it gave Europol the strongest basis. Since Europol's inception, we have seen only fleeting glimpses of it in news reports on the apprehension, charging and conviction of major criminal gangs.

In this technological age, it is important that we stay abreast of all types of crime, including computer, drugs, smuggling or human trafficking. As an island nation, we cannot survive on our own, let alone in terms of law enforcement. Sharing experiences and intelligence with

other police forces is important. I compliment the Garda, Revenue, the Criminal Assets Bureau, CAB, etc., officials from each of which have learned from other cultures, travelled to the Hague, worked with Europol, gained valuable experience and assisted in solving international crimes. Since criminal gangs have become as sophisticated as law enforcement agencies, we must share resources and knowledge, play our part as a European state and involve our police force at the highest level.

Europol assists member states in combating crime everyday. In Ireland's case, this assistance is achieved through the secure intelligence exchange between the Irish, Europe and international unit based in Garda headquarters and the Irish liaison bureau based in Europol headquarters in the Hague.

Europol has established a number of crime priority areas that are assigned teams of analysts. Ireland contributes to this work everyday. The information gathered has assisted in identifying links between international organised crime groups operating in Ireland and other jurisdictions. Ireland has a vast coastline, securing access to which is difficult. We have been a target. Many of our homegrown criminals have emigrated and send drugs and other contraband back to Ireland. It is a large and lucrative industry. There must be no place for these gangsters, given the appalling level of misery they cause in terms of drugs and human trafficking. Every right-thinking citizen must support the actions of Europol and the Garda.

I have a concern which I hope the Minister will listen to instead of texting. I am concerned about the lack of resources available to the Garda. We cannot keep cutting back in certain areas. We are discussing community defences. I have been a member of a community alert scheme since 1986 and am a strong supporter and board member of Muintir na Tíre, which runs the community alert scheme in conjunction with the Garda. There is no replacement for a garda in a local station or on the beat. Occasional hit and run patrols, as they are called, from 20 miles away are pointless. Just as with Europol, the Garda cannot fight crime without the confidence of the people. Gardaí attending community alert and neighbourhood watch meetings admit that they cannot police without the support and co-operation of the general public.

The dismantling of the Garda's resources is frightening. Gardaí regularly tell me that they do not know whether they will see replacements for squad cars that will be off the road in two days' time because they have 299,000 miles on the clock. Will it be like the Donegal case, in that a person who rings the Garda must collect the gardaí? This is not good enough. The vehicles are old and not up to scratch, but they are a visible presence. Gardaí might have used their own cars 25 or 30 years ago to patrol the beat, but times have moved on and there is nothing as good as a patrol car. It shows support for ordinary people living in their homes. The Minister will need to fight hard to ensure the Garda's budget is ring-fenced.

Last night, the House debated drugs. Europol is dealing with that scourge. County Tipperary's drugs squad has but seven or eight officers of various ranks. This beggars belief. That small number of people do tremendous work, and there are approximately 40 in the traffic corps. I have had many issues with the Road Safety Authority over the years but it and the traffic corps have done a great job and reduced fatalities on the roads, although one is still too many. We should amend any imbalance and set up an agency within An Garda Síochána to deal with the scourge of drugs. The money would be well spent as we would get it back tenfold. It would help in tackling the cost of ill-health from substance abuse and repairing the misery and broken homes arising from drug use.

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We are now seeing gangland murders on what is almost a daily basis, and people are almost getting used to them. These are cold-blooded murders of people, with some of them criminals. One might hear on the news that the victim was known to the Garda - we are all known to the Garda - but such killings can never be acceptable. One would not do to an animal what is being done to these people, and shooting a parent in front of a child is appalling. We must give this issue the urgent response required, which is to send out a message that this will not be tolerated. We should not close down rural Garda stations, take away vehicles and other resources or supply poor quality equipment. Many Garda stations do not even have e-mail facilities. It is time to give gardaí the tools of their trade and let them do their job, with the support of the public.

An Garda Síochána recently took part in a joint operation with the PSNI targeting prostitution on the island of Ireland. Europol assisted this operation through the deployment of analysts, who worked alongside the gardaí and PSNI. That is a positive aspect of Europol's work, and all the security agencies on this island must share information to stamp out this activity. I attended a very harrowing presentation in Buswell's Hotel last week and met a group of people who were forced to work in the sex trade. There is an appalling misery visited on such people, so we should introduce legislation to deal with the activity. I wish the Minister well in this respect and promise to support that required legislation.

I compliment the victims who have escaped the trade, and they were helped by an organisation whose name eludes me. The people are making a good recovery and, most importantly, are willing to tell their horrific stories. It would shock us all, and has certainly shocked me, to learn how vast is the trade and the type of extortion and criminality involved. A large amount of money is made by shoddy businessmen - they are gangsters - in activity that is all under the table. There is no such thing as records or income tax but the trade is shameful and visits misery on people. I am delighted that Europol could assist both An Garda Síochána and the PSNI, and I look forward to a further strengthening of those ties.

In 2011, Ireland assisted Europol in the provision of intelligence and information in mobile organised crime gangs. Most crime gangs are now highly mobile and involved in organised activities, including the theft of rhino horn throughout continental Europe. Work continues, with ongoing intelligence exchanges between Ireland and other member states with regard to the gang in question, which is also involved in crimes such as burglaries, aggravated robberies, fraud, money laundering and drug trafficking. It is a lucrative business and the gangs know they can get away with it. That is why we must provide resources for the Garda Síochána and play our part as a European state in assisting in any possible way. The public must have confidence in us and know local gardaí and liaison officers.

Data protection is also very important. The Minister noted that data under the Act is subject to the provisions and protection of the data protection Acts, which is crucial. All data obtained in confidence must be protected, and there is a very strong data protection regime in Europol. It is generally highly regarded, most recently in a 2012 report following evaluation of the implementation of a Council decision. This is important because people must be assured that data is protected if they are feeding it in. The days of the informer label having horrible connotations when we were under British rule are long gone.

It is in the interest of all our families and futures to help the Garda Síochána and Europol in dealing with crime on an ongoing basis. There must be confidence that we will be able to support and be at ease when dealing with An Garda Síochána. The security agencies must also play their part, which they do. Nevertheless, it can be frustrating for ordinary members of the

Garda Síochána, us as politicians and the public when we hear a Minister argue there is no issue or concerns about crime when rank and file gardaí are saying the opposite to me. The Minister must accept what he gets from the Garda Commissioner, who contends that everything is hunky dory and there are enough resources to deal with any issues. Clearly that is not the case, and we could never have enough resources to deal with these kinds of heinous organised crimes. We must listen and respond to any needs. In my own county there is a highly visible rapid response unit. Although there may be only one or two people there, they are quick to action and ready to deal with all kinds of crime. I compliment them on this backup to the ordinary unarmed civil police force personnel.

I am pleased to have had the chance to contribute to the debate on this Bill. I wish it speedy passage through the House. We can never co-operate enough in trying to ensure that gangsters and highly organised criminals are taken on. There must be law and order. The Judiciary must insist that when criminals are charged and found guilty by jury or otherwise, the punishment must be severe. The criminals should not be able to continue money laundering or drug trafficking from within the prison system and such activity must be stamped out as well. We should consider more restorative justice schemes like the one in Nenagh in Tipperary, along with community service. It costs too much to have people in prison and a deterrent is lacking. We should be more imaginative in dealing with the issues.

**Deputy Paul J. Connaughton:** I wish to share time with Deputy Seán Kyne.

**Acting Chairman (Deputy Joanna Tuffy):** Is that agreed? Agreed.

**Deputy Paul J. Connaughton:** I am thankful for the opportunity to speak to the Bill. This legislation will ensure that Europol becomes part of the EU institutional framework and it is a timely and sensible measure. Europol assists EU member states in fighting serious international crime, including terrorism, international drug trafficking, money laundering, organised fraud, counterfeiting, human trafficking and cybercrime. The fact that Europol does not have the powers of a national police force is one of its strengths; it relies on facilitating the exchange of information between member states and co-ordinating cross-jurisdictional operations. Rather than posing a threat for European citizens, it simply facilitates members to compile the best possible information in the fight against crime. Although Europol cannot arrest people or conduct home searches, it has still proved a particularly effective weapon and has been responsible for the arrest of thousands of dangerous criminals and the recovery of millions of euro in criminal proceeds. The trafficking of children for sexual exploitation is something that Europol has been particularly effective in combating but a significant task remains in this respect to ensure that children within the borders of Europe remain safe from traffickers.

Globalisation has become an aspect of everyday life and it is so embedded in our lives that it is hard to comprehend that Europol or the European Police was first referenced just 20 years ago and came into force just 14 years ago. The abolition of internal borders between member states in the late 1990s necessitated the creation of Interpol as it was easier for criminals to move from one state to another. As time moved on, so too did science and this Bill gives greater clarity on the use of data, particularly regarding DNA profiles, which is a very welcome development.

Many people, when considering the activities of Interpol, will see it as an agency that can help safeguard Irish people from unscrupulous criminals elsewhere in Europe, but in fact Europol has been busy in recent years focusing on the activities of a number of Irish gangs involved in drugs, robbery and other forms of illegal activity across Europe. In the past year

Europol and the Garda have been working to counteract the actions of an organised crime gang from Ireland involved in the theft of rhino horns. The gang has been responsible for thefts from antique dealers, galleries, museums and zoos and their activities led to the Natural History Museum withdrawing rhino horns from display in March 2012. Two years ago a bunker near Borris-in-Ossory was found to contain an elaborate counterfeiting set-up involved in the printing of euro, pounds and dollars, while Operation Shovel focused on a violent gang of Irish-based criminals involved in the trafficking of drugs and weapons. Meanwhile, the activities of Interpol have also resulted in the identification of cigarette smuggling operations, the identification of Vietnamese groups cultivating cannabis on a large scale and the disrupting of the activities of a Lithuanian organised crime gang involved in theft and robberies. In the past ten years, the number of staff employed by Europol has more than doubled, now standing at 777, with just 18 of those staff members being Irish.

I particularly welcome the provision in the current Bill that removes the need for an organised criminal structure to be involved before Europol can act and instead it now suffices that the crime is listed in an annex, which includes such crime as drug trafficking, terrorism, money laundering, murder and kidnapping.

The availability of high-speed Internet throughout Europe has certainly made the Internet more attractive for consumers, but unfortunately it has also made it more attractive for criminals and the ability of Europol to deal with Internet-related fraud and crime in general will have to be enhanced in coming years as the criminals become ever more sophisticated in the methods they are employing.

The sharing of information between various jurisdictions is vital in the fight against international crime, but I welcome the fact that the Data Protection Commissioner is designated in Ireland as the supervisory body under the Bill and I have every confidence that the commissioner will ensure that Irish citizens are safeguarded from any exploitation of the information collected or collated by Interpol.

The Bill seeks to improve the effectiveness and co-operation of law enforcement authorities in member states across Europe to prevent serious crime. It builds on the Europol Act 1997, taking cognisance of advancements in various areas in the intervening years and updating the Bill as necessary to ensure the work of Interpol is properly represented on the Irish Statute Book.

**Deputy Seán Kyne:** I welcome the opportunity to speak on this Bill. I also welcome the Minister. The area of judicial and policing matters has always been one of the more contentious issues in the development of the European Union. This can be seen by the arrangement under the Maastricht treaty of a separate pillar for social policy areas and the retention in many areas of the unanimity requirement for decision making. While the configuration changes somewhat under the Lisbon treaty, a number of countries, including Ireland and the UK, have secured opt-outs. For example, neither Ireland nor the UK is a signatory to the Schengen Agreement which removed the internal borders within the Union for the purposes of movement or travel, be it for business or leisure. Our decision to remain outside is perhaps more of a consequence of our geographical location as an island which has of course shaped our history.

For the purposes of crime prevention, however, it would imprudent and unwise for us not to be involved. The various Acts establishing Europol are an indication of closer and mutually beneficial co-operation between the member states of the European Union. This Bill will give

effect to the 2009 Europe Council decision. This decision has a number of objectives, notably it will transform Europol from being a separate international institution to one which is at the heart of the European Union, consolidating its role as the European law enforcement agency.

Although the Bill is largely technical, it is necessary to build upon the positive objectives of the Council's decision. With the move to create a single marketplace with free movement for goods, services, people and capital, barriers needed to be broken down. The result after many years of work and effort on the part of thousands of officials across the Union was double-edged. On the one hand the people of Europe enjoy new freedoms never thought possible by their forefathers but, on the other, criminal elements are able to exploit the unintended opportunities.

Crime is increasingly occurring across national borders and this requires greater co-operation between national police forces. If we are to combat criminal trafficking activity successfully, including terrorism, drug smuggling, human trafficking, money laundering and so forth, we need to work together and Europol is the answer. Europol effectively works to provide intelligence and expertise to national police forces in order that member states can act decisively and effectively on the ground. Before detractors and critics of the European project begin to comment on this, I should point out that this Bill has nothing to do with extending the powers of Europol such that it would work like a national police force such as the Garda Síochána. Europol is not like national police forces and I do not believe it is envisaged that it would be such.

Europol cannot make arrests or conduct searches and it can only act at the request of two or more member states. Furthermore, this Bill facilitates an Irish law, the Council decision to lower the threshold for Europol action from having factual information of organised criminal activities to the new threshold of serious criminal offences involving two or more member states. The Bill will see the continuation of Ireland's co-operation with Europol through the information exchanged between our national Europol unit and Garda HQ and Europol HQ at The Hague.

Law enforcement agencies of whatever type or scope, however, must also be subject to checks and balances and I welcome the feature of the Council decision to enhance the role of the European Parliament in the oversight of Europol. Section 14 of the explanatory memorandum confirms that the Data Protection Commissioner will be designated as the national supervisory body under the Bill and will be responsible for independent monitoring in accordance with national law of the management of personal data by the State. The Data Protection Commissioner will fulfil his role in accordance with various provisions of the Data Protection Act. Under sections 8 and 9 it is stated that the Europol information system, EIS, is used to store personal information about people who are convicted or suspected of having committed a crime or in relation to whom it is suspected that they will commit a crime. That might create a certain degree of concern in that it might be a step too far in terms of under what circumstances or what level of proof information might be given across member states regarding an individual who has a right to be presumed innocent until proven guilty. I have a slight concern about those sections.

It is interesting to note that Europol will now be funded from the central EU budget rather than the existing method which is based on contributions from member states. Overall, I welcome the Bill and recognise the importance of co-operation among the member states of the European Union in judicial and policing matters.

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**Acting Chairman (Deputy Joanna Tuffy):** I understand Deputy Conway is sharing time with Deputy Seán Kenny and I advise that they will not have the full time slot to make their contributions as we will have to move on to the next business.

**Deputy Ciara Conway:** I welcome the opportunity, however slim it might be, to contribute to the debate. As the Minister said, this Bill is largely technical in nature but it offers an opportunity to open up the discussion on some of the functions that will come under Europol and to learn a little more about what it does as, thankfully, it is not something we hear about in our everyday lives. That is because it is largely an intelligence sharing operation but intelligence sharing is becoming increasingly important in combating the crimes that have been outlined by previous speakers such as organised crime, drug dealing and in particular human trafficking.

I am a member of the British-Irish Parliamentary Assembly and we are currently working on a cross-parliamentary basis on a report examining the area of human trafficking and have taken evidence in London and Wales and we will do so in Scotland and then in Dublin to gather information and collate the experiences of what the different parliaments are doing to try to counter the horrific crime of human trafficking that is becoming increasingly prevalent. The Minister might indulge me by reading that report when it is finally published.

I draw the attention of the House to a recently published report commissioned by UCC and the Children's Rights Alliance. It examines the problem of child trafficking in particular and the alarming increase in the number of such cases. The report shows that many children in the asylum process were disappearing before 2010 because they were living in hostels, but I am very glad to say that practice has now changed. Unaccompanied minors were entering the country and being placed in temporary accommodation such as hostels, often with little or no supervision. These children arrived in the country at the weekend when no out of hours social work service was available. They were delivered to the hostel and then disappeared before someone was back on duty in the hostel the following Monday. There was a loophole in the system and the traffickers exploited children because of it. The children went missing and often were never found again. I am glad the HSE has changed its practices to ensure that does not happen and unaccompanied children for the most part are placed with foster families, which is only right and proper. According to figures released to me by the Minister's office, in 2010, there were 69 cases of alleged human trafficking involving 79 victims, the majority of whom were women. However, there were only five convictions, which is low. It is more alarming that, in 2011, six separated young people or unaccompanied minors who were seeking asylum were reported missing and they are still missing. Anything we can sign up in the context of Europol and sharing of information to combat such crimes would be significant and beneficial to the State, which wishes to ensure people are safe and well looked after.

Trafficking at all levels and of people of any age is a major problem but I am worried about the statistics relating to children disappearing from care and I am glad this has been highlighted in the new Children's Rights Alliance publication in conjunction with UCC. Given the low number of convictions, there is a risk of these children being exploited for pornographic purposes. These are the most horrific crimes imaginable.

Debate adjourned.

*Dáil Éireann*  
**Topical Issue Debate**

**Suicide Prevention**

**Deputy Robert Troy:** I thank the Ceann Comhairle for selecting this important issue. I welcome the Minister of State and thank her for coming in to hear what I have to say and to give her opinion on it.

The lack of priority afforded to the filling of the post of director of the national office of suicide prevention, NOSP, is indicative of the priority the Government is giving this most serious issue of suicide prevention and mental health. In the past 12 months, two directors have departed the office. Geoff Day quit the post expressing concern about the lack of resources and staffing with a budget of €7 million this year and Dr. Susan O’Keeffe, appointed to the role in June, lasted only three months before being poached by the Department of Health. The HSE said the vacancy would be filled by October but the acting director of the office, Martin Rogan, said this would be more likely to happen in mid-November. Once again, it will be filled through an internal process. Can we have confidence this process will ensure the best candidate is recruited? Can we be confident the Department of Health will not seek to poach the new director, as happened previously? It is regrettable that, in the past year, three different directors had to be appointed and there were periods during which nobody was in the post, thus highlighting a lack of leadership and direction in this critical office.

Noel Smith, founder of suicide charity, the 3ts, said, the vacuum at the head of the NOSP was telling about the Government’s attitude to suicide. This is happening at a time, unfortunately, the number of people dying by suicide is increasing. Ireland has the fourth highest suicide rate among 14 to 24 year olds in the EU and the third highest among young men aged between 15 and 19 while the preliminary figures indicate that 525 people died by suicide last year. I am conscious that only this week a leading psychologist, Dr. Tony Bates, suggested that the intense focus in society on suicide is conditioning some people into thinking that it is a viable option in their options. He talked about focusing on strengthening the mental health of young people rather than emphasising the issue of suicide.

Will the Minister of State confirm that she has devolved responsibility from the senior Minister for mental health? Why does the €35 million which was redirected from the health budget to community mental health services remain largely unspent? If this remains unspent, the cut to mental health funding will be 8%, not 1%. I understand recruitment for a number of positions is ongoing but no one will be appointed prior to 10 December and, therefore, none of the €35 million will be spent. This signals the lack of commitment by the Government to mental health. Following one full year of promising to spend €35 million on community mental health services, it remains unspent.

When will the post of director of the national office of suicide prevention will be filled? Is the Minister of State confident adequate resources will be in place to ensure the new director will be able to do his or her job? Is she happy the internal recruitment will deliver the best person for the job and there will not be a repeat of the Department poaching the appointee? Will any of the €35 million budget be spent this year? If so, how much? Will any of this money be used to plug the large deficit in the general health budget? As Minister of State with responsibility for mental health, will she give a clear assurance that the Government’s commitment to

provide €35 million per annum for community mental health services will be honoured?

I raise this because I have a deep interest in this issue. I am a founder member of the North Westmeath Suicide Prevention Group and I am a member of the cross-party committee on mental health. I acknowledge the Minister of State has a deep commitment to this issue and I hope she will alleviate some of the concerns and fear I have raised.

**Minister of State at the Department of Health (Deputy Kathleen Lynch):** I thank the Deputy for raising the issue. It is one I never tire of talking about and it is one in which I have a deep interest. I am glad he has as well. The national office for suicide prevention, NOSP, was established by the HSE in 2005 to implement Reach Out, our national strategy for action on suicide prevention. The national office plays a key role in developing and supporting initiatives related to suicide prevention. Since the launch of Reach Out and the establishment of the office, a significant volume of cross-sectoral work has been undertaken, which has resulted in considerable advances in suicide prevention. Initiatives include the ASIST and Safetalk training programmes; the tough economic times programme; mental health awareness campaigns; supporting voluntary organisations in their work on suicide prevention; and the piloting of a system of suicide crisis assessment nurses working with accident and emergency departments and general practitioners, GPs, which will be rolled out nationally this year. I will explain this to the Deputy, if needs be, when he asks his supplementary questions.

The first director of the national office retired in September 2011 and the position was immediately filled on an acting basis pending the running of an internal competition for the permanent post. The new appointee elected from that competition took up the post in June. Everybody was of the opinion that not alone was the acting director an excellent person, but the person appointed was equally eminently qualified. Unfortunately for the office, that person was soon after selected to play a key role on a new national project and was seconded to the Department of Health in that context on 10 September. Since that date, the assistant national director for mental health, Mr. Martin Rogan, assumed responsibility for the director's duties. During this time the office has continued to function very effectively. It hosted its major national suicide prevention forum at the Royal Hospital in Kilmainham on 10 September, with over 100 participants from the statutory and voluntary sector. It has also published a detailed annual report for 2011, which was laid before both Houses of the Oireachtas last week. On 27 September, expressions of interest were again sought from general manager level grades and above within the HSE for the permanent position of director of national office for suicide prevention. The closing date for receipt of applications is 10 October and the interview process will be held on 22 October.

Mental health and, in particular, suicide prevention are priorities for the Government. In this regard a special allocation of €35 million for mental health was announced in budget 2012 in line with the programme for Government commitments. Funding from this special allocation will be used primarily to further strengthen community mental health teams in both adult and children's mental health services and to initiate the provision of psychological and counselling services in primary care, specifically for people with mental health problems. From this allocation, an additional €3 million has been made available to the national office for suicide prevention to implement prioritised suicide prevention initiatives, including GP training in suicide prevention, improving access to services for those who self harm, interconnecting existing suicide prevention helplines and expanding the national mental health awareness media campaign to target men aged 35 and over. If the Deputy has any additional questions, I have no difficulty in answering them.

**Deputy Robert Troy:** The Minister of State has outlined the timeframe and I welcome the fact that interviews will be held. I ask the Minister of State to answer a number of points I raised about the level of confidence that the best candidate will be found in the internal process and whether there will be further changes. While there has been someone acting or in the position for the past 12 months, there has been an inconsistency. Chopping and changing the person at the top of any organisation is not good. No one is casting aspersions on the ability of Mr. Martin Rogan but we have had a lack of consistency over the past 12 months in an important national office. A previous director, Mr. Geoff Day, quit and cited concerns about the lack of resources. Is the Minister of State confident adequate resources will be made available to the successful candidate to ensure the office does its job well? This is a serious problem in our country.

How much of the €35 million, to which the Minister of State referred, has been spent? How many additional people have been hired to further strengthen community mental health teams in both adults and children's mental health services and to initiate the provision of psychological and counselling services in primary care? I made a valid point about the 10 December target. Are people being recruited to start on 10 December? Will the €35 million be available next year and will the €35 million for 2013 also be spent? That will amount to €70 million next year.

**Deputy Kathleen Lynch:** I hope I remember the Deputy's questions because I cannot find my pen. On the question of whether the internal process will give us the best candidate, I can only judge the history of the people we have recruited. My advice is that the first and the second director were excellent candidates and eminently suitable. I assume the same will be true of this process.

It is pointless giving me €35 million if I cannot recruit. A breach in the embargo was far more important than the sum of €35 million. The 414 additional posts is the key point and these will be in place. They are being recruited as we speak. It may be someone from abroad and there must be checks with the Garda Síochána. Professional credentials and other matters must be taken into account. It is vitally important. The posts will give us a fully fleshed out and robust community mental health team and a psychological service. That is important to me. It will take place on 10 December and it should have been earlier but that is the date because of the checks and balances that had to take place. Is instability a bad thing in an office as vital as the National Office for Suicide Prevention? Of course it is. I have asked the national office to pare back to the bone the advertising and recruiting process because these matters can sometimes drag on. I hope the new director, whether male or female, will bring the stability we need in the office.

### **Job Losses**

**Deputy John Deasy:** Sunday, 7 October will mark one year since 525 people lost their jobs in Waterford with the closure of TalkTalk. The last time I raised the matter of unemployment in Waterford and the south east with the Minister was last June. At that time, the Minister said Waterford was being treated as a special case by development agencies and that this point needed to be reflected elsewhere across Government in order to meet the infrastructural problems in the area. Since then, there has been more joined-up thinking between the Departments and progress has been made. However, generally, the situation in the south east is getting steadily worse. Last week, another 55 jobs were lost at Kel-Tech Engineering and many jobs are being shed, including those at engineering companies, electrical firms and small businesses.

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The last time I raised this matter with the Minister, I pointed out that the national unemployment rate in 1989 was 18.7%. In the south-east today it is 20% and the rate in some parts of Waterford city is 25%. The last time I raised the matter, I pointed out that we had seen a significant number of job announcements, such as Allergan Pharmaceuticals Ireland in Westport, Abbott, Big Fish Games, Hewlett-Packard, PayPal in Dundalk, Eli Lilly and Apple in Cork, and Mylan and Cisco Systems in Galway, but nothing in Waterford. That trend has continued. Since June, we have seen Fujitsu in Galway, 350 jobs at Electronic Arts in Galway, 400 jobs at the Northern Trust in Limerick, and further jobs at Radio Systems in Dundalk and Aspen in Dublin but nothing in Waterford. Someone in a senior position in a local authority in Waterford reminded me today that the last major announcement by foreign multinational in Waterford was 11 years ago.

I received a letter from a small businessman in the city on Monday and he correctly identified the mood in the city. He said that on one day he had spoken to two established traders who believed they are weeks away from closing and he pointed out that the city will lose yet more jobs and services and that other businesses will suffer a knock-on effect.

*4 o'clock*

He says that for most of these businesses, his own included, the only reason doors have remained open is that everyone is taking his or her share of the burden. Suppliers are discounting and trying to keep their own ships afloat and staff are taking pay cuts and reduced working hours while working extremely hard and giving great value to their employers. Landlords are taking a hit and most business owners are taking home little or nothing. That, pretty much, sums up the mood in the business community in the city.

There is another issue, about which we must be careful. Social problems tend to manifest themselves when there is long-term, ingrained and chronically high levels of unemployment. When Garda numbers are being reduced the medium and long-term risks of serious crime heighten considerably. Waterford city, in particular, faces that scenario.

When the Minister has responded I would like to make a suggestion to him.

**Minister for Jobs, Enterprise and Innovation (Deputy Richard Bruton):** I thank Deputy Deasy for raising this matter. I understand that Enterprise Ireland was informed in late September that Kel-Tech engineering was facing a situation involving some of its customers which would have a significant immediate impact on the business. Enterprise Ireland has been informed that a number of jobs will be lost immediately, as all the business concerned has been pulled back in-house by the customer.

I am conscious of the anxiety job losses create for the workers involved and their families, as well as the local community. I assure the House that Enterprise Ireland will continue to work with the company to find replacement business for it. The State agencies will make every effort they can to develop new employment opportunities and support existing jobs in Waterford and the south east.

As the Deputy acknowledged, I initiated the south-east employment action plan, following the closure of TalkTalk in 2011, and I instructed all the State players to work together for job creation in the region. The severity of unemployment in the region has been a long-standing problem going back many years and will not change overnight. I have been to Waterford several times this year to ensure the urgent focus on employment in the region is maintained. Notwithstanding the regrettable loss of jobs in Kel-Tech and the entrenched nature of unem-

ployment in the region, some progress is being made, as Deputy Deasy has acknowledged.

The agencies under the remit of my Department are actively focused on bringing employment to the south east. Following my direction to assign a clear priority to the region, the number of IDA company site visits there in the first six months of 2012 was greater than the total for 2010 and 2011, which is a positive indicator of future progress in attracting foreign direct investment to the area. Enterprise Ireland supported the establishment in Waterford of the Eishtec call centre, where employment has reached 230. That was a significant achievement and came from the skill sets in TalkTalk. Former employees of TalkTalk were at the back of that establishment.

Other recent initiatives by Enterprise Ireland include the approval of 14 high quality projects under its competitive feasibility fund, 12 companies being approved for graduate placement. In addition, five community enterprise centres have been approved for funding for full-time business development managers and a high take-up of the Enterprise Ireland innovation voucher scheme has been recorded in Waterford. The two county enterprise boards in the city and county have created 59 new jobs and the South-East Regional Authority has secured EU funding for a number of enterprise and innovation focused projects. Science Foundation Ireland has funded eight research awards to the Waterford Institute of Technology.

While progress has been made under the auspices of the south-east region employment action plan, I believe there is a need to develop new sectors in the region and to upgrade the skills base in general. The enterprise development agencies have adopted a spotlight on Waterford and the south east region and implemented such actions as continue to focus on the sustainability and growth opportunities through intense engagement with their existing client base, building on the potential in cleantech and life sciences for the region, pursuing opportunities for Waterford in the area of cloud computing, e-games, international financial services, e-commerce and other content businesses and building in particular on the evaluation and research strengths in the region. My agencies and I remain committed to working with Deputy Deasy and others to ensure the sharp focus on job creation in the region established under the south-east action plan is maintained.

I am somewhat encouraged that the latest quarterly national household survey data show that employment in the south east, which had fallen by 38,000, or 17%, in the three years to the first quarter of 2011, has stabilised and the latest data show an increase of 1,300 people at work in the past 12 months. This is a small but welcome sign that there is something of a turnaround. That is not to understate the need for a continuing focus on the region, which I will pursue with vigour.

**Deputy John Deasy:** My guess is that 1,300 have left the region.

**Deputy Richard Bruton:** The figure is for people at work. There are 1,300 more people at work.

**Deputy John Deasy:** I am guessing that 1,300 people have emigrated.

When the jobs were lost in TalkTalk the Government initiated the south-east area action plan. The Minister has shown a real commitment to the region, and I appreciate that. There has been progress in the interdepartmental joined-up thinking process that is important with regard to infrastructure.

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At the time, the Minister acknowledged that new industry had not taken hold as strongly in Waterford as in other regions. We know that to be true. Since then, we have seen more site visits organised by the IDA, more itineraries and far more activity by the development agencies. Again, I thank the Minister in that regard. Unfortunately, we have not yet seen any tangible benefits. Much is going on in the Minister's Department. He has been extremely inventive with regard to designing measures to spur employment creation.

I have a suggestion with regard to Waterford and the south east. It would be helpful, in order to maintain the focus of the IDA and Enterprise Ireland on the south east and Waterford, for the Minister's Department to arrange briefings, at least quarterly, with officials of the Department, the IDA and Enterprise Ireland on their efforts to bring industry to Waterford and the south east. If necessary, this could be done on a confidential basis.

The situation is getting worse. I appreciate the efforts of the Minister and his officials to date. However, a new protocol needs to be put in place to make sure the level of intensity by the development agencies does not fall away. This is a very serious situation and new arrangements have a place. I hope the Minister can help in facilitating that arrangement.

**Deputy Richard Bruton:** I thank Deputy Deasy for his constructive approach. I already have regular follow-up meetings with the various agencies which have made commitments. We have structured those into a programme against which people measure performance and movement and we have a better matrix and vision of what the various agencies are doing. We are getting a level of collaboration that was not there before.

We would like to see more flagship projects to show progress. The data I quoted, however, at least show that enterprise in Waterford, as in the rest of the country, is undergoing a transformation. Good stories are coming out of Waterford, just as there are continuing difficulties in some sectors.

I would be happy to meet public representatives from the region on a regular basis and update them on what is happening. I would be happy to organise that. I go to Waterford and meet groups, particularly those within my own remit, but also other important regional players such as the city and county managers and Waterford Institute of Technology.

**Deputy John Deasy:** I thank the Minister and I appreciate his offer. It is important the IDA, Enterprise Ireland and the people who are active on the ground and doing their job in the region would be included in these meetings.

**Deputy Richard Bruton:** When I go to the south east, I work with authorities that are well beyond my own departmental remit. It is vital that we bring in other players and get joined-up thinking. I would be quite happy to have representatives of my agencies come with me to meet Deputies in the region.

### **Gangland Killings**

**Deputy Michael Conaghan:** The past number of weeks have seen an escalation of gang violence in the streets of Dublin and elsewhere in Ireland. This poses a number of challenges to the State and our communities. I am glad to have the opportunity to raise these challenges with the Minister and to ask him to ensure that adequate steps are taken to address them.

The spectre of gang violence on our streets poses a threat to the safety of the public and to people's lives. Moreover, it poses a threat to the rule of law. It is a direct challenge to the authority of the State, a challenge that must be faced down immediately. This goes to the core of the State's credibility. When this type of violence is allowed to occur, it poses a question as to who controls our streets. Is it not the State that decides who has the authority to use guns on the streets, an authority that is vested in a very select few people who are well trained and committed to guarding the peace? This authority must be upheld.

The State also lays down assumptions about how civil society should work. People should be able to live their lives free of fear, intimidation, the threat of guns and the illegitimate taking of life. They should have the freedom to raise a family in peace and safety. These are values that the State nominally places at a very high level, but they are being eroded and undermined. The challenge that the criminal use of guns poses, and the by-product of this at community level in engendering fear, undermining public safety and undermining the rule of law, weakens the legitimate expectations and aspirations of citizens in a modern state.

The spectre of brutal violence on our streets also poses a major challenge to our communities. A sense of community pride and neighbourhood, and a feeling of safety within a community, should be a given. However, when violence is brought onto people's doorsteps, it has the potential to seriously undermine the community. The disposition of 99% of people in any community is to contribute, to enjoy their homes and their area. A community is the product of the voluntary efforts of the people in an area. A community has the right to define itself by what it achieves through its collective efforts, rather than being unfairly branded by the acts of individual gunmen. Cherry Orchard, for example, is now a vibrant area which has fought hard to overcome a difficult start, to secure services and to build a community. It is now home to a leading football club, employment projects, a men's club, crèches, a brilliant new school and a children's orchestra that has famously represented the city in concert halls abroad and on RTE. This is a community that has grown together; it is a good news story. However, the single image on last Friday's news of a man gunned down on his doorstep can undermine that and undo decades of community building.

The recent escalation of gun violence associated with organised crime poses twin challenges to the authority of the State and to the rights of our communities, and the families and individuals within them. It places us precariously at the top of a slippery slope. Are we going to recognise that we have stepped onto this very slippery slope? Do we recognise the danger of the spectre which lies at the bottom of this slope? Are we prepared to take action to stop the slide?

**Minister for Justice and Equality (Deputy Alan Shatter):** I thank the Deputy for raising this very important issue which is clearly a source of great concern to him, all Members of this House, the Government and particularly to me. I share the widespread outrage at the type of criminality to which the Deputy refers and I fully appreciate the concerns of communities, including the Cherry Orchard community, who find this violence taking place on their local streets.

We have all been shocked by the callous murders and other serious crimes which have been carried out recently. The brutal nature of these crimes is a stark reminder of the mentality of those involved in organised criminality and the danger which they pose to our society. I am in ongoing regular contact with the Garda Commissioner about all aspects of serious crime. The Garda will continue to bear down heavily on the activities of those involved in gangland crime, uphold the rule of law and ensure the authority of the State is respected. That is clear from the

extent of the Garda operations launched against gangs as well as the many drug seizures that have taken place in recent months and weeks.

I should also mention the most recent recorded crime statistics, which were released last week and which show that most categories of crime are decreasing in number. That reflects well on the work of An Garda Síochána at all levels. The figures showed that in the 12 month period to the end of June the incidence of murder had decreased by 8% and assault offences were down by 9.7%. Of course, we have experienced a particularly bad week with a series of murders in different parts of the country, some of which are known to be gangland murders.

We should not underestimate the difficulties the Garda faces in trying to prevent gangland killings and related crimes and in bringing the perpetrators to justice. These crimes are carefully planned and are carried out by people who are very familiar with criminal and forensic investigation techniques. Moreover, even where members of gangs are clearly at risk, not only will they generally not co-operate with the Garda but they will do everything they can to avoid Garda attention.

Some have characterised the issues in this area as budgetary matters. There are no budgetary issues that in any way inhibit the Garda addressing the issue of gangland crime or the horrific and barbaric atrocities that have taken place, visiting death on a number of individuals. There has been gangland violence for some time in Ireland, and the number of murders was a good deal higher when Garda numbers were higher than they are today. It is also unrealistic to expect that the Garda Commissioner can devote his entire resources to individually protecting people who are routinely trying to avoid the Garda so they can continue to engage in criminality. Such an approach could only come at the expense of ordinary Garda activity to protect the community generally.

Ultimately, the only effective way to combat organised crime is by disrupting and prosecuting those involved in its operations, and especially the drugs trade which is at the heart of much of its profits. Substantial efforts by An Garda Síochána and Customs and Excise are therefore devoted to damaging this lucrative business. Only last week gardaí seized a major cache of drugs in Dublin, valued at €1.5 million, and a number of persons are charged before the courts as a result.

I also share the general concern about the incidence of attacks and attempted attacks using pipe bombs, which has become more frequent. I am particularly familiar with this because as Minister for Justice and Equality I am familiar with the Garda involvement and as Minister for Defence I am aware of the involvement of the specialist group within the Defence Forces which is too regularly called out to neutralise improvised explosive devices of some description or other. There are substantial Garda operations in place to tackle this problem, with strategies firmly focused on disrupting the use of pipe bombs and bringing those involved before the courts. Indeed, Deputies will be aware of the significant Garda action taking place in Dublin city today in this regard. Furthermore, there are substantial penalties available to the courts following conviction for explosives-related offences, including a penalty of life imprisonment for causing an explosion likely to endanger life.

As Minister, I will continue, with the full support of the Government, to do everything in my power to assist the Garda in its work. There is already very strong anti-gangland legislation in place and I have made it clear to the Garda Commissioner that if he feels there are other measures which might be taken in this area, I will examine them positively. However, the issue

the Deputy raises is not something that can be resolved by simple legislative solutions. If that were the case, an ideal legislative measure would have been enacted a long time ago.

Despite the difficulties gardaí encounter, the Garda has been able to bring people before the courts, particularly in respect of a number of high profile killings in the past couple of years, even though it will be some time before those cases are concluded. Arrests have been made in respect of a number of the recent killings. The Garda Commissioner has my full support in continuing to confront this type of criminality and in bringing those involved to justice. I take this opportunity to congratulate him and all the members of An Garda Síochána on their successes in tackling serious crime in all forms.

As far as I am concerned, we are not on a slippery slope. The rule of law in the State will be upheld and we will surrender no part of this country to any criminal gang of any description, nor will we do so to the criminal gang made up by the so-called Real IRA.

**Deputy Michael Conaghan:** I thank the Minister for his response. The escalation of gangland crime has the potential to undermine the authority of the State, to throw communities in Dublin into disarray and to undermine the excellent community-building work that is done in places like Cherry Orchard and elsewhere. I welcome the Minister, Deputy Shatter's recent commitment to "resolutely support the gardaí in every way we can in counteracting this evil menace in our society". This will require resources and it may also require legislation. The Minister has asked his officials to review the Criminal Justice (Amendment) 2009 with a view to strengthening it. Could the Minister let us know when we can expect to see the outcome of this review, and what new measures he proposes to introduce?

**Deputy Alan Shatter:** I would expect the review to be complete by the end of the year. As the Deputy said on the issue, it is important we take account of the fact the Garda has been successful in bringing to justice a number of people who have been brought before our courts and found guilty of the most heinous offences. The Garda is vigorously investigating the recent offences that resulted in the deaths of a number of people. I must be careful in what I say that I do not prejudice any prosecution that may take place but there have already been arrests made and further arrests are anticipated. The Garda is doing everything it can to prevent gangs from continuing with their activities and we have some so-called former prominent criminals in the prison system.

Unfortunately, however, when individuals are committed to crime and have no respect for human life, when they seek substantial monetary gain for themselves by the importation or sale of drugs and when they compete with other gangs, the sad reality is that it leads to violence. The Garda is doing all it can to disrupt gangland activity.

It is a great pity that many of those engaging in thuggery and barbarism, with no respect for the people who live in their local communities, do not take cognisance of the fact that the history of drug gangs in this State and elsewhere is that whatever brief feelings of power they have and for whatever brief period they gain wealth from their activities, most of these individuals have brief lives of violence that end violently. I am sure they do not listen to what we say here but it is time they considered the impact on their families and communities as a result of their conduct.

As Minister for Justice and Law Reform, I want to re-emphasise that we are not on a slippery slope. We have a superbly professional police force in the Garda Síochána led by an ex-

traordinarily good Commissioner and under him very talented Assistant Commissioners. Substantial work is being done by the specialist units within the Garda Síochána to target the gangs engaged in criminality, to investigate events that have taken place and to prevent crime. I have full confidence in the Garda, as does the general community.

### **Social Welfare Benefits**

**Deputy Ann Phelan:** I welcome the opportunity to speak on this important issue today. In these times of severe economic difficulty, people are under tremendous pressure to make ends meet and some are finding it extremely difficult to keep going. If in times like these if a worker is unlucky enough to lose his job, he can avail of social welfare, which will ease the burden somewhat. There is, however, another branch of society that historically found it even more difficult to keep going in hard times, the self-employed. I was on local radio a short time ago and people were ringing in, saying they were unemployed and finding it difficult to access social welfare. They also told me family resource centres are where the self-employed tend to look for entitlements. There is a myth that a self-employed person is not entitled to any social welfare payments. This is simply untrue but the myth is sometimes perpetuated. Since I was elected, I find a great deal of politics is about perception rather than hard fact. We should promote the message among the self-employed that help is available from social welfare.

Another problem is that those who need help think they must de-register as self-employed workers to avail of social welfare, which is yet another myth. I call for forward planning in better times. Would it not be possible to design a scheme for self-employed people to pay into? At present, they pay S class PRSI that does not entitle them to the full range of social welfare benefits. Given that the recession has thrown up such difficulties for the self-employed, we should design a scheme that would be of some help to them in the future. A companies Bill will be introduced shortly in the House. Could such a scheme be considered in that Bill as it would relate to sole traders and the self-employed?

**Deputy Thomas Pringle:** I thank the Ceann Comhairle for selecting this issue and I welcome Deputy Phelan also raising this important topic.

We are all aware of the hardships being faced by many people currently. When someone is made unemployed, paying the bills and mortgage, while putting food on the table, is a daunting prospect. While some supports are available to help those in need, life is still a struggle. As it stands, however, the self-employed who find themselves in a similar situation are not entitled to that support and are left with nothing. That is not right and should not be allowed to continue. While social welfare may be available through jobseeker's assistance, jumping through the necessary hoops to show they have a need and can satisfy the means test is very difficult for self-employed people.

There is a high level of unemployment and many were self-employed but because of their status, they are not entitled to jobseeker's benefit or disability benefits, which can have untold consequences on the individual and his or her family. I realise a situation exists where on an actuarial basis self-employed contributors receive a lot more than they contribute to the Social Insurance Fund. These people must be protected when they are unemployed, however, like every other person. By doubling self-employment contributions from 4% to 8%, with such qualifying contributions being made for no less than 104 weeks, we could provide for such people to be eligible for jobseeker's benefit and disability benefits without it having a massive

impact on the Social Insurance Fund.

The Minister for Social Protection previously suggested voluntary contributions could be an option but I disagree. We have already seen how voluntary contributions worked for fishermen, with only 20 individuals availing of this option in 2009 out of 1,400 fishermen. Many of them subsequently probably regret the decision not to pay the additional contributions. It is for that reason the contributions must be mandatory for the system to work.

**Minister of State at the Department of Jobs, Enterprise and Innovation (Deputy John Perry):** I thank the Deputies for raising this important issue. Self-employed individuals who have fallen on hard times or who are without work for some time may establish entitlement to assistance-based payments. Those who have been previously self-employed can apply for the means-tested jobseeker's allowance if their business ceases or if they are on low income as a result of a downturn in demand for their services. In general, their means will take account of the level of earnings in the last 12 months in determining their expected income for the following year and, in the current climate, account is taken of the downward trend in the economy. As in the case of a non-self-employed claimant for assistance-based payments, the means of husband or wife, civil partner or cohabitant will be taken into account in deciding on entitlement to a payment.

As for social insurance benefits, self-employed persons are liable for PRSI at the class S rate of 4%, which entitles them to access long-term benefits such as State pension, contributory, and widow's, widower's or surviving civil partner's pension, contributory. Ordinary employees who have access to the full range of social insurance benefits pay class A PRSI at the rate of 4%. In addition, their employers make a PRSI contribution of 10.75% in respect of such employees, resulting in the payment of a combined 14.75% rate per employee under full-rate PRSI class A. I note that for employees earning less than €356 per week, the rate of employer's PRSI is 4.25%.

The issue of providing access to short-term benefits to the self-employed was examined in the recently published third actuarial review of the Social Insurance Fund, as at 31 December 2010. The report on the review was completed by consultants KPMG in June 2012 and laid before each House of the Oireachtas on 24 August 2012. The review covers a 55-year period from 2011 to 2066 and builds on the findings of the 2000 and 2005 actuarial reviews of the fund. The scope of the 2010 review was to update the results of the 2005 review, taking account of the policy, economic and demographic changes with particular reference to income and expenditure projections, as well as break-even contribution rates. The review also considered the effects of the various policy options, existing Government commitments and planned reforms. One of the issues examined in the review was the long-term cost implications to the Social Insurance Fund, SIF, and the break-even contributions rates required to provide invalidity pensions to the self-employed and to provide jobseeker's benefit for self-employed workers. The report found that the effective annual rate of contribution or the required contribution as a percentage of salary needed to provide the core full-rate State pension, contributory, which is the benefit currently available to self-employed contributors, is approximately 15%. This compares favourably with the 4% rate currently paid by the self-employed. An incremental increase in contribution rates from approximately 15% to 16% would be required were jobseeker's benefit, in addition to core State pension, contributory, to be provided. The average contribution rate required for the core State pension, contributory, plus jobseeker's benefit and the invalidity pension is estimated to be approximately 17.3%.

Last year the Minister for Social Protection established an advisory group on tax and social welfare and one issue currently under consideration by the group is that of providing social insurance cover for self-employed persons to establish whether such cover is technically feasible and financially sustainable.

**Deputy Ann Phelan:** I accept the points made by the Minister of State. A contribution of 17.3% would constitute a significant increase. However, I will await the outcome and advice provided by the aforementioned advisory group on tax and social welfare. I still believe this matter is worth pursuing because this recession has revealed that unless we learn the lessons from the mistakes we made in the past, we are bound to repeat them. I encounter much misery at present and while I acknowledge people may not wish to pay an average of almost 17.5%, the other side of the coin is their current plight is not a nice scenario either. Consequently, this is a matter that should be pursued.

**Deputy Thomas Pringle:** This issue should not be considered solely on the basis of an actuarial review. It is cold comfort to those in their mid-30s, who had started a business and who perhaps provided employment in the past, to think they will benefit greatly when they reach pensionable age having paid their contributions as self-employed people. In 2011, 2,300 people started businesses in Ireland. These people are classified as being self-employed and are those whom it is hoped will employ others in the future. Consequently, such a measure should be considered as a stimulus package. Members should take the perspective that people who are self-employed are probably less likely to become unemployed or to be unemployed for long periods but that they need social protection and social benefits. Consequently, the overall benefits of having a system in which self-employed people can enjoy some protection, in the form of a social welfare benefit during short periods of unemployment, far outweigh any of the potential costs. Serious consideration should be given to this possibility. Moreover, initially there would be substantial benefits to the Social Insurance Fund because the additional contributions would help to partially close the existing deficit. Consequently, I ask that serious consideration be given to this proposal.

**Deputy John Perry:** The advisory group's overall method of work is based on producing modular reports on the priority areas identified in the terms of reference. Where possible, the aim is to provide recommendations that can be acted on in time for the annual budget, Estimates and legislative cycle and to allow the Government to best address its commitments under the EU-IMF programme of financial support. I completely understand the points made by Deputies Pringle and Phelan regarding the issue of getting support for those who are self-employed and are in business. I fully appreciate the point that they find it very difficult if they go out of business. The group has been considering the issue of social insurance coverage for the self-employed and will submit its report once its examination of the various questions has been completed. Any proposals to extend additional cover to the self-employed must be considered in a budgetary context, taking account of the finding of the actuarial review that the self-employed achieve very good value for money compared with the employed when the comparison includes both employer and employee contributions in respect of the employed person. The Minister for Social Protection, Deputy Burton, will study this report and its recommendations very closely and will take on board the views expressed today by the Deputies. Obviously, the publication of that report will be an occasion for further debate in this regard.

*Dáil Éireann*  
**Ceisteanna - Questions**

**Priority Questions**

**Budget 2013**

1. **Deputy Michael McGrath** asked the Minister for Finance if he has raised with the Troika the possibility of substituting a range of alternative taxation measures for the property tax in Budget 2013; and if he will make a statement on the matter. [42464/12]

**Minister for Finance (Deputy Michael Noonan):** The Government has decided, as part of its obligation under the EU-IMF programme of financial support to Ireland, to introduce an annual recurring property tax. In the latest memorandum of understanding between the Government and the troika, a commitment is given to introducing the tax in the forthcoming budget. The introduction of a property tax has been a condition of the programme since it was first negotiated in November 2010, under the previous Government, and has remained a condition of the programme following subsequent reviews, which are agreed by all programme partners. As stated in the terms of reference of the interdepartmental group on property tax chaired by Dr. Don Thornhill, the property tax is to meet the immediate financial requirements of the EU-IMF programme. The fiscal consolidation conditions in the programme are set with a view to meeting the adjustment path agreed at the ECOFIN Council in December 2010 for the general government deficit, in order to bring it below 3% of GDP by 2015. For 2013, this adjustment path sets a deficit ceiling of 7.5% of GDP.

The memorandum of understanding for budget 2013 provides for overall fiscal consolidation of €3.5 billion, to be made up of €1.25 billion in tax measures and €2.25 billion in expenditure reductions. The memorandum of understanding does provide for substitution of measures in certain circumstances. It states that “without prejudice to the minimum consolidation amount referred to in the previous paragraph and to the requirements to achieve the agreed fiscal targets, the Government may, in consultation with the staff of the European Commission, the IMF, and the ECB, substitute one or more of the above measures with others of equally good quality based on the options identified in the Comprehensive Review of Expenditure (CRE)”. Therefore any proposal to alter the proposed composition of tax or expenditure measures would need to be substituted with measures of equal value. Furthermore, the memorandum of understanding states that the Irish authorities will “Consult ex-ante with the European Commission, the ECB and the IMF on the adoption of policies that are not included in this Memorandum but that could have a material impact on the achievement of programme objectives”.

The property tax forms part of a long-term policy to broaden the tax base, to provide a stable funding base for local government and to assist the strengthening of democracy at local level. A Bill to introduce the tax will be published with the forthcoming budget. No final decision has been made as to the rate or basis of assessment of the tax.

**Deputy Michael McGrath:** I thank the Minister for his response. I acknowledge that the original memorandum of understanding in December 2010 provided for the introduction of a

property tax in 2012. The Government introduced that in the form of a household charge. The memorandum further provided for an increase in the property tax in 2013. Having said that, it would be deeply unwise to proceed with a property tax at this time given the conditions that prevail in the economy. The Minister knows all the facts - 435,000 people on the live register; one in five owner-occupier mortgages in trouble; half of mortgages in negative equity; and 160,000 people having paid stamp duty of €10,000 or more in the past ten years. These are not all different people and some people fall into a number of these categories. However, a great many families simply do not have a spare €300 or €400 to pay a property tax. My question, which the Minister did not answer, was whether he has raised with the troika the idea of replacing the property tax in the budget for 2013 with alternative taxation measures of an equal value.

**Deputy Michael Noonan:** What alternatives does the Deputy have in mind?

**Deputy Michael McGrath:** I have a number of alternatives in mind.

**Deputy Michael Noonan:** Could we hear them?

**Deputy Michael McGrath:** I will help the Minister to come up with a taxation package of approximately €1 billion. The Minister needs €1 billion in new taxation measures in December's budget. I accept that all sides of the House have responsibility to come forward with measures. If the Minister agrees to abort his proposal for a property tax in the budget, I will sit down with him and come up with measures, amounting to €1 billion.

**Deputy Michael Noonan:** First, we have no intention of raising €1 billion by way of a property tax.

**Deputy Michael McGrath:** I know that.

**Deputy Michael Noonan:** Second, the implication of the Deputy's question is that he has some alternative tax proposals to raise the amount of money we intend to raise by way of property tax.

**Deputy Michael McGrath:** We have.

**Deputy Michael Noonan:** For the purposes of helping the debate, I ask the Deputy to state now what his alternatives are.

**Deputy Michael McGrath:** As is the tradition, as an Opposition party, we are preparing our budget submission, which will be published in November - well in advance of the budget. It will set out a taxation package to meet our overall requirements. I have asked the Minister a simple question, which he has refused to answer so far. Has he raised with the troika the possibility of substituting other taxation measures for the property tax in December's budget?

**Deputy Michael Noonan:** This is all very interesting, but it was the Fianna Fáil-led Government in 2010 that committed to a property tax as outlined in the memorandum of understanding.

**Deputy Michael McGrath:** Correct.

**Deputy Michael Noonan:** The Deputy knows very well that the only way to move that out of the memorandum of understanding is if tax increases of equal value are substituted.

**Deputy Michael McGrath:** Correct.

**Deputy Michael Noonan:** That is the thrust of the Deputy's question.

**Deputy Michael McGrath:** Yes.

**Deputy Michael Noonan:** It is reasonable for me to request more information. What are his alternatives?

**Deputy Michael McGrath:** It is reasonable of me to ask the Minister to answer the question.

**Deputy Michael Noonan:** Otherwise I am simply buying a pig in a poke. If he is serious about this, he should make his alternative suggestions for me to consider. If they appear better than a property tax, we can look at them. At present the Government has decided to introduce a property tax, the details of which will be announced in the budget. It will not raise €1 billion. The Revenue will be responsible for its collection and the probable date for its introduction will be 1 July 2013.

**Deputy Michael McGrath:** May I clarify-----

**An Leas-Cheann Comhairle:** Very briefly as we are out of time.

**Deputy Michael McGrath:** ---- that the Minister is open-minded to revisit the decision to introduce a property tax if he is satisfied that there is an alternative of equally acceptable taxation measures that meet the fiscal requirements? Is he open to that possibility? It is clear from his response that he has not raised the issue with the troika because he does not see any alternative. If there is an alternative that meets with his acceptance, is he prepared to revisit the decision to introduce a property tax in December? That is a very straightforward question.

**Deputy Michael Noonan:** The Government has made decisions as I outlined. In the latest adjustment to the memorandum of understanding with the troika, we have stated that a property tax will be announced in December's budget. That is the firm Government commitment and we are not moving from that. If the Deputy believes he has a convincing way of influencing me to move from that by putting up "gentle" tax increases-----

**Deputy Michael McGrath:** The will not be gentle.

**Deputy Michael Noonan:** -----to substitute for property tax increases, I would like to hear them.

**Deputy Michael McGrath:** They will hurt people - they will not be gentle.

**Deputy Michael Noonan:** I believe he is simply involved in an exercise of bluff.

**Deputy Michael McGrath:** No.

**Deputy Michael Noonan:** The Deputy's party in government brought in the commitment to introduce a property tax and he is now pretending he has some other way that people would not notice or feel to raise €1 billion.

**Deputy Michael McGrath:** They will notice.

**An Leas-Cheann Comhairle:** We must continue now.

**Deputy Michael Noonan:** If he has, he should let us know. We would love to hear it.

## Bank Debt Restructuring

2. **Deputy Pearse Doherty** asked the Minister for Finance if he has contacted any of the EU counterparts following the statement issued by the Finance Ministers of Germany, Finland and the Netherlands last week; if so, if a deal on the banking debt is still possible and his views on the make up of such a deal; if he is attempting to secure a write down on the promissory note; and if the deal being sought on the recapitalising of the pillar banks is of the order of €24 billion as suggested by the IMF in the September 2012 country report. [42492/12]

**Deputy Michael Noonan:** The statement by three Finance Ministers from Germany, Netherlands and Finland on 25 September addresses issues already decided upon by eurozone leaders when they met in Brussels on 29 June. The Heads of State or Government made two important decisions at that time. The first was to “affirm that it is imperative to break the vicious circle between banks and sovereigns”. The second was: “The Eurogroup will examine the situation of the Irish financial sector with the view of further improving the sustainability of the well-performing adjustment programme. Similar cases will be treated equally.” That commitment to equal treatment is very important.

Ireland continues to be fully engaged in the process within the euro group and among Heads of State or Government on how these commitments will be implemented. Apart from the various technical meetings with troika members, we are pursuing a diplomatic offensive which has included officials from my Department travelling recently to several capitals. My visits to Paris, Berlin, Rome and on to the informal ECOFIN in Cyprus and the Taoiseach’s meeting with several colleagues at the level of Heads of Government are part of this process. All our interlocutors agreed that the imperative is to move ahead urgently to implement all of the important decisions taken on 29 June.

As we advance our ideas, other member states will also put forward their proposals. It is to be expected in such a dialogue that there may be some differences of interpretation but these must be within the context of the overarching principles agreed on 29 June. Ireland’s position is clear on this, and work is continuing in line with the 29 June summit agreement to break the link between banks and sovereign and the principle that similar cases will be treated equally. We have followed up on that basis as a matter of urgency following the latest developments. Our ambassadors in the relevant capitals have undertaken high-level contacts with a view to underlining the importance we attach to following through on the commitments of the Heads of State or Government on 29 June.

On the funding of the IBRC and the promissory note issue, contacts are continuing with the troika as part of a process to find a long-term solution to that situation in order to enhance Ireland’s debt sustainability in the best possible manner achievable while seeking to pay back our debts.

While I am fully aware of the content of the IMF country report, in terms of the deal being sought, the Deputy will appreciate that this is an active process of dialogue. However, I assure the House there will be no lack of ambition in our approach and that our goal in all our discussions with the troika and with our partners in Europe is to get the best possible outcome for the future.

**Deputy Pearse Doherty:** The Minister said that the three Finance Ministers made a statement on matters that were already agreed at the summit on 29 June. However, it is worth read-

ing the Finance Ministers' statement and the statement from the 29 June summit. Paragraph 6.2 of the Finance Ministers' statement made the key point that the legacy issues would not be dealt with and would be dealt with by the national states. Nothing in the statement agreed on 29 June dealt with the issue of retrospection. The Minister and the Taoiseach might have got a nod and a wink from their German counterparts, Italian counterparts or whoever else on the day. However, they made a major mistake by failing to secure the insertion of the word "legacy" or "retrospective" in the statement. While the Minister says that he continues to strive for the implementation of the 29 June summit outcomes, it does not deal with the issue of legacy or retrospection. It refers to separating banking debt from sovereign debt but it does not state whether this will be retrospective.

**An Leas-Cheann Comhairle:** I must ask the Deputy to frame a question, please.

**Deputy Pearse Doherty:** It is clear that the Minister's objectives in terms of securing a comprehensive deal lie in tatters. The Minister says there is no lack of ambition but he has failed on every occasion, either in this House or externally, to outline whether he is seeking a write-off of any debt in respect of the Anglo Irish Bank promissory note.

The Minister referred in his reply to officials and ambassadors who are doing the rounds across Europe. What engagement has he, as Minister for Finance, had with his counterparts, in particular the Helsinki three - the three finance Ministers who made the statement - since that statement was made?

**Deputy Michael Noonan:** The difficulty with Sinn Féin is that not alone does it predict failure on the part of the Government but it hopes the Government will fail because part of its strategy is to build a political movement on the prospects of the Government failing and people not getting any relief from the burden of the debt. That puts Sinn Féin in an awkward position when pressing its case. If it were to offer loyal opposition it would be wishing the Government success in having the burden of the debt removed from the shoulders of the Irish taxpayer and using all its influence to assist the Government in this regard. Instead, it wants to step into every little chink to ensure failure. Sinn Féin is not alone in this. Other Deputies also share that approach. By way of general comment, it is a pretty bad approach.

As regards what was said at the Heads of State and Governments meeting on 29 June, the statements reads: "The eurogroup will examine the situation of the Irish financial sector with a view of further improving the sustainability of the well performing adjustment programme." The following sentence reads: "Similar cases will be treated equally." This is where retrospection and legacy comes in. It is not possible to interpret similar cases will be treated equally. The issue being discussed was Spain and recapitalisation of its banks. As such, if Spain gets it then similar cases will be treated equally. This is where retrospection is hinged.

Deputy Doherty is probably not aware that on the night of the statement in Helsinki the Dutch authorities issued a statement clarifying what they meant by "legacy". It stated that legacy, in their interpretation of their statement, only applied to insolvent banks such as Anglo Irish Bank and not functioning banks. Banks that are functioning, as are our pillar banks, do not come within their definition of "legacy". Other clarifications were provided from other areas. The Deputy will have heard President Barroso's statement yesterday that the commitments of 29 June stood. President Schulz also stated in this House this morning that he supported the case that the commitments of 29 June be implemented in due course.

**Deputy Pearse Doherty:** I have wished the Minister well prior to his Council meetings. I have also, on behalf of the State, wished the Government well in the negotiations. However, I will not stand on this side of the House and remain silent while the Minister spectacularly fails to demand any write-down on the Anglo Irish Bank promissory note. The Minister has again given the excuse that the legacy debt will, according to the Dutch, only apply to the pillar banks. Why should the Irish people carry on their shoulders the burden of €30 billion for a defunct toxic bank, which is currently under investigation in terms of criminal activity?

It is up to the Minister and the Taoiseach to fight Ireland's corner, which up to now they have spectacularly failed to do. All they will be doing over the next couple of weeks is attempting to claw back ground which they believe was secured on 29 June. The Minister has failed to say on any occasion - I invite him to do so now - if any proposal which he is putting forward will result in a reduction of the overall debt, in terms of the Anglo Irish Bank promissory note, with which the Irish people are currently burdened. Is this Government seeking a write-down of that debt or is it all smoke and mirrors, extensions and restructuring or will it seek alleviation of that debt from the Irish people?

**Deputy Michael Noonan:** The Deputy does not understand my position and never has because he does not listen carefully to what I say. The reason we are committed to the promissory note arrangement is it is a legal agreement entered into by the previous Government. Throughout the election campaign, the drafting of the programme for Government and up to now I have always committed to the objective of a restructuring of the promissory note and its replacement with something that would not be as burdensome on the Irish taxpayer. I said I would only act in consort and with the agreement of the European Central Bank. I will not put Ireland in a position of default because that is not in the national interest.

We are proceeding with the strategy I have outlined on several occasions. We will see how it plays out. The Deputy should not shout failure until he has seen the result, following which he can judge me.

**An Leas-Cheann Comhairle:** We must move on now to Question No. 3.

**Deputy Pearse Doherty:** The question was if the Minister is, in any of the proposals, seeking a write-down of the Anglo Irish Bank promissory note. I listened carefully to the Minister. I know that he is trying to get the promissory note restructured. The question is if he is in any proposal looking for a write-down.

**An Leas-Cheann Comhairle:** We are over time on this question.

**Deputy Michael Noonan:** The purpose of restructuring is to make the debt less burdensome on the Irish taxpayer.

**Deputy Pearse Doherty:** It is different from a write-down.

**Deputy Michael Noonan:** The Deputy may use whatever words he chooses to describe that.

### **Bank Guarantee Scheme**

3. **Deputy Stephen S. Donnelly** asked the Minister for Finance if he will identify the un-

secured AIB bondholders who were paid €1,000,000,000 earlier in the week; the steps he has taken to date to identify them; and if he will make a statement on the matter. [42591/12]

**Deputy Michael Noonan:** As the Deputy is aware, and while recent media reports may suggest the identity of particular bondholders, the bank or Government has no substantive means of establishing the underlying ownership of these securities, which are freely tradeable once issued. These securities are publicly traded and dealt through market participants and settled by clearing house systems. An issuer does not have any access to the records of the clearing house. On maturity, the bank will instruct its paying agent to transfer the funds due to the clearing house, which will then distribute the funds to the holders of the securities as per their records. Even where the bank is presented with lists alleging to represent names of bondholders, I am informed there is no way for the bank or anyone else to completely verify the accuracy of such lists.

The Deputy will also be aware that when this Government took office it attempted to enforce burden sharing with senior unguaranteed bondholders in particular institutions that were no longer core elements of the Irish financial system. Intensive discussions were held with our European partners, in particular former President of the ECB, Mr. Trichet, in the run-up to the announcement of our stress tests on 31 March last year. Mr. Trichet believed at that time that such action was not in the interests of Ireland or the euro area. This matter was discussed again with former President Trichet on a number of occasions, including the ECOFIN meeting in Poland in September 2011.

I would also like to point out the differences between AIB and other non-core institutions currently in wind-down. The Deputy will be aware that AIB is a solvent, well capitalised Bank with an important mandate to supply credit and essential banking services to Irish Individuals, SMEs and businesses across the country. It is, therefore, important that its business model remains intact so that it can eventually regain access to international funding markets in a meaningful way and eliminate its dependence on the Government. This will also have the effect of enhancing its value for the State at a time of divestment. I note the bank's successful re-entry to the public bond markets since the crises began, where it raised £395 million in May of this year, using UK residential mortgages as collateral. Nevertheless, I would like to again reiterate that the Government is currently in discussions with our European colleagues in regard to securing a deal on the Irish bank debt and further detailed work will be stepped up to ensure that the positive moves in Europe are harnessed to maximise the benefit to the Irish taxpayer.

**Deputy Stephen S. Donnelly:** The Minister made various points, to which I will try to respond. The scale of the €1 billion paid out, at current borrowing costs, is €60 million per annum forever. That is what it would cost us to fund €1 billion, which is equal to what it would cost to pay 2,400 new teachers every year forever.

The Minister said that former ECB president, Mr. Trichet believed it was not in Ireland's interest not to pay these bondholders. I accept the Minister would prefer not to pay them. However, I do not care what Mr. Trichet thinks is in the best interests of Ireland. I believe he is single-handedly responsible for a great deal of Europe's economic problems. I do not care what he thinks is in the best interests of this country rather I care what the Minister and Taoiseach think in this regard. The fact that Mr. Trichet believes we should pay the bonds is irrelevant.

On the substantive question of who are the bondholders, I do not know who is advising the Minister but his claim now that they cannot be identified is patently untrue.

*5 o'clock*

In December 2010 the Minister called on Brian Lenihan to identify them and he went so far as to give him the name of a website he could visit to see who had bought the shares. Greece and Iceland managed to find out who the bondholders were and US banks regularly find out the identity of bondholders. It is not that difficult. It has nothing to do with clearing houses, or Anglo Irish bank and AIB finding it too difficult. The Minister can call a creditors meeting and they will let him know who they are because they must engage with him to get their money. I do not know who is providing the Minister with this advice but it is contrary to what he stated as Minister for Finance in waiting approximately two months before the election. It does not seem to be beyond the ability of a range of other countries and financial institutions to find out who they are.

**Deputy Michael Noonan:** I outlined to Deputy Doherty my position on burden sharing with senior bondholders and it remains the same. I would like to do it but I will only do so in agreement with the European Central Bank. Deputy Donnelly has a different view. He believes the Government should move unilaterally and, in effect, refuse to pay through the agency of AIB. However, we need AIB to be a working pillar bank for the economy and if we followed his advice it would have defaulted, so we did not have a choice. Deputy Donnelly's position is not fully thought out. He is applying now the type of formula that might have been desirable for Anglo Irish Bank in 2010 to a working bank such as AIB on which so many people are dependent.

On the issue of the identity of the bondholders, I challenged the late Brian Lenihan in the Dáil on their identity, because at the time a website had published a list of names which purported to be the bondholders. However, this list was never verified and at a minimum it was probably incomplete. I am giving Deputy Donnelly the answer he gave in the same terms.

Perhaps the website had a very large degree of accuracy on the identity of the bondholders, and I have no doubt some of the names mentioned in the newspapers recently as AIB bondholders were correct, but there is no way of verifying a complete list of bondholders other than the method Deputy Donnelly mentioned, of calling a creditors meeting. However, as soon as one brings the creditors together, one has taken an irrevocable step of going towards default. One can shake it out but one has gone beyond the point of no return. If Deputy Donnelly visits *euroclear.com* or *clearstream.com* he will see the transactions because they are holding agencies for the bonds. It is possible to make assumptions because of the trades but I do not have access to a complete list which would verify who the bondholders are in any particular institution, principally because they get sold on and the original bondholders usually are not the bondholders who are extant.

**Deputy Stephen S. Donnelly:** On the repayment of the bondholders, the logic the Minister has just given is Fianna Fáil economics, which is that we need to borrow and therefore we will pay off all of these debts because if we do not, people will not lend to us. Exactly the opposite is true and my position is very well thought through. Fianna Fáil's position was not thought through and I suggest the Minister's position is not thought through. By paying off everybody's debts, which the new AIB does not owe because it was taken over by somebody else when it was bankrupt, one removes the ability of AIB to borrow further. This is exactly the incorrect logic that ended us up in a troika programme.

On the identity of the bondholders, I appreciate the Minister's acceptance that he could call

a creditors meeting and could find out who they are. I believe it is reasonable to tell the people of Ireland who are stumping up this money that we did not know who they were so we called them in. The Minister does not even have to say they will get a writedown. He can say that before they are paid we want to know who they are because we have stepped in to cover the debts. It would be the right thing to do for the people of Ireland as a minimum step to let them know to whom they are paying their money.

**Deputy Michael Noonan:** Is Deputy Donnelly seriously suggesting that AIB, which is in recovery and as one of the pillar banks financing the economy, should have defaulted on money it raised in 2009 and called its creditors together and gone bust?

**Deputy Stephen S. Donnelly:** This was unguaranteed. It was not 2009.

**Deputy Michael Noonan:** Is Deputy Donnelly seriously suggesting this would be a prudent course of action?

**Deputy Stephen S. Donnelly:** No. The Minister's information is incorrect. It was not 2009.

**Deputy Michael Noonan:** It is a ridiculous proposition.

**Deputy Stephen S. Donnelly:** It was an unguaranteed bond which means it was before September 2008. Does the Minister not even know the difference between a guaranteed and an unguaranteed bond?

**An Leas-Cheann Comhairle:** Deputy Donnelly please. The Minister has the floor.

**Deputy Stephen S. Donnelly:** Does the Minister think he just paid a guaranteed bond? Is this what Minister is saying?

**An Leas-Cheann Comhairle:** The Deputy cannot speak when the Minister has the floor.

**Deputy Michael Noonan:** The bogus bonds issued by Deputy Donnelly were not guaranteed.

**Deputy Stephen S. Donnelly:** That is ridiculous.

**An Leas-Cheann Comhairle:** The Minister is replying.

**Deputy Michael Noonan:** The Deputy was involved in a publicity stunt.

**Deputy Stephen S. Donnelly:** Did the Minister just suggest that what was paid with a guaranteed bond?

**Deputy Michael Noonan:** A populist publicity stunt on the pretence he is knowledgeable on these matters.

**Deputy Stephen S. Donnelly:** Is the Minister for real? Does he believe the €1 billion cheque he paid on Monday was to guaranteed bondholders?

## **European Stability Mechanism**

4. **Deputy Michael McGrath** asked the Minister for Finance if he or the National Pensions Reserve Fund has examined the implications of the European Stability Mechanism investing in the pillar banks; if he has studied the mechanism by which this may take place; if an up to date valuation of the State's investment in the pillar banks has been prepared; if the joint technical paper with the Troika in respect of the promissory note has been completed; his plans for its publication; the progress that is being made in respect of restructuring the promissory note; the date on which he expects this to be concluded; and if he will make a statement on the matter. [42465/12]

**Deputy Michael Noonan:** As the Deputy is aware, the Government has been working extremely hard to secure a deal on the Irish bank debt and detailed work will continue to ensure the positive moves in Europe are harnessed to maximise the benefit to the taxpayer. This remains one of the Government's key priorities. We will continue to target the reduction of the burden to the State of funding the bank recapitalisation and due consideration is being given to various mechanisms to achieve this goal. On 19 July 2012, the National Pensions Reserve Fund, NPRF, published its annual report. This contained an accounting valuation of the NPRF's ordinary and preference shareholdings in Bank of Ireland and Allied Irish Banks at 31 December 2011. As at 31 December, the NPRF accounting valuation of its investments in Irish banks stood at €8 billion. Its investments in AIB at this date were valued at €6.1 billion comprising preference shares of €2.2 billion and ordinary shares of €3.9 billion. Its investments in Bank of Ireland were valued at €1.9 billion consisting of preference shares of €1.5 billion and ordinary shares valued at €0.4 billion. In addition, the State holds direct equity investments in the Irish Bank Resolution Corporation, IBRC, and Permanent TSB, now separated from Irish Life. The State also invested €3 billion in contingent capital instruments across the banks which are scheduled to be repaid to the State in 2016.

Given that the State may enter discussions on these investments, it would be inappropriate for me at this point to provide further details on any valuation assessment of these instruments. I would acknowledge, however, that since the end of last year, banking shares have rallied strongly across Europe and the share price of Bank of Ireland has benefited from this positive sentiment, rising by 18%.

With regard to the promissory notes, and as previously advised to the house, ongoing discussions with the troika are considering all options for the restructuring of the notes in terms of the source of funding, the duration of the notes, the interest rate applicable.

The very welcome euro area summit statement of 29 June represents a major shift in European policy in terms of breaking the vicious circle between the banks and the sovereign. More recently, with the announcement on 12 September of a single EU banking supervision mechanism, the European Commission President outlined his vision for the banking sector, in which the ECB would be given supervisory powers over all banks in the Union, which is an important step with regard to the ESM and its potential to recapitalise banks.

It is not possible to give guidance on the timing of these negotiations as to do so could impede our ability to achieve the best possible results for the Irish taxpayer, but every effort is being made to expedite the ongoing process.

**Deputy Michael McGrath:** I thank the Minister for his reply. I acknowledge two separate channels are open here. One is the possible ESM investment in the banks and the second is the Government's efforts to restructure or re-negotiate the promissory note arrangement in some

way. I also recognise the real deadline on this issue is next March, when the next €3.1 billion falls due and when the 2012 €3.1 billion must be refinanced. The Minister will face a €6 billion issue in less than six months time, which is hugely significant for the country.

The promissory note issue is widely misunderstood, by commentators as well as politicians. People speak about the interest rate and the coupon being paid to the IBRC which, in the fullness of time, will be largely irrelevant. The promissory note is essentially being financed by relatively cheap emergency liquidity assistance from the central bank, so restructuring it in the absence of a writedown - which is the preferred option - in a way that would be advantageous to Ireland is not as easy as people make out and I acknowledge this. Its structure is widely misunderstood.

What is actually happening? How are these negotiations taking place? Is it at official level at this point? Are officials going over and back to Frankfurt? How much of the Minister's time is taken up with advancing the promissory note issue? The ECB is clearly the key stakeholder there. Will the ESM investment in AIB and Bank of Ireland be on the agenda of Eurogroup and ECOFIN later this month or possibly the European Council summit in about three weeks' time? I welcome the statement by the President of the European Parliament today but we need to have a re-affirmation from the European leaders of the June summit. We need that re-stated and reiterated this month.

**Deputy Michael Noonan:** Yesterday, President Barroso publicly re-affirmed the Commission's commitment and understanding of the commitment of the 27 Heads of State and Government to that which was agreed and expressed in the communiqué of 29 June 2012. I agree with the Deputy that the promissory note is a complex piece of financial structuring and restructuring it is also complex. Many issues arise but we will work our way through it. The context for negotiation, as in all these matters, is the troika. Of course, the ECB is also independent in the exercise of its functions. For example, I went to Frankfurt and had direct conversations with Mario Draghi some time ago. I also said in reply to an earlier question that I had met with the relevant finance ministers of Paris, Rome and Berlin quite recently. Both issues were the topic of discussions there.

The next ECOFIN and euro group meeting is on Monday and Tuesday in Luxembourg, as is customary for the month of October. There will not be a specific agenda item referring to these matters for Ireland but, of course, I will take the opportunity on the margins of that meeting to engage with various colleagues to whom it would be in our interest to advance the case.

**An Leas-Cheann Comhairle:** Deputy Michael McGrath, briefly.

**Deputy Michael McGrath:** When one reads the June summit statement, it seems that the possible investment by the ESM in the pillar banks is some distance away. Not only does the supervisory system need to be up and running, its effectiveness needs to have been tested. That is re-affirmed in the statement by the finance Ministers. I am not sure how much progress the Minister will make on that issue in the short term.

The Minister referred to the promissory note issue. There was talk for a long time about technical paper and talks with the troika. Are we moving to a position where there is an agreed paper between the Government and the troika? Clearly, there are sticking points, which is why it is not progressing as quickly as the Minister would have liked. Are we down to net issues at this stage? Are we getting close to a finality? Is the broad structure of the new arrangement

agreed? My question on the promissory notes essentially relates to how much progress has been made.

**An Leas-Cheann Comhairle:** The Minister will give his final reply.

**Deputy Michael Noonan:** Negotiations are ongoing and progress has been made insofar as people are coming to a better understanding of their positions and moving towards a mutual understanding of the situation. In terms of process, we are separating the timeline on the promissory note and recapitalisation of the banks because, as the Deputy said, on 29 June, it was a condition of any direct recapitalisation of banks that the European supervision system would be put in place first. However, from our perspective, when the objective is to get back into the markets at low interest rates, the actual date of the recapitalisation, if and when it comes about, is not the relevant date. What is relevant is the definitive statement that it is going to happen because as soon as that is done, it would be priced in to the cost of Irish paper. As a consequence, we could avail of that. To a large degree, that has already been done. The statement of 29 June was priced in and was interpreted as that in the future, the Irish debt position will be more sustainable. After the Helsinki statement by the three finance Ministers, our nine-year bond went up about 20 basis points and our five-year bond went up about 10 basis points. However, that has all come back so the markets are convinced from the way they are pricing Irish paper that the commitment of 29 June holds. I do not know what is the intention of the Heads of State and Government at the next meeting. I believe it will be made clear that what has been agreed is agreed but I do not know whether that will be formally expressed.

## Property Taxation

5. **Deputy Pearse Doherty** asked the Minister for Finance the advice he has received from the inter departmental tax strategy group on the property tax he intends to introduce in Budget 2013; if he will make the advice of this group public in advance of the Budget; if this group has raised any concerns regarding the property tax as was the case with the tax strategy groups concerns with the household charge in 2011; and if he has or if he will undertake an impact assessment of any property tax on household income and levels of financial stress being experienced by those liable for the tax. [42493/12]

**Deputy Michael Noonan:** The Department of Finance participated in the interdepartmental group, reporting to the Minister for the Environment, Community and Local Government, the terms of reference of which were “to consider the design of a property tax to be approved by Government to replace the household charge and that is equitable and is informed by previous work and international experience”. The report of that group is being considered in preparation for budget 2013. The Deputy referred to a tax strategy group in the context of the household charge in 2011. The tax strategy group is an interdepartmental committee chaired by the Department of Finance, with membership comprising senior officials and advisors from the Departments of Finance, An Taoiseach, Health, Environment, Community and Local Government, Jobs, Enterprise and Innovation, Social Protection and the Revenue Commissioners. Papers on a wide range of tax related issues are prepared for consideration by the tax strategy group in the period prior to the budget each year.

I presume that the concerns to which the Deputy refers are comments within one of the recently published papers which were presented to the tax strategy group in 2011 on taxation of property. That paper outlined advantages and disadvantages of the household charge, which is

appropriate in a forum where various policy options are being discussed at official level. The paper also outlined the advantages and disadvantages of various other possible property taxation options. The paper pointed out that a flat rate charge, such as the household charge, delivered a tax on property, which was an element of structural reform suggested by the troika, and that it had the most potential of any short-term property tax option to be implemented quickly.

There has been no decision on the final version of the tax but my officials will analyse its impact on household incomes, as is customary when budget changes are being considered.

**Deputy Pearse Doherty:** It was interesting to listen to the Minister's engagement earlier with Deputy Michael McGrath. The Minister knows very well that Sinn Féin presents its pre-budget submissions every year and they go by the wayside as he does not take the points in them on board. There are many points and the Minister may not agree with all of them but he could, for example, standardise discretionary tax reliefs. I do not know what the Minister is planning to introduce in respect of property tax but I am sure standardising discretionary tax reliefs would bring in more than the figure of €500 million brought in through the property tax mentioned by the Taoiseach. That is one alternative among many others. Hopefully, if the Minister is sincere, he will look at alternatives because this property tax will weigh very heavily on people, particularly those on low and middle incomes, and on the economy.

I know the Minister for the Environment, Community and Local Government commissioned the report. It was believed that it would be under his remit before he made a mess of the previous tax. Will the Minister publish the advice of the expert group before he introduces this tax? The President of the European Parliament spoke here earlier and we talked about the importance of the role of national parliaments and the European Parliament. If the Minister wants a real engagement on budgetary policies, he should publish the advice he has been getting from the Department. He should not allow it to come out a year after the Minister for the Environment, Community and Local Government introduced the household tax and we then see that advice was given to the Department that there would be major issues in terms of collection and enforceability. He should publish the advice so that we can have a proper, robust debate because nobody in this Chamber wants to put forward proposals that do not stack up and cannot be robustly defended. The Minister has the benefit of having that advice so will he publish the expert group's proposals and views in respect of the property tax, and any analysis that will have been done within the Department on the impact on the domestic economy and low and middle-income earners?

**Deputy Michael Noonan:** The group that was chaired by Dr. Thornhill was constituted by the Department of the Environment, Community and Local Government and the report of that group was sent to the Department so in strict terms that Department has ownership of that report. I assume the Department will publish it in due course but I do not know its timeline for publication. I stated what the Government has decided earlier on. A property tax will be introduced in the budget. It will probably be effective from 1 July 2013 but that date is to be confirmed. The Revenue Commissioners will collect the tax. We will not be collecting €1 billion, as the IMF advised. Otherwise, the detail has to be worked out. Some of the detail will pertain to the recommendations contained in the Thornhill report and some will not. As with all such matters, taxes are announced on budget day. One does not usually have rehearsals of tax announcements: taxes are announced on budget day and one can debate them subsequently during the passage of the Bill that implements them.

I understand there are talks taking place among the Whips to have a debate on the economy

the week after next. The Deputy will have a full opportunity to state his position on the economy and the fiscal measures he believes would be of most benefit thereto.

**Deputy Pearse Doherty:** I appreciate the Minister's comments. While I completely understand that it is he, as Minister for Finance, who will announce the tax, if it is introduced, on budget day, I believe the key question pertains to the need to furnish us with information on property tax. While the information in the report may be ignored by the Department of Finance, it is important that it be circulated to Opposition Deputies so they, too, will have the benefit of expert advice on the matter. The idea that the report is that of the Minister for the Environment, Community and Local Government, Deputy Phil Hogan, is inaccurate because the Minister for Finance will introduce the legislation; it is now under the remit of the latter. Therefore, I cannot believe the report is not now on his desk and with his Department.

My second question was not only on the Thornhill report but also on the impact of the tax on low- and middle-income earners. The Minister is well aware that Allied Irish Banks raised its variable interest rate by 0.5 percentage points yesterday. It also did so at the end of July. Given an average mortgage of €200,000, some 70,000 people have seen their mortgage interest payments increase by €1,800. That is a lot of money. How is the Minister factoring in the impact of imposing a property tax on these people who are already being shafted by the likes of Allied Irish Banks, to which the taxpayer has given €21 billion in the past year to prop it up? Is any consideration being given to the impact on the domestic economy and low- and middle-income groups? Has the Minister commissioned any studies in this regard? Will he do so before the tax is introduced?

**Deputy Michael Noonan:** There is a wealth of analysis on the impact of property taxes on an economy as a whole. Normally, it is positive rather than negative. An increase in income tax, for example, would be far more negative. A property tax is applied on a fixed basis in that everybody who owns property pays unless he is subject to an exemption, for example. The data are available. The impact on individuals will be assessed in the preparation for the budget.

## Other Questions

### Tax Yield

6. **Deputy Thomas Pringle** asked the Minister for Finance if he will comment on reports that companies (details supplied) based in Shannon, County Clare, are paying very low effective rates of corporation tax; and if he will make a statement on the matter. [42286/12]

**(Deputy Michael Noonan):** The Deputy refers to companies based in Shannon. There is no preferential tax rate for companies operating out of the Shannon region. All companies based in Ireland are subject to the same rate of tax on their trading income, which is 12.5%. The 10% corporation tax regime for companies based in Shannon Airport ceased in 2005. I am aware of recent media reports that refer to the ways that some companies structure their international tax affairs to minimise their tax costs, and the fact that some of these reports make reference to Irish

companies being part of these structures. I understand some of these reports have suggested that some companies in multinational groups pay Irish corporation tax at rates that are significantly lower than 12.5%. Such companies are not paying a low rate of Irish tax; all companies in Ireland pay at the standard rate of 12.5% on their profits which are generated in Ireland. The reports concerned appear to have incorrectly attributed to Ireland profits that represent the return due to assets in other jurisdictions, which assets are owned by group companies that are not resident in Ireland.

It is incorrect to relate the 12.5% corporation tax rate to both the profits of the Irish-resident group companies and the profits of foreign-resident group companies, which are not profits chargeable to Irish corporation tax. By mixing up the Irish profits and the foreign profits of multinational groups like this, these reports can suggest an average tax rate for the companies concerned that is lower than 12.5%, and make an incorrect inference that the full Irish profits are not being charged.

Multinational groups with subsidiaries in other countries in addition to Ireland incur other bona fide expenditure. Licence payments, which are paid to group companies in foreign jurisdictions for the use of intellectual property rights, are properly deductible in computing Irish profits. If these licence payments are untaxed in the foreign jurisdiction, it will reduce the average rate of tax for the total profits of the Irish and the foreign-resident subsidiaries when these are taken together. Nevertheless, the full Irish measure of profits is being taxed and the rate of tax actually paid on the profits of the Irish-resident subsidiaries is 12.5%.

The ability of entities to lower their effective rate of tax using international structures reflects the global context in which Ireland and indeed all countries operate. The tax system in Ireland has a positive international reputation based on transparency and the fact that it is applied equally and openly to all corporate taxpayers. That Ireland has an extensive tax treaty network confirms our international standing. The January 2011 Global Forum peer review report on Ireland's legal and regulatory framework for transparency and exchange of information found Ireland has an effective system for the exchange of information in tax matters and is fully compliant with OECD standards.

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

Our job in government is to bring investment and jobs to Ireland and we have used the tax code and, in particular, our competitive corporation tax system to do so for over 50 years. What companies do outside of Ireland is beyond the scope of the Irish tax system. We cannot conclusively determine the effective rate of tax paid under international tax structures by reference to taxation in Ireland alone but we continue to work with international bodies to ensure fair play. Ireland is bound by the same rules on State aid, the code of conduct on business taxation, and rulings of the European Court of Justice as all EU member states. Ireland does not support harmful tax competition. Ireland continues to participate fully in the EU code of conduct group, which addresses harmful tax competition, and in the OECD forum on harmful tax practices.

**Deputy Richard Boyd Barrett:** When some of us on this side of the House rail against the austerity the Minister is imposing on working people and the vulnerable, he always asks us for an alternative, implying there is none. I almost felt sorry for him earlier when he said we are never helpful. Let me be helpful by offering him some alternatives. The case of just one company based in Shannon, one of the most profitable companies operating in the State, points to the alternative. GE Capital Aviation Funding, based in Shannon, earned €606 million in profit

last year and paid but €379,000 in tax. This represents an effective tax rate of 0.5%. If the company had paid at a rate of 12.5%, it would have paid €95 million in tax. This would cover almost all the savage cuts that the Minister for Health, Deputy James Reilly, imposed over recent weeks on home help and mental health services, and which he attempted to impose on the disabled. I refer to just one company that is paying tax at such a negligible level, and which is not even paying at the standard corporation tax rate of 12.5%. How much more revenue will be available if we force the corporations in the State to pay at a rate of 12.5%, which they are not paying at present?

Last week, I asked the Minister a parliamentary question on the effective tax rate being paid by companies in the State but I did not receive a proper answer. I was told the amount was difficult to calculate. Dr. Jim Stewart of the school of business studies in Trinity College estimates that companies in Ireland are paying corporation tax on profits at a rate of between 4% and 7%. Therefore, will the Minister ensure that all companies pay at the effective rate of 12.5%? If they did so, it would generate, by any estimate, several billion euro in extra revenue for the State, thereby eliminating the need to impose brutal, austere cuts on low- and middle-income earners, families on social welfare and the vulnerable.

**Deputy Michael Noonan:** I cannot comment on the tax affairs of an individual or individual company. Their relationships with the Revenue Commissioners are confidential and I do not have access to the relevant information. I cannot comment on individual cases raised by Deputy Boyd Barrett but can assure him that the low rate of taxation that applied to the Shannon Airport region ended in 2005. As with everywhere else, the region's companies' profits are taxable at a rate of 12.5%. That is the tax rate. While companies may be treated differently abroad, they pay at a rate of 12.5% on profits in Ireland.

**Deputy Richard Boyd Barrett:** Either the Minister is not examining the issue seriously or he is being disingenuous. I cited an example of one of the country's most profitable companies paying a corporation tax rate of 0.5%. It was well publicised. Is it not of concern that the tax forgone to the State is approximately €90 million at a time when Ministers are considering imposing further brutal attacks on people in the coming budget?

Another set of figures show that total profits in Ireland amounted to €51 billion in 2008, but that the effective tax rate across all corporations was 10%. If the Government increased that rate to 12.5%, an extra €1.25 billion would accrue to the State. Is this not a problem that the Minister should examine? Does it not concern him that multinational corporations are getting away with murder and not even paying the derisory 12.5% corporate tax rate at a time when cruel austerity is being imposed on people who cannot afford it?

**An Leas-Cheann Comhairle:** I will allow Deputy Pearse Doherty to ask a brief question, as we have gone over time.

**Deputy Pearse Doherty:** Without going into the details of any company, the Minister is well aware that the "double Irish" practice exists. Companies set up secondary Irish companies, register in tax havens, base their intellectual rights there and pay a dividend from the Irish resident company to the tax haven resident company. It is not that they are paying less than 12.5%, but the companies' overall profits are being siphoned off to secondary companies that do not pay tax. They do not do this to avoid paying tax in Ireland, but to avoid paying tax in America, as the interaction between the two companies are not taxed when the profits are repatriated. The Minister, President Obama and the American Administration are well aware of this and we need

to be careful so that profitable companies cannot avail of tax loopholes of which the Department is well aware and to which it has turned a blind eye. What contact has the Minister had with the American Administration? Prior to the last presidential election, there was discussion of clamping down on this practice. Changing the American tax code would make attracting American multinationals to Ireland difficult. The Minister needs to tread carefully. While it may be the case that companies are paying tax of 12.5% on the profits registered in Ireland, the Irish tax code allows the “double Irish” practice to exist.

**Deputy Michael Noonan:** My understanding of what Deputy Boyd Barrett describe as the “double Irish” is that while it exists, it cannot be remediated by changes in Irish tax law. Our law applies a rate of 12.5% to the profits of corporations in Ireland. If the situation is to be changed, it is other countries’ tax laws that need to be amended, in particular American laws, but it is not within my remit to do so.

**Deputy Richard Boyd Barrett:** What about raising the effective tax rate?

**Deputy Michael Noonan:** The Deputy is on his own. All of the other parties in the House agree on the 12.5% rate.

## **Tax Code**

7. **Deputy Mick Wallace** asked the Minister for Finance his views on a memorandum prepared for the US Senate Permanent Subcommittee on Investigations which states that Microsoft used Irish subsidiaries to reduce its US tax bill by \$2.43 billion in 2011; and if he will make a statement on the matter. [42321/12]

**Deputy Michael Noonan:** I am precluded from discussing the tax affairs of any particular individual or company, nor can I discuss the tax administration regimes established in other jurisdictions. However, I advise the Deputy in general terms that a recently published report of the United States Senate Permanent Subcommittee on Investigations of their hearings on offshore profit shifting and the US tax code gave prominence to the tax arrangements of two US multinational corporations, both of which have operations in Ireland. The report finds that US multinational corporations are able to reduce their tax liabilities significantly by legal international tax planning arrangements - there was no allegation of fraud or evasion - and makes recommendations on how US tax law could be improved.

Ireland is rightly not mentioned as a tax haven in the report. The international community does not regard Ireland as a tax haven. Ireland has a comprehensive taxation system covering income, capital and indirect taxes. Tax treaties with the United States and many other countries confirm our international standing. The January 2011 global forum peer review report on Ireland’s legal and regulatory framework for transparency and exchange of information found that Ireland had an effective system for the exchange of information in tax matters and was fully compliant with OECD standards.

Ireland is bound by the same rules on state aid, the code of conduct on business taxation and rulings of the European Court of Justice as all EU member states. Ireland does not support harmful tax competition. Ireland continues to participate fully in the EU code of conduct group, which addresses harmful tax competition, and in the OECD forum on harmful tax practices.

**Deputy Mick Wallace:** This is almost the same subject matter as that of the last question. The Minister is probably familiar with research conducted by Mr. Colm Keena. In *The Irish Times* last week, he showed that Microsoft reduced its US tax bill by more than €1.8 billion in 2011 by using Irish subsidiaries. The company has two branches in this country. Microsoft Ireland Operations Limited, which employs 650 people, showed a profit of \$2.2 billion and paid an effective tax rate of 7.3%, amounting to \$3.3 million per employee. Microsoft Ireland Research, which has 390 employees in Ireland, had a profit of \$4.3 billion on which it paid an effective tax rate of 7.2%, amounting to \$11 million per employee. According to Dr. Sheila Killian of Limerick, “[I]t is tempting for multinational firms which have a subsidiary there, and another in a high-tax country to use aggressive transfer pricing practices to shift income into Ireland, where it will face a lower rate of tax”. This makes Ireland a tax haven.

Problems are coming down the tracks. I do not know whether the Minister has time for bedtime reading, but a new book, entitled *The Betrayal of the American Dream*, makes for powerful reading. The situation will not stay the same. America is running into serious problems because of its tax laws. The Minister is correct, in that America will need to change its laws to stop significant tax avoidance. He pointed out that much of what is involved is lawful. I will quote from the book-----

**An Leas-Cheann Comhairle:** No, we cannot allow quotes. I will revert to the Deputy.

**Deputy Michael Noonan:** This is undoubtedly an interesting topic, but both questions are based on a US report on US tax law. It is not a report on Irish tax law. The report notes that there is nothing illegal about this tax planning arrangement and does not identify any failing in Ireland’s tax code. This kind of taxation arrangement is run from the US code, not the Irish code, and it is not for us to remediate. We cannot. It is America’s tax code that allows for this tax planning.

It is a complicated practice, as everyone knows. For example, the transfer pricing rules of America’s Internal Revenue Service, IRS, as well as the rules preventing the deferral of US tax and royalty payments and certain other incomes are relevant to non-US subsidiaries of US multinationals undertaking to share the cost of US research and development. This ensures that highly valuable intangible property is partly owned outside the US. Cost saving arrangements in respect of the development of new products typically enable non-US subsidiaries to sell the new products in non-US markets without triggering immediate charges to US tax. US tax on profits of foreign subsidiaries with such arrangements is deferred indefinitely until the profits are repatriated by dividends or otherwise to the US parent company. That is a US arrangement, not an Irish one.

Our arrangement is transparent. We have a low corporation tax rate to which Fianna Fáil, Fine Gael, Sinn Féin and the Labour Party subscribe. The 12.5% rate is an incentive to attract inward investment. It works. However, we are not operating a tax haven. No one has ever suggested that we are.

**Deputy Richard Boyd Barrett:** I suggested it.

**Deputy Michael Noonan:** We are a respectable, tax compliant country with a transparent arrangement. It is a part of public policy to have a low rate.

**An Leas-Cheann Comhairle:** Deputy Wallace is next, although I nearly called him “Minister”.

**Deputy Mick Wallace:** The book to which I referred reads: "... the ruling class is defined by its ability to move money beyond the reach of government supervision. This has been accomplished in various ways, but the most important is arguably the establishment of a belief that government has no business in business". We need to change how the world works. The Minister believes that, as with the financial transaction tax, we cannot make a change unless the British do so as well. The manner in which this world operates must and will change because the current process is not sustainable.

In 1945, the corporate tax take in America was 7.2% of GDP and it is now 1% of GDP. That country is falling apart so it will change the rules in a process that will have an impact on us. We must start preparing for that now by focusing more on the creation of indigenous industry. We are very reliant on the multinationals which will not stay here forever and we must start working towards the day when we can be a bit more independent of that income. The Americans will change the rules or their country will implode.

**Deputy Michael Noonan:** This issue always arises in the run-in to American presidential elections, with both parties taking up positions on what might be done by them if their candidate is elected. Our embassy in Washington DC and the presence of the IDA in North America monitors these issues very closely and reports back the emerging position. One can take it that people here are aware of the current position, as it is watched very carefully. So far I have not come across any proposals along the line suggested by the Deputy, which would be immediately injurious to Ireland's 12.5% corporation tax rate.

**Deputy Mick Wallace:** The Minister should read *The Betrayal of the American Dream*. It is very good.

**Deputy Michael Noonan:** There are books about everything.

**An Leas-Cheann Comhairle:** I will allow brief questions from Deputies Doherty, Mathews and Boyd Barrett.

**Deputy Pearse Doherty:** The Minister has indicated that this has nothing to do with Irish tax law and American tax law is involved. Nevertheless, Irish tax law is at the centre of the issue. I indicated I would not mention a company but 1% of Google's sales were recorded in tax in Ireland in 2008. Where did the rest of it go? Some €5.4 billion of its profits were transferred to a Dutch holding company, and Irish tax law means that royalties paid from Google to the holding company in the Netherlands are exempt from tax. That is where Irish tax law fails. Some 98% of the royalties received by the Dutch company go to Bermuda, which is a tax haven. Irish tax law can deal with this by tackling the exemption that operates between Irish and European companies, which is what some of the big multinationals are using. They are transferring profits to other European countries and in turn to tax havens in Bermuda. It is well known and we can do something about it.

**Deputy Peter Mathews:** I raised the question with the Department of Finance of the effect of an increase in corporation tax from 12.5% to 15% in a year. The answer was complicated but the figure given was approaching €700 million. I believe, and I hope the Minister agrees, that we should start considering this. International tax planning is a separate consideration but there is a corporation profit space in this country that must be addressed. Perhaps the rate could run for ten years. I remember when the corporation tax rate was 35% and there was export sales relief for companies with exports. A rate of 15%, if it could raise €700 million, is worthy of

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consideration and we should look into it.

**Deputy Richard Boyd Barrett:** I strongly disagree with the Minister. Ireland has become Europe's version of the Cayman Islands. It is part of an international architecture for tax avoidance in multinationals. This system of tax avoidance, of which we form a critical part in Europe, is destabilising the global economy. As multinationals are increasingly not paying tax across the world - an act we facilitate - there is a destabilising effect on the world economy, meaning there is no money available to invest in social goods in the real economy or sustainable industry and enterprise.

We cannot just throw up our hands and indicate, as we seem to do with everything, that we are powerless to act on this. We should act because there will be a correction with this issue, as there was with other bubbles, and we should get in ahead of the game. To make low corporate tax rates the cornerstone of industrial policy, as this and previous Governments have done, is to make ourselves a hostage to fortune. Unless we prepare for what will happen, we will live to rue the day. Will the Minister consider the question of at least raising the effective tax rate to 12.5% in an effort to deal with our budgetary crisis?

**Deputy Michael Noonan:** The Government is committed to the 12.5% corporate tax rate.

**Deputy Richard Boyd Barrett:** What about the effective rate?

**Deputy Michael Noonan:** We will maintain the 12.5% corporate tax rate during the life of this Government. If we come back to government, we will continue to maintain it. I understand the Fianna Fáil, Labour and Sinn Féin parties have a similar position. Some time ago Sinn Féin had a policy document arguing that the corporation tax rate should be increased to 15% but that has been dropped and the party is committed to the 12.5% rate. Last year was a record year for inward investment and this year will be another record. It is a big driver of high-level employment and we will not put that at risk by tinkering with corporation tax.

**Deputy Richard Boyd Barrett:** We are not seeing much of an effect.

*Written Answers follow Adjournment.*

The Dáil adjourned at 5.46 p.m. until 10.30 a.m. on Friday, 5 October 2012.